

FOR IMMEDIATE RELEASE

27th September 2007

Rurelec PLC ("Rurelec")

Interim results for the 6 months ended 30th June 2007

Rurelec PLC, the AIM quoted power developer and owner of power plants in Latin America, today announces its interim results for the 6 months ended 30th June 2007.

Highlights:

- Strong organic growth for power generation businesses
- Operating profit £1.97 million (2006: £1.5 million), an increase of 31%
- Guaracachi successfully commissioned 71 MW of open cycle capacity in Santa Cruz with the completion of GCH 11, Bolivia's newest power plant

Post period highlights

- Construction of the new CCGT capacity nearly two thirds complete
- Currently establishing Rurelec Climate Change Finance ("RCCF") to securitise the revenue from the forward sale of United Nations CERs generated by both projects

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Rurelec PLC ("Rurelec")

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Interim results for the 6 months ended 30th June 2007

Chairman's Statement

I am pleased to report the results of Rurelec PLC for the half year to 30th June, 2007. Rurelec recorded a profit after tax for the period of £0.94 million (2006: £6.9 million) on revenues of £10.5m (2006: £9.4m). Operating profit for the period was £1.97 million compared to £1.5 million for the same period in 2006. This represents an increase in operating profit over the previous period of 31 per cent. in Sterling and of 47 per cent. at constant exchange rates reflecting very strong underlying earnings growth.

It should be noted that the comparable half year after tax figures for 2006 included significant "negative goodwill" credited to income. While Rurelec expects to report further continuing uplifts in the value of its portfolio of Latin American power assets during the course of the full year as new capacity is constructed and commissioned, the results released today primarily underline the fact that to date 2007 has been a year of strong organic growth for Rurelec's power generation businesses.

In Bolivia, Guaracachi has continued its programme of power plant construction, successfully commissioning 71 MW of open cycle capacity in Santa Cruz in March 2007 with the completion of GCH 11, Bolivia's newest power plant. I am delighted to report that this new General Electric 6 FA has performed faultlessly since commissioning and has provided an important reserve factor for Bolivia's power industry.

Further organic growth in Guaracachi is expected in the second half of 2007 with the commissioning of two more Jenbacher 616 gas engines in Sucre, scheduled to take place in November. The addition of nearly 100 MW of new combined cycle capacity in Santa Cruz is expected to occur at the end of 2008.

In Argentina, Energia del Sur has performed in line with expectations. While generation output has been high and revenues running at record levels, gas prices have risen to reflect the national shortage of natural gas and electricity margins have been under pressure since gas providers have been unwilling to enter into long term gas contracts at fixed prices. However, margins are expected to improve considerably at the end of the first quarter of 2008 as a result of both increasing electricity tariffs at the generation level and the planned commissioning of 60MW of new CCGT capacity.

Construction of the new CCGT capacity is nearly two thirds complete. The largest single element of the project, the heat recovery steam generators or HRSGs, which are both the most expensive and longest lead time items, were shipped to Argentina from South Korea in August and will be assembled in the coming months.

Rurelec has played an important role from its London headquarters in financing the CCGT expansions in both Argentina and Bolivia. Rurelec is in the process of establishing Rurelec Climate Change Finance ("RCCF") to securitise the revenue from the forward sale of United Nations CERs generated by both projects. Rurelec PLC intends to lock in high prices for CERs for the life of the Kyoto Protocol and to use the proceeds of securitisation to provide the capital needed for the development of new power plant capacity. RCCF is at the cutting edge of carbon credit finance. I am proud of the hard work which has gone into this effort, the effects of which will be reflected in Rurelec's profitability from 2008 onward.

Further expansion is expected from Rurelec companies' efforts to export power from their home countries. Bolivia in particular has the capacity to export power to its neighbours and Guaracachi continues to finalise its 120 MW Yacuiba export project to supply power to northern Argentina. Domestically too, Guaracachi is exploring further turbine upgrade and expansion options based on its fleet of Frame 5 gas turbines in Santa Cruz.

By 2008 Rurelec will have a high market share in terms of the installed power generation capacity of Bolivia. For this reason the Directors are now looking at ways to expand the group's portfolio of power plants into other neighbouring countries to include Chile and Peru. Rurelec is also making advances in the area of isolated generation in Latin America, taking advantage of technology developments in the use of renewable fuels for small power plants situated off the grid which benefit from carbon credits and concessionary finance.

The outlook for Rurelec is therefore bright indeed and we expect to maintain our policy of progressive dividend payments linked to the Company's continuing growth.

Jimmy West
Chairman

RURELEC PLC

CONSOLIDATED INCOME STATEMENT (unaudited) for the half year ended 30 June 2007

	Notes	6 months to 30/6/07 £'000	6 months to 30/6/06 £'000
Revenue		10,521	9,361
Cost of sales		<u>(7,291)</u>	<u>(6,461)</u>
Gross profit		3,230	2,900
Administrative expenses		<u>(1,261)</u>	<u>(1,397)</u>
Operating profit		1,969	1,503
Negative goodwill	3	-	5,572
Finance income		33	169
Finance expense		<u>(443)</u>	<u>(238)</u>
Profit before tax		1,559	7,006
Tax expense		<u>(618)</u>	<u>(78)</u>
Profit for the period		<u>941</u>	<u>6,928</u>
Attributable to minority interest		843	749
Attributable to shareholders of Rurelec PLC		98	6,179
Earnings per share (basic)	4	0.14p	9.05p
Earnings per share (diluted)	4	0.14p	9.05p
Other financial information:			
Underlying earnings per share (basic and diluted)	4	0.14p	0.99p
Net asset value per share	6	47.5p	42.1p

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE (unaudited) for the half year ended 30 June 2007

Profit for the period attributable to shareholders of Rurelec plc		98	6,179
Exchange differences on translation of overseas operations		<u>(686)</u>	<u>(1,791)</u>
Total recognised income and expense for the period	5	<u>(588)</u>	<u>4,388</u>

RURELEC PLCCONSOLIDATED BALANCE SHEET (unaudited)
at 30 June 2007

	Notes	30/6/07 £'000	31/12/06 £'000	30/6/06 £'000
Assets				
Non-current assets				
Property, plant and equipment		75,063	70,886	58,950
Investments		1	3	18
Trade and other receivables		441	442	535
Deferred tax assets		<u>460</u>	<u>359</u>	<u>311</u>
		<u>75,965</u>	<u>71,690</u>	<u>59,814</u>
Current assets				
Inventories		2,985	3,146	2,972
Trade and other receivables		8,448	8,530	8,063
Cash and cash equivalents		<u>5,104</u>	<u>3,179</u>	<u>5,361</u>
		<u>16,537</u>	<u>14,855</u>	<u>16,396</u>
Total assets		<u>92,502</u>	<u>86,545</u>	<u>76,210</u>
Equity and liabilities				
Equity attributable to shareholders of Rurelec PLC:				
Share capital		1,466	1,366	1,366
Share premium		23,983	21,303	21,299
Translation reserve		(5,634)	(4,948)	(2,175)
Retained earnings		<u>15,027</u>	<u>16,542</u>	<u>8,263</u>
	5,6	<u>34,842</u>	<u>34,263</u>	<u>28,753</u>
Minority interest		<u>28,434</u>	<u>29,985</u>	<u>23,437</u>
Total equity		<u>63,276</u>	<u>64,248</u>	<u>52,190</u>
Non-current liabilities				
Trade and other payables		246	247	491
Deferred tax liabilities		723	739	-
Borrowings		<u>13,596</u>	<u>10,522</u>	<u>13,959</u>
		<u>14,565</u>	<u>11,508</u>	<u>14,450</u>
Current liabilities				
Trade and other payables		8,029	5,935	9,360
Borrowings		<u>6,632</u>	<u>4,854</u>	<u>210</u>
		<u>14,661</u>	<u>10,789</u>	<u>9,570</u>
Total liabilities		<u>29,226</u>	<u>22,297</u>	<u>24,020</u>
Total equity and liabilities		<u>92,502</u>	<u>86,545</u>	<u>76,210</u>

RURELEC PLCSTATEMENT OF CONSOLIDATED CASH FLOWS (unaudited)
for the half year ended 30 June 2007

	6 months to 30/6/07 £'000	6 months to 30/6/06 £'000
Net cashflow from operating activities		
Result for the period before tax	1,559	7,006
Adjustments	1,796	(4,620)
Taxation paid	(1,002)	(263)
Change in inventories	88	(209)
Change in trade and other receivables	(486)	(2,604)
Change in trade and other payables	<u>2,999</u>	<u>718</u>
Net cash inflow from operating activities	<u>4,954</u>	<u>28</u>
Investing activities		
Additions to plant, property and equipment	(7,105)	(2,781)
Deferred consideration paid	-	(431)
Acquisition of 50.00125% of Empresa Electrica Guaracachi S.A. (net of cash)	-	(7,913)
Interest received	<u>33</u>	<u>169</u>
Net cash outflow from investing activities	<u>(7,072)</u>	<u>(10,956)</u>
Financing activities		
Net increase / (decrease) in loans	4,962	(521)
Proceeds from share issue	2,780	18,670
Interest paid	(372)	(238)
Dividend paid to shareholders	(1,613)	-
Dividend paid to minority shareholders of Empresa Electrica Guaracachi S.A.	<u>(1,714)</u>	<u>(2,046)</u>
Net cash inflow from financing activities	<u>4,043</u>	<u>15,865</u>
Increase in cash and cash equivalents during period	1,925	4,937
Cash and cash equivalents at beginning of period	<u>3,179</u>	<u>424</u>
Cash and cash equivalents at end of period	<u>5,104</u>	<u>5,361</u>

RURELEC PLC

Notes to the Interim Statement
for the six months ended 30 June 2007

1. Basis of preparation

This interim statement is unaudited and does not constitute Statutory Accounts within the meaning of Section 240 of the Companies Act 1985. Statutory Accounts for the year ended 31 December 2006 have been filed with the Registrar of Companies. The auditors have made a report on those Statutory Accounts under Section 235 of the Companies Act 1985. The auditors' reports were unqualified and did not contain a statement under Section 237 (2) of the Companies Act 1985. The financial information contained in this interim statement has been prepared in accordance with the Listing Rules of the Financial Services Authority and all International Reporting Standards ('IFRS') in force and expected to apply to the Group's results for the year ended 31 December 2007 and on interpretations of those Standards released to date.

2. Accounting policies

This interim statement has been prepared in accordance with the Group's IFRS accounting policies. These policies were set out in the Group's Financial Statements for the year ended 31 December 2006.

3. Negative goodwill

In the period to 30 June 2006, Negative Goodwill represented the excess of the provisional fair values of the Group's share of the assets less the liabilities acquired in the acquisition of the 50.00125% interest in Empresa Electrica Guaracachi S.A. over the cost of acquiring that interest.

4. Earnings per share

a) Basic and diluted	30/6/07	30/6/06
Weighted average number of shares	'000	'000
Basic earnings	69,072	68,289
Diluted earnings	69,072	68,289
Profit for the period	£98,000	£6,179,000
Basic and diluted EPS	0.14p	9.05p

The profit figure used in the calculation of the basic and diluted earnings per share for the 6 months period ended 30 June 2006 included £5.572m of Negative Goodwill as set out in note 3 above.

b) Underlying earnings per share excluding the one-off adjustment for Negative Goodwill (see note 3 above)

Underlying profit for the period	£98,000	£607,000
Underlying EPS	0.14p	0.88p

RURELEC PLC

Notes to the Interim Statement
for the six months ended 30 June 2007 (continued)

5. Consolidated statement of changes in equity

	30/6/07 £'000	30/6/06 £'000
Opening shareholders' funds	34,263	5,695
Proceeds from issue of shares	2,780	18,670
Total recognised income and expense	(588)	4,388
Dividend paid	(1,613)	-
Closing equity shareholders' funds	<u>34,842</u>	<u>28,753</u>

On 21 May 2007, the company issued 3,400,000 Ordinary 2p shares at 59.25p per share and on 29 June 2007, the company issued 1,600,000 Ordinary 2p shares at 57p per share, raising £2.78m net of expenses.

6. Net asset value

Based on the number of shares in issue at 30 June 2007 and the equity attributable to the shareholders of the company, the net asset value per share at 30 June 2007 was 47.5p (30 June 2006 - 42.1p).

7. The Board of Directors approved this interim statement on 24 September 2007. 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, Albert Embankment, London SE1 7TJ.

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Rurelec PLC is an AIM listed British company established to develop rural electrification projects in South America. It is managed by a team with a strong track record in developing power projects worldwide.

Since the company's flotation on AIM in August 2004, the company has acquired power generation operations in Bolivia and Argentina.