

ANNUAL REPORT AND FINANCIAL STATEMENTS - Year ended 31 December 2007

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Good Energy Group PLC will be held at The Town Hall, High Street, Chippenham, Wiltshire SN15 3ER on 9 May 2008 at 11 am, for the following purposes:

Ordinary Resolutions

1. Report and Financial Statements

To receive and adopt the Report of the Directors and the audited Financial Statements for the year ended 31 December 2007.

2. Re-appointment of Auditors

To re-appoint Calder & Co. as Auditors of the Company and authorise the Directors to set their remuneration.

3. Directors' powers to allot securities

That, in substitution for any equivalent authorities and powers granted to the Directors prior to the passing of this resolution, the Directors be and they are hereby generally and unconditionally authorised pursuant to Section 80 of the Companies Act 1985 (the "Act") to exercise all powers of the company to allot relevant securities (as defined in Section 80(2) of the Act) provided that this authority shall be limited to relevant securities up to an aggregate nominal amount of £1,000,000 and unless previously renewed, revoked, varied or extended, this authority is to expire at the conclusion of the next Annual General Meeting of the Company, or fifteen months after the date of such authority, if earlier, save that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if this authority had not expired.

Special Resolution

To consider and, if thought fit, pass the following resolution which will be proposed as a special resolution.

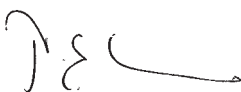
4. Directors' power to allot securities and disapplication of pre-emption rights

That the Directors be authorised pursuant to Section 95 of the Act to allot equity securities as if Section 89(1) of the Act did not apply to any such allotment provided that such power be limited to the allotment of equity securities up to an aggregate nominal amount of £250,000. This authority is to expire at the conclusion of the next Annual General Meeting of the Company, or fifteen months after the date of such authority, if earlier, save that the Company may at any time before such expiry make an offer or agreement which would or might require equity securities to be allotted for cash after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if this authority had not expired.

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

Company number: 4000623

By order of the Board



John Sellers
Chairman
31 March 2008

Note: All members who hold shares are entitled to attend and vote at the meeting. Members who are entitled to attend and vote may appoint one or more proxies to attend and, on a poll, vote instead of him, and the proxy need not also be a member. A form of proxy is enclosed with the Annual Report and Financial Statements.

DIRECTORS AND CORPORATE RESOURCES

<i>Directors</i>	John Sellers (Non-Executive Chairman) Juliet Davenport (Chief Executive) Jon Fairchild (Group Finance Director) appointed 12 December 2007 Lawrence Churchill (Senior Independent Non-Executive Director) Rick Squires (Independent Non-Executive Director) appointed 3 March 2008 Martin Edwards (Non-Executive Director)
<i>Company Secretary and Registered Office</i>	Ovalsec Ltd 2 Temple Back East Temple Quay Bristol BS1 6EG
<i>Auditors</i>	Calder & Co 1 Regent Street London SW1Y 4NW
<i>Solicitors to the Company</i>	Clarke Willmott 1 Georges Square Bath Street Bristol BS1 6BA
<i>Financial Advisors</i>	Bishop Fleming 16 Queen Square Bristol BS1 4NT
<i>Bankers</i>	The Co-operative Bank PLC PO Box 101 1 Balloon Street Manchester M60 4EP National Westminster Bank PLC 68 - 70 Suffolk Road Cheltenham GL50 2ED
<i>Registrars</i>	Computershare Investor Services PLC PO Box 859 The Pavilions Bridgwater Road Bristol BS13 8FB
<i>Financial PR</i>	Bishopsgate Communications Henry Thomas House 5 - 11 Worship Street London EC2A 2BH Carbon International Studio One 7 Chalcot Road London NW1 8LH

CHAIRMAN'S STATEMENT
For the year ended 31 December 2007

It is a pleasure to report that in terms of operational improvement and financial results, 2007 was our Company's best ever year. A full review of the year is included in the Operating and Financial Review on pages 5 to 8. We believe that further progress is likely to be achieved in 2008.

Since the formation of the Company, the Board has consistently asserted that Climate Change is happening and that its increasingly harmful effects require a commensurate response in the form of reduced carbon emissions. Accordingly and irrespective of the extent of political and regulatory initiatives, we introduced our 100% renewable electricity product as an immediately available solution for householders and businesses. 2007 has seen our 7th year of continuous growth in sales of this product.

It has been the Group's consistent intention to pursue its Climate Change goal as a properly structured commercial enterprise rather than as a lobby group, environmental trust or charity, and our high levels of environmental and ethical standards of course do not release us from our obligation to deliver good financial results and positive shareholder returns. 2007 demonstrates progress on this front.

We also believe that the Group's impact on wider public recognition of the need for a response to Climate Change is more than would be expected from a company of our size. Our Good Energy brand, our PR activity, and the valuable influence of our customers and shareholders in their communities are all leading to a rapidly expanding market for low carbon products and services.

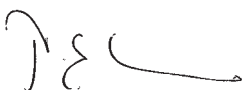
We broadly welcome the proliferation of businesses, product offerings and investment funds that have arisen under the "green" banner. However we are entitled to suspect that some of these are more financially exploitative than authentic. It is time that our regulatory authority concluded its work on the establishment of a proper rating system so that potential customers may make informed decisions.

A key highlight of 2007 has been the management of cash in what is essentially a cash consumptive business model; that is, the Company lays out cash to expand its customer base before customers return the cash via their bill payments. At the time of this statement, the international economic and financial outlook is uncertain. Whilst this operating environment is not ideal for any company, we believe that underlying regulatory drivers behind the growth of renewable energy, concerns over energy security and the high cost of conventional fossil fuels should support the Group's business model. The Board believes that the Group's cash position makes it better placed to manage its growth than would otherwise be the case.

Our relatively strong year-end cash position has been helped by the results of the Share Offering in December 2007. I would like to take this opportunity to extend a warm welcome to the new shareholders in the Group. We now have over 1,700 shareholders and we do see these as a valuable resource.

Looking ahead, the Board recognises that it needs to continue to build, prudently, the Group's volume and profitability to a level which will give respectable financial returns to shareholders on a sustainable basis, and attract new capital if the need arises.

Finally, I want to acknowledge the contribution made by Juliet Davenport and her team; they have staked their careers in our business, and we should be impressed by their continuing enthusiasm and positive approach.



John Sellers
Chairman
31 March 2008

CHIEF EXECUTIVE'S OPERATING AND FINANCIAL REVIEW
For the year ended 31 December 2007

Operating Review for 2007

In 2007 there has continued to be an increase in the consciousness of both the wider public and the Government to Climate Change issues and the Board welcomes these advances as confirmation that the Group is addressing an issue of vital importance.

The continuing aim of the Group is to provide Climate Change solutions to individuals and businesses in the UK. This year has seen the 7th year of continuous growth in our principal product, the supply of electricity from 100% renewable sources, and good progress has been made in the development of new products, in particular looking at the potential for offering a dual fuel product, and offerings in energy efficiency and microgeneration.

The Board recognises that the financial results for 2007 are much improved from previous years. After the re-organisation in 2006 the Group was able to expand its customer base by 15% in 2007 and to restore profit levels closer to our targets both within Good Energy and the Group as a whole. Turnover was up by 16% on 2006 while gross profit improved from 16% in 2006 to 27% in 2007. Our retail price to customers remained steady throughout the year despite a marked upturn in wholesale energy costs in the last quarter of 2007. All profits are re-invested in the Group.

Energy Trading

As has been reported in the media recently, energy wholesale markets are likely to remain volatile in the medium term. By way of response, Good Energy has devised a new flexible approach to trading that allows us to better respond to negative or positive shifts in the wholesale market within our resources. Nevertheless it is inevitable that our customer prices will, over time, depend on underlying wholesale market conditions and it is the high level of wholesale costs from the end of 2007 onwards which has led directly to the retail price rise of 13.2% on average from February 2008.

Operations

Good Energy manages its business through an established set of performance measures including Customer Service Quality, Customer Retention, Forecast Accuracy and Bad Debts Ratios. In 2007, the Group improved performance against these targets compared to 2006.

The Customer Retention rates were above expectation; Customer Service was much improved, and the cash position of the business improved as both billing and cash collection were higher than predicted. The Board believes that this improvement resulted from a full year of in-house ownership and management of these functions.

Good Energy continues to review its internal procedures, resources and structure in order to keep them appropriate for the size of business as we grow.

There are two principal reasons for the increase in the administrative expenses during 2007 as compared to 2006:

1. The number of staff has increased from 29 average in 2006 to 42 average in 2007 causing an extra cost of £557,818 year on year. Many parts of the business have been strengthened including the integration of an IT development department; increases in the manning of the customer care department; the establishment of a billing and credit control team as well as organic growth in other financial and marketing departments.
2. A technical book adjustment to the Goodwill and other intangible fixed assets charge regarding the historic purchase of subsidiary companies. The charge in 2007 was £176,422 (2006: a credit of £298,980) a year on year difference of £475,402. The increase in the Goodwill charge has been caused by the Group no longer investing equity into Good Energy as it was in the earlier growth stages as part of the original purchase plan.

CHIEF EXECUTIVE'S OPERATING AND FINANCIAL REVIEW
For the year ended 31 December 2007

Influencing Government Policy

Good Energy continues to have a keen interest in relevant Government policy and where appropriate tries to influence it to improve the potential market for renewable energy. Good Energy is represented on the OFGEM (the Office of Gas and Electricity Markets) environmental advisory group and in December 2007 was elected to the Renewable Advisory Board for the Department for Businesses, Enterprise & Regulatory Reform.

The Group has a regulatory team who monitor and respond to the factors and trends emerging from potential UK renewable energy legislation.

Environmental Verification

For the past 5 years, Good Energy has had its annual environmental performance verified by the top 10 firm of Chartered Accountants, Smith and Williamson. The Accountants have signed audit reports on each occasion to confirm that we have carried out the claims that we have made regarding our renewable energy credentials. The verification report is published in our annual Environmental Report which sets out how we seek to minimise our environmental impact at all times.

Sales and Marketing

Good Energy grew its customer base by 3,108 during 2007, an increase of 15%, and by the end of the year was supplying a total of 23,770 households and businesses across the UK. Marketing expenditure remained steady in 2007, as the Group continued to consolidate and ensure that it was in a position to expand in the future.

The key work that we started in 2007 was new market research. We employed an external agency to carry out a market research project on behalf of Good Energy covering the period from December 2007 to March 2008. The agency was commissioned to understand and segment our customers and make recommendations on how to position ourselves going forward. The conclusions that came out of the work suggested a potential repositioning of Good Energy as the leader in low carbon energy products and services. These would include core services of 100% renewable electricity supply and a type of "low carbon" gas, renewable generation and energy efficiency. In addition the Company should engage with wider stakeholders on partnerships, campaigning, investment and spreading the word on Climate Change.

Good Energy Generation

Good Energy Generation continues to explore possibilities for acquiring further generation assets, and we have now allocated a team of people to work on this. There has been an evident increase in market demand for energy from renewable sources in general; and the strong inflow of investment funds has helped to increase significantly the demand for sites and the prices that the market is willing to pay to acquire them.

Good Energy Generation's main asset is the operation of the 4MW Windfarm at Delabole which supplies around 8% of the power sold by Good Energy to its customers. In 2007 the Windfarm continued to perform to expected levels, with output levels in line with previous years.

In 2007 progress has been made on the planning application to enable the re-powering of our Windfarm at Delabole. The proposal is to remove the existing turbines and replace them with fewer, larger turbines. If approved, the Windfarm would have an output roughly 2.5 times its current levels. This would be sufficient to power up to 6,000 homes. The planning application is due to be submitted to North Cornwall District Council in April 2008 and we will be making further announcements in due course.

In August 2007 we held our 3rd annual Good Energy Wind Fair at the Delabole site; some 4,000 people came through the doors to learn more about the renewable industry and the Good Energy product. We intend to hold the event again in the summer of 2008.

CHIEF EXECUTIVE'S OPERATING AND FINANCIAL REVIEW
For the year ended 31 December 2007

Financial Review for 2007

The statutory Financial Statements of Good Energy Group PLC for the year ended 31 December 2007 are set out on pages 12 to 28 together with explanatory notes and prior year comparatives where appropriate.

The results for 2007 demonstrate that management has continued to follow its key financial strategy of re-investing in the further development of the Good Energy operation and in the strengthening of the Good Energy brand. The results reflect the benefit of bringing in-house services that were previously outsourced as compared to 2006 and are illustrated by the increase in gross profits of 87%.

Turnover and Gross Profit

At £12.88m (2006: £11.11m) turnover in 2007 was 16% higher than in 2006. There were 15% more electricity customers but each of those customers was using 7% less power on average. The retail price in 2007 was 8% higher on average than in 2006.

At £3.43m (2006: £1.83m) the gross margin was 27% of sales (2006: 16%). Margins have improved in 2007 due to the price increases of 2006 being followed by more benign wholesale market conditions in early 2007.

Profit before tax

The profit before tax for 2007 was £303,688 (2006: £32,863) and is the best result the Group has produced so far.

The net interest charges increased to £94,336 (2006: £62,440) as working capital requirements of the Group remained high in the early part of 2007; this trend required a degree of response, and a sharper focus on credit management enabled Good Energy to achieve much better ratios by the end of the year and therefore a significant improvement in the Group's cash position as can be seen in the cash flow statement on page 15.

For 2007 the Group has a tax charge of £70,154 (2006: credit of £59,292) so that the Profit after Tax for 2007 is £233,534 (2006: £ 92,155) representing at 4.0p a share (2006: 1.6p) a higher return for shareholders than in any previous year.

The cash position of the Group has improved considerably. Towards the end of 2007, Good Energy conducted successfully a Share Offer raising £0.93m of funds net of costs. In addition, over the course of 2007 the working capital demands on the Group lowered considerably; which was further helped by the Group trading profitably on a consistent basis.

We continue to have the support of our bankers, Nat West, in financing our potential working capital expansion and in particular in securing finance against the debtor book. Our working capital facilities have been renewed with improved terms recently and are next scheduled for review on 28 February 2009.

Balance sheet

The balance sheet has been drawn up using the Historic Cost convention as required by United Kingdom Generally Accepted Accounting Principles.

For the 2008 Financial Statements we will be changing the basis of presentation to use International Financial Reporting Standards (IFRS). This will give the Group the highest and most up to date standard of accounting corporate governance.

CHIEF EXECUTIVE'S OPERATING AND FINANCIAL REVIEW
For the year ended 31 December 2007

Company dividend and shareholder return

No dividend is proposed for 2007. The Directors do acknowledge the longer-run requirement to continue to deliver a respectable return on shareholders' investment and it is envisaged that if the Group can achieve its medium term plans, then it will be in a position to do so. The Directors believe that the 2007 results have taken a significant stride in that direction.

Forward looking statement

Good Energy continues to be a leading brand in the rapidly expanding market for products and services aimed at lowering carbon emissions. The Group expects to continue to grow its customer base and to develop new product lines during 2008.

Our business is founded on the principle that the Group adheres to our environmental and ethical standards. This does not preclude us from delivering attractive shareholder returns. This proposition is now built in to our business plans which, for 2008 and 2009, call for further improvement in our operating and financial performance. Our results for 2008 to date are in line with those plans.

The Board is conscious that the economic outlook has shifted in the months since the Balance Sheet date. The Group is assessing its business expansion plans with a view to mitigating the inevitable risks to the business of being a relatively small player in a globally volatile market, notwithstanding that we are well positioned as a leading brand in an expanding and attractive sector.



Juliet Davenport
Chief Executive
31 March 2008

DIRECTORS' REPORT
For the year ended 31 December 2007

The Directors present their Annual Report and the Financial Statements for the year ended 31 December 2007.

DIRECTORS

The Directors and their beneficial interests in the Company's issued share capital:

	31 December 2007	<i>31 December 2006</i>
John Sellers	781,297	771,297
Juliet Davenport	279,702	274,702
Jon Fairchild (appointed 12 December 2007)	2,000	2,000
Lawrence Churchill	-	-
Martin Edwards	669,827	669,827

Rick Squires was appointed on 3 March 2008; he has no shares.

Juliet Davenport has the following share options in the Company: 520,000 shares exercisable after 1 May 2005 at 50p per share; and 35,000 shares exercisable after 1 June 2007 at 75p per share.

Jon Fairchild has the following share options in the Company: 45,000 shares exercisable after 27 January 2006 at 75p per share; 85,000 shares exercisable after 10 June 2007 at 75p per share; 100,000 shares exercisable after 1 July 2008 at 80p per share; and 87,000 shares exercisable after 1 September 2009 at 75p per share.

OWN SHARES ACQUIRED

Details of own shares acquired during the year are shown on note 18.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company Law requires the Directors to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Company and Group and of the profit or loss of the Company and Group for that period. In preparing those Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and Group to enable them to ensure that the Financial Statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of Good Energy Group PLC is that of a holding and management company to the Group. The principal activities of its subsidiaries are the purchase, generation and sale of energy from renewable sources and provision of services in energy efficiency, carbon reduction and micro-renewable generation. A detailed review of the business is set out on pages 5 to 8.

RESULTS AND DIVIDENDS

The results for the year are set out on page 12. The Directors do not recommend payment of a final dividend.

FUTURE DEVELOPMENT

The Company is following its Strategic Plan which calls for a continuing increase in the Good Energy customer base and the enhancement of the Good Energy Brand. It also intends to make further acquisitions of renewable energy generation plant if financially justifiable. To fund this strategy, and to enable its growing customer base to participate in the financial development of the business, the Company is intending to raise further equity funds from time to time.

DIRECTORS' REPORT
For the year ended 31 December 2007

CORPORATE GOVERNANCE AND FINANCIAL CONTROL

The Board is familiar with modern standards of corporate governance and adopts those standards progressively as the scale of the Group increases. The roles of Chief Executive and Chairman have always been split, with the Chairman operating in a Non-Executive capacity. The Board has had the services of a Senior Independent Director since 2004.

More recently, the Board has been strengthened by the appointment in December 2007 of Jon Fairchild as Group Finance Director (formerly Group Financial Controller) and by the appointment in March 2008 of Rick Squires as Independent Non-Executive Director.

The Board convenes on a monthly basis to review the Group's actual and prospective performance, but also to resolve issues relating to remuneration, accounting policy, audit, risk, strategy, health and safety and other specific subjects. In these discussions, one of the Independent Directors takes the Chair.

The Board reviews the operational and financial results of the Group on a monthly basis against a pre-agreed set of performance targets and authority levels for Executive Management, and has the benefit of a system of continuous financial planning which is used to better manage profit and cash flow forecasting, and to inform investment decision-making.

REMUNERATION REVIEW

A review of Non-Executive Director workload compared to market practice has been conducted by an independent consultant under the supervision of the Group's Senior Independent Director. Its conclusion was that Non-Executive Directors have been required for a number of years to commit much more time to the Group than as presumed in their contractual terms and market practice. Following the review the Board has resolved to adjust Non-Executive fees as from January 2008 to reflect the revised time commitment and market rates as follows:

Non-Executive Chairman	£36,000 per annum
Senior Independent Director	£26,800 per annum
Non-Executive Directors	£20,000 per annum

GROUP POLICY FOR PAYMENT OF CREDITORS

The Group requires its subsidiaries to perform to high standards of commercial practice. Its policy is strictly to comply with the terms of payment agreed with a supplier. Where terms are not negotiated, the Company endeavours to adhere to the supplier's standard terms.

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are Directors at the time when this Directors' Report is approved confirms that:

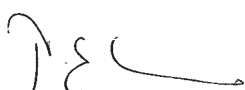
- so far as that Director is aware, there is no relevant audit information of which the Company and the Group's Auditors are unaware, and
- each Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the Company and the Group's Auditors in connection with preparing their Report and to establish that the Company and the Group's Auditors are aware of that information.

ETHICAL STATEMENT

Good Energy Group PLC espouses the highest possible standards of ethical, environmental and social responsibility. Our core business has an environmental focus and it seeks to provide individuals and businesses with simple solutions to combat Climate Change. We are keen to have our customers become shareholders to provide a balance of benefit between the owners of the Company and its customers. We expect the highest standards of social and commercial behaviour in our staff. Good Energy is producing a full Environmental Report for 2007 which will be available on request. Our environmental credentials have been confirmed independently by Smith & Williamson, a top 10 firm of Chartered Accountants, and a copy of their report is also available.

AUDITORS

A resolution for the re-appointment of Calder & Co as Auditors of the Company is to be proposed at the forthcoming Annual General Meeting in accordance with Section 385 of the Companies Act 1985. This report was approved by the Board on 31 March 2008 and signed on its behalf.



John Sellers
Chairman

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS
OF GOOD ENERGY GROUP PLC**

We have audited the Group and Parent Company Financial Statements of Good Energy Group PLC for the year ended 31 December 2007 as set out on pages 12 to 28. These Financial Statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors' responsibilities for preparing the Annual Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the Financial Statements, if the Group has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions with the Company and other members of the Group is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited Financial Statements. This other information comprises only the Directors' Report and the Operating and Financial Review. We consider the implications for our report if we become aware of any apparent mis-statements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

OPINION

In our opinion

- the Financial Statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and Parent Company's affairs as at 31 December 2007 and of the Group's profit for the year then ended;
- the Financial Statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the Financial Statements.

Calder & Co

Chartered Accountants and Registered Auditor
1 Regent Street
London SW1Y 4NW
31 March 2008

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2007

	Note	2007 £	2006 £
TURNOVER	1, 2	12,875,466	11,111,678
Cost of sales		(9,441,825)	(9,278,448)
GROSS PROFIT		3,433,641	1,833,230
Administrative expenses		(3,035,731)	(1,737,927)
OPERATING PROFIT	2, 3	397,910	95,303
Income from other fixed asset investments		114	-
Interest receivable	6	16,419	20,739
Interest payable	7	(110,755)	(83,179)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	303,688	32,863
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	8	(70,154)	59,292
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		£ 233,534	£ 92,155
Earnings per share - Basic	9	4.0p	1.6p
- Diluted	9	3.4p	1.4p

All amounts relate to continuing operations.

There were no recognised gains and losses for 2007 or 2006 other than those included in the profit and loss account.

The notes on pages 16 to 28 form part of these Financial Statements.

CONSOLIDATED BALANCE SHEET
As at 31 December 2007

	Note	£	2007 £	£	2006 £
FIXED ASSETS					
Intangible fixed assets	10		1,104,289		1,320,385
Tangible fixed assets	11		950,668		892,045
Investments	12		137,471		118,534
			<u>2,192,428</u>		<u>2,330,964</u>
CURRENT ASSETS					
Stocks	13	1,030,549		1,701,254	
Debtors	14	2,601,509		4,462,424	
Cash at bank and in hand		1,263,161		105,230	
			<u>4,895,219</u>	<u>6,268,908</u>	
CREDITORS: amounts falling due within one year	15	(2,611,229)		(5,225,431)	
NET CURRENT ASSETS			<u>2,283,990</u>		<u>1,043,477</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>£ 4,476,418</u>		<u>£ 3,374,441</u>
CREDITORS: amounts falling due after more than one year	16		79,272		96,126
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred taxation	17		174,872		222,718
CAPITAL AND RESERVES					
Called up share capital	18	344,463		292,513	
Share premium account	19	3,065,896		2,184,703	
Profit and loss account	19	811,915		578,381	
SHAREHOLDERS' FUNDS - All Equity	2, 20		<u>4,222,274</u>		<u>3,055,597</u>
			<u>£ 4,476,418</u>		<u>£ 3,374,441</u>

The Financial Statements were approved by the board on 31 March 2008 and signed on its behalf.



Juliet Davenport
Chief Executive

The notes on pages 16 to 28 form part of these Financial Statements.

COMPANY BALANCE SHEET
As at 31 December 2007

	Note	£	2007 £	£	2006 £
FIXED ASSETS					
Investments	12		3,712,228		3,721,024
CURRENT ASSETS					
Debtors	14	141,619		65,439	
Cash at bank and in hand		1,193,365		104,217	
			<u>1,334,984</u>	<u>169,656</u>	
CREDITORS: amounts falling due within one year	15	<u>(174,313)</u>		<u>(279,459)</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>1,160,671</u>		<u>(109,803)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>£ 4,872,899</u>		<u>£ 3,611,221</u>
CREDITORS: amounts falling due after more than one year	16		958,206		644,899
CAPITAL AND RESERVES					
Called up share capital	18	344,463		292,513	
Share premium account	19	3,065,896		2,184,703	
Profit and loss account	19	504,334		489,106	
			<u>3,914,693</u>	<u>2,966,322</u>	
SHAREHOLDERS' FUNDS - All Equity	20		<u>£ 4,872,899</u>		<u>£ 3,611,221</u>

The Financial Statements were approved by the board on 31 March 2008 and signed on its behalf.



Juliet Davenport
Chief Executive

The notes on pages 16 to 28 form part of these Financial Statements.

GROUP CASH FLOW STATEMENT
For the year ended 31 December 2007

	Note	2007 £	2006 £
Net cash inflow/(outflow) from operating activities	21	2,180,941	(1,151,129)
Returns on investments and servicing of finance	22	(94,222)	(62,440)
Taxation		-	(16,780)
Capital expenditure and financial investment	22	(323,677)	(143,650)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		1,763,042	(1,373,999)
Financing	22	933,143	-
INCREASE/(DECREASE) IN CASH IN THE YEAR		£ 2,696,185	£ (1,373,999)

RECONCILIATION OF NET GROUP CASH FLOW TO MOVEMENT IN NET DEBT
For the year ended 31 December 2007

	Note	2007 £	2006 £
INCREASE/(DECREASE) IN CASH IN THE YEAR		2,696,185	(1,373,999)
Other non-cash movements	23	(18,937)	-
Net debt at 1 January	23	(1,414,087)	(40,088)
NET FUNDS/(DEBT) AT 31 DECEMBER	23	£ 1,263,161	£ (1,414,087)

The notes on pages 16 to 28 form part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

1. ACCOUNTING POLICIES

1.1 Basis of preparation of Financial Statements

The Financial Statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Basis of consolidation

The Financial Statements consolidate the accounts of Good Energy Group PLC (formerly Monkton Group PLC) and all of its material subsidiary undertakings. No profit and loss account is presented for Good Energy Group PLC as permitted by Section 230 of the Companies Act 1985. Transactions and balances between subsidiary undertakings are eliminated and no profit is recognised on sales between subsidiary undertakings. Included in note 12 are details of those subsidiaries excluded from consolidation on the grounds of immateriality.

1.3 Investments

(i) **Subsidiary Undertakings:**

Shares in subsidiaries are valued at cost less provision for permanent impairment.

(ii) **Other investments:**

Investments held as fixed assets are shown at cost less provisions for their permanent impairment.

1.4 Turnover and profit before tax

Turnover and profit before tax represents the amounts derived from the provision of goods and services which fall within the Group's ordinary activities, stated net of Value Added Tax. All turnover and profit before tax arose within the United Kingdom.

1.5 Intangible fixed assets and amortisation

Goodwill and other intangible fixed assets is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss over its estimated economic life.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on a straight line basis as follows:

Leasehold improvements	over the life of the lease
Re-powering costs	over the estimated useful life of the asset
Website development costs	over the estimated useful life of the asset
Furniture, fittings and equipment	between 3 and 5 years
Turbines & ancillaries	over 9 years

The carrying value of tangible fixed assets are reviewed for impairment when events or changes in circumstance indicate that the carrying value may not be recoverable.

1.7 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss as incurred.

1.8 Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

1. ACCOUNTING POLICIES (continued)**1.9 Stocks and work in progress**

Under the provisions of the Utilities Act 2000, all electricity suppliers are required to procure a set percentage of their supplies from accredited renewable electricity generators. This obligation can be fulfilled by the purchase and surrender of Renewable Obligation Certificates (ROCs) originally issued to generators, or by making payments to Ofgem who then recycle the payments to purchasers of ROCs. Notwithstanding that Good Energy supplies electricity sourced entirely from renewable generation, its percentage obligation to submit ROCs is set by Ofgem. In addition to the regulatory requirements, Good Energy surrenders additional ROCs to demonstrate its environmental credentials transparently.

The accounting policy distinguishes between the cost of the Company's obligations within the regulatory regime, and the tactical disposition towards purchasing and holding ROCs.

The cost obligation is recognised as it arises and charged to the profit and loss account for the period to which the charge relates as a direct reduction of gross margin. Gains or losses on disposal of ROCs are included in the profit and loss account as and when they crystallise. The stock of ROCs carried forward is valued at the lower of cost and estimated realisable value.

Work in progress and finished good for resale are valued at the lower of cost and net realisable value.

1.10 Deferred taxation

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

1.11 Capital instruments

Shares are included in shareholders' funds. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in shareholders' funds. The finance cost recognised in the profit and loss account in respect of capital instruments other than equity shares is allocated to periods over the term of the instrument at a constant rate on the carrying amount.

1.12 Customer registration fees

Customer registration fees are included in prepayments and expensed over 3 to 6 years.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

2. SEGMENTAL ANALYSIS

An analysis of turnover and operating profit by class of business is as follows:

	2007			2006		
	Turnover £	Net profit before tax £	Net assets £	Turnover £	Net profit before tax £	Net assets £
Energy supply (Good Energy Ltd)	12,874,894	631,417	2,083,038	11,111,678	(299,412)	1,581,721
Energy generation (Windelectric Ltd)	735,120	125,542	1,188,407	735,358	269,935	1,299,459
Less inter-company transactions	(735,120)	-	-	(735,358)	-	-
Group and other items	572	(359,049)	950,829	-	124,780	174,417
Total	£12,875,466	£ 397,910	£ 4,222,274	£ 11,111,678	£ 95,303	£ 3,055,597
Net interest		(94,336)			(62,440)	
Investment income		114			-	
	£12,875,466	£ 303,688	£ 4,222,274	£ 11,111,678	£ 32,863	£ 3,055,597

All turnover arose within the United Kingdom.

3. OPERATING PROFIT

The Operating Profit is stated after charging:

	2007 £	2006 £
Amortisation of intangible fixed assets	266,588	(220,688)
Depreciation of tangible fixed assets: owned by the company	214,562	193,099
Auditors' remuneration: audit	17,175	25,251
Auditors' remuneration: non-audit	5,780	6,086
Operating lease rentals: other operating leases	105,040	112,933
Auditors fees for the Company were £4,500 (2006: £4,000)		

4. STAFF COSTS

Staff costs, including Directors' remuneration, were as follows:

	2007 £	2006 £
Wages and salaries	1,302,514	821,002
Social security costs	127,232	74,195
Other pension costs	60,405	37,136
	£ 1,490,151	£ 932,333

The average monthly number of employees, including the Directors, during the year was as follows:

	2007 No	2006 No
	42	29

Staff costs relate to the Parent Company and its subsidiary companies.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

5. DIRECTORS' REMUNERATION

	2007 £	2006 £
Emoluments (provided by subsidiary to Directors)	£ 83,800	£ 68,269
Emoluments (provided by Parent Company to Directors)	£ 75,195	£ 78,789
Company pension contributions to money purchase pension schemes	£ 3,251	£ 2,904

During the year retirement benefits were accrued to 2 Directors (2006: 1) in respect of money purchase pension schemes.

The total emoluments received by the existing Good Energy Group PLC Directors were:

Juliet Davenport	£98,346	(2006: £95,308)
Jon Fairchild	£3,799	(2006: £Nil)
John Sellers	£22,200	(2006: £19,875)
Lawrence Churchill	£19,200	(2006: £17,625)
Martin Edwards	£15,450	(2006: £14,250)

Individual remuneration for the Directors is set by the remuneration committee of the Board. Keyman insurance policies are in place.

6. INTEREST RECEIVABLE

	2007 £	2006 £
Bank and other interest receivable	16,419	20,739
	£ 16,419	£ 20,739

7. INTEREST PAYABLE

	2007 £	2006 £
On bank loans and overdrafts	99,679	55,066
On other loans	11,076	28,113
	£ 110,755	£ 83,179

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

8. TAXATION

	2007 £	2006 £
Analysis of tax in year		
Current tax (see note below)		
UK corporation tax on profits for the year	118,000	-
Adjustments in respect of prior periods	-	(14,220)
Total current tax	<u>118,000</u>	<u>(14,220)</u>
Deferred tax		
Origination and reversal of timing differences	(47,846)	(45,072)
Total deferred tax (see note 17)	<u>(47,846)</u>	<u>(45,072)</u>
Tax on profit on ordinary activities	<u>£ 70,154</u>	<u>£ (59,292)</u>

Factors affecting tax for year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK applicable to the Group of 30%. The differences are explained below:

	2007 £	2006 £
Profit on ordinary activities before tax	<u>303,688</u>	<u>32,863</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	91,106	9,859
Effects of:		
Capital allowances for period in excess of depreciation	56,406	43,588
Utilisation of Group's tax losses	(67,637)	(131,010)
Adjustments for non-taxable, marginal rate and rounding provision	85,533	77,563
Adjustments to tax charge in respect of prior periods	-	(14,220)
Utilisation of losses brought forward	(47,408)	-
Current tax charge/(credit) for year (see note above)	<u>£ 118,000</u>	<u>£ (14,220)</u>

Factors that may affect future tax charges

The re-powering costs of the Delabole Windfarm are being carried forward.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

9. EARNINGS PER ORDINARY SHARE

The calculation of basic earnings per ordinary share is based on earnings of £233,534 (2006: £92,155) and on 5,890,278 (2006: 5,862,267) ordinary shares, being the weighted average number of ordinary shares in issue during the year after excluding the shares owned by Monkton Trustees Ltd as Trustee of the Good Energy Employee Share Ownership Trust.

The diluted earnings per share is based on profit for the year of £233,534 (2006: £92,155) and on 6,782,893 (2006: 6,750,767) ordinary shares, calculated as follows:

	2007 No	2006 No
Basic weighted average number of shares	5,890,278	5,862,267
Sub total	5,890,278	5,862,267
Dilutive potential ordinary shares: Employee share options	892,615	888,500
Total	6,782,893	6,750,767

10. INTANGIBLE FIXED ASSETS

Group	Licences £	Original customer development £	Goodwill & other intangible fixed assets £	Total £
Cost				
At 1 January 2007	249,785	600,000	832,181	1,681,966
Additions	36,220	-	14,272	50,492
At 31 December 2007	286,005	600,000	846,453	1,732,458
Amortisation				
At 1 January 2007	151,581	210,000	-	361,581
Charge for the year	60,166	30,000	176,422	266,588
At 31 December 2007	211,747	240,000	176,422	628,169
Net book value				
At 31 December 2007	£ 74,258	£ 360,000	£ 670,031	£ 1,104,289
At 31 December 2006	£ 98,204	£ 390,000	£ 832,181	£ 1,320,385

Goodwill and other intangible fixed assets arising on the acquisition of Good Energy Ltd and Windelectric Ltd is being amortised evenly over the Directors' estimate of 10 years. The licences are being amortised evenly over 5 years. The original customer development is being amortised evenly over the Directors' estimate of 20 years. In recognition of the Group's transition to International Financial Reporting Standards in 2008, the cost of the Goodwill and other intangible fixed assets has been restated at its Net book value; this being the value at which it will be declared in the 2008 Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

11. TANGIBLE FIXED ASSETS

Group	Leasehold improvements £	Re-powering costs £	Website development costs £	Furniture, fittings & equipment £	Turbines & ancillaries £	Total £
Cost						
At 1 January 2007	22,089	8,646	-	141,342	3,182,110	3,354,187
Additions	4,382	139,311	66,525	62,967	-	273,185
At 31 December 2007	26,471	147,957	66,525	204,309	3,182,110	3,627,372
Depreciation						
At 1 January 2007	2,527	-	-	69,171	2,390,444	2,462,142
Charge for the year	608	-	-	47,288	166,666	214,562
At 31 December 2007	3,135	-	-	116,459	2,557,110	2,676,704
Net book value						
At 31 December 2007	£ 23,336	£ 147,957	£ 66,525	£ 87,850	£ 625,000	£ 950,668
At 31 December 2006	£ 19,562	£ 8,646	£ -	£ 72,171	£ 791,666	£ 892,045

Re-powering costs are in respect of the Delabole Windfarm re-power project to replace the existing wind turbines and for which the planning permission will be sought in 2008.

12. FIXED ASSET INVESTMENTS

Group				Unlisted investments £
Cost or valuation				
At 1 January 2007				118,534
Additions				18,937
At 31 December 2007				£ 137,471
Company	Shares in Group undertakings £	Loans to Group undertakings £	Unlisted investments £	Total £
Cost or valuation				
At 1 January 2007	3,406,697	206,995	107,332	3,721,024
Additions	14,724	-	-	14,724
Disposals	-	(23,520)	-	(23,520)
At 31 December 2007	£ 3,421,421	£ 183,475	£ 107,332	£ 3,712,228

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

12. FIXED ASSET INVESTMENTS (continued)

The principal activities of the subsidiaries are as follows:

Good Energy Ltd (100% owned): supply of electricity from renewable energy sources

Windelectric Ltd (100% owned): generation of electric power by wind turbine machinery

Good Energy Generation Ltd (100% owned): holding company of Windelectric Ltd and an investor in Bro Dyfi Community Renewables Ltd

Good Energy Shop Ltd (100% owned): retail of energy efficient products

Monkton Trustees Ltd (100% owned): trustee of the Good Energy Employee Share Ownership Trust

In addition, the Company had the following subsidiaries, none of which traded during the year;

Unit Energy Ltd, Wave Electric Ltd, Good Energy Gas Ltd, Good Solar Ltd, Smartgen Ltd, Monkton Generation Ltd, Monkton Group Ltd, County Renewables Ltd, Good Carbon Ltd, Good Wind Ltd and Good Electricity Ltd.

None of the non-trading companies' accounts is included in this consolidation, on the grounds of immateriality.

Each of the above subsidiaries is incorporated in the UK.

13. STOCKS

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Renewable Obligation Certificates	1,030,285	1,682,767	-	-
Work in progress	-	18,487	-	-
Finished goods for resale	264	-	-	-
	<u>£ 1,030,549</u>	<u>£ 1,701,254</u>	<u>-</u>	<u>-</u>

As at 31 December 2007 there were Renewable Obligation Certificates (ROCs) of £732,000 (2006: £1,255,783) included in the above amount that were unissued for generation that had already taken place and therefore these ROCs were not able to be sold before the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

14. DEBTORS

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Due within one year				
Trade debtors	2,365,321	2,705,074	-	-
Amounts owed by group undertakings	-	-	138,448	52,073
Other debtors	178,997	1,433,893	2,243	3,137
Prepayments and accrued income	57,191	323,457	928	10,229
	<u>£ 2,601,509</u>	<u>£ 4,462,424</u>	<u>£ 141,619</u>	<u>£ 65,439</u>

Included in other debtors (Group) is an amount of £155,000 (2006: £1,216,968) relating to security deposits that are required to be held with the Group's suppliers and distributors and an amount of £Nil (2006: £134,540) relating to the deferred costs of customer registration.

15. CREDITORS: Amounts falling due within one year

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Bank loans and overdrafts	-	1,519,317	-	-
Trade creditors	211,759	1,374,009	18,557	5,994
Amounts owed to group undertakings	-	-	88,934	53,374
Corporation tax	118,000	-	-	-
Social security and other taxes	37,319	46,799	-	-
Other creditors	565,580	535,664	31,126	103,521
Accruals and deferred income	1,678,571	1,749,642	35,696	116,570
	<u>£ 2,611,229</u>	<u>£ 5,225,431</u>	<u>£ 174,313</u>	<u>£ 279,459</u>

The bank overdraft in 2006 relates to the Company's subsidiary, Good Energy Ltd and is secured by an unscheduled mortgage debenture on that company dated 24 October 2000 incorporating a fixed and floating charge over all current and future assets of that subsidiary.

Included in other creditors is £31,126 which relates to loan notes repayable on 30 June 2008. The applicable rate of interest is the bank base rate.

16. CREDITORS: Amounts falling due after more than one year

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Amounts owed to group undertakings	-	-	878,934	548,773
Other creditors	79,272	96,126	79,272	96,126
	<u>£ 79,272</u>	<u>£ 96,126</u>	<u>£ 958,206</u>	<u>£ 644,899</u>

Included in other creditors is £79,272 which relates to loan notes repayable on 30 June 2009. The applicable rate of interest is the bank base rate.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

17. DEFERRED TAXATION

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
At 1 January	222,718	267,790	-	-
Released during the year	(47,846)	(45,072)	-	-
At 31 December	<u>£ 174,872</u>	<u>£ 222,718</u>	<u>£ -</u>	<u>£ -</u>

The provision for deferred taxation is made up as follows:

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Accelerated capital allowances	<u>£ 174,872</u>	<u>£ 222,718</u>	<u>£ -</u>	<u>£ -</u>

18. SHARE CAPITAL

	2007	2006
	£	£
Authorised		
20,000,000 Ordinary shares of 5p each	<u>£1,000,000</u>	<u>£ 1,000,000</u>

Allotted, called up and fully paid Share Capital made up as follows:

	2007	2006	2007	2006
	No	No	£	£
<i>Ordinary shares of 5p each</i>				
Total shares issued	<u>7,816,767</u>	<u>6,750,767</u>	<u>390,838</u>	<u>337,538</u>
Sub total	<u>7,816,767</u>	<u>6,750,767</u>	<u>390,838</u>	<u>337,538</u>
<i>Adjustment for own shares held</i>				
Own shares held brought forward	(888,500)	(888,500)	(45,025)	(45,025)
Own shares acquired in year	(27,000)	-	(1,350)	-
	<u>(915,500)</u>	<u>(888,500)</u>	<u>(46,375)</u>	<u>(45,025)</u>
Total	<u>6,901,267</u>	<u>5,862,267</u>	<u>£ 344,463</u>	<u>£ 292,513</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

18. SHARE CAPITAL (continued)

In order to retain the services of key employees and to enhance their performance, the Company operates the Good Energy Employee Share Option Scheme under which certain employees of the Group are granted options to acquire Ordinary 5p Shares at future dates. As at 31 March 2008, 1,482,000 options had been granted with exercise dates and exercise prices as set out below:

Date exercisable	Number of shares	Exercise price
01/05/2005	520,000	£0.50
27/01/2006	45,000	£0.75
01/06/2007	35,000	£0.75
10/06/2007	85,000	£0.75
01/07/2008	100,000	£0.80
01/09/2009	456,000	£0.75
01/09/2010	131,000	£0.75
10/09/2010	110,000	£0.75
	1,482,000	

In order to avoid the potentially dilutive effect which otherwise could arise if these options were exercised in full, 915,500 shares representing 62% of the options outstanding have already been issued and held by Monkton Trustees Ltd as the Trustee for the Scheme.

19. RESERVES

Group	Share premium account £	Profit & loss account £
At 1 January 2007	2,184,703	578,381
Profit for the year	-	233,534
Premium on shares issued during the year	881,193	-
At 31 December 2007	£ 3,065,896	£ 811,915

Company	Share premium account £	Profit & loss account £
At 1 January 2007	2,184,703	489,106
Profit for the year	-	15,228
Premium on shares issued during the year	881,193	-
At 31 December 2007	£ 3,065,896	£ 504,334

20. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

Group	2007 £	2006 £
Opening shareholders' funds	3,055,597	2,963,442
Profit for the year	233,534	92,155
Shares issued during the year	51,950	-
Share premium on shares issued (net of expenses)	881,193	-
Closing shareholders' funds	£ 4,222,274	£ 3,055,597

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

20. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS (continued)

Company	2007	2006
	£	£
Opening shareholders' funds	2,966,322	2,931,967
Profit for the year	15,228	34,355
Shares issued during the year	51,950	-
Share premium on shares issued (net of expenses)	881,193	-
Closing shareholders' funds	<u>£ 3,914,693</u>	<u>£ 2,966,322</u>

21. NET CASH FLOW FROM OPERATING ACTIVITIES

	2007	2006
	£	£
Operating profit	397,910	95,303
Amortisation of intangible fixed assets	266,588	(220,688)
Depreciation of tangible fixed assets	214,562	193,099
Decrease/(increase) in stocks	670,706	(505,564)
Decrease/(increase) in debtors	1,860,915	(1,598,534)
(Decrease)/increase in creditors	(1,229,740)	885,255
NET CASH INFLOW/(OUTFLOW) FROM OPERATIONS	<u>£ 2,180,941</u>	<u>£ (1,151,129)</u>

22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2007	2006
	£	£
Returns on investments and servicing of finance		
Interest received	16,419	20,739
Interest paid	(110,755)	(83,179)
Dividends received	114	-
Net cash outflow from returns on investments and servicing of finance	<u>£ (94,222)</u>	<u>£ (62,440)</u>
Capital expenditure and financial investment		
Purchase of intangible fixed assets	(50,492)	(50,355)
Purchase of tangible fixed assets	(273,185)	(93,294)
Purchase of unlisted and other investments	-	(1)
Net cash outflow from capital expenditure	<u>£ (323,677)</u>	<u>£ (143,650)</u>
Financing		
Issue of ordinary shares	<u>£ 933,143</u>	<u>£ -</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

23. ANALYSIS OF CHANGES IN NET FUNDS/(DEBT)	1 January 2007	Cash flow	Other non-cash movements	31 December 2007
	£	£	£	£
Cash at bank and in hand	105,230	1,176,868	(18,937)	1,263,161
Bank overdraft	(1,519,317)	1,519,317	-	-
Net funds/(debt)	£ (1,414,087)	£ 2,696,185	£ (18,937)	£ 1,263,161

Other non-cash movements relate to non-trading subsidiaries not consolidated in the Financial Statements on the grounds of immateriality.

24. PENSION COMMITMENTS

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost represents contributions payable by the Group to the fund and amounted to £53,213 (2006: £37,136).

Contributions totalling £9,083 (2006: £5,790) were payable to the fund at the balance sheet date and are included in creditors.

The Group has no further pension liability either realised or contingent and in line with the Group's environmental position all employer contributions are invested within a suitable fund.

25. OPERATING LEASE COMMITMENTS

At 31 December 2007 the Group had annual commitments under non-cancellable operating leases as follows:

	Land & buildings	
	2007	2006
Group	£	£
Expiry date:		
Between 2 and 5 years	65,949	65,949
After more than 5 years	19,773	17,896

26. TRANSACTIONS WITH DIRECTORS

Windelectric Ltd, a subsidiary company has entered into an agreement with Windelectric Management Ltd, a company which Martin Edwards has a controlling interest, to provide services in connection with the operation and management of Delabole Windfarm. The amount payable under this agreement being £289,382 (2006: £246,800). Of these figures the amount outstanding and included in creditors at the balance sheet date was £42,830 (2006: £27,872).

Windelectric Ltd has entered into a 25 year lease agreement dated 16 August 1991 with Martin Edwards and other parties, in respect of the land which some of the turbines occupy. The amount paid under the agreement being £19,773 (2006: £17,896) this year. Of these figures the amount outstanding and included in accruals at the balance sheet date was £7,000 (2006: £7,000).

In addition, the Company is indebted to Martin Edwards to the sum of £20,037 (2006: £36,236) which relate to loan notes repayable on 30 June 2008 and 30 June 2009.

Avagio IT Services Ltd, a company in which John Sellers has a significant interest, received £5,787 (2006: £68,239) for the provision of certain outsourced services provided to Good Energy Ltd, a subsidiary company, on a normal commercial basis. Of these figures the amount outstanding and included in creditors at the balance sheet date was £Nil (2006: £10,287). On 2 May 2007 Good Energy Ltd terminated its contract with Avagio IT Services Ltd.