



GOOD ENERGY GROUP PLC

INTERIM REPORT
TO SHAREHOLDERS
2008

Incorporating Financial Results (un-audited)
for the 6 months ended 30 June 2008

Through Good Energy[○] and GOOD ENERGYGENERATION it is our business to keep the world habitable

INTERIM REPORT FOR THE 6 MONTHS ENDED 30 JUNE 2008

In line with latest best practice, the financial statements have been prepared using International Financial Reporting Standards (IFRS) rather than United Kingdom Generally Accepted Accounting Principles (UKGAAP).

| HIGHLIGHTS | <u>6 months</u> <u>to 30/06/08</u> <u>(Un-audited)</u> | <u>6 months</u> <u>to 30/06/07</u> <u>(Un-audited)</u> | <u>12 months</u> <u>to 31/12/07</u> <u>(Un-audited)</u> |
|---------------------------------------|--|--|---|
| Electricity sold (MWh) | 60,791 | 54,416 | 109,419 |
| Customers at period end | 25,370 | 22,464 | 23,770 |
| CO ₂ saved (metric tonnes) | 26,140 | 23,399 | 47,050 |
| Revenue | £ 7,488,828 | £ 6,329,369 | £ 12,875,466 |
| Gross profit | £ 2,041,434 | £ 1,400,885 | £ 3,433,641 |
| Profit from operations | £ 210,517 | £ 295,354 | £ 639,491 |
| Profit before tax | £ 242,317 | £ 233,066 | £ 545,269 |

- Continuing growth with profitability
- Launch of Good Energy internet shop
- Successful trials of gas product
- Difficult times for all UK energy customers

Under the Good Energy brand, the Group has continued to develop a range of products which provide households and businesses with simple, significant and immediate solutions to their impact on Climate Change. Its principal product is electricity provided from 100% renewable sources, but new product and market development is underway. Good Energy's vision is to be the UK's most trusted and respected market leader in low carbon energy products and services and a first port of call for anyone interested in moving towards a low carbon lifestyle.

OPERATING PERFORMANCE

Electricity customer numbers increased by 7 % from December 2007 and MWh sales of electricity were 12% up on the first half of 2007. Customer service performance continued to improve following the addition of staff towards the end of 2007. The Good Energy brand continues to win accolades, winning in June the British Renewable Energy Company Award, the Micropower award for innovation, and the Sunday Times Best Green Companies Award for having the most environmentally aware employees.

FINANCIAL RESULTS

Turnover was up by 18% compared with the first half of 2007. With improved electricity margins and with strong results from its generation subsidiary, the Group has produced £640,549 of additional gross profit. This has largely been absorbed by the cost of extra staff joining the Company at the end of 2007 to support increasing customer numbers, the strengthening of our Trading Desk in order to improve risk management, and the development costs of programmes for our new products. These programmes include the Good Energy Shop (www.goodenergyshop.co.uk) which is set to open on 1 September, and the establishment of a gas product which will combine with our 100% renewable electricity to provide a dual fuel offer. The gas product will have a restricted launch in September, and a wider market launch will follow once we have secured funding for this new business.

Group profit before tax was a modest £242,317, a slight improvement over the first six months of 2007 thanks to interest income on the funds raised in the 2007 share offer. This was equivalent to 2.3p earnings per share (basic) compared with 3.4p for 2007 which had a more favourable tax charge.

FORWARD LOOKING STATEMENT

These are difficult times for all UK electricity customers, with wholesale energy costs threatening to depress the ongoing profitability of retailers unless they take commensurate pricing action. We are writing to all Good Energy customers to explain what is happening to our energy costs and why we need to take pricing action. As the general downturn in the economic situation impacts inevitably on household and business budgets, we are likely to need to increase our marketing spend in order to maintain our growth in electricity customers, although our entry into a wider

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