30 September 2014
AIM: RUR

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

Interim results for the six months ended 30 June 2014

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 2014.

Financial Highlights:

• Turnover	£4.3 million (2013: £6.1 million)
• Gross Profit	£1.8 million (2013: £2.7 million)
• Post tax loss	£2.3 million (2013: £0.2 million loss)
• Loss per share	0.41 pence loss (2013: 0.05 pence loss)
• Net asset value per share	9.6 pence (2013: 17 pence)

Operational and Post Half-Year Highlights:

- Full settlement with Government of Bolivia for US$31.5 million of compensation received on 3rd June 2014 along with US$25.5 million repayment of Birdsong loan and accrued interest.
- Performance of the Energia del Sur plant in Patagonia, Argentina is up year on year in Argentine Pesos, while the translation into sterling is down due to the Peso devaluation during 2014.
- £2.3 million loss for the period is largely due to foreign exchange losses in Argentina of £2.8 million on devaluation of the Argentine Peso on our asset in Comodoro Rivadavia
- Revenues in Argentina still performing well locally with Argentine Pesos Arg $110 million (2013: Arg $100 million).
- Peru - Canchayllo run-of-river hydroelectric plant (5.3MW) reaches final stages of construction.
- Peru – second hydro plant to start construction in Q4 of 2014.
- Chile – two projects (295 MW) approaching completion of development and financial close in the first quarter of 2015.
- West African project for IPC providing engineering and development services showing continued value of IPC's experience.

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

"A great deal of effort during the first half of the year was spent ensuring that we reached a final settlement with the Bolivian Government. The low level of the settlement was a highly unsatisfactory result for the Company. Nonetheless, we have been busy during this time to develop our two projects in Chile, whilst we have largely completed the construction of our first run-of-river hydro plant in Peru with another three under development. We are now finalising our partnership arrangements in Latin America to permit a more rapid roll-out of new generation capacity with large co-investors.

"Operationally we have had a good year in Argentina only spoilt by the currency devaluation in January. We continue to believe that the prospects for Argentina are excellent."

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Chairman's Statement

I have pleasure in reporting the interim results for the Rurelec Group at 30 June 2014.

Energia del Sur, S.A. ("EdS"), our 50 per cent subsidiary with the combined cycle plant in Patagonia, Argentina provided the majority of the revenues for the first half of 2014 which were £4.3 million, some 29.5 per cent. down on the same period last year (2013: £6.1 million). The revenue streams in Argentine Pesos were Arg $110 million compared to Arg $100 million in June 2013 but due to the devaluation of the Peso the GBP revenues were reduced by £1.8 million. The cost of sales in the period was reduced because fuel supplies are now contracted and paid directly by CAMMESA, the national organisation which manages the electricity network in recompense for the low spot prices locally saving £1.1 million.

Administrative expenses have been held under control throughout the business at £2.3 million (2013: £2.4million) resulting in an operating loss of £0.5 million (2013 profit: £0.3 million). The overall loss, after finance expense, has increased to £2.3 million from a loss of £0.2 million for the same period in 2013. The Birdsong loan was repaid in full in June 2014.

The construction work undertaken in Peru has resulted in an increase in fixed assets. However the carrying value of the EdS plant in GBP has reduced due to the devaluation of the Argentine Peso. Rurelec issued 4.15 million new shares in January and February, adding £550,000 in aggregate to share capital and share premium, to assist with working capital requirements during the period of delay in receiving the settlement of the arbitration award. During the period EdS was able to repay US$2.4 million of the loans to Rurelec. Borrowings have reduced over the previous periods as the Birdsong loan has been repaid but we have completed the drawdown of finance arranged for Cascade Hydro Limited's ("Cascade Hydro") Canchayllo project under construction in Peru as well as other loans to finance completion bonds for new projects in Peru.

The first half of 2014 for Rurelec was significantly influenced by the delayed arbitration settlement with Bolivia, which was announced in the early hours of February 1st for an amount of US$28.9 million plus interest. The full value of the award was US$35.5 million, roughly the same price as Rurelec paid for the controlling interest in Guaracachi before it added over 170 MW of new, high efficiency gas fired generation capacity and before Rurelec had successfully doubled the EBITDA of the Bolivian enterprise. No costs were awarded to us and therefore we have had to write off approximately £4 million of costs actually incurred and paid. This was a massive and unjustified blow to the Company given that Rurelec was given no alternative but to go to international arbitration. As reported in the audited annual financial statements earlier this year, one of the three panellists on the tribunal issued a minority report stressing the inequity of this decision regarding the award of costs.

I can report that, in spite of the drama of the arbitration, Rurelec has not been standing still. Rurelec's Peruvian run of river hydro subsidiary, Cascade Hydro, has completed construction of its Canchayllo project, which is expected to enter service in November. Its successful construction is a milestone for Rurelec since it constitutes both the first hydro development to be built by Rurelec as well as the first new generation capacity following the May 2010 nationalisation of Rurelec's Bolivian assets.

Cascade Hydro has agreed terms for the sale of a substantial share stake in the Canchayllo project which will allow Cascade to repay third party loans and release funds to Rurelec. Completion of that share sale is expected to occur in early November. Cascade has identified more opportunities to build up its small hydro development portfolio up to 200 MW over the next five years.

Rurelec is currently negotiating partnership arrangements covering both small and large hydros in Peru. This is significant since Rurelec has recently been informed by the government of Peru that the long anticipated Proinversion tender process for large hydro power purchase agreements (PPAs) will finally be announced at the start of October. Rurelec owns the 255 MW run-of-river Santa Rita project in Ancash Province which is expected to be one of the leading contenders for a large hydro PPA.

In Chile, Rurelec's Termonor subsidiary has given notice to the relevant authorities for the start of works on its Parinacota project in Arica and expects to start preliminary works in mid-October.

Rurelec is considering offers for a 50 per cent stake in Termonor and expects to complete a sale at a premium to book value. In the meantime the debt required to complete the plant is expected to be secured early in 2015 and the equity of the Parinacota project has been fully paid up by Rurelec.

Rurelec is also considering offers for 50 per cent of its Central Illapa project, where it also expects to complete a sale at a premium to book value. Rurelec intends to complete financing and commence construction early in 2015, subject to finalising arrangements with a partner.

Pending the completion of the sale of the share stakes in the Parinacota and Illapa projects, Rurelec has put on hold the planned trading in its shares on the Santiago Stock Exchange.

Rurelec is exploring one or more major alliances in Latin America to allow the Company to accelerate its growth without the need to ask existing shareholders for further capital. This is part of a wider Rurelec strategy to return to paying dividends. That strategy can only be achieved when Rurelec has more operating power plants under ownership or management. By teaming up with large, regional players in Latin America, the Company expects to be able to trade off its Independent Power Corporation subsidiary's nineteen year track record in developing, constructing and operating gas fired combined cycle power plants for equity stakes in thermal projects funded by larger partners wishing to switch to gas fired capacity.

Colin Emson
Chairman

RURELEC PLC

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (unaudited)
for the half year ended 30 June 2014
(expressed in thousands of pounds)

	Notes	6 months to 30/06/14 £'000	6 months to 30/06/13 £'000	12 months to 31/12/13 £'000
Revenue		**4,274**	**6,067**	**15,093**
Cost of sales		(2,436)	(3,320)	(5,805)
Gross profit		**1,838**	**2,747**	**9,288**
Administrative expenses		(2,334)	(2,409)	(8,019)
Operating profit / (loss)		**(496)**	**338**	**1,269**
Foreign exchange gains (losses)		(2,598)	1,042	(3,268)
Other expense				(38,313)
Finance income		1,715	1,194	2,200
Finance expense		(698)	(2,614)	(1,272)
(Loss) / profit before tax		**(2,077)**	**(40)**	**(39,384)**
Tax expense		(205)	(193)	189
(Loss) for the period		**(2,282)**	**(233)**	**(39,195)**
Basic (loss) per share	3	(0.41)p	(0.05)p	(7.92)p
Other comprehensive income				
Items that will be subsequently reclassified to Profit & Loss				
Exchange differences on translation of foreign operations		(2,395)	(881)	(934)
Total other comprehensive income		(2,395)	(881)	(934)
Total comprehensive (loss) for the period		**(4,677)**	**(1,114)**	**(40,129)**

RURELEC PLC
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (unaudited)
at 30 June 2014
(expressed in thousands of pounds)

	Notes	30/6/14 £'000	30/6/13 £'000	31/12/13 £'000
Assets				
Non-current assets				
Property, plant and equipment	4	37,471	41,177	39,158
Intangible assets		4,986	3,168	4,959
Trade and other receivables		16,366	16,036	16,809
Deferred tax assets			435	341
		58,823	**60,816**	**61,267**
Current assets				
Inventories		184	1,589	227
Trade and other receivables		11,356	8,597	9,831
Compensation claim	5		53,735	19,126
Cash and cash equivalents		4,172	3,017	3,750
		15,712	**66,938**	**32,935**
Total assets		**74,535**	**127,754**	**94,202**
Equity and liabilities				
Shareholders' equity				
Share capital	6	11,228	11,063	11,145
Share premium account	6	67,836	66,757	67,369
Foreign currency reserve		(3,926)	(1,479)	(1,532)
Share option reserve		107	46	107
Other reserves		1,050	1,050	1,050
Profit and loss reserve		(22,358)	19,156	(19,949)
Total equity attributable to shareholders of Rurelec PLC		**53,937**	**96,593**	**58,190**
Non–controlling interest		127	52	142
Total equity		**54,064**	**96,645**	**58,332**
Non-current liabilities				
Future tax liabilities		18	207	18
Deferred tax liabilities		546	552	420
Borrowings		3,618	1,110	1,499
		4,182	**1,869**	**1,938**
Current liabilities				
Trade and other payables		6,209	11,075	8,883
Current tax liabilities		624	71	466
Borrowings		9,456	18,094	24,583
		16,289	**29,240**	**33,932**
Total liabilities		**20,471**	**31,109**	**35,870**
Total equity and liabilities		**74,535**	**127,754**	**94,202**

RURELEC PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (unaudited)
for the half year ended 31 December 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 31.1.13	**8,413**	**53,012**	**(598)**	**46**	**19,389**	**1,050**	**81,312**	**224**	**81,536**
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**
Issue of shares	82	612	-	-	-	-	694	-	694
Non-controlling interest	-	-	-	-	-	-	-	90	90
Issue of Share Options	-	-	-	61	-	-	61	-	61
Total transactions with owners	82	612	-	61	-	-	755	90	845
Loss for period	-	-	-	-	(39,104)	-	(39,104)	-	(39,104)
Exchange differences	-	-	(53)	-	-	-	(53)	-	(53)
Total comprehensive loss	-	-	(53)	-	(39,104)	-	(39,157)	-	(39,157)
Balance at 31.12.13	**11,145**	**67,369**	**(1,532)**	**107**	**(19,949)**	**1,050**	**58,191**	**142**	**58,332**
Issue of shares	83	467	-	-	-	-	550		550
Non-controlling interest	-	-	-	-	(127)	-	(127)	(15)	(142)
Total transactions with owners	83	467	-		(127)	-	423	(15)	408
Loss for period	-	-	-	-	(2,282)	-	(2,282)	-	(2,282)
Exchange differences	-	-	(2,395)	-	-	-	(2,395)	-	(2,395)
Total comprehensive loss	-	-	(2,395)	-	(2,409)	-	(4,254)	(15)	(4,269)
Balance at 30.06.14	**11,228**	**67,836**	**(3,926)**	**107**	**(22,358)**	**1,050**	**53,937**	**127**	**54,064**

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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 30/06/14	6 months to 30/06/13	12 months to 31/12/13
Result for the period before tax from continuing operations		(2,077)	(40)	(5,000)
Net finance (income) / costs		(1,017)	1,420	928
Adjustments for:				
Depreciation		145	351	444
Unrealised exchange (gains) / losses		2,598	(671)	3,267
Movement in share option reserve		-	-	61
Change in inventories		43	-	267
Change in trade and other receivables		(1,082)	(2,596)	(6,467)
Change in trade and other payables		2,674	6,261	4,558
Cash generated from / (used in) operations		**1,284**	**4,725**	**(1,942)**
Taxation paid		(205)	(381)	189
Interest paid		(217)	(141)	(1,271)
Net cash generated from / (used in) operations		**862**	**4,203**	**(3,024)**
Cash flows from investing activities				
Purchase of plant and equipment		(272)	(23,226)	(7,944)
Acquisition of subsidiary		-	(3,976)	-
Repayments from / (loans to) joint venture companies and subsidiaries		(2,728)	972	3,840
Net cash used in investing activities		**(3,000)**	**(26,230)**	**(4,104)**
Net cash outflow before financing activities		**(2,138)**	**(22,027)**	**(7,128)**
Cash flows from financing activities				
Issue of shares		550	16,560	-
Share issue costs		-	(166)	-
Loan drawdowns		2,010	2,528	4,756
Repayment of loans		-	-	-
Net cash generated from financing activities		**2,560**	**18,922**	**4,756**
(Decrease) / increase in cash and cash equivalents		**422**	**(3,105)**	**(2,372)**
Cash and cash equivalents at start of period		3,750	6,122	6,122
Cash and cash equivalents at end of period		**4,172**	**3,017**	**3,750**

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 2013 were derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. Those accounts 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 2014 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 2013.

3. Earnings per share	6 months to 30/6/14	6 months to 30/6/13	12 months to 31/12/13
Basic and diluted			
Average number of shares in issue during the period	561m	451m	495m
Loss attributable to equity holders of the parent from continuing operations	£(2.3m)	£(0.2m)	£(39.2m)
Basic and diluted loss per share on continuing operations	(0.41p)	(0.05p)	(7.92p)

4. Fixed Assets

During the year the Company has continued the construction of the 5.3MW Canchayllo run-of–river hydro-electric project in Peru during the first six months of the year. At the time of these results the construction is nearing completion and the plant will enter service during the first weeks of the final quarter of the year.

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, was not less than £47 million and was used for accounting purposes only and did 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, was $142.3 million and the Arbitration proceedings were held in April 2013. The increase in the carrying value of the claim above the £47 million was 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.

On 1st February 2014 the Permanent Court of Arbitration announced the outcome of their deliberations of the Arbitration and awarded Rurelec US$28.9 million plus interest. On the 2nd June 2014 the Group received US$31.5 million from the Government of Bolivia in full settlement of the arbitration.

6. Birdsong Loan

The loan of US$15.45 million was arranged in July 2012 to provide additional working capital for the Group's expansion into Chile and Peru as well as the costs of the Bolivian Arbitration. The loan plus interest and penalties of US$25.5 million was repaid from the settlement receipts from the Bolivian Government.

6. Share capital and share premium account

On 15th January 2014, the company issued 2,151,094 ordinary shares at 13.25p per share to assist with the payment for the transformer to be installed in the Arica plant in northern Chile. On 3rd February 2014, the Company issued 2 million shares at 13.25p per share to assist with the working capital requirements at that time.

7. The Board of Directors approved this interim statement on 29th September 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, 17th Floor, Millbank Tower, 21 - 24 Millbank, London SW1P 4QP.