27 September 2013
AIM: RUR

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

Interim results for the six months ended 30 June 2013

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 2013.

Financial Highlights:

• Turnover	£6.1 million (30.6.2012: £6.9 million)
• Gross Profit	£2.7 million (30.6.2012: £2.6 million)
• Post tax loss	£0.2 million (30.6.2012: £0.1 million loss)
• Loss per share	0.05 pence loss (30.6.2012: 0.03 pence loss)
• Net asset value per share	17 pence (30.6.2012: 20 pence)

Operational and Post Half-Year Highlights:

- Assets in Argentina performing well and trading profitably before non-operational unrealised foreign exchange adjustments.
- Final hearing in the arbitration against Bolivia took place in April and a decision on compensation is due by the end of 2013.
- EIA Approval for Central IIlapa a 255 MW plant which is now 100 per cent owned by Rurelec,
- Issue of 132.5m new shares to fund acquisition of turbines and Independent Power Corporation PLC;
- Financial closure of Canchayllo Hydroelectric
- Announces intention to list in Santiago and appoints BICE as advisors
- Granted exclusive right for 120 MW gas-fired plant in Peru
- Plans to convert Arica Power Plant from diesel to propane or liquid gas
- Acquires Cascade Hydro Limited

Commenting on the results, Peter Earl, Rurelec's Chief Executive, said:

"Our arbitration process against Bolivia came to an end in April and we are now waiting for the verdict and award of compensation, which is due to be announced by the end of 2013. In the meantime, we have continued to add capacity to our portfolio with two Chilean plants about to start construction and, one Peruvian hydro plant which is on track to begin commercial operation in the first quarter of 2014.

"We are proceeding with a secondary listing in Santiago which is expected to go live before the year end. This will give Chilean funds the opportunity to invest in a truly Anglo-Chilean company while also improving the liquidity of our stock."

For further information please contact:

Rurelec PLC	**Daniel Stewart**	**Xcap Securities**
Peter Earl, CEO Ana Ribeiro, Head of Communications	Paul Shackleton	Guy Peters/Jon Belliss
+44 (0)20 7793 5610	+44(0) 20 7776 6550	+44 (0)20 7101 7070

Chairman's Statement

I have pleasure in reporting the interim results for the Rurelec Group at 30 June 2013.

Revenues for the first half of 2013, all from the combined cycle plant owned by our 50 per cent subsidiary Energia del Sur SA. ("EdS"), were £6.1 million, some 12 per cent. down on the same period last year (2012: £6.9 million). The plant underwent major maintenance on the gas turbines during May and June, reducing spot energy revenues. However, in spite of the lower revenues, gross margin has increased to £2.7 million (2012: £2.6 million). The increase in margin is as a result of higher capacity prices being recognised following the implementation of the new resolution effective February 2013. Increased administrative expenses in both Argentina and the UK mean that operating profit has fallen to £0.3 million (2012: £1.0 million). The overall loss, after finance expense, has increased to £0.2 million from a loss of £0.1 million for the same period in 2012.

The acquisition of turbines for the Illapa and Arica projects in Chile and the construction work undertaken in Peru has resulted in an increase in fixed assets, with the deferred payment in respect of the turbines (£4.2 million) recognised in current liabilities. Rurelec issued 132.5 million new shares in June, adding £16.6 million in aggregate to share capital and share premium, to acquire the turbines and the Independent Power Corporation PLC ("IPC") and raise £625,000 in cash before expenses. During the period EdS was able to repay US$3 million of the senior debt to Rurelec Project Finance Limited. Borrowings have increased over the last twelve months as the Birdsong loan was drawn down in July 2012 together with the drawdown of finance from IIC arranged for Cascade Hydro's Canchayllo project under construction in Peru.

EdS has enjoyed strong cash flows and an improved margin in local currency in the first half, although turnover is slightly down on last year when translated into sterling. Since June, CAMMESA has finally begun to process the most recent tariff increase, and this is expected to result in a further improvement in cash receipts for the second half of 2013.

The first half of 2013 for Rurelec was focused on the arbitration with Bolivia under the auspices of the Permanent Court of Arbitration ("PCA") in The Hague which saw all of the senior directors of Rurelec and the previous management of Guaracachi attend the final arbitration hearing, held in Paris in April. Transcripts of that hearing are available through a link on the Rurelec website together with a further link which allows shareholders to hear every moment of the hearing, blow by blow, through recorded audio files. We now look forward with confidence to the outcome of the arbitration together with the quantum of the compensation award which is due to be released by the PCA before the end of the year.

Your Board has anticipated a favourable outcome to the arbitration and has already begun the process of developing new capacity to replace the Bolivian operating power plants which were nationalised in 2010. It is to this end that the acquisition of IPC (for shares valued at £4 million) was completed in June this year, giving Rurelec direct access to its own development team, along with the purchase of the turbines for the Illapa project in Chile.

In Peru, Rurelec has announced that it has purchased the minority interest in Cascade Hydro Limited ("Cascade"). Canchayllo, Cascade's first run of river plant of 5.3 MW, remains on budget and on schedule for mechanical completion in February 2014 with commercial operation due at the end of the first quarter. This will be an important milestone for Rurelec. Cascade is taking part in the latest Peruvian government tender for long term contracts on some of its follow on run of river plants. Award of the Subasta RER contracts are due in December 2013. Cascade intends to increase its total portfolio of small hydros to 80 MW, complementing the 255 MW Santa Rita project, which Rurelec acquired in early 2012 and for which Rurelec is now seeking an outside partner.

In 2013, Rurelec has also announced its first thermal project in Peru, an isolated gas fired power plant to be built close to the regional centre of Tarapoto on top of a potential gas field, Block 183. Historical drilling data suggests that Block 183 will have sufficient natural gas to warrant an initial power plant of 120 MW based on two aero-derivative gas turbines. Full development of the power plant project will depend on new geophysical and drilling confirming gas reserve data on Block 183 to Rurelec's satisfaction. Nonetheless, this is an exciting expansion in Peru at a time when the country is balancing its thermal and hydro generation as the country faces the prospect of power shortages.

The GEC-Alsthom 6B gas turbine, for the Parinacota project in Arica, has been delivered to Chile and construction work is due to begin before the year end. Further success based payments due to the vendors of Termoelectrica del Norte S.A.C ("Termonor") have been recognised following receipt of the site purchase agreement earlier in the year, which was completed in the second half of the year. Rurelec has announced that it plans in due course, and subject to any additional environmental approvals, to convert the Arica standby plant from diesel to propane in line with Rurelec's philosophy of owning and operating Clean Tech power generation. The Termonor plant is due to achieve commercial production in open cycle in 2014.

Rurelec has similarly taken full ownership of the Illapa power project in Mejillones for which it also acquired the necessary 255 MW of gas turbines in the first half of the year, having obtained environmental approval earlier in the year. Illapa is a project which Rurelec intends to own with new long term partners and negotiations are currently at an advanced stage for the selection of equity providers for the project. In the meantime BNP Paribas have been appointed as financial advisers and debt arrangers for the project.

Earlier in the year Rurelec announced its intention to seek a dual listing on the Santiago Stock Exchange. That process is now well advanced and share trading is expected in the last quarter of 2013. BICE Chileconsult Asesorías Financieras S.A ("BICE") has been appointed to arrange the secondary listing of its shares on the Santiago Stock Exchange. Banco BICE is one of the leading Chilean banking groups and has strong knowledge of the power sector. An application has been made to the Foreign Securities Registry of the Chilean Securities and Insurance Supervisor ("SVS"). Rurelec does not intend to issue any new shares as part of its Santiago listing. However the new secondary quotation, to be executed via an introduction, is expected to improve the liquidity of Rurelec's shares and permit arbitrage between the London and Santiago markets for power company shares. It will also provide future access to the attractive Chilean corporate debt market for long term fixed rate bonds as Rurelec rolls out its programme of new thermal power plants in Arica and Mejillones as well as elsewhere in the north of Chile.
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A. Morris
Chairman

RURELEC PLC

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (unaudited)
for the half year ended 30 June 2013
(expressed in thousands of pounds)

	Notes	6 months to 30/06/13 £'000	6 months to 30/06/12 £'000	12 months to 31/12/12 £'000
Revenue		**6,067**	**6,923**	**13,373**
Cost of sales		(3,320)	(4,361)	(8,386)
Gross profit		**2,747**	**2,562**	**4,987**
Administrative expenses		(2,409)	(1,603)	(3,979)
Operating profit		**338**	**959**	**1,008**
Foreign exchange gains (losses)		1,042	(1,054)	(2,400)
Other expense				(1,495)
Finance income		1,194	755	3,281
Finance expense		(2,614)	(197)	(2,940)
(Loss) / profit before tax		**(40)**	**463**	**(2,546)**
Tax expense		(193)	(586)	(598)
(Loss) for the period		**(233)**	**(123)**	**(3,114)**
Basic (loss) per share	3	(0.05)p	(0.03)p	(0.75)p
Other comprehensive income				
Exchange differences on translation of foreign operations		(881)	(205)	(1,443)
Total other comprehensive income		(881)	(205)	(1,443)
Total comprehensive (loss) for the period		**(1,114)**	**(328)**	**(4,587)**

RURELEC PLC
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (unaudited)
at 30 June 2013
(expressed in thousands of pounds)

	Notes	30/6/13 £'000	30/6/12 £'000	31/12/12 £'000
Assets				
Non-current assets				
Property, plant and equipment	4	41,177	18,028	18,487
Intangible assets		3,168	3,241	3,168
Trade and other receivables		16,036	15,450	15,376
Deferred tax assets		435	417	389
		60,816	**37,136**	**37,420**
Current assets				
Inventories		1,589	345	494
Trade and other receivables		8,597	4,445	4,797
Compensation claim	5	53,735	48,835	51,473
Cash and cash equivalents		3,017	733	6,122
		66,938	**54,358**	**62,886**
Total assets		**127,754**	**91,494**	**100,306**
Equity and liabilities				
Shareholders' equity				
Share capital	6	11,063	8,413	8,413
Share premium account	6	66,757	53,012	53,012
Foreign currency reserve		(1,479)	640	(598)
Share option reserve		46	-	46
Other reserves		1,050	1,050	1,050
Profit and loss reserve		19,156	22,410	19,389
Total equity attributable to shareholders of Rurelec PLC		**96,593**	**85,525**	**81,312**
Non–controlling interest		52	-	224
Total equity		**96,645**	**85,525**	**81,536**
Non-current liabilities				
Trade and other payables		-	111	-
Future tax liabilities		207	273	210
Deferred tax liabilities		552	656	568
Borrowings		1,110	1,604	1,301
		1,869	**2,644**	**2,079**
Current liabilities				
Trade and other payables		11,075	2,948	4,325
Current tax liabilities		71	210	53
Borrowings		18,094	167	12,313
		29,240	**3,325**	**16,691**
Total liabilities		**31,109**	**5,969**	**18,770**
Total equity and liabilities		**127,754**	**91,494**	**100,306**

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (unaudited)
for the half year ended 30 June 2013
(expressed in thousands of pounds)

	Share capital £'000	Share premium £'000	Foreign currency reserve £'000	Share option reserve £'000	Retained earnings £'000	Other reserves £'000	Total £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1.1.12	**8,413**	**53,012**	**845**	**-**	**22,533**	**1,050**	**85,853**	**-**	**85,853**
Loss for period	-	-	-	-	(123)	-	(123)	-	(123)
Exchange differences	-	-	(205)	-	-	-	(205)	-	(205)
Total comprehensive loss	-	-	(205)	-	(123)	-	(328)	-	(328)
Balance at 30.6.12	**8,413**	**53,012**	**640**	**-**	**22,410**	**1,050**	**85,525**	**-**	**85,525**
Transactions with owners									
Issue of share options	-	-	-	46	-	-	46	-	46
Non-controlling interest	-	-	-	-	-	-	-	224	224
Total transactions with owners	-	-	-	46	-	-	46	224	270
Loss for period	-	-	-	-	(3,021)	-	(3,021)	-	(3,021)
Exchange differences	-	-	(1,238)	-	-	-	(1,238)	-	(1,238)
Total comprehensive loss	-	-	(1,238)	-	(3,021)	-	(4,259)	-	(4,259)
Balance at 31.12.12	**8,413**	**53,012**	**(598)**	**46**	**19,389**	**1,050**	**81,312**	**224**	**81,536**
Transactions with owners									
Issue of shares	2,650	13,911	-	-	-	-	16,561	-	16,561
Share issue costs	-	(166)	-	-	-	-	(166)	-	(166)
Non-controlling interest	-	-	-	-	-	-	-	(172)	(172)
Total transactions with owners	2,650	13,745	-	-	-	-	16,395	(172)	16,223
Loss for period	-	-	-	-	(233)	-	(233)	-	(233)
Exchange differences	-	-	(881)	-	-	-	(881)	-	(881)
Total comprehensive loss	-	-	(881)	-	(233)	-	(1,114)	-	(1,114)
Balance at 30.6.13	**11,063**	**66,757**	**(1,479)**	**46**	**19,156**	**1,050**	**96,593**	**52**	**96,645**

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited)
for the half year ended 30 June 2013
(expressed in thousands of pounds)

	Notes	6 months to 30/06/13	6 months to 30/06/12	12 months to 31/12/12
Result for the period before tax from continuing operations		(40)	463	(2,546)
Net finance (income) / costs		1,420	(558)	(341)
Adjustments for:				
Depreciation		351	376	729
Unrealised exchange (gains) / losses		(671)	872	1,741
Movement in share option reserve		-	-	46
Change in inventories		-	-	(187)
Change in trade and other receivables		(2,596)	(268)	(1,907)
Change in trade and other payables		6,261	(1,299)	198
Cash generated from / (used in) operations		**4,725**	**(414)**	**(2,267)**
Taxation paid		(381)	(236)	(587)
Interest paid		(141)	(55)	(252)
Net cash generated from / (used in) operations		**4,203**	**(705)**	**(3,106)**
Cash flows from investing activities				
Purchase of plant and equipment		(23,226)	(675)	(3,320)
Acquisition of subsidiary		(3,976)	-	-
Repayments from / (loans to) joint venture company		972	320	629
Net cash used in investing activities		**(26,230)**	**(355)**	**(2,691)**
Net cash outflow before financing activities		**(22,027)**	**(1,060)**	**(5,797)**
Cash flows from financing activities				
Issue of shares		16,560	-	-
Share issue costs		(166)	-	-
Loan drawdowns		2,528	-	-
Repayment of loans		-	-	10,126
Net cash generated from financing activities		**18,922**	**-**	**10,126**
(Decrease) / increase in cash and cash equivalents		**(3,105)**	**(1,060)**	**4,329**
Cash and cash equivalents at start of period		6,122	1,793	1,793
Cash and cash equivalents at end of period		**3,017**	**733**	**6,122**

RURELEC PLC

Notes to the Interim Statement
for the six months ended 30 June 2013

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 2012 were derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. Those accounts, which contained an emphasis of matter paragraph regarding the uncertainty with respect to the outcome of the parent company's ability to recover the compensation for the nationalisation of Guaracachi, were unqualified. The financial information contained in this interim statement has been prepared in accordance with all relevant International Financial Reporting Standards ('IFRS') in force and expected to apply to the Group's results for the year ending 31 December 2013 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 2012.

3. Earnings per share	6 months to 30/6/13	6 months to 30/6/12	12 months to 31/12/12
Basic and diluted			
Average number of shares in issue during the period	451m	421m	421m
Loss attributable to equity holders of the parent from continuing operations	£(0.2m)	£(0.1m)	£(3.1m)
Basic and diluted loss per share on continuing operations	(0.05p)	(0.03p)	(0.75p)

4. Fixed Assets

Since the year end the Group has acquired two Siemens Westinghouse turbines at a cost of £16.1 million, as announced on 10 June. Additionally it has incurred fixed asset expenditure on projects in Peru of £3.3 million and Chile £3.8 million.

5. Compensation claim

As detailed in the Annual Report and Accounts, on 1 May 2010 the Bolivian Government nationalised by force Rurelec's controlling interest in Guaracachi. The Bolivian book value of the net assets of Guaracachi, together with the declared but unpaid dividend for 2009, is not less than £47 million and has been used for accounting purposes only and does not represent the fair market value of the investment being claimed under the Bilateral Investment Treaties. The actual amount claimed, as submitted to the Permanent Court of Arbitration in the Hague, is $142.3 million. The increase in the carrying value of the claim above the £47 million is represented by the costs incurred in preparing and submitting the claim for compensation to the Permanent Court in The Hague and an accrual for interest which is expected to be received on the settlement.

6. Share capital and share premium account

On 10 June 2013, the Company issued 132.5 million shares at 12.5p per share to a) fund the purchase of the entire share capital on Independent Power Corporation PLC (£4 million), b) pay the initial consideration due under the agreement to acquire 2 turbines from IPSA Group PLC (£11.9 million) and c) raise additional working capital for the Company (£0.5 million, net of expenses).

7. The Board of Directors approved this interim statement on 26September 2013. This interim statement has not been audited.

8. Copies of this statement are being sent to all shareholders. Copies may be obtained from the Company's registered office, 5th Floor, Prince Consort House, 27-29 Albert Embankment, London SE1 7TJ.