2014

Interim Report to Shareholders

Good Energy Group

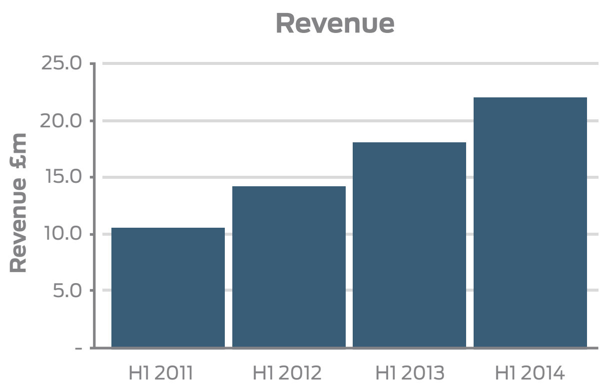
Key highlights
Interim Report for the six months ended 30 June 2014

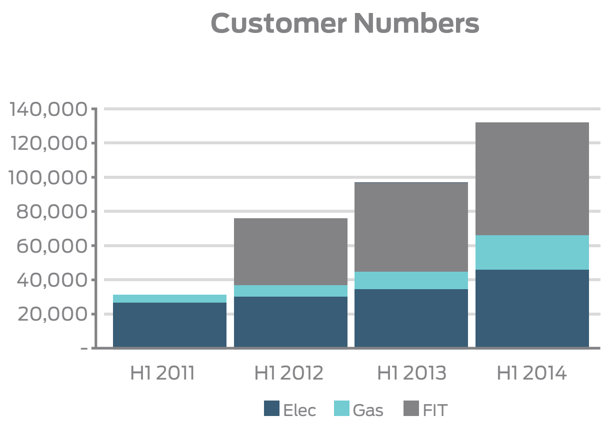
Good Energy Group PLC is an AIM listed, vertically integrated, independent renewable energy supplier and generation business. The Company supplies gas, electricity and feed-in tariff site administration services to more than 132,000 domestic and commercial customers.

It also operates a renewable electricity generation business and a development pipeline comprising of a range of wind and solar renewable energy projects. The Company is focused on delivering 50% of electricity from its own renewable generation assets by 2016.

Good Energy Group PLC is pleased to announce its interim results for H1 2014.

The Company has delivered a solid financial performance with growth in line with expectations across both supply and generation portfolios, in the first six months of 2014. We have seen good customer growth, with increased market share across the electricity and gas supply, and feed-in tariff (FIT) administration customer bases, with overall customer numbers increasing by 36%.





Customers

- Electricity customer numbers increased by 35% to around 46,000 (H1 2013: 34,000)
- Gas customer numbers increased by 82% to more than 20,000 (H1 2013: 11,000)
- Feed-in tariff (FIT) administration customer numbers increased by 27% to more than 66,000 (H1 2013: 52,000)

Generation

- Good Energy's wind assets generated a 13% increase in power in H1 2014 compared to H1 2013.
- Hampole wind farm was fully commissioned, on schedule and to budget and is capable of generating 23GWh of renewable electricity a year (enough to power 6,500 homes). Delabole wind farm performance for H1 was strong as a result of windy weather conditions.
- Two new solar sites have been energised in Dorset and North Cornwall (one post-period), which between them can produce a further 7GWh of renewable electricity a year.
- Good Energy's growing combined portfolio of wind and solar sites is enabling the Company to remain on track towards its goal of delivering 50% of electricity from its own renewable generation assets by 2016.
- At the start of 2014, we received planning permission for a 49.9MW solar site in West Raynham, Norfolk. Post-period, we agreed terms for the sale of this site to a member of the Trina Solar group.

Financial Highlights

- Revenue increased by 22% to £22.2m (H1 2013: £18.2m)
- Gross profit increased by 18% to £7.4m (H1 2013: £6.3m)
- Operating profit decreased by 51% to £0.7m (H1 2013: £1.4m)
- Cash balance as at 30 June £5.0m (H1 2013: £1.7m)
- Basic earnings per share 1.9p (H1 2013 : 7.8p)
- Interim dividend of 1p per ordinary share declared (H1 2013: 1p)

Post Balance Sheet Events

The half-year results do not reflect the sale in August of the solar park site at West Raynham. This sale will be reflected in the full year accounts.

Chairman's statement

I am pleased to report Good Energy Group PLC's interim results for the six months ended 30 June 2014. During the period, we have maintained a positive momentum and made steady progress towards our strategic objectives, across both the supply and generation businesses, in line with our expectations. We have achieved good growth across all customer groups . However, this growth has been tempered by the effects of reduced energy usage by customers, in common with the downturn experienced by the wider market.

It has been a period of continued investment by Good Energy to bring future growth, particularly in our development pipeline of new generation assets. During H1, we saw the successful commissioning of two new renewable electricity generation sites - a second wind farm and our first solar site - which have helped increase the amount of electricity we are able to generate from our owned assets. A second solar site was commissioned in early August, and we remain on track to meet our goal of delivering 50% of electricity from our own renewable generation assets by 2016.

At the same time, our winter price freeze and success in topping the Which? energy company customer satisfaction survey for the third year running, has helped to deliver both strong customer growth and increased market share, as demonstrated in our latest company numbers.

The Board

The Good Energy Board has been further strengthened with the appointment of Denise Cockrem as Chief Financial Officer on 1 May. Denise brings with her a wealth of experience and most recently served as Finance Director for RSA Insurance Group (UK & Western Europe).

Compliance and quality control

Good Energy believes simplicity and transparency should not only be at the heart of how every energy supplier treats its customers, but also in the way it does business. We are committed to best practice compliance and quality assurance processes and have in place a framework of internal controls and procedures to ensure standards are met.

Strategy and outlook

The Board currently expects the Company's full year performance to be in line with expectations. However, this will be dependent on the contingent consideration achieved from the sale of West Raynham, continued customer growth and no further reduction in forecast energy usage. This remains a challenging market in which to operate, and one in which there is a substantial level of regulatory change and associated increase in costs. We are confident we have the right proposition and strategy to bring growth to all our shareholders and look to the future with confidence.

Dividend declaration

Having paid an aggregate dividend for 2013 of 3.3p per ordinary share, the Board is pleased to announce an interim dividend of 1p per ordinary share for the period to 30 June 2014. The dividend is payable on 24 October 2014 to shareholders whose names are on the register at close of business on 10 October 2014. The shares will trade ex-dividend on 9 October 2014.

John Maltby
Chairman
30 September 2014

Chief Executive's Review

Good Energy has had a positive first half of the year as demonstrated by today's results. We are pleased with the continued growth of all of our customer bases, with increased market share across the electricity and gas supply, and feed-in tariff (FIT) administration sites. We believe this is reflective of our attractive customer proposition of competitive pricing, 100% renewable electricity and outstanding customer service.

As at June 30, 2014, we had 46,000 electricity customers (H1 2013 – 34,000); 20,000 gas customers (H1 2013 – 11,000) and 66,000 FIT administration sites (H1 2013 – 52,000). This represents a total percentage growth across all customers of 36%. Excellent customer service is core to our offering and we were delighted to be voted top in the Which? 2014 energy company customer satisfaction survey for the third year running at the start of the year, recognising Good Energy's industry-leading service.

In common with the wider market sector, we have seen a reduction in energy usage by customers, and this, coupled with the warmer winter, has reduced overall demand for electricity and gas. Government research shows there is a longer-term downward trend in domestic energy consumption as consumers and appliances become more energy efficient. Our aim is to take the UK closer to a cleaner, greener future.

As previously announced, we have been investing in improving brand awareness in order to attract and retain new customers. Activity has included refreshed branding, design and digital collateral, the introduction of the strapline 'Switch for Good', and a number of marketing initiatives including a pilot campaign in Brighton to increase customer numbers. Good Energy has also further invested in raising brand awareness and engaging with potential new customers at a number of festivals and events across the UK, including Hay Festival and Bristol Big Green Week. We are currently reviewing the results, to enable us to inform and implement a longer-term strategy, while continuing to identify additional opportunities to attract new customers.

Maintaining a high level of customer service is important to us and we have therefore continued to invest in customer service improvements. Our customer relationship management (CRM) system, introduced in Q4 2013, is delivering results and we have been investing in additional processes to support this. We have also focused on streamlining the customer journey, to ensure that our customers receive the best possible experience.

We have continued to build the infrastructure of the Company in a sustainable way to support the growth we are seeing in both our customer numbers and in our generation business. We have recruited additional customer-facing staff to help us deal with customer growth, and have developed new recruitment and training practices to enable us to attract and retain the right people, with the right skills.

Our investments are helping to further establish Good Energy at the forefront of the independent renewable electricity supply and generation sector and give us a strong platform for future growth.

Financial results

Revenue has grown 22% compared to H1 2013 largely attributable to the strong growth in customer numbers, against the backdrop of reduced energy usage by customers as a consequence of the mild winter. The performance of our wind assets also contributed to revenue growth with generation increasing by 13% compared with H1 2013, as a result of the commissioning of our new wind farm at Hampole and a strong half year performance from Delabole wind farm.

Gross profit has increased by £1.1m to £7.4m (H1 2013 - £6.3m). Gross margin percentage has fallen back slightly to 33% (H1 2013 - 34%). This reflects the impact of our winter price freeze, where we held prices until April 2014.

Operating profit is down 51% to £0.7m (H1 2013 - £1.4m) as a result of continued investment in customer service improvements, increased marketing activity and investing in infrastructure to support ongoing growth across the business.

The profit before tax figure for H1 is down on last half-year to £0.3m (H1 2013 - £1.2m), reflecting the impact of the price freeze and operational investments to provide a foundation for future growth. Interest and depreciation charges have increased in line with expectations as our CRM system went live in Q4 2013 and Hampole wind farm and our first solar park went operational in H1 2014.

The balance sheet remains strong and the Company's cash position is healthy at £5.0m. Investment in generation assets from pre-planning to construction has increased total assets by 86% to £59.9m. Borrowings have increased by £23.8m on last half year due to £15m of corporate bond proceeds raised in H2 2013, and a further £8.8m drawn against the Hampole wind farm debt facility.

Following the corporate bond raise in H2 2013, we started the year with cash available to spend of £18m. Of the £12.9m cash outflow in H1 2014, £8.9m represents investment in tangible assets and inventory relating to generation projects. A further £3.7m outflow of cash relates to expected working capital movements as a result of the seasonality of the supply businesses. In the second half of the year, we plan to continue to invest the remaining corporate bond proceeds and also the sale proceeds from the West Raynham solar site in generation projects.

Generation & development

Progress in our generation and development business has been encouraging. Our second onshore wind farm at Hampole, near Doncaster, capable of generating 23GWh a year, was fully commissioned on schedule and to budget. This new asset, together with our established wind farm at Delabole, Cornwall, generated 13% more electricity during H1 than during the same period in 2013. The two sites combined have a maximum output capacity of 17.5MW.

Our investment in solar generation bore fruit during H1 of this year. Our first solar farm, in Dorset, was successfully commissioned during H1 and a second site went live in August. Between them, these sites will produce a further 7GWh of renewable electricity a year.

At the start of 2014, we received final planning permission for a 49.9MW solar development on a disused airfield in West Raynham, Norfolk. Subsequently, in August (post period), we agreed terms for the sale of this site to a member of the Trina Solar group. The total sale value, which will be received in cash, will be between £3.4 million and £6.8 million and the net profit on sale received by the Company for the development of the site will be between £1.4 million and £3.8 million, depending on when the site is completed and commissioned. The financial impact of this transaction will be reflected in the Company's full year results. This transaction is part of Good Energy's strategy to develop its portfolio through a combination of selling some sites and building and holding others. The proceeds will be used for the development of further generation sites.

We remain committed to seeking opportunities for the long-term diversification of sources of renewable electricity generation and in May this year, we announced a strategic investment of £0.5m which has given us an option over 10% of the future electricity generated by the 320MW Swansea Bay Tidal Lagoon project. This represents our first investment in tidal energy.

We have also continued to build support for our pipeline of wind and solar projects through continued local community engagement and through national engagement with Government. We are committed to finding ways for local communities to participate in and benefit from our development activities and during H1, launched the Hampole local tariff for people living close to our new wind farm.

Ethical and social mission

In the first half of 2014, we won a number of awards recognising our achievements, including Best Business (Climate Week awards), Best Utilities PLC (UK Stock Market awards), and Social Impact Company of the Year (Small Cap awards).

As a founder member, Good Energy continues to play a supportive role in the Social Stock Exchange, and our partnerships with organisations such as the Soil Association and The National Trust reflect a shared ethos in creating a greener, more sustainable environment.

Government policy

The environment in which we operate continues to be subject to increasing regulation and policy change, much of which requires significant additional investment. The Electricity Market Reform, Retail Market Review and Competition and Markets Authority (CMA) investigation, along with the smart metering programme, have all required, and will continue to require us to make significant additional investment. We have been playing an active role in ongoing discussions with Government over the level of subsidies for solar energy and other renewables, as well as influencing the debate over how to improve competition and trust in the energy market.

Outlook

I am pleased with our progress to date against our strategy. There are still challenges ahead as we seek to develop our offering and compete in the market. However, with our excellent customer proposition, team and generation portfolio, Good Energy is in a strong position to capitalise on its achievements to date, and to pursue further opportunities to deliver future growth. We look forward to making continued progress in the second half of our financial year.

Juliet Davenport

Juliet Davenport OBE
Chief Executive
30 September 2014

Consolidated Statement of Comprehensive Income
for the 6 months ended 30 June 2014

	Note	Un-audited 6 months to 30/06/2014 £000's	Un-audited 6 months to 30/06/2013 £000's	Audited 12 months to 31/12/2013 £000's
REVENUE		22,228	18,204	40,407
Cost of sales		(14,873)	(11,950)	(26,822)
GROSS PROFIT		7,355	6,254	13,585
Administrative expenses		(6,659)	(4,839)	(9,727)
OPERATING PROFIT		696	1,415	3,858
Finance income		10	64	116
Finance costs		(387)	(305)	(719)
PROFIT BEFORE TAX		319	1,174	3,255
Taxation		(53)	(248)	(586)
PROFIT FOR THE PERIOD		266	926	2,669
Other comprehensive income:				
Net (loss)/gains on cash flow hedge		(207)	114	328
Other comprehensive (loss)/income for the period, net of tax		(207)	114	328
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY		59	1,040	2,997
Earnings per share				
- Basic	5	1.9p	7.8p	20.9p
- Diluted		1.7p	7.5p	19.6p

Consolidated Statement of Financial Position
as at 30 June 2014

	Un-audited 30/06/2014 £000's	Un-audited 30/06/2013 £000's	Audited 31/12/2013 £000's
Non-current assets			
Property, plant and equipment	**30,655**	17,633	20,112
Intangible assets	**3,519**	3,118	3,478
Derivative financial instruments	**121**	114	328
Trade investments	**538**	-	-
Total non-current assets	**34,833**	20,865	23,918
Current assets			
Inventories	**11,953**	4,098	6,128
Trade and other receivables	**8,063**	5,470	7,952
Cash and cash equivalents	**5,025**	1,716	17,975
Total current assets	**25,041**	11,284	32,055
TOTAL ASSETS	**59,874**	32,149	55,973
Equity and Liabilities			
Capital and reserves			
Called up share capital	**733**	626	733
Share premium account	**9,077**	6,729	9,077
Other reserves	**(230)**	(422)	(236)
Retained earnings	**6,620**	4,980	6,890
Total equity	**16,200**	11,913	16,464
Non-current liabilities			
Deferred taxation	**791**	688	738
Borrowings	**32,697**	9,110	24,667
Total non-current liabilities	**33,488**	9,798	25,405
Current liabilities			
Borrowings	**743**	567	674
Derivative financial instruments	**-**	-	52
Trade and other payables	**8,906**	9,592	12,875
Current tax payable	**537**	279	503
Total current liabilities	**10,186**	10,438	14,104
Total liabilities	**43,674**	20,236	39,509
TOTAL EQUITY AND LIABILITIES	**59,874**	32,149	55,973

Consolidated Statement of Changes in Equity
for the 6 months ended 30 June 2014

Un-audited	Share capital £000's	Share premium £000's	Other reserves £000's	Retained earnings £000's	Total £000's
At 1 January 2013	**626**	**6,729**	**(470)**	**4,167**	**11,052**
Profit for the period	-	-	-	926	926
Other comprehensive income for the period	-	-	-	114	114
Total comprehensive income for the period	-	-	-	1,040	1,040
Sale of shares by EBT	-	-	48	9	57
Dividend paid	-	-	-	(236)	(236)
Total contributions by and distributions to owners of the Parent, recognised directly in equity	-	-	48	(227)	(179)
At 30 June 2013	**626**	**6,729**	**(422)**	**4,980**	**11,913**
At 1 July 2013	**626**	**6,729**	**(422)**	**4,980**	**11,913**
Profit for the period	-	-	-	1,743	1,743
Other comprehensive income for the period	-	-	-	214	214
Total comprehensive income for the period	-	-	-	1,957	1,957
Issue of ordinary shares	107	2,574	-	-	2,681
Cost of shares issued in the period	-	(226)	-	-	(226)
Purchase of shares by EBT	-	-	(3)	-	(3)
Sale of shares by EBT	-	-	189	94	283
Dividend paid	-	-	-	(141)	(141)
Total contributions by and distributions to owners of the Parent, recognised directly in equity	107	2,348	186	(47)	2,594
At 31 December 2013	**733**	**9,077**	**(236)**	**6,890**	**16,464**
At 1 January 2014	**733**	**9,077**	**(236)**	**6,890**	**16,464**
Profit for the period	-	-	-	266	266
Other comprehensive income for the period	-	-	-	(207)	(207)
Total comprehensive income for the period	-	-	-	59	59
Sale of shares by EBT	-	-	6	(1)	5
Dividend paid	-	-	-	(328)	(328)
Total contributions by and distributions to owners of the Parent, recognised directly in equity	-	-	6	(329)	(323)
At 30 June 2014	**733**	**9,077**	**(230)**	**6,620**	**16,200**

Good Energy Group

Consolidated Statement of Cash Flows
for the 6 months ended 30 June 2014

	Note	Un-audited 30/06/2014 £000's	Un-audited 30/06/2013 £000's	Audited 31/12/2013 £000's
Cash flows from operating activities:				
Operating cash (outflow)/inflow	6	**(8,469)**	*(431)*	*938*
Finance income		**10**	*64*	*116*
Finance costs		**(439)**	*(305)*	*(647)*
Income tax received		**34**	*-*	*(64)*
Net cash flows (used in)/from operating activities		**(8,864)**	*(672)*	*343*
Cash flows from investing activities:				
Acquisitions of property, plant and equipment		**(11,016)**	*(6,923)*	*(9,364)*
Acquisitions of intangible assets		**(403)**	*(520)*	*(1,073)*
Investments		**(538)**	*-*	*-*
Net cash flows (used in)/from investing activities		**(11,957)**	*(7,443)*	*(10,437)*
Cash flows from financing activities:				
Payments of dividends		**(328)**	*(236)*	*(377)*
Bank financing advanced		**8,496**	*750*	*2,433*
Bank financing repaid		**(219)**	*(200)*	*(390)*
Proceeds from issue of corporate bond		**-**	*-*	*14,229*
Capital repayments of finance leases		**(83)**	*(75)*	*(153)*
Proceeds from issue of shares		**-**	*-*	*2,455*
Purchase of shares		**-**	*-*	*(3)*
Sale of own shares		**5**	*57*	*340*
Net cash flows from/(used in) financing activities		**7,871**	*296*	*18,534*
Net (decrease)/increase in cash and cash equivalents		**(12,950)**	*(7,819)*	*8,440*
Cash and cash equivalents at beginning of the period		**17,975**	*9,535*	*9,535*
Cash and cash equivalents at end of the period		**5,025**	*1,716*	*17,975*

Notes to the Interim Accounts
for the 6 months ended 30 June 2014

1. General Information and basis of preparation
Good Energy Group PLC is a public listed company incorporated and domiciled in the United Kingdom.

The Company is listed on the Alternative Investment Market (AIM) of the London Stock Exchange. The Company's registered office and its principal place of business is Monkton Reach, Monkton Hill, Chippenham, Wiltshire, SN15 1EE.

The Interim Financial Statements were prepared by the Directors and approved for issue on 30 September 2014. These Interim Financial Statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2013 were approved by the Board of Directors on 7 April 2014 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

The accounting policies applied in the Interim Financial Statements are consistent with those described in the Annual Financial Statements for the year ended 31 December 2013. Where new standards or amendments to existing standards have become effective during the year, there has been no material impact on the results of the Group.

Certain statements within this report are forward looking. The expectations reflected in these statements are considered reasonable. However, no assurance can be given that they are correct. As these statements involve risks and uncertainties the actual results may differ materially from those expressed or implied by these statements.

These Interim Financial Statements have not been audited.

2. Going-concern basis
The Group meets its day to day working capital requirements through its cash resources and bank facilities. The Directors have reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its condensed Interim Financial Statements.

3. Estimates
The preparation of Interim Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this set of condensed Interim Financial Statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Annual Financial Statements for the year ended 31 December 2013.

4. Financial Risk Factors
The Group's activities expose it to a variety of financial risks: market risk, currency risk, credit risk and liquidity risk. The condensed Interim Financial Statements do not include all financial risk management information and disclosures required in the Annual Financial Statements. They should be read in conjunction with the Annual Financial Statements as at 31 December 2013.

5. Earnings per share
The calculation of basic earnings per share at 30 June 2014 was based on a weighted average number of ordinary shares outstanding for the six months to 30 June 2014 of 14,280,948 (for the six months to 30 June 2013: 11,817,991 and for the full year 2013: 12,784,912) after excluding the shares held by Clarke Willmott Trust Corporation Limited in trust for the Good Energy Group Employee Benefit Trust.

6. Operating Cash Flow

The operating cash outflow for the six months to 30 June 2014 of £8.5m (for the six months to 30 June 2013: (£0.4m) and for the full year 2013: £0.9m) includes £6.7m of spend on inventory relating to generation projects.

7. Subsequent Events

Following a competitive tender process and evaluation by the Board, the Group sold its 49.9MW solar site at West Raynham to a member of the Trina Solar group. The total sale value, which will be received in cash, will be between £3.4m and £6.8m and the net profit on sale received by the Company for the development of the site will be between £1.4m and £3.8m depending on when the site is completed and commissioned. £2.5m of spend on inventory on West Raynham was recovered in H2 following the sale process.

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Interim Report 2014
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