GOOD ENERGY GROUP PLC

INTERIM REPORT TO SHAREHOLDERS 2011

Incorporating Financial Results (un-audited) for the 6 months ended 30 June 2011

Ongoing improvement in financial performance and competitive position. Support for decentralised energy growing.

INTERIM REPORT FOR THE 6 MONTHS ENDED 30 JUNE 2011	**6 months to 30/06/11 (Un-audited)**	6 months to 30/06/10 (Un-audited)	**12 months to 31/12/10 (Audited)**	**% Change Half year on half year**
Electricity sold (MWh)	**63,785**	67,359	**125,494**	**(5.31%)**
Electricity Customers	**26,501**	26,467	**26,119**	**0.13%**
Gas Customers	**3,981**	2,915	**3,308**	**36.57%**
Revenue	**£10,687,962**	£10,210,690	**£20,036,268**	**4.67%**
Gross profit	**£4,221,732**	£2,915,654	**£6,483,838**	**44.80%**
Operating profit	**£835,845**	£374,396	**£724,778**	**123.25%**
Profit before tax	**£452,077**	£365,254	**£705,340**	**23.77%**

Highlights

- **Ongoing improvement in financial performance**
- **Electricity price freeze leading to improved competitive position**
- **Strong growth in Feed-in Tariff administration business**
- **Rick Squires appointed Chairman**

Good Energy Group is pleased to report an improvement in its interim results for the fifth consecutive year. Having maintained a price freeze for the first half of 2011, our competitive position is now better than it has ever been. We are planning to continue to hold our electricity prices until 2012 and intend to do so for longer. The backdrop of 2011 has been one of energy market turmoil caused by events in the Middle East and Japan; Good Energy's focus on decentralised renewable generation has been important in providing us with energy price resilience and we believe has a wider role to play in securing a sustainable low-carbon future for the UK.

Operating performance

With the repower of Delabole wind farm completed in 2010, the performance of this asset in the first half of 2011 has been in line with expectations, and has improved the overall margin of the Group. Growth in gas and electricity customers has continued on similar trends as the first half of 2010. Since June, growth in electricity customers has increased further due to our improving competitiveness. However, overall electricity sales are slightly down compared with the same time last year, as both domestic and business customers are using less energy.

Our Feed-in Tariff (FIT) services have performed exceptionally well so far this year and as of the end of August 2011 we now support over 4000 FIT customers, up from 1000 at the end of 2010.

Good Energy's success in holding our electricity prices for over two years demonstrates that our three-year strategy to improve our price competitiveness is bearing fruit, with an increase in the number of customers switching to Good Energy in the last quarter.

The Good Energy Academy also continues to gather momentum. This idea was developed to ensure our staff are fully trained and informed on many areas of the business and wider sustainable energy industry, in order to offer our customers a 'first in class service' as well as providing a challenging and rewarding working environment. We believe that this has contributed to the higher rate of customer retention we have seen since the start of 2011.

We regularly produce a Values Report to provide a summary of our performance in relation to the environment and our mission to make a difference to climate change. The most recent report was published at the start of the year and included an independent verification of Good Energy's 100% renewable electricity fuel mix and the carbon emissions saved by our customers.

Good Energy Systems

During the first half of 2011 we began work on replacing our core operating systems. This investment is a sizeable one for the Group. It will allow our systems to have improved scalability, as well as enhancing the efficiency of our customer services and thus improve the full experience for customers, generators and other stakeholders. The roll out of the new systems should be completed early next year and will enable us to offer a wider range of products to our customers and offer more flexible tariffs for partnering on local renewable energy generation schemes.

New Chairman

Following the retirement of John Sellers as Chairman after 10 years in the role, Rick Squires has been appointed to replace him. Rick has been a Non-Executive Director of the Company since 2008 and holds a number of non-executive board directorships of companies within the renewable energy sector. His experience in our sector and in particular in developing renewable energy projects is welcome in the role of Chairman.

Financial results

For the first half of 2011 revenues have increased by 4.7% on 2010. This is mainly attributable to the completion of the wind farm at Delabole, and related revenues. The supply business revenue remains in line with the first half of 2010 due to the continuous efforts of our customers to reduce their electricity and gas usage.

In the same period, the cost of sales has improved 11% on 2010. This is due in part to the wind farm coming online, to our improved trading strategy with enhanced short-term forecasting, and by diversifying our portfolio of renewable generators. The improvements to our trading strategy have been assessed by an external risk management consultancy and the subsequent recommendations have been rolled out from the 1st January 2011.

The revenue and cost of sales improvements have contributed to a gross margin of 39%, compared with 29% in 2010. The £1.3m increase in gross margin is partially offset by the increase in depreciation and interest charges associated with the wind farm.

Administrative costs have increased by 33% on 2010. Of this increase, £161k is attributable to costs that in the previous period were capitalised due to the investment in both the wind farm at Delabole and in-house systems for the supply business. We are also now incurring a higher depreciation charge of £156k as a result of the investment in repowering Delabole. In addition, our marketing budget in 2010 was skewed heavily towards the second half of the year, whereas in 2011 it is evenly spread, making a difference of £160k to the first half results. Underlying administration costs have increased for the half year by 11% reflecting the increase in staff resources to support the continued growth across our businesses.

As a result of the above, Profit Before Tax (un-audited) has improved to £452,077, an increase of 24% compared with the same period last year.

Total Comprehensive Income for the 6 months to June 2011 attributable to owners of the Parent Company was £330,016, an increase of 34% on the same period last year and equivalent to 4.8p per ordinary share (2010 = 3.6p)

Dividend

Having paid our maiden dividend in 2010, we do not intend to declare an interim dividend at the half year, but anticipate proposing a final dividend for the year, which would be payable after the Annual General Meeting in 2012, subject to the determination of the board at that time.

Prospects

We expect to see these positive trends in the business continue in the second half of the year. We signed some 40 new power agreements with large solar generators before the August 1st FIT review deadline, which means we have the potential to source around a third of our electricity from solar power. This is helping with price stability, as there is a reasonable correlation between when the sun is shining and when there is no wind blowing, and vice versa.

The rate of growth of both gas and electricity customers should continue to improve through the second half of the year, driven by improved sales channels and our improved competitive position. We also anticipate growth in business sales and, having signed a supply contract with international clothing retailer SuperGroup plc, which represented a 3.5% increase in sales, we intend to continue to build on this momentum.

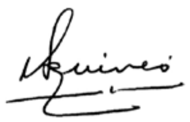
Following our success with the Delabole wind farm, the generation team expects to have options signed on at least two new wind farm sites this year, so we are in line with our five-year plan to add a further 40 MW of new capacity. As we search out potential projects, we are placing particular emphasis on engaging local communities in the consultation process and will be ensuring that some of the benefits of having generation nearby are passed back to these communities.

The government announced details of its long awaited Renewable Heat Incentive in March. The first phase targets businesses and large energy users, the second phase focusing on domestic installations will be launched in October 2012 alongside the government's Green Deal. We are expecting further details of both initiatives to be announced over the course of the next few months, when we will be able to identify the possible business opportunities for Good Energy.

Having already exceeded our baseline target for new FIT customers in 2011, we are confident we'll exceed our stretch target and prospects continue to look good going into 2012. In our discussions with government, ministers have emphasised that they see FIT as a great instrument for encouraging domestic and small-scale developments in particular. So whilst we won't know what the April 2012 rates are going to be until the FIT review is published later this year, we think the scheme will remain an attractive investment for householders and small businesses for the foreseeable future.

While the last year or so has been dominated by small-scale solar, in the months to come we are expecting a much larger number of small onshore wind developments as well as a resurgence in Anaerobic Digestion. The Government is continuing to develop its proposals for Electricity Market Reform which will lead to an Energy Bill in the spring. A July White Paper was encouraging in that it showed the Government's increased recognition of the important role decentralised energy has to play in the UK's energy future.

We believe that Good Energy is well placed to take advantage of future potential opportunities in the decentralised renewable and sustainable energy sector in the UK.



Rick Squires
Chairman
30th September 2011

CONSOLIDATED INCOME STATEMENT FOR THE 6 MONTHS ENDED 30 JUNE 2011

		Note	6 months to 30/06/11	6 months to 30/06/10	12 months to 31/12/10
			£	£	£
Revenue			**10,687,962**	10,210,690	20,036,268
Cost of sales			**(6,466,230)**	(7,295,036)	(13,552,430)
Gross profit			**4,221,732**	2,915,654	6,483,838
Administrative expenses			**(3,385,887)**	(2,541,258)	(5,759,060)
Operating profit			**835,845**	374,396	724,778
Finance income			**-**	3,807	-
Finance costs			**(383,768)**	(12,949)	(19,438)
Profit before tax			**452,077**	365,254	705,340
Taxation		1	**(122,061)**	(119,133)	(191,566)
Profit for the period			**330,016**	246,121	513,774
Profit and loss reserve brought forward			**2,461,903**	2,120,214	2,120,214
Total comprehensive income for the period attributable to the owners of the Parent Company			**330,016**	246,121	513,774
Dividends paid			**-**	-	(172,085)
Profit and loss reserve carried forward			**2,791,919**	2,366,335	2,461,903
Earnings per share	Basic	2	**4.8p**	3.6p	7.5p
	Diluted		**4.2p**	3.1p	6.6p

Note 1: The taxation for the six months is based on the Director's estimate of the likely charge at the year-end.

Note 2: The basic average number of shares in issue for the six months to 30 June 2011 was 6,871,337 (for the six months to 30 June 2010 6,871,337 and 6,871,337 for the full year 2010). The number of shares in issue is as prescribed in IAS 33.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Unaudited as at 30/06/11	Unaudited as at 30/06/10	Audited as at 31/12/10
ASSETS	£	£	£
Non-current assets			
Property, plant and equipment	11,414,660	4,217,313	12,142,285
Intangible assets	1,916,777	2,161,430	2,066,453
Investments	11,258	11,258	11,258
Total non-current assets	13,342,695	6,390,001	14,219,996
Current assets			
Inventories	5,522,571	2,057,065	3,064,594
Trade and other receivables	3,423,671	3,697,070	4,103,645
Cash and cash equivalents	-	98,226	-
Restricted cash	660,634	-	-
Total current assets	9,606,876	5,852,361	7,168,239
TOTAL ASSETS	22,949,571	12,242,362	21,388,235
EQUITY AND LIABILITIES			
Capital and Reserves			
Called up share capital	343,567	343,567	343,567
Share premium account	3,046,681	3,046,681	3,046,681
Retained earnings	2,791,919	2,366,335	2,461,903
TOTAL EQUITY	6,182,167	5,756,583	5,852,151
Non-current liabilities			
Creditors: amounts falling due in more than one year	9,098,192	2,018,373	7,285,740
Total non-current liabilities	9,098,192	2,018,373	7,285,740
Current liabilities			
Borrowings	360,459	-	620,174
Trade and other payables	4,819,003	4,182,325	7,395,657
Current tax payable	364,171	285,081	64,673
Bank overdraft	2,125,579	-	169,840
Total current liabilities	7,669,212	4,467,406	8,250,344
TOTAL LIABILITIES	16,767,404	6,485,779	15,536,084
TOTAL EQUITY AND LIABILITIES	22,949,571	12,242,362	21,388,235

The interim report is unaudited and has not been reviewed by our auditors and does not comprise full financial statements. The results for the year to 31st December 2010 are an abridged summary of the financial statements for that year which have been delivered to the Registrar of Companies and on which the auditors' report was unqualified. The Group's 2010 Financial Statements were prepared and audited under International Financial Reporting Standards and International Standards on Auditing (UK and Ireland) respectively.

The Directors take responsibility for the content of this announcement.

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Why switch to Good Energy?

Our electricity comes from the sun and the sea, the wind and the water.

Produced by a community of over 4,000 independent generators.

And it's all from renewable sources. No other supplier can promise that.

Local, natural, everlasting.
This is Good Energy.

GOOD ENERGY GROUP PLC
Interim Report 2011

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www.goodenergygroup.co.uk

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