RURELEC

INTERIM REPORT 2023

FOR THE 6 MONTHS ENDED 30 JUNE 2023

Stock Code: RUR

HIGHLIGHTS

Rurelec PLC ("Rurelec" or "the Company" and with its subsidiaries the "Group") (AIM: RUR), the AIM rule cash shell and owner of Turbines, today announces its unaudited interim results for the six months ended 30 June 2023.

FINANCIAL HIGHLIGHTS:

- Operating loss: £0.38 million (2022 £0.50 million)
- Post tax (loss)/profit: (£0.45 million) (2022: profit £0.70 million)
- (Loss)/ per share: (0.08) pence (2022: 0.12 pence)
- Net asset value per share: 1.7 pence (2022: 2.2 pence)
- Net cash balance: £2.26 million (2022: £0.88 million)

OPERATIONAL AND POST HALF-YEAR HIGHLIGHTS:

- Post-Tax loss of £0.45 million, from a profit of £0.70 million last period, this was due to 2023 exchange rate losses of £0.06 million compared to prior period exchange rate gains of £1.19 million.
- Administration expenses were 15 per cent. lower at £0.42 million (2022: £0.50 million).
- Other income, 2023: £2.54 million (2022: £nil) comprises £2.43 million Patagonia Energy Limited "PEL" sale receipt and £0.11 million from the sale of scrap. Other expense £2.48 million (2022: £nil) related to the sale of PEL.
- Discontinued operations, from 31 December 2022 operations in Chile and Argentina are treated as discontinued operations no longer included in Financial Statements. From which direct costs, of £0.02 million are expensed in Rurelec PLC (the "Parent").
- Cash increased from £0.88 million last period to £2.26 million at the end of the period under review, which is the result of the initial consideration receipt from the sale PEL. This balance is prior to the £1.12 million dividend payment made in July 2023.
- The Board continues to explore options for the disposal of its Chilean interests.
- Discussions remain ongoing with regard to the disposal of two Siemens Westinghouse 701 128 MW gas turbine generators ("701s").

STRATEGY UPDATE

Having reduced costs, stabilised the Company's financial condition and disposed of the Argentinian interests, the Board's main focus continues to be on maximising returns for shareholders from the sale of the two Siemens 701 turbines. While we are involved in a number of credible discussions, the timing of any potential sale remains highly uncertain owing to the limited demand and infrequent occurrence of projects into which the turbines could be injected. Other initiatives are underway to simplify the Group including the potential disposal of the assets in Chile.

In addition, following the sale of the Argentinian Assets on 9th June 2023, which was a fundamental change of business pursuant to the AIM Rules, the Company was deemed to be an AIM Rule 15 Cash Shell. Accordingly, the Company must make an acquisition or acquisitions that constitutes a reverse takeover under AIM Rule 14 within 6 months of becoming an AIM Rule 15 Cash Shell. If this is not achieved the Company's shares will be suspended from trading on AIM on 11 December 2023 and ultimately delisted on 12 June 2024 if a suitable acquisition constituting a Reverse Take-over has not occurred. The Directors ideally wish to retain the listing as a mechanism to maximise shareholder value, by making the Company attractive to potential high-quality acquisitions. The priority is, however, to maintain the resource necessary to preserve and realise the value of the Turbines which

are the Company's largest asset. The directors will only pursue acquisition opportunities that are both deliverable in the time frame available and which have a compelling investment case.

One option under consideration is to ring fence the value of the turbines for shareholders whilst at the same time making the Company attractive for new business opportunities through which to can create shareholder value. The Directors are reviewing potential acquisition opportunities as they arise and assessing the cost and benefit of Ringfencing the Turbines as part of those initiatives. We have had held discussions with parties concerning potential fundraisings and acquisition opportunities. It is likely that any acquisition would need to be accompanied by a fundraising. There can be no guarantee that any acquisition or fundraise will occur. In addition, the speculative costs associated with an acquisition, while maintaining the listing of Rurelec's ordinary shares on AIM will deplete cash at a significant rate. The alternative is to delist the business in order to maximise the resource available for the disposal of the Turbines. With the passage of time, this latter route becomes more likely.

Given the Group is debt-free, a sale of the turbines should enable Rurelec to maximise returns to its shareholders though, as reported in the Audited Accounts for the year ended 31 December 2022, the ability of Rurelec to build up sufficient cash reserves to fund further dividend payments will not be possible unless the disposal of the turbines is achieved.

Commenting on the results, Andy Coveney, Rurelec's Executive Director, said:

"I am pleased to report the disposal of the Group's Argentinian investment, bringing cash into the Group and creating a position whereby the Company was able in July 2023 to make a distribution of £1.12 million to our shareholders who have waited many years for such a dividend.

It is hoped that by concentrating resources on the disposal of the turbines, Rurelec may be in a position to realise those assets whilst reducing costs, although there can be no guarantee.

The Board is examining the optimal way in which the potential value of these turbines can be realised and is considering all options to reduce costs and simplify the Group.

In parallel the Directors have had held discussions with parties concerning potential fundraisings and acquisition opportunities to optimise the value of the cash shell for shareholders. These are currently not progressing, and there can be no guarantee that any transaction will occur, but the Directors are continuing to keep all options under review. Further update will be provided as appropriate.

Review of Operations

701 Turbines

Rurelec continues to focus upon the sale of the 701 DU 125MW Turbines. A number of separate discussions are ongoing with credible third parties with a view to selling the Turbines to power projects into power projects in Europe, Africa and the Middle East. While these are encouraging, they remain at an early stage and owing to the complex nature of power projects it is difficult to predict whether these potential counterparties will be able to secure the necessary finance such that a deposit can be paid.

Chile

As disclosed in the 2022 Financial Statements Chilean activities are considered as 'Discontinued Operations' from 31 December 2022. Consequently, they are no longer included in these Group Accounts. Direct expenditure in Chile totalled £18k (2022: £87k), this has been expensed in the Parent's accounts. Since the period end discussions for the disposal of these companies have continued. There can be no certainty that this will be successful, and it is likely that the consideration will not be material, however there will be direct and indirect cost savings for the simplified Group.

Asset disposals

As previously announced the Group's interests in Argentina were disposed of on 12 June 2023, on receipt of the initial consideration of US$3.0 million. An additional US$2.0 million becomes due should defined conditions be met. The economic outlook In Argentina continues to be uncertain and it is by no means certain that the conditions will be met within the defined timeframes so there can be no guarantee that no additional consideration will be paid.

AIM Rule 15

As previously announced the disposal of the Argentinean Interests was a fundamental disposal pursuant to Rule 15 of the AIM Rules for Companies. As such, Rurelec is now therefore regarded as an AIM Rule 15 cash shell. Accordingly, before 11 December 2023, being six months after Rurelec became an AIM Rule 15 cash, Rurelec must make an acquisition or acquisitions which constitutes a reverse takeover under Rule 14 of the AIM Rules for Companies otherwise Rurelec's Ordinary Shares will be suspended from trading on AIM. Furthermore, if a qualifying acquisition is not completed by Rurelec by 12 June 2024, the admission of the Company's ordinary shares to trading on AIM will be cancelled.

The Directors are keen, where possible, to retain the listing as a mechanism to maximise shareholder value, by making the Company attractive to potential high- quality acquisitions. The priority is, however, to maintain the resource necessary to preserve and realise the value of the Turbines which are the Company's largest asset.

Head office

Tight controls continued to be maintained on overheads in the UK and administration costs for the period were flat at £420k (2022: £409k).

Cash flow

Rurelec remained free of any secured debt and was consequently in the position of not having to pay any interest.

The period-end cash balance was £2.26 million (2022: £0.88 million) before the payment of a £1.12 million dividend in July 2023.

With the PEL receipt and continued focus on cost control, the liquidity for the Group's short to medium term is secure. This should allow a reasonable time frame to dispose of the Turbines.

Given the cash balances held by the Group, the Directors believe that there is currently sufficient headroom in existing working capital resources to avoid the need to seek further sources of working capital and accordingly continue to adopt the going concern basis of accounting. The period-end cash balance was £879k (2021: £275k).

Board of Directors

There were no changes to the Board of Directors during the period covered by these condensed financial statements.

Andy Coveney
Executive Director

RURELEC PLC
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (unaudited)
for the half year ended 30 June 2023
(expressed in thousands of pounds)

	Notes	6 months to 30/06/23 £'000	6 months to 30/06/22 £'000	Audited 12 months to 31/12/22 £'000
Administrative expenses		(420)	(496)	(998)
Other income		2,518	-	25
Other expense		(2,479)	-	(1,924)
Operating Loss		**(380)**	**(496)**	**(2,897)**
Foreign exchange (losses)/gains		(56)	1,194	661
Loss on discontinued operations		(18)	-	-
Finance income		1	-	-
Finance expense		-	-	(1,827)
(Loss) / Profit before tax		**(454)**	**697**	**(2,236)**
Tax expense		-	-	-
(Loss) / Profit for the period		**(454)**	**697**	**(2,236)**
Profit) / (Loss) per share	**3**	(0.8p)	0.12p	(0.39p)
Other comprehensive income				
Items that will be subsequently reclassified to Profit & Loss:				
Exchange differences on translation of foreign operations		-	269	(122)
Total other comprehensive income		**-**	**269**	**(122)**
Total comprehensive profit/ (loss) for the period		**(454)**	**965**	**(2,368)**

RURELEC PLC
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (unaudited)
for the half year ended 30 June 2023
(expressed in thousands of pounds)

	Notes	30/06/23 £'000	30/06/22 £'000	Audited 31/12/22 £'000
Assets				
Non-current assets				
Property, plant and equipment		-	7,766	-
Investment in Joint Venture		-	312	-
Trade and Other Receivables		-	3,650	-
		-	**11,728**	**-**
Assets Held for Sale		**7,773**	**-**	**10,108**
Current assets				
Trade and other receivables		133	269	91
Cash and cash equivalents		2,257	879	449
		2,389	**1,148**	**540**
Total assets		**10,162**	**12,876**	**10,648**
Equity and liabilities				
Shareholders' equity				
Share capital		5,614	5,614	5,614
Share premium account		-	-	-
Foreign currency reserve		956	1,347	956
Profit and loss reserve		3,128	5,711	3,582
Total equity		**9,698**	**12,672**	**10,152**
Current liabilities				
Trade and other payables		460	200	496
Current tax liabilities		4	4	-
		464	**204**	**496**
Total liabilities		**204**	**204**	**454**
Total equity and liabilities		**10,162**	**12,876**	**10,648**

RURELEC PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (unaudited)
for the half year ended 30 June 2023
(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 01.01.21	**5,614**	**-**	**1,078**	**5,014**	**-**	**11,706**
Profit for the first 6 months	-	-	-	697	-	697
Exchange differences on translation	-	-	269	-	-	269
Total comprehensive profit	**-**	**-**	**269**	**697**	**-**	**966**
Balance at 30.06.22	**5,614**	**-**	**1,347**	**6,515**	**-**	**13,476**
Loss for the Period	-	-	-	(2,933)	-	(2,933)
Exchange differences on translation	-	-	(391)	-	-	(391)
Total comprehensive loss	**-**	**-**	**(391)**	**(2,933)**	**-**	**(3,324)**
Balance at 31.12.22	**5,164**	**-**	**956**	**3,582**	**-**	**10,152**
Loss for the first 6 months	-	-	-	(454)	-	(454)
Exchange differences on translation	-	-	-	-	-	-
Total comprehensive loss	**-**	**-**	**-**	**(454)**	**-**	**(454)**
Balance at 30.06.22	**5,614**	**-**	**956**	**3,128**	**-**	**9,698**

RURELEC PLC
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited)
for the half year ended 30 June 2023
(expressed in thousands of pounds)

			Audited
	6 months to 30/06/23	6 months to 30/06/22	12 months to 31/12/22
Result for the period before tax from operations	(454)	697	(2,147)
Net finance income	-	-	-
Adjustments for:			
Unrealised exchange losses / (gains)	56	(1,194)	(160)
Write down on loans/investments	-	-	1,679
Discontinued operations	-	-	(330)
Change in trade and other receivables	18	189	(309)
Change in trade and other payables	32	(232)	25
Cash used in operating activities	**(438)**	**(540)**	**(912)**
Taxation paid	-	-	-
Net cash used in operating activities	**(438)**	**(540)**	**(912)**
Cash flows from investing activities			
Repayments from joint venture company	-	674	599
Net proceeds from sale of Joint Venture	2,246	-	-
Net cash generated from investing activities	**2,246**	**674**	**599**
Net cash inflow before financing activities	**1,808**	**134**	**(313)**
Cash flows from financing activities			
Loan Principal Repayments	-	-	-
Loan Interest Repayments	-	-	-
Net cash used in financing activities	**-**	**-**	**-**
Increase / (Decrease) in cash and cash equivalents	**1,808**	**134**	**(313)**
Cash and cash equivalents at start of period	432	745	745
Cash and cash equivalents at end of period	**2,257**	**879**	**432**

NOTES TO THE INTERIM STATEMENTS
for the six months ended 30 June 2023

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 2021 were derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The financial information contained in this interim statement has been prepared in compliance with International Financial Reporting Standards ("IFRSs") and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and expected to apply to the Group's results for the year ending 31 December 2023 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 2022.

3. EARNINGS PER SHARE

	6 months to 30/06/23	6 months to 30/06/22	12 months to 31/12/22
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	(£0.45m)	£0.70m	(£2.24m)
Basic and diluted (loss) / profit per share on continuing operations	(0.08p)	0.12p	(0.39p)

There are no financial instruments in issue (2022: none) that could be settled by the delivery of shares.

4. The Board of Directors approved this interim statement on 27 September 2023. This interim statement has not been audited.

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

RURELEC PLC

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