



Tuesday 21 February 2012

RedFlow Half Year Financial Results

Electricity storage company RedFlow Limited (ASX:RFX) has today announced its interim financial results for the half-year to 31 December 2011.

Sales revenue was \$2.45 million. The net loss was \$6.2 million, in line with expectations as RedFlow continues its investment in product and market development and contracted offshore ZBM manufacturing.

Operations

All sixty R510 residential energy storage units were delivered to Ausgrid as part of the *Smart Grid, Smart City* project, with completion of the first forty installations in Newcastle.

The production processes and supply chain were settled for the Generation 2.0 ZBM, new production equipment was commissioned, and ZBM production was significantly higher.

The transition to contracted offshore ZBM manufacturing commenced. Commercial deliveries of initial ZBM components began and the first sub-assemblies were supplied for evaluation. The design of production equipment and the manufacturing line began at the contracted Singapore factory site.

RedFlow's aim is market leadership in manufacturing costs for stationary energy storage and the ZBM 'cost-down' project commenced in collaboration with the outsourced manufacturing partner and prospective sub-suppliers. This process will have strong focus over the next 18 months.

Concurrently, there is a program of value engineering to further improve the cost/performance characteristics of the RedFlow ZBM.

RedFlow completed planning for the initial product launch in the USA for 2012. As the first step, a ZBM was supplied for independent testing at the leading USA laboratory Sandia National Laboratories (SNL). Results continue to be in line with expectations. The USA version of the R510 residential energy storage system was designed and tested in readiness for initial 2012 deliveries.

In terms of larger energy storage systems, the manufacture of the first 90 kW M-Class energy storage system began for demonstration in conjunction with Australia's largest rooftop solar PV array at The University of Queensland from Q2 2012.

Outlook

RedFlow's strong position as a global leader in the flow battery market is becoming increasingly evident from market feedback and the levels of enquiry being received.

As ZBM production is progressively handed over to the Singapore plant during 2012, the Brisbane output will be adjusted accordingly. This phase will involve regular periods in Singapore for RedFlow production, procurement and engineering staff for selection and validation of sub-suppliers together with Singapore factory and operator development. During the transition period, some ZBM components will continue to be supplied from RedFlow's own production and existing supply chain.

With ZBM production transitioning, RedFlow is anticipating a lower level of sales in the current half year. This phase will allow RedFlow to focus on international market development, delivery of the

initial trial systems and customer engagement in the USA and completion of the first M90 larger scale system.

Along with development of international system integrator customers as channels to the market, these activities will give RedFlow the base to resume sales growth later in 2012 with supply of ZBMs from the new Singapore factory.

For further information:

Phil Hutchings

CEO, RedFlow Limited
Phone: +61 7 3376 0008
Mobile: +61 402 120 531
Email: phil.hutchings@redflow.com

For media – Andrew Crook

Director, Crook Publicity
Mobile: +61 419 788 431
Email: andrew@crookpublicity.com

About RedFlow

RedFlow is one of the few companies globally to manufacture and sell flowing electrolyte batteries.

The RedFlow zinc bromine flowing electrolyte battery module (ZBM) delivers peak power of 5 kW and can store up to 10kWh.

The ZBM is light-weight, compact and with volume manufacturing, low cost compared to alternative batteries.

RedFlow's IP development is centred in Brisbane. Its mass manufacturing facility is being established in Singapore as part of an outsourced contract manufacturing agreement.

RedFlow ZBMs are currently installed in applications providing gridfeed network support, renewable energy integration and off-grid power.

More information can be found at www.redflow.com