**Company registered number: 04812855 (England and Wales)**

# RURELEC PLC

# ANNUAL REPORT

# FOR THE PERIOD ENDED

# 30 June 2024

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## NON-EXECUTIVE DIRECTOR'S STATEMENT

### Dear Shareholder

In the period covered by these accounts we continued to pursue our stated strategy of realising assets in order to return value to shareholders and it was satisfying to report the disposal of the Argentinian interests and the disposal of Chilean interests in this period and the distribution of £1.1 million to shareholders with the first dividend for many years

Furthermore, Rurelec Plc ("Rurelec", the "Company") continued to simplify the overly-complex group structure and to reduce the cost base where possible. Rurelec continued to seek to sell the turbines and pursued some significant opportunities to do so but disappointingly none of these resulted in a completed disposal. As previously stated, such a disposal continues to take time.

In the period covered by these accounts Rurelec's shares were suspended from AIM under Rule 15 following the disposal of Argentina and Chilean interests and in the absence of an AIM Rule 14 acquisition in the allotted time, the shares were subsequently delisted in June 2024.

Now Rurelec has been simplified, and subsequently bolstered by a £0.45 million recapitalisation, it is time for the Company to pivot, using its remaining cash reserves to best effect to achieve a transformative acquisition to deliver shareholder value and the pursuit of that aim now occupies most Board time. During the summer we spent some time engaging with a UAE based business with Oil & Gas exploration licences in Africa but unfortunately the counter party lost interest, and this has cost us in time. We have also being pursuing a transaction involving Oil & Gas producing assets in the shallow waters of the Gulf of Mexico with the view of building a portfolio of similar assets with the aim of delivering shareholder value through a robust cash flow but unfortunately this has no longer our participation. This has cost us time and resources. The Directors are seeking a further injection of equity in order to be able to continue seeking for an acquisition to deliver shareholder value

### The period in review

The Company's cost base declined slightly during the year, despite inflationary pressures. Further cost reductions are sought given Rurelec's delisting from AIM. Current expenditure is now less than £1 million per annum and falling.

Company current liabilities at 30 June 2024 stood at £0.38 million, a reduction from the position at 31 December 2022 of £0.48 million.

As announced on 12 June 2023 the Company completed the disposal of its Argentinean Joint Venture being operating assets owned by Energia del Sur, S.A. ("EdS") and held by Joint Venture PEL. In December 2023 the disposal of its Chilean interests was completed.

Cash at 30 June 2024 stood at £0.73 million (31 December 2022: £0.45 million). During this period, the special dividend of £1.12 million was paid to shareholders on 14 July 2023.

**Turbines**

The turbines have been in storage in Italy since 2008, prior to their acquisition by the Company in June 2013. Whilst they are of a dated design, the Directors believe they are of a high engineering quality. The Directors also consider that changes in global energy markets, such as those occurring as a result of the war in Ukraine, means there is still demand for such ageing assets. The Directors expect that they are likely to be deployed in developing countries and during the year the Company followed up on a number of leads in different geographies. The complex and often slow nature of financing power projects of the scale for which these turbines will be used makes it difficult for the Directors, both to determine the credibility of a purchaser, and to predict the timing of any sale, ahead of receipt of a contractual commitment validated by a deposit. The Directors are continuing to explore all leads, including the esoteric and improbable.

### Outlook

The Directors now have two goals which will run concurrently: to sell the turbines and to undertake a transformative acquisition for Rurelec.

The Company appointed Ivan Murphy to the board on 3 September 2024. Ivan was leading a team which is negotiating on behalf of Rurelec with the vendor of a collection of Oil & Gas producing assets in the shallow waters of the Gulf of Mexico. If successful, the plan is to build a larger portfolio by buying further similar assets in stable jurisdictions to deliver shareholder value through a strong cash flow. Unfortunately, this acquisition has not been successful. Therefore, another successful fundraising in advance of, or as part of, an acquisition or the sale of the turbine assets, will be necessary to adequately fund the Company until 30 June 2025.

Paul Shackleton
Non-executive Director
31 March 2025

## STRATEGIC REPORT

### Strategy

The overall strategy for the Company in recent years has been to stabilise the Company financially through the disposal of assets and the elimination of all but essential costs. In pursuing this the sale of Rurelec's Argentinian interests and the disposal of the Chilean interests were announced in June 2023 and December 2023 respectively. The Company was subsequently able to make a special dividend payment to shareholders of 0.2 p per share, totalling £1.12 million.

The strategy has now evolved from a defensive one to building back a business which can deliver shareholder value. The Company undertook a capital reorganisation with an associated fundraising by way of a share subscription for £450,000 in May 2024.

We will continue to seek to realise value for the Turbines which are the Company's remaining assets in an orderly fashion from a stable financial position in order to optimise the value achieved.

Following the disposal of the Argentinian interests, the Company became an AIM Rule 15 Cash Shell, its shares were suspended from trading on AIM in December 2023 and in June 2023 its admission to AIM was cancelled. The Directors are now focused on two goals which will run concurrently – the sale of its turbines and undertaking a transformative acquisition for Rurelec using remaining resources and additional fundraisings where appropriate.

### Liquidity

For a number of years our strategy has been determined by the on-going financial position of the Company. The main borrowing of the Company was the 2016 secured BPAC loan, which was repaid in 2019 enabling the associated debenture to be released. The Group and the Company thus became debt-free in 2019, and it remained debt-free throughout the period covered by these accounts.

Rurelec current liabilities have fallen to £0.38 million (2022: £0.48 million). With the sale of its Argentinian and Chilean interests any further increase in Company liquidity will come from additional fundraisings, disposal of the turbines or the acquisition of a cash generating business.

In June 2023 Rurelec received £2.4 million (US$3 million) of the initial consideration from the sale of PEL and in December 2023 the Company received £0.03 million from the disposal of its Chilean interests. According to the Sale and Purchase Agreement for the sale of the Argentinian interest, further contingent payments of deferred consideration of up to £1.6m ($2 million) were payable – USD $1million 12 months following completion and USD $1 million 36 months following completion. However, Rurelec Board have looked at the conditions triggering these payments and assessed that it is highly unlikely that either payment will be triggered.

Liquidity - cash outflows

There are now no Company debt outflows, and the main costs of the Company show in the Statement of Comprehensive Income are administrative expenses which on a pro rata basis have reduced to £1.3 million for the 18 month period (2022: £1.0 million for the 12 month period). The Statement of Cash Flows shows net cash used in operating activities after working capital movements to be £1.4 million for the 18 months ended 30 June 2024 (12 months ended 31.12.23, £0.9 million)

Outflows from dividends are highly unlikely unless there is a successful disposal of the turbines.

It is important to note Rurelec is in a position whereby it can only meet expected costs for 12 months after the signing of this report if there is another successful fundraising in advance of, or as part of, an acquisition or there is a sale of the turbine assets. Without either of these events, there is likely to be insufficient cash to adequately fund the Company until 30 June 2025.

Liquidity - asset sales

The Board continues to seek buyers for its remaining assets, the two Siemens 701 DU 125MW turbines and generators in storage in Italy. A sale of these assets would have a material effect on Rurelec's liquidity if and when it occurs, but the sale of these units is dependent on a customer undertaking a suitable project as this size of older turbine are very rarely bought "for stock"- they would only be bought by a buyer with a specific project in mind in an appropriate territory where such turbines are permitted to operate. Hence the exact timing of a future sale remains uncertain, and this introduces a natural unpredictability to the timing of any associated receipt.

**Financial Results and Going Concern**

The operating loss of £4.3 million for the 18 month period ended 30 June 2024 represents a small decrease in losses compared to the £2.9 million operating loss for the 12 months ended 31 December 2022, however, included in this loss are non-cash impairments in the carrying value of Company assets of £2.7 million (2022: £2.1 million).

Underlying Administrative expenses of £1.3million for the 18 months ended 30 June were lower on a pro rata basis than the equivalent cost in the year ended 31.12.22 (£0.9 million).

Adverse exchange rate movements on balance sheet items totalled £0.4 million (2022: £0.1 million favourable movement.

The overall loss before tax for the 18 month period was £4.3 million (2022: £2.2 million). There was negligible finance income in the period, in contrast to the 12 month ended 31 December 2022 when £0.7 million of non-cash income was credited from the reversal of interest from the Cochrane loan provision.

Following the disposal of the Group's Argentinean interests, the Company became a Cash Shell pursuant to Rule 15 of the AIM Rules for Companies. The consequences of this are that before 11 December 2023 (being six months after Rurelec became an AIM Rule 15 cash shell), Rurelec needed to make an acquisition or acquisitions which constitute a reverse takeover under Rule 14 of the AIM Rules for Companies. As this did not occur, Rurelec's Ordinary Shares were suspended from trading on AIM and subsequently as no qualifying acquisition was completed by 11 June 2024, the admission of the Company's ordinary shares to trading on AIM was cancelled on 12 June 2024.

At 30 June 2024 the Company is in a position whereby it can only meet expected costs for 12 months after the signing of this report if there is another successful fundraising in advance of an acquisition or there is a sale of the turbines. The company continues to actively market the turbines for sale.

Since the year end the company's management have been engaged in a plan to acquire an oil producing asset which required associated fundraising. The directors are disappointed to report that this plan has now been terminated.

As a result of this the directors have identified a need to raise further equity in the company and have engaged a third party representing existing shareholders to advance this strategy. As at the time of approval of these financial statements nothing has been irrevocably agreed but management has good reason to believe that additional funds will be raised to allow the company to operate beyond 31 March 2026.

While the directors are confident that sufficient finance will be available to the company to continue in operational existence beyond March 2026 should either the turbines not be sold or additional fundraising not be achieved there is likely to be insufficient resources to adequately fund the Company as far as 31 March 2026 but acknowledge there are some material uncertainty.

**Key performance indicators**

The Directors use a range of performance indicators to monitor progress in the delivery of the Company's strategic objectives, to assess actual performance against targets and to aid management of the businesses.

Rurelec's key performance indicators ("KPIs") include both financial and non-financial targets which are set annually.

**Financial KPIs**

Financial KPIs address cashflow, operating profitability, net asset value and earnings per share.

i) Cash Flows

The Company is heavily focused on optimising cashflow generation. The Net increase in Cash and Cash Equivalents in the period was £0.28 million (2022: decrease £0.31 million). Cash and cash equivalent balances at the period-end were £0.73 million (2022: £0.45 million).

ii) Operating profitability

Operating loss excludes all non-operating costs, such as financing and tax expenses as well as one-off items and non-trading items, such as negative goodwill. The exclusion of these non-operating items provides an indication of the performance of the underlying businesses. The Company made an operating loss of £4.3 million for the period (2022: £2.9 million loss).

iii) Net asset value

Net asset value is calculated by dividing funds attributable to Rurelec's shareholders by the number of shares in issue. The net assets of the Company reduced in the period to £5.2 million at 30 June 2024 from £10.2 million at 31 December 2022.

**Non-Financial KPIs**

Non-financial KPIs address other important technical aspects of the business, such as gross capacity, operating efficiency and availability. As announced on 16 May 2023 a Sales and Purchase Agreement for the JV assets was signed, the sale was authorised at the General Meeting on 1 June. The sale completed on 9 June 2023. Furthermore, as announced on 31 October 2023 the Company agreed to dispose of its wholly owned subsidiary, Cochrane Power Limited ("Cochrane"), and Cochrane's underlying Chilean subsidiaries (Rurelec Chile SpA, Rurelec Chile Limitada, Termoelectrica del Norte, S.A. and Central Illapa, S.A.) (together the "Cochrane Group"). The £0.03 million total consideration for the disposal was payable upon completion and this completion was duly announced on 8 December 2023.

**Review of Financial Performance**

### Company Results

The Company loss after tax for the 18 month period under review is £4.3 million (2022: £2.2 million loss). This included impairment adjustments and loan provisions of £2.7 million (2022: £2.1 million), and foreign exchange losses of £0.354 million (2022: gains of £0.0.145 million).

The Company revenue was £nil (2022: £nil). Administrative expenses for the 18 month period amounted to £1.3 million (2022: £1.0 million for 12 month period). Operating loss was £4.3 million (2022: £2.9 million loss). The loss before tax is £4.3 million (2022: £2.2 million loss).

The results for the operations in Argentina, and Chile are no longer shown as they were sold during the period.

**Turbines**

These assets were reclassified as held for sale at 31 December 2022. The Company's carrying value is assessed for possible impairments. In light of current local market conditions, in order for the project to be attractive to joint venture partners, the capital value of the 701 Siemens turbines has been assessed at £4.7 million (2022: £7.8 million). The Directors also obtained an independent valuation produced by a competent person. Based on valuation advice the Directors decided to impair the carrying value of these turbines by £2.7 million (2022: £nil).

Future developments have been considered in the non-executive Director's statement.

### Principal risks and uncertainties

The principal risks and uncertainties facing the Company have been stated as the following risks:

a) Liquidity – Following the receipt of the initial consideration of £2.4 million (US$ 3 million) for the sale of its Joint Venture interest in Argentina. the Company was in a position to meet its forecast short-term cash requirements. Since then, the Company will need to seek an injection of funds via the issue of new equity or the sale of the 701 turbines before it runs out of cash by July 2025. Please see Going Concern in the Directors Report.
b) Talent and Management Retention – The alignment of the human capital with the business strategy, thus, with a situation of uncertainty over the Company's future and dynamic competition in the labour market increases the likelihood that people with above-average skills will leave and forces the development of further strategies to retain them. These risks may include a Position risk, the exposure from the loss of an employee in a given position and Individual risk, an employee is at risk to leave their position or the Company.
c) Business Opportunities Risk - Different situations can affect the business, both predictable and unforeseen. Therefore, there are challenges that refer to the Company's inner functions and external forces, which can prevent it from accomplishing its goals. When faced with choices, and the selection of one above the other, the option or options not chosen may have been potentially better for the Company.
d) Business Interruption – The risk of a global pandemic or the low market confidence in investing in new projects together with the risk of an armed conflict which may affect the chain of supply or trigger sanctions or tariff increases may result in the business being unable to continue.

**Directors' Section 172 Statement**

**Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006.**

The Board of Directors of Rurelec Plc acknowledge that they have a statutory duty under s172 (1) (a-f) of the Act to promote the success of the Company for the benefit of the members as a whole considering broader stakeholder interests, and notably having regard to:

- the likely consequence of any decision in the long term;
- the interests of employees;
- the need to foster business relationships with suppliers, customers and others;
- the impact of operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company

We report below on how in the period ended 30 June 2024 the Board's strategies, actions and key decision making took place observing these duties with the objective of delivering positive outcomes for the Company, its shareholders and its wider stakeholders the most relevant of which have been identified as including creditors, employees of the Company and of interests in foreign JV operations and those impacted by its operations in the wider community.

a) Regarding the likely consequences of long-term decision making, those decisions were made with clear strategic focus on the need to return value to shareholders and the need to continue to build financial strength, thereby avoiding the near-insolvency event experience by the Company in the past. That strategy drove cash conservation and cost cutting decisions so that the business could withstand financial stress. The Company was able to withstand those stresses in the period.

b) Our employees are fundamental to the delivery of our strategy. The Board has prioritised fair remuneration and pension arrangements for those employees and undertakes regular communication updates in an open environment. Decisions taken to maximise the resilience of the business, preserving cash and minimising risk, are taken after prioritising the continued employment of those employee roles that have been instrumental to the turnaround of the business.

c) Regarding the need to foster business relationships with suppliers, customers and others, Rurelec repaid previous arrears to trade creditors who have supported the business over a significant timescale and to repay in full all secured creditors. The Company has been freed from the interest burden that was being paid on past loans, thereby benefitting other stakeholders. Rurelec is debt- free and as operating circumstances allow, the Board's stated objective of returning value to shareholders can be realised.

d) Regarding the desirability of Rurelec maintaining a reputation for high standards of business conduct, the Board of Directors' intention is to ensure that the business operates and behaves in a responsible manner with high standards of business conduct and governance. Regular communication amongst the Board and employees and effective, formally recorded Board Meetings ensure such standards are maintained. Where appropriate, independent legal advice is obtained to support the decision process.

e) Regarding the need to act fairly, as between members of the Company, all shareholders are welcome to express their views at the Annual General Meeting. In December 2019, the Company took the decision to apply to shareholders and the law courts for a capital reconstruction in 2020. This reconstruction was duly approved in 2020 to facilitate the distribution of future returns to shareholders should cash reserves grow to the extent of permitting this. On 1 June 2023 there was a General Meeting at which the shareholders unanimously voted for the proposed disposal of PEL and a 0.2p dividend per share to be paid from the proceeds. On 24 April 2024, the Company took the decision to apply to shareholders for a capital reorganisation and a conditional subscription of new Ordinary Shares to recapitalise the business which will allow the Company to prepare for an acquisition through which build value. This was approved in a general meeting on 13 May 2024.

The Strategic Report was approved by the Board of Directors on 31 March 2025 and was signed on its behalf by:

Andrew Coveney (Executive Director)

## BOARD OF DIRECTORS

### ANDY COVENEY

Executive Director

Member of the Institute of Chartered Accountants qualified as Chartered Accountant in 1990 with over 30 years experience as a company director. After graduating from the University of Durham he joined Deloitte Haskins & Sells, then in 1991 specialised in Corporate Finance advisory work. In 1993, Andy embarked on a 15-year spell as FD/MD of several financial and operational turnarounds in the manufacturing and distribution sectors, starting with the acquisition and subsequent turnaround of CP Pharmaceuticals Limited, a loss-making division of Fisons plc before being sold to Wockhardt Group in 2003. Andy founded Coveney Associates Consulting in 2010 providing board level advisory work, turnaround services, cashflow management and operational management to a portfolio of businesses.

### PAUL SHACKLETON

Non-Executive Director

Paul is the Senior Independent Non-Executive Director and Chairman of the Audit Committee. After university, he spent six years as an officer in the British Army. In 1996 he joined UBS limited where he worked with small caps covering Mergers and Acquisitions and Equity capital markets for listed and AIM traded companies. He subsequently joined Singer & Friedlander Limited where he was a founder member of the team which undertook a MBO to form Bridgewell Limited. Since then, he has continued to specialise in small companies; his experience also includes being an adviser to Rurelec between 2006 and 2017. He is currently also a non executive director of GCM Resources PLC and Woodbois Limited, both of which are traded on AIM.

### IVAN MURPHY

Executive Director

Ivan is a corporate financier who has been in the investment banking business for over 25 years. He has sourced, structured and raised public and private equity for various companies in the natural resources sector. He is currently a director of Marylebone Capital Limited, his own private equity and debt introductory business.

## DIRECTORS' REPORT

The Directors submit their annual report together with the audited financial statements for the period ended 30 June 2024.

### Principal activities

The Company principal activity has been the realisation of businesses and assets built up through acquisition, development and operation of power generation in markets in Latin America.

Since the Company's admission to AIM in August 2004, the Company acquired assets in Argentina and Bolivia and commenced development of new power generation projects in Peru and Chile. The power generation projects in Peru were sold on 30 January 2018. In September 2021, the Frame 6B turbine acquired for the Arica project in Chile was sold. As announced on 16 May 2023 a Sales and Purchase Agreement for Patagonia Energy Limited ("PEL") was signed, the sale was authorised at the General Meeting on 1 June 2023 along with a special dividend of 0.2p per share. The sale completed on 9 June 2023 and the Company received the initial £2.4 million (US$ 3 million) consideration on the same date. As announced on 31 October 2023 a Sales and Purchase Agreement for Cochrane Power Limited and its Chilean subsidiaries was signed. The sale completed on 8 December 2023.

Since the disposal of certain assets, the principal activity of the Company will change in accordance as the Directors seek partners to take the group forward in 2024 and beyond, following the disposal of the Argentinian and Chilean operations in 2023.

### Results and dividends

The Company results for the year ended 30 June 2024 are set out in the Statement of Comprehensive Income.

A 0.2p dividend totalling £1.1 million was paid during the eighteen-month period to 30 June 2024 (12 months to 31 December 2022: £nil).

### Share capital

Details of the issued share capital are set out in Note 15.

### Going concern

Accounting standards require that Directors satisfy themselves that it is reasonable for them to conclude whether it is appropriate to prepare financial statements on a going concern basis. In assessing the going concern position of the Company, the Directors have taken into account the uncertainties, cash flows, and implementation of revised strategy. The Directors have reviewed financial projections and strategy to 31 March 2026 and have considered projections for a base case and a stress case.

At the date of the signing of the Financial Statements, having considered Rurelec's current cash balances and the cash forecasts, the Directors believe, bearing in mind the outgoings of the Company, there is currently insufficient headroom in existing working capital facilities to avoid the need to seek further sources of working capital or achieve disposal of its sole remaining assets (the turbines).

As a result of this the directors have identified a need to raise further equity in the company and have engaged a third party representing existing shareholders to advance this strategy. As at the time of approval of these financial statements nothing has been irrevocably agreed but management has good reason to believe that additional funds will be raised to allow the company to operate beyond 31 March 2026.

While the directors are confident that sufficient finance will be available to the company to continue in operational existence beyond March 2026 should either the turbines not be sold or additional fundraising not be achieved there is likely to be insufficient resources to adequately fund the Company as far as 31 March 2026 but acknowledge there are some material uncertainty.

**Directors**

The following Directors served during the period and up to the date of signature of the financial statements as follows:

**Andy H. Coveney** – Executive Director, was elected at the 2022 Annual General Meeting.

**Paul Shackleton** - Non-Executive Director, was elected at the 2023 Annual General Meeting.

**Ivan Murphy** was appointed as Executive Director on 3 September 2024 and will be proposed for re-appointment at the 2025 Annual General Meeting.

**Directors' interests**

The Directors' beneficial interests in the number of shares in the Company were on the reference dates as stated below:

| | **27.03.2025** | **30.06.2024** | **31.12.2022** |
|---|---|---|---|
| Andrew H. Coveney | - | - | - |
| Paul Shackleton | - | - | - |
| Ivan Murphy | - | - | - |

**Directors' Indemnity**

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for Directors and officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted, by them as officers or employees of the Company. Appropriate directors' and officers' liability insurance cover is in place in respect of all the Directors.

**Significant shareholdings in the Company**

In addition to the shareholdings shown above, the Company is aware of the following interests of 3 per cent. or more in the issued ordinary share capital of the Company notifiable at 27.03.2025, being the last practicable date for reporting this information.

| | **Number of shares** | **% holding** |
|---|---|---|
| John Story | 303,092,303 | 21.81 |
| Askar Alshinbayev | 96,565,166 | 13.61 |
| Sterling Trust Limited | 56,081,765 | 7.90 |
| Peter Gyllenhammar AB | 37,535,948 | 5.29 |
| Wentworth Limited | 32,938,076 | 4.64 |
| Richard and Charlotte Edwards | 32,938,076 | 4.64 |

The percentages shown are based on 708,608,929 ordinary shares of 0.01p each in issue.

**Risk management and objectives**

The financial risk management policies and objectives are set out in Note 18.

**Statement of directors' responsibilities**

The Directors are responsible for preparing the Strategic Report, the Directors' Report, Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the financial statements in accordance with UK adopted international accounting standards. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Website publication**

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

**Statement as to disclosure of information to auditor**

As far as the Directors are aware, they have each taken all necessary steps to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

As far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

**Auditor**

During the period, Kreston Reeves LLP was appointed as the Company's auditors, succeeding BDO LLP, who was reappointed at the Annual General Meeting dated 30 June 2023 but resigned in January 2024.

Pursuant to Section 489 of the Companies Act 2006, Kreston Reeves LLP has expressed its willingness to act in the office as auditor. Kreston Reeves LLP was appointed in March 2024.

On behalf of the Board

Maria J. Bravo Quiterio
Company Secretary
31 March 2025

## CORPORATE GOVERNANCE REPORT

**for the period ended 30 June 2024**

### Introduction

During the period ended 30 June 2024, Rurelec applied the QCA Corporate Governance Code (the "QCA Code") published in April 2024 and this Corporate Governance report for the period ended 30 June 2024 is based upon the Code.

The principal means of communicating our application of the QCA Code are this Annual Report and our Corporate Governance section on our website (https://www.rurelec.com/about-us/corporate-governance/qca-compliance-table).

This report sets out the Company's application of the Code, including where appropriate, cross reference to other sections of the Annual Report.

Where our practices depart from the expectations of the Code, an explanation is given as to why, at this time, it is appropriate for the Company to depart from the Code.

The QCA Code is constructed around ten broad principles and a set of disclosures which notes appropriate arrangements for growing companies and requires companies who have adopted the QCA Code to provide an explanation about how they are meeting those principles through the prescribed disclosures. In the paragraphs below, Rurelec PLC explains how it has applied them.

### Principle 1 – Business Model and Strategy

The Board has set out to deliver long-term value to shareholders through:

- Stabilising the Company's position by reducing cash outflows;
- Using that financial stability to permit an orderly realisation of assets and investments in a timescale that allows maximisation of the proceeds of such sales;
- Where asset realisations are not possible in the short term due to market conditions, preserving the value of those assets and/or maximising the cashflow generated by those assets; assets; and
- Look to recapitalise the business through a transformative acquisition.

The execution of this strategy presents key challenges in the maximisation of returns on assets given market conditions. Those challenges are addressed by ensuring that the Company is stable enough to be able to avoid having to offload such assets when to do so would minimise value, instead choosing to seek opportunities to maximise the long-term returns that will optimise value for shareholders.

The Company complies with this principle.

### Principle 2 - Promote a corporate culture that is based on ethical values and behaviours

The Company's corporate culture is based on creating an atmosphere of trust, openness, communication and professionalism. Due to the size of the Company, the Board is in very close contact with all employees and is able to engender an ethical, professional and effective environment in its day to day and strategic activities. The Company has currently 4 employees (including the directors). The Board seeks to ensure that all of its employees are aware of its ethical values communicating on a personal basis with its employees and encourages the adoption of these values through the appraisal and recruitment process.

The Company complies with this principle.

### Principle 3 - Seek to understand and meet shareholder needs and expectations

The Board attaches great importance to providing shareholders with clear and transparent information on the Company's activities, strategy and financial position. Details of all shareholder communications are provided on the Company's website.

The Board regards the annual general meeting as a good opportunity to communicate directly with shareholders via an open question and answer session.

The Company lists contact details on its website, should shareholders wish to communicate with the Board. The shareholders could also contact the Company Secretary if they wish.

The resolutions put to a vote at past AGMs can be found in www.rurelec.com/investors/circulars

**Principle 4 - Take into account wider stakeholder and social responsibilities and their implications for long-term success**

The contraction of the Company and the focus on stabilisation of the financial position of the business has led to frequent communication at Board level and regular communication with suppliers/funders to maintain their confidence in the business model and strategy being pursued by the Board. The long-term success of the Company relies on maintaining open communication and good relationships with its stakeholders.

Communication also extends to the Board receiving regular updates and feedback within the small London-based workforce in the Company. The Company's main trading asset was the joint venture operation in Argentina. This operation was run by a full-time local management team that maintains good relations with all key stakeholders to the business in Argentina. This asset has since been disposed of by the Company.

The Company complies with this principle.

**Principle 5 - Embed effective risk management, internal controls and assurance activities considering both opportunities and threats, throughout the organisation**

Given past changes in the Company's financial position, the Board considers risk management to be of paramount importance and this has driven its strategy of pursuing financial stability rather than expansion in order that shareholder value can be maximised through an orderly realisation of the Company's assets. The risk position of the Company is considered on a regular basis by the Board given the cash constraints that the Company has had to work within. The feedback on its strategy of pursuing a low-risk approach is received clearly in terms of reductions in cash outflow as measured by weekly reviews of cash forecasting models, and in terms of reduced exposure to fluctuations in cash inflow.

Although the Company does not undertake specific risk assessments, the Board as a whole undertakes regular views of the principal risks and uncertainties facing the Company as reported in page 5, Strategic Report. The Company has not yet implemented a risk register which should be under the Audit Committee reporting and therefore it is not compliant with the QCA Code.

**Principle 6 - Establish and maintain the Board as a well-functioning, balanced team led by the chair**

The board acknowledges that the Company is not compliant with the QCA Code as the Company currently does not have a Chairman nor two independent Non-Executive Directors.

The Board takes collective responsibility for the quality of, and approach to corporate governance by the Company, governance and the systems and procedures by which the Company is directed and controlled. A prescribed set of rules does not itself determine good governance or stewardship of a company and, in fulfilling their responsibilities, the Directors believe that they govern the Company in the best interests of the shareholders, whilst having due regard to the interests of other 'stakeholders' in the Company including, in particular, customers, employees and creditors.

The Board is responsible for running the Company, including all major business and financial risks and taking strategic decisions.

The Directors communicate at least weekly on significant matters, in particular on matters affecting cashflow.

Paul Shackleton was considered to be independent since his appointment in July 2021. The board evaluated the independence requirements of the QCA Code and considered that Paul Shackleton was independent during the period.

The number of times the Board met during the period ended 30 June 2024 was 29. All serving directors were present at all the Board meetings.

The three principal standing committees of the Board are the Audit, Nominations and Remuneration Committees.

**Audit, Remuneration and Nominations Committees**

The Board acknowledges that the Company is not compliant with the QCA Code terms of reference for these committees as these committees should be made up only of Independent Non-Executive Directors. As Paul Shackleton was the Company's only Independent Non-Executive Director during the period, matters normally reserved for these committees are currently considered by the whole board. The business of the board committees will resume when further appropriate appointments are made to the board.

The executive director is a part time director of the Company although all directors are expected to commit sufficient time to the Company in addition to attending the Board meetings.

The Board minutes and papers are circulated to directors in good time and ahead of the relevant Board meeting.

The Board has established audit committees which meet regularly. Remuneration and Nominations Committees do not meet as there are no sufficient members. Details of Committee Meetings for the period:

| **Director** | **Date of Appointment** | **Date of Resignation** | **Role at 30 June 2024** | **Date of (re-) appointment** | **Board Committee** | | |
|---|---|---|---|---|---|---|---|
| Andrew H. Coveney | 16.11.2016 | - | Executive Director | 30.06.2022 | - | - | A |
| Paul R.A. Shackleton | 26.07.2021 | - | Senior Independent Non-Executive | 02.08.2023 | N | R | A |

N = Nomination Committee
R = Remuneration Committee
A = Audit Committee

The Audit Committee met 4 times during the period ended 30 June 2024. All the committee members were present at the meetings.

Due to the size of the Company, the Board does not comply with the principle that the Board should at least have two independent directors and therefore its committees' membership is also not compliant with their terms of reference. Given the current level of transactions within the Company, the Board considers that adequate resources are available at Board level.

**Principle 7 - Maintain appropriate governance structures and ensure that individually and collectively the directors have the necessary up to date experience, skills and capability**

The Company has three directors, Paul Shackleton, Senior Independent Non-Executive Director, Andrew Coveney and Ivan Murphy, Executive Directors. Biographical details of the Directors can be obtained in https://www.rurelec.com/about-us/biographies

As the financial position of the Company evolved, so have the skills required of its directors. The current directors have been chosen for their skills in maintaining, preserving and realising shareholder value by pursuing financial stability rather than by pursuing the aggressive expansion of the past. The Executive Director serving during the period, has a wealth of experience of dealing with the consequence of deterioration in the financial positions of businesses and in implementing the change necessary to restore such businesses back to stability. Those skills have been honed within financial and restructuring backgrounds. It is important that the directors are seen to be professional, reliable, trustworthy and represent a safe pair of hands.

The directors keep their skills up to date by attending professional briefings covering regulations that are relevant to their role as directors.

The Board is grateful for the regular, thorough and diligent input of a qualified professional Company Secretary. As such the Company Secretary provides frequent advice to the Board. On legal matters, the Company Secretary is supported by the Company's solicitors. The Independent Non-Executive Director provides guidance and support on relevant matters on a regular basis.

In addition to the high level of explanation of the application of the QCA Code set out in the corporate governance statement:

- The Board of Directors is responsible for approving Company policy and strategy. The Board meets regularly throughout the year. To enable the Board to perform its duties, each director has access to advice from the Company Secretary and independent professionals at the Company's expense.
- The Board currently comprises two Executive Directos and a Non-Executive Director. Under the QCA Code a further Non-Executive Director is required to be compliant with the said code.
- All matters are reserved for the Board although the Board has chosen to delegate some of them to the Audit, Remuneration and Nominations Committees which will issue advice to the Board on those matters. Some of the matters reserved for the Board include:
    - Reviewing, approving and guiding group strategy, annual budgets and business plans; setting performance objectives; monitoring and implementing corporate performance; and overseeing major capital expenditures and disposals;
    - Monitoring the effectiveness of the Company's governance arrangements and practices, making changes as needed to ensure the Company's governance framework complies with current best practices in accordance with the size of the Company;
    - Monitoring and managing potential conflicts of interest that may arise with Board members, shareholders and external advisers;
    - Overseeing the process of external disclosure and communications.
- The Board is also responsible for all other matters which are considered to be of importance to the Group as a whole because of strategic, financial or reputational implications or consequences.
- The Board has established audit, remuneration and nominations committees however owing to the size of the board at the current time, all matters are dealt with by the board. Details of these committees are set out in Principle 5 above.
- The Board has not used external consultants in the appointment of Directors.
- All Directors are subject to re-election by shareholders in accordance with the Company's Articles of Association.
- There are no plans to change the current governance framework.
- The role of the Chair, which is currently undertaken by the Independent Non-Executive Director includes:
    - to take the chair at general meetings and Board meetings;
    - providing leadership to the Board;
    - ensuring proper information for the Board;
    - planning and conducting Board meetings effectively;
    - getting all directors involved in the Board's work;
    - ensuring the Board focuses on its key tasks of determination of the order of the agenda;
    - ensuring that the Board receives accurate, timely and clear information;
    - keeping track of the contribution of individual directors and ensuring that they are all involved in discussions and decision-making;
    - to ensure effective communication with shareholders and, where appropriate, the stakeholders.

**Principle 8 - Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement**

The Board evaluates its own performance on a monthly basis and also considers any feedback from external parties as and when that feedback is received.

Board performance is evaluated in the light of its own strategic objectives and tactical plans, in particular in relation to cash management and other financial forecasts. Any Board appointments are considered closely in relation to the ability of the proposed Director to make an active contribution to delivering value to shareholders through the achievement of the strategies and plans balanced against the cost of such an appointment.

The Company has not previously engaged any external evaluation for the performance of the Board members or external advisors for succession planning. Candidates to the Board have been proposed by the Board members based on their skills and experience and the requirements of the Company at the time of the appointment. There are currently no formal evaluations of the Board.

Therefore, the Company complies partly with this principle.

**Principle 9 - Establish a remuneration policy which is supportive of long-term value creation and the company's purpose, strategy and culture**

The Company due to its current size is not compliant with this principle as there is not a Remuneration Committee established to set up a remuneration policy compliant with the requirements of this principle.

**Principle 10 - Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other key stakeholders**

Disclosure of the outcomes of all votes are in www.rurelec.com/investors/proxy-results.

Historical annual reports and other governance-related material, including notices of all general meetings over the last five years can be obtained in www.rurelec.com/investors/circulars.

Further disclosure required under QCA Principle 10 can be found in Principles 4 and 7 above.

**Maria J. Bravo Quiterio**
Company Secretary
31 March 2025

**Independent auditor's report to the shareholders of Rurelec PLC**
**for the period ended 30 June 2024**

## Opinion

We have audited the financial statements of Rurelec PLC (the 'Company') for the period ended 30 June 2024, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2024 and of its loss for the period then ended;
- have been properly prepared in accordance UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Material uncertainty relating to going concern

We draw attention to note 2b in the financial statements, which indicates that the Company requires additional fundraising to continue in operational existence beyond 31 March 2026. As stated in Note 2b while the company's management are confident that additional equity funding will be raised, at the time of approval of these financial statements sufficient funding to enable the company to operate beyond 31 March 2026 has not been secured.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the Company was unable to secure the additional funding required. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

**Capability of the audit in detecting irregularities, including fraud**

Based on our understanding of the company and industry, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, anti-bribery and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure and management bias in accounting estimates and judgemental areas of the financial statements, such as the valuation of assets held for sale. Audit procedures performed by the engagement team included:

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations (including health and safety) and fraud, and review of the reports made by management; and
- Assessment of identified fraud risk factors; and
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Performing analytical procedures to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Performing analytical procedures with automated data analytics tools to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Reading minutes of meetings of those charged with governance, reviewing correspondence with relevant tax and regulatory authorities; and
- Review of significant and unusual transactions and evaluation of the underlying financial rationale supporting the transactions; and
- Identifying and testing journal entries using automated data analytics, in particular any manual entries made at the year end for financial statement preparation; and
- Physical verification of the assets held for resale; and
- Challenging the assumptions and judgements made by management's expert in the valuation of the assets held for resale.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involved intentional concealment, forgery, collusion, omission or misrepresentation.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Cook BA (Hons) FCA (Senior Statutory Auditor)

for and on behalf of

Kreston Reeves LLP

Chartered Accountants

Statutory Auditor

London

31 March 2025

Kreston Reeves LLP is a limited liability partnership registered in England and Wales (with registered number OC328775)

**STATEMENT OF COMPREHENSIVE INCOME**

For the period ended 30 June 2024

| | Note | *Period ended 30 June 2024 £'000* | *Year ended 31 December 2022 £'000* |
|---|---|---|---|
| Revenue | | - | - |
| **Gross profit** | | **-** | **-** |
| Other income | **5** | 181 | 25 |
| Other operating expenses | **5** | (103) | - |
| Administrative expenses | **6** | (1,259) | (961) |
| Exchange rate (loss)/gain | | (384) | 145 |
| Cochrane loan provision | **7** | (17) | (892) |
| Impairment losses | **9** | (2,689) | (1,195) |
| **Operating loss** | | **(4,271)** | **(2,878)** |
| Finance income | **10** | 3 | 697 |
| **Loss before taxation** | | **(4,268)** | **(2,181)** |
| Taxation | **11** | - | - |
| **Total comprehensive loss for the period** | | **(4,268)** | **(2,181)** |
| **Total comprehensive loss for the period attributable to the owners of the Company** | | **(4,268)** | **(2,181)** |

There were no items of other comprehensive income during the period. Total comprehensive income for the period is equal to the loss for the period.

The notes on pages 24 to 36 form an integral part of these Financial Statements.

## STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

| | Note | *As at 30 June 2024 £'000* | *As at 31 December 2022 £'000* |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Trade and other receivables | **13** | 129 | 89 |
| Cash and cash equivalents | **14** | 727 | 446 |
| Assets held for sale | **12** | 4,745 | 10,108 |
| **Total assets** | | **5,601** | **10,643** |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | **16** | 383 | 484 |
| **Total current liabilities** | | **383** | **484** |
| **Total liabilities** | | **383** | **484** |
| **Net assets** | | **5,218** | **10,159** |
| **Equity** | | | |
| Share capital | **15** | 71 | 5,614 |
| Share premium | **15** | 435 | - |
| Deferred shares | **15** | 5,558 | - |
| Retained losses/earnings | | (846) | 4,545 |
| **Total equity** | | **5,218** | **10,159** |

The financial statements of Rurelec Plc, Company number 04812855, were approved by the Board of Directors on 31 March 2025 and were signed on its behalf by Andrew Coveney and Paul Shackleton.

Andrew Coveney Paul Shackleton

The notes on pages 24 to 36 form an integral part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY**

For the period ended 30 June 2024

| | ***Share capital £'000*** | ***Share premium £'000*** | ***Deferred shares £'000*** | ***Retained losses/ earnings £'000*** | ***Total equity £'000*** |
|---|---|---|---|---|---|
| **Balance at 1 January 2022** | **5,614** | **-** | **-** | **6,726** | **12,340** |
| Loss for the period | - | - | - | (2,181) | (2,181) |
| **Total comprehensive loss for the period** | - | - | - | (2,181) | (2,181) |
| **Balance at 31 December 2022** | **5,614** | **-** | **-** | **4,545** | **10,159** |
| | | | | | |
| **Balance at 1 January 2023** | **5,614** | **-** | **-** | **4,545** | **10,159** |
| Loss for the period | - | - | - | (4,268) | (4,268) |
| **Total comprehensive loss for the period** | - | - | - | (4,268) | (4,268) |
| | | | | | |
| Share capital issued | 15 | 435 | - | - | 450 |
| Dividends paid | - | - | - | (1,123) | (1,123) |
| Reclassification of shares | (5,558) | - | 5,558 | - | - |
| **Total transactions with owners** | (5,543) | 435 | 5,558 | (1,123) | (673) |
| | | | | | |
| **Balance at 30 June 2024** | **71** | **435** | **5,558** | **(846)** | **5,218** |

The notes on pages 24 to 36 form an integral part of these financial statements.

## STATEMENT OF CASH FLOWS

For the period ended 30 June 2024

| | Notes | *Period ended 30 June 2024 £'000* | *Year ended 31 December 2022 £'000* |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Loss for the year from continuing activities | | **(4,268)** | **(2,181)** |
| Adjustments for: | | | |
| Foreign exchange (gains)/losses | | 287 | (160) |
| Impairment of assets held for sale | **9** | 2,689 | - |
| Impairment of amounts due from joint venture | **9** | - | 1,679 |
| Gain on disposal of assets | **5** | (137) | - |
| Finance income | **10** | (3) | (1) |
| Loss on disposal of assets held for sale | **5** | 103 | - |
| | | (1,329) | (663) |
| **Movement in working capital:** | | | |
| (Increase) in trade and other receivables | **13** | (40) | (319) |
| (Decrease)/increase in trade and other payables | **16** | (101) | 68 |
| **Net cash used in operating activities** | | **(1,470)** | **(914)** |
| | | | |
| **Cash flows from investing activities** | | | |
| Proceeds from sale of assets | **12** | 2,369 | - |
| **Net cash generated from investing activities** | | **2,369** | **-** |
| | | | |
| **Cash flows from financing activities** | | | |
| Dividends paid | | (1,123) | - |
| Loan repayments from joint venture company | | - | 599 |
| Other interest received | **10** | 3 | 1 |
| Issue of new ordinary share capital | **15** | 450 | - |
| **Net cash generated from (used in) financing activities** | | **(670)** | **600** |
| | | | |
| **Increase/(decrease) in cash and cash equivalents** | | **229** | **(314)** |
| Cash and cash equivalents at the start of the period | **14** | 446 | 743 |
| Exchange gains on cash and cash equivalents | | 52 | 17 |
| **Cash and cash equivalents at the end of the period** | | **727** | **446** |

**Significant non-cash transaction during the year**

During the period, 561,387,586 ordinary shares were converted to deferred shares at a rate of £0.0099 per share, with a value totalling £5.558 million. See Note 15 for more information.

The notes on pages 24 to 36 form an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

**For the period ended 30 June 2024**

### 1. GENERAL INFORMATION

Rurelec PLC ("Rurelec" or the "Company") is a public limited company incorporated and domiciled in England and Wales. The address of the Company's registered office is given on the information page. The Company's shares were traded on the AIM market of the London Stock Exchange up until it's delisting on 12 June 2024.

The financial statements are for the 18 months ended 30 June 2024. They have been prepared in accordance with UK-adopted International Accounting Standards ("UK-IAS"). The prior period was for the year ended 31 December 2022.

### 2. BASIS OF PREPARATION

**(a) Statement of compliance**
The financial statements have been prepared in accordance with UK adopted international accounting standards, in conformity with the requirements of the Companies Act 2006.

The principal accounting policies adopted in the preparation of the financial statements are set out in note 3. The policies have been consistently applied to all periods presented, unless otherwise stated.

The financial statements for the period ended 30 June 2024 solely reflect the financial affairs of the Company and are not inclusive of consolidated figures. The comparative figures for the year ended 31 December 2022 have been updated to reflect the financial performance and position of the Company during the period.

The financial statements are presented in Pound Sterling (£) which is also the functional currency of the Company.

Amounts are rounded to the nearest thousand, unless otherwise stated.

The financial statements have been prepared on a historical cost basis.

**(b) Going concern**
The financial statements have been prepared on a going concern basis.

At 30 June 2024 the Company is in a position whereby it can only meet expected costs for 12 months after the signing of this report if there is another successful fundraising in advance of an acquisition or there is a sale of the turbines.

The company continues to actively market the turbines for sale and the directors have identified a need to raise further equity in the company. They have engaged a third party representing existing shareholders to advance this fundraising strategy but as at the time of approval of these financial statements nothing has been irrevocably agreed.

However, the company's management has good reason to believe that additional funds will be raised to allow the company to operate beyond 31 March 2026.

For this reason, they continue to adopt the going concern basis but acknowledge there are some material uncertainty.

**(c) (i) New and amended standards, and interpretations issued and effective for the first time for annual reporting periods commencing on 1 January 2023 and have been adopted in preparing these financial statements:**

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Amendments to IAS 1: Classification of Liabilities as Current or Non-current – Deferral of Effective Date – effective 1 January 2023;
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier finance arrangements – effective 1 January 2023;
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback* – effective 1 January 2023; and

- IAS 1 Presentation of Financial Statements (Amendment – Non-current Liabilities with Covenants) – effective 1 January 2023.

**(ii) New standards, amendments and interpretations in issue but not yet effective**:

At the date of approval of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue for periods starting 1 July 2024 but not yet effective:

- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates). Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments*; and Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments*; and
- IFRS 18 – Presentation and Disclosure of financial Statements*.
- IFRS 19 – Subsidiaries without Public Accountability
  *subject to UK endorsement

The Directors do not expect that the adoption of these standards will have a material impact on the financial information of the Company in future periods.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**(a) Equity accounted joint ventures**
Rurelec reports its interests in joint ventures using the equity method of accounting, except when the investment is classified as held for sale. During the period, the Company disposed of its joint venture interest in Argentina.

**(b) Foreign currency translation**
The financial information is presented in pound sterling, which is also the functional currency of the Company.

Foreign currency transactions are translated into the functional currency of the Company, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at period-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at the period-end. They are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

In 2023, the Argentinian and Chile operations were disposed of, reducing the effect foreign currency translation would have on Rurelec going forward.

**(c) Other operating income**
Other operating income represents all other income received by the Company. This includes income received as a result of the disposal of Patagonia Energy Ltd (PEL) and Cochrane Power Ltd as assets held for sale. This income is recognised at fair value where there are reasonable assurances that the amount will be received once all conditions are met.

**(d) Expense recognition**
Operating expenses are recognised in the income statement upon utilisation of the service or at the date of their origin. All other income and expenses are reported on an accrual basis.

**(e) Finance income**
Finance income relates to other financial income on interest that is recognised in profit and loss when earned.

**(f) Dividends**
Dividends, other than those from investments in associates and joint ventures, are recognised at the time the right to receive payment is established. Dividends of £1.12 million were paid during the period in relation to the disposals of joint venture interests (2022: £nil).

### (g) Borrowing costs

All borrowing costs are expensed as incurred except where the costs are directly attributable to specific construction projects, in which case the interest cost is capitalised as part of those assets.

### (h) Impairment of assets held for sale

At each reporting date, the Company reviews the carrying amount of its assets held for sale to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than it's carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement. Rurelec recognises a cash-generating unit by its ability to independently earn income. The Company carries each cash-generating unit in an individual special purpose company, so they are easily recognised.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

### (i) Taxation

Current income tax assets and liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the period. All changes to current tax assets or liabilities are recognised as a component of tax expense in the income statement or through the statement of changes in equity.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the financial statements with their respective tax bases. However, in accordance with the rules set out in IAS 12, no deferred taxes are recognised in respect of non-tax-deductible goodwill. In addition, tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided for in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided that they are enacted or substantially enacted at the reporting date.

Deferred tax is provided on differences between the fair value of assets and liabilities acquired in an acquisition and the carrying value of the assets and liabilities of the acquired entity and on the differences relating to investments in subsidiary and joint venture companies if the difference is a temporary difference and is expected to reverse in the foreseeable future.

Changes in deferred tax assets and liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are accounted for through other comprehensive income or charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity, or other comprehensive income.

**(j) Financial assets**
Rurelec's financial assets include cash and cash equivalents and receivables, held at amortised cost.

Cash and cash equivalents include cash at bank and in hand as well as short term highly liquid investments such as bank deposits.

Receivables are measured initially at fair value and subsequently remeasured to test for impairment, the carrying value is less provision for impairment. Any impairment is recognised in the income statement.

**(k) Financial liabilities**
Financial liabilities are obligations to pay cash or other financial instruments and are recognised when Rurelec becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised only when the obligation is extinguished, that is when the obligation is discharged, cancelled or expires.

Bank and other loans are raised for support of short-term funding of the Company's operations. They are recognised initially at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method. Finance charges, including premiums payable on settlement or redemption, and direct issue costs are charged to the income statement on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

**(l) Short term leases**
IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with the option to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. The Company does not have significant leasing activities acting as a lessor, also, there are no impacts as a lessee**.**

**(m) Shareholders' equity**
Equity attributable to the shareholders of the Company comprises the following:

"Share capital" represents the nominal value of equity shares.

"Share premium" represents the premium on issue of equity shares, net of any issue costs.

"Deferred shares" represents shares which are only entitled to a dividend once ordinary shareholders have been paid a specified minimum dividend.

"Retained losses/earnings" represents all cumulative realised profits less cumulative realised losses and distributions made.

**(n) Pensions**
Under the Pensions Act 2008, every employer in the UK must put certain staff into a workplace pension scheme and contribute towards it. This is called 'automatic enrolment'. The Company's staging date was 1 October 2017. The Company chose to set up its auto enrolment contribution plan pension scheme with NEST which ensures access to suitable, low-charge pension provision to meet the new duty to enrol all eligible workers into a workplace pension automatically.

The Company also offers a Salary Sacrifice Scheme within NEST by which employees sacrifice part of their salary in exchange for the Company to make an employer contribution on their behalf to the pension scheme and also to contribute their national insurance savings on the amount sacrificed by the employee.

During the period under review, the Company continued its contributions to the contribution plan NEST Pension scheme.

**(o) Non-current assets held for sale and discontinued operations**

Rurelec classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset, and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

## 4. KEY ASSUMPTIONS AND ESTIMATES

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income from loan repayment receipts and asset sales and expenses. The actual results may differ from the judgements, estimates and assumptions made and will seldom equal the estimated results. The areas which management consider are likely to be most affected by the significant judgements, estimates and assumptions on recognition and measurement of assets, liabilities, income and expenses are:

*Impairment*

Management review assets held for sale at each balance sheet date to determine whether there is, in their judgement, any indication that those assets have suffered an impairment loss. Management sought the advice of an external professional advisor in determining the valuation of their relevant assets. The key assumption used in the assets held for sale annual impairment assessment is estimating the residual value of the assets.

Based on the market demand, the directors apply judgement to estimate the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The sale of these units is dependent on a customer undertaking a suitable project as this size of older turbine are very rarely bought “for stock”- they would only be bought by a buyer with a specific project in mind in an appropriate territory where such turbines are permitted to operate. Hence the exact timing of a future sale remains uncertain, and this introduces a natural unpredictability to the timing and value of receipts from such sales.

*Income*

The Company is reliant on asset sales; a material uncertainty exists as to whether projected receipts will occur.

## 5. OTHER OPERATING INCOME & EXPENSES

Other income received during the period were as follows:

| | Period Ended 30 June 2024 £'000 | Year Ended 31 Dec 2022 £'000 |
|---|---|---|
| Director's fees due from Energia Del Sur S.A (EdS) | 14 | 25 |
| Fee received from EDS for PEL management | 30 | - |
| Gain on sale of assets[1] | 112 | - |
| Gain on sale of Cochrane Power Ltd[2] | 25 | - |
| **Total** | **181** | **25** |

[1]Transformers held were sold on 9th March 2023.

[2]On 8th December 2023, Cochrane Power Limited and its Chilean subsidiaries were disposed of by Rurelec Plc. A sum of £25k has been received, being the total consideration for the disposal.

Other expenses incurred during the period were as follows:

| | Period Ended 30 June 2024 £'000 | Year Ended 31 Dec 2022 £'000 |
|---|---|---|
| Loss on sale of Patagonia Energy Ltd (PEL) (note 12) | 103 | - |
| **Total** | **103** | **-** |

## 6. ADMINISTRATIVE EXPENSES

| | Period Ended 30 June 2024 £'000 | Year Ended 31 Dec 2022 £'000 |
|---|---|---|
| Payroll and social security | 513 | 354 |
| Services, legal and professional | 392 | 260 |
| Office costs and general overheads | 296 | 231 |
| Auditor remuneration for audit of the Company | 40 | 110 |
| Other expenses | 18 | 6 |
| **Total** | **1,259** | **961** |

## 7. COCHRANE LOAN PROVISION

| | Period Ended 30 June 2024 £'000 | Year Ended 31 Dec 2022 £'000 |
|---|---|---|
| Cochrane loan provision | 17 | 892 |
| **Total** | **17** | **892** |

A loan provision is recognised in relation to a loan held with Cochane Power Ltd. The terms of the loan was payable on demand.

## 8. EMPLOYEE COSTS

| | Period Ended 30 June 2024 £'000 | Year Ended 31 Dec 2022 £'000 |
|---|---|---|
| Aggregate remuneration of all employees and Directors | 480 | 332 |
| Social security costs | 20 | 14 |
| Pension costs | 13 | 8 |
| **Total** | **513** | **354** |

Included within employee costs is an amount paid to Coveney Associates Consulting Ltd, a company in which A Coveney is a director, totalling £202k (2022: £147k).

The average number of employees in Rurelec, including Directors, during the period was as follows:

| | Period Ended 30 June 2024 | Year Ended 31 Dec 2022 |
|---|---|---|
| Management | 2 | 2 |
| Administration and development | 2 | 2 |
| **Total** | **4** | **4** |

**a) Directors' remuneration**

The total remuneration paid to the Directors was £292k (2022: £206k). The total remuneration of the highest paid Director was £247k (2022: £176k). There were no health insurance costs, bonuses, pension costs or share based payments paid during the period (2022: £nil).

| | Period Ended 30 June 2024 £'000 | Year Ended 31 Dec 2022 £'000 |
|---|---|---|
| A Coveney | 247 | 176 |
| P Shackleton | 45 | 30 |
| **Total** | **292** | **206** |

A Coveney provided services under a service agreement contract with Coveney Associates Consulting Ltd and received £45k via payroll (2022: £30k).

## 9. IMPAIRMENT LOSSES

| | Period Ended 30 June 2024 £'000 | Year Ended 31 Dec 2022 £'000 |
|---|---|---|
| Impairment of amounts due from PEL | - | (1,195) |
| Impairment of assets held for sale | (2,689) | - |
| **Total** | **(2,689)** | **(1,195)** |

## 10. FINANCE INCOME

| | Period Ended 30 June 2024 £'000 | Year Ended 31 Dec 2022 £'000 |
|---|---|---|
| Other interest received[1] | **3** | **697** |

[1]2022 finance income includes £696k attributable to the reversal of interest from the Cochrane loan provision.

## 11. TAX EXPENSE

Tax assessed for the period is £nil. From 1 April 2023 the UK Government increased the corporation tax rates to 25% on profits above £250,000. Companies with profits of £50,000 or less will be taxed at 19% and companies with profits between £50,000 and £250,000 will pay tax at 24.01% that is reduced by marginal relief on a sliding scale. The differences are explained below:

| | Period Ended 30 June 2024 £'000 | Year Ended 31 Dec 2022 £'000 |
|---|---|---|
| Result for the period before tax | (4,268) | (2,181) |
| Standard rate of Corporation Tax in UK | 24.01% | 19% |
| Expected tax credit | (1,067) | (414) |
| Tax effect not deductible in determining taxable profits | 17 | 39 |
| Effect of tax losses not recognised as deferred tax assets | 1,050 | 375 |
| **Total tax expense** | **-** | **-** |

The estimated accumulated unrecognised deferred tax asset is £4.87 million (2022: £3.85 million), based on cumulative tax losses of £19.46 million (2022: £15.41 million) at 25%. A deferred tax asset is not recognised as an asset due to the uncertainty and unknown timing of its realisation against future profits.

## 12. ASSETS HELD FOR SALE

| | Joint ventures £'000 | Property, plant and equipment £'000 | Total £'000 |
|---|---|---|---|
| Opening balance as at 1 January 2022 | - | - | - |
| Additions | 4,498 | 8,600 | 13,098 |
| Disposal | (1,679) | | (1,679) |
| Exchange rate movements | (484) | (827) | (1,311) |
| Closing balance as at 31 December 2022 | 2,335 | 7,773 | 10,108 |
| | | | |
| Opening balance as at 1 January 2023 | 2,335 | 7,773 | 10,108 |
| Disposal | (2,335) | - | (2,335) |
| Exchange rate movements | - | (339) | (339) |
| Impairment | - | (2,689) | (2,689) |
| **Closing balance as at 30 June 2024** | **-** | **4,745** | **4,745** |

**a) Joint venture – Argentinian interests**

Patagonia Energy Ltd ("PEL") was the joint venture company which owned Energia del Sur, S.A ("EdS") based in Argentina and in which Rurelec had a 50 per cent. share. £2.335 million was the opening balance of the Argentinian interests in assets held for sale at 1 January 2023. The sale completed on 16 May 2023 with initial proceeds of £2.4 million (US$3 million), received on 9 June 2023.

As the sale was finalised on the 9 June 2023, the balance has been reduced to £nil as of 30 June 2024, with proceeds from the sale recognised in other income (See note 5).

**b) Plant & equipment**

It is the Company's intention to sell the two Siemens Westinghouse 701 128 MW gas turbine generators ("701s") in the next 12 months. As at 31 December 2022, turbines held as assets held for sale were recognised with a value of £7.773 million. As at 30 June 2024, no sale had been concluded. Subsequent to period end discussions remain ongoing with regard to the sale.

During the period ended 30 June 2024, the carrying value was tested for impairment and the directors considered that impairment had occurred which required the asset to be written down by £2.689 million to reflect its fair value.

An additional reduction of £338k has been recognised due to exchange rate variances during the period.

As at 30 June 2024, total assets held for sale by the Company was £4.745 million (2022: £10.108 million).

## 13. TRADE AND OTHER RECEIVABLES

| | Period Ended 30 June 2024 £'000 | Year Ended 31 Dec 2022 £'000 |
|---|---|---|
| **Current** | | |
| Tax receivable – VAT | 21 | 9 |
| Other receivables and prepayments | 108 | 80 |
| | **129** | **89** |

All trade and other receivables are unsecured and are not past their due by dates. The fair values of receivables are not materially different to the carrying values shown above.

## 14. CASH AND CASH EQUIVALENTS

| | Period Ended 30 June 2024 £'000 | Year Ended 31 Dec 2022 £'000 |
|---|---|---|
| **Current** | | |
| Cash and short-term bank deposits | 727 | 446 |
| | **727** | **446** |

Cash and short-term bank deposits are held, where the balance is material, in interest bearing bank accounts, accessible at between 1- and 30-days' notice. The effective average interest rate is less than 1 per cent per annum. Rurelec holds cash balances to meet its day-to-day requirements.

## 15. SHARE CAPITAL AND RESERVES

| In issue, authorised, called up and fully paid | Share capital £'000 | Share premium £'000 | Deferred shares £'000 |
|---|---|---|---|
| **1 January 2022 to 31 December 2022** | | | |
| 561,387,586 ordinary shares of 1p each | 5,614 | - | - |
| **As at 1 January 2023** | 5,614 | - | - |
| 561,387,586 reclassified deferred shares of 0.0099p each[1] | (5,558) | - | 5,558 |
| 148,221,343 ordinary shares issued at 0.0001p each[2,3] | 15 | 435 | - |
| **As at 30 June 2024** | **71** | **435** | **5,558** |

Ordinary shares have no redemption rights and are entitled to full rights to dividends and excess capital on winding up. Deferred shares are only entitled to a dividend once ordinary shareholders have been paid a specified minimum dividend.

[1]On 21 May 2024, 561,387,586 shares were reclassified to deferred shares at a rate of £0.0099 per share, resulting in £5,557,737 in share capital being transferred to deferred shares.

[2]On 21 May 2024, 82,345,191 shares were issued at a nominal rate of £0.0001 and a premium rate of £0.003036, raising £8,235 in share capital and £241,765 in share premium.

[3]On 14 June 2024, 65,876,152 shares were issues at a nominal rate of £0.0001 and a premium rate of £0.003036, raising £6,588 in share capital and £193,412 in share premium.

As at 30 June 2024, the issued share capital of the Company consists of 148,221,343 ordinary shares and 561,387,586 deferred shares.

## 16. TRADE AND OTHER PAYABLES

| | Period Ended 30 June 2024 £'000 | Year Ended 31 Dec 2022 £'000 |
|---|---|---|
| **Current** | | |
| Trade payables | 68 | 84 |
| Social security and pension | 8 | - |
| Accruals | 63 | 142 |
| Amounts due to related parties | 244 | 257 |
| | **383** | **483** |

The fair values of trade payables are the same as their book values.

## 17. INVESTMENTS

**At the period end, the Company held the following investments:**

**Direct investments:**

1. 100 per cent. (2022: 100 per cent.) of the issued share capital of Rurelec Project Finance Limited a company registered in England and Wales under registration number 07523554. Rurelec Project Finance Limited owned at the year-end 95 per cent. interest in SEA Energy S.A.
2. 5 per cent. (2022: 5 per cent.) interest in SEA Energy S.A. a company registered in Argentina under registration number CUIT 30-71022906-2.

**Indirect investments:**

1. 95 per cent (2022: 95 per cent) interest in SEA Energy S.A. a company registered in Argentina under registration number CUIT 30-71022906-2. The investment is held via Rurelec Project Finance Limited.

## 18. FINANCIAL INSTRUMENTS

**Financial risk management**

The Company is exposed to a variety of financial risks which result from both its operating and investing activities. Rurelec's risk management is coordinated to secure the Company's short to medium-term cash flows by minimising its exposure to financial markets. The Company does not actively engage in the trading of financial assets for speculative purposes, nor does it write options. The most significant risks to which the Company is exposed are described below:

**a) Foreign currency risk**

Rurelec is exposed to translation and transaction foreign exchange risk. The Company's principal trading operations in the prior period were based in South America and as a result the Company had exposure to currency exchange rate fluctuations in the principal currencies used in South America. During the reporting period, the Company disposed of its operations in South America, reducing its foreign currency risk.

**b) Interest rate risk**

Funds are invested in short-term deposit accounts, with a maturity of less than three months, with the objective of maintaining a balance between accessibility of funds and competitive rates of return.

**c) Capital management policies and liquidity risk**

Rurelec considers its capital to comprise its ordinary share capital, share premium, deferred shares, accumulated retained losses/earnings and other reserves.

The Company's objective when maintaining capital is to safeguard the entity's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders.

The Company meets its capital needs primarily by equity financing. The Company sets the amount of capital it requires to fund its project evaluation costs and administration expenses. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Following the Company's delisting, The Company will still meet its capital needs through equity financing in the short term via private placements or strategic partnerships.

The Company does not have any derivative instruments or hedging instruments. It has been determined that a sensitivity analysis will not be representative of its position in relation to market risk and therefore no such analysis has been undertaken.

The following table sets out when the financial obligations fall due:

| | Period Ended 30 June 2024 £'000 | Year Ended 31 Dec 2022 £'000 |
|---|---|---|
| **Current – due within 1 year:** | | |
| Trade payables | 68 | 84 |
| Accruals | 63 | 143 |
| Social security and pension | 8 | - |
| Amount due to related party | 244 | 257 |
| **Total due within 1 year:** | **383** | **484** |

**d) Credit risk**

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the balance sheet (or in the detailed analysis provided in the notes to the financial statements). Credit risk, therefore, is only disclosed in circumstances where the maximum potential loss differs significantly from the financial asset's carrying value. The Company's trade and other receivables are actively monitored.

**e) Fair values**

In the opinion of the Directors, there is no significant difference between the fair values of the Company's assets and liabilities and their carrying values and none of the Company's trade and other receivables are considered to be impaired.

The financial assets and liabilities of the Company are classified as follows:

| **30 June 2024** | **Financial assets at amortised cost £'000** | **Financial liabilities at amortised cost £'000** |
|---|---|---|
| Other receivables < 1 year | 16 | - |
| Cash and cash equivalents | 727 | - |
| Trade payables < 1 year | - | (68) |
| Other payables < 1 year | - | (71) |
| Amounts due to related party < 1 year | - | (244) |
| **Total** | **743** | **(383)** |

| **31 December 2022** | **Financial assets at amortised cost £'000** | **Financial liabilities at amortised cost £'000** |
|---|---|---|
| Trade and other receivables < 1 year | 80 | - |
| Cash and cash equivalents | 446 | - |
| Trade and other payables < 1 year | - | (484) |
| **Total** | **526** | **(484)** |

## 19. SHORT TERM LEASE COMMITMENTS

**Office premises**

Office premises relates to Rurelec's offices. These are of low value, and short term; less than one year £36k (2022: £16k).

## 20. DIVIDENDS

| | **Period Ended 30 June 2024 £'000** | **Year Ended 31 Dec 2022 £'000** |
|---|---|---|
| Special dividend 2023: 0.2p (2022: 0p) per ordinary share | 1,112 | - |
| **Total** | **1,112** | - |

Following the sale of Rurelec's Argentinian interests and the disposal of the Chilean interests, the Company made a special dividend payment to shareholders of 0.2p per share, totalling £1.12 million.

## 21. RELATED PARTY TRANSACTIONS

During the reporting periods The Company entered into material transactions with related parties as follows:

i) Paid salaries to directors, who are considered Key Management Personnel which amounted to £0.3 million (2022: £0.2 million).

| | Period Ended 30 June 2024 £'000 Base Salary/Fee | Year Ended 31 Dec 2022 £'000 Total |
|---|---|---|
| A Coveney | 247 | 176 |
| P Shackleton | 45 | 30 |
| **Total** | **292** | **206** |

A Coveney provided services of £202k (2022: £147k) under a service agreement contract with Coveney Associates Consulting Ltd. P Shackleton joined on 27 July 2021, and he is on payroll.

ii) Accrued interest on loans from its 100% subsidiary Rurelec Project Finance Ltd ("RPFL") totalling £nil (2022: £nil). The loan balance outstanding at the year-end due to RPFL was £0.2 million (2022: due £0.3 million).

| | Period Ended 30 June 2024 £'000 | Year Ended 31 Dec 2022 £'000 |
|---|---|---|
| Year-end creditor (note 16) | 244 | 257 |
| Interest credited / (charged) | - | - |

## 22. CONTROL

The following shareholders control over 10% of the Company:

- John Story: 21.81% shareholding.
- Askar Alshinbayev: 13.61% shareholding.

All other shareholders hold less than 10% of the ordinary shares

The Directors consider the ultimate controlling party to be John Story on the basis of his 21.81% shareholding in Rurelec.

## 23. POST BALANCE SHEET DATE EVENTS

No material events took place after the reporting date.

## COMPANY INFORMATION

**Directors**
A.H. Coveney (Executive)
I.J.B. Murphy (Executive)
P.R.A. Shackleton (Non-Executive)

**Secretary**
M J. Bravo Quiterio

**Company number**
04812855

**Registered office and business address**
5 St. John’s Lane
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**Auditor**
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**Registrars**
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