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30 August 2019
AIM: RUR

Rurelec PLC
("Rurelec" or "the Company")

Interim results for the six months ended 30 June 2019

Rurelec PLC (AIM: RUR), the owner, operator and developer of power generation capacity internationally, today announces its unaudited interim results for the six months ended 30 June 2019.

Financial Highlights:

- Post tax (loss) / profit — £0.45 million loss (2018: £1.11 million profit)
- Profit / (loss) per share — 0.08 pence loss (2018: 0.20 pence profit)
- Net asset value per share — 4.3 pence (2018: 4.7 pence)
- Net cash inflow before loan repayments — £1.06 million (2018: £0.24 million)

Operational and Post Half-Year Highlights:

- The main factor behind the change in operating profitability from £0.52 million profit for 2018 to £0.43 million loss for 2019 is that the 2018 results included the £1.25 million one-off gain on the sale of the Peruvian operations completed in the first half of 2018.
- Post half-year receipt of the final amounts due from the disposal of Peruvian operations.
- A 26% reduction in administrative expenses from £0.73 million to £0.54 million.
- A significant improvement in cashflow – net cash inflow before repaying term loans increased from £0.24 million to £1.06 million.
- A reduction in Group receivables from £18.49 million to £15.50 million due to debt repayments by the Argentinian operations and foreign exchange movements.
- Significant reduction in current liabilities from £2.41 million to £0.92 million due to a £1.37 million reduction in borrowings and a £0.12 million reduction in trade payables.
- Energia del Sur S.A.("EdS"), the Argentinian operating business, settled outstanding secured group debts in full, remitting £1.13 million of secured debt repayments (2018: £1.08 million) and £0.40 million of unsecured debt repayments (2018: £nil).
- A major reduction in Group borrowings from £1.52 million to £0.15 million driven by the repayment of secured debt principal and interest owed to Bridge Properties (Arena Central) Ltd ("BPAC").
- Commensurate with the fall in indebtedness, the interest costs of the Group fell to £50k (2018: £75k).
- Chile –The Rurelec Board continues to explore options for the Chilean operations and the Group's two 128 MW Turbines.

Commenting on the results, Simon Morris and Andy Coveney, Rurelec's Executive Directors, said:

"The Board continues to pursue measures to restore value to the Company and its shareholders through prioritisation of receiving cash receipts from the power generation plant in Argentina, selling or developing its assets in Chile and reviewing options for its turbine assets, whilst pursuing cost savings at the head office in London."

For further information please contact:

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Executive Directors Statement

Review of Operations

Argentina
In January 2019, EdS, our 50%-owned operating entity, completed the US$6 million major overhaul and repair of its steam turbine and the refurbishment of one gas turbine. As a result, the combined cycle plant was able to resume full power generation after having run at reduced output for 17 months following the September 2017 steam turbine blade failure event and consequent plant shutdown.

This resumption of output enabled EdS to make secured and unsecured loan repayments to the UK, £1.63 million being remitted during the period (2018: £1.08 million).

In May 2019, EdS successfully completed the repayment of all outstanding secured debt principal and interest owed to the Group.

At 30 June 2019, Patagonia Energy Limited ("PEL"), the joint venture company which owns EdS and in which Rurelec has a 50% share, had outstanding borrowings and interest of £14.52 million (2018: £17.89 million) due to the Group after impairments. With the EdS plant back up to full operation, EdS has projected that in Q3/4 2019 it will commence the repayment of the unsecured debt it owes to PEL.

Chile
In Chile, the necessary environmental consents and land leases were maintained in order to extend the project and the Board continues to review options in the light of the risks versus rewards of undertaking this project.

Head office
A very tight rein continues to be maintained on overheads in the UK and administration costs for the period fell to £0.54 million (2018 - 0.73 million). On 1 August 2019, the Head Office relocated, which will enable further cost savings to be achieved.

Debt repayments and Cash flow
In the period Rurelec received sufficient receipts from Argentina to enable it to pay off most of the secured BPAC debt which fell from £1.52 million at 30 June 2018 to £0.15 million at 30 June 2019. As previously announced, in May 2019 the Group was able to extend to 30 June 2020 its £0.15 million of remaining debt facility with BPAC. The Board anticipates the achievement of complete settlement of the BPAC debt by Rurelec by the end of Q4 2019.

Although there were improvements in the Group's finances in the period, liquidity has remained a significant issue for the Group. However, the Group has been able to cope with variability in the timing and quantum of cash receipts from Argentina due to significant reductions in Group operating costs. The cash position is expected to recover further in line with the stabilisation of remittances from EdS and PEL and when sales of certain assets are achieved by the Group.

Given the progress on the sale of certain assets of the Group and the expected cash remittances from our Argentine operation, the directors continue to adopt the going concern basis of accounting.

Review of future strategy
The strategy of the Group continues to be focussed on stabilising the financial position, keeping costs under tight control, whilst certain assets are sold. The underlying strategy is to preserve the value of the Group assets, which will in turn enable all creditors of Rurelec to be repaid and will maximise returns to shareholders.

Simon Morris and Andy Coveney
Executive Directors

RURELEC PLC

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (unaudited)
for the half year ended 30 June 2019
(expressed in thousands of pounds)

	Notes	6 months to 30/06/19 £'000	6 months to 30/06/18 £'000	Audited 12 months to 31/12/18 £'000
Administrative expenses		(541)	(731)	(1,510)
Other income		107	1,250	1,250
Other expense		-	-	(2,665)
Operating (loss) / profit		**(434)**	**519**	**(2,925)**
Foreign exchange gains		30	661	1,724
Finance income		-	-	756
Finance expense		(50)	(75)	(177)
(Loss) / Profit before tax		**(454)**	**1,105**	**(622)**
Tax expense		-	-	-
(Loss) / Profit for the period		**(454)**	**1,105**	**(622)**
(Loss) / Profit per share	3	(0.08p)	0.20p	(0.11p)
Other comprehensive income **Items that will be subsequently reclassified to Profit & Loss:**				
Exchange differences on translation of foreign operations		595	80	215
Total other comprehensive income		**595**	**80**	**215**
Total comprehensive profit / (loss) for the period		**141**	**1,185**	**(417)**

RURELEC PLC
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (unaudited)
at 30 June 2019
(expressed in thousands of pounds)

	Notes	30/6/19 £'000	30/6/18 £'000	Audited 31/12/18 £'000
Assets				
Non-current assets				
Property, plant and equipment		10,048	9,922	10,038
Current assets				
Trade and other receivables		15,503	18,485	16,394
Cash and cash equivalents		310	398	351
		15,813	**18,883**	**16,745**
Total assets		**25,861**	**28,805**	**26,783**
Equity and liabilities				
Shareholders' equity				
Share capital		11,228	11,228	11,228
Share premium account		22,754	22,754	22,754
Foreign currency reserve		1,382	652	787
Other reserve	4	45,000	45,000	45,000
Profit and loss reserve		(55,421)	(53,240)	(54,967)
Total equity		**24,943**	**26,394**	**24,802**
Current liabilities				
Trade and other payables		762	879	774
Current tax liabilities		5	8	7
Borrowings		151	1,524	1,200
		918	**2,411**	**1,981**
Total liabilities		**918**	**2,411**	**1,981**
Total equity and liabilities		**25,861**	**28,805**	**26,783**

RURELEC PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (unaudited)
for the half year ended 30 June 2019
(expressed in thousands of pounds)

	Share capital £'000	Share premium £'000	Foreign currency reserve £'000	Retained earnings £'000	Other reserve £'000	Total equity £'000
Balance at 01.01.18	**11,228**	**22,754**	**572**	**(54,345)**	**45,000**	**25,209**
Gain for the first 6 months	**-**	**-**	**-**	1,105	**-**	1,105
Exchange differences on translation	**-**	**-**	80	-	**-**	80
Total comprehensive profit	**-**	**-**	**80**	**1,105**	**-**	**1,185**
Balance at 30.06.18	**11,228**	**22,754**	**652**	**(53,240)**	**45,000**	**26,394**
Loss for the Period	-	-	-	(1,727)	-	(1,727)
Exchange differences on translation	-	-	135	-	-	135
Total comprehensive loss	**-**	**-**	**135**	**(1,727)**	**-**	**(1,593)**
Balance at 31.12.18	**11,228**	**22,754**	**787**	**(54,967)**	**45,000**	**24,802**
Loss for the first 6 months	**-**	**-**	**-**	(454)	**-**	(454)
Exchange differences on translation	**-**	**-**	595	-	**-**	595
Total comprehensive loss	**-**	**-**	**595**	**(454)**	**-**	**141**
Balance at 30.06.19	**11,228**	**22,754**	**1,382**	**(55,241)**	**45,000**	**24,943**

RURELEC PLC

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited)
for the half year ended 30 June 2019
(expressed in thousands of pounds)

			Audited
	6 months to	**6 months to**	**12 months to**
	30/06/19	**30/06/18**	**31/12/18**
	£'000	**£'000**	**£'000**
Result for the period before tax from operations	(454)	1,105	(622)
Net finance income	(50)	(75)	(579)
Adjustments for:			
Unrealised exchange (gains) / losses	(30)	(661)	(1,735)
Write down of loans	-	-	2,429
Gain on disposal	-	(1,250)	(1,250)
Impairment of Assets	-	-	236
Change in trade and other receivables	78	158	23
Change in trade and other payables	(118)	(57)	157
Cash used in operating activities	**(574)**	**(780)**	**(1,341)**
Taxation paid	-	-	-
Net cash used in operating activities	**(574)**	**(780)**	**(1,341)**
Cash flows from investing activities			
Proceeds from sale of subsidiary		-	132
Repayments from joint venture company	1,633	1,082	2,029
Settlement of Deferred Consideration	-	(67)	(232)
Net cash generated from investing activities	**1,633**	**1,015**	**1,929**
Net cash inflow before financing activities	**1,059**	**235**	**588**
Cash flows from financing activities			
Loan Principal Repayments	(1,050)	-	-
Loan Interest Repayments	(50)	-	(400)
Net cash used in financing activities	**(1,100)**	**-**	**(400)**
(Decrease) / Increase in cash and cash equivalents	**(41)**	**235**	**188**
Cash and cash equivalents at start of period	351	163	163
Cash and cash equivalents at end of period	**310**	**398**	**351**

RURELEC PLC

Notes to the Interim Statement
for the six months ended 30 June 2019

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1. Basis of preparation

These condensed consolidated interim financial statements do not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. The comparative figures for the year ended 31 December 2018 were derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. Those accounts were qualified. The financial information contained in this interim statement has been prepared in accordance with all relevant International Reporting Standards as adopted by the European Union and expected to apply to the Group's results for the year ending 31 December 2019 and on interpretations of those Standards released to date.

2. Accounting policies

These condensed consolidated interim financial statements have been prepared in accordance with the accounting policies set out in the Group's financial statements for the year ended 31 December 2018.

3. Earnings per share	**6 months to 30/6/19**	**6 months to 30/6/18**	**12 months to 31/12/18**
Basic and diluted			
Average number of shares in issue during the period	561m	561m	561m
(Loss) / Profit attributable to equity holders of the parent from continuing operations	(£0.46m)	£1.11m	£(0.62m)
Basic and diluted (loss) / profit per share on continuing operations	(0.08p)	0.20p	(0.11p)

4. Other Reserve
The Capital Reduction that took place during December 2014 resulted in the creation of a non-distributable reserve. The condition for this reserve to become distributable is for the outstanding creditors in December 2014 to be settled. At the date of approval of these accounts there are some £0.09 million of these creditors outstanding. The Board of Directors consider that these amounts will be settled in the short term and therefore the £45 million remains within the Other Reserve, which is non-distributable until these settlements have occurred.

5. The Board of Directors approved this interim statement on 30 August 2019. This interim statement has not been audited.

6. Copies of this statement are available at the Company's website www.rurelec.com