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NS Half-year/Interim Report

INTERIM RESULTS FOR PERIOD ENDED 31 DECEMBER 2023

RURELEC PLC

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AIM: RUR

Rurelec PLC

("Rurelec" or "the Company"

And with its subsidiaries the "Group")

Interim results for the six months ended 31 December 2023

Rurelec PLC (AIM: RUR), the AIM rule cash shell and owner of Turbines, today announces its unaudited interim results for the six months ended 31 December 2023.

Financial Highlights:

- Administrative expenses £0.31 million (restated 6 months to 31 December 2022: £0.48 million (audited 2022 restated £0.89 million);
- Operating loss: £0.32 million (restated 6 months to 31 December 2022: £2.35 million) (audited 2022 restated: £2.79 million);
- Post tax profit: £0.56 million (6 months to 31 December 2022 loss: £2.93 million) (audited 2022 loss: £2.24 million);
- Profit/(Loss) per share: 0.09 pence ((6 months to 31 December 2022: (0.51 pence)) (2022 audited: (0.39 pence));
- Net asset value per share: 1.6 pence (31 December 2022 audited: 2.2 pence);
- Net cash balance: £0.74 million (31 December 2022 audited: £0.50 million).

Following the Company's announcement of 29 December 2023, in which the Directors confirmed they had extended the Company's accounting reference date from 31 December to 30 June, this second set of unaudited interim results for the 6 months ended 31 December 2023, are published in accordance with the Company's regulatory requirements. The Company will publish audited final results for 18 months ended 30 June 2024 by 31 December 2024.

Operational and Post Six Months Highlights:

- 6 month Post-Tax profit of £0.56 million ((6 months to 31/12/2022 loss: £2.93 million) (2022 audited loss: £2.24 million)).
- Administration expenses were £0.31 million ((31/12/2022 6 months restated: £0.48 million) (2022 audited restated: £0.89 million)).
- Other income: £0.03 million ((31/12/2022 6 months: £0.03 million) (2022 audited: £0.03 million)) related to sale of Chilean interests in December 2023 (6 months to 31/12/22 and audited 2022: Directors fee income).
- Discontinued operations, from 31 December 2022 operations in Chile and Argentina are treated as discontinued operations no longer included in Group Financial Statements. From which direct costs, of £0.02 million are expensed in Rurelec PLC (the "Parent").
- Disposal of Chile interest in December 2023 resulted in one off reversal of the foreign currency reserve, £0.96 million.
- In July 2023 a dividend of £1.12 million, was declared and paid.

- Cash balance £0.74 million (2022 audited: £0.49 million).
- Discussions remain ongoing with regard to the disposal of two Siemens Westinghouse 701 128 MW gas turbine generators ("701s").

Strategy update

Having successfully reduced costs, stabilised the Company's financial condition and disposed of the Argentinian and Chilean interests, the Board's strategy is now to seek a reverse takeover through which to generate value for our shareholders, and to give the Company access to further resource thereby allowing more time to achieve a sale of the two Siemens 701 turbines.

While we continue to hold discussions with credible potential purchasers of the turbines, these initiatives are at an early stage following the withdrawal of counterparties to our earlier discussions for reasons unconnected with Rurelec. The timing of any potential sale of the turbines remains highly uncertain owing to the limited demand and infrequent occurrence of projects into which the turbines could be injected.

Following the successful sale of the Argentinian Interests on 9 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. The Company did not make an acquisition or acquisitions that constituted a reverse takeover under Rule 14 of the AIM Rules for Companies within 6 months of that date and the shares were suspended from trading on AIM on 11 December 2023. The admission of the Company's ordinary shares to trading on AIM will be cancelled on 12 June 2024 if a qualifying acquisition is not completed by Rurelec by that date. The Directors wish to retain the inherent value of the quotation as a mechanism to maximise shareholder value, and therefore finding a suitable acquisition is now a priority. The directors will only pursue acquisition opportunities that are both deliverable and which have a compelling investment case.

We have had held discussions with parties concerning potential fundraisings and acquisition opportunities. It is likely that any acquisition will need to be preceded 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 admission of Rurelec's ordinary shares to trading on AIM, will deplete cash at a significant rate. Therefore, in the event that funding is not secured in the short term, measures will need to be implemented to preserve the resource available for the disposal of the Turbines, and in the absence of a purchase for use in a power project, a decision to sell them for scrap will need to be made.

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

"I am pleased to report that the disposal of the Group's Argentinian investment, brought cash into the Group and created a position whereby the Company was able to make a distribution of £1.12 million in July 2023. This was the first dividend since 2008.

We are in discussions with parties concerning potential fundraisings and acquisition opportunities to optimise the value of the cash shell for shareholders. These are currently progressing, and there can be no guarantee that any transaction will occur, but the Directors are continuing to keep all options under review. Further updates will be provided as appropriate."

For further information please contact:

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Executive Directors' Statement

Review of Operations

701 Turbines

Rurelec continues to pursue the sale of the 701 DU 125MW Turbines into power projects. A number of separate discussions have taken place with third parties with a view to selling the Turbines. Disappointingly a number of earlier discussions were not fruitful, but new interest has emerged. While this is encouraging discussions therefore remain at an early stage and this serves to highlight the complex nature of power projects. It is difficult to predict whether these potential counterparties will be able to enter into head of terms and secure the necessary finance such that a deposit can be paid.

Asset disposals

The disposal of Cochrane Power Limited and its Chilean subsidiaries (Rurelec Chile SpA, Rurelec Chile Limitada, Termoelectrica del Norte, S.A. and Central Illapa, S.A.) (together the "Cochrane Group") which were originally formed with the

intention of developing, own and operate power stations in Chile, was completed on 8 December 2023 once all the conditions precedent were met and the total consideration of £25k was received.

As previously announced the Group's interests in Argentina were disposed of on 9 June 2023, on receipt of the initial consideration of US$3.0 million. Two additional tranches of US$1.0 million become due should defined conditions be met. The first of these will be triggered in the event of an increase in the remuneration payable by CAMMESA to Energia del Sur, S.A. within 12 months of Completion of the disposal. The economic outlook In Argentina, and the financial operating environment for power companies continues to be uncertain and it is now unlikely that the conditions will be met within the defined timeframe for the first of these additional contingent consideration payments to become due. The second additional contingent payment which relates to maintenance refunds is not due before 36 months after Completion. Both of these were fully provided for in in 30/6/23 Interims and 31/12/23 Interims.

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 was deemed to be an AIM Rule 15 cash shell. Accordingly, as the Company did not make an acquisition or acquisitions that constituted a reverse takeover under AIM Rule 14 within six months of that date, the Company's shares were suspended from trading on AIM on 11 December 2023. Furthermore, if a qualifying acquisition is not completed 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. This is intended to allow access to the resource necessary to preserve and realise the value of the Turbines which are the Company's largest asset.

Head office

Costs were substantially reduced at £0.31 million ((31/12/2022 6 months restated: £0.48 million) (2022 audited restated: £0.89 million)).

Cash flow

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

Balance of £0.74 million is after £1.12 million special dividend paid in July 2023. Balance at 31/12/2022 was £0.49 million.

Given the cash balances held by the Group, there is insufficient headroom in existing working capital resources beyond the summer, and the Company will need to seek funding. The Directors believe that such funding will be available and accordingly continue to adopt the going concern basis of accounting.

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 six months ended 31 December 2023
(expressed in thousands of pounds)

	Notes	6 months to 31/12/2023 £'000	6 months to 31/12/2022 £'000	Audited 12 months to 31/12/2022 £'000
Administrative expenses - 6mths 6/22 & 12mths 12/22 restated	4	(309)	(447)	(889)
Other income		25	25	25
Other expense		(35)	(1,924)	(1,924)
Operating loss		**(319)**	**(2,346)**	**(2,788)**
Foreign exchange (losses) / gains		(2)	(525)	661
Loss on discontinued operations		(17)	-	-
Loss on Assets Held for Sale - 6mths 12/22 & 12mths 12/22 restated	4	(61)	(60)	(109)
Exchange differences on translation of foreign operations		956	-	-

Finance income		2	-	-
Finance expense		-	-	-
Profit / (Loss) before tax		**559**	**(2,931)**	**(2,236)**
Tax expense		-	-	-
Profit / (Loss) for the period		**559**	**(2,931)**	**(2,236)**
Profit / (Loss) per share pence	**3**	0.09p	(0.51p)	(0.39p)
Other comprehensive income				
Items that will be subsequently reclassified to Profit & Loss:				
Exchange differences on translation of foreign operations		(956)	(391)	(122)
Total other comprehensive expense		**(956)**	**(391)**	**(122)**
Total comprehensive loss for the period		**(397)**	**(3,322)**	**(2,358)**

RURELEC PLC

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (unaudited)

for the six months ended 31 December 2023

(expressed in thousands of pounds)

			Audited
		31/12/2023	**31/12/2022**
	Notes	**£'000**	**£'000**
Assets			
Non-current assets			
Property, plant and equipment		-	-
Investment in Joint Venture		-	-
Trade and Other Receivables		-	-
Assets Held for Sale		**7,773**	**10,108**
Current assets			
Trade and other receivables		97	91
Cash and cash equivalents		738	449
		835	**540**
Total assets		**8,608**	**10,648**
Equity and liabilities			
Shareholders' equity			
Share capital		5,614	5,614
Share premium account		-	-
Foreign currency reserve		-	956
Profit and loss reserve		2,567	3,582
Total equity		**8,181**	**10,152**
Current liabilities			
Trade and other payables		421	496
Current tax liabilities		6	-
		427	**496**
Total liabilities		**427**	**496**
Total equity and liabilities		**8,608**	**10,648**

RURELEC PLC

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (unaudited)

for the six months ended 31 December 2023

(expressed in thousands of pounds)

	Share capital £'000	Foreign currency reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 30.06.22	**5,614**	**1,347**	**6,513**	**13,474**
Loss for the Period	-	-	(2,931)	(2,931)
Exchange differences on translation	-	(391)	-	(391)
Total comprehensive loss	**-**	**(391)**	**(2,931)**	**(3,322)**
Balance at 31.12.22	**5,614**	**956**	**3,582**	**10,152**
Loss for the first 6 months	**-**	**-**	(454)	(454)
Exchange differences on translation	**-**	-	-	-
Total comprehensive loss	-	**-**	**(454)**	**(454)**
Balance at 30.06.23	**5,614**	**956**	**3,128**	**9,698**
Transactions with owners:				
Equity dividend	-	-	(1,120)	(1,120)
Total transactions with owners	**-**	**-**	**(1,120)**	**(1,120)**
Loss for the second 6 months	**-**	**-**	(397)	(397)
Exchange differences on translation	**-**	(956)	956	-
Total comprehensive loss	-	**(956)**	**559**	**(397)**
Balance at 31.12.23	**5,614**	**-**	**2,567**	**8,181**

RURELEC PLC

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited)

for the six months ended 31 December 2023

(expressed in thousands of pounds)

	6 months to 31/12/23	6 months to 31/12/22	Audited 12 months to 31/12/22
Result for the period before tax from operations	559	(2,931)	(2,236)
Net finance expense	-	-	-
Adjustments for:			
Unrealised exchange losses / (gains)	2	1,034	(160)
Write down on loans/investments	-	1,679	1,679
Discontinued operations	17	-	-
Change in trade and other receivables	89	(411)	(220)
Change in trade and other payables	(106)	257	25
Cash used in operating activities	**557**	**(372)**	**(912)**
Taxation paid	-	-	-
Net cash generated from / (used) in operating activities	**557**	**(372)**	**(912)**
Cash flows from investing activities			

Repayments from joint venture company	-	(75)	599
Reversal of foreign exchange translation reserve	(956)	-	-
Net proceeds from sale of Joint Venture	-	-	-
Net cash (used) in / generated from investing activities	**(956)**	**(75)**	**599**
Net cash outflow before financing activities	**(399)**	**(447)**	**(313)**
Cash flows from financing activities			
Equity dividend paid	(1,120)	-	-
Loan Interest Repayments	-	-	-
Net cash used in financing activities	**(1,120)**	-	-
Decrease in cash and cash equivalents	**(1.519)**	**(447)**	**(313)**
Cash and cash equivalents at start of period	2,257	879	745
Cash and cash equivalents at end of period	**738**	**432**	**432**

RURELEC PLC

Notes to the Interim Statement

for the six months ended 31 December 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 2022 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 30 June 2024 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 31/12/2023	**6 months to 31/12/2022**	**12 months to 31/12/2022**
Basic and diluted			
Average number of shares in issue during the period	561m	561m	561m
Profit / (Loss) attributable to equity holders of the parent from continuing operations	£0.56m	(£2.93m)	(£2.24m)
Basic and diluted profit / (loss) per share on continuing operations	0.09p	(0.51p)	(0.39p)

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

4. Restatement of comparative administrative expenses

		Audited
	6 months to 31/12/2022 £'000	**12 months to 31/12/2022 £'000**
Administrative expenses - as reported	(507)	(998)
Transfer to Other Expense:		
Loss on Assets Held for Sale	60	109
Administrative expenses - as restated	(447)	(889)
Operating loss - as reported	**(381)**	**(2,897)**
Transfer from Administrative expenses	(60)	(109)

5. The Board of Directors approved this interim statement on 28 March 2024. This interim statement has not been audited.

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

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