5 September 2016

Flowgroup plc
("Flowgroup" or the "Company")

Half-year Report

Flowgroup plc (AIM: FLOW), which provides a range of innovative energy technologies, energy supply and energy services announces its unaudited Interim Results for the period ended 30 June 2016.

Financial

- Total revenues up 104% to £41.8m (H1 2015: £20.5m)
    - Flow Energy revenue up 106% to £41.7m (H1 2015: £20.3m)
- Gross margin increased by 105% to £5.1m and maintained at 12.2%
- Operating loss of £8.0m (H1 2015: £6.9m loss)
- Headline cash of £14.3m of which £2.9m in energy trading account (31 December 2015: £18.8m)
- Cash at 1 September 2016 of £13.2m of which £1.6m in energy trading account

Operational

- Energy business
    - 120% increase in customer base to over 220,000 customer fuel accounts on 30 June 2016 (1 January 2016: 100,000)
    - Which? Recommended Provider for energy award in January 2016
    - Appointed experienced customer services delivery director to continue to improve already award-winning customer service

- Smart boiler business
    - First sales of Flow microCHP (electricity-generating boiler) delivered in April 2016
    - Agreement signed in April 2016 with Daikin for non-exclusive provision of Hybrid heat pump and exclusive provision of Daikin combination boiler
    - DECC Consultation published in May 2016, proposing a significant reduction in Feed-in Tariff support for microCHP, putting at risk the economic delivery of the Flow microCHP boiler in the UK
    - Flow microCHP units successfully tested with Trillary in Italy
    - Processes in place to sell finance to our customers

Post period

- Energy business
    - Continued strong growth, increasing customer fuel account numbers from 220,000 on 30 June 2016 to over 255,000 on 1 September 2016, representing over £127m of revenue on an annualised basis
    - We are now the only Which? Recommended Provider for energy since August
    - Launched energy sales in the home through our Brand Ambassador network on 5 September 2016
    - Good progress towards profitability and reducing cost to serve, we believe that the underlying business will be profitable in 2017
    - New office space taken to accommodate additional staff to support our customer growth

- Smart boiler business
    - Signed agreement with Intergas for the manufacture of Flow ECO RF, from Intergas, the leading manufacturer in Holland, jointly branded as Flow/Intergas
    - Launched sales of Flow branded Intergas product range on 5 September 2016
    - European partner testing of Flow microCHP completed successfully with next steps being discussed

Tony Stiff, Group Chief Executive Officer of Flowgroup plc, commented: *"We continue to deliver our strategy of disrupting the energy and heating markets with a compelling mix of competitive home energy supply, some of the world's most exciting heating products and a growing connected home offer. We have started to sell and install our game-changing microCHP boiler, although we are currently taking a cautious approach due to the imminent announcement from Government on the future of the microCHP Feed-in Tariff. As planned, and in line with our strategy, we have supplemented our Flow microCHP boiler with other innovative heating products from globally-recognised manufacturers and will commence sales of one line in this range, the Flow ECO RF, provided by Intergas, the Dutch market leader, on 5 September 2016. We will commence sales of another product, the Daikin Hybrid this winter and are expecting Daikin's range of Combi boilers to be available during H1 2017.*

"As we have always said, this is the future of energy – energy businesses offering much more to their customers. Flow has prudently and successfully expanded its product offering via strategic alliances with large organisations. We are now in a position to offer home energy, smart heating and smart home products to the whole of the UK market and we also continue to explore our international opportunities.

"Our energy business continues to outperform our expectations and the underlying business is expected to become profitable in 2017. It acts both as a strong and stable source of revenue and a pool of customers to whom we can market our growing product range. We believe we can grow our energy business to 1m customer fuel accounts within three years and then still further as market conditions continue to favour suppliers with more competitive pricing and better service.

"In May 2016, the then Department of Energy and Climate Change (DECC), published a consultation document which included a review of the support for the microCHP Feed-in Tariff scheme. The Government's final decision on the ongoing structure and scope of the microCHP Feed-in Tariff is expected in Q4 2016 and is clearly important for our business. Without continuing Feed-in Tariff support at the previously guaranteed level, we will have to carefully review the feasibility and economic business model of our microCHP business. This would be extremely disappointing and, we believe, a stain on the Government's record of supporting early-stage energy efficient technology. However, with or without our microCHP technology platform, our strategy remains the same – to disrupt the heating market with cutting-edge products delivered in innovative bundles via our Brand Ambassador network. So far this year we have delivered our strategic goal of creating a range of innovative products to offer to our customers.

"We believe that we have a unique customer proposition and can redefine what an energy company means for customers, and what can be delivered to customers. Our customer numbers are up, our brand awareness is increasing and we continue to attract the interest of major global players who want to do business with Flow. We believe we have put ourselves in the best possible position to deliver a successful business even in the face of potential change."

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014.

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Chief Executive Officer's review

Over the last year, we have consistently laid out our business strategy. Believing that the energy market is experiencing possibly its greatest period of change as millions of customers desert the Big Six energy suppliers, and that a stagnant heating market is ripe for disruption, we have positioned our business to deliver something that we consider to be unique - a large scale energy business delivering both competitive prices and award-winning customer service, coupled with an extensive heating business based on the Flow microCHP and supplemented with globally-sourced, ground-breaking products delivered directly to an installation network, bypassing the traditional merchant route. Our goal is for each of these businesses to be profitable in its own right.

Our energy customer base has grown significantly over the last six months. The majority of customers whose contracts have expired have chosen to renew with us, a testament to the quality of the customer service we provide. We are proud that these retention levels are higher than our expectations.

Our Brand Ambassador network, when provided with the unique, market-leading products we can offer, will be able to deliver very significant sales – and our direct supply approach, cutting out the wholesalers, increases our margin on every smart boiler sale.

However, as we have always said, it is when combined into our Energy for Life concept that our energy and heating business will deliver the most value. We believe that our energy customer base represents a readymade market for our heating products. On the other side of the equation, our ability to save customers money on their home energy as part of a bundled energy and product deal facilitates boiler sales. This cross-sell and cross-support means each customer has the potential to be much more valuable to us and much more loyal. It is here that the maximum value of our business lies, overall increasing the average revenue per customer.

Flow Energy

We have grown our energy customer base from 100,000 customer fuel accounts at the start of the year to over 255,000 fuel accounts either on supply or being processed through the switching cycle as of 1 September 2016, which represents over £127m of revenue on an annualised basis. We have grown rapidly while maintaining high levels of service, something other suppliers have struggled with. We have also experienced low levels of churn with the large majority of customers staying with Flow when their fixed rate deals end. Our cost to serve is below our internal budget and we believe the underlying business of Flow Energy will be profitable in 2017 and continue to be cash generative.

We intend to continue our strong growth and have a medium term target of 1m customer fuel accounts but believe that market conditions are such that this target could be conservative.

We currently rely heavily on price comparison sites to deliver customers to us on a commission basis, as do most energy suppliers. While our reputation for excellent customer service and growing brand awareness mean we do not have to be the cheapest on the market to attract high volumes of new customers through this channel, the price comparison sites are still a very competitive environment. The holy grail of the energy industry is to attract customers directly, at low cost, and preferably customers who are not active switchers and therefore will potentially be more loyal. This has traditionally been very hard to achieve as traditional marketing by energy companies does not seem able to reach the millions of households who have never switched supplier. However, we believe that our national network of Flow Brand Ambassadors, who may be visiting hundreds of thousands of customer homes each year to recommend our heating range, could create an entirely new and extremely cost effective route to market for energy sales.

All Flow Brand Ambassadors will be trained to provide an energy quote to a customer in their home using Flow BiT, our online home survey and quotation tool. They will be able to offer energy as part of a bundled deal with a heating product or as a standalone proposition. Since the Brand Ambassador is trusted by the customer and has been invited into their home on the basis that they will give sound advice, we believe that conversion rates for energy sales will be high. An advert telling a customer that they could save money by switching home energy, is much less compelling than a trusted trade professional in that customer's home explaining exactly how much money could be saved, how easy it is to switch and how switching home energy could help them pay for the cutting-edge boiler they are also recommending. We believe that our commission costs for energy customers will reduce when acquired through this channel.

Smart heating

We have consistently stated that we believe the UK heating market is ripe for disruption due to low levels of innovation and a traditional 'manufacturer – merchant – installer – customer' model. The Flow microCHP boiler is one innovative product that we believe has the potential to deliver this disruption. Over the last year we have made it clear that we believe there are others, and that securing additional and complementary ground-breaking heating products from carefully-selected partners is a key part of our strategy.

In April we signed two agreements with Daikin, a world leader in heating and cooling technology, for the provision of additional heating products. We then signed an additional agreement in August with Intergas for the provision of a boiler range that is the market leader in the Dutch market. Both agreements give Flow access to products that fit exactly with our strategic focus on innovation and disruption, and help to expand our portfolio of heating solutions.

The two Daikin agreements include provision of an innovative and comprehensive range of mass market Combination and System boilers under the Flow brand and the Daikin Altherma Hybrid heat pump range. The Hybrid will launch in Q4 2016 while the launch of the Combination and System range is expected in H1 2017.

The agreement with Intergas gives us a Flow branded version of their flagship product, the connected version of their award winning, Intergas Compact HRE. This product won Product of the Year in this year's prestigious H&V News awards. Intergas are the market leaders in Holland, having moved from around 12% market share in 2000 to around 35% in 2015, taking sales from established players like Vaillant and the Bosch Group. This is a clear example of what can be achieved by a traditional product with outstanding technology features and efficiency. The Flow ECO RF, which is how it will be branded, is a highly efficient boiler and can reduce heating costs by up to 15% compared to other condensing boilers. It incorporates a heat exchanger that, the Directors understand, has not had a single instance of mechanical failure in over 20 years. The Flow ECO RF comprises only 12 components, meaning there is much less to go wrong, and comes with internet connectivity built in, allowing customers to control their central heating remotely and installers to run remote diagnostics reducing the need for service calls and improving customer service. The Directors believe that this is the only connected boiler that provides performance data direct to installers. It can also provide automatic weather compensation via a direct link to local weather stations, reducing energy costs still further.

This is an extremely impressive product that we believe could drive significant sales in the UK market when allied with the Flow brand and marketed as part of our innovative bundled packages. Sales of the Flow ECO RF launched on 5 September 2016.

Cutting-edge products like these are one part of the disruptive equation. The other elements are our Flow Brand Ambassador (FBA) network and the interplay between our heating and energy businesses.

Flow Brand Ambassador network

The members of our FBA network have been chosen because they believe in the importance of delivering innovation, and via innovation, value to our customers. We have a fully national network with trained installers covering every mainland postcode, ready to deliver sales of Flow's product range. Every FBA has access to Flow BiT, our digital platform for home survey, installation quotation and energy sales. This is a solution that has the potential to revolutionise the way our FBAs operate. We believe that it perfectly complements our advanced heating range and provides an optimised customer experience that will play a key role in generating sales.

Energy as an enabler

The members of our FBA network are excited by both our heating product range and our energy business. They believe, as we do, that the provision of competitive home energy to a customer can play a key role in making a boiler sale – as well as being a standalone proposition that delivers value to the customer and opens a new revenue stream for them. Since the majority of customers remain on uncompetitive energy tariffs, each FBA often has an opportunity to potentially save a customer hundreds of pounds a year on their energy bills by switching them over to Flow. This is the perfect way to start a relationship that will be built on value. When added to the savings the customer will make by replacing their existing boiler with a much more efficient one from Flow, the total cost savings a customer could make on their energy by installing a boiler from Flow's range and switching home energy to Flow at the same time could exceed the cost of the boiler and installation.

MicroCHP update

DECC's consultation into a potential recalibration of the microCHP Feed-in Tariff scheme came as a surprise to the entire industry. The scheme had previously been considered to be guaranteed to continue at the same level and DECC themselves had made an announcement to this effect in August 2015.

Naturally, during the consultation period we have made extensive representations to DECC and our broad base of contacts in Government, both directly and in concert with other organisations and groups. We believe we have made the strongest possible case for the continuation of the scheme as it now stands. We believe that microCHP has a central role to play in the decentralised, cost-effective, low carbon energy future that Government has consistently stated they are working towards and therefore any amendment to the Feed-in Tariff regime that would be to the detriment of the continuing development of this crucial technology would be a retrograde step. Additionally, following the BREXIT vote on 23 June 2016, the currency markets have moved unfavourably to a new level, increasing the manufactured cost of our Flow microCHP.

Due to these possible risks to our UK microCHP business we initiated a strategic review of this part of the business and have been planning for several eventualities.

We have now delivered on our much-repeated strategy to expand our product range. We consider the microCHP Flow boiler to be a game-changing product, although our business model relies on the schemes in place to support new energy technologies – in this case, the Feed-in Tariff scheme. Of course, there is risk inherent in relying to any degree on external financial support, however necessary. Therefore, we have pursued, and delivered on, a strategy of securing other ground-breaking heating products from other market-leading manufacturers. While the primary aim of this strategy was to offer customer choice and to provide a solution to the whole of the market more quickly as we continued to develop our core microCHP technology platform, this strategy also builds resilience into our business. The proposed Feed-in Tariff regime changes potentially remove support from our business worth up to £50m. If those changes are implemented, we will need to determine the feasibility of our microCHP technology platform and will seek to minimise costs of any strategic change. However, we would expect that our smart boiler business would continue and build successfully with the broader range of heating products we now have.

Since the proposed changes in the Feed-in Tariff regime would affect the viability of our microCHP technology platform, we have slowed installations down over the last few months while we await DECC's decision, with 37 units now installed and 328 units manufactured after solving minor design and production issues. Accelerating installations of Flow microCHP boilers now could potentially leave us with extremely high service costs for the units we have installed if we were not to continue with volume manufacture and installation due to the withdrawal of Feed-in Tariff support. We will, of course, update the market further when the Government's decision is published, with a more detailed analysis of the situation and our options.

Connected home

While our connected home product range is available to consumers, we are currently focused on understanding consumer need and gaining experience in this rapidly emerging space. Our initial partner, Fifthplay, is expanding its product range over the next few months, which will allow us to offer a more comprehensive range. However, we are also in discussion with other major players in the smart controls and connected home markets to ensure that our connected offer is both fully integrated into our heating product strategy and that it remains at the forefront of advances in this technology.

Market commentary

We believe that the energy market continues to hold significant opportunity for players like Flow who have prudently invested both in price and service. The share of the residential energy market enjoyed by the Big Six fell from 98% in 2013 to just under 85% in April 2016. We have seen big customer gains in this period, as have other challenger suppliers. However, it is worth noting that, on several measures, there is now clear differentiation emerging between not just the Big Six and challenger suppliers, but challenger suppliers themselves. We are now the only Which? Recommended Provider for energy and one high profile challenger supplier is currently under investigation by Ofgem for potential breaches of its licence conditions around the level of service they are providing. Some smaller suppliers without long-term hedging strategies or significant financial resources may come under pressure in a market with rising prices. We believe that differentiation between energy companies around the fundamentals of price and service will continue to increase, to the potential benefit of Flow, and that this differentiation will be further accentuated by our integrated, multi-product strategy. Our own hedging strategy is long-term and robust, due to our trading relationship with Shell. All this combines to leave Flow, potentially, as a standout business in what is often seen as a crowded marketplace.

The UK heating market has seen little change since our last update and, we believe, remains ripe for disruption. The continuing migration of consumer activity to the online space ensures that customers are more engaged with and more aware of the businesses they buy from than ever before. Our innovative, disruptive approach and product range, we believe, speak much more clearly to the inhabitants of a digital world than our competitors do and we believe that our bundled deals and customer-centric approach have the potential to allow us to rapidly gain market share.

Flow Battery

Flow Battery revenue has been lower than anticipated and the business has been loss-making. In order to concentrate our resources on the development of our Energy for Life strategy we have reduced the cost base of the Flow Battery business and are in the process of reviewing options for this business that might further allow capital and other resources to be redeployed in other key areas of the business.

Outlook

Our energy business goes from strength to strength and we believe that the energy market represents a continually growing opportunity. We are very pleased to announce the commencement of sales of our Flow Eco RF boiler, in partnership with Intergas, with the launch of the Daikin Altherma Hybrid heat pump as part of a non-exclusive UK arrangement soon after. While a decision by the Government to change the microCHP Feed-in Tariff would, of course, affect our business, we have sought to build resilience into our model via the agreements we have signed with other boiler manufacturers. Any change to the microCHP Feed-in Tariff would be to the detriment of the development of our core technology platform but would not affect our ability to deliver a multi-faceted, disruptive and innovative business in a newly-expanded energy space. We look forward to updating the market on the Government's decision, on our energy and boiler sales, and on our plans for continuing growth in the near future.

Tony Stiff
Group Chief Executive Officer

5 September 2016

Unaudited Group Income Statement

	Note	Unaudited 6 months to 30 June 2016 £'000	Unaudited 6 months to 30 June 2015 £'000	Audited Year to 31 December 2015 £'000
Revenue	**3**	**41,841**	20,534	40,394
Cost of sales		**(36,732)**	(18,036)	(36,936)
Gross profit		**5,109**	2,498	3,458
Administrative expenses		**(13,107)**	(9,442)	(20,538)
Operating loss	**3**	**(7,998)**	(6,944)	(17,080)
Net finance costs		**(46)**	(47)	(36)
Loss before income tax		**(8,044)**	(6,991)	(17,116)
Income tax		**-**	-	1,831
Loss for the financial period / year		**(8,044)**	(6,991)	(15,285)
Attributable to:				
Equity holders of the Company		**(8,044)**	(6,991)	(15,285)
Basic and diluted loss per share	**4**	**2.53p**	2.71p	5.31p

The Group has no items of other comprehensive income in any period above and consequently no statement of other comprehensive income has been presented.

The notes are an integral part of these Unaudited Group Interim Financial Statements.

Unaudited Group Statement of Financial Position

	Note	Unaudited as at 30 June 2016 £'000	Unaudited as at 30 June 2015 £'000	Audited as at 31 December 2015 £'000
Assets				
Non-current assets				
Intangible assets	5	**19,738**	18,249	19,227
Property, plant and equipment		**581**	555	381
		20,319	18,804	19,608
Current assets				
Inventories		**1,268**	457	473
Trade and other receivables		**15,308**	8,453	7,369
Current tax receivable		**1,075**	-	1,075
Cash and cash equivalents		**11,389**	23,689	18,844
		29,040	32,599	27,761
Total assets		**49,359**	51,403	47,369
Liabilities				
Non-current liabilities				
Borrowings		**2,004**	1,191	1,982
Current liabilities				
Trade and other payables		**25,765**	12,396	16,198
Borrowings		**200**	1,024	200
		25,965	13,420	16,398
Total liabilities		**27,969**	14,611	18,380
Equity				
Capital and reserves attributable to equity holders of the Company				
Share capital		**15,876**	15,876	15,876
Share premium account		**59,238**	59,238	59,238
Accumulated losses		**(56,034)**	(39,696)	(47,990)
Reverse acquisition reserve		**(821)**	(821)	(821)
Other reserves		**3,131**	2,195	2,686
Total shareholders' equity		**21,390**	36,792	28,989
Total equity and liabilities		**49,359**	51,403	47,369

The notes are an integral part of these Unaudited Group Interim Financial Statements.

Unaudited Group Statement of Changes in Equity

	Share capital £'000	Share premium account £'000	Accumulated losses £'000	Reverse acquisition reserve £'000	Other reserves £'000	Total shareholders' equity £'000
Balance at 1 January 2015	11,975	41,850	(32,705)	(821)	1,722	22,021
Proceeds from shares issued	3,901	18,339	-	-	-	22,240
Share issue costs	-	(951)	-	-	-	(951)
Share based payments	-	-	-	-	473	473
Transactions with owners	3,901	17,388	-	-	473	21,762
Loss for the financial period	-	-	(6,991)	-	-	(6,991)
Balance at 30 June 2015	**15,876**	**59,238**	**(39,696)**	**(821)**	**2,195**	**36,792**
Share based payments	-	-	-	-	491	491
Transactions with owners	-	-	-	-	491	491
Loss for the financial period	-	-	(8,294)	-	-	(8,294)
Balance at 31 December 2015	**15,876**	**59,238**	**(47,990)**	**(821)**	**2,686**	**28,989**
Share based payments	-	-	-	-	445	445
Transactions with owners	-	-	-	-	445	445
Loss for the financial period	-	-	(8,044)	-	-	(8,044)
Balance at 30 June 2016	**15,876**	**59,238**	**(56,034)**	**(821)**	**3,131**	**21,390**

The notes are an integral part of these Unaudited Group Interim Financial Statements.

Unaudited Group Statement of Cash Flows

	Note	Unaudited 6 months to 30 June 2016 £'000	Unaudited 6 months to 30 June 2015 £'000	Audited Year to 31 December 2015 £'000
Cash flows from operating activities				
Cash consumed by operations	6	**(6,108)**	(4,534)	(8,084)
Cash flows from investing activities				
Expenditure on intangible assets		**(966)**	(1,306)	(2,582)
Purchase of property, plant and equipment		**(388)**	(126)	(160)
Interest received		**7**	9	24
Net cash used in investing activities		**(1,347)**	(1,423)	(2,718)
Cash flows from financing activities				
Net proceeds from the issue of ordinary shares		**-**	21,289	21,289
Net cash generated from financing activities		**-**	21,289	21,289
Net (decrease) / increase in cash and cash equivalents		**(7,455)**	15,332	10,487
Cash and cash equivalents at beginning of period		**18,844**	8,357	8,357
Cash and cash equivalents at end of period		**11,389**	23,689	18,844

The notes are an integral part of these Unaudited Group Interim Financial Statements.

Notes to the Unaudited Group Interim Financial Statements

1 Nature of operations and general information
Flowgroup plc ("the Company") and its subsidiaries (together "the Group") deliver alternative and efficient energy products and supply home energy. Our businesses are:

- Flow Products – smart energy solutions and microCHP energy generation
- Flow Energy – energy supply and services
- Flow Battery – compressed air back-up for the protection of essential systems

Flowgroup plc is the Group's ultimate parent company and is incorporated in England and Wales. The address of the registered office is Castlefield House, Liverpool Road, Castlefield, Manchester M3 4SB. The Group's principal place of business is North Kiln, Felaw Maltings, 46 Felaw Street, Ipswich, IP2 8PN. Flowgroup plc's shares are quoted on the AIM Market of the London Stock Exchange.

Flowgroup plc's Unaudited Group Interim Financial Statements are presented in pounds sterling (£).

2 Basis of preparation and accounting policies
These Unaudited Group Interim Financial Statements are for the six months ended 30 June 2016. They have not been prepared in accordance with IAS 34, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Group Financial Statements for the year ended 31 December 2015.

The financial information set out in these Unaudited Group Interim Financial Statements does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group Statement of Financial Position as at 31 December 2015 and the Group Income Statement, Group Statement of Changes in Equity, Group Statement of Cash Flows and associated notes for the year then ended have been extracted from the Group's Financial Statements as at 31 December 2015 which have been delivered to the Registrar of Companies. The auditors' report on these Financial Statements was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498(2) or section 498(3) of the Companies Act 2006.

The Unaudited Group Interim Financial Statements for the six months ended 30 June 2016 have not been audited or reviewed in accordance with International Standard on Review Engagements 2410 issued by the Auditing Practices Board.

The Unaudited Group Interim Financial Statements have been prepared under the historical cost convention, except that they have been modified to include the revaluation of certain liabilities at fair value through profit and loss.

These Unaudited Group Interim Financial Statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 31 December 2015 which have been applied consistently throughout the Group.

Flow Energy has entered a period of growth and accordingly customer acquisition costs are charged against the profit and loss account relative to customer retention rates and the expected economic life of the underlying customer contracts.

Under the terms of the energy purchase arrangements entered into during December 2015, Shell Energy Europe Limited holds a warrant entitling them to 10% of the increase in Flow Energy's enterprise value arising from inception of the agreement to exercise of the warrant. This is being accounted for as a cash settled share based payment with the expected final value being charged to profit and loss account as the benefit is derived over the life of the agreement.

2 Basis of preparation and accounting policies (continued)

The Unaudited Group Interim Financial Statements have been approved by the Board of Directors on 2 September 2016.

Going concern

The directors have produced business forecasts which indicate that the Group has sufficient resources to operate for at least twelve months from the date of approving the Unaudited Group Interim Financial Statements.

Accordingly, the Directors continue to adopt the going concern basis in preparing the Unaudited Group Interim Financial Statements.

3 Segmental results

The segment results are as follows:

	Unaudited 6 months to 30 June 2016 £'000	Unaudited 6 months to 30 June 2015 £'000	Audited Year to 31 December 2015 £'000
Revenue			
Flow Products	87	-	-
Flow Battery	14	259	315
Flow Energy	41,740	20,275	40,079
	41,841	**20,534**	**40,394**
Operating Loss			
Flow Products	5,715	4,357	10,005
Flow Battery	8	335	679
Flow Energy	522	764	4,126
	6,245	**5,456**	**14,810**
Unallocated costs	2,443	2,737	4,647
Capitalisation of development costs	(690)	(1,249)	(2,377)
	7,998	**6,944**	**17,080**

4 Loss per ordinary share

The calculation of the loss per ordinary share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period.

The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares and the post-tax effect of dividends and/or interest, on the assumed conversion of all dilutive options and other dilutive potential ordinary shares. As the diluted loss per share is less than the basic loss per share the share option awards are considered anti dilutive and have been ignored.

	Unaudited 6 months to 30 June 2016	**Unaudited 6 months to 30 June 2015**	**Audited Year to 31 December 2015**
Loss for the period (£'000)	**(8,044)**	(6,991)	(15,285)
Weighted average number of ordinary shares in issue	**317,529,078**	258,031,560	288,024,829
Basic and diluted loss per share (pence)	**(2.53)**	(2.71)	(5.31)

5 Intangible assets

	Intellectual property £'000	**MicroCHP development asset £'000**	**Other intangible assets £'000**	**Total £'000**
Net book value at 1 January 2016	**2,561**	**16,247**	**419**	**19,227**
Additions	-	690	276	966
Amortisation	(168)	(140)	(147)	(455)
Net book value at 30 June 2016	**2,393**	**16,797**	**548**	**19,738**
Net book value at 1 January 2015	**2,897**	**13,870**	**501**	**17,268**
Additions	-	1,249	57	1,306
Amortisation	(168)	-	(157)	(325)
Net book value at 30 June 2015	**2,729**	**15,119**	**401**	**18,249**
Net book value at 1 January 2015	**2,897**	**13,870**	**501**	**17,268**
Additions	-	2,377	205	2,582
Amortisation	(336)	-	(287)	(623)
Net book value at 31 December 2015	**2,561**	**16,247**	**419**	**19,227**

Intangibles include internally generated product development costs capitalised in accordance with IAS 38 and purchased intellectual property held at cost less amortisation following the disposal of Energetix Micropower Limited. Other intangible assets relate to purchased software.

6 Cash consumed by operations

	Unaudited 6 months to 30 June 2016 £'000	Unaudited 6 months to 30 June 2015 £'000	Audited Year to 31 December 2015 £'000
Cash flows			
Loss before income tax	(8,044)	(6,991)	(17,116)
Adjustments for:			
Depreciation	188	195	403
Amortisation	455	325	623
Finance Income	(7)	(9)	(24)
Finance costs	22	56	23
Share based payments	445	473	964
Tax received	-	416	1,172
Increase in inventories	(795)	(297)	(313)
Increase in trade and other receivables	(7,939)	(1,138)	(54)
Increase in trade and other payables	9,567	2,436	6,238
Total cash consumed by operations	**(6,108)**	**(4,534)**	**(8,084)**