Good Energy Group PLC

Interim Report

to Shareholders

for the six months ended 30 June 2015

2015

Interim Report

to Shareholders

for the six months ended 30 June 2015

2015

Key highlights
Interim Report for the six months ended 30 June 2015

Good Energy Group PLC is an AIM listed, vertically integrated, independent renewable energy supplier and generation business.

The Company supplies electricity and gas, and Feed-in Tariff site administration services to more than 176,500 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.

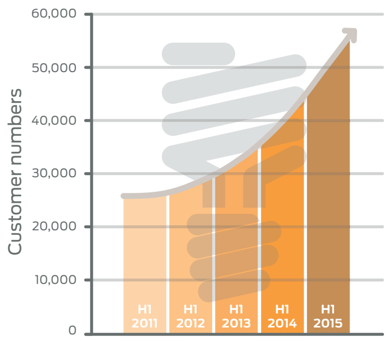
Good Energy Group PLC is pleased to announce its interim results for H1 2015. The Company has delivered a solid financial performance in line with expectations for the first six months, with steady growth achieved in a competitive market. Its market share across the electricity and gas supply, and Feed-in Tariff (FIT) administration customer bases has grown, with overall customer numbers increasing by 34%.

Pressure on supply margins remains and the H1 results reflect a non-recurring impact on gas costs. The Company has nonetheless been able to continue to invest for growth and identify further opportunities through customer segmentation, investment in technology and moves towards localised distribution.

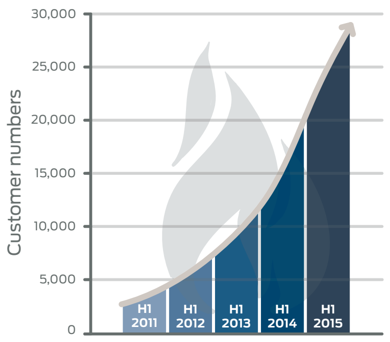
Customers

- Electricity customer numbers increased by 20% to 55,000 (H1 2014: 46,000)
- Gas customer numbers increased by 40% to 28,000 (H1 2014: 20,000)
- Feed-in Tariff (FIT) administration customer numbers increased by 42% to 93,500 (H1 2014: 66,000)

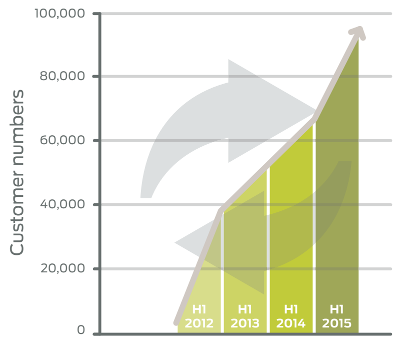
Customer growth



Electricity



Gas



FiT

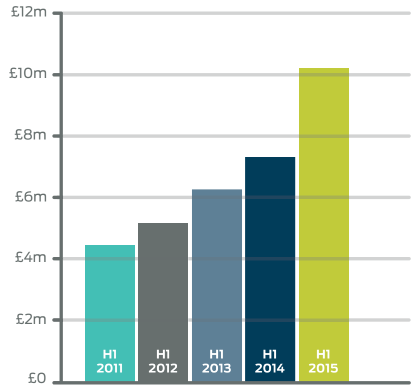
Financial key performance indicators

Revenue

Strong revenue growth of 47% has been achieved through the supply business (43% increase) and the electricity generation business (146% increase).

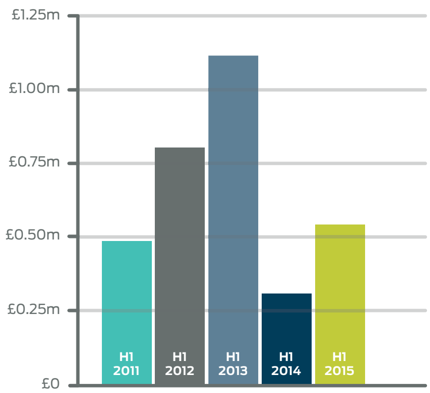
Gross profit

Gross profit growth of 38% in this period is due to strong customer growth through the supply business and increased contribution from solar and wind generation assets.



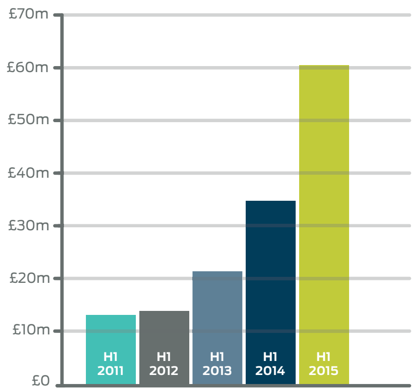
PBT

Profit before tax reflects the impact of continued investment in building platforms for growth and the expected increase in finance costs against the growing generation assets portfolio.



Non current assets

The level of investment in non current assets indicates strong performance against the Group's strategic objective of building its generation assets business.



Financial highlights

- Revenue increased by 47% to £32.6m (H1 2014: £22.2m)
- Gross profit increased by 38% to £10.2m (H1 2014: £7.4m)
- Profit before tax increased by 67% to £0.5m (H1 2014: £0.3m)
- EBITDA increased by 157% to £3.6m (H1 2014: £1.4m)
- Cash balance £9.5m (H1 2014: £5.0m)
- Basic earnings per share 2.6p (H1 2014: 1.9p)
- Interim dividend of 1p per ordinary share declared (H1 2014: 1p)

Generation

- The generation business has performed ahead of expectations
- Further investment made in the Company's renewable electricity generation portfolio
- Completion of four solar farms - Rook Wood and Lower End (Wiltshire), Carloggas (Cornwall) and Crossroads (Dorset,) with a total combined capacity of 23MW (H1 2014: 5MW)
- Two additional 5MW sites (Oaklands, Dorset, and Brynwhilach, South Wales) are due to be completed during the second half of the year
- Total solar installed capacity by 31 December 2015 will be 40MW
- Wind farm installed capacity as at 30 June 2015 - 17.5MW (H1 2014: 17.5MW)
- Combined wind and solar installed capacity at 30 June 2015: 47.5MW (H1 2014: 22.5MW)
- Combined solar and wind output at 30 June 2015: 38,196MWh - enough to power the equivalent of more than 19,000 homes in the period
- The Tidal Lagoon Power Swansea Bay project, in which Good Energy has invested, has received planning permission and is scheduled to begin generating electricity in 2019. This investment gives the Company an option to purchase 10% of the forecast 495GWh power per annum

Chief Executive's Review

Good Energy remains committed to its mission of tackling climate change and helping deliver a secure energy future for the UK. Its core proposition continues to combine 100% renewable electricity generated from British wind, sunshine, rain and water, with excellent customer service and competitive pricing.

The Company continued to perform in line with expectations in the first half of 2015, delivering customer growth across all market segments, and further expanding its portfolio of owned generation sites.

As of 30 June 2015, the Company had 55,000 electricity customers, an increase of 20% compared with the same period in 2014 (H1 2014: 46,000). Gas customer numbers grew over the same period by 40% to 28,000 (H1 2014: 20,000).

The Company also saw a 42% rise in Feed-in Tariff (FIT) administration customer numbers, to 93,500 (H1 2014: 66,000).

This represents combined customer growth of 34%, a strong achievement given the continued competitive nature of the energy supply market and the pressure on supply margins.

Good Energy has expanded its focus on the business sector, and has seen the volume of electricity purchased rise by 65% during the first half.

This growth is supported by good customer service, and the Company's efforts in this area have been recognised, not only in consistently good ratings from the consumer organisation Which? but also in recent polls by Martin Lewis's high-profile MoneySavingExpert.com.

At the same time, Good Energy has continued to focus on its programme of investment for future growth. This has included work on customer segmentation and investment in research and development activities.

A number of these R&D activities are helping support the move towards more localised distribution. Current initiatives include working with partners on investigating the potential for battery storage and technology, as well as peer-to-peer energy generation.

The Company has also accelerated its investment in systems, processes and people to support the growth momentum of the business.

The political and regulatory environment has continued to be challenging, with changes to both onshore wind and solar subsidy regimes and an overall lack of clarity on energy policy. This has necessitated a constant review of the Company's longer-term plans, particularly in relation to the timing of its wind and solar asset development pipeline and its appetite for selling sites.

Good Energy expects that the removal of Levy Exemption Certificates (LECs) as part of the Climate Change Levy will have a broadly neutral impact. The consultation over proposed changes to the Feed-in Tariff continues, and the Company is awaiting the final outcome of this process. It does not anticipate any impact on its 2015 results but the outcome may lead to lower growth levels in FIT customer numbers in the future.

The changes made to the Renewables Obligation Certificate (ROC) regime and the lack of direction on the long term support mechanism developed under the Electricity Market Review (EMR) Contracts for Difference is unhelpful, and may damage the UK's ability to hit its renewable energy targets. However, as a small, vertically integrated energy company, Good Energy believes it is well placed to manage this and other policy changes.

Good Energy's supply / generation business model and mixed portfolio also means it is able to take advantage of other opportunities within the energy sector.

There has been considerable change in the market that is driving Good Energy's new strategy. The focus is now on building upon the Company's established, successful business proposition and expanding its sales expertise to deepen its market penetration.

Within domestic supply, the focus will be on creating a platform for growth and driving down the Company's cost to serve. This will be achieved through increased use of digital technology and process efficiencies. The Company will also be testing the potential of scalable customer acquisition channels such as regional radio with a view to a full-scale implementation in 2017.

Good Energy's generation business will continue to concentrate on delivering planned additional solar capacity unaffected by the recent subsidy change. It will then focus on expanding its activity in onshore wind development in the medium term, at the same time, exploring opportunities within the hydro and tidal sectors.

The pursuit of further efficiencies within the Company's Feed-in-Tariff business will continue. Good Energy will also seek innovative propositions that link solar with other technologies.

As part of its growth strategy, Good Energy plans to achieve a fivefold increase in customer numbers (household equivalents) from a total of 176,500 as at June 2015 to approximately 900,000 as at 31 December 2020.

Good Energy largely welcomed the interim findings from the Competition and Market Authority's (CMA) investigation into the energy sector and has responded accordingly to the recommendations as part of the consultation process. The Company understands that the CMA is planning to publish its provisional decision on remedies in January 2016, with the final report due to be issued by late June 2016.

Financial results

Consolidated revenue continued its strong growth in H1 2015, increasing 47% to £32.6m (H1 2014: £22.2m). Supply revenue has increased 43% and reflects the continued customer growth in this segment. Generation asset revenue has grown 146% due to a full period of operation for Hampole wind farm and good power generation from our growing portfolio of solar sites. Four solar sites were energised in the period.

Consolidated gross profit increased by 38% to £10.2m (H1 2014: £7.4m) largely due to strong customer growth in the supply business and contribution from the growing generation asset portfolio.

Consolidated gross margin reduced slightly to 31% (H1 2014: 33%). The margin on electricity sales declined 3.5% due to more competitive pricing applied to both business and domestic sales which has underpinned growth in customer numbers.

Gas margin remained static despite declining wholesale prices. This was due to excess gas being purchased compared to volumes supplied to customers. The gas purchase system is being addressed by the company and it believes this should be a non-recurring item in 2015.

Administration expenses increased 18% to £7.9m (H1 2014: £6.7m). This included targeted investment of £0.6m into marketing on customer segmentation; technology and on-going investment into people and processes to support Good Energy's offer to customers and improve internal efficiencies. This investment will provide the Company with the capacity needed to grow further in the future.

Net finance costs have increased to £1.7m (H1 2014: £0.4m) due to an increase in borrowings of £26.3m since H1 2014 to support the energisation of three solar farms and the development pipeline of new generation assets. Of the £1.7m of interest cost, £1.3m directly relates to loans drawn down against solar and wind assets in H1 2015 and H2 2014.

Profit before tax increased 67% to £0.5m (H1 2014: £0.3m) largely due to the strong increase in customer numbers and the expansion of the generation asset base.

The Board is therefore pleased to announce an interim dividend of 1p per ordinary share for the period to 30 June 2015. The dividend is payable on 23 October 2015 to shareholders whose names are on the register at close of business on 2 October 2015. The shares will trade ex-dividend on 1 October 2015.

The Directors have once again decided to offer shareholders the opportunity to elect to receive dividends in the form of new shares in the Company as an alternative to a cash dividend payment.

Total assets have increased by 47% to £88.2m (30 Jun 2014: £59.9m) as investment continues into progressing the generation asset portfolio.

Total borrowings increased 79% to £59.7m (30 Jun 2014: £33.4m), with draw downs in H1 2015 of £14.5m against the existing facility with GCP Infrastructure Investments Limited. The draw down comprised of term loans relating to three energised solar farms. £11.6m of the facility remained un-drawn at 30 June 2015. £4.9m has been drawn on the Lloyds Bank revolving credit facility to fund costs for early stage development assets.

Consolidated cash flow for the period was £4.2m outflow. This reflects the normal seasonal pattern of the supply business cash flows and continued investment in generation development asset work in progress. The cash held at the half year is healthy at £9.5m (30 June 2014: £5.0m) and coupled with existing debt facilities, the Group is well placed to deliver against its objectives.

Generation and development

Good Energy's generation business has performed ahead of expectations during H1 2015, benefiting from the timing of the commissioning of its new solar assets.

No significant site sales were made in the first six months.

Further investment was made in Good Energy's renewable electricity generation site portfolio. During the first half of the year, the Company completed and brought on stream four solar farms - Rook Wood and Lower End in Wiltshire, Carloggas in Cornwall, and Crossroads, in Dorset. These four sites have a total combined installed capacity of 23MW.

Two additional 5MW sites - Oaklands in Dorset, and Brynwhilach in South Wales - are due to be completed during the second half of the year. This will bring Good Energy's total installed solar capacity to 40MW, across eight sites, by 31 December 2015.

Good Energy's two owned and operated wind farms in Delabole (Cornwall) and Hampole (Yorkshire) have a total combined generation capacity of 17.5MW. Output during the first six months of the year was ahead of expectations due to high wind speeds, particularly during January and May. H1 2015 performance was 66% up on the same period in 2014. However our wind farm at Hampole did not come on stream until late March 2014.

The combined output from Good Energy's own solar and wind sites during H1 totalled 38,196 MWh, an increase of 126%, compared with H1 2014. This represented approximately 28% of the total supply required in H1 2015.

The Tidal Lagoon Swansea Bay project, in which Good Energy has invested, has received planning permission and is scheduled to begin generating electricity in 2019. This investment gives the Company an option to purchase 10% of the forecast 495GWh power per annum.

Although the recent changes in the regulatory environment have increased the challenges associated with the Company's strategy, Good Energy continues to seek support for many of its generation projects through local community dialogue. This takes a variety of forms, including public exhibitions, drop ins and meetings with parish councils and local interest groups.

The Company remains committed to finding ways for local communities to participate in and benefit from its development activities.

Good Energy's local electricity tariffs, windfall payments in relation to Delabole and Hampole wind farms, and the community funds which it has set up for each of its generation projects are all evidence of this commitment in practice.

Ethical and social mission

In the first half of 2015, the Company won a number of awards recognising its achievements. These included the Social Impact Company of the Year (Small Cap) award, Company of the Year in the Business Green Leaders Awards and the leadership category in the British Renewable Energy awards.

As a founder member, Good Energy continues to play an active role in the Social Stock Exchange, and its partnerships with organisations such as the Soil Association, National Trust, Plantlife and 10:10 Solar Schools reflect a shared ethos in creating a greener, more sustainable environment.

Environmental responsibility

Good Energy takes its responsibilities to the environment seriously and ahead of any generation project a thorough environmental impact assessment is undertaken in consultation with the relevant authorities and other stakeholders (including the local community) covering issues such as landscape and visual impacts, noise, ecology and cultural heritage, to ensure the environmental benefit outweighs any potential impacts.

The Company will provide further details on this area and more technical information on its operational assets in its full-year report.

Outlook

Good Energy anticipates that its full year results will be below original expectations as the costs of the development business are unlikely now to be covered by a site sale (approximate year-end impact £1.5m) and these costs are likely to be incurred at the same rate as was the case in the first half of the year.

In addition, the Company expects to make a further investment in the business (approximately £0.6m by year-end), to continue building its capability to support future growth.

The outlook for both the supply and generation businesses remains in line with expectations.

The Company expects the marketplace to remain competitive and for supply margins to experience further pressure as a result.

It is anticipated that Good Energy's generation business, which has performed ahead of expectations in H1, will deliver a full-year operating profit in line with the market forecast.

Generation performance in H2 is likely to be lower than that in H1, a reflection of an assumption of normal weather conditions, the removal of LECs, which took effect from 1 August 2015, and the impact of the Company's new solar sites.

As the Company's H1 results demonstrate, Good Energy is continuing to see growing numbers of customers turning to renewable energy for their supply needs.

This increasing demand, combined with the organisation's expanding generation capacity and position as a 100% renewable electricity supplier and generator, gives the Company confidence in its ability to deliver further growth in the years to come.

To achieve this, Good Energy will continue its focus on developing its brand and investing for growth, while reducing its cost to serve and delivering great customer service.

The Company will also continue to invest in its generation portfolio to secure a supply of renewable energy to its growing customer base.

Good Energy will also continue to develop and grow its existing network of small-to-medium sized independent renewable electricity generators with whom it has power purchase agreements.

Good Energy's Research and Product Innovation team has been exploring new opportunities around a decentralised electricity market and the potential for home battery storage.

As part of this work, and in partnership with Open Utility, it expects to launch a trial of Piclo - the UK's first online marketplace for buying and selling renewable electricity - in the autumn.

Management team

The Executive team has been further strengthened and the Company is delighted to formally welcome David Brooks who, as Commercial Director, is responsible for Good Energy's commercial strategy; Fran Woodward, Director of People & Culture and Mark Meyrick, who joins us as Director of Wholesale & Trading.

Summary

I am confident that the Company has the right strategy in place and that it is well-placed to continue to deliver against its plans for growth.

I firmly believe that Good Energy has a strong, committed management team supported by a skilled and enthusiastic workforce, and in spite of the undoubted challenges, can see clear opportunities to continue to progress the Company's strategic objectives.

Good Energy's achievements to date have created a strong base from which to build and I am excited by the future.

Juliet Davenport

Chief Executive
24 September 2015

Consolidated Statement of Comprehensive Income (Un-audited)
For the 6 months ended 30 June 2015

	Notes	Un-audited 6 months to 30/06/2015 £000's	*Un-audited 6 months to 30/06/2014 £000's*	*Audited 12 months to 31/12/2014 £000's*
REVENUE		**32,590**	*22,228*	57,618
Cost of Sales		**(22,428)**	*(14,873)*	(38,782)
GROSS PROFIT		**10,162**	*7,355*	18,836
Administrative Expenses		**(7,903)**	*(6,659)*	(15,045)
OPERATING PROFIT		**2,259**	*696*	3,791
Finance Income		**17**	*10*	87
Finance Costs - including exceptional item		**(1,760)**	*(387)*	(2,590)
PROFIT BEFORE TAX AND EXCEPTIONAL FINANCE COST		**516**	*319*	2,169
Exceptional Finance Cost		**-**	*-*	(881)
PROFIT BEFORE TAX		**516**	*319*	1,288
Taxation		**(146)**	*(53)*	520
PROFIT FOR THE PERIOD		**370**	*266*	1,808
OTHER COMPREHENSIVE INCOME:				
Items that may subsequently be reclassified to profit or loss				
Loss on cash flow hedge		**-**	*(207)*	(328)
Other comprehensive income for the year, net of tax		**-**	*(207)*	(328)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY		**370**	*59*	1,480
Earnings per share from profit for the period				
- Basic	6	**2.6p**	*1.9p*	12.6p
- Diluted	6	**2.4p**	*1.7p*	11.9p

Highlights

Chief Executive's Review

Financial Statements

Consolidated Statement of Financial Position (Un-audited)

As at 30 June 2015

	Un-audited 30/06/2015 £000's	*Un-audited 30/06/2014 £000's*	*Audited 31/12/2014 £000's*
ASSETS			
Non-current assets			
Property, plant and equipment	**56,181**	30,655	44,729
Intangible assets	**3,323**	3,519	3,530
Derivative financial instruments	**-**	121	-
Investments	**500**	538	500
Total non-current assets	**60,004**	34,833	48,759
Current assets			
Inventories	**9,169**	11,953	6,466
Trade and other receivables	**9,487**	8,063	10,281
Current tax receivable	**-**	-	109
Cash and cash equivalents	**9,533**	5,025	13,703
Total current assets	**28,189**	25,041	30,559
TOTAL ASSETS	**88,193**	59,874	79,318
Equity and Liabilities			
Capital and reserves			
Called up share capital	**748**	733	733
Share premium account	**9,777**	9,077	9,077
EBT shares	**(1,074)**	(230)	(127)
Retained Earnings	**8,254**	6,620	8,260
Total equity attributable to members of the parent company	**17,705**	16,200	17,943
Non-current liabilities			
Deferred taxation	**119**	791	15
Borrowings	**53,344**	32,697	39,676
Total non-current liabilities	**53,463**	33,488	39,691
Current liabilities			
Borrowings	**6,365**	743	6,608
Trade and other payables	**10,627**	8,906	15,076
Current tax payable	**33**	537	-
Total current liabilities	**17,025**	10,186	21,684
Total liabilities	**70,488**	43,674	61,375
TOTAL EQUITY AND LIABILITIES	**88,193**	59,874	79,318

Consolidated Statement of Changes in Equity (Un-audited)
For the 6 months ended 30 June 2015

	Share Capital £000's	Share Premium £000's	Other Reserves £000's	Retained Earnings £000's	Total £000's
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**
At 1 July 2014	**733**	**9,077**	**(230)**	**6,620**	**16,200**
Profit for the period	-	-	-	1,541	1,541
Other comprehensive income for the period	-	-	-	(121)	(121)
Total comprehensive income for the period	-	-	-	**1,420**	**1,420**
Share based payments	-	-	-	30	30
Tax credit relating to share option scheme	-	-	-	311	311
Sale of shares by EBT	-	-	103	22	125
Dividend Paid	-	-	-	(143)	(143)
Total contributions by and distributions to owners of the parent, recognised directly in equity	-	-	103	220	323
At 31 December 2014	**733**	**9,077**	**(127)**	**8,260**	**17,943**
At 1 January 2015	**733**	**9,077**	**(127)**	**8,260**	**17,943**
Profit for the period	-	-	-	370	370
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	**370**	**370**
Issue of new shares	15	700	-	-	715
Tax credit relating to share option scheme	-	-	-	(39)	(39)
Sales of shares by EBT	-	-	203	(4)	199
Purchase of shares by EBT	-	-	(1,150)	-	(1,150)
Dividend paid	-	-	-	(333)	(333)
Total contributions by and distributions to owners of the Parent, recognised directly in equity	15	700	(947)	(376)	(608)
At 30 June 2015	**748**	**9,777**	**(1,074)**	**8,254**	**17,705**

Consolidated Statement of Cash Flows (Un-audited)
For the 6 months ended 30 June 2015

	Notes	Un-audited 30/06/2015 £000's	Un-audited 30/06/2014 £000's	Audited 31/12/2014 £000's
Cash flows from operating activities:				
Cash generated from operations		**(3,358)**	(8,469)	3,697
Finance income		**17**	10	87
Finance cost		**(770)**	(439)	(2,644)
Income tax repaid / (paid)		**62**	34	(500)
Net cash flows from operating activities	7	**(4,049)**	(8,864)	640
Cash flows from investing activities:				
Purchase of property, plant and equipment		**(12,470)**	(11,016)	(18,316)
Purchase of intangible fixed assets		**(84)**	(403)	(619)
Acquisition of unquoted investment		**-**	(538)	(500)
Net cash flows used in investing activities		**(12,554)**	(11,957)	(19,435)
Cash flows from financing activities:				
Payments of dividends		**(316)**	(328)	(472)
Proceeds from borrowings		**21,861**	8,496	25,983
Repayments of borrowings		**(8,858)**	(219)	(11,035)
Capital repayments of finance leases		**-**	(83)	(83)
Purchase of own shares		**(453)**	-	-
Sale of own shares		**199**	5	130
Net cash flows from financing activities		**12,433**	7,871	14,523
Net decrease in cash and cash equivalents		**(4,170)**	(12,950)	(4,272)
Cash and cash equivalents at beginning of period		**13,703**	17,975	17,975
Cash and cash equivalents at end of period		**9,533**	5,025	13,703

Notes to the Interim Accounts
For the 6 months ended 30 June 2015

1. General information and basis of preparation

Good Energy Group PLC is an AIM listed company incorporated and domiciled in the United Kingdom under the Companies Act 2006. 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 24th September 2015. 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 2014 were approved by the Board of Directors on 24 March 2015 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain statements under 498 (2) or (3) of the Companies Act 2006 and did not contain any emphasis of matter.

As permitted these Interim Financial Statements have been prepared in accordance with UK AIM rules and the IAS 34, 'Interim financial reporting' as adopted by the European Union. They should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2014, which have been prepared in accordance with IFRS as adopted by the European Union. The accounting policies applied are consistent with those of the Annual Financial Statements for the year ended 31 December 2014, as described in those Annual Financial Statements. Where new standards or amendments to existing standards have become effective during the year, there has been no material impact on the net assets or 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.

The 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 2014.

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 2014.

Notes to the Interim Accounts
For the 6 months ended 30 June 2015

5. Segmental analysis

H1 2015	Electricity Supply £000's	FIT admin-istration £000's	Gas Supply £000's	Total Supply Companies £000's	Electricity Generation £000's	Generation Development £000's	Holding Company/ Consolidation Adjustments £000's	Total £000's
Revenue	*19,783*	*1,748*	*9,029*	**30,560**	3,832	200	(2,002)	32,590
Cost of sales	*(14,281)*	*(1,313)*	*(7,054)*	**(22,647)**	(1,453)	(329)	2,002	(22,428)
Gross profit / (loss)	*5,503*	*435*	*1,975*	**7,913**	2,379	(129)	-	10,162
Gross margin	*28%*	*25%*	*22%*	**26%**	62%	(65%)	0%	31%
Admin costs				**(6,600)**	(173)	(570)	(559)	(7,903)
Operating profit / (loss)				**1,313**	2,206	(700)	(559)	2,259
Net finance costs				**34**	(1,717)	(148)	88	(1,743)
Profit /(loss) before tax				**1,347**	489	(848)	(471)	516
Taxation				**(74)**	(32)	(10)	(30)	(146)
Net profit /(loss) for the period				**1,272**	457	(858)	(501)	370
Depreciation				**(425)**	(888)	(2)	(1)	(1,316)
EBITDA				**1,738**	3,094	(699)	(559)	3,575

Holding Companies/Consolidation Adjustments to revenue and cost of sales of £2.0m (H1 2014: £0.8m) due to intercompany electricity sales. These have increased as a result of additional generation sites energised in the period.

Notes to the Interim Accounts
For the 6 months ended 30 June 2015

5. Segmental analysis (continued)

H1 2014	Electricity Supply £000's	FIT admin-istration £000's	Gas Supply £000's	Total Supply Companies £000's	Electricity Generation £000's	Generation Development £000's	Holding Company/ Consolidation Adjustments £000's	Total £000's
Revenue	*14,377*	*1,183*	*5,739*	**21,299**	1,560	212	(843)	22,228
Cost of sales	*(9,872)*	*(611)*	*(4,443)*	**(14,926)**	(686)	(103)	843	(14,873)
Gross profit	*4,505*	*572*	*1,296*	**6,373**	874	109	0	7,355
Gross margin	*31%*	*48%*	*23%*	**30%**	56%	51%	0%	33%
Admin costs				**(5,551)**	(78)	(468)	(562)	(6,659)
Operating profit / (loss)				**822**	796	(358)	(562)	696
Net finance costs				**(54)**	(404)	(138)	218	(377)
Profit / (loss) before tax				**768**	392	(496)	(344)	319
Taxation				**(79)**	(59)	84	0	(53)
Net profit / (loss) for the period				**689**	333	(412)	(344)	266
Depreciation				**(375)**	(355)	(16)	(1)	(747)
EBITDA				**1,197**	1,151	(342)	(561)	1,444

6. Earnings per share

The calculation of basic earnings per share at 30 June 2015 was based on a weighted average number of ordinary shares outstanding for the six months to 30 June 2015 of 14,463,037 (for the six months to 30 June 2014: 14,280,948 and for the full year 2014: 14,322,069) after excluding the shares held by Clarke Willmott Trust Corporation Limited in trust for the Good Energy Group Employee Benefit Trust.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary to assume conversion of all potentially dilutive ordinary shares. Potentially dilutive ordinary shares arise from awards made under the Group's share-based incentive plans. When the vesting of these awards is contingent on satisfying a service or performance condition, the number of the potentially dilutive ordinary shares is calculated based on the status of the condition at the end of the period. Potentially dilutive ordinary shares are actually dilutive only when the Company's ordinary shares during the period exceeds their exercise price (options) or issue price (other awards). The greater any such excess, the greater the dilutive effect. The average market price of the Company's ordinary shares over the six month period to 30 June 2015 was 225p (for the six months to 30 June 2014: 258p and for the full year 2014: 243p). The dilutive effect of share-based incentives was 663,466 shares (for the six months to 30 June 2014: 1,222,279 shares and for the full year 2014: 868,326 shares).

Notes to the Interim Accounts
For the 6 months ended 30 June 2015

7. Net cash flows from operating activities

The operating cash outflow for the six months to 30 June 2015 of £4.1m (for the six months to 30 June 2014: £8.9m outflow and for the full year 2014: £0.6m inflow). This includes £2.7m (for the six months to 30 June 2014: £6.7m) of spend on inventory relating to generation projects.

8. Related party transactions

In 2012, the Group entered into an agreement in connection with generation development activities with Shire Oak Energy Limited, a company wholly owned by Mark Shorrock who is the husband of Juliet Davenport.

As at 31 December 2014 Shire Oak Energy Limited was entitled to receive £1,015,200 (2013: £945,000) of which £nil (2013: £945,000) remains outstanding. During 2015, further payments totalling £314,687 were made to Shire Oak Limited.

The agreement was terminated with effect from 10 October 2014 with post termination provisions remaining in place. The maximum remaining outstanding obligation under the post termination provisions is capped at £150,000.

9. Subsequent events

A further debt drawdown of £4.0m completed in August 2015 following commissioning of Crossroads solar farm.

Planning permission was granted on Mapperton in July 2015, but a Judicial Review has subsequently been issued to challenge the outcome of the planning process. The costs to date incurred on Mapperton are included in work in progress on the Statement of Financial Position.

Designed by leap.uk.net and printed by Apple Litho, Good Energy customers, on Cocoon Offset, 100% recycled FSC certified paper.

Interim Report 2015

Good Energy Group PLC
Monkton Reach
Monkton Hill
Chippenham
SN15 1EE

goodenergygroup.co.uk