

MONKTON GROUP PLC

Interim Report to Shareholders: 2005

Incorporating

Financial results (un-audited) for the 6 months ended 30 June 2005



It is our business to keep the world habitable

Good Energy ○

Monkton Generation

Investing in renewable energy

INTERIM REPORT TO SHAREHOLDERS FOR THE 6 MONTHS ENDED 30 JUNE 2005

HIGHLIGHTS	6 months to 30/06/2005 (un-audited)	6 months to 30/06/2004 (un-audited)	12 months to 31/12/2004 (audited)
ELECTRICITY SOLD (MWh)	39,085	26,789	57,565
CUSTOMERS AT PERIOD END	15,710	10,055	12,939
CO₂ SAVED (metric tonnes)	16,807	11,519	24,753
GROUP TURNOVER	£ 2,967,533	£ 1,765,702	£ 4,063,405
GROUP GROSS PROFIT	£ 638,393	£ 473,855	£ 951,792
OPERATING PROFIT / (LOSS)	£ 53,649	£ (2,104)	£ 57,450
PROFIT / (LOSS) BEFORE TAXATION	£ 30,286	£ (15,301)	£ 46,825

- **50% annual growth in customer numbers**
- **Profits re-invested mainly in Good Energy**
- **Negative impact of wholesale price increases**
- **Purchase of a stake in solar thermal company**

Operating performance

Monkton has continued with the declared strategy of expanding Good Energy by re-investing its operating margins in marketing to drive the company forward. We are continuing to grow the business and by the end of September 2005 Good Energy had over 17,000 customers. Our wind-farm at Delabole has operated to near full availability all year. We are investigating the scope for re-powering this site with more efficient turbines in the future.

Financial results

The full profit and loss accounts, with explanatory notes, are set out opposite. Good Energy turnover has been 68% higher than in first 6 months of 2004. Group margins have been further squeezed by the rise in wholesale prices over the period requiring Good Energy to take significant pricing action in line with other suppliers. Customer numbers are 56% higher than at the half year stage in 2004. In 2005 we have increased our staff levels with the strengthening of all our core functions and the implementation of a more outward orientated sales team. We are reporting a profit before tax of £30,286 for the 6 months to 30 June 2005.

Enterprise value

The historic cost accounting convention requires us to write off customer acquisition costs as incurred; but the results do not reflect the considerable increases in the value of our customer base achieved in this period and its future contribution to the business. The Directors estimate the Enterprise Value to be £1.17 per share at 30 June 2005 compared with £1.04 per share at 31 December 2004.

Investments

Monkton acquired a strategic 15% stake in Powertech Solar Limited, a solar thermal heating company, in May 2005. Monkton continues to seek to acquire more generation assets, as long as the price can deliver good value to our shareholders. Monkton is continuing to develop new products which will complement Good Energy and help to fulfil our mission to keep the world habitable.

Current trading and medium-term prospects

The recent increases in the wholesale price of electricity have required us to raise our prices from 1 October 2005 but not before energy margins negatively impacted on corporate profits in the third quarter of 2005. Administration costs are likely to be stable until the end of 2005 and resources will continue to be committed to growing the customer base and enterprise value, with secondary consideration to short-term profits measured under the historic cost convention.

Outlook

The Board remains confident about the growth potential of the Group. We have a strong brand and good standing in the energy industry so we are well placed if there is a general switch to green supply. While profits for the full year will have been constrained by energy cost increases which have not been entirely passed on to customers, the Board still expects to report a continuing improvement in profits.

CONSOLIDATED PROFIT AND LOSS ACCOUNTS

		<u>6 months to</u> <u>30/06/2005</u> <u>(un-audited)</u>	<u>6 months to</u> <u>30/06/2004</u> <u>(un-audited)</u>	<u>12 months to</u> <u>31/12/2004</u> <u>(audited)</u>
	Note	£	£	£
Turnover		2,967,533	1,765,702	4,063,405
Cost of sales		2,329,140	1,291,847	3,111,613
Gross profit		638,393	473,855	951,792
Marketing costs		149,826	118,913	189,093
Administrative expenses		434,918	357,046	705,249
Operating profit / (loss)		53,649	(2,104)	57,450
Interest receivable		18,438	1,061	24,290
Interest payable		41,801	14,258	34,915
Profit / (loss) before taxation		30,286	(15,301)	46,825
Taxation	1	4,520	12,874	(17,736)
Profit / (loss) after taxation		25,766	(28,175)	64,561
Profit and loss reserve b/f		400,214	335,653	335,653
Profit and loss reserve c/f		425,980	307,478	400,214
Earnings / (loss) per share	2	0.4p	(0.6)p	1.3p

Note 1:

The tax charge for the 6 month figures is based on the Directors' estimate of the likely tax charge at the year-end which is estimated after taking informal advice from our taxation advisers.

Note 2:

The weighted average number of shares in issue for the half year to 30 June 2005 was 5,863,267 (for the half year ended 30 June 2004 was 4,361,907 and 5,112,672 for the full year 2004). The number of shares in issue is as prescribed in UITF 38.

The financial results for the 6 months ended 30 June 2005 are un-audited and have not been reviewed by our auditors.

Contact details and other information

Regarding your shareholdings

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To sign up as a Good Energy customer

Phone us on 0845 456 1640
or
visit www.good-energy.co.uk

Relevant Web Sites

www.monktongroup.co.uk
(a copy of this report will
be published on this site)
www.good-energy.co.uk

To visit OFEX

www.ofex.com

Tell your friends about Good Energy and you could win the opportunity to go on a research expedition with Earthwatch

In 2004 our customers saved nearly 25,000 tonnes of carbon. Many of our customers have signed up as a result of hearing about us through their friends and family. When a friend or a family member signs up to Good Energy, if they tell us your name and postcode, both of you will receive a bottle of organic wine; you will also get the opportunity to win a trip on an Earthwatch research expedition.

For more information on Earthwatch and their work with Good Energy you can go to www.good-energy.co.uk/home/34_recommend.html or call us on 01249 766 090.