20 September 2018

Iofina plc
(“Iofina”, the “Company” or the “Group”)
(LSE AIM: IOF)

INTERIM RESULTS

Revenue up 20%; IO#7 production ramps up; Iodine prices up a further 8%

Iofina, specialists in the exploration and production of iodine and halogen based specialty chemical derivatives, is pleased to announce its Interim Results for the six months ended 30 June 2018 (the “Period”). During the Period the Group opened IOsorb® plant IO#7 which has increased the Group’s iodine production and reduced the overall unit cost of iodine production. The Group has continued to improve its financial performance during the Period and anticipates additional positive operational and financial progress for the rest of 2018.

In particular, the Group’s half year revenue increased by 20% compared with H1 2017 to $11.3M (H1 2017: $9.4m) as a result of improving iodine prices and increased sales of crystallised iodine via the Group’s chemicals business. EBITDA performance continued to improve and increased by 6% to $725,000 (H1 2017: $683,000).

The Group’s IOsorb® plants produced a total of 264.1 metric tonnes (“MT”) of crystalline iodine in H1 2018, an increase of 12% from the prior year (H1 2017: 235.5MT), with production from the new IOsorb plant, IO#7, continuing to ramp up. With four IOsorb® plants in operation, the Board expects the Group to produce between 575 – 605 MT of crystalline iodine for the entire year in 2018, which would be a significant increase compared to last year (FY 2017: 503MT).

The Group continues to improve in terms of both revenue and profitability. Spot iodine prices have already risen by approximately 8% to $26/kg since the start of the year, and any further rise in iodine price will positively impact profits. Moving forward the Group will look to continue to increase iodine production through increasing productivity at current sites and bringing new iodine plants online, whilst striving to reduce the unit cost of iodine production. Iofina Chemical is also expanding the capacities of some key products and continues to develop new technologies and products for the Group.

KEY FINANCIAL POINTS:

- Revenue increased by 20% to $11.3m (H1 2017: $9.4m), and gross profit increased by 8% to $2.6m (H1 2017: $2.4m);
- EBITDA increased by 6% to $725,000 (H1 2017: $683k);
- Cash balances were $3.0m (H1 2017 $3.3m);
- Operating loss was reduced to $47,000 (H1 2017 $331k);

- Loss before tax was $0.8m (H1 2017 $2.0m) after $0.1m convertible loan notes accounting adjustments (H1 2017 $1.2m); and
- Basic loss per share was $0.006 (H1 2017: $0.016).

KEY OPERATIONAL AND MARKET HIGHLIGHTS:

- Iodine prices have increased in the Period and continue to rise steadily. Current spot prices of iodine are at or near $26/kg for large purchases
- Revised production targets exceeded:
  - 264.1 MT crystalline iodine produced in H1 2018, an increase of 12% (H1 2017: 235.5 MT)
  - Expect to produce 575 - 605 MT of crystalline iodine in 2018 (FY 2017: 503 MT)
- Successful opening of IO#7, which is now a major contributor to the total iodine production of the Group
- Iofina Chemical continues strong performance with a diverse portfolio of iodine and other halogen products and has increased capacity of some key iodine and non-iodine products to meet demand.

OUTLOOK

- The production rate of crystalline iodine in Q3 2018 has thus far exceeded Q2 2018. Iofina Resources is on track to achieve the expected full year production target of 575-605 MT of crystalline iodine in 2018
- The Company is evaluating options for IO#5 and is determining whether to source an alternative brine supply or move IO#5 to another site. Final determinations should be complete by the end of 2018
- The Company is working to resolve its debt which is due for repayment on 1 June 2019. As the business continues to move forward with a strong outlook the Directors are confident of a positive outcome that will allow the Group to manage its debt.

Commenting on today's results, Dr. Tom Becker, President and CEO stated:

"Notably, the successful construction of IO#7 was a major milestone for the Group in the first half of the year. We are pleased with the performance of the new IOsorb® plant, which is the Group's lowest production cost plant, and we anticipate a strong second half of the year because of this.

"In addition to the Group's increased iodine production, expansion at the Group's chemical business is also extremely encouraging. We have increased production capacity of three of our key iodine compounds as well as increasing production of a key non-iodine based product in response to rapidly increasing customer demand.

"The Board acknowledges that new terms for the debt facility will need to be negotiated by June 2019, and we are working hard to achieve a solution for this. Whilst addressing the debt repayment requirements, the Board remains committed to executing its growth strategy; to increase production of iodine and sales, whilst remaining a low cost iodine producer.''

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Overview

Iofina plc ("Iofina" or the "Company") is the holding company of a group of companies (the "Group") involved in the exploration and production of iodine with complete vertical integration into its specialty chemical halogen derivatives business. Iofina Resources ("IR") identifies, develops, builds, owns and operates iodine extraction plants, currently focused in North America, based on Iofina's WET® IOsorb® technology. Iodide is isolated from brine produced from existing oil and gas operations, and without Iofina, this resource would not be realised. The isolation of iodine from this brine waste stream adds value to Iofina and its shareholders, our oil and gas partners, land and mineral owners of the wells and the overall global iodine market. Iodine containing or other halogen based products are produced at and sold through the Company's wholly owned subsidiary Iofina Chemical ("IC") with the major raw material being the Group's produced iodine. Additionally, the Group's crystalline IOflo® iodine is sold directly to other iodine end-users.

Financial Review

Revenue of $11.3m for H1 2018 was 20% higher than the H1 2017 amount of $9.4m. Gross profit was 8% higher at $2.6m compared to $2.4m for H1 2017. Administrative expenses were also 8% higher at $1.8m compared to $1.7m for H1 2017, and EBITDA was 6% higher at $725,000 compared to $683,000 for H1 2017. Operating loss was close to breakeven at $47,000 compared to the H1 2017 loss of $331,000. The loss before taxation was $0.8m as opposed to $2.0m for H1 2017. Convertible loan notes accounting adjustments accounted for $0.1m of the 2018 loss compared to $1.2m for H1 2017.

The increase in revenue of $1.9m relates principally to sales of crystallised iodine, which were up by $1.55m. Sales volumes more than trebled to 98 metric tonnes and average prices achieved were more than 20% higher than for H1 2017. Overall sales volumes of iodine derivatives and non-iodine products were similar to H1 2017, with value increases of 4% and 8% respectively. Approximately 160 metric tonnes of crystallised iodine were used in iodine derivatives sales for both H1 2017 and H1 2018. Gross profits for H1 2018 were held back by exceptional increases in maintenance costs at Iofina Chemical, and also by a reduction in overheads included in work in progress inventory following a review that recognised improved efficiencies in production processes.

Production of crystallised iodine at the Oklahoma plants increased by 28.6 metric tonnes (12%) from 235.5 metric tonnes for H1 2017 to 264.1 metric tonnes for H1 2018 following plant IO#7 coming online during February, and overall production costs per kilo declined slightly compared to H1 2017. Further reductions in per kilo costs are expected as IO#7's ramp up from February through June 2018 impacts future results.

Cash balances were $3.0m at 30 June 2018 compared to $3.4m at 31 December 2017 and $3.3m at 30 June 2017. There was an operating cash inflow of $0.32m for H1 2018 compared to an operating cash outflow of $0.23m for H1 2017. The H1 2018 inventories increase of $1.1m includes purchases of $0.44m made to take advantage of pricing expected to increase in the near future. The same amount is also included in the payables increase of $0.5m, and therefore these purchases had no net impact on the H1 cash flow. H1 2018 capital expenditure on property, plant and equipment amounted to $0.75m, and represents $0.43m spent to complete the construction of plant IO#7 and $0.32m spent on improvements to production facilities at Iofina Chemical. The deduction of capital expenditure of $0.75m from the operating cash inflow of $0.32m gives rise to the net cash decrease of $0.43m.

The convertible loan notes adjustments in the income statement and balance sheet of $0.1m for H1 2018 and $1.2m for H1 2017 have no impact on cash flow. The amounts actually repayable in respect of the convertible loan notes at 30 June 2018 total $21.8m as set out in Note 5. The 30 June 2018 balance sheet amounts for the loan notes and the $3m term loan have been classified as current liabilities as they are due for repayment by 1 June 2019.

Iofina Resources

During H1 2018 (the "Period") Iofina Resources produced a total of 264.1 metric tonnes ("MT") of crystalline iodine from its Oklahoma IOsorb® iodine production plants, a 12% increase from the prior year (H1 2017: 235.5 MT). During the Period, Iofina Resources began producing iodine at IO#7, a plant which utilised some equipment from IO#3 which was closed in 2017. Additionally, IO#5 has been shut-in for the entirety of 2018 thus far. Iofina Resources operated three IOsorb® plants in the entire Period with IO#7 additionally coming online in mid-February and ramping up its production during Q1. The previous year, Iofina had five plants operating in Q1 2017 and four plants in Q2 2017. Thus Iofina Resources' plants in H1 2018 produced crystalline iodine at a significantly higher rate compared with the same Period in 2017.

Iofina Resources continues to execute its strategy of lowering production costs and improving efficiencies. This has continued in 2018 by shutting in its highest production cost plant, IO#5, and opening a new plant, IO#7, which is currently operating as the Group's lowest production cost plant. The opening of IO#7 was a milestone for the Group as it begins to execute its growth strategy. It was important to prove that the current Iofina Resources team could properly manage and execute the building of a new plant on time and within budget, which frankly did not occur during the building of the previous four IOsorb® plants. The production rate in Q3 2018 has thus far exceeded Q2 2018. Iofina Resources is on track to achieve the expected full year production target of 575-605 MT of crystalline iodine in 2018.

Recent work by Iofina Resources and its brine supply partner at IO#2 and IO#7 has resulted in some positive operational adjustments as both parties strive to increase the quantity of quality brine to each location.

Iofina's geologists continue to refine and improve the Company's iodine geological model, working with multiple brine producers in Oklahoma and elsewhere. Iofina Resources remains the USA technical leader in iodine and continues to evaluate future iodine production opportunities as the Company executes its growth strategy.

Iofina Chemical

Iofina Chemical is currently in its 35th year of operations as a respected producer of high quality specialty chemicals with a focus on iodine and other halogen containing products. Iofina Chemical performs all of the sales for the Group, which include Iofina Resources produced crystalline IOflo® iodine and other products manufactured at Iofina Chemical. Revenues in H1 2018 are higher than for the same period a year ago, owing to the Group's strong sales efforts and high quality products. Additionally, the price for the key raw material, iodine, has increased YOY which also added to top line revenues. Growing iodine sales as well as non-iodine product increases will help push 2018 to expected revenue levels.

Iofina Chemical's operations team successfully increased production capacity of three of our key iodine containing compounds in the first half of 2018 adding new dedicated equipment for these specialty products. Iofina Chemical has also increased its production of a key non-iodine based product to meet rapidly increasing customer needs.

Another important task achieved in 2018, in order to continue to sell and expand sales into the European Union, was to register products through REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals). REACH registrations are now required for any annual sales of chemicals into the EU over 1 MT. Iofina Chemical was successful in registering its first two products in the EU with REACH and will continue to add more in the second half of this year. The first two added REACH registrations were for the largest volume sales products for Iofina Chemical in Europe.

As reported in June, a preliminary ruling on an antidumping case in China regarding hydriodic acid ('HI') was not favourable to Iofina Chemical and will have a slight impact on both revenues and profits. A final determination in this case is expected in October 2018. Sales losses of HI in the near term are expected to be mostly replaced by direct crystalline iodine sales. Crystalline iodine sales in H1 2018 were significantly greater than for the same period in 2017 and are expected to continue to be strong as Iofina Resources produces more IOflo® crystalline iodine in 2018. Continued work on increasing iodine sales globally and expanding Iofina's iodide derivative business will continue in 2018. Iofina Chemical's volumes of crystalline iodine sold to global customers, both as raw iodine and as a component of specialty iodine containing products, increased by over 40% in H1 2018 versus the same period in 2017.

Iodine Outlook

As expected, and in line with continuing trends from H2 2017, iodine prices have continued to climb in 2018.

Prices for large orders of iodine now are near $26/kg, rising by 8% from about $24/kg at the beginning of 2018. Global demand for iodine remains strong and Iofina's Directors expect prices to continue to rise through the end of the year. However, prices are still likely to remain below the historic levels recorded in early 2011 (approximately $30/kg) before the tragic tsunami in Japan.

Speculation in the global iodine market suggests that further increases in prices could bring back shut-in production or cause new mines to open. Whilst not certain, Iofina believes that at prices below $30 this is unlikely to happen as investments necessary for new mines or opening up of higher cost production in Chile is unlikely as these mines could not operate profitably at prices seen recently. As part of Iofina's growth strategy, the Company is committed to prudent expansion of iodine production at or below our current per kilo unit cost. Iofina's business model is unique in that we are able to open new sites, with low capital expenditure costs and low production costs to isolate iodine, compared with other global iodine producers. Iofina is poised to gain from any increase in iodine price and, as a lower quartile per kilogram cost producer, has the ability to cope with potential future iodine price swings.

Outlook

The Directors are pleased with the direction of the Group although the relatively modest iodine production in January and February of 2018 was below our expectations. However, since that time operations have performed well. Executing our growth strategy, the opening of our plant IO#7 has reduced the Group's overall iodine production cost and will impact the Group positively during the rest of 2018 and beyond.

The Company believed it would have a permanent resolution as to the future operations of IO#5 by this time, but our action plan has been delayed as our partner evaluated their brine delivery system. Just recently this month, Iofina completed discussions with our partner that has traditionally supplied brine water to the IO#5 site. It was determined that it is unlikely our partner will utilize their disposal well consistently enough at this location to justify operating IO#5 using the brine water they would provide. This leaves Iofina with two options; the first being to move IO#5 to another site or alternatively to pipe new brine supply to IO#5 from another source. At this time, the Company is evaluating these options for the IO#5 assets as we continue to plan for our next iodine production site. Final determinations should be complete by the end of 2018 with construction on our next site soon after. Future sites beyond our next expansion are intended to follow in the near-term.

The Directors are aware that the Group needs to repay the US$20 million debt facility, restructured in September 2016, by June 1 2019 together with the $3 million drawn under the term loan facility. The Board is working diligently to resolve this issue in a manner that positively impacts the Company, its shareholders and its debt holders. With the continued EBITDA increases realised and predicted, iodine prices moving higher, and the opportunities to create new sites to increase profits further, the Directors are confident of a positive outcome, that will allow the Group to manage its debt. Once the debt financing is resolved, the Group will have more clarity as to the rate of our expansion plans in both the near-term and long-term with current and new partners.

The Directors are committed to focusing on Iofina's expertise in halogen based chemicals but also to diversity within this field through multiple plant sites and numerous products with various applications. As Iofina executes these plans and continues to grow as an organization, we remain clearly aware of the goal to continuously improve as a Group and to meet and exceed customer expectations. Iofina's commitment to its shareholders is to increase both near-term and long-term value by properly executing sensible growth plans focusing in areas where our technical expertise is unmatched. Iofina is committed to improving communications with stakeholders including an improved website and better leveraging social media platforms.

The Group continues to improve its performance. Iofina expects the momentum of the last four months of H1 2018 to continue through the second half of 2018 and beyond. Iofina expects to announce expansion plans before the year end, in order to continue its growth as a leading, low quartile cost iodine producer. The Company is proud of its improved iodine output and EBITDA performance and will continue to drive future improvements in these areas.

IOFINA PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2018

	Note	Unaudited Six months ended 30 June 2018 $	 30 June 2017 $	Audited Year ended 31 December 2017 $
Continuing operations				
Revenue		11,302,914	9,443,926	20,828,163
Cost of sales		(8,749,925)	(7,073,569)	(15,967,563)
Gross profit		**2,552,989**	**2,370,357**	**4,860,000**
Administrative expenses		(1,828,142)	(1,686,979)	(3,460,178)
EBITDA – Earnings before interest, tax, depreciation and amortisation		**724,847**	**683,378**	**1,400,422**
Depreciation and amortisation		(771,774)	(1,014,339)	(2,080,007)
Impairment expense		-	-	(5,280,552)
Operating loss		**(46,927)**	**(330,961)**	**(5,960,137)**
Finance income		573	1,340	3,618
Interest payable	5 & 6	(623,251)	(524,468)	(1,128,137)
Amortisation of convertible loan notes	5	(887,546)	(804,717)	(1,622,771)
Revaluation of derivative liability	5	806,722	(375,935)	(1,078,399)
Loss before taxation		**(750,429)**	**(2,034,741)**	**(9,785,826)**
Taxation	9	-	-	51,000
Loss for the period attributable to owners of the parent		**$(750,429)**	**$(2,034,741)**	**$(9,734,826)**
Other comprehensive income				
Foreign currency differences		(534)	1,750	(1,761)
Total comprehensive income for the period		**$(750,963)**	**$(2,032,991)**	**$(9,736,587)**
Basic and diluted loss per share	4	$(0.006)	$(0.016)	$(0.076)

IOFINA PLC
CONSOLIDATED BALANCE SHEET
30 JUNE 2018

	Note	Unaudited 30 June 2018 $	Unaudited 30 June 2017 $	Audited 31 December 2017 $
Intangible assets		1,843,456	4,583,365	1,956,957
Goodwill		3,087,251	3,087,251	3,087,251
Property, plant & equipment		19,431,841	21,335,588	19,331,538
Total non-current assets		**24,362,548**	**29,006,204**	**24,384,746**
Inventories		5,410,222	5,102,087	4,313,499
Trade and other receivables		4,488,620	3,139,537	4,621,681
Cash and cash equivalents		3,018,948	3,279,917	3,449,681
Total current assets		**12,917,790**	**11,521,541**	**12,384,861**
Total assets		**$37,280,338**	**$40,527,745**	**$36,769,607**
Trade and other payables		4,760,840	4,320,945	4,214,586
Convertible loan notes	5	20,094,629	-	-
Term loan	6	3,167,014	-	-
Derivative liability	5	2,800,279	-	-
Total current liabilities		**30,822,762**	**4,320,945**	**4,214,586**
Convertible loan notes	5	-	17,331,360	18,675,998
Term loan	6	-	1,019,131	3,074,846
Derivative liability	5	-	2,904,537	3,607,001
Deferred tax liability		231,233	282,233	231,233
Total non-current liabilities		**231,233**	**21,537,261**	**25,589,078**
Total liabilities		**$31,053,995**	**$25,858,206**	**$29,803,664**
Issued share capital	7	2,292,683	2,292,683	2,292,683
Share premium		48,991,647	48,991,647	48,991,647
Share-based payment reserve		1,645,753	1,634,390	1,634,390
Retained earnings		(40,768,400)	(32,317,886)	(40,017,971)
Foreign currency reserve		(5,935,340)	(5,931,295)	(5,934,806)
Total equity		**6,226,343**	**14,669,539**	**6,965,943**
Total equity and liabilities		**$37,280,338**	**$40,527,745**	**$36,769,607**

IOFINA PLC

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share Premium	Share-based payment reserve	Retained earnings	Foreign currency reserve	Total equity
	$	$	$	$	$	$
Balance at 31 December 2016 (Audited)	**2,292,683**	**48,991,647**	**1,634,390**	**(30,283,145)**	**(5,933,045)**	**16,702,530**
Loss for the year attributable to owners of the parent	-	-	-	(9,734,826)	-	(9,734,826)
Other comprehensive income						
Exchange differences on translating foreign operations	-	-	-	-	(1,761)	(1,761)
Total comprehensive income attributable to owners of the parent	**-**	**-**	**-**	**(9,734,826)**	**(1,761)**	**(9,736,587)**
Balance at 31 December 2017 (Audited)	**2,292,683**	**48,991,647**	**1,634,390**	**(40,017,971)**	**(5,934,806)**	**6,965,943**
Share-based expense	-	-	11,363	-	-	11,363
Total transactions with owners	**-**	**-**	**11,363**	**-**	**-**	**11,363**
Loss for the period attributable to owners of the parent	-	-	-	(750,429)	-	(750,429)
Other comprehensive income						
Exchange differences on translating foreign operations	-	-	-	-	(534)	(534)
Total comprehensive income attributable to owners of the parent	**-**	**-**	**-**	**(750,429)**	**(534)**	**(750,963)**
Balance at 30 June 2018 (Unaudited)	**2,292,683**	**48,991,647**	**1,645,753**	**(40,768,400)**	**(5,935,340)**	**6,226,343**

IOFINA PLC

CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD ENDED 30 JUNE 2018

	Unaudited		Audited
	Six months ended		Year ended
	30 June 2018	30 June 2017	31 December 2017
	$	$	$
Cash flows from operating activities			
EBITDA – Earnings before interest, tax, depreciation and amortisation	**724,847**	**683,378**	**1,400,422**
Construction in progress written off	-	-	26,107
Impairment credit	-	-	22,000
Share options expense	11,359	-	-
	736,206	**683,378**	**1,448,529**
Changes in working capital			
Trade receivables decrease/(increase)	133,061	956,958	(525,186)
Inventories increase	(1,096,722)	(1,145,741)	(357,154)
Trade and other payables increase/(decrease)	546,261	(724,171)	(830,534)
Net cash inflow/(outflow) from operating activities	**318,806**	**(229,577)**	**(264,345)**
Cash flows from investing activities			
Interest received	573	1,340	3,617
Acquisition of intangible assets	-	(86,298)	(645)
Acquisition of property, plant & equipment	(749,578)	(223,010)	(2,081,530)
Net cash outflow from investing activities	**(749,005)**	**(307,967)**	**(2,078,558)**
Cash flows from financing activities			
Term loan drawn	-	1,000,000	3,000,000
Interest paid	-	-	(21,367)
Net cash inflow/(outflow) from investing activities	**-**	**1,000,000**	**2,978,633**
Net increase/(decrease) in cash	**(430,199)**	**462,456**	**635,730**
Effects of foreign exchange	(534)	1,750	(1,761)
Cash and equivalents at beginning of period	**3,449,681**	**2,815,712**	**2,815,712**
Cash and equivalents at end of period	**$3,018,948**	**$3,279,917**	**$3,449,681**

1. Nature of operations and general information

Iofina plc is the holding company of a group of companies (the "Group") involved in the exploration and production of iodine and the manufacturing of halogen-based specialty chemical derivatives. Iofina's business strategy is to identify, develop, build, own and operate iodine extraction plants, with a current focus in North America, based on Iofina's WET® IOsorb® technology. Iofina has current production operations in the United States, specifically in Kentucky and Oklahoma. The Group has complete vertical integration from the production of iodine from produced brine waters, to the manufacture of the chemical end-products derived from iodine and sold to global customers.

The address of Iofina plc's registered office is 200 Strand, London WC2R 1DJ.

Iofina plc's shares are listed on the London Stock Exchange's AIM market.

Iofina's consolidated financial statements are presented in US Dollars, which is the functional currency of the operating subsidiaries.

The figures for the six months ended 30 June 2018 and 30 June 2017 are unaudited and do not constitute full accounts. The comparative figures for the year ended 31 December 2017 are extracts from the 2017 audited accounts (which are available on the Company's website, and have been delivered to the Registrar of Companies) and do not constitute full accounts. The independent auditor's report on the 2017 accounts was unqualified and did not contain statements under sections 498(2) or (3) (accounting records or returns inadequate, accounts not agreeing with records and returns or failure to obtain necessary information and explanations) of the Companies Act 2006.

2. Accounting policies

The basis of preparation and accounting policies set out in the Annual Report and Accounts for the year ended 31 December 2017 have been applied in the preparation of these condensed consolidated interim financial statements. These interim financial statements have been prepared in accordance with the recognition and measurement principles of the International Financial Reporting Standards ("IFRS") as endorsed by the EU that are expected to be applicable to the consolidated financial statements for the year ending 31 December 2018 and on the basis of the accounting policies expected to be used in those financial statements.

3. Segment reporting

(a) Business segments

The Group's current operations comprise the exploration and production of iodine with complete vertical integration into its specialty chemical halogen derivatives business, and are therefore considered to fall within one business segment.

(b) Geographical segments

The Group reports by geographical segment. All the Group's activities are related to exploration for, and development of, iodine in certain areas of the USA and the manufacturing of specialty chemicals in the USA with support provided by the UK office. In presenting information on the basis of geographical segments, segment assets and the cost of acquiring them are based on the geographical location of the assets.

	Unaudited		Audited
	Six months ended 30 June		31 December
	2018	2017	2017
Total assets	**$**	**$**	**$**
UK	185,183	98,329	17,888
USA	37,095,155	40,429,416	36,751,719
Total	**$37,280,338**	**$40,527,744**	**$36,769,607**
Total liabilities			
UK	26,468,486	21,449,929	25,728,670
USA	4,585,509	4,408,273	4,074,994
Total	**$31,053,995**	**$25,858,202**	**$29,803,664**
Capital expenditures			
UK	-	-	-
USA	749,578	309,308	2,082,175
Total	**$749,578**	**$309,308**	**$2,082,175**

4. Loss per share

The calculation of loss per ordinary share is based on losses of $750,429 (H1 2017: $2,034,741) and the weighted average number of ordinary shares outstanding of 127,569,398 (H1 2017: 127,569,398). The warrants are not dilutive and there is, therefore, no difference between the diluted loss per share and the basic loss per share.

5. Convertible loan notes and Derivative liability

	Derivative liability (Share conversion rights)	Convertible loan notes	Amounts actually owed to lenders
	$	$	$
On refinancing 30 September 2016	**4,637,130**	**15,362,870**	**20,000,000**
30 September-31 December 2016:			
Revaluation of derivative liability	(2,108,528)		
Amortisation of discount		402,907	
Interest deferred and capitalised		255,527	255,527
At 31 December 2016	**2,528,602**	**16,021,304**	**20,255,527**
1 January-31 December 2017:			
Revaluation of derivative liability	1,078,399		
Amortisation of discount		1,622,771	
Interest deferred and capitalised		1,031,923	1,031,923
At 31 December 2017	**3,607,001**	**18,675,998**	**21,287,450**
1 January-30 June 2018;			
Revaluation of derivative liability	(806,722)		
Amortisation of discount		887,546	
Interest deferred and capitalised		531,083	531,083
At 30 June 2018	**2,800,279**	**20,094,627**	**21,818,533**
Projected (see below)			
1 July 2018-1 June 2019:			
Revaluations of derivative liability (net)	(2,800,279)		
Amortisation of discount		1,723,906	
Interest deferred and capitalised		1,021,214	1,021,214
At 1 June 2019	**-**	**$22,839,747**	**$22,839,747**

The convertible loan notes are secured against the assets of the Group, redeemable by 1 June 2019 and carry an interest rate of 5%. Interest may be deferred and capitalised, and to date the Group has taken advantage of this option.

Projected figures up to the redemption date of 1 June 2019 assume no repayments prior to that date of the loan notes principal or of interest accrued up to 30 June 2018, and no exercise of share conversion rights.

In accordance with International Accounting Standard 39 the share conversion rights attaching to the convertible loan notes have been valued separately as a derivative liability, which is revalued at each reporting date using the Black Scholes model. Changes in the valuation are charged or credited to the profit and loss account. The value of the derivative liability on the redemption date of 1 June 2019 will be nil. In the meantime the revaluation amounts may vary according to the USD-GBP exchange rate, the share price, the volatility of the share price, and the period remaining to redemption. At 30 June 2018 the inputs to the Black Scholes model were:

Valuation date	Share price	USD/GBP rate	Number of Shares	Risk free rate	Volatility
30 June 2018	16.00p	1.3203	64,028,658	2.33%	83%

5. Convertible loan notes and Derivative liability (continued)

The loan notes were valued on refinancing at 30 September 2016 as the amount refinanced discounted by the value of the share conversion rights derivative liability. The discount is added to the loan notes valuation over their term, and amortised to the profit and loss account, using the effective rate of interest that it represents. Interest deferred and capitalised is also added to the carrying value of the loan notes. At the redemption date of 1 June 2019 the carrying value of the loan notes is expected to equate to the amounts actually owed to the lenders.

Neither the revaluations of the derivative liability nor the loan note amortisation amounts charged to the profit and loss account have any effect on cash flow.

6. Term loan

The term loan of $3,000,000 is secured against the assets of the Group, redeemable by 1 June 2019 and carries an interest rate of 6%. Interest may be deferred and capitalised, and to date the Group has taken advantage of this option.

7. Share capital

	Unaudited 30 June 2018	**Unaudited 30 June 2017**	**Audited 31 December 2017**
Authorised:			
Ordinary shares of £0.01 each			
-number of shares	1,000,000,000	1,000,000,000	1,000,000,000
-nominal value	£10,000,000	£10,000,000	£10,000,000
Allotted, called up and fully paid:			
Ordinary shares of £0.01 each			
-number of shares	127,569,398	127,569,398	127,569,398
-nominal value	£1,275,694	£1,275,694	£1,275,694

8. Share based payments

As of 13 June 2018 options over 1,980,000 ordinary shares were granted to directors and senior management of the Group at an exercise price of 16.2p. There is a vesting period of one year for 50% of the options and two years for the remainder, with a contractual life of ten years from the date of grant. The options have been valued at $325,327 using the Black Scholes model and the following inputs:

Share price at date of grant	16.2p
Exercise price	16.2p
Expected life	5.75 years
Expected volatility	93.53%
Risk free rate	2.9%

8. Share based payments (continued)

The options are to be expensed in the income statement over the vesting periods.

9. Income tax

No income tax expense was recognised for the period due to the loss during the period of the Group as well as the carried forward losses of the Group. A deferred tax asset has not been recognised due to uncertainty over the timing of the recovery of these tax losses.

10. Post balance sheet events

There were no material events arising after the balance sheet date that need to be reflected in these interim financial statements.

11. Cautionary Statement

This report contains certain forward-looking statements with respect to the financial condition, results of operations and businesses of Iofina plc. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report. However, such statements should be treated with caution as they involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. Nothing in this announcement should be construed as a profit forecast.