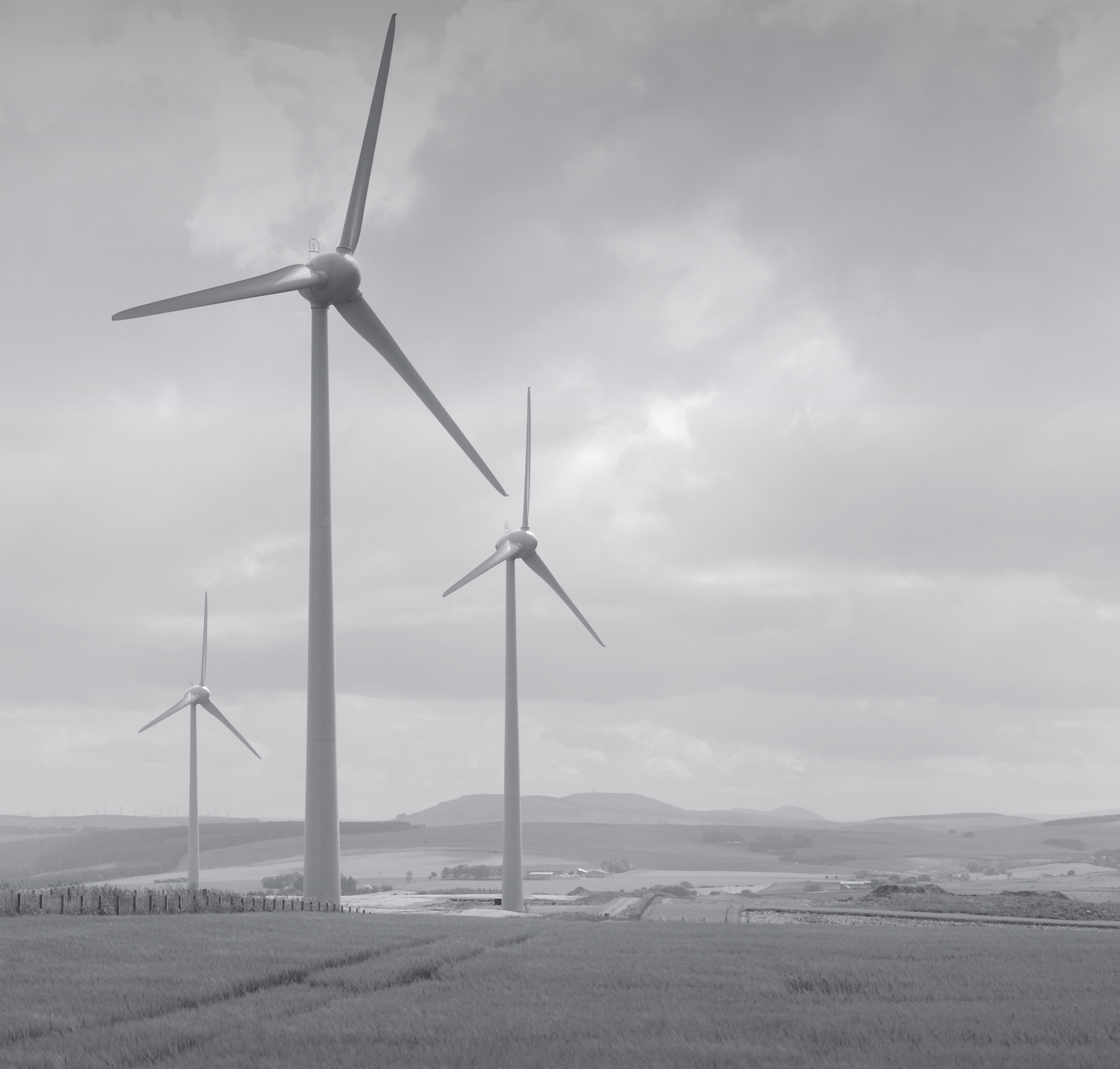
Good Energy Group



Good Energy Group Plc
Interim Report to Shareholders
2012

Incorporating Financial Results (un-audited)
for the six months ended 30 June 2012

Continued growth across all business sectors and improvement in financial performance

Interim Report for the 6 months ended 30 June 2012

Good Energy Group Plc is pleased to announce its interim results which show an improvement in financial performance for the fourth consecutive half-year as a result of increasing customer numbers across all business segments.

Financial Highlights

- Revenue increased by 34% to £14.3m (H1 2011: £10.7m)
- Gross Profit increased by 27% to £5.1m (H1 2011: £4.0m)
- PBT increased by 76% to £0.8m (H1 2011: £0.5m)
- Cash balance as at 30 June £5.0m (2011: £1.5m overdraft)
- Basic earnings per share increased by 81% to 8.7p (H1 2011: 4.8p)
- Interim dividend of 1p per ordinary share declared

Business Highlights

- Total number of electricity customers increased by 13% to 30,000 (H1 2011: 26,501)
- Total number of gas customers increased by 68% to over 6,700 (H1 2011: 3,981)
- Total number of Feed-in Tariff customers increased to over 39,000 (H1 2011: 2,035)
- Customer gas prices reduced in the year due to economies of scale
- Significant new partnerships including The Soil Association
- Wind and solar generation target of 110MW of operating capacity by 2016
- Delabole wind farm exceeded its MWh output expectations

Post Balance Sheet Events

- Company admitted to the AIM market of the London Stock Exchange on 30 July 2012 raising £4 million before expenses by way of a placing of 4,705,882 new Ordinary Shares at 85 pence per Ordinary Share

Chairman's Statement

We are pleased to report an improvement in our interim results for the fourth consecutive half-year. Growth in customer numbers is strong, with Gas and Feed-in Tariff (FIT) customers rising to over 6,700 and over 39,000 respectively. Electricity customers have grown to over 30,000, with electricity sales growth rates improving to a level of 10.4% (annualised) for the half year compared with 2.9% (annualised) for the first six months of 2011.

Our efforts in 2012 have focussed on our strategic aims for supply and generation, and as such, we were pleased to announce our admission to the AIM market of the London Stock Exchange from 30 July 2012 and the addition of institutional investors to our shareholder base. The move to AIM has already provided improved liquidity for our shareholders and has opened the Company to a larger investor market given our recent growth and future plans.

Dividend Declaration

Having paid a final dividend for 2011 of 2.75p per ordinary share in July 2012, the Board is pleased to announce an interim dividend of 1p per ordinary share for the period to 30 June 2012. The dividend is payable on 26 October 2012 to shareholders whose names are on the register at close of business on 28 September 2012.

Strategy and Outlook

We expect to see the positive trends in customer growth across the business continue in the second half of the year with our longer-term aim to grow our total customer and generator base to 125,000 by 31 December 2015. The provision of FIT services continues to be a core part of Good Energy's business offering, providing services to both small-scale generators and our customers.

Using some of the funds raised from our AIM admission, we will be investing more in marketing to continue to improve our brand awareness. We are also focusing on developing new partnerships with organisations who share our ethical and environmental principles to help grow our customer base. We will continue to progress our portfolio of new generation, in line with our target of 110 MW by 2016.

Rick Squires
Chairman
18 September 2012

Chief Executive's Review

The continued growth in electricity supply customers is due to continued price competitiveness, optimisation of sales and marketing channels and the increasing desire of electricity customers to power their homes with clean, renewably-sourced energy. As a result of this, our customer base has increased to over 30,000, our best total customer number increase at the half year since 2008.

The gas supply business is also enjoying good growth this year, thanks to improvements in our online dual-fuel signup process. At over 6,700, gas customer numbers have now reached a point where we can start to benefit from economies of scale and pass these benefits on to our customers. We are pleased to have announced a 5% decrease in our dual-fuel gas prices from 1 August 2012 which we expect will deliver further growth in customer numbers in the second half of the year.

Good Energy's FIT administration services have been in considerable demand due to various government deadlines on FIT in 2012. The number of FIT customers now stands at over 39,000, an increase of 36,965 in the past 12 months. While the expectation is that growth in FIT customer numbers will now slow significantly, following the recent 31 July 2012 tariff change, the FIT administration business with its annual administration fees is important to the Group.

Our wind farm at Delabole, Cornwall, has continued to exceed its MWh output expectations thanks to good wind and better availability. Development work also continues on new potential generation sites, with one site in planning and a number of others at the project scoping stage.

Keeping the right balance between demand and supply remains a key part of our strategy which we see underpinning our future growth. We have a target of developing 110MW of renewable generation capacity by 2016. This will be primarily wind and solar but we are also looking at other proven technologies, such as small-scale hydro and biomass. We believe that a diversified generation portfolio will help us make the most of all of nature's resources and allow us to reduce our trading costs and supply our customers more competitively.

We continue to work hard in the area of government policy and regulation, particularly to try to ensure that the forthcoming Energy Bill will include the right policies to help grow decentralised generation. Good Energy now supports some 13.7% of small generators in the UK and we want to make sure their views are considered. The Government's recent Renewable Obligation banding review provided some much needed clarity around the support rates for larger scale renewable energy projects. The Government has shown that it is committed to an independent, evidence-based process for setting support levels for renewables, which we hope will help maintain investor confidence.

Good Energy has now established a partnership with The Soil Association which should help both Good Energy and The Soil Association grow the supply of, and demand, for renewable energy in the UK, especially by encouraging small-scale generators. We are also looking to form partnerships with other like-minded organisations to provide the Company with other routes to market.

During the last six months we have been working to implement our new in-house customer services system, which we expect will be operational by the end of 2012. We anticipate the transition to the new system will enhance the 'Good Energy experience' for all our customers, whilst providing the Group with the ability to scale up to serve a growing customer base. We are also investing in increasing service continuity which will give us the flexibility to both improve the performance of our current systems and provide full business continuity capability. This is part of a long-term strategy to provide Good Energy with industry-leading resilience and system availability.

Financial Results

For the first half of 2012, revenues have increased 34% on 2011. Our repowered wind farm at Delabole is now running at full capacity, whereas there was lower availability in the first quarter of 2011 due to early commissioning issues. Revenues from the electricity business have increased on 2011, due to the contributions from FIT services, as well as growth in the volume of half-hourly customers.

For the six months to 30 June 2012, cost of sales increased 38% on 2011. This is a direct result of providing more power to our customers due to the increase in numbers, and a reflection of the market cost of power in winter 2011/12 exceeding that of 2010/11.

The gross margin achieved in the first six months of 2012 was 35%, compared with 37% in 2011. The £1.1m increase in gross margin seen in 2012 is partially offset by the increase of 25% in administrative costs required to support the growth in customer numbers. In particular, the teams supporting both the FIT administration and the generation development businesses have grown.

As a result of the above, profit before tax (un-audited) in the period, has grown to £0.80m, an increase of 76% from £0.45m in 2011.

Total comprehensive income for the first six months of 2012 attributable to the shareholders of Good Energy Group Plc was £0.61m, an increase of 85% from £0.33m for the same period in 2011 and equivalent to 8.7p per ordinary share (2011: 4.8p).

We continue to have a healthy balance sheet and a strong cash position. As at 30 June 2012 we had £5m of cash in addition to the £5m of working capital facilities and credit lines from our bank.

Overall, we are encouraged by our performance so far this year. The total number of customers using Good Energy's services has more than doubled since this time last year, and our electricity and gas supply customers continue to be attracted by our competitive prices, strong customer service ethos and our commitment to renewable energy.

Juliet Davenport

Juliet Davenport
Chief Executive
18 September 2012

Consolidated Statement of Comprehensive Income
for the 6 months ended 30 June 2012

	Note	Un-audited 6 months to 30/06/12 £000's	*Un-audited 6 months to 30/06/11 £000's (re-presented)*	Audited 12 months to 31/12/11 £000's (re-presented)
REVENUE		**14,293.4**	*10,688.0*	**21,577.5**
Cost of sales		**(9,223.0)**	*(6,705.2)*	**(12,885.3)**
GROSS PROFIT		**5,070.4**	*3,982.7*	**8,692.2**
Administrative expenses		**(3,943.5)**	*(3,146.9)*	**(6,905.5)**
OPERATING PROFIT		**1,126.9**	*835.8*	**1,786.7**
Finance income		**6.4**	-	**6.5**
Finance costs		**(337.6)**	*(383.8)*	**(737.3)**
PROFIT BEFORE TAX		**795.7**	*452.1*	**1,055.9**
Taxation	6	**(185.4)**	*(122.1)*	**(204.5)**
PROFIT FOR THE PERIOD		**610.3**	*330.0*	**851.4**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY		**610.3**	*330.0*	**851.4**
Earnings per share				
- Basic	7	**8.7p**	*4.8p*	**12.4p**
- Diluted		**8.4p**	*4.7p*	**12.1p**

Good Energy Group

Consolidated Statement of Financial Position
as at 30 June 2012

	30/06/2012 £000's	30/06/2011 £000's	31/12/2011 £000's
Non-current assets			
Property, plant and equipment	**11,401.7**	*11,414.7*	**11,295.1**
Intangible assets	**2,314.3**	*1,916.8*	**2,226.9**
Investments	**0.1**	*11.2*	**0.1**
Total non-current assets	**13,716.1**	*13,342.7*	**13,522.1**
Current assets			
Inventories	**2,298.6**	*5,522.6*	**3,536.9**
Current tax receivable	**-**	*-*	**45.7**
Trade and other receivables	**5,267.9**	*3,423.7*	**3,336.2**
Cash and cash equivalents	**4,972.6**	*660.6*	**2,369.7**
Total current assets	**12,539.1**	*9,606.9*	**9,288.5**
TOTAL ASSETS	**26,255.1**	*22,949.6*	**22,810.6**
Equity and Liabilities			
Capital and reserves			
Called up share capital	**343.6**	*343.6*	**343.6**
Share premium account	**3,046.7**	*3,046.7*	**3,046.7**
Retained earnings	**3,890.6**	*2,791.9*	**3,313.3**
Total equity	**7,280.9**	*6,182.2*	**6,703.6**
Non-current liabilities			
Deferred taxation	**396.0**	*115.5*	**396.0**
Borrowings	**8,926.8**	*9,098.2*	**9,201.6**
Total Non-current liabilities	**9,322.8**	*9,213.7*	**9,597.6**
Current liabilities			
Borrowings	**525.5**	*360.5*	**511.3**
Trade and other payables	**8,793.8**	*4,915.2*	**5,998.1**
Current tax payable	**332.1**	*152.5*	**-**
Bank overdraft	**-**	*2,125.5*	**-**
Total current liabilities	**9,651.4**	*7,553.7*	**6,509.4**
Total liabilities	**18,974.3**	*16,767.4*	**16,107.0**
TOTAL EQUITY AND LIABILITIES	**26,255.1**	*22,949.6*	**22,810.6**

Consolidated Statement of Changes in Equity
as at 30 June 2012

6 months to 30 June 2012	Share capital £000's	Share premium £000's	Retained earnings £000's	Total £000's
Equity as at beginning of year	**343.6**	**3,046.7**	**3,313.3**	**6,703.6**
Changes				
Total comprehensive income for the period	-	-	610.3	610.3
Investment in own shares	-	-	(33.0)	(33.0)
Changes total	-	-	577.3	577.3
Equity as at 30 June 2012	343.6	3,046.7	3,890.6	7,280.9

6 months to 30 June 2011	Share capital £000's	Share premium £000's	Retained earnings £000's	Total £000's
Equity as at beginning of year	*343.6*	*3,046.7*	*2,461.9*	*5,852.2*
Changes				
Total comprehensive income for the period	-	-	*330.0*	*330.0*
Investment in own shares	-	-	-	-
Changes total	-	-	*330.0*	*330.0*
Equity as at 30 June 2011	*343.6*	*3,046.7*	*2,791.9*	*6,182.2*

12 months to 31 December 2011	Share capital £000's	Share premium £000's	Retained earnings £000's	Total £000's
Equity as at beginning of year	**343.6**	**3,046.7**	**2,461.9**	**5,852.2**
Changes				
Total comprehensive income for the period	-	-	851.4	851.4
Investment in own shares	-	-	-	-
Changes total	-	-	851.4	851.4
Equity as at 31 December 2011	343.6	3,046.7	3,313.3	6,703.6

Consolidated Statement of Cash Flows
as at 30 June 2012

	Un-audited 30/06/2012 £000's	Un-audited 30/06/2011 £000's	Audited 31/12/2011 £000's (re-presented)
Cash flows from operating activities:			
Operating cash flow inflow/(outflow)	**3,454.6**	*(607.0)*	*4,006.2*
Finance income	**6.4**	-	*6.5*
Finance costs	**(337.6)**	*(383.8)*	*(737.3)*
Income tax (paid)/received	**192.3**	*(34.3)*	*(34.3)*
Net cash flows from/(used in) operating activities	**3,315.7**	*(1,025.1)*	*3,241.1*
Cash flows from investing activities:			
Acquisitions of tangible fixed assets	**(257.7)**	*(1,909.3)*	*(2,088.2)*
Acquisitions of intangible fixed assets	**(162.4)**	*(29.0)*	*(85.8)*
Investment in own shares	**(33.0)**	-	-
Net cash flows from/(used) in investing activities	**(453.1)**	*(1,938.3)*	*(2,174.0)*
Cash flows from financing activities:			
Bank financing repaid	**(190.4)**	*(128.4)*	*(298.4)*
Capital repayments of finance leases	**(69.3)**	-	*(34.1)*
Bank financing advanced	-	*1,796.7*	*1,804.9*
Net cash flows from/(used in) financing activities	**(259.7)**	*1,668.3*	*1,472.4*
Net increase/(decrease) in cash and cash equivalents	**2,602.9**	*(1,295.1)*	*2,539.5*
Cash and cash equivalents at beginning of the period	**2,369.7**	*(169.8)*	*(169.8)*
Cash and cash equivalents at end of the period	**4,972.6**	*(1,464.9)*	*2,369.7*

Notes to the Interim Accounts
as at 30 June 2012

1. General Information and basis of preparation
Good Energy Group Plc is a public listed company incorporated in the United Kingdom under the Companies Act 1985.

The Company is listed on the AIM market of the London Stock Exchange. The Company's registered office is 2 Temple Back East, Temple Quay, Bristol, BS1 6EG 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 18 September 2012. 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 2011 were approved by the Board of Directors on 23 April 2012 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.

During the course of the preparation and admission of the Company to AIM the Directors performed a comprehensive update and review of the disclosures required in the next Annual Report and Financial Statements of the Company. As part of this review, the following presentational changes are to be made in the financial statements for the year ended 31 December 2012.

As a consequence the interim information for the period ended 30 June 2012 has also been prepared reflecting these changes, together with re-presented figures for the year ended 31 December 2011 and the period ended 30 June 2011 where necessary. There is no impact on the overall results for these periods.

- The depreciation charge in respect of the wind farm at Delabole has been reclassified as a cost of sale. In the year ended 31 December 2011 a charge of £0.49m (six months ended 30 June 2011 £0.24m) was included in administration expenses and has been restated in this interim report. There is no impact on operating profit or profit before tax as a result of this change.
- In respect of the year ended 31 December 2011 only, the cash outflow for the purchase of plant and machinery for Delabole has been increased by £2.04m and a corresponding adjustment has been made to the movement in trade creditors. There is no impact on the overall reported cash flow for the year.
- In respect of the year ended 31 December 2011 the cash outflow for the purchase of software has increased by £0.45m and a corresponding adjustment has been made to the drawdown of finance lease funds.
- The diluted earnings per share (EPS) calculations for the period ending 30 June 2011 and for the year ended 31 December 2011 have been restated in accordance with IAS 33. For the six months to 30 June 2011, the diluted EPS has increased from 4.2p to 4.5p and for the year ended 31 December 2011, the diluted EPS has increased from 10.9p to 12.1p.

These Interim Financial Statements have not been audited.

2. Going-concern basis
The Group meets its day to day working capital requirements through its 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. Accounting Policies
The accounting policies adopted are consistent with those of the previous financial year.

4. 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 consolidated financial statements for the year ended 31 December 2011, with the exception of changes in estimates that are required in determining the provision for income taxes.

5. Financial Risk Factors

The Group's activities expose it to a variety of financial risks; market 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 Group's annual financial statement as at 31 December 2011.

6. Corporation Tax

The taxation charge for the six months is based on the Directors estimate of the applicable tax rate at year end, multiplied by the profit before tax for the period.

7. Earnings per share

The basic average number of shares in issue for the six months to 30 June 2012 was 7,020,156 (for the six months to 30 June 2011 6,871,337 and 6,871,337 for the full year 2011). The number of shares in issue is as prescribed in IAS 33.

Statement of Directors' responsibility

The Directors' confirm that these condensed Interim Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS's) as adopted by the EU and that this report gives a fair representation of the position of the Company for the first six months of 2012, including;

- an indication of important events that have occurred during the first six months and their impact on the interim financial results and a brief description of the key risks and uncertainties for the remaining six months of the financial year and;
- any material changes in any related party transactions described in the last annual report.

Good Energy Group Plc

Registered office:
2 Temple Back East,
Temple Quay,
Bristol BS1 6EG

Registered in England and Wales with company registration number 4000623

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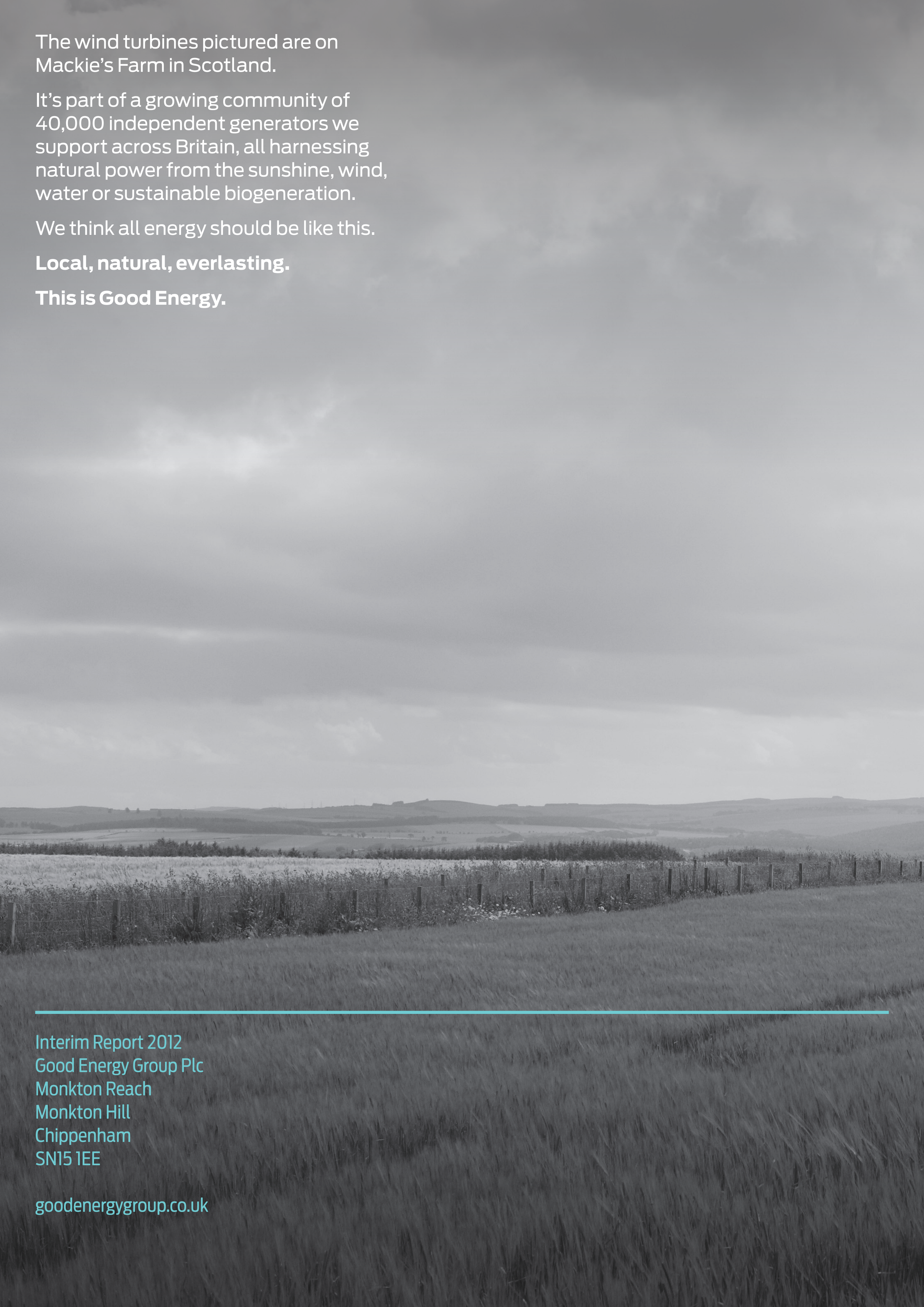

The wind turbines pictured are on Mackie's Farm in Scotland.

It's part of a growing community of 40,000 independent generators we support across Britain, all harnessing natural power from the sunshine, wind, water or sustainable biogeneration.

We think all energy should be like this.

Local, natural, everlasting.

This is Good Energy.

Interim Report 2012
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goodenergygroup.co.uk