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This Document, which comprises an AIM admission document drawn up in accordance with the AIM Rules, has been issued in connection with the application for Admission. This Document does not comprise a prospectus under the Prospectus Rules and has not been approved by or filed with the Financial Services Authority.

Application has been made for all of the Ordinary Shares of Good Energy Group PLC, both issued and to be issued, to be admitted to trading on AIM, a market operated by London Stock Exchange plc.

**AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this Document. The rules of AIM are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Ordinary Shares to the Official List. The Ordinary Shares are not dealt in on any other recognised investment exchange and, apart from the application for admission to AIM; no other such applications have been or will be made.**

It is expected that Admission will be effective and dealings in the Ordinary Shares will commence on AIM on 30 July 2012.



*(Incorporated and registered in England and Wales under the Companies Act 1985 with Registered Number 04000623)*

**Placing of 4,705,882 Ordinary Shares at 85p per share**  
*(ISIN Number:GB0033600353)*

**and**

**Admission to trading on AIM**

**Nominated Adviser and Broker**

The logo for N+1 Brewin features the text "N+1" in a large, bold, green sans-serif font, followed by "BREWIN" in a smaller, bold, grey sans-serif font.

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N+1 Brewin, which is a member of the London Stock Exchange and is authorised and regulated by the Financial Services Authority, is acting as nominated adviser and broker only for Good Energy Group PLC in connection with the Placing and the Admission and is not acting for any other person and will not be responsible to any person other than Good Energy Group PLC for providing the protections afforded to customers of N+1 Brewin. In particular, the information contained in this Document has been prepared solely for the purposes of the Placing and Admission and it is not intended to be relied on by any subsequent purchasers of Ordinary Shares (whether on or off exchange) and accordingly no duty of care is owed to them. N+1 Brewin's responsibilities as Good Energy Group PLC's nominated adviser and broker under the AIM Rules are owed solely to the London Stock Exchange and are not owed to Good Energy Group PLC or to any Director or to any other person in respect of their decision to acquire Ordinary Shares in reliance on any other part of this Document.

This Document does not constitute an offer to sell or the solicitation of an offer to buy Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, this Document is not for distribution in or into the United States of America, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan. The Ordinary Shares have not been and will not be registered under the United States Securities Act 1933 (as amended) nor under the applicable securities legislation of the United States of America or any province or territory of Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan or in any country, territory or possession where to do so may contravene local securities laws or regulations. Accordingly, the Ordinary Shares may not, subject to certain exemptions, be offered or sold directly or indirectly in or into the United States of America, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan or to, or for the account or benefit of, US persons or any national, resident or citizen of the United States of America, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan. The distribution of this Document in other jurisdictions may be restricted by law and therefore persons into whose possession this Document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

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## KEY INFORMATION

**This summary should be read and construed solely as an introduction to the other information contained in this Document. Any decision to invest in Ordinary Shares should be based on consideration of this Document as a whole and not just on the information contained in this summary.**

### Introduction

Good Energy is a vertically integrated utility, supplying 100 per cent. renewable electricity to approximately 30,000 domestic and commercial customers, gas to approximately 6,700 domestic customers and supports a growing community of approximately 38,500 independent green power generators across the UK. The Group also has a renewable electricity generation business which includes a 9.2MW operational wind farm in Cornwall, and a proposed 4.6MW wind farm in Aberdeenshire, currently in planning.

The Group was founded in May 2000 to lower UK carbon emissions by developing and distributing renewable electricity within the UK. The Group divides its activities into three key business segments: the supply of electricity and gas, renewable power generation, and FIT administration.

One of the Group's key purposes is to provide individuals and companies in the UK with a means by which they can reduce their contribution to the causes of climate change through selecting the Group to be their energy supplier.

### Key Strengths

The Directors believe that the key strengths of the Group include the following:

- Rapidly growing and high profile sector;
- Well established branded business with seven years of continuous growth;
- Highly qualified, motivated and experienced management team;
- Deep knowledge of renewable supply and generation sector and related policy;
- Proven and successful relationships with its customers;
- Scalable business model;
- Proven ability in repowering and developing wind and heat projects; and
- Financially mature business model demonstrated through active dividend policy.

More details of the Group's strengths can be found in Part 1, section 1 of this Document.

### Medium and Long-term Strategy

Good Energy is the only 100 per cent. renewable sourced electricity supplier in the UK and its medium and long term strategy is to continue to supply 100 per cent. renewable sourced electricity.

To support this, the Group plans to generate around 50 per cent. of its own electrons and, therefore, has set a medium term target of owning and operating 110MW of renewable generation assets. Once the 50 per cent. target has been attained, the Group aims to continue to develop renewable assets to maintain this percentage as the supply side of the business grows. Currently the assets that the Group is focusing on are onshore wind and large scale solar. Going forward the Directors will consider small scale hydro and a limited number of bio-generation technologies as well.

Longer term the Directors will also look at developing further renewable assets in the heat sector and are developing a renewable heat strategy. This will support the carbon offsets required for the certification aspect of the Group's electricity business. The Group aims to continue being a preferred partner for

managing smaller generators. Since this market has expanded significantly under FIT to over 320,000 installations in the UK, the Directors believe there continues to be opportunities to provide services directly to generators, and potentially on an outsourced basis to utilities.

The Group plans to grow its customer base and increase its rate of growth of electricity and gas customers from a combined 18 per cent. annualised rate, through a combination of pricing, marketing and sales strategy.

The final area of innovation the Group is considering is around developing tariffs, particularly load shifting tariffs and local tariffs. The Group is considering how these may support the management of variable and weather dependent generation and the opportunities that may arise in demand side management and trading.

The Group's key priorities for 2012 include:

- Further development of the customer base for electricity, gas and FIT customers;
- Continuing to develop the Generation business by identifying additional wind and solar opportunities, and looking at other technologies including small hydro and bio-generation;
- Launching a new in-house customer relations system to further enhance the Good Energy 'experience' and allowing the development of unique tariffs around the Group's 100 per cent. renewable electricity trading portfolio;
- Developing opportunities to provide FIT administration services to other organisations; and
- Finalising research and piloting both demand side and local community tariffs.

### Summary Financial Information

The following table is a summary of the Group's combined and consolidated financial information (further details of the basis and preparation of this summary can be found in Part V of this Document).

<i>Year ended</i>	<i>31 December 2009 £000's</i>	<i>31 December 2010 £000's</i>	<i>31 December 2011 £000's</i>
Turnover	18,290	20,036	21,577
EBITDA	1,112	1,276	2,817
Profit Before Tax	663	705	1,056

As announced on 25 June 2012 in the Group's latest trading statement, Juliet Davenport, Chief Executive Officer said:

"We are on course for a strong performance in the first half of 2012, and expect this momentum to continue for the rest of the year. We are pleased to see progress across all key areas of the business with a combined annualised growth rate for gas and electricity customers of 18 per cent., resulting in over 75,000 gas, electric and generation customers."

### Admission to AIM and Summary of the Placing

The Group intends to raise £4 million before expenses through the Placing and is seeking admission of its shares to trading on AIM. The Directors believe that Admission will help achieve the following objectives:

- The Group has been listed on PLUS since June 2004 and trading in the Group's shares and interest from institutional shareholders has been low. The Directors now believe it is an appropriate time for the Group to seek admission to AIM

- The Company intends to use the net proceeds of the fundraising to continue, and accelerate, the development of the Group in each of the following areas identified by the Directors as being key to the future growth of the business:

Marketing and brand awareness – development of new partnerships with national membership organizations and increase in local and national advertising to improve brand awareness	£1.0 million
Trading – further development of the Group’s trading platform and credit lines to enable its trading team to improve trading margins across all technologies	£1.0 million
Asset development – expansion of the Group’s asset development portfolio including onshore wind and large scale solar projects	£1.5 million

### **Risk Factors**

Your attention is drawn to the risk factors set out in Part IV of this Document which contains the business and general risks which the Board considers to be the most significant in relation to the Company. There may be other risks that the Board currently considers not to be material or of which they are currently unaware.

## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors</b>	Richard Squires Juliet Sarah Lovedy Davenport Garry John Peagam Martin John Edwards	<i>Non-Executive Chairman</i> <i>Chief Executive Officer</i> <i>Group Finance Director</i> <i>Non-Executive Director</i>
<b>Company Secretary</b>	Nigel Tranah Monkton Reach, Monkton Hill Chippenham Wiltshire SN15 1EE	
<b>Registered Office</b>	2 Temple Back East Temple Quay Bristol BS1 6EG	
<b>Nominated Adviser and Broker</b>	Nplus1 Brewin LLP 12 Smithfield Street London EC1A 9LA	
<b>Solicitors to the Group</b>	Norton Rose LLP 3 More London, Riverside London SE1 2AQ	
<b>Reporting Accountants</b>	PricewaterhouseCoopers LLP 31 Great George Street Bristol BS1 5QD	
<b>Auditors</b>	Calder and Co 16 Charles II Street London SW1Y 4NW	
<b>Solicitors to the Placing</b>	Jones Day 21 Tudor Street London EC4Y 0DJ	
<b>Registrars</b>	Computershare Investor Services plc The Pavilions Bridgwater Road Bristol BS99 6ZY	
<b>Financial PR</b>	Kreab Gavin Anderson Limited Scandinavian House 2-6 Cannon Street London EC4M 6XJ	
<b>Website address</b>	<a href="http://www.goodenergygroup.co.uk">www.goodenergygroup.co.uk</a>	

## PLACING STATISTICS

Issue Price	85p
Number of Ordinary Shares in issue prior to the Placing	7,816,767
Number of Placing Shares being placed on behalf of the Group	4,705,882
Percentage of enlarged share capital being placed	38 per cent.
Number of Ordinary Shares in issue following Admission	12,522,649
Estimated gross proceeds of the Placing receivable by the Group	£4.0 million
Estimated net proceeds of the Placing receivable by the Group	£3.5 million
Market capitalisation of the Group at the Issue Price	£10.6 million
AIM Ticker/TIDM	GOOD.L
ISIN	GB0033600353

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	<i>2012</i>
Publication of Admission Document	25 July
Withdrawal of Ordinary Shares from trading on PLUS	4.30 p.m. on 27 July
Admission effective and dealings in the Ordinary Shares commence on AIM	8.00 a.m. on 30 July
CREST accounts (where relevant) expected to be credited	30 July
Share certificates (where relevant) expected to be despatched no later than	1 August

# PART I

## INFORMATION RELATING TO THE GROUP

### **1. Introduction**

Good Energy is a vertically integrated utility, supplying 100 per cent. renewable electricity to approximately 30,000 domestic and commercial customers, gas to approximately 6,700 domestic customers and supports a growing community of approximately 38,500 independent green power generators across the UK. The Group also has a renewable electricity generation business which includes a 9.2MW operational wind farm in Cornwall, and a proposed 4.6MW wind farm in Aberdeenshire, currently in planning.

The Group was founded in May 2000, to lower UK carbon emissions by developing and distributing renewable electricity within the UK. The Group's values were developed by its founders in the late 1990s. It was their belief that climate change was a reality and its effects were likely to be increasingly harmful. Most importantly, they believed that the most effective way of promoting climate change solutions would be through a commercial enterprise returning value to its shareholders. One of the Group's key purposes is therefore to provide individuals and companies in the UK with a means by which they can reduce their contribution to the causes of climate change through selecting the Group to be their energy supplier.

The Group has today announced that it has conditionally raised £4.0 million (before expenses) by way of a placing of 4,705,882 Placing Shares at 85 pence per share. The Group intends to withdraw the Existing Ordinary Shares from trading on PLUS Markets and has applied for the admission of the Enlarged Share Capital to trading on AIM. The Directors believe that additional advantages can be achieved through a move to AIM; notably in the areas of share liquidity, visibility of the business within its industry and greater institutional investor interest.

Under the AIM Rules, prior to Admission, the Group is required to publish this Admission Document. The Company expects that Admission will become effective and that dealings in the Ordinary Shares will commence at 8.00 a.m. on 30 July 2012.

### **2. History and Development**

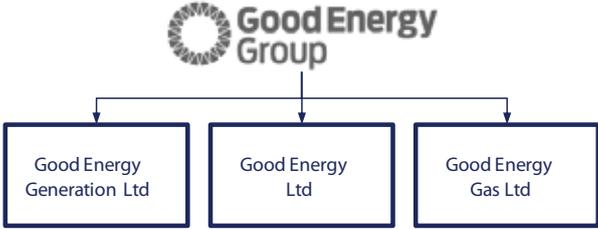
The business was originally a subsidiary of Unit Energy Europe AG, the parent company of a European group headquartered in Frankfurt, Germany. In June 2001, the Group's founding UK Directors, including Martin Edwards and Juliet Davenport, took the UK operation out of the ownership of the original group by way of a management buy-out.

Since the management buy-out, the Group has completed three public offers of its shares to raise funds to develop the Group. At present, the Group currently has approximately 1,700 shareholders. The Company's Directors and their immediate families own approximately 23.04 per cent. of the issued share capital as at the date of this Document.

The table below summarises the history of the Group:

- 1999** Good Energy begins to supply 100 per cent. renewable electricity to homes and businesses in England and Wales
- 2000** Good Energy Group set up by UK shareholders to acquire German subsidiary
- 2001** Good Energy acquired by UK shareholders
- 2002** First share offering to Good Energy customers raising approximately £0.6 million and purchase of Delabole wind farm
- 2004** Second share offering to Good Energy customers raising approximately £1.0 million and listing on OFEX (which became PLUS markets)  
Good Energy achieved 10,000 electricity customers milestone
- 2006** Good Energy significant expansion through bringing all outsourced services in-house and consolidating the business  
Good Energy achieved 20,000 electricity customer milestone
- 2007** Good Energy Group’s third share offer to Good Energy customers raising approximately £1.1 million
- 2008** Launch of Good Energy Gas and Hot ROCs
- 2010** Invested £11.8 million in repowering the Delabole wind farm, the UK’s first commercial wind farm which was commissioned in the same year
- 2011** Maiden dividend of 2.5p per share for the year ended 2010 paid to shareholders
- 2012** Planning submitted for a 4.6MW wind site in Aberdeenshire  
Good Energy achieved 30,000 electricity customer milestone  
Final dividend of 2.75p per share for the year ended 2011  
Good Energy achieved 38,500 FIT administration customer milestone

The Group divides its activities into three key business segments: the supply of electricity and gas, power generation, and FIT administration. The diagram below sets out the Group’s current business structure, with generation and development in Good Energy Generation, electricity supply and FIT administration in Good Energy Ltd, and gas supply in Good Energy Gas Ltd.



**3. Energy Supply**

***Electricity and Gas Supply***

The Group supplies electricity (through Good Energy Ltd) and gas (through Good Energy Gas Ltd) to approximately 30,000 and 6,700 customers respectively. It is the only utility in the UK which supplies all of its power from only renewable sources.

The Directors believe that during 2011 excellent customer service and price stability were the key reasons why Good Energy came top of the recent *Which?* customer satisfaction survey for energy suppliers, published in early 2012. The Directors believe that this enabled the Group to keep customer churn figures lower than in previous years.

The supply business has experienced three phases of customer growth. The initial phase was following the launch and the management buyout where the Directors saw relatively strong year on year growth and between 2002 and 2006 the customer base had growth from 4,619 to 17,931. In 2006, due to the Group’s back office service provider exiting their business, all operations were brought in-house, including customer services, billing and debt collection. This caused disruption for a year, and the growth during that period was flat.

The second phase was the period between 2008 and 2011, where the price elasticity of sales changed significantly and growth slowed. Strategically, the Group concentrated on improving its competitive position through investment in its wind farm and improvements in its ability to buy energy competitively.

The third phase of customer growth came during mid-2011. This was the period when the Group improved its competitive position from an average 10 per cent. premium to the Big Six tariff, to parity with these tariffs. A one per cent. decrease in revenue from electricity sales due to the Group’s customers’ efforts to reduce their energy consumption, and an eight per cent. reduction in cost of sales, led to a 5.1 per cent. increase in gross margin for the electricity supply business in 2011. The Directors believe that as a result of this, growth in customers increased from three per cent. in the first half of the year to around 14 per cent. in the second half of 2011.

The improvement in the Group’s competitive position also came as a result of the long term PPA in place with Delabole wind farm, and improvement in the trading systems which allowed the Group to improve its trading margins, as well as more flexible credit lines available to the Group for trading activities.

**Energy Sourcing**

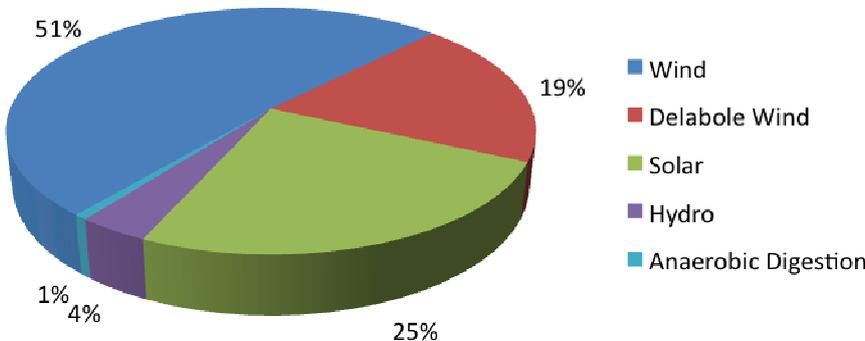
The Group sources electricity in three ways, either from its own renewable generation assets, from other UK renewable power producers or directly from the market. For more information on the Group’s own renewable generating assets please refer to paragraph 4 of this Part I.

At present the Group sources its electricity as follows:

- approximately 19 per cent. from the Group’s own wind farm;
- approximately 61 per cent. from PPA’s with approximately 120 small renewable electricity generators across four technologies being: onshore wind, solar PV, anaerobic digestion and small hydro; and
- approximately 20 per cent. from short term (six month) Non-Fossil Purchasing Agency (NFPA) auctions.

These proportions can vary year-on-year depending on the output from the longer term PPA’s due to prevailing weather conditions, and any additional new contracts put in place. The NFPA is used to buy the balancing renewable position.

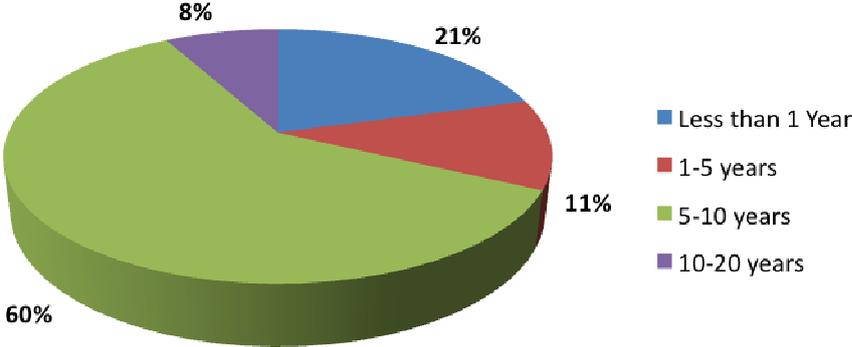
**GWh Power Purchasing by Technology type**



The technology types generating electricity for PPA’s which the Group are counterparty to cover four key areas: onshore wind, large scale solar, anaerobic digestion and small scale hydro and range in size from 100kW to 10MW. Good Energy specialises in buying power from these smaller generators and

provides other support services to these smaller generators including administering the other government subsidies on behalf of the generator, settlement services and the metering relationships with the meter operators. The contract lengths vary from 12 months to 20 years.

**Current Power Purchase Agreements in GWh exported by contract length**



Of the PPA’s, one of the largest is with the Group’s wholly owned subsidiary Good Energy Delabole Wind Farm Limited, which holds an onshore wind asset of 9.2MW in North Cornwall. This single PPA currently accounts for around 19 per cent. of the Group’s power portfolio.

The remaining renewable power requirements for matching 100 per cent. renewable electricity are met with purchases from the NFPA. This organisation has been involved in renewable energy since 1990 – through administration of generation contracts awarded under the Non-Fossil Fuel Orders (NFFOs). The sale from these sites is managed by a six monthly auction in July and February each year, and the contract lengths are for six months starting in October and April.

Over the past three years Good Energy has invested in a plan of continual improvement in its trading systems including:

- i) Improved generation forecasting incorporating high resolution specialist weather forecasts for over 30 sites throughout the UK;
- ii) Improved smaller generator forecasting;
- iii) Improved consumption forecasting of larger business customers; and
- iv) Improved trading strategy to take advantage of natural hedge provided by the longer term PPA’s and to minimise exposure to imbalance and market risks.

The management of these systems is carried out by the Group’s trading team with the support of a bespoke system developed in-house. This system manages significant data flows related to market energy prices, nationwide electricity balancing, and weather information related to the weather feeds from across the country. It also provides analysis and data feeds to four distinct forecasting modules that have been developed for onshore wind, small hydro, large scale solar and anaerobic digestion, along with further modules that analyse market conditions and the imbalance system pricing.

Ultimately, a large amount of forecasting modelling is carried out daily utilising the live data which is used to provide a day ahead net position that considers the total demand (customer) position less the total generation (supply) position including the impact of any historic trades. The modelling also provides guidance on how the trading team could best balance the position at the day ahead level. This can include buy and sell trades the size of which will vary depending on the time of year, time of day, and the day ahead weather position.

Good Energy has an exclusive trading arrangement in place with Smartest Energy whereby all Good Energy electricity trades pass through them. Smartest Energy also manage the electricity imbalance process on the Group’s behalf for an on-going management fee and a per trade fee. The Directors now believe that with the Group’s current scale and proven in-house trading capability it is able to trade in the open market at a significantly reduced trading cost, the new trading arrangements are expected to begin in early 2013.

### *Supply business growth*

The energy supply retail market falls into three high level segments:

- i) Domestic (households)
- ii) Small and medium businesses
- iii) Large business

Within these segments, Good Energy's total annual supply by volume is approximately 150,000 MWh and currently splits approximately;

<i>Segment</i>	<i>% of business by revenue (approx.)</i>	<i>Customer numbers (approx.)</i>
Domestic	68%	27,000
Small and medium businesses	22%	2,800
Large businesses	10%	200

Large business contracts are forward fixed contracts for a 12 month or 24 month period. Most of the contracts for domestic and small and medium sized businesses are known as "evergreen" contracts, that is there is no fixed term and can be terminated at one month's notice with no penalty. The pricing for these contracts can be changed on 30 days' notice.

The Group's largest business customers include Supergroup PLC, ING Property Fund and Sheffield Hallam University.

The growth of the supply business relies on balancing two key factors:

i) *Pricing strategy*

For larger business customers each one is individually priced and matched against a forward trading position with the Group. This means the Group has total control over the amount of the portfolio that goes to the larger business customers.

For the small and medium businesses and the domestic households, prices are set on a tariff basis, which is determined by the customer type and location. Since 2008, as a result of a shift in price elasticity, pricing has become more integral to the Group's growth strategy. The strategy is now to be close to parity for electricity prices as compared to the standard Big Six tariffs. This was a position attained mid-way through 2011, and the Group has since seen the growth in electricity customers reach around 12 per cent. in annualised growth.

However, with approximately two-thirds of domestic customers wanting the convenience (and discounts) of a combined dual-fuel package, the Directors believe that gas pricing is also key to winning and retaining customers. Due to the relatively small size of the Group's customer base, the Group has struggled to be competitive in the gas market. However, as the Group grows the gas customer base, the Directors believe that it will be able to improve the Group's gas pricing position, and hope to reduce the Group's premium to around two per cent. compared to the standard Big Six tariffs in 2012. The Directors anticipate that this position will have a positive impact for both domestic gas and electricity sign ups and retentions.

ii) *Marketing and Sales strategy*

The marketing and sales strategy is again split between large businesses, small businesses and domestic households.

*Large Businesses*

Large businesses tender their supply either directly to the supply companies or, increasingly via a broker. The Directors believe there are three key reasons for large businesses signing-up to green tariff contracts:

- i) Green credentials;
- ii) An exemption from paying the Climate Change Levy (delivering a five per cent. saving); and

- iii) The price premium is no more than between 5-10 per cent. more expensive than brown, conventionally generated power.

The Group manages the sales volume to large businesses closely, as they often require the Group to put aside part of the forward portfolio to underpin any price agreed. The Group has a target of all fixed contracts not being more than the total export from the Group's own generating assets, currently approximately 19 per cent. from the Delabole wind farm. The Group currently use two thirds of this allocation to large business, so there is room for growth, although the Directors are considering some fixed tariffs to domestic customers for which the Group would need some capacity.

To grow this market is relatively straightforward; it is a matter of outbound sales engaging with customers who fulfil the criteria set out above. The increase in owned generating assets is expected to support the Group's ability to provide competitive pricing to a larger proportion of this market.

Since the establishment of a dedicated business sales team in 2010, the Group has been focused on finding a balance between the competitive positioning, the value Good Energy is currently perceived to add and what buyers would like to see offered. Short term future activity for the Group for large customers is now focused on:

- i) Building relationships with a few key business brokers with whom the Directors believe there are strong returns to be gained by developing closer working relationships;
- ii) High brand value half hourly customers;
- iii) A re-pricing exercise for medium sized business customers; and
- iv) Creating stronger brand recognition with energy buying professionals.

#### *Small & Medium Businesses*

Currently, most of the Group's small and medium business customers come via inbound enquiries. Unlike large businesses, small and medium sized businesses are not priced individually, but pricing strategy is an important part of growing this customer segment. The Group's growth strategy is via targeted direct mail and outbound call campaigns aimed at green and ethical small businesses. The Directors believe that the implementation of a new CRM software system, which is due to be completed later in 2012, will further improve the Group's growth profile. The CRM software system should allow for easier management of multiple and fixed rate tariffs, something which is difficult currently.

#### *Domestic*

The domestic market is by far the biggest by number of customers and over 68 per cent. of all the Group's supply sales. The Group accesses this market through seven routes:

- i) Good Energy website (and related digital traffic driving activity);
- ii) Price comparison websites;
- iii) Affiliate partnerships;
- iv) Existing customer recommendations ("Friends and Family");
- v) Direct sales (outbound and inbound);
- vi) Marketing communications (Advertising, PR, events etc); and
- vii) Product development.

Each route to customers is effective to different degrees, the balancing act for customer acquisition being between cost per customer acquisition and scalability. For example, to recruit customers through the Group's Friends and Family programme is a relatively low cost of around £50 per customer, however, it is difficult to scale. Other activities which can be ramped up are often more expensive. Below is a short overview of each channel with priority activities against each.

- i) Good Energy website ([www.goodenergy.co.uk](http://www.goodenergy.co.uk))

One of the Group's most improved channels and where the Directors believe there is most scope for further optimisation. The Group's customers and target demographic are increasingly using social media. Alongside analytics-based refinements, a significant objective in 2012 is the refinement of an integrated digital presence, allowing the Group's main site, blog and social media platforms to deliver an effective, complementary sales funnel.
- ii) Price comparison websites (brokers)

As the name suggests this is a price sensitive channel. As a premium product with stable pricing, it is one that is hard to effect. Management are working with one of the major players (USwitch) to better engage their audience with the Group's green message. Each switch costs the Group a £50 referral fee (£60 for dual fuel), so cost per acquisition is at the lower end, but the main lever within this channel is price.
- iii) Affiliate partnerships

The Group's most consistently performing channel to date where the cost per acquisition has been relatively low. These fall into two main categories - firstly membership-based organisations that market Good Energy to generate income. The Group's longest serving and most productive of these has been with Friends of the Earth who contribute approximately five per cent. of the Group's total annual switches. The second is online retailers such as Vintage Roots (organic wine) who put marketing collateral in their consignments on the Group's behalf. These carry a sign up offer in the form of a voucher to spend on the retailers products.

The pool of partners is pyramid shaped with only a few at the top. 67 per cent. of the Group's affiliate switches come from the Group's top four performers so management are working on cultivating other partners of a similar profile, which the Directors believe will offer the same kind of returns as Friends of the Earth.
- iv) Existing customer recommendations

Organisations such as Utility Warehouse have built fast growing referral based businesses. The foundation of their particular model is consumers' motivation for money in the form of either discounts or referral fees. Having an environmental proposition, it is necessary for the Group to develop incentives that are more on brand. At the moment the incentives are in the form of bill credits. Management are looking at options around money to invest in wind farm shares.
- v) Direct sales

The Group's customer care ethos is based on an engaged and well-trained team being able to discuss a wide range of subjects ranging from energy efficiency to micro-generation with potential customers. Anecdotal feedback is that many of the new customers that came to the Group via the FIT administration service were delighted at the knowledge of the Group's customer service operators. To date management have used this "people buy people" approach to harvesting sales from inbound calls. From July 2012 the Group will be testing sales incentives which the Directors believe will deliver an extra 10 per cent. of sales volume.

The Group has an outbound sales team which follow-up on leads from email enquiries, events and inserts. In January this year the Group carried out an analysis of the most effective way of following these up and implemented a revised strategy. This new optimised approach has delivered a 16 per cent. increase in conversions so far this year. Management will continue to focus on harvesting fresh leads and seek to drive rates upwards with the help of a new commission scheme.

vi) Marketing Communication

The Group's advertising, PR and marketing events are focused on "conscious consumers" – those who give environmental consideration to what they buy. The Group differentiates within this segment between "light" or "dark" green consumers – the latter being the most environmentally aware. Advertising and PR strategies target both, with events seen as an opportunity to engage further with lighter green potential customers.

vii) Product Development

The Directors believe there are opportunities for Good Energy to develop innovative products that appeal to what might be considered niche audiences by the Big Six. The Group are looking at developing tariffs that might be attractive to these audiences, ultimately delivering more competitive prices for this type of customer, through load shifting tariffs and local tariffs.

### ***Customer Churn***

The Group's annualised churn rate in 2011 was around 10 per cent. and this year has dropped to around seven per cent. The work done by the Group to try to lower churn includes contacting customers regularly with information about the Group's activities and outbound calls to any customers that the Group is notified are leaving.

### ***Gas Supply***

Good Energy supplies gas to enable its electricity customers to buy electricity and gas from the same supply company. It does supply just gas to a limited number of customers, but the majority of gas customers also buy electricity from Good Energy. The gas product is not a renewable product, but does provide some support for renewable heat projects through the Group's HOTROCs scheme. The price of the gas product is, therefore, important. Over the last two years the Group has carried out work to improve its forecasting of gas and as the number of gas customers grow the economies of scale are improving within this business line. As a result, the Directors believe that the Group can further improve the price competitiveness of the gas product, and therefore allow both gas and electricity customers numbers to grow more strongly.

In addition to the price, the Group is also working on improving the customer service related to gas, and with the new CRM system due this year, the Group should have single view customer services systems, which should improve its ability and cost to serve.

### ***Feed-in Tariff Administrations***

The Group also generates income through its FIT administration business. This business helps small generators submit meter readings to the regulator, OFGEM, and distributes the FIT payments the small generators are entitled to. For providing this service, the Group receives an administration fee from OFGEM.

The Group's long experience in supporting micro-generators enabled Good Energy to develop an industry-leading FIT administration business during 2011, which grew from 1,000 to 38,500 generators by the end of June 2012, exceeding the Directors' expectations. The Group differentiates itself from the rest of the industry by also offering this service to renewable energy generators who are not supply customers of Good Energy. This is in line with the Group's objective to lead the way in supporting small generators and has allowed the Group to grow to be one of the top FIT administrators in the UK (in the most recent levelisation the Group claimed 17 per cent. of the total FIT pot for generators).

The Government has implemented substantial cuts to the FIT administration fee in 2012/13. The Directors are looking at ways of leveraging the Group's knowledge and systems in FIT administration services and improving the Group's cost to serve. The Directors believe that this will enable Good Energy to continue to operate the FIT business profitably going forward.

The Directors believe that the key advantage for Good Energy when compared to its competitors is that it has a system in place to manage micro-generators as if they were supply customers, and the strategy has always been to create a system that is scalable. This has meant that the Group has been able to manage FIT generators with a relatively small team. The Directors' decision to invest in the Group's IT platforms have enabled the business to scale on a cost effective basis without reducing the level of customer service.

Good Energy's FIT customer base splits into two distinct markets:

- Business to Business ('B2B') – solar installations owned as part of a larger portfolio, such as those installed by housing associations, councils and 'solar-for free' businesses; and
- Business to Consumer ('B2C') – solar installed and owned by individuals, communities and businesses.

At present, Good Energy's FIT customers are approximately 75 per cent. B2B and 25 per cent. B2C. Around 40 per cent. of all installations are owned by providers of social housing and in general Good Energy does not hold a direct relationship with the tenant or homeowner for the B2B installations. B2B customers are a significant part of the portfolio because Good Energy offers a service independent of taking on the supply to the property, this means that when a FIT administration customer is signed up their electricity supply does not need to be switched at the same time, which the Directors believe is a barrier to sign up with the Group's competitors.

The Group is seeking to provide an outsourced service to some of its existing competitors who are obligated to provide FIT administration services.

#### **4. Generation**

The Group's wholly-owned electricity generation subsidiary, GenCo, is the operator of a 9.2MW wind farm asset in Cornwall. In addition GenCo has a qualified pipeline of development opportunities in wind and solar, and a target generation capacity of a portfolio of 50 MW of wind assets and 60 MW of solar assets by 2016. Any additional developed assets would be sold on, but could be held if customer growth exceeds expectation of generation assets by 2016.

The generation team includes two developers, an in-house electrical engineer with grid expertise and a technical contract manager. The Group is proposing to increase the size of the team to include a full time planner and another developer following Admission.

The development strategy is three-fold:

- i) The regions the Group is looking to concentrate its efforts in are: Scotland for wind, and Cornwall and the southwest of the UK for solar and wind. The Group has selected these two regions as the Group has had good engagement with landowners and planning authorities in both areas to date, both regions have good natural resources and the effectiveness of the development team will be maximised by concentrating its efforts regionally;
- ii) To leverage Good Energy's contacts with landowners that it has established through its power purchasing activities to find landowners to develop generating assets with; and
- iii) To utilise the Group's knowledge of the electricity supply business to deliver a local benefit through the development of a local tariff-based electricity supply product.

#### ***Wind strategy***

The focus for the Group is to concentrate efforts on high wind speed sites where the Directors believe it will be possible to build solid local support for a development and where natural heritage impacts are minimal.

#### ***Solar strategy***

The Group will focus its efforts on out of sight, large-scale field based locations, with high measured solar radiation levels close to good grid connections where the Directors believe local parish council and local councils will be supportive of solar developments.

### *Existing asset – Delabole, Cornwall*

The Group owns and operates Delabole Wind Farm, a 9.2MW wind asset in Cornwall. Having been originally commissioned in 1991, it was the UK's first commercial wind farm, with a total capacity of 4MW comprising of ten 400kW Vestas wind turbines. The Group purchased the wind farm in 2002 from the Edwards family, and in 2010 invested £11.8 million to repower the site to a new capacity of 9.2MW, enough to power 7,000 homes in the UK.

The repowering of the wind farm was financed 82 per cent. by a £9.66 million project debt loan from the Co-Operative Bank which is repayable over a 15 year period and the balance of the financing was provided as equity by the Group.

2011 was the first full year of operation at Delabole following the completion of the repower. The Directors were pleased that the wind farm exceeded expectations in MWh output, despite the turbines being offline for part of that period. Work by the turbine manufacturer Enercon and the Good Energy team is expected to result in further improvements in the availability figures for 2012 as has been experienced in the year to date.

### *Asset Development Pipeline*

The Group has a portfolio of pipeline projects which are at various stages of development.

GenCo is currently negotiating the Heads of Terms for wind sites with a total capacity of 35MW. The most mature project in development is a 4.6MW site in Aberdeenshire. Planning for this site was submitted in January 2012 and the Directors anticipate initial feedback on the planning application in mid-August 2012 from the Banff Aberdeenshire Council.

Through its wind development activity in Cornwall, Good Energy has been introduced to a series of solar sites with strong grid connections and with few anticipated issues for planning. The Group is currently at Heads of Terms for solar sites with a total capacity of 25MW.

As at the date of this Document the Group was negotiating opportunities at various stages of discussion, with a total of five projects currently under consideration with the GenCo team:

- 4.6MW in planning;
- 60MW at Heads of Terms; and
- 69MW identified and early stage negotiations.

### *Further development*

In addition to the internal development of generation assets, the Group is increasingly approached by land owners, third party developers and IPPs with projects for consideration by the Board. The Board has strict criteria which it applies to projects in terms of development profile, stage of development, cost of development and expected return prior to any substantial time or expense being committed by the Group. To date the Group have been approached with and evaluated some 42MWs of projects in the past 24 months. Due to its reputation and position in the energy markets, access to debt funding and ability to access capital markets, the Board expects that post Admission the Group will continue to be approached by project owners and developers.

### *Debt financing*

Good Energy funded its first wind development, the Good Energy Delabole wind farm, with support from The Co-Operative Bank. The Directors are planning to continue to work with The Co-operative Bank again on the debt provision on any wind site below 15MW, and to develop relationships with other significant providers of debt for large wind sites and solar sites.

### *Development of Renewable Heat Sites*

In 2010 the Group commissioned and paid for two biomass boilers in the UK to fulfil its commitments under the government's Green Energy Supply Certification Scheme (GESCS), as part of the requirement to produce a lifetime abatement of 2,645 tonnes of CO<sub>2</sub> emissions.

The Group is investigating the possibility of further commissioning biomass boilers to fulfil on-going requirements under GESCS (from June 2012 onwards). Further to this, it is also considering if there are wider possibilities for developing a case for investment, using the knowledge acquired during the development of these sites.

## **5. UK energy market overview**

The UK energy market consists of four key market segments – generation, supply, distribution and transmission. In the main, energy generators and supply businesses are now considered to form fully competitive markets and there is no regulation of prices. Monopoly networks are subject to price regulation by OFGEM Licence conditions.

The Utilities Act 2000 prohibits the same person from owning both a distribution and a supply business – this is to make sure third party access to the networks is fair, and there is open competition for energy supply.

For gas specifically, a business must have a licence to participate in shipping, transportation and supply. Shipping and supply are competitive activities. Transportation is a natural monopoly, also subject to price regulation.

Market consolidation in recent years means a small number of companies dominate the gas and electricity sectors. Consumers have a choice from about six major suppliers and several smaller ones. OFGEM has competition powers along with the Office of Fair Trading to ensure there is no market abuse should any business begin to dominate the market.

The Renewables Obligation was introduced in 2002. It placed an obligation on electricity suppliers to source an increasing percentage of their electricity from renewable generators. This percentage is attained by purchasing Renewable Obligation Certificates from renewable generators. If sufficient ROCs are not purchased by a supplier to meet its obligations it must pay into the ROC Buyout fund. The rate of the ROC Buyout is calculated and published ahead of the generating year (starting 1st April annually). Out of this fund suppliers that met their obligations by purchasing certificates are paid a bonus. This is called the ROC Recycle. The value of the ROC Recycle is calculated following the end of each generating year. The total value of a ROC is the ROC Buyout plus the ROC Recycle.

The number of ROCs a generator is entitled to (per MWh generated) depends on the type and scale of the generator. The reason for the varying levels of entitlement is to further encourage certain types of generators over others and is known as ROC Banding.

The Group's business has to manage the compliance under the Renewables Obligation, and there is a cost to the business related to the percentage compliance rate that is the same for all complying companies. The Group's generation business receives income from ROCs as part of its wind farm business and any new development over 5MW is likely to be supported by the Renewables Obligation.

In 2010 the Feed-in Tariff was introduced to replace ROCs for generators under 50kW and as an alternative for generators up to 5MW. The tariffs vary more notably between the qualifying technologies and across the range of installed capacities. The tariffs have been calculated to provide a more standardised payback period for all technologies which in turn is expected to encourage the growth of the undersubscribed technologies.

The Levelisation Process is the mechanism used to collect and distribute funds relating to the FIT scheme. FIT is designed to be fair for all suppliers – regardless of their size, number of customers and number of generators. Suppliers will either have to contribute to a fund or will receive a payment out of the same fund based on a calculation which takes into account the proportion of the market they serve (amount of electricity supplied to customers compared to the national total) and the proportion of generators they serve (value of the FIT claim made compared to the national total).

The Group's business does not currently benefit directly from the Feed-in Tariff itself, but may do in the future if any wind or solar below 5MW is developed. The Group does collect an administration fee related to managing FIT customers (see FIT administration section).

Renewable Generators are entitled to claim Levy Exemption Certificates. When sold along with exported electricity, these certificates can be used by a supplier to show that the equivalent volume of electricity it sells to business customers is exempt from Climate Change Levy (CCL). LECs have a value assigned to them which is in line with the cost of the CCL. This value is published ahead of the start of the generating year (starting 1st April annually).

Renewable Energy Guarantees of Origin, demonstrate that electricity has been generated from a renewable source. These certificates must also be claimed by the generator. There is usually a stipulation that these certificates need to be transferred in volumes equal to the exported electricity sold to a supplier. Suppliers use these certificates to show how much of their electricity has come from renewable electricity, and are part of the requirement under Fuel Mix Disclosure for the supplier to publish their sources of electricity.

All of the electricity that the Group sells includes the sales of LECs and REGOs, which forms part of the audit trail for the Group to prove that it sells 100 per cent. renewable electricity to customers. There is a cost per MWh to the Group that is included in its tariff.

### ***The Renewable Heat Incentive***

In order to enable individuals, communities and businesses to play their part in bringing forward renewable energy, the government announced their intention to release a Renewable Heat Incentive (RHI) in 2008. The RHI is a financial incentive scheme, where payments are made to those choosing to generate their own heat from renewable sources, such as biomass boilers, heat pumps and solar thermal hot water panels.

Like the Feed-in Tariff for electricity, the RHI is designed to encourage more renewable heat generation in the UK, cutting carbon emissions and reducing the country's dependence on imported fossil fuels.

The RHI scheme was formally launched in late 2011, with 'Phase 1' open only to non-domestic installations. 'Phase 2', scheduled for launch in the summer of 2013, will be open to household installations.

The RHI is administered by the gas and electricity market regulator, OFGEM, who will administer the scheme on behalf of the Department of Energy and Climate Change.

### ***Electricity Market Reform and Retail Market Review***

The UK Government forecasts that a quarter of the UK's generating capacity will shut down over the next ten years as old coal and nuclear power stations close. It is estimated that more than £110bn in investment is needed to build the equivalent of 20 large power stations and upgrade the electricity grid. In the longer term, by 2050, electricity demand is set to double, as the UK shifts more transport and heating onto the electricity grid.

Responding to these challenges, on 12 July 2011 the Government published 'Planning our electric future: a White Paper for secure, affordable and low-carbon electricity'. The White Paper sets out key measures to attract investment, reduce the impact on consumer bills, and create a secure mix of electricity sources including gas, new nuclear, renewables, and carbon capture and storage.

Key elements of the reform package include:

- i) a Carbon Price Floor (announced in Budget 2011) to reduce investor uncertainty, putting a fair price on carbon and providing a stronger incentive to invest in low-carbon generation now;
- ii) the introduction of new long-term contracts (Feed-in Tariff with Contracts for Difference) to provide stable financial incentives to invest in all forms of low-carbon electricity generation. A contract for difference approach has been chosen over a less cost-effective premium feed-in tariff;
- iii) an Emissions Performance Standard (EPS) set at 450g CO<sub>2</sub>/kWh to reinforce the requirement that no new coal-fired power stations are built without carbon capture and storage, but also to ensure necessary short-term investment in gas can take place; and
- iv) a Capacity Mechanism, including demand response as well as generation, which is needed to ensure future security of electricity supply. The Group is seeking further views on the type of mechanism required and will report on this around the turn of the year.

Publication of the White Paper marks the first stage of the reform process. The Government intends to legislate for the key elements of this package in the second session of this Parliament, which starts in May 2012, and for legislation to reach the statute book by the end of the next session (by spring 2013) so the

first low-carbon projects can be supported under its provisions around 2014. The Government intends to put in place effective transitional arrangements to ensure there is no hiatus in investment while the new system is established.

The Group is part of the consultation process on the EMR and Juliet Davenport sits on the Ministerial Decentralised Energy Group feeding in comment on how the EMR will impact on the decentralised energy market place.

At the same time the Government is undertaking the Electricity Market Reform, the regulator OFGEM is undertaking the Retail Market Review. Building on the findings of its 2008 Energy Supply Probe, OFGEM believes that its Retail Market Review has demonstrated that further action is needed to make energy retail markets in Great Britain work more effectively in the interests of consumers. Consumers are at risk from a number of features in the market which reduce the effectiveness of competition. OFGEM is proposing actions in five key areas:

- i) Proposal 1: Improve tariff comparability. To address the complexity of tariff information provided by suppliers OFGEM propose to make it simple for domestic consumers to compare prices and choose a better deal.
- ii) Proposal 2: Enhance liquidity. To address continued concerns on low electricity wholesale market liquidity and new entry OFGEM propose improving access to wholesale market products for new entrants and independent suppliers and generators.
- iii) Proposal 3: Strengthen Probe remedies – domestic. To address the continued poor performance by companies to the Probe remedies OFGEM propose to make sure the Probe remedies are strengthened, and where necessary enforced, so original objectives are achieved.
- iv) Proposal 4: Strengthen Probe remedies – non-domestic. To address continued concerns OFGEM have found in the non-domestic sector OFGEM propose to take further action to prevent unfair contracting practices in the non-domestic sector.
- v) Proposal 5: Improve reporting transparency. To address concerns on suppliers’ financial reporting OFGEM will investigate how to improve reporting requirements for vertically integrated utilities.

OFGEM is still consulting energy market stakeholders on the proposals in all of these areas.

The Group is providing evidence to OFGEM on complexity of tariffs and is part of the consultation process on the RMR.

## 6. Competitors

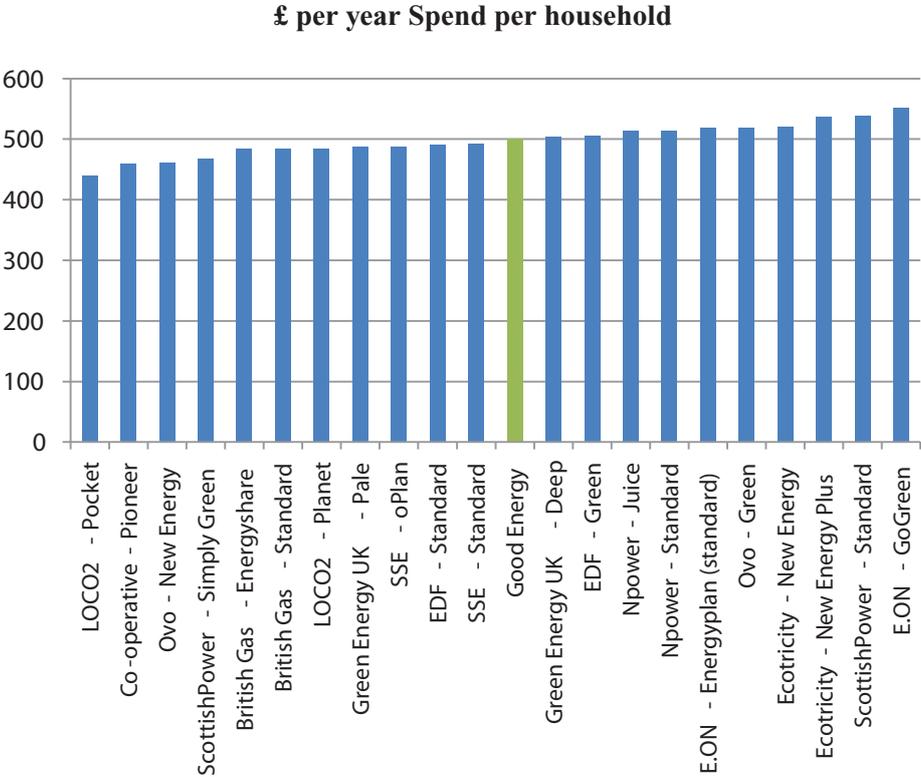
### *Competitive landscape*

Despite being de-regulated for several years, the energy market is still a relative monopoly, being dominated by just six companies. The “Big Six”, as dubbed by the media, have been joined by the “Challenger7” of smaller challenger brand suppliers. Good Energy fits into the latter category. Below is a short overview of each (excluding Good Energy):

<i>Supplier</i>	<i>Category</i>	<i>Customers (approx.)</i>
British Gas	Big 6	15.9 million
E.ON	Big 6	5 million
EDF	Big 6	5.5 million
N Power	Big 6	6.3 million
Scottish and Southern	Big 6	9.65 million
Scottish Power	Big 6	5.2 million
Coop	Challenger7	52,000
Ebico	Challenger7	Information not available
Ecotricity	Challenger7	64,000
Green Energy	Challenger7	8,000 –10,000
Ovo	Challenger7	90,000
Utility Warehouse	Challenger7	349,000 electricity customers

**Energy Prices**

The competitive positioning of the Group’s electricity offering is shown in the graph below. The graph includes all the key competitors who offer an evergreen tariff, all fixed rate tariffs are excluded from the analysis. This shows the Group’s electricity offering about mid-way in the table, when just compared to the Big Six players standard tariffs. In 2012, the Group’s electricity prices have been approximately one per cent. cheaper than the Big Six’s standard tariffs. The Group’s gas tariff is currently more expensive than that of other major suppliers as it includes a premium for the Group’s investment in renewable heat projects.



As the Group trades a 100 per cent. renewable electricity portfolio, the trading portfolio is less susceptible to fluctuations in international fossil fuel prices and as such the Group has kept its electricity prices at the same level for the last three years. Improvements in the trading team’s forecasting techniques, the generation from the Delabole wind farm and the improved flexibility in the Group’s credit lines have also been key factors in allowing the Group to manage its energy prices. The Directors review the Group’s customer pricing strategy on a regular basis with the long-term objective to keep the prices as stable as possible.

**7. Medium and Long-Term Strategy**

Good Energy is the only 100 per cent. renewable sourced electricity supplier in the UK and its medium and long term strategy is to continue to supply 100 per cent. renewable sourced electricity.

To support this, the Group plans to generate around 50 per cent. of its own electrons and, therefore, has set a medium term target of owning and operating 110MW of renewable generation assets. Once the 50 per cent. target has been attained, the Group aims to continue to develop renewable assets to maintain this percentage as the supply side of the business grows. Currently the assets that the Group is focusing on are onshore wind and large scale solar. Going forward the Directors will consider small scale hydro and a limited number of bio-generation technologies as well.

Longer term the Directors will also look at developing further renewable assets in the heat sector and are developing a renewable heat strategy. This will support the carbon offsets required for the certification aspect of the Group’s electricity business. The Group aims to continue being a preferred partner for managing smaller generators. Since this market has expanded significantly under FIT to over 320,000 installations in the UK, the Directors believe there continue to be opportunities to provide services directly to generators, and potentially on an outsourced basis to utilities.

The Group plans to grow its customer base and increase its rate of growth of electricity and gas customers from a combined 18 per cent. annualised rate through a combination of pricing, marketing and sales strategy.

The final area of innovation the Group is considering is around developing tariffs, particularly load shifting tariffs and local tariffs. The Group is considering how these may support the management of a variable and weather dependent generation and the opportunities that may arise in demand side management and trading.

The Group's key priorities for 2012 include:

- Further develop the customer base for electricity, gas and FIT customers;
- Continuing to development of the Generation business by identifying additional wind and solar opportunities, and looking at other technologies including small hydro and bio-generation;
- Launching a new in-house customer relations system to further enhance the Good Energy 'experience' and allowing the development of unique tariffs around the Group's 100 per cent. renewable electricity trading portfolio;
- Developing opportunities to provide FIT administration services to other organisations; and
- Finalising research and piloting both demand side and local community tariffs.

## **8. Management of Risk**

### ***Trading Portfolio***

The Group's trading portfolio is made up of approximately 120 Power Purchase Agreements. By managing multiple contracts, the trading portfolio is not dependent on one particular technology, one particular region or one particular generator. This helps the Group diversify its risk for each of these factors.

The Group has also significantly invested in systems and controls to manage the weather forecasting of these 120 sites, with detailed up to date weather information to support the forecasting of the generation data.

### ***Competition***

Competitive positioning of the brand, both in terms of environmental differentiation and pricing is constantly monitored. Based on this information the Directors evaluate competitors' prices and their implications on the Group's trading and pricing policies, with the ambition to maintain a pricing parity for domestic households (with the Big Six standard tariffs) and 5-10 per cent. price premium for businesses. The environmental differentiation is managed through various accreditations, the Green Energy Supply Certification Scheme and remaining the only supplier of electricity from only renewable sources.

### ***Development***

All the renewable development sites have risks associated with them the key ones being:

#### **i) Planning Risk**

In terms of planning risk, each site is assessed via the planning scoping service which provides the Group with an overview of whether the site will technically pass through. There is then a full political and local demographic search to find possible areas of support.

#### **ii) Grid Connection Risk**

The Group seeks to meet early in the development phase with the local distribution network operator to ensure the associated costs and timetables related to grid connection are understood.

#### **iii) Government Support Mechanism Risk**

The Directors manage internally with a regulatory and external affairs team who monitor the Government closely on all regulatory issues and provide the Group with a risk assessment of any changes to policy and the related timetable.

## 9. Summary Financial Information

The following table is a summary of the Group's combined and consolidated financial information (further details of the basis and preparation of this summary can be found in Part V of this Document).

<i>Year ended</i>	<i>31 December 2009 £000's</i>	<i>31 December 2010 £000's</i>	<i>31 December 2011 £000's</i>
Turnover	18,290	20,036	21,577
EBITDA	1,112	1,276	2,817
Profit Before Tax	663	705	1,056

## 10. Current Trading

On 25 June 2012 the Group made the following trading statement:

The Board of Good Energy Group PLC (the "Group"), owner of Good Energy, the UK's leading 100 per cent. renewable electricity supplier, is pleased to provide the following update on customer numbers for the period to 22 June 2012.

### **Key Highlights**

- Good Energy passes key milestone of 30,000 electricity supply customers, reflecting an annualised growth rate of 12 per cent.;
- Gas supply customers increased to over 6,700, at an annualised growth rate of 47 per cent.; and
- Over 38,500 Feed-In Tariff generators managed by its administration business; a further 10 per cent. increase since March 2012.

The achievement of the 30,000 electricity customer milestone is as a result of continued price competitiveness, optimisation of sales and marketing channels, award winning service provision and the increasing desire of customers to power their homes with clean renewable energy.

The number of gas customers has continued to rise, increasing by 47 per cent. on an annualised basis to over 6,700, thanks to improvements in our online dual-fuel signup process.

The business has also benefited from customers' continuing interest in generating their own power encouraged by the Feed-in Tariff (FiT). As of June 2012 the company had over 38,500 registered sites in its FIT administration business, including individual households and operators of domestic and industrial solar power plants.

Juliet Davenport, Chief Executive of Good Energy Group, said:

"We are on course for a strong performance in the first half of 2012, and expect this momentum to continue for the rest of the year. We are pleased to see progress across all key areas of the business with a combined annualised growth rate for gas and electricity customers of 18 per cent., resulting in over 75,000 gas, electric and generation customers."

## 11. Key Strengths

The Directors believe that the key strengths of the Group include the following:

- Rapidly growing and high profile sector;
- Well established branded business with seven years of continuous growth;
- Highly qualified, motivated and experienced management team;
- Deep knowledge of renewable supply and generation sector and related policy;
- Proven and successful relationship with its customers;
- Scalable business model;

- Proven ability in repowering and developing wind and heat projects; and
- Financially mature business model demonstrated through active dividend policy.

## 12. Reasons for Admission and the Placing

The Group intends to raise £4 million before expenses through the Placing and is seeking admission of its shares to trading on AIM. The Directors believe that Admission will help achieve the following objectives:

- The Group has been listed on PLUS since June 2004 and trading in the Group's shares and interest from institutional shareholders has been low. The Directors now believe it is an appropriate time for the Group to seek admission to AIM
- The Company intends to use the net proceeds of the fundraising to continue, and accelerate, the development of the Group in each of the following areas identified by the Directors as being key to the future growth of the business:

Marketing and brand awareness – development of new partnerships with national membership organizations and increase in local and national advertising to improve brand awareness	£1.0 million
Trading – further development of the Group's trading platform and credit lines to enable its trading team to improve trading margins across all technologies	£1.0 million
Asset development – expansion of the Group's asset development portfolio including onshore wind and large scale solar projects	£1.5 million

## 13. Dividend Policy and Financial Reporting

On Admission, all Ordinary Shares in issue will rank *pari passu* for all dividends and other distributions thereafter declared, made or paid on the issued Ordinary Share capital of the Group, save in respect of the dividend of 2.75 pence for the year ended 31 December 2011.

Following the payment of the Group's maiden dividend in 2010, the Board intends to operate a progressive dividend policy going forward which recognises the success and growing maturity of the business while taking into account the development needs of the generation side of the business.

## 14. Further Information

**Your attention is drawn to the further information set out in Parts II to VI of this Document, including the risk factors set out in Part IV. You are advised to read the whole of this Document rather than relying on the summary information set out on pages 3 to 5 of this Document.**

## PART II

### INFORMATION ON THE PLACING AND ADMISSION

#### 1. Details of the Placing

The Placing comprises a limited offer by the Company of 4,705,882 Placing Shares to raise gross proceeds of approximately £4.0 million (net proceeds of approximately £3.5 million). The Placing Shares have been offered to selected investors at the Placing Price of £0.85 per Placing Share. No offer of securities to the public in the EEA has been made for which a prospectus is required to be produced and the Placing is not underwritten. The Placing is conditional, *inter alia*, on Admission. The cash costs incurred by the Company in respect of the Placing and Admission, being approximately £0.5 million, include, *inter alia*, commissions and fees payable under the Placing, registrar's fees, admission fees, printing costs, legal, advisory and accounting fees and any other applicable expenses.

#### 2. The Placing Agreement

On 25 July 2012, the Company, the Directors and N+1 Brewin entered into the Placing Agreement, pursuant to the terms of which, N+1 Brewin has agreed to use reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price which are allocated pursuant to the Placing. For their services in connection with the Placing, N+1 Brewin is entitled to receive a corporate finance fee of £115,000 and an aggregate commission equal to 4.5 per cent. of the aggregate value of the Placing Shares at the issue price. Under the Placing, the Placing Shares have been offered to institutional and certain other investors in the UK and certain other jurisdictions. No Placing Shares have been sold or are available in whole or in part to the public in the UK or elsewhere in connection with the Placing. The Ordinary Shares have not been, and will not be, registered under the Securities Act and may not be offered or sold within, or to persons in, the United States, except pursuant to an exemption from the registration requirement of the Securities Act and applicable US State securities laws. The Placing is subject to the satisfaction or waiver of conditions contained in the Placing Agreement, including Admission occurring on or before 30 July 2012 (or such later date as N+1 Brewin and the Company may agree (not being later than 13 August 2012)). Certain conditions are not capable of waiver. The Placing Agreement contains provisions entitling N+1 Brewin to terminate the Placing (and the arrangements associated with it) at any time prior to Admission in certain circumstances. If this right is exercised, the Placing will lapse and any monies received in respect of the Placing will be returned to applicants without interest. Further details of the terms of the Placing Agreement are set out in paragraph 9.1(a) of Part VI of this Document. The Placing is not being underwritten by N+1 Brewin.

#### 3. Lock-in and Orderly Market Arrangements

Each of the Directors has agreed not to dispose of any interest in Ordinary Shares: (i) for a period of six months following Admission, except in certain restricted circumstances, including transfers or disposals made with the written consent of N+1 Brewin; and (ii) for a further period of six months except through N+1 Brewin in accordance with N+1 Brewin's reasonable requirements for an orderly market.

#### 4. Admission, Settlement and Dealings

Application has been made to the London Stock Exchange for the Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings will commence on AIM on 30 July 2012. The Ordinary Shares are in registered form and the Registrar is responsible for the maintenance of the Shareholder register.

CREST is a paperless settlement procedure, enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument in accordance with the CREST Regulations. The Articles permit the holding and transfer of Ordinary Shares to be evidenced in uncertificated form in accordance with the CREST Regulations. The Ordinary Shares are eligible for Admission to CREST and accordingly, settlement of transactions in the Ordinary Shares following Admission may take place in CREST.

It is expected that, subject to the satisfaction of the conditions to the Placing Agreement, the Placing Shares will be registered in the names of the Placees subscribing for them and issued either: (a) in certificated form, where the Placee so elects, with the relevant share certificate expected to be dispatched by post, at the Placee's risk, by 1 August 2012; or (b) in CREST, where the Placee so elects and only if the Placee is a "system member" (as defined in the CREST Regulations) in relation to CREST, with delivery (to the designated CREST account) of the Placing Shares subscribed for, which is expected to take place on 30 July 2012. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so. All the Ordinary Shares will be in registered form and no temporary documents of title will be issued. All documents or remittance sent by or to a place, or as they may direct, will be sent through the post at their risk.

## PART III

### DIRECTORS, SENIOR MANAGERS AND CORPORATE GOVERNANCE

#### 1. Directors

The Board currently comprises two executive and two non-executive Directors:

***Rick Squires, (aged 63), Chairman (non-executive)***

Rick was appointed to the Board in 2008 and became chairman in 2011. He holds a number of non-executive board directorships of companies within the renewable energy sector. Until 2009 he was the Non-executive Chairman of Eclipse Energy Company Ltd., a UK based privately owned wind power company with a development portfolio of approx. 250 MW. Prior to the sale of the company to a major European utility in late 2008, Rick was involved in the raising of equity and mezzanine debt from city institutions to fund development activities. Rick is also the founder of PiEnergy Ltd. which provides consultancy services to the international energy business across a spectrum of activities, with particular focus on renewable energy. He has held senior level commercial positions with the Royal Dutch Shell Group and also with InterGen, a US-based independent power producer with generation assets located on four continents.

***Juliet Davenport (aged 44), Chief Executive Officer***

Juliet Davenport was appointed Chief Executive of Good Energy Group and Good Energy in 2002. Juliet started her career in renewable energy at Energy for Sustainable Development Ltd (ESD) in 1995 and became an Executive Director of ESD (now CAMCO) and of its sister investment company ESD Ventures Ltd in 1996. It was while a Director of ESD that she helped found Good Energy Ltd, which she later joined in 1999, initially as Commercial Director. Juliet was part of the management buyout team that acquired Good Energy in 2001. In addition, she has also taken roles on the board of Regen SW, an organisation set up to promote renewables in the South West of the UK.

Juliet is highly regarded in the renewable energy industry and has held positions on several strategic and advisory boards. These include DECC Renewable Advisory Board, OFGEM Environmental Advisory Committee, Ministerial Smart Metering, and represents small suppliers on the Board of Energy UK. Juliet has an MA from Oxford and an MSc from Birkbeck College, London.

***Garry Peagam (aged 55), Group Finance Director***

Garry was appointed Group Finance Director in June 2010. His previous experience encompasses large multinational companies and the energy industry. Previously Group Finance Director at Blick PLC, a FTSE-quoted manufacturer and installer of communication and security solutions, he sold the business to The Stanley Works Inc, an S&P 500 company. Prior to this he was Managing Director (MD) of SWEB Gas Ltd and Head of Customer Services of SWEB's Electricity Supply business. Most recently he was MD of Mnetics Holdings Ltd, a company that delivers Information and Communication Technology (ICT) solutions for major PLCs. Qualified with Arthur Andersen.

***Martin Edwards, (aged 51), Director (non-executive)***

Martin was appointed as a Director of Good Energy Group at its formation, bringing to the Group valuable knowledge of the renewable generation business. Martin was instrumental in taking Delabole wind farm – the UK's first commercial wind farm – from concept to completion in the 1990s. Delabole was acquired by Good Energy Group in 2002 and Martin continued to direct all local operations, maintenance and contract negotiations for it. He has also played a key role in implementing the £12 million redevelopment of it during 2010/11.

#### 2. Senior Managers

***Nick Haines, Head of Trading***

Nick had a university background in materials and the design of renewable generators and subsequently worked in product design, development and sales in the cold chain logistics field. In 2005 Nick joined Good Energy achieving work in his preferred field of renewables. Nick has progressed from Trading

Analyst to Head of Trading and is responsible for all trading activity, which includes overseeing the contracting and maintenance of large generators, managing Good Energy's position to ensure supply and demand balance, and pricing the customer base.

***Martin Saunders, Head of Marketing and Communications***

Martin joined Good Energy in November 2009. Responsible for developing and managing marketing plans for the Group's key acquisition channels. He brings marketing and branding expertise from working on or for Nike, Orange, MTV, Channel 4, UBS and Deutsche Bank.

During his time with Good Energy, Martin has introduced a new brand strategy and identity and consolidated its digital presence. His team is focused on growing the business across all channels.

***Hugo House, Head of Development***

Hugo's career began in broadcast media, producing factual entertainment programmes for terrestrial broadcast channels. Hugo moved into the renewables industry in 2005 joining Good Energy in the PR and marketing team and has progressed in the Group as Head of Business Development designing and implementing propositions for renewable generators, businesses and consumers. From there he has now been appointed as Head of Development, leading the team that is developing 110 MW of renewable assets.

***Graeme Rushin, Head of Operations***

Graeme joined Good Energy from Bizz Energy Limited in May 2009. He is responsible for managing all the operational teams of the Group including customer services, billing, FIT administration and industry operations. He has over 10 years' operations experience and has been a key part of the development of the Group and specifically the FIT administration team.

***Adam Bendall, Group Financial Controller***

Adam joined Good Energy in February 2011 as Group Financial Controller. Having completed his degree, trained as a Chartered Accountant and is 8 years post qualified ACA, he moved in to industry roles in Financial Services and Technology gaining skills which include financial reporting and modelling; implementing financial controls and accounts systems integration.

### **3. Pension and Bonus Schemes**

***Pension Scheme***

The Group operates the Good Energy Pension Scheme. This is a defined contributions pension scheme to which Good Energy contributes a minimum of 3.5 per cent. and a maximum of 7.5 per cent. per annum of an employee's base salary to match voluntary contributions to the scheme made by an employee. The Directors receive a contribution of 10 per cent. The assets of the scheme are held separately from those of the Group in an independently administered fund. The Group has no further pension liability.

***Bonus Scheme***

Good Energy operates a bonus scheme whereby employees may earn a percentage of their base salaries by way of a bonus based on a combination of the achievement of Good Energy's objectives over a given period and the achievement of personal objectives set for the employees by their supervisors.

### **4. Corporate Governance**

The Board recognise the importance of good corporate governance and intends, following Admission, so far as is practicable and appropriate for a company of its size, stage of development and nature as a Company whose securities are traded on AIM to follow the provisions of the UK Corporate Governance Code. In any event, the Board intends to comply with the provisions of the QCA Guidelines.

The Company has adopted a code for share dealings by directors and employees which is appropriate for an AIM company and which complies with Rule 21 of the AIM Rules on "Restrictions on deals".

The Board have a Remuneration Committee, which will be reviewed following the departure of one of its members recently and will be appointing an Audit Committee following Admission.

## PART IV

### RISK FACTORS

*Investing in the Group involves a degree of risk. You should carefully consider the risks and the other information contained in this Document before you decide to invest in the Group. You should note that the risks described below are not the only risks faced by the Group. There may be additional risks that the Directors currently consider not to be material or of which they are not presently aware.*

*The business and financial condition of the Company could be adversely affected if any of the following risks were to occur and as a result the trading price of the Ordinary Shares could decline and investors could lose part or all of their investment.*

*The Directors consider the following risks to be material for potential investors, but the risks listed below do not necessarily comprise all those associated with an investment in the Company and are not set out in order of priority. Additional risks and uncertainties currently unknown to the Company (such as changes in legal, regulatory or tax requirements), or which the Company currently believes are immaterial, may also have a materially adverse effect on the Group's financial condition or prospects or the trading price of Ordinary Shares.*

#### **1. General risks**

An investment in the Group is only suitable for investors capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which may result. A prospective investor should consider with care whether an investment in the Group is suitable for him in the light of his personal circumstances and the financial resources available to him.

Investment in the Group should not be regarded as short-term in nature. There can be no guarantee that any appreciation in the value of the Group's investments will occur or that the investment objectives of the Group will be achieved. Investors may not get back the full amount initially invested.

The prices of shares and the income derived from them can go down as well as up. Past performance is not necessarily a guide to the future.

Changes in economic conditions including, for example, interest rates, rates of inflation, industry conditions, competition, political and diplomatic events and trends, tax laws and other factors can substantially and adversely affect equity investments and the Group's prospects.

#### **2. Risks relating to the Group and its business**

##### ***Political risk***

The renewable energy generation industry is subject to national and regional regulatory oversight, such as national and local regulations relating to building codes, safety, environmental protection, utility interconnection and metering and related matters. These regulations and policies have been modified in the past and may be modified in the future. The regulations applicable to the generation of electricity from renewable energy sources may be subject to modifications that may be more restrictive or unfavourable to the wind energy or PV industry. More restrictive or unfavourable regulations, such as an obligation to modify existing renewable energy projects or the implementation of additional inspection and monitoring procedures, could lead to changes in operating conditions that might require increased capital expenditure, increased operating costs or otherwise hinder the development of the renewable energy industry. Any new, or changes to existing, government regulations or utility policies pertaining to renewable energy may require market participants to incur significant additional expenses, which expenses may not be able to be passed on to customers through higher tariffs, which, in turn, could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

For example, the UK Government has introduced FIT legislation to encourage the deployment of small scale low carbon electricity generation. However the UK Government, or a future UK Government, could abandon Feed-In-Tariffs or change the terms of the tariffs, including a retrospective change (e.g. to

persons that are already receiving a specified tariff). The Directors believe that the risk of a retrospective change is low, and that any such change would most likely be applied to the tariffs received after the date of the relevant change in legislation. In the event that there is a change in the FIT legislation, particularly a retrospective change in the FIT legislation, such changes could have a material adverse impact on the results and prospects of the Company.

#### ***ROC banding Risk***

The Renewables Obligation is currently undergoing a banding review. This means that the number of ROCs awarded to projects is under review and may be reduced. In particular this applies to large scale solar and onshore wind. The outcome of the review should be announced this summer, and any reduction will impact on the returns for both wind and solar projects, and could rule out the viability of some of the Group's pipeline of projects. This will not affect any existing projects but may affect future projects.

#### ***Further revisions to FIT administrative fee***

In 2012 the Government significantly reduced the FIT administration fee payable to FIT administrators. Even with this reduction the Directors believe that this business is still profitable and will continue to make a contribution to the Group. In addition the Group is actively looking to reduce the costs to serve by process improvement and further automation in Good Energy's bespoke FIT software solution. The Group is also looking to leverage its knowledge and FIT software systems by providing an outsourced service provision to other FIT administrators. Both of these initiatives should contribute to mitigating the reduction of the ongoing FIT administration fee income which has been experienced. In addition since the majority of FIT customers are not Good Energy's electricity supply customers the Group is not obligated to service these customers if the customer became unprofitable at any future date.

#### ***Risk of new legislation under the Feed in Tariff with Contract for Difference (FIT CFD)***

The introduction of FIT CFD to provide stable financial incentives to invest in all forms of low-carbon electricity generation, as it is currently proposed, could potentially create a liability to all electricity suppliers relative to their size. The specific liability will be related to the cost of the CFD and the size of the supplier, and will vary depending on the wholesale market. This liability will be reclaimed by suppliers from customers in their electricity pricing; however there will be risks associated with calculating this. There may also be a potential requirement for suppliers to post credit with a central agency. This proposed legislation is currently only in draft form and is subject to further revision, it is expected to come into force during 2014.

#### ***Failure to complete FIT levelisation within the regulated timelines***

As part of the FIT administration service, the Group provides the regulator with data from its 38,500 FIT customers so that the regulator can make payments to the Group, and the Group can pay its FIT customers. Levelisation occurs on a quarterly basis. If, for whatever reason, the Group fails to comply with the timelines for levelisation, it would then be liable to pay interest on that payment owed to those customers until the next levelisation when it would be able to make the payments. On current levels of payment it is estimated that such interest would be in the region of £100,000.

#### ***Failure of Delabole***

A reduction or loss of output from the Group's wind farm at Delabole could have a material adverse impact on the results and prospects of the Company. Risks relating to the operation of Delabole include:

- i) The Group is investigating noise complaints at the site. The potential outcome of the investigation could be that the site would need to operate in a reduced mode so reducing the output from the site. This is being investigated at the moment with sound monitoring equipment. One of the sites has been determined to be noise compliant, and the Group is working on acquiring data for the second site.
- ii) A catastrophic electricity or mechanical failure of the turbines meaning that the turbines could be off-line for significant periods of time. Within the Group's contract with Enercon there are liquidated damages that compensate for lack of availability of the wind turbines, and the Group also has insurance that will compensate for non-availability. In addition the turbines are regularly inspected and are maintained in accordance with the manufacturers recommended plan.

### ***Loss of one or more wind turbines***

In the event of failure of a wind turbine at Delabole, the operation and maintenance contract (“O&M contract”) with the turbine supplier will require the turbine supplier to repair the turbine, subject to the terms of the O&M contract. The Group expects that any repairs to a turbine would be carried out within a few weeks or months of any outage. The Group also carries insurance cover for the Delabole turbines, including business interruption cover, subject to certain exclusions. The Delabole planning permission requires the Group to dismantle and remove any turbine which is not operational for a period of 12 months or more. In the event that a turbine is not repaired by the turbine supplier within a period of 12 months from failure, and the Group is required under its planning permission to dismantle and remove that turbine, the costs of removal and loss of output, to the extent not covered by the Group’s insurance, could have a material adverse impact on the revenues and prospects of the Group.

### ***Availability and performance of equipment***

The Group’s ability to generate electricity depends on the availability of and performance of the relevant generation equipment, such as wind turbines, or solar modules or inverters. Mechanical failure or other defects or accidents which result in non-performance or under-performance of equipment will have a negative impact on the revenue and profitability of the Group. The Group may be the beneficiary of warranties or guarantees given by the equipment supplier, but warranties and guarantees typically only apply for a limited duration and can exclude some causes of project non-availability, such as scheduled and unscheduled grid outages.

### ***Reliance on the transmission network***

In addition to the quality of the wind resources, the amount of electricity generated by a wind farm depends upon many factors. In particular, conditions on the electrical transmission network may reduce the amount of energy the Group can deliver to the network. This may be caused by, amongst others, failure of the operators’ own equipment. The inability to deliver output may result in the Group’s projections not being met, resulting in sales of energy being significantly lower than forecast, thereby having a material adverse effect on the Group’s business, operations and financial performance.

### ***Nearby objects may interfere with the generating capability of wind farms***

The operational performance of wind farms depends on wind speeds and other climatic conditions at the relevant site. However, objects such as buildings and trees near wind farms, especially in more built-up areas, may reduce the wind resources due to the disruption of wind flows. Although the Group will exercise due care when selecting future wind farm sites, any development on nearby land may have a negative effect on the generating capability of a wind farm. Such developments may reduce the operational performance of a wind farm, which could have a material adverse effect on the Group’s business, financial condition or results of operations.

### ***Availability of wind turbines***

There is a risk that wind turbines may not be available to meet the requirements of the Group. This would be due to market fluctuations in the demand for wind turbines, the cost and availability of the parts to manufacture wind turbines and discontinuation of particular models. This could have a material impact on the timing of the development of the Group future assets.

### ***Wind speeds and solar radiation***

The energy generated from the renewable generating assets owned by the Group will be dependent on meteorological factors such as wind speed and solar radiation. While it is possible to forecast wind speeds and solar radiation for an actual site to a limited extent, actual solar radiation levels and wind speeds are likely to vary, and in some years such variances may be material. The annual variability of wind speeds and solar radiation may result in year-to-year volatility in energy generated by the Group and any material reduction could have a material adverse impact on the results and prospects of the Group.

### ***Trading authorisation***

The Group’s trading team is responsible for buying and selling energy to balance the position between the demand of its customers and the supply from the power purchasing. There are various levels of authorities in place that allow the team to trade. The approvals required to make any trade sit outside the

trading team in the executive and the financial team. It is physically possible that a trader could place a trade without sign off, however any such unauthorised trade would be limited by the amount of credit available, which is managed by the finance team and reviewed on a regular basis. Once a trade is complete, every trade is then signed off again by the executive.

### ***Loss of licence***

Good Energy Limited is a licensed electricity supplier under the Electricity Act and Good Energy Gas Limited is a licensed gas supplier under the Gas Act, and the Group is regulated by OFGEM. Under the terms of its supply licence, Good Energy Limited is also required to be party to a number of industry documents, including the Master Registration Agreement, the Distribution Connection and Use of System Agreement, the Connection and Use of System Code and the Balancing and Settlement Code. Under the terms of its supply licence, Good Energy Gas Limited is also required to be party to a number of industry documents, including the Supply Point Administration Agreement and the Uniform Network Code. In the event that any of the Group's licences was to be suspended or revoked, or that the Group was no longer a part to one of the relevant industry documents referred to above (for example as a result of an event of default by the Group), this could have a material impact on the Group's business, financial condition or results of operations.

### ***Risk of regulatory fines***

Under the Group's electricity and gas licences OFGEM is allowed to fine the Group up to 10 per cent. of Group turnover in relation to a non-compliance issue. The Group has in place a head of regulation who is responsible for ensuring the Company is compliant with licence conditions. Recently reported fines for Npower and EDF have been less than 0.1 per cent. of their turnover.

### ***Changes in technologies may render current technologies obsolete or require substantial capital investments***

The renewable energy industry has experienced rapid improvements in technology and sophistication in production equipment. The use of modern technology and automation in manufacturing processes is essential to reduce costs and accelerate execution. Although the Group strives to keep its technology, plant and machinery current with the latest international technological standards, it may be required to implement new technology, or to upgrade the machinery used for wind energy production. The cost of implementing new technology and upgrading its machines could be significant and could adversely affect its financial condition and results of operations.

### ***Scalable business***

The Group is currently executing a number of key strategies to provide substantial flexibility for the expected growth of the business over the next five years. These include a major upgrade of the IT infrastructure which should be fully operational later in 2012 and also new ICT facilities which were rolled out in the spring 2012. Both of these initiatives support the overall strategy of providing scalability to the business. Additionally, all new software development is performed on Microsoft Enterprise tools that are industry standard and used by numerous corporations. The Directors believe that with the platform in place it will allow the Group to service up to half a million customers.

### ***Implementation of Customer Relationship Management (CRM) system***

The Group is due to implement a new CRM system in Q4 2012. Implementing such a system will require the migration of all the customer data held on the current system to the new system. There are various risks in the implementation of the project including non-performance of the new system, corruption of data during the migration and loss of data. There are various processes in place to mitigate these risks, including significant user acceptance testing and ensuring that the systems can run in parallel if required. This will ensure that if there is any data corruption or data loss it can be recovered.

### ***Loss of electricity sales***

The Group's electricity sales figures are liable to change for up to 14 months after the date of the delivery of electricity to non-half hourly customers (domestic and small business). This is due to the way the market functions and it is the same for all electricity suppliers. It can mean that electricity sales can vary by up to 10 per cent., positive or negative, from when they are originally estimated. The Group is aware of this and manages the risk by ensuring there is sufficient provision in place.

### ***Loss of customers***

The majority of the Group's customers are on evergreen contracts, i.e. they can terminate their supply contract with the Group with 28 days' notice. This means that the Group could potentially lose customers at short notice. The key risk of losing customers in significant number is the 'group buying' energy model that has recently been promoted by *Which?*. Under the group buying model, energy customers who agree are clubbed together and UK energy suppliers are invited to take part in a 'reverse auction', in which the energy suppliers outbid each other with lower prices, the energy supplier with the lowest energy price winning those new energy customers. The Group is at a similar level of risk to any other energy supplier to the group buying method, and has seen some recent increase in customer churn as a result of a recent reverse auction. The Group attempts to mitigate customer losses by contacting as many lost customers as possible and endeavouring to win them back.

### ***External impact***

Future results may be adversely affected by changes in economic, political, judicial, or other regulatory factors, corporation tax or VAT, as well as general market conditions beyond the Group's control.

### ***The risk of delay due to planning consent***

The ability for a development site to receive timely planning consent will be dependent on local policy, the local political landscape and the local planning officer. This will differ region by region, and also be affected by the number of other applications in the pipeline.

### ***The risk of delay due to grid access***

The ability for new development sites to connect to the grid in a timely manner is reliant on the investment strategy of the local distribution companies and the regulatory framework set out by OFGEM. If sufficient capacity is not available to connect a new site to the grid, then additional work with lead times of 12-24 months may be incurred.

### ***Security of supply***

The Group's ability to buy and sell energy to balance the position between the demand of its customers and the supply from the power purchasing is affected by the overall liquidity in the market and the ability for the Group to place credit and purchase agreements/contracts and sell power. The overall liquidity in the energy market is currently under review in the OFGEM RMR and will be monitored by the OFGEM on an ongoing basis. The Group is also taking steps to increase the number of trading parties it can work with and the flexibility of credit it can put in place.

### ***Direct debit customers***

The Company has in place internal procedures in relation to taking payments from its supply customers by direct debit, of which two-thirds of the Group's supply customers pay through this method. In June 2012 the payments due for direct debit customers which were collectable on 1 July 2012 were processed a day early. The Board have written to each of these customers and while the Directors do not expect a material liability to the business to be generated as a result of this early payment, it may be that some level of compensation be due in respect of any proven loss by these customers. The Board have put in place additional procedures to ensure this should not happen again.

### ***The Group is subject to competition risks***

Given the potential for growth in the UK renewable energy market, it is likely that the Group will face increasing competition from businesses which may have greater capital and other resources and which may be able to provide better services or adopt more aggressive pricing policies. There is no assurance that the Group would be able to compete successfully in such market circumstances.

Such competition may cause a decrease in expected profit margins, and adversely affect market share. Such competition may have a substantial adverse effect on the Group's business, financial condition, trading performance and prospects.

### ***Energy prices are volatile***

The Group's revenue from energy sales may be affected by fluctuations in energy prices (e.g. the price of wholesale electricity) and the associated costs with buying in any volatile market-place.

### ***Implementing Strategy***

The value of Ordinary Shares will depend to a significant degree, on the Group's ability to identify and make further investments in the renewable energy sector in a reasonable time frame, and the success of those investments.

### ***Key relationships***

The Group will ultimately be reliant on relationships with key power generators, suppliers, transporters and distributors. The Group also considers that a good working relationship with Government and trade organisations is important throughout the life of the Group. Any adverse disruptions to these relationships may impact upon the Group's future operational and financial performance.

### ***Environmental and health and safety regulations***

The operations of the Group's Subsidiaries could be adversely affected if any one of them fails to comply with EU, UK and local environmental and health and safety laws and regulations. Changes in these laws and regulations may cause increased compliance costs, the need for additional expenditure, and output levels of existing renewable plant may be affected.

### ***Environmental Risk***

The Group is involved in operations that may be subject to environmental and safety regulation (including regular environmental impact assessments and permitting). This may include a wide variety of matters, such as prevention of waste, pollution and protection of the environment, labour regulations and worker safety. The regulations may change in a manner that may require stricter or additional standards than those currently in effect, a heightened degree of responsibility for companies and their directors and employees and more stringent enforcement of existing laws and regulations. There may also be unforeseen environmental liabilities which may be costly to remedy. There is no assurance that future changes in environmental regulation will not adversely affect the activities of the Group.

### ***Revenue Risk***

Although the Directors have confidence in the Group's future revenue earning potential, there can be no certainty that the Group will achieve or sustain significant revenues, profitability or positive cash flow from its operating activities. This could impair the Group's ability to sustain operations or secure any required funding.

### ***Unforeseen factors and developments***

The Group's ability to implement its business strategy may be adversely affected by factors that it cannot currently foresee, such as unanticipated costs and expenses, technological change or severe economic downturn. All of these factors may necessitate changes to the business strategy described in this Document.

### ***General economic risk, currency risk and overseas activities***

The financial position of the Group may be adversely affected by general economic conditions, by conditions within various countries' markets or by the particular financial condition of the parties conducting business with Group companies.

### ***Management of growth***

The expansion of the Group will place additional demands upon its technical, sales and marketing and administrative resources. As the Group is at a comparatively early stage of its development, its ability to cope with these additional demands is uncertain. The failure to manage its growth appropriately may adversely affect the business, its financial condition and the future results of its operations.

### ***Dependence on key personnel***

The Group believes that its future success will greatly depend upon the expertise and continued services of certain key executives and technical personnel, including, in particular, Juliet Davenport and other senior management. The Group cannot guarantee the retention of such key executives and industry specialist personnel. As a result, its business, its results of operations and financial condition may be adversely affected.

### ***Tax and regulatory considerations***

Changes in tax laws or subordinate legislation or the practice of any taxation authority could have a material adverse effect on the Group. An investment in the Group may involve complex tax considerations which may differ for each investor and each investor is advised to consult its own tax advisers. Any tax legislation and its interpretation and the legal and regulatory regimes which apply in relation to an investment in the Group may change at any time.

### ***Business continuity risk***

The Group manages a significant amount of commercial and personal information in the form of customer data relationship management (for both domestic and commercial customers) and trading information data. Data is currently replicated on site and backed up at an external facility.

The Group's business operations, information systems and processes are vulnerable to damage or interruption from fires, floods, power loss, telecommunication failures, bomb threats, explosions or other forms of terrorist activity and other natural and man-made disasters. These systems may also be subject to sabotage, vandalism, theft or similar misconduct.

The Group has recently signed a contract to ensure multiple site disaster recovery and high availability capabilities which will be fully operational during quarter 4 2012.

### ***Reliance on third parties***

A limited number of third-party suppliers may be contracted for the supply of certain components, such as wind turbines, inverters or solar modules. These suppliers may not be able to meet agreed minimum levels of supply. Failure to obtain a continued supply of components on competitive terms or at all could severely harm the ability of the Group to develop and realise projects and, consequently, the Group's financial condition and results.

Project component suppliers may be unable to meet their warranty obligations in respect of components, in whole or in part, due to production, economic or financial difficulties or other reasons. Such circumstances could cause the Group to experience increased costs which could have a material adverse effect on the Group's financial condition or results.

In the construction and operating phase of a development, the Group expects to enter into agreements with third-party professionals and independent contractors and other companies to provide the required construction, installation and maintenance services. If such contracted parties are not able to fulfil their contractual obligations, the Group may be forced to provide additional resources to complete their work, or to engage other companies to complete their work on different terms. Any financial difficulty, breach of contract or delay in services by these third-party professionals and independent contractors could have a material adverse effect on the Group's financial condition and results.

### ***Insurance***

While the Group may obtain insurance against certain risks in such amounts as it considers adequate, the nature of these risks are such that liabilities could exceed policy limits or that certain risks could be excluded from coverage. There are also risks against which the Group cannot insure or against which it may elect not to insure. The potential costs that could be associated with any liabilities not covered by insurance or in excess of insurance coverage may cause substantial delays and require significant capital outlays, adversely affecting the Group's earnings and competitive position in the future and, potentially, its financial position. In addition, the potential costs that could be associated with compliance with applicable laws and regulations may also cause substantial delays and require significant capital outlays, adversely affecting the Group's earning and competitive position in the future and, potentially, its financial position.

### ***Risks relating to obtaining financing***

The Group aims to finance its renewable energy generation with a mixture of equity and debt financing. No assurance can be given that the Group will be able to raise equity and debt financing in the future. If the Group is unable to obtain the funding it requires it may be unable to develop future generation projects which could have a material adverse effect on the Group's future financial condition and results.

### ***Provision for bad debt***

Historically bad debts within the electricity supply business have run at approximately less than three per cent. of revenue. Collection of cash from customers is largely automated and is monitored by a dedicated team of experienced credit controllers who closely manage the Group's debtor portfolio. Processes are in place to identify potential bad accounts at the earliest opportunity and specific credit checking is carried out for all major customers. Additionally the Group has increased the proportion of customers on direct debit which significantly reduces bad debt risk.

### ***Default on loan covenants***

There exists certain default loan covenants relating to the financing agreement of the Delabole wind farm. When the financing was put in place assumptions were used to ensure that the Group has a cushion in the cash flows arising from Delabole which should ensure that any default is unlikely. Also the Group has insurance and maintenance agreements in place which mitigate much of the lost revenues from unforeseen operational issues.

### ***General economic conditions***

Market conditions may affect the ultimate value of the Group's share price regardless of operating performance. The Group could be affected by unforeseen events outside its control, including, natural disasters, terrorist attacks and political unrest and/or government legislation or policy.

### ***Force majeure***

The Group operations now or in the future may be adversely affected by risks outside the control or anticipation of the Group including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

## **3. Risks relating to the ordinary shares**

### ***Investment risk and AIM***

#### ***There is no guarantee that the Group will maintain its quotation on AIM***

The Group cannot assure investors that the Group will always retain a quotation on AIM. If it fails to retain such a quotation, certain investors may decide to sell their shares, which could have an adverse impact on the price of the Ordinary Shares. Additionally, if in the future the Group decides to obtain a quotation on another exchange in addition to AIM, the level of liquidity of the Ordinary Shares traded on AIM could decline.

### ***Suitability of Ordinary Shares as an investment***

The Ordinary Shares may not be a suitable investment for all people receiving this Document. Before making any investment, potential investors should consult an appropriately qualified investment adviser, authorised in the UK by the FSA, who specialises in advising on the acquisition of listed securities. The value of the Ordinary Shares and the income received from them can go down as well as up and investors may get back less than their original investment.

### ***Risks relating to investment in the Group's Ordinary Shares***

Share prices may fluctuate from time to time for various reasons. As well as being affected by the Group's actual or forecast operating results, the market price of the Ordinary Shares may fluctuate significantly as a result of factors beyond the Group's control, including among others:

- changes in research analysts' recommendations or any failure by the Group to meet the expectations of research analysts;

- changes in the performance of the petrochemical sector as a whole and of any of the Group's competitors;
- fluctuations in share prices and volumes, and general market volatility; and involvement of the Group in any litigation.

#### ***Liquidity in market for the Ordinary Shares***

The Group cannot predict the extent to which an active market for the Ordinary Shares will develop or be sustained after Admission, or how the development of such a market might affect the market price of the Ordinary Shares. An illiquid market for the Ordinary Shares may result in lower trading prices and increased volatility, which may adversely affect the value of an investment in the Ordinary Shares.

#### ***The market price of the Ordinary Shares may fluctuate significantly in response to a number of factors, many of which may be out of the Group's control***

The share price of publicly traded companies can be highly volatile. The price at which the Ordinary Shares may be quoted and the price which Shareholders may realise for their Ordinary Shares will be influenced by a large number of factors, some specific to the Group and its operations and some which may affect the industry as a whole or quoted companies generally. These factors include those referred to in this Part IV, as well as the Group's financial performance, the impact of Shareholders being released from lock-in restrictions, stock market fluctuations and general economic conditions. Share price volatility arising from such factors may adversely affect the value of an investment in the Ordinary Shares.

#### ***Forward-looking statements***

Certain statements contained in this Document may constitute forward-looking statements. Forward-looking statements include statements concerning the plans, objectives, goals, strategies and future operations and performance of the Group and the assumptions underlying these forward-looking statements. The Group uses the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "may", "will", "should", and any similar expressions to identify forward-looking statements.

Any such forward-looking statement involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Group or industry results, to be materially different from any future results, performance or achievements expressed or implied by any such forward looking statements. Such forward-looking statements are based on numerous assumptions regarding present and future business strategies and the environment in which the Group will operate in the future. These forward-looking statements speak only as of the date of this Document. The Group expressly disclaims any obligation or undertakings to release publicly any updates or revisions to any forward looking statement contained herein, save as required to comply with any legal or regulatory obligations, to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. All subsequent written or oral forward-looking statements attributable to the Group, or persons acting on behalf of the Group, are expressly qualified in their entirety by the cautionary statements contained throughout this Document. As a result of these risks, uncertainties and assumptions, a prospective investor should not place undue reliance on these forward looking statements.

## PART V

### FINANCIAL INFORMATION RELATING TO THE GROUP

#### PART A ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION RELATING TO THE GROUP



The Directors  
Good Energy Group plc  
Monkton Reach  
Monkton Hill  
Chippenham  
Wiltshire SN15 1EE

Nplus1 Brewin LLP (the “Nominated Adviser”)  
150 Aldersgate Street  
London  
EC1A 4AB

25 July 2012

Dear Sirs

#### **Good Energy Group plc**

We report on the financial information set out in Part VB below (the “IFRS Financial Information Table”). The IFRS Financial Information Table has been prepared for inclusion in the admission document dated 25 July 2012 (the “Document”) of Good Energy Group plc (the “Company”) on the basis of the accounting policies set out in paragraph 1b. This report is required by Schedule Two of the AIM rules for Companies published by the London Stock Exchange plc (the “AIM Rules”) and is given for the purpose of complying with that Schedule and for no other purpose.

#### **Responsibilities**

The Directors of the Company are responsible for preparing the IFRS Financial Information Table in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion as to whether the IFRS Financial Information Table gives a true and fair view, for the purposes of the Document and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two to the AIM Rules, consenting to its inclusion in the Document.

*PricewaterhouseCoopers LLP, 31 Great George Street, Bristol, BS1 5QD  
T: +44 (0) 117 929 1500, F: +44 (0) 117 929 0519, www.pwc.co.uk*

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Services Authority for designated investment business.

**Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our work 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 information is free from material misstatement whether caused by fraud or other irregularity or error.

**Opinion**

In our opinion, the Financial Information Table gives, for the purposes of the Document dated 25 July 2012, a true and fair view of the state of affairs of the Company as at the dates stated and of its profits, cash flows and changes in equity/recognised income and expense for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Yours faithfully

PricewaterhouseCoopers LLP  
Chartered Accountants

**PART B – HISTORICAL FINANCIAL INFORMATION  
RELATED TO THE GROUP**

**Consolidated Statement of Comprehensive Income**

	<i>Note</i>	<i>2009 (£)</i>	<i>2010 (£)</i>	<i>2011 (£)</i>
REVENUE	1, 2	18,290,012	20,036,268	21,577,469
Cost of sales		<u>(13,411,793)</u>	<u>(13,691,098)</u>	<u>(12,885,246)</u>
<b>GROSS PROFIT</b>		4,878,219	6,345,170	8,692,223
Administrative Expenses	3	<u>(4,202,883)</u>	<u>(5,620,392)</u>	<u>(6,905,484)</u>
<b>OPERATING PROFIT</b>	2, 3	675,336	724,778	1,786,739
Finance income	7	1,909	—	6,482
Finance costs	8	<u>(14,638)</u>	<u>(19,438)</u>	<u>(737,316)</u>
<b>PROFIT BEFORE TAX</b>		662,607	705,340	1,055,905
Taxation	9	<u>(194,798)</u>	<u>(191,566)</u>	<u>(204,463)</u>
<b>PROFIT FOR THE YEAR</b>	2	<u>467,809</u>	<u>513,774</u>	<u>851,442</u>
<b>Total comprehensive income for the year attributable to owners of the Parent Company</b>		<u>467,809</u>	<u>513,774</u>	<u>851,442</u>
Earnings per share				
– Basic	10	<u>6.8p</u>	<u>7.5p</u>	<u>12.4p</u>
– Diluted	10	<u>6.8p</u>	<u>7.4p</u>	<u>12.1p</u>

All amounts relate to continuing operations.

## Consolidated Statement of Financial Position

	<i>Note</i>	<i>2009 (£)</i>	<i>2010 (£)</i>	<i>2011 (£)</i>
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	11	2,051,229	12,142,285	11,295,142
Intangible assets	12	2,211,593	2,066,453	2,226,896
Investments	13	11,258	11,258	58
<b>Total non-current assets</b>		<u>4,274,080</u>	<u>14,219,996</u>	<u>13,522,096</u>
<b>Current assets</b>				
Inventories	14	2,321,474	3,064,594	3,536,946
Current tax receivable	9	—	—	45,668
Trade and other receivables	15	3,223,781	4,103,645	3,336,185
Cash and cash equivalents	18	1,077,750	—	2,369,721
<b>Total current assets</b>		<u>6,623,005</u>	<u>7,168,239</u>	<u>9,288,520</u>
<b>TOTAL ASSETS</b>		<u>10,897,085</u>	<u>21,388,235</u>	<u>22,810,616</u>
<b>Equity and Liabilities</b>				
<b>Capital and reserves</b>				
Called up share capital	16	343,567	343,567	343,567
Share premium account		3,046,681	3,046,681	3,046,681
Retained earnings		2,120,214	2,461,903	3,313,345
<b>Total equity</b>		<u>5,510,462</u>	<u>5,852,151</u>	<u>6,703,593</u>
<b>Non-current liabilities</b>				
Deferred taxation	17	73,727	115,489	396,024
Borrowings	18	—	7,170,251	9,201,557
<b>Total Non-current liabilities</b>		<u>73,727</u>	<u>7,285,740</u>	<u>9,597,581</u>
<b>Current liabilities</b>				
Borrowings	18	—	620,174	511,366
Trade and other payables	19	5,146,996	7,395,657	5,998,076
Current tax payable	9	165,900	64,673	—
Bank overdraft	20	—	169,840	—
<b>Total current liabilities</b>		<u>5,312,896</u>	<u>8,250,344</u>	<u>6,509,442</u>
<b>Total liabilities</b>		<u>5,386,623</u>	<u>15,536,084</u>	<u>16,107,023</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>10,897,085</u>	<u>21,388,235</u>	<u>22,810,616</u>

## Consolidated Statements of Changes in Equity

<i>2009</i>	<i>Note</i>	<i>Share capital (£)</i>	<i>Share premium (£)</i>	<i>Retained earnings (£)</i>	<i>Total (£)</i>
Equity as at beginning of year	16	342,967	3,047,281	1,652,405	5,042,653
<b>Changes</b>					
Profit for the year		—	—	467,809	467,809
Other comprehensive income		—	—	—	—
Total comprehensive income for the year		—	—	467,809	467,809
Transfer of premium on own shares held		600	(600)	—	—
<b>Changes total</b>		<u>600</u>	<u>(600)</u>	<u>467,809</u>	<u>467,809</u>
<b>Equity as at 31 December 2009</b>	1k	<u>343,567</u>	<u>3,046,681</u>	<u>2,120,214</u>	<u>5,510,462</u>
<i>2010</i>	<i>Note</i>	<i>Share capital (£)</i>	<i>Share premium (£)</i>	<i>Retained earnings (£)</i>	<i>Total (£)</i>
Equity as at beginning of year	16	343,567	3,046,681	2,120,214	5,510,462
<b>Changes</b>					
Profit for the year		—	—	513,774	513,774
Other comprehensive income		—	—	—	—
Total comprehensive income for the year		—	—	513,774	513,774
Dividend paid	21	—	—	(172,085)	(172,085)
<b>Changes total</b>		<u>—</u>	<u>—</u>	<u>341,689</u>	<u>341,689</u>
<b>Equity as at 31 December 2010</b>	1k	<u>343,567</u>	<u>3,046,681</u>	<u>2,461,903</u>	<u>5,852,151</u>
<i>2011</i>	<i>Note</i>	<i>Share capital (£)</i>	<i>Share premium (£)</i>	<i>Retained earnings (£)</i>	<i>Total (£)</i>
Equity as at beginning of year	16	343,567	3,046,681	2,461,903	5,852,151
<b>Changes</b>					
Profit for the year		—	—	851,442	851,442
Other comprehensive income		—	—	—	—
Total comprehensive income for the year		—	—	851,442	851,442
<b>Changes total</b>		<u>—</u>	<u>—</u>	<u>851,442</u>	<u>851,442</u>
<b>Equity as at 31 December 2011</b>	1k	<u>343,567</u>	<u>3,046,681</u>	<u>3,313,345</u>	<u>6,703,593</u>

## Consolidated Statements of Cash Flows

	<i>Note</i>	<i>2009 (£)</i>	<i>2010 (£)</i>	<i>2011 (£)</i>
<b>Cash flows from operating activities:</b>				
Operating cash flow	22	3,906,525	(334,379)	4,006,176
Finance income	7	1,909	—	6,482
Finance costs	8	(14,638)	(89,413)	(737,316)
Income tax paid		(342,007)	(251,031)	(34,269)
<b>Net cash flows from/(used in) operating activities</b>		<u>3,551,789</u>	<u>(674,823)</u>	<u>3,241,073</u>
<b>Cash flows from investing activities:</b>				
Acquisitions of property, plant and equipment	11	(1,321,252)	(8,271,166)	(2,088,250)
Acquisitions of intangible fixed assets	12	(507,351)	(148,346)	(85,760)
Disposal of non-current assets	11	—	228,405	—
Payments on acquisition of subsidiaries	13	—	—	—
Proceeds from dividends		—	—	—
<b>Net cash flows used in investing activities</b>		<u>(1,828,603)</u>	<u>(8,191,107)</u>	<u>(2,174,010)</u>
<b>Cash flows from financing activities:</b>				
Payments of dividends	21	—	(172,085)	—
Bank financing repaid		—	—	(298,374)
Capital repayments of finance leases		—	—	(34,073)
Bank financing advanced	18	—	7,790,425	1,804,945
<b>Net cash flows from financing activities</b>		<u>—</u>	<u>7,618,340</u>	<u>1,472,498</u>
Net increase/(decrease) in cash and cash equivalents		1,723,186	(1,247,590)	2,539,561
Cash and cash equivalents at beginning of year		(645,436)	1,077,750	(169,840)
<b>Cash and cash equivalents at end of year</b>		<u>1,077,750</u>	<u>(169,840)</u>	<u>2,369,721</u>

## Notes to the Financial Information

### 1. Accounting Policies

#### a. General Information

Good Energy Group PLC (the “Company”) is a company incorporated in the United Kingdom under the Companies Act. The Company and its subsidiaries (together “the Group”) supply and produce electricity from renewable sources. In addition, the Group supply gas and services relating to micro-renewable generation.

The Company’s registered office is 2 Temple Back East, Temple Quay, Bristol, BS1 6EG and its principal place of business is Monkton Reach, Monkton Hill, Chippenham, Wiltshire, SN15 1EE. The Company’s registered number is 04000623.

This Financial Information is presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates.

#### b. Basis of preparation of Financial Information

This consolidated Financial Information is prepared for the purpose of the admission document dated 25 July 2012, and presents the financial record of the group for each of the three years ended 31 December 2009, 2010 and 2011.

The consolidated Financial Information has been prepared in accordance with EU adopted IFRS and IFRIC interpretations.

The consolidated Financial Information has been prepared on a going concern basis and under the historical cost convention, modified by the revaluation of certain financial instruments.

The preparation of Financial Information in conformity with IFRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period.

Although these estimates are based on management’s reasonable knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The critical accounting judgments, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in note 2 and the following accounting policy notes: Revenue recognition (1.d), Intangible assets (1.e), Property, plant and equipment (1.f), inventories (1.i) and credit risk (1.l).

#### *Adoption of new and revised accounting standards*

The Group has adopted the following new and amended IFRSs as of 1 January 2011:

	<i>Effective Date: accounting periods commencing on or after</i>
IFRS 3: (revised May 2010): Business combinations	1 July 2010
IFRS 7: (revised May 2010): Financial instruments	1 January 2011
IAS 1: (revised May 2010): Presentation of Financial Statements	1 January 2011
IAS 24: (revised November 2009): Related Party Disclosures	1 January 2011
IAS 27: (revised May 2010): Separate Financial Statements	1 July 2010
IAS 32: (revised 2009): Financial instruments: Presentation	1 February 2010
IAS 34: (revised May 2010): Interim Financial Reporting	1 January 2011
IFRIC 13: Customer loyalty programmes	1 January 2011
IFRIC 19: Extinguishing financial liabilities with equity instruments	1 July 2010

The adoption of these standards and interpretations have had no material impact on the Financial Information of Good Energy Group PLC, with relevant changes impacting on presentational aspects only.

At the date of authorisation of the Financial Information, the following standards and relevant interpretations, which have not been applied in the Financial Information, were in issue but not yet effective, and have not been early adopted by the Group:

The adoption of these standards and interpretations are not expected to have a material impact on the Group in the period they are applied.

	<i>Effective Date: accounting periods commencing on or after</i>
IFRS 7: (amended October 2010): Financial instruments	1 July 2011
IFRS 7: (amended December 2011): Financial instruments	1 January 2013
IFRS 9: Financial instruments – Classification and measurement	1 January 2015
IFRS 10: Consolidated Financial Statements	1 January 2013
IFRS 13: Fair Value Measurement	1 January 2013
IAS 1: (amended June 2011): Presentation of Financial Statements	1 July 2012
IAS 12: (amended December 2010): Income Taxes	1 January 2012
IAS 19: (amended June 2011): Employee Benefits	1 January 2013
IAS 27: (amended May 2011): Separate Financial Statements	1 January 2013
IAS 32: (amended December 2011): Financial instruments: Presentation	1 January 2014

c. ***Basis of Consolidation***

The Financial Information incorporates the Financial Information of the Company and its subsidiaries made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

The acquisition of subsidiaries is accounted for using the purchase method. On acquisition, the identifiable assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. The interest of non-controlling minority shareholders is stated at the minority's proportion of the fair values of the identifiable assets, liabilities and contingent liabilities recognised.

For business combinations made after 1 July 2009, costs directly attributable to the business combination will not be included as part of the consideration, but expensed in the Consolidated Statement of Comprehensive Income in line with IFRS 3 (revised).

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Intercompany transactions and balances between Group enterprises are eliminated on Consolidation.

d. ***Revenue recognition***

Revenue represents the fair value of the consideration received or receivable for the provision of goods and services which fall within the Group's ordinary activities, excluding transactions with or between subsidiaries. All revenue and profit before tax arose within the United Kingdom.

Revenue represents amounts recoverable from customers for supply of gas, electricity or generation of power and is measured at the fair value of the consideration received or receivable, stated net of discounts, returns and value added taxes. The group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group; and when specific criteria have been met for each of the group's activities, as described below.

*Power supply*

Revenue for the supply of electricity and gas is based on industry data flows and national grid data. For electricity, these include an estimate of power used based on the estimated annual consumption of each customer. This information is reconciled over a 14 month period as customer and industry meter reads are received and estimates adjusted to actual usage.

The group takes a prudent assumption of revenue based on the latest available data flow, with a final 'true-up' once the final industry supplied data flow is available (RF data flow), approximately 14 months after supply.

For gas, revenue is accrued based on information received from the group's gas shipper, which includes details of all the sites held, their estimated annual quantities of gas used adjusted by a pre-determined weather correction factor. This information is subsequently adjusted; and invoiced based on customer and industry meter reads.

For electricity and gas supply, payment is collected either as a direct debit or paid on receipt of bill in arrears. Overdue amounts are reviewed regularly for impairment and provision made as necessary.

#### *Feed-in Tariff (FIT) administration services*

Good Energy provide FIT administration services to micro-generators who are signed up to the FIT scheme. For FIT services, revenue is earned from OFGEM for administering the scheme. For FIT services, revenue is recognised in two parts; there is an initial fee paid by OFGEM for taking on a generator, and then an ongoing amount that is received annually for provision of FIT services. The initial fee is spread over the 'take on' period for a new customer and the ongoing fee that is received is spread over the 12 month compliance period.

#### *Renewable Obligation Certificates (ROCs) revenue recognition*

ROCs are awarded to the Group from OFGEM based on generation of power. These ROCs are sold on receipt of certificate from OFGEM allowing transfer of title.

The amount of revenue recognised on sale is in accordance with a contractual agreement where the pricing is based on OFGEM's minimum ROC value (the buy-out) and a prudent estimate of the re-cycle element of the final value of a ROC once all energy suppliers have complied or paid the penalty for non-compliance with the renewables obligation (the recycle). A final adjustment to ROC revenue and profit is recognised once OFGEM have announced the final out-turn ROC price.

#### e. **Goodwill**

Goodwill represents the excess of the cost of acquisition of a business combination over the Group's share of the fair value of identifiable assets, liabilities and contingent liabilities of the business acquired at the date of acquisition and is carried as an indefinite life asset. Goodwill is initially recognised at cost. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Gains and losses on disposal of a business include the carrying amount of goodwill relating to the business sold.

At the date of acquisition, the amount of goodwill is allocated to Cash Generating Units ("CGUs") for the purpose of impairment testing and is tested annually for impairment, or more frequently if there is an indication that the value of the goodwill may be impaired.

#### *Definite Life Intangible assets*

Definite life intangible assets comprise software licences and website development costs, which meet the criteria of IAS 38 "Intangible assets".

The software licences and website development costs are carried at cost less accumulated amortisation and impairment losses. Cost comprises purchase price from third parties as well as directly attributable internally generated development costs where relevant.

#### *Indefinite Life Intangible assets*

The Power Supply Licence is held as an indefinite life intangible according to the criteria of IAS 38 "Intangible assets".

The Power Supply Licence is carried at cost less accumulated impairment losses. Cost comprises purchase price from third parties as well as directly attributable internally generated development costs where relevant.

### *Amortisation*

Amortisation on definite life intangible assets is charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives for intangibles with definite lives are as follows:

Software Licenses	over the shorter of the lease term or 5 years
Website development costs	between 2 and 5 years

### *Impairment*

The Directors regularly review the intangible assets for impairment and provision is made if necessary. Assets that have an indefinite useful life, for example goodwill and the power supply licence are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

#### **f. *Property, plant and equipment***

Property, plant and equipment is 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 the following bases:

Furniture, fittings & equipment	between 3 and 5 years
Capital work in progress	not depreciated while non-operational; when operational, costs moved to relevant category
Leasehold improvements	over the life of the lease, until 2016
Turbines & ancillaries	24 years

The carrying value of property, plant and equipment is reviewed for impairment when events or changes in circumstance indicate that the carrying value may not be recoverable.

#### **g. *Leases***

Assets financed by leasing agreements that give rights approximating to ownership (finance leases) are capitalised at their fair value and depreciation is provided on the basis of the Group depreciation policy. The capital elements of future obligations under finance leases are included as liabilities in the Statement of Financial Position and the current year's interest element, having been allocated to accounting periods to give a constant periodic rate of charge on the outstanding liability, is charged to the Statement of Comprehensive Income.

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

#### **h. *Pensions***

The Group operates a defined contribution pension scheme. Under this scheme the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. The pension charge for the year represents the amounts payable by the Group to the fund in respect of the year.

i. ***Inventories***

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 ROCs originally issued to generators, or by making payments to OFGEM who then recycle the payments to purchasers of ROCs. Notwithstanding that Good Energy Limited, a Subsidiary company, supplies electricity sourced entirely from renewable generation, its percentage obligation to submit ROCs is set by OFGEM.

The cost obligation is recognised as electricity is supplied and charged as a cost of sale in the Consolidated Statement of Comprehensive Income. Any gains or losses on disposal of ROCs which are in excess of the Group's compliance obligations are included as an adjustment to the compliance cost included within cost of sales.

ROCs are valued at the lower of purchase cost and estimated realisable value.

Online shop merchandise is valued at the lower of cost and net realisable value.

j. ***Current and Deferred Taxation***

The tax expense represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Consolidated Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the Consolidated Statement of Financial Position and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising in investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority, and the Group intends to settle its current tax assets and liabilities on a net basis.

k. ***Financial instruments and capital management***

The Group uses certain financial instruments in its operating and investing activities that are deemed appropriate for its strategy and circumstances.

Financial instruments recognised on the Consolidated Statement of Financial Position include investments, cash and cash equivalents, trade receivables, trade payables and borrowings, all of which are initially measured at fair value.

Financial assets and liabilities are recognised on the Consolidated Statement of Financial Position when the Company has become a party to the contractual provisions of the instrument.

i. ***Investments***

(i) **Subsidiary Undertakings:**

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

(ii) ***Other investments:***

Investments held as non-current assets are shown at cost less provisions for their permanent impairment. The carrying value of Investments is reviewed for impairment when events or change in circumstances indicate that the carrying value may not be recoverable.

(iii) ***Loans and receivables***

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the Consolidated Statement of Financial Position.

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset.

They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision. Cash and cash equivalents comprise cash on hand and on demand deposits, and other short term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Net cash and cash equivalents at the end of the reporting period totalled £2,369,721 (2010: (£169,840), 2009: £1,077,750).

ii. ***Financial liabilities and equity***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs. Details of the Group's equity are included in note 16.

iii. *Trade and other payables*

Trade payables are obligations to pay for goods or services that have been acquired in the course of ordinary business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently held at amortised cost.

1. ***Financial and capital risk management***

i. *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash flow commitments associated with financial instruments. The Group has cash resources available to it and prepares, in the operating entities of the Group, forecasts for the forthcoming year which indicate that in the Directors' opinion it will have sufficient resources to fund the continuation of trade. The Group monitors cash flow forecasts on a 'rolling forecast' basis to ensure it has sufficient cash to meet operational needs while maintaining enough headroom on its undrawn committed borrowing facilities at all times so as not to breach borrowing limits or covenants. Details of the Group's exposure to its liabilities, including a maturity analysis, is included in notes 18, 19 and 20.

<i>At 31 December 2009</i>	<i>Less than 3 months</i>	<i>Between 3 months &amp; 1 year</i>	<i>Between 1 &amp; 2 years</i>	<i>Between 2 &amp; 5 years</i>	<i>Over 5 years</i>
Overdraft	—	—	—	—	—
Finance lease liabilities	—	—	—	—	—
Bank loan	—	—	—	—	—
Trade and other payables	2,416,193	2,730,803	—	—	—
<b>Total</b>	<b>2,416,193</b>	<b>2,730,803</b>	<b>—</b>	<b>—</b>	<b>—</b>

<i>At 31 December 2010</i>	<i>Less than 3 months</i>	<i>Between 3 months &amp; 1 year</i>	<i>Between 1 &amp; 2 years</i>	<i>Between 2 &amp; 5 years</i>	<i>Over 5 years</i>
Overdraft	169,840	—	—	—	—
Finance lease liabilities	—	—	—	—	—
Bank loan	—	979,854	1,026,769	3,050,821	11,043,351
Trade and other payables	2,557,816	4,837,841	—	—	—
<b>Total</b>	<b>2,727,656</b>	<b>5,817,695</b>	<b>1,026,769</b>	<b>3,050,821</b>	<b>11,043,351</b>

<i>At 31 December 2011</i>	<i>Less than 3 months</i>	<i>Between 3 months &amp; 1 year</i>	<i>Between 1 &amp; 2 years</i>	<i>Between 2 &amp; 5 years</i>	<i>Over 5 years</i>
Overdraft	—	—	—	—	—
Finance lease liabilities	41,550	124,650	166,200	124,650	—
Bank loan	—	1,026,769	1,021,659	2,973,917	10,098,598
Trade and other payables	2,111,878	3,886,198	—	—	—
<b>Total</b>	<b>2,153,428</b>	<b>5,037,617</b>	<b>1,187,859</b>	<b>3,098,567</b>	<b>10,098,598</b>

ii. *Interest rate risk*

The financial risk is the risk to the Group's earnings that arises from fluctuations in interest rates and the degree of volatility of these rates. For short term bank overdraft facilities, the Group does not use derivative instruments to reduce its exposure to interest rate fluctuations as the policy of the Group is not to rely on short term borrowing facilities for any significant duration. The Directors use interest rate swaps if they consider their exposure to interest rate

risk to be material. For long term borrowings, the Group uses interest rate swaps to fix the interest rate payable on these material balances in order to mitigate the risk of any fluctuations in interest rates.

As the Financial Information is prepared under the historical cost convention, they are modified by financial assets and liabilities (including derivative instruments) at fair value through the Statement of Comprehensive Income.

iii. *Commodity price risk*

The Group's operations results in exposure to fluctuations in energy prices. Management monitors energy prices and analyses supply and demand volumes to manage exposure to these risks. The Group typically buys power forwards up to 3 months in order to mitigate some of the risk of commodity price fluctuations, unless it has a large fixed price contract with a customer when power is secured for the duration of that contract.

If the wholesale market has moved significantly, the Group must pass on the price risk to customers. Retail prices can be amended with 30 days advance notification to customers. The Group closely monitors movements in the wholesale market and assess trends so it is ready to take necessary action when required.

iv. *Credit risk*

The Group's exposure to credit risk arises from its receivables from customers. At 31 December 2011 and 2010, the Group's trade and other receivables were classed as due within one year, details of which are included in note 15. The Group's policy is to undertake credit checks where appropriate on new customers and to provide for doubtful debts based on estimated irrecoverable amounts determined by reference to specific circumstances and past default experience. Credit risk is also in part mitigated by the policy to offer direct debit as a preferred method of payment for customers. At the end of the reporting period the Directors have provided for specific doubtful debts and believe that there is no further credit risk. Should the level of bad debt increase by 0.25 per cent., this would have an impact of £50,000 on the Statement of Comprehensive Income.

v. *Capital risk management*

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order, in due course, to provide returns to shareholders, and to maintain an optimal capital structure. The Group monitors capital on the basis of the gearing ratio calculated as net debt divided by total capital (equity plus net debt). The capital structure of the Group is as follows:

	<i>Note</i>	<i>2009 (£)</i>	<i>2010 (£)</i>	<i>2011 (£)</i>
Bank overdraft	20	—	(169,840)	—
Borrowings: current	18	—	(620,174)	(511,366)
Borrowings: non-current	18	—	(7,170,251)	(9,201,557)
Cash and cash equivalents		<u>1,077,750</u>	<u>—</u>	<u>2,369,721</u>
Net funds/(debt)		<u>1,077,750</u>	<u>(7,960,265)</u>	<u>(7,343,202)</u>
<b>Total shareholders' equity</b>		<u>5,510,462</u>	<u>5,852,151</u>	<u>6,703,593</u>
<b>Gearing</b>		n/a	57.6%	52.3%

m. *Borrowing costs*

The Group expenses borrowing costs in the period the costs are incurred. Where borrowing costs are attributable to the acquisition, construction or production of a qualifying asset, such costs are capitalised as part of the specific asset. Details of the Group's borrowings are included in notes 18 and 20. During the year the Group capitalised all eligible borrowing costs of £nil (2010: £69,975, 2009: £nil).

n. ***Share based payments***

The Group applies IFRS 2 to share based payments. The Group operates a share-based payment compensation plan, under which the entity grants key employees the option to purchase shares in the Company at a specified price maintained for a certain duration.

The group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions; (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the Consolidated Statement of Comprehensive Income, with a corresponding adjustment to equity.

When the options are exercised, and the company issues new shares, the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

o. ***Segmental reporting***

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Executive Directors. The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources.

Sales between segments are carried out at arm's length.

## **2. Critical Accounting Estimates**

In the process of applying the Group's accounting policies, management has to make judgements and estimates that have a significant effect on the amounts recognised in the Financial Information. These estimates and judgements are evaluated periodically and are based on historical experience and other factors, including expectations of future events. The most critical of these accounting judgements and estimates are noted.

(i) ***Revenue recognition***

Revenue calculated from energy sales includes an estimate of the value of electricity or gas supplied to customers between the date of the last meter reading and the end of the reporting period. This will have been estimated by using historical consumption patterns and data available, and takes into consideration industry reconciliation processes, upon which the group takes a prudent position until final reconciliation data is available from the industry.

(ii) ***Inventories***

The Group carries ROCs as stock in its balance sheet. These are valued at the lower of cost or estimated realisable value. Gains or losses made on ROCs which are subsequently sold, are only recognised in the Statement of Comprehensive Income when they crystallise. The final out-turn value of a ROC is only published by OFGEM in October following the compliance year (April to March) which may require a final adjustment to gains or losses on the sale or purchase of ROCs previously recognised in the Consolidated Statement of Comprehensive Income.

(iii) ***Estimated Impairment of Goodwill***

The Group test annually whether Goodwill has suffered any impairment, in accordance with the accounting policy with detailed disclosure in note 12. In assessing for impairment, assets that do not generate independent cash flows are allocated to an appropriate cash generating unit (CGU).

The recoverable amount of the assets, or the appropriate CGU, is measured as the higher of their fair value less costs to sell and value in use. Value in use calculations require the estimation of future cash flows to be derived from the respective CGUs and to select an appropriate discount rate in order to calculate their present value. The estimation of the timing and value of underlying projected cash flows and the selection of appropriate discount rates involves management judgement. Subsequent changes to these estimates or judgements may impact the carrying value of the assets within the respective CGUs.

(iv) ***Provisions for bad and doubtful debt***

The assessments undertaken in recognising provisions and contingencies have been made in accordance with IAS 39. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of any loss is recognised in the income statement within administrative expenses. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement.

### **3. Segmental Analysis**

The Executive Directors considers the business from a business class perspective.

The Executive Directors assess the performance of the operating segments based primarily on summary Financial Information, extracts of which are reproduced below.

There is no single customer for the group from whom revenues from transactions exceed 10 per cent. of the entire Group's revenues.

An analysis of profit and loss, assets and liabilities and additions to non-current asset, by class of business, with a reconciliation of segmental analysis to reported results follows:

<i>Year ended</i> 31 December 2009	<i>Electricity</i> <i>Supply and FIT</i> <i>Administration (£)</i>	<i>Gas</i> <i>Supply</i> <i>(£)</i>	<i>Energy</i> <i>Generation</i> <i>(£)</i>	<i>Holding</i> <i>Companies</i> <i>(£)</i>	<i>Consolidation</i> <i>Adjustments</i> <i>(£)</i>	<i>Total</i> <i>(£)</i>
<b>Revenue</b>						
Energy supply and generation (external)	17,119,520	1,170,492	—	—	—	18,290,012
Inter-segment revenue	—	—	820,376	—	(820,376)	—
<b>Total revenue</b>	<b>17,119,520</b>	<b>1,170,492</b>	<b>820,376</b>	<b>—</b>	<b>(820,376)</b>	<b>18,290,012</b>
<b>Expenditure</b>						
Cost of sales	(12,835,503)	(806,292)	(423,707)	—	820,376	(13,245,126)
Administrative expenses	(3,082,433)	(347,121)	(112,164)	(391,217)	—	(3,932,935)
Depreciation & amortisation	(240,916)	(29,032)	(166,667)	—	—	(436,615)
<b>Operating profit/(loss)</b>	<b>960,668</b>	<b>(11,953)</b>	<b>117,838</b>	<b>(391,217)</b>	<b>—</b>	<b>675,336</b>
Net finance (costs)/income	(7,001)	(12,867)	7,008	131	—	(12,729)
Taxation	(171,643)	—	(23,155)	—	—	(194,798)
Dividends (paid)/received	(750,000)	—	(15,000)	765,000	—	—
<b>Net profit/(loss) for year</b>	<b>32,024</b>	<b>(24,820)</b>	<b>86,691</b>	<b>373,914</b>	<b>—</b>	<b>467,809</b>
<b>Segment assets &amp; liabilities</b>						
Segment assets	7,325,529	695,009	3,082,602	5,720,612	(5,926,667)	10,897,085
Segment liabilities	(4,800,975)	(466,151)	(1,490,418)	(1,431,940)	2,802,861	(5,386,623)
<b>Net assets</b>	<b>2,524,554</b>	<b>228,858</b>	<b>1,592,184</b>	<b>4,288,672</b>	<b>(3,123,806)</b>	<b>5,510,462</b>
<b>Additions to non-current assets</b>						
	586,649	52,020	1,189,934	55	—	1,828,658

In 2010 the Group commenced Feed-in Tariff administration services. Currently this is not considered to be significant enough to report separately to the chief operating decision maker.

<i>Year ended</i> 31 December 2010	<i>Electricity</i> <i>Supply and FIT</i> <i>Administration (£)</i>	<i>Gas</i> <i>Supply</i> <i>(£)</i>	<i>Energy</i> <i>Generation</i> <i>(£)</i>	<i>Holding</i> <i>Companies</i> <i>(£)</i>	<i>Consolidation</i> <i>Adjustments</i> <i>(£)</i>	<i>Total</i> <i>(£)</i>
<b>Revenue</b>						
Energy supply and generation (external)	17,868,232	2,077,532	90,504	—	—	20,036,268
Inter-segment revenue	60,000	—	400,699	—	(460,699)	—
<b>Total revenue</b>	<b>17,928,232</b>	<b>2,077,532</b>	<b>491,203</b>	<b>—</b>	<b>(460,699)</b>	<b>20,036,268</b>
<b>Expenditure</b>						
Cost of sales	(12,474,537)	(1,308,591)	(170,001)	—	400,699	(13,552,430)
Administrative expenses	(4,180,528)	(374,039)	(59,660)	(653,537)	60,000	(5,207,764)
Depreciation & amortisation	(333,513)	(78,933)	(138,668)	(182)	—	(551,296)
<b>Operating profit/(loss)</b>	<b>939,654</b>	<b>315,969</b>	<b>122,874</b>	<b>(653,719)</b>	<b>—</b>	<b>724,778</b>
Net financing (costs)/income	26,090	(2,609)	722	(43,641)	—	(19,438)
Taxation	(75,677)	(9,000)	(106,889)	—	—	(191,566)
Dividends (paid)/received	(850,000)	—	(1,505,126)	2,355,126	—	—
<b>Net profit/(loss) for year</b>	<b>40,067</b>	<b>304,360</b>	<b>(1,488,419)</b>	<b>1,657,766</b>	<b>—</b>	<b>513,774</b>
<b>Segment assets &amp; liabilities</b>						
Segment assets	8,335,162	902,418	12,907,937	4,920,935	(5,678,217)	21,388,235
Segment liabilities	(5,770,541)	(369,200)	(10,673,339)	(586,960)	1,863,956	(15,536,084)
<b>Net assets</b>	<b>2,564,621</b>	<b>533,218</b>	<b>2,234,598</b>	<b>4,333,975</b>	<b>(3,814,261)</b>	<b>5,852,151</b>
<b>Additions to non-current assets</b>						
	119,251	73,666	10,475,994	3,300	—	10,672,211

The results for the Electricity supply and FIT administration segment has included a benefit/(cost) of £640,000 (2010 (£86,000), 2009: £15,000) related to the sale of ROCs which were in excess of the groups compliance obligations.

<i>Year ended</i> 31 December 2011	<i>Electricity</i> <i>Supply and FIT</i> <i>Administration (£)</i>	<i>Gas</i> <i>Supply</i> <i>(£)</i>	<i>Energy</i> <i>Generation</i> <i>(£)</i>	<i>Holding</i> <i>Companies</i> <i>(£)</i>	<i>Consolidation</i> <i>Adjustments</i> <i>(£)</i>	<i>Total</i> <i>(£)</i>
<b>Revenue</b>						
Energy supply and generation (external)	18,199,428	2,391,879	986,162	—	—	21,577,469
Inter-segment revenue	—	—	1,254,829	—	(1,254,829)	—
<b>Total revenue</b>	<b>18,199,428</b>	<b>2,391,879</b>	<b>2,240,991</b>	<b>—</b>	<b>(1,254,829)</b>	<b>21,577,469</b>
<b>Expenditure</b>						
Cost of sales	(11,707,748)	(1,737,347)	(208,078)	—	1,254,829	(12,398,344)
Administrative expenses	(4,811,337)	(503,317)	(263,157)	(784,382)	—	(6,362,193)
Depreciation & amortisation	(485,847)	(45,175)	(486,902)	(12,269)	—	(1,030,193)
<b>Operating profit/(loss)</b>	<b>1,194,496</b>	<b>106,040</b>	<b>1,282,854</b>	<b>(796,651)</b>	<b>—</b>	<b>1,786,739</b>
Net finance (costs)/income	(16,630)	9,016	(711,452)	(11,768)	—	(730,834)
Taxation	(238,052)	(30,491)	(105,259)	169,339	—	(204,463)
Dividends (paid)/received	(600,000)	(200,000)	—	800,000	—	—
<b>Net profit/(loss) for year</b>	<b>339,814</b>	<b>(115,435)</b>	<b>466,143</b>	<b>160,920</b>	<b>—</b>	<b>851,442</b>
<b>Segment assets &amp; liabilities</b>						
Segment assets	8,111,336	930,281	13,609,597	5,690,415	(5,531,013)	22,810,616
Segment liabilities	(5,206,901)	(512,498)	(10,908,855)	(1,195,519)	1,716,750	(16,107,023)
<b>Net assets</b>	<b>2,904,435</b>	<b>417,783</b>	<b>2,700,742</b>	<b>4,494,896</b>	<b>(3,814,263)</b>	<b>6,703,593</b>
<b>Additions to non-current assets</b>	<b>582,786</b>	<b>—</b>	<b>—</b>	<b>1,500</b>	<b>—</b>	<b>584,286</b>

#### 4. Operating Profit and Administrative Expenses

	2009 (£)	2010 (£)	2011 (£)
<b>The Operating Profit is stated after charging:</b>			
Depreciation and impairment charges	264,613	257,810	654,876
Amortisation of intangible assets	172,002	293,486	375,317
Operating lease rentals	172,545	172,545	222,640
<b>Auditors' Remuneration</b>			
Audit of parent and consolidated	5,000	6,250	10,000
Audit of subsidiaries	27,150	40,750	49,200
Subtotal (audit)	32,150	47,000	59,200
Other services	27,840	21,250	4,550
Tax	2,900	3,250	7,500
Subtotal (non audit)	30,740	24,500	12,050

The Auditors' remuneration relates to the Company's auditors, Calder & Co.

	<i>2009 (£)</i>	<i>2010 (£)</i>	<i>2011 (£)</i>
<b>The Administrative Expenses comprise the following:</b>			
Staff costs	2,082,772	2,829,259	3,600,781
Rent and office costs	709,195	739,314	1,055,509
Marketing costs	320,909	400,792	466,157
Professional fees and bank charges	326,496	649,372	524,886
Bad debts	493,562	642,433	714,860
Depreciation and amortisation	269,949	412,628	532,091
Impairment of Investment	—	—	11,200
Gain on disposal of property, plant and equipment		(53,406)	—
<b>Total</b>	<u>4,202,883</u>	<u>5,620,392</u>	<u>6,905,484</u>

## 5. Staff Costs

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

	<i>2009 (£)</i>	<i>2010 (£)</i>	<i>2011 (£)</i>
Wages and salaries	1,780,252	2,466,915	3,087,733
Social security costs	183,069	230,235	331,032
Other pension costs	119,451	132,109	182,016
<b>Total</b>	<u>2,082,772</u>	<u>2,829,259</u>	<u>3,600,781</u>

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

	<i>2009 (Number)</i>	<i>2010 (Number)</i>	<i>2011 (Number)</i>
Operations	25	31	38
Business services	45	51	57
<b>Total management and administration</b>	<u>70</u>	<u>82</u>	<u>95</u>

## 6. Directors' Remuneration

During the year retirement benefits were accruing to 2 Directors (2010: 2, 2009: 2) in respect of money purchase pension schemes.

	<i>2009 (£)</i>	<i>2010 (£)</i>	<i>2011 (£)</i>
Aggregate emoluments	327,570	326,990	408,349
Contributions to money purchase pension schemes	22,082	14,043	22,995

During the year compensation for loss of office to a former Executive Director of £80,000 (2010: £61,930, 2009: £nil) was paid by the Company.

In respect of the highest paid Director, the Group paid remuneration of £162,572 (2010: £133,590, 2009: £131,354) and made contributions to the money purchase pension scheme of £11,736 (2010: £11,450, 2009: £11,939).

Individual remuneration for the Directors is set by the Remuneration Committee of the Board which consists entirely of Non-Executive Directors. Appropriate Keyman insurance policies are in place.

## 7. Finance Income

	<i>2009 (£)</i>	<i>2010 (£)</i>	<i>2011 (£)</i>
Bank and other interest receivable	1,909	—	6,482

## 8. Finance Costs

	2009 (£)	2010 (£)	2011 (£)
On bank loans and overdrafts	10,185	16,889	729,839
Other interest payable	4,453	2,549	7,477
<b>Total</b>	<u>14,638</u>	<u>19,438</u>	<u>737,316</u>

## 9. Taxation

	Note	2009 (£)	2010 (£)	2011 (£)
<b>Analysis of tax charge in year</b>				
<b>Current tax</b> (see note below)				
UK Corporation Tax on profits for the year		229,630	186,958	—
Adjustments in respect of prior years		12,013	(37,154)	(76,072)
<b>Total current tax</b>		<u>241,643</u>	<u>149,804</u>	<u>(76,072)</u>
<b>Deferred tax</b>				
Origination and reversal of temporary differences		(46,845)	19,582	312,268
Adjustments in respect of prior years		—	22,180	(31,733)
<b>Total deferred tax</b>	17	<u>(46,845)</u>	<u>41,762</u>	<u>280,535</u>
<b>Tax on profit on ordinary activities</b>		<u>194,798</u>	<u>191,566</u>	<u>204,463</u>

### *Factors affecting the tax charge for the year*

The tax assessed for the year is lower (2010: lower, 2009: higher) than the standard weighted average rate of Corporation Tax in the UK of 26.5 per cent. (2010: 28 per cent., 2009: 28 per cent.). The differences are explained below:

	2009 (£)	2010 (£)	2011 (£)
Profit before tax	662,607	705,340	1,055,905
Profit before tax multiplied by the weighted average rate of Corporation Tax in the UK of 26.5% (2010: 28%, 2009: 28%)	185,530	197,495	279,815
<b>Effects of:</b>			
Expenses not deductible for tax purposes	2,006	792	50,939
Effects of changes in tax rate	—	(1,646)	(18,736)
Losses carried forward	—	14,879	—
Small company tax relief	162	(4,857)	—
Prior year adjustment – current tax	12,013	(37,154)	(76,072)
Prior year adjustment – deferred tax	—	22,180	(31,733)
Deferred tax movements not recognised	(4,913)	(123)	250
<b>Total tax charge for year (see note above)</b>	<u>194,798</u>	<u>191,566</u>	<u>204,463</u>

The weighted average applicable tax was 26.5 per cent. (2010: 28 per cent., 2009: 28 per cent.), which reflects the applicable UK Corporation Tax rate. The deferred tax liability has been recorded at the UK Corporation Tax rate at which it is expected to be recovered/settled.

### *Factors that may affect future tax charges*

During the year, the Finance Act 2011 was enacted, which included a reduction of the UK standard rate of Corporation tax from 26 per cent. to 25 per cent. from 1 April 2012. As a result deferred tax balances have been re-measured. Deferred tax balances relating to timing differences, which are expected to reverse after 1 April 2012, are measured at a tax rate of 25 per cent. The impact of the changes in tax rates and laws is not significant.

The Budget announcement by the Chancellor of the Exchequer on 21 March 2012 (the ‘March 2012 Budget’) included changes to the main rates of tax for UK companies, which were substantively enacted on 26 March 2012. The announcement included legislation to reduce the main rate of corporation tax from 26 per cent. to 24 per cent. from 1 April 2012. Further reductions to the main rate are proposed to reduce the rate by 1 per cent. per annum to 22 per cent. by 1 April 2014. None of these expected rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The proposed reductions of the main rate of corporation tax by 1 per cent. per year to 22 per cent. by 1 April 2014 are expected to be enacted separately each year.

By way of illustration, the impact of the proposed changes on the net deferred tax position would result in a credit to the Statement of Comprehensive Income of £15,841 in 2012, 2013 and 2014.

***Corporation tax recoverable as per Consolidated Statement of Financial Position:***

	<i>2009 (£)</i>	<i>2010 (£)</i>	<i>2011 (£)</i>
UK Corporation Tax on profits for the year	165,900	64,673	(45,668)

**10. Earnings Per Ordinary Share**

The calculation of basic earnings per share at 31 December 2011 was based on the net profit attributable to owners of the parent of £851,442 (2010: £513,774, 2009: £467,809) and a weighted average number of ordinary shares outstanding during the year ended 31 December 2011 of 6,871,337 (2010: 6,871,337, 2009: 6,871,337) after excluding the shares owned by Clarke Willmott Trust Corporation Limited as trustee of the Good Energy Group Employee Benefits Trust.

The calculation of diluted earnings per share at 31 December 2011 was based on the net profit attributable to owners of the parent of £851,442 (2010: £513,774, 2009: 467,809) and a diluted weighted average number of ordinary shares outstanding during the year ended 31 December 2011 of 7,064,275, (2010: 6,935,995, 2009: 6,871,337), calculated as follows:

	<i>2009 (Number)</i>	<i>2010 (Number)</i>	<i>2011 (Number)</i>
Basic weighted average number of ordinary shares	6,871,337	6,871,337	6,871,337
Dilutive potential Ordinary Shares:	—	64,658	192,938
<b>Weighted average number of Ordinary Shares (diluted)</b>	<u>6,871,337</u>	<u>6,935,995</u>	<u>7,064,275</u>

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potential dilutive ordinary shares. The Company has one category of dilutive potential ordinary shares, share options. For the share options a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company’s shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated in this way is compared with the number of shares that would have been issued assuming exercise of the share options.

## 11. Property, Plant and Equipment

<i>Year ended 31 December 2009</i>	<i>Leasehold improvements (£)</i>	<i>Furniture fittings &amp; equipment (£)</i>	<i>Turbines &amp; ancillaries (£)</i>	<i>Capital work in progress (£)</i>	<i>Total (£)</i>
<b>Cost</b>					
Opening balance	60,852	350,219	3,182,110	311,166	3,904,347
Additions	18,643	112,675	—	1,189,934	1,321,252
<b>At 31 December 2009</b>	<u>79,495</u>	<u>462,894</u>	<u>3,182,110</u>	<u>1,501,100</u>	<u>5,225,599</u>
<b>Accumulated depreciation</b>					
Opening balance	(10,779)	(175,201)	(2,723,777)	—	(2,909,757)
Depreciation	(13,368)	(84,578)	(166,667)	—	(264,613)
<b>At 31 December 2009</b>	<u>(24,147)</u>	<u>(259,779)</u>	<u>(2,890,444)</u>	<u>—</u>	<u>(3,174,370)</u>
<b>Carrying amount</b>					
<b>At 1 January 2009</b>	<u>50,073</u>	<u>175,018</u>	<u>458,333</u>	<u>311,166</u>	<u>994,590</u>
<b>At 31 December 2009</b>	<u>55,348</u>	<u>203,115</u>	<u>291,666</u>	<u>1,501,100</u>	<u>2,051,229</u>
<b>Year ended 31 December 2010</b>					
	<i>Leasehold improvements (£)</i>	<i>Furniture fittings &amp; equipment (£)</i>	<i>Turbines &amp; ancillaries (£)</i>	<i>Capital work in progress (£)</i>	<i>Total (£)</i>
<b>Cost</b>					
Opening balance	79,495	462,894	3,182,110	1,501,100	5,225,599
Additions	8,000	39,871	—	10,475,994	10,523,865
Disposals	—	—	(3,182,110)	—	(3,182,110)
Transfers	—	—	11,977,094	(11,977,094)	—
<b>At 31 December 2010</b>	<u>87,495</u>	<u>502,765</u>	<u>11,977,094</u>	<u>—</u>	<u>12,567,354</u>
<b>Accumulated depreciation</b>					
Opening balance	(24,147)	(259,779)	(2,890,444)	—	(3,174,370)
Disposals	—	—	3,007,111	—	3,007,111
Depreciation	(20,275)	(98,868)	(138,667)	—	(257,810)
<b>At 31 December 2010</b>	<u>(44,422)</u>	<u>(358,647)</u>	<u>(22,000)</u>	<u>—</u>	<u>(425,069)</u>
<b>Carrying amount</b>					
<b>At 1 January 2010</b>	<u>55,348</u>	<u>203,115</u>	<u>291,666</u>	<u>1,501,100</u>	<u>2,051,229</u>
<b>At 31 December 2010</b>	<u>43,073</u>	<u>144,118</u>	<u>11,955,094</u>	<u>—</u>	<u>12,142,285</u>

<i>Year ended 31 December 2011</i>	<i>Leasehold improvements (£)</i>	<i>Furniture fittings &amp; equipment (£)</i>	<i>Turbines &amp; ancillaries (£)</i>	<i>Capital work in progress (£)</i>	<i>Total (£)</i>
<b>Cost</b>					
Opening balance	87,495	502,765	11,977,094	—	12,567,354
Additions	6,065	42,461	—	—	48,526
Adjustment of over provision of prior year additions	—	—	(251,993)	—	(251,993)
<b>At 31 December 2011</b>	<u>93,560</u>	<u>545,226</u>	<u>11,725,101</u>	<u>—</u>	<u>12,363,887</u>
<b>Accumulated depreciation</b>					
Opening balance	(44,422)	(358,647)	(22,000)	—	(425,069)
Depreciation	(11,468)	(145,307)	(486,901)	—	(643,676)
<b>At 31 December 2011</b>	<u>(55,890)</u>	<u>(503,954)</u>	<u>(508,901)</u>	<u>—</u>	<u>(1,068,745)</u>
<b>Carrying amount</b>					
<b>At 1 January 2011</b>	<u>43,073</u>	<u>144,118</u>	<u>11,955,094</u>	<u>—</u>	<u>12,142,285</u>
<b>At 31 December 2011</b>	<u>37,670</u>	<u>41,272</u>	<u>11,216,200</u>	<u>—</u>	<u>11,295,142</u>

The assets of the Company's subsidiary, Good Energy Delabole Wind Farm Limited, have been pledged as security against its bank loan liability.

## 12. Intangible Assets

<i>Year ended 31 December 2009</i>	<i>Power Supply Licence (£)</i>	<i>Software Licences (£)</i>	<i>Website development costs (£)</i>	<i>Goodwill (£)</i>	<i>Total (£)</i>
<b>Cost</b>					
Opening balance	180,000	207,025	123,306	1,446,453	1,956,784
Additions	—	507,351	—	—	507,351
<b>At 31 December 2009</b>	<u>180,000</u>	<u>714,376</u>	<u>123,306</u>	<u>1,446,453</u>	<u>2,464,135</u>
<b>Accumulated amortisation</b>					
Opening balance	—	(71,463)	(9,077)	—	(80,540)
Amortisation	—	(147,341)	(24,661)	—	(172,002)
<b>At 31 December 2009</b>	<u>—</u>	<u>(218,804)</u>	<u>(33,738)</u>	<u>—</u>	<u>(252,542)</u>
<b>Carrying amount</b>					
<b>At 1 January 2009</b>	<u>180,000</u>	<u>135,562</u>	<u>114,229</u>	<u>1,446,453</u>	<u>1,876,244</u>
<b>At 31 December 2009</b>	<u>180,000</u>	<u>495,572</u>	<u>89,568</u>	<u>1,446,453</u>	<u>2,211,593</u>

<i>Year ended 31 December 2010</i>	<i>Power Supply Licence (£)</i>	<i>Software Licences (£)</i>	<i>Website development costs (£)</i>	<i>Goodwill (£)</i>	<i>Total (£)</i>
<b>Cost</b>					
Opening balance	180,000	714,376	123,306	1,446,453	2,464,135
Additions	—	148,346	—	—	148,346
<b>At 31 December 2010</b>	<u>180,000</u>	<u>862,722</u>	<u>123,306</u>	<u>1,446,453</u>	<u>2,612,481</u>
<b>Accumulated amortisation</b>					
Opening balance	—	(218,804)	(33,738)	—	(252,542)
Amortisation	—	(268,825)	(24,661)	—	(293,486)
<b>At 31 December 2010</b>	<u>—</u>	<u>(487,629)</u>	<u>(58,399)</u>	<u>—</u>	<u>(546,028)</u>
<b>Carrying amount</b>					
<b>At 1 January 2010</b>	<u>180,000</u>	<u>495,572</u>	<u>89,568</u>	<u>1,446,453</u>	<u>2,211,593</u>
<b>At 31 December 2010</b>	<u>180,000</u>	<u>375,093</u>	<u>64,907</u>	<u>1,446,453</u>	<u>2,066,453</u>
<i>Year ended 31 December 2011</i>	<i>Power Supply Licences (£)</i>	<i>Software Licence (£)</i>	<i>Website development costs (£)</i>	<i>Goodwill (£)</i>	<i>Total (£)</i>
<b>Cost</b>					
Opening balance	180,000	862,722	123,306	1,446,453	2,612,481
Additions	—	535,760	—	—	535,760
<b>At 31 December 2011</b>	<u>180,000</u>	<u>1,398,482</u>	<u>123,306</u>	<u>1,446,453</u>	<u>3,148,241</u>
<b>Accumulated amortisation</b>					
Opening balance	—	(487,629)	(58,399)	—	(546,028)
Amortisation	—	(310,410)	(64,907)	—	(375,317)
<b>At 31 December 2011</b>	<u>—</u>	<u>(798,039)</u>	<u>(123,306)</u>	<u>—</u>	<u>(921,345)</u>
<b>Carrying amount</b>					
<b>At 1 January 2011</b>	<u>180,000</u>	<u>375,093</u>	<u>64,907</u>	<u>1,446,453</u>	<u>2,066,453</u>
<b>At 31 December 2011</b>	<u>180,000</u>	<u>600,443</u>	<u>—</u>	<u>1,446,453</u>	<u>2,226,896</u>

Goodwill comprises £1,060,996 arising from the original acquisition of Good Energy Limited, £385,457 from the original acquisition of the Group's generation business.

The carrying values of indefinite life assets included in intangible assets are: Goodwill of £1,445,453 and power supply licence of £180,000 which relates to the subsidiary, Good Energy Limited. In arriving at the conclusion that these assets have an indefinite life, management considers the fact that the Group is a profitable business and expects to hold and support these assets for an indefinite period.

An impairment review is undertaken annually or more frequently using value-in use calculations, based on pre-tax cash flow projections over a five year period approved by management and discounted at appropriate rates.

The result of this review was that no impairment is required in respect of the carrying values of the indefinite life assets. The key assumptions for value-in use are as follows:

<i>Value-in use assumptions</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>
Gross margin %	27%	32%	35%
Growth rate % in years 1-5	5%	4%	4%
Discount rate %	11%	11%	11%

Based on these assumptions the Directors consider there to be significant headroom and the assumptions accordingly, not sensitive.

Included in software licences is an asset held under finance lease agreements with a carrying value as 31 December 2011 of £450,000 (2010: £nil, 2009: £nil). This asset will be amortised over the term of the lease.

### 13. Investments and subsidiaries

<i>Consolidated Unlisted Investments</i>	<i>2009 (£)</i>	<i>2010 (£)</i>	<i>2011 (£)</i>
Cost			
Opening balance	11,203	11,258	11,258
Additions	55	—	—
<b>At 31 December</b>	<u>11,258</u>	<u>11,258</u>	<u>11,258</u>
Accumulated Amortisation/Impairment			
Opening balance	—	—	—
Amortisation/Impairment	—	—	(11,200)
<b>At 31 December</b>	<u>—</u>	<u>—</u>	<u>(11,200)</u>
Carrying Amount			
<b>At 1 January</b>	<u>11,203</u>	<u>11,258</u>	<u>11,258</u>
<b>At 31 December</b>	<u>11,258</u>	<u>11,258</u>	<u>58</u>

#### *Significant subsidiaries of the Group*

The principal activities of the subsidiaries are as follows:

Good Energy Ltd (100% owned):	supply of renewable electricity and FIT Administration
Good Energy Generation Ltd (100% owned):	an investor in potential new generation sites
Good Energy Gas Ltd (100% owned):	supply of gas
Good Energy Delabole Wind Farm Ltd (100% owned):	generation of electric power by wind turbine machinery

### 14. Inventories

	<i>2009 (£)</i>	<i>2010 (£)</i>	<i>2011 (£)</i>
Online shop merchandise	4,540	4,431	—
Renewable Obligation Certificates	2,316,934	3,060,163	3,536,946
<b>Total</b>	<u>2,321,474</u>	<u>3,064,594</u>	<u>3,536,946</u>

As at 31 December 2011 there were Renewable Obligation Certificates (ROCs) of £901,620 (2010: £798,685, 2009: £1,766,430) included in the above amount that were unissued for generation that had already taken place and therefore these ROCs were not available for sale before the end of the reporting period.

As at 31 December 2011, £419,104 of ROCs (2010: £644,451, 2009: £252,731) was pledged as security under the ROC repurchase agreement (ROC REPO) with a trading counterparty.

The ROC REPO adopts the principles of the Global Master Repurchase agreement commonly used in the energy sector for lending securities. The ROC REPO therefore allows the Group to use its inventory of ROCs as security.

## 15. Trade and Other Receivables

	2009 (£)	2010 (£)	2011 (£)
Gross trade receivables	3,022,732	3,807,291	3,332,782
Provision for impairment/non-payment of trade receivables	(405,255)	(557,156)	(708,620)
Net trade receivables	2,617,477	3,250,135	2,624,162
Prepayments	313,142	261,242	529,224
Value added tax recoverable	121,408	592,268	182,799
Other receivables	171,754	—	—
<b>Total</b>	<b>3,223,781</b>	<b>4,103,645</b>	<b>3,336,185</b>

The Group has a provision in place to set aside an allowance to cover potential impairment and non-payment of trade receivables. Those debts which are neither past due nor impaired are considered to be good and are expected to be recoverable.

Trade receivables are with customers who do not have externally available credit ratings.

The movements on the provision for impairment and non-payment of trade receivables is shown below:

	2009 (£)	2010 (£)	2011 (£)
Balance at 1 January	316,497	405,255	557,156
Increase/(Decrease) in allowance for impairment/non payment	493,562	642,433	714,860
Impairment/non payment losses recognised	(404,804)	(490,532)	(563,396)
Balance at 31 December	405,255	557,156	708,620

The ageing analysis of trade receivables is as follows:

<i>Ageing analysis of trade receivables</i>	2009 (£)	2010 (£)	2011 (£)
Current and not past due	1,532,637	2,203,828	2,237,404
1 to 2 months	447,813	442,046	279,132
2 to 3 months	196,647	179,389	86,479
Over 3 months	440,380	424,872	21,147
<b>Total</b>	<b>2,617,477</b>	<b>3,250,135</b>	<b>2,624,162</b>

## 16. Called-Up Share Capital

	2009 (£)	2010 (£)	2011 (£)
<b>Authorised</b>			
20,000,000 Ordinary Shares of 5p each	1,000,000	1,000,000	1,000,000
	2009 (£)	2010 (£)	2011 (£)
<b>Ordinary Shares of 5p each</b>			
Total shares issued	390,838	390,838	390,838
Less: own shares held	(47,271)	(47,271)	(47,271)
<b>Total</b>	<b>343,567</b>	<b>343,567</b>	<b>343,567</b>
	2009 (Number)	2010 (Number)	2011 (Number)
<b>Ordinary Shares of 5p each</b>			
Total shares issued	7,816,767	7,816,767	7,816,767
Less: own shares held	(945,430)	(945,430)	(945,430)
<b>Total</b>	<b>6,871,337</b>	<b>6,871,337</b>	<b>6,871,337</b>

Classified as own shares held in the above table are shares held by Clarke Willmott Trust Corporation Limited in trust for the present and the future beneficiaries of the Good Energy Group Employee Benefits Trust.

## 17. Deferred Taxation

	2009 (£)	2010 (£)	2011 (£)
At 1 January	120,572	73,727	115,489
Charged/(credited) to the Consolidated Statement of Comprehensive Income	(46,845)	41,762	280,535
<b>At 31 December</b>	<u>73,727</u>	<u>115,489</u>	<u>396,024</u>
	2009 (£)	2010 (£)	2011 (£)
<b>Deferred tax assets</b>			
Deferred tax assets to be recovered after more than 12 months	—	(3,874)	(107,414)
Deferred tax assets to be recovered within 12 months	—	—	(42,750)
<b>Total</b>	<u>—</u>	<u>(3,874)</u>	<u>(150,164)</u>
<b>Deferred tax Liabilities</b>			
Deferred tax Liabilities to be recovered after more than 12 months	73,727	119,363	546,188
Deferred tax Liabilities to be recovered within 12 months	—	—	—
<b>Total</b>	<u>73,727</u>	<u>119,363</u>	<u>546,188</u>
<b>Total net deferred tax</b>	<u>73,727</u>	<u>115,489</u>	<u>396,024</u>

The provision for Deferred Taxation is made up as follows:

	2009 (£)	2010 (£)	2011 (£)
<i>Deferred tax assets</i>			
On short term timing differences	—	3,874	82,194
Losses	—	—	67,970
<b>Total</b>	<u>—</u>	<u>3,874</u>	<u>150,164</u>
<i>Deferred tax liability</i>			
On accelerated capital allowances	<u>73,727</u>	<u>119,363</u>	<u>546,188</u>

The Company has unutilised capital losses of £130,822 (2010: £130,822, 2009: £127,332) and unutilised management charges of £19,261 (2010: £19,261, 2009: £19,261) resulting in a deferred tax asset which has not been recognised in the Financial Information. In addition, Good Energy Delabole Wind Farm Limited, a subsidiary company, has unutilised losses of £nil (2010: £53,139, 2009: £nil). The Directors cannot assess with sufficient certainty that the deferred tax asset thereon of £37,520 (2010: £54,870, 2009: £41,046) will be recoverable in the foreseeable future following the recovery of the other timing differences or capital gains and therefore no tax credit arises in respect of the current period.

## 18. Borrowings and Other Financial Liabilities

	2009 (£)	2010 (£)	2011 (£)
<b>Current:</b>			
Bank loan	—	620,174	368,843
Finance lease obligation	—	—	142,523
<b>Total</b>	<u>—</u>	<u>620,174</u>	<u>511,366</u>
	2009 (£)	2010 (£)	2011 (£)
<b>Non-current:</b>			
Bank loan	—	7,170,251	8,928,153
Finance lease obligation	—	—	273,404
<b>Total</b>	<u>—</u>	<u>7,170,251</u>	<u>9,201,557</u>

The bank loan relates to the Company's subsidiary, Good Energy Delabole Wind Farm Limited, and is secured by a mortgage debenture on that Company dated 16 January 2010 incorporating a fixed and floating charge over all current and future assets of that subsidiary. The facility will be repaid from future cash flows arising from the wind farm of this Company.

On 7 January 2011, the loan balance was transferred from the build phase to the repayment phase, with repayments of Capital and Interest scheduled bi-annually over 15 years.

As part of the facility Good Energy Delabole Wind Farm Limited entered into a floating rate interest to fixed rate interest swap. They were entered into at the same time and in contemplation of one another, have the same counterparty, relate to the same risk and amortise concurrently. Given these circumstances and the fact that there is no economic need or substantive business purpose for structuring the transactions separately that could not also have been accomplished in a single transaction these instruments are treated as one fixed rate loan instrument in accordance with IAS 39. The fixed rate interest is payable at an annual rate of 7.15 per cent..

As part of the bank loan agreement, the Lender requires a minimum cash balance to be held in separate debt service reserve accounts. At the end of the year the amount was £630,634 (2010: £nil, 2009: £nil), which is included in the cash and cash equivalents figure of £2,369,721 shown in the Consolidated Statement of Financial Position.

	<i>Finance lease (£)</i>	<i>Bank loan (£)</i>	<i>Total (£)</i>
<b>31 December 2009</b>			
Due less than 1 year	—	—	—
Due between 1 and 5 years	—	—	—
Due more than 5 years	—	—	—
<b>Total</b>	<u>—</u>	<u>—</u>	<u>—</u>
	<i>Finance lease (£)</i>	<i>Bank loan (£)</i>	<i>Total (£)</i>
<b>31 December 2010</b>			
Due less than 1 year	—	620,174	620,174
Due between 1 and 5 years	—	1,245,595	1,245,595
Due more than 5 years	—	5,924,656	5,924,656
<b>Total</b>	<u>—</u>	<u>7,790,425</u>	<u>7,790,425</u>
	<i>Finance lease (£)</i>	<i>Bank loan (£)</i>	<i>Total (£)</i>
<b>31 December 2011</b>			
Due less than 1 year	142,523	368,843	511,366
Due between 1 and 5 years	273,404	1,649,002	1,922,406
Due more than 5 years	—	7,279,151	7,279,151
<b>Total</b>	<u>415,927</u>	<u>9,296,996</u>	<u>9,712,923</u>

Management has estimated the fair value of the bank loan to be £11,216,582 (2010: £8,841,170, 2009: nil). The fair value has been calculated taking into account the interest rate risk inherent in the loan.

The fair value of the finance lease and current borrowings equal the carrying amount as the impact of the discounts is not significant. The fair values are based on the cash flows discounted using a rate based on the borrowing rate of 7.15 per cent.

## 19. Trade and Other Payables

	2009 (£)	2010 (£)	2011 (£)
Trade payables	1,435,746	1,801,115	1,437,549
Accruals and deferred income	2,730,803	4,837,841	3,886,198
Social security and other taxes	62,505	63,493	80,931
Other payables	917,942	693,208	593,398
<b>Total</b>	<b>5,146,996</b>	<b>7,395,657</b>	<b>5,998,076</b>

## 20. Bank Overdraft

	2009 (£)	2010 (£)	2011 (£)
Bank overdraft	—	169,840	—

The bank overdraft in 2010 related to the Company's subsidiary, Good Energy Limited. The overdraft facilities are secured by an unscheduled mortgage debenture on that Company dated 14 December 2010 incorporating a fixed and floating charge over all current and future assets of that subsidiary. The Group's policy is to show the aggregate amount of debit and credit cash balances when the accounts are overdrawn, as the bank considers this position when calculating interest thereon.

## 21. Dividends

Amounts recognised as distributions to shareholders in the year (based on the number of shares in issue at the record date):

	2009 (£)	2010 (£)	2011 (£)
Equity dividends paid of £nil (2010: 2.5p per share, 2009: £nil).	—	172,085	—

The Group has declared a final dividend for 2011 of 2.75p, estimated total payable £209,461, to be paid on 31 July 2012 (2010: 2.5p paid in December 2010, 2009: £nil).

## 22. Cash Flows

Reconciliation of net income to net cash provided by operating activities:

	Note	2009 (£)	2010 (£)	2011 (£)
Profit before Tax		662,607	705,340	1,055,905
Finance income	7	(1,909)	—	(6,482)
Finance costs	8	14,638	19,438	737,316
Operating profit		675,336	724,778	1,786,739
Depreciation	11	264,613	257,810	643,676
Amortisation	12	172,002	293,486	375,317
Impairments	13	—	—	11,200
(Gain)/loss on disposal of asset	3	—	(53,406)	—
(Increase)/decrease in inventories	14	(14,369)	(743,120)	(472,352)
(Increase)/decrease in trade and other receivables	15	1,772,234	(879,865)	767,460
(Decrease)/increase in trade and other payables	19	1,036,709	65,938	894,136
<b>Net cash inflow/(outflow) from operations</b>		<b>3,906,525</b>	<b>(334,379)</b>	<b>4,006,176</b>

### 23. Share Based Payments

In order to retain the services of key employees and to incentivise their performance, the Board from time to time procures that the Group or Clarke Willmott Trust Corporation Limited offer share options to certain employees of the Group to acquire Ordinary 5p Shares at future dates. No costs were recognised in the Consolidated Statement of Comprehensive Income in respect of these options as the fair value at the date of the grant was assessed to be immaterial. As at 31 December 2011, the following options had been issued:

	Number of options			Average Weighted Exercise Price			Total Exercise Consideration		
	2009 (Number)	2010 (Number)	2011 (Number)	2009 (£)	2010 (£)	2011 (£)	2009 (£)	2010 (£)	2011 (£)
Outstanding at the beginning of the year	1,372,000	1,296,400	1,496,400	0.66	0.69	0.73	904,000	897,300	1,097,300
Granted	200,000	200,000	200,000	1.00	1.00	1.00	200,000	200,000	200,000
Lapsed	(275,600)	—	(200,000)	0.75	—	1.00	(206,700)	—	(200,000)
Outstanding at the end of the year	<u>1,296,400</u>	<u>1,496,400</u>	<u>1,496,400</u>	<u>0.69</u>	<u>0.73</u>	<u>0.73</u>	<u>897,300</u>	<u>1,097,300</u>	<u>1,097,300</u>

In order to partially fulfil the options granted, 945,430 (2010: 945,430, 2009: 945,430) shares representing approximately 63 per cent. (2010: 63 per cent., 2009: 73 per cent.) of the options outstanding have already been issued and held by Clarke Willmott Trust Corporation Limited as the Trustee of the Good Energy Group Employee Benefits Trust. These shares are not entitled to Dividends.

### 24. Pensions

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 £182,016 (2010: £132,109, 2009: £119,451).

Contributions totalling £19,890 (2010: £17,825, 2009: £14,348) were payable to the fund at the end of the reporting period and are included in other payables.

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

Rentals payable over the life of non-cancellable operating leases are as follows:

<i>Land and Buildings</i>	2009 (£)	2010 (£)	2011 (£)
<b>Leases as lessee</b>			
Less than one year	172,545	200,249	200,249
Between one and five years	690,180	800,996	675,989
More than five years	212,420	276,202	200,960
<b>Total</b>	<u>1,075,145</u>	<u>1,277,477</u>	<u>1,077,198</u>
<i>Other Operating Leases</i>	2009 (£)	2010 (£)	2011 (£)
<b>Leases as lessee</b>			
Less than one year	—	—	47,248
Between one and five years	—	—	45,054
More than five years	—	—	—
<b>Total</b>	<u>—</u>	<u>—</u>	<u>92,302</u>

Details of commitments under variable term operating leases are contained in note 26.

## 26. Related Party Transactions

### a) *Goods and services*

The Company's significant subsidiary undertakings, including the name and proportion of ownership interest for each, are disclosed in note 13. Transactions between subsidiaries and between the Company and its subsidiaries are eliminated on consolidation. During the year the Company had investment transactions with its subsidiaries. Interest is charged on these loans at 2.5 per cent. above the Bank of England base rate.

The Directors consider Windelectric Management Limited to be a related party by virtue of Martin Edwards, a director of the Company, having a controlling interest in Windelectric Management Limited. Windelectric Limited, a subsidiary company, had entered into an agreement with Windelectric Management Limited to provide services in connection with the operation and management of Delabole Wind Farm. The amount payable under this agreement during the current year was £nil (2010: £145,131, 2009: £398,120), made at arm's length. Of these figures no amounts were outstanding at the end of the reporting period (2010: £nil, 2009: £35,042). This agreement was cancelled in 2010.

In January 2010 Good Energy Delabole Wind Farm Limited, a subsidiary company, entered into an agreement with Windelectric Management Limited, a company in which Martin Edwards has a controlling interest, to provide site management for the new wind farm at Delabole. The amount payable each year is £75,000 index linked. The amount payable under this agreement during the current year was £75,000 (2010: £3,082, 2009: £nil), made at arms length. Of these figures no amounts were outstanding at the end of the reporting period (2010: £nil).

Windelectric Limited had 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 occupied. The amount paid under the agreement during the current year was £nil (2010: £40,161, 2009: £22,356), made at arm's length. Of these figures no amounts were outstanding at the end of the reporting period (2010: £nil, 2009: £6,667). The lease was cancelled on 9 November 2010.

In January 2010, Good Energy Delabole Wind Farm Limited entered into a 25 year lease with the parents of Martin Edwards, in respect of the land which some of the new turbines occupy. For the first 10 years of operation the rent will be the higher of an annual base rent of £50,240 or 3.25 per cent. of gross income from the wind farm and from the 10th anniversary onwards it will be 4.5 per cent. of gross income from the wind farm.

The amount payable under this agreement during the current year was £72,631 (2010: £7,157, 2009: £nil), made at arm's length. Of these figures no amounts were outstanding at the end of the reporting period (2010: £nil, 2009: £nil).

### b) *Key management compensation*

Key management are considered to be the directors. The short term employee benefits relating to key members of staff are as follows:

<i>Short term employee benefits</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>
	<i>(£)</i>	<i>(£)</i>	<i>(£)</i>
Salaries and bonus	327,570	326,990	408,349
Employers National Insurance	36,092	40,563	55,532
Pension	22,082	14,043	22,995

<i>Year ended</i>							
<i>31 December 2009</i>	<i>L. Churchill</i>	<i>J. Davenport</i>	<i>M. Edwards</i>	<i>J. Fairchild</i>	<i>G. Peagam</i>	<i>J. Sellers</i>	<i>R. Squires</i>
Salary and Bonus	26,800	131,354	20,000	93,416	—	36,000	20,000
Contributions to money purchase pension scheme	—	11,939	—	10,143	—	—	—
<b>Total</b>	<b>26,800</b>	<b>143,293</b>	<b>20,000</b>	<b>103,559</b>	<b>—</b>	<b>36,000</b>	<b>20,000</b>
<i>Year ended</i>							
<i>31 December 2010</i>	<i>L. Churchill</i>	<i>J. Davenport</i>	<i>M. Edwards</i>	<i>J. Fairchild</i>	<i>G. Peagam</i>	<i>J. Sellers</i>	<i>R. Squires</i>
Salary and Bonus	26,800	133,590	20,000	36,600	54,000	36,000	20,000
Contributions to money purchase pension scheme	—	11,450	—	2,593	—	—	—
<b>Total</b>	<b>26,800</b>	<b>145,040</b>	<b>20,000</b>	<b>39,193</b>	<b>54,000</b>	<b>36,000</b>	<b>20,000</b>
<i>Year ended</i>							
<i>31 December 2011</i>	<i>L. Churchill</i>	<i>J. Davenport</i>	<i>M. Edwards</i>	<i>J. Fairchild</i>	<i>G. Peagam</i>	<i>J. Sellers</i>	<i>R. Squires</i>
Salary and Bonus	27,470	162,572	20,500	—	141,295	27,675	28,837
Contributions to money purchase pension scheme	—	11,736	—	—	11,259	—	—
<b>Total</b>	<b>27,470</b>	<b>174,308</b>	<b>20,500</b>	<b>—</b>	<b>152,554</b>	<b>27,675</b>	<b>28,837</b>

## 27. Post Balance sheet events

Since the end of 2011, Juliet Davenport has exercised 200,000 options in the Group at an average exercise price of £0.50.

In addition, in February 2012, a further 562,946 share options have been granted to Directors and senior staff within the Company, exercisable after February 2015 with an exercise price of £1.15.

## PART VI

### ADDITIONAL INFORMATION

#### 1 Responsibility Statements

- 1.1 The Company and the Directors accept responsibility for the information contained in this document including, individual and collective responsibility, for the Company's compliance with the AIM Rules. To the best of the knowledge and belief of the Company and the Directors (having taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and makes no omission likely to affect its import.

#### 2 The Company

##### *Incorporation*

- 2.1 The Company was originally registered as a private company on 24 May 2000 in England and Wales with company number 04000623.
- 2.2 The principal legislation under which the Company operates is the Act and regulations made thereunder. The Company is domiciled in England and Wales.
- 2.3 The registered address of Company is 2 Temple Back East, Temple Quay, Bristol BS1 6EG, United Kingdom.
- 2.4 The trading address of the Company is Monkton Reach, Monkton Hill, Chippenham, Wiltshire SN15 1EE. The telephone number of the Company is 01249 766090.

##### *The Group and Principal Activities*

- 2.5 The Company acts as the holding and management company of the Group.
- 2.6 The principal activities of the Group are the supply, generation and administration of renewable energy in the UK.
- 2.7 At Admission, the Company will directly or indirectly have the following subsidiary undertakings:

<i>Name</i>	<i>Date and Place of Incorporation</i>	<i>% of Issued Share Capital Owned by the Company</i>	<i>Principal Activity</i>
Good Energy Generation Limited	18 October 1990 England & Wales	100%	Investor in potential new generation sites
Good Energy Limited	21 December 1999 England & Wales	100%	Licensed electricity supplier and Voluntary Feed-in-Tariff Licensed
Good Energy Gas Limited	6 July 2005 England & Wales	100%	Licensed gas supplier
Good Energy Delabole Windfarm Limited	29 May 2009 England & Wales	100%	Generator of electric power by wind turbine machinery

- 2.8 The Company also owns the following dormant subsidiaries, which do not currently carry on any business: Good Energy Shop Limited, Windelectric Limited and Homegrown Energy Limited.

#### 3 Share Capital

- 3.1 As at the date of this document the number of Ordinary Shares in issue is 7,816,767, of which 776,430 are held by Clarke Willmott Trust Corporation Limited for the present and future beneficiaries of the Good Energy Group Employee Benefits Trust.
- 3.2 All shares have equal voting rights and save as set out in the Articles there are no restrictions on the transfer of shares.

- 3.3 Since 1 July 2009, there have been no changes in the authorised and issued share capital of the Company.
- 3.4 The Placing Shares will, on Admission, rank *pari passu* in all respects with the existing Ordinary Shares and rank in full for all dividends and other distributions declared, made or paid on Ordinary Shares after Admission save in respect of the dividend of 2.75p for the year ended 31 December 2011.
- 3.5 Save as disclosed in this document:
- (a) no share or loan capital of the Company has been issued or is proposed to be issued, fully or partly paid, either for cash or for a consideration other than cash;
  - (b) no share or loan capital of the Company is under option or is the subject of an agreement, conditional or unconditional, to be put under option; and
  - (c) no commission, discounts, brokerage or other special term has been granted by the Company or is now proposed in connection with the issue or sale of any part of the share or loan capital of the Company.

#### **4 Memorandum and Articles of Association**

4.1 The following is a description of certain provisions of the Company's Memorandum and Articles of Association. This description does not purport to be complete and is qualified in its entirety by the full terms of the Memorandum and Articles of Association.

##### **4.2 *Objects and purposes***

- (a) The objects of the Company are set out in clause 4 of the Memorandum of Association and are unrestricted.
- (b) The Memorandum of Association does not specifically provide for any purposes for which the Company was established.

##### **4.3 *Limited liability***

The liability of the Company's members is limited to the amount, if any, unpaid on their shares.

4.4 The Articles, which were adopted by a special resolution of the Company passed on 13 May 2009, contain (amongst others) provisions to the following effect:

##### **4.5 *Share rights***

Subject to the provisions of the Act and to any special rights for the time being attached to any existing shares, any shares may be allotted or issued with or have attached to them such preferred, deferred or other special rights or restrictions whether in regard to dividends, voting, transfer, return of capital or otherwise as the Company may from time to time by ordinary resolution determine or if no such resolution has been passed or so far as the resolution does not make specific provision, as the Board may determine.

##### **4.6 *Voting rights***

Subject to the provisions of the Act and to any special terms as to voting on which any shares may have been issued and to any suspension or abrogation of voting rights, at any general meeting on a show of hands every member present in person or by proxy shall have one vote and on a poll every member present in person or by proxy shall have one vote for each share of which he is the holder.

Unless the board otherwise determines, no member is entitled to vote at a general meeting or at a separate meeting of the shareholders of any class of shares, either in person or by proxy (save as proxy for another member), or to exercise any other right as a member in respect of any share held by him, unless all calls or other sums, presently payable by him in respect of that share, whether held alone or jointly with any other person, together with interest and expenses (if any) have been paid to the Company or if he, or any other person whom the Company reasonably believes to be

interested in such shares, has been issued with a notice pursuant to the Companies Act requiring such person to provide information about his interests in the Company's shares and has failed in relation to any such shares to give the Company the required information within 14 days.

#### 4.7 **Dividends**

Subject to the provisions of the Act and of the Articles, the Company may by ordinary resolution declare that out of profits available for distribution dividends be paid to members according to their respective rights and interests in the profits of the Company available for distribution. However, no dividend shall exceed the amount recommended by the Board.

Subject to the provisions of the Act and of the Articles, the Board may declare and pay such interim dividends (including any dividend payable at a fixed rate) as appear to the Board to be justified by the profits of the Company available for distribution and the position of the Company. If at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends on shares which rank after shares conferring preferential rights with regard to dividend as well as on shares conferring preferential dividends unless at the time of payment any preferential dividend is in arrears. Provided that the Board acts in good faith it shall not incur any liability to the holders of shares conferring preferential rights for any loss that they may suffer in consequence of the declaration of, or by the lawful payment of, any interim dividend on any shares ranking after those with preferential rights.

Except as otherwise provided by the Articles and by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up (otherwise than in advance of calls) on the shares on which the dividend is paid. Subject as aforesaid, all dividends shall be apportioned and paid *pro rata* according to the amounts paid up or credited as paid up on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividend as from a particular date or be entitled to dividends declared after a particular date it shall rank for or be entitled to dividends accordingly.

All dividends, interest or other sum payable and unclaimed for 12 months after having become payable may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for a period of 12 years after having become due for payment shall (if the Board so resolves) be forfeited and shall revert to the Company.

The Company in general meeting may, on the recommendation of the Board, by ordinary resolution direct that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets, and in particular, of fully paid up shares or debentures of any other company or in any one or more of such ways. Where any difficulty arises in regard to such distribution the Board may settle it as it thinks fit.

The Board may with the prior authority of any ordinary resolution of the Company and subject to such conditions as the Board may determine and provided that the Company has sufficient unissued shares and undistributed profits or reserves to give effect to it, offer to any holders of Ordinary Shares the right to elect to receive Ordinary Shares credited as fully paid, in whole or in part instead of cash in respect of the whole or some part (to be determined by the Board) of any dividend specified by the ordinary resolution.

Unless the Board otherwise determines, the payment of any dividend or other money that would otherwise be payable in respect of shares will be withheld if such shares represent at least 0.25 per cent. in nominal value of their class and the holder, or any other person whom the Company reasonably believes to be interested in those shares, has been duly served with a notice pursuant to the Act requiring such person to provide information about his interests in the Company's shares and has failed to supply the required information within 14 days. Furthermore such a holder shall not be entitled to elect to receive shares instead of a dividend.

If cheques, warrants or orders for dividends or other sums payable in respect of a share sent by the Company to the person entitled thereto by post are returned to the Company undelivered or left uncashed on two consecutive occasions the Company shall not be obliged to send any further dividends or other monies payable in respect of that share due to that person until he notifies the Company of an address to be used for the purpose.

#### 4.8 *Transfer of Shares*

Each member may transfer all or any of his shares, in the case of certificated shares, by instrument of transfer in writing in any usual form or in any form approved by the Board, or, in the case of uncertificated shares, without a written instrument in accordance with the Uncertificated Regulations. Any written instrument shall be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the register in respect of it.

The Board may in its absolute discretion refuse to register any transfer of a certificated share unless it is:

- (a) in respect of a share which is fully paid up;
- (b) in respect of a share on which the Company has no lien;
- (c) in respect of only one class of shares;
- (d) in favour of a single transferee or not more than four joint transferees;
- (e) duly stamped (if so required); and
- (f) delivered for registration to the registered office, or such other place as the Board may from time to time determine, accompanied (except in the case of a transfer by a financial institution where a certificate has not been issued) by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor and the due execution by him of the transfer or if the transfer is executed by some other person on his behalf, the authority of that person to do so,

provided that such discretion may not be exercised in such a way as to prevent dealings in such shares from taking place on an open and proper basis.

The Board shall register a transfer of title to any uncertificated share or the renunciation or transfer of any renounceable right of allotment of a share which is a participating security held in uncertificated form in accordance with the Uncertificated Regulations, except that the Board may refuse (subject to any relevant requirements applicable to the recognised investment exchange(s) to which the shares of the Company are admitted (or to any other stock exchange on which the Company's shares are normally traded)) to register any such transfer or renunciation which is in favour of more than four persons jointly or in any other circumstance permitted by the Uncertificated Regulations.

Unless the Board otherwise determines, a transfer of shares will not be registered if the transferor or any other person whom the Company reasonably believes to be interested in the transferor's shares has been duly served with a notice pursuant to the Act requiring such person to provide information about his interests in the Company's shares, has failed to supply the required information within 14 days and the shares in respect of which such notice has been served represent at least 0.25 per cent. in nominal value of their class, unless the member is not himself in default as regards supplying the information required and proves to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer.

If the Board refuses to register a transfer of a share it shall, within two months after the date on which the transfer was lodged with the Company, send notice of the refusal to the transferee together with its reasons for the refusal.

No fee shall be charged for registration of a transfer or on the registration of any other instrument relating to or affecting the title to any shares or otherwise for making any entry in the register affecting the title to any shares.

#### 4.9 *Alteration of share capital*

The Company in general meeting may from time to time by ordinary resolution:

- (a) increase its share capital by such sum to be divided into shares of such amount as the resolution prescribes;
- (b) consolidate and/or divide, re-designate or convert all or any of its share capital into shares of larger or smaller nominal amount, or into different classes of shares than its existing shares;
- (c) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; and
- (d) subject to the provisions of the Act, sub-divide its shares or any of them into shares of smaller nominal value than is fixed by the memorandum of association and may by such resolution determine that as between the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights or be subject to any such restrictions as the Company has the power to attach to unissued or new shares but so that the proportion between the amount paid up and the amount (if any) not paid up on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived.

#### 4.10 *Variation of rights*

- (a) Subject to the provisions of the Act, if at any time the share capital of the Company is divided into shares of different classes, any of the rights for the time being attached to any share or class of shares in the Company may be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three quarters in nominal value of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of the class duly convened and held as provided in these Articles (but not otherwise).
- (b) The quorum at every such meeting shall not be less than two persons present holding or representing by proxy at least one-third in nominal value of the issued shares of the class in question (excluding any shares of that class held as treasury shares).

Subject to the terms on which any shares may be issued, the rights or privileges attached to any class of shares shall be deemed to be varied or abrogated by the reduction of the capital paid up on such shares or by the allotment of further shares ranking in priority for the payment of a dividend or in respect of capital or howsoever or which confer on the holders voting rights more favourable than those conferred by such first mentioned shares but shall not be deemed to be varied or abrogated by the creation or issue of any new shares ranking *pari passu* in all respects (save as to the date from which such new shares shall rank for dividend) with or subsequent to those already issued or by the purchase or redemption by the Company of its own shares in accordance with the provisions of the Act and the Articles.

#### 4.11 *General Meetings*

The Board may convene a general meeting whenever it thinks fit.

Subject to such minimum notice as may be required by law from time to time, a general meeting of the Company (other than an adjourned meeting) shall be called by notice of:

- (a) in the case of an annual general meeting, at least 21 clear days; and
- (b) in any other case, at least 14 clear days.

Every notice convening a general meeting shall specify:

- (c) the place, the date and the time of the meeting;
- (d) in the case of special business the general nature of the business to be dealt with at the meeting;
- (e) if the meeting is convened to consider a special resolution, the text of the resolution and intention to propose the resolution as a special resolution;
- (f) with the reasonable prominence, that a member is entitled to appoint another person (who does not have to be a member) as his proxy to exercise all or any rights of his to attend, speak and vote at the meeting and that a member may appoint more than one proxy in relation to the meeting (provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him) and shall also specify any more extensive rights (if any) conferred by the Articles to appoint more than one proxy; and
- (g) in the case of notice convening an annual general meeting only, the notice shall specify that the meeting will be an annual general meeting.

A Director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting and at any separate meeting and at any separate meeting of the holders of any class of shares of the Company. The Chairman may invite any person to attend and speak at any general meeting of the Company whom the Chairman considers to be equipped by knowledge or experience of the Company's business to assist in the deliberations of the meeting.

No business shall be transacted at any general meeting unless a quorum is present. Subject to the Articles, two persons entitled to attend and to vote on the business to be transacted, each being a member present in person or a proxy for a member, shall be a quorum.

The Chairman of the general meeting may, with the consent of a meeting at which a quorum is present, and shall if so directed by the meeting, adjourn any meeting from time to time (or indefinitely) and from place to place as he shall determine. However, without prejudice to any other power which he may have under these Articles or at common law the Chairman may, without the need for the consent of the meeting, interrupt or adjourn any meeting from time to time and from place to place or for an indefinite period if he is of the opinion that it has become necessary to do so in order to secure the proper and orderly conduct of the meeting or to give all persons entitled to do so a reasonable opportunity of speaking and voting at the meeting or to ensure that the business of the meeting is otherwise properly disposed of.

At any general meeting a resolution put to a vote of the meeting shall be decided on a show of hands unless (before or immediately after the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded. Subject to the provisions of the Act and the Articles, a poll may be demanded by:

- (h) the Chairman of the meeting; or
- (i) not less than five members present in person or by proxy having the right to vote on the resolution; or
- (j) a member or members present in person or by proxy representing not less than 10 per cent. of the total voting rights of all the members having the right to vote on the resolution (excluding any voting rights attached to any shares in the Company held as treasury shares); or
- (k) a member or members present in person or by proxy holding shares in the Company conferring a right to vote on the resolution, being shares on which an aggregate sum has been paid up equal to not less than 10 per cent. of the total sum paid up on all the shares conferring that right (excluding shares in the Company conferring a right to vote on the resolution which are held as treasury shares).

#### 4.12 ***Borrowing powers***

Subject to the Articles and to the provisions of the Act, the Directors may exercise all the powers of the Company to borrow money, to guarantee, to indemnify and to mortgage or charge its undertaking, property, assets (present and future) and uncalled capital or any part or parts thereof and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

The Board shall restrict the borrowings of the Company and exercise all voting and other rights and powers of control exercisable by the Company in respect of its subsidiary undertakings so as to secure (and as regards its subsidiary undertakings in so far as it can secure by such exercise) that the aggregate principal amount at any one time outstanding in respect of moneys borrowed by the Group (exclusive of moneys borrowed by one Group Company from another and after deducting cash deposited) and secured by way of a general charge over all the assets of the group shall not at any time without the previous sanction of an ordinary resolution of the Company exceed the greater of £10 million and an amount equal to 2.5 times the adjusted capital and reserves (as defined in the Articles), or £50 million where security for such indebtedness is solely provided by the specific investment or capital project which has been financed by that debt.

#### 4.13 ***Directors***

The Directors (other than alternative Directors) shall be entitled to receive by way of fees for their services as Directors such sum as the Board may from time to time determine (not exceeding £200,000 per annum in aggregate or such other sum as the Company in general meeting shall from time to time determine). Such sum (unless otherwise directed by the resolution of the Company by which it is voted) shall be divided among the Directors in such proportions and in such manner as the Board may determine or in default of such determination, equally (except that in such event any Director holding office for less than the whole of the relevant period in respect of which the fees are paid shall only rank in such division in proportion to the time during such period for which he holds office). Any fees payable pursuant to this Article shall be distinct from any salary, remuneration or other amounts payable to a Director pursuant to any other provisions of these Articles and shall accrue from day to day.

Each Director shall be entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by him in or about the performance of his duties as Director, including any expenses incurred in attending meetings of the Board or any committee of the Board or general meetings or separate meetings of the holders of any class of shares or of debentures of the Company.

The Board may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits and to provide death or disability benefits or other allowances or gratuities (whether by insurance or otherwise) for or to institute and maintain any institution, association, society, club, trust, other establishment or profit sharing, share incentive, share purchase or employees' share scheme calculated to advance the interests of the Company or to benefit any person who is or has at any time been a Director of the Company or any company which is a subsidiary company of or allied to or associated with the Company or any such subsidiary or any predecessor in business of the Company or of any such subsidiary and for any member of his family (including a spouse or former spouse or civil partner or former civil partner) and any person who is or was dependent on him.

#### 4.14 ***Directors' interests***

Subject to and in accordance with the Act and the Articles, the Directors may authorise any Relevant Situation (as defined in the Articles), including without limitation, the continuing performance by the Conflicted Director (as defined in the Articles) of his duties and the acceptance of or continuing in any office, employment or position in addition to that of his office as a Director.

Any authorisation shall be effective only if:

- (a) the Relevant Situation arose on or after 1 October 2008;

- (b) any requirement as to the quorum at any meeting of the Directors at which the matter is considered is met without counting either the Conflicted Director or any other interested Director; and
- (c) the matter or situation was agreed to and any relevant resolution was passed without counting the votes of the Conflicted Director and without counting the votes of any other interested Director (or such matter or situation would have so agreed and such relevant resolution would have been so passed if their votes had not been counted); and
- (d) the Conflicted Director has disclosed in writing all material particulars of the matter, office, employment or position which relates to the Relevant Situation which could reasonably be expected to influence the decision of the Independent Directors (as defined in the Articles) as to whether to authorise such matter, office, employment or position which relates to the Relevant Situation and the continuing performance of the Conflicted Director of his duties and/or the terms of such authorisation.

Provided permitted by the Act and provided he has disclosed to the Board the nature and extent of his interest, a Director, notwithstanding his office:

- (e) may be a party to, or otherwise interested in any contract, arrangement, transaction or proposal with the Company or in which the Company is otherwise interested, either in regard to his tenure of any office or place of profit or as vendor, purchaser or otherwise;
- (f) may hold any other office or place of profit under the Company (except that of Auditor or of auditor of a subsidiary of the Company) in addition to the office of Director and may act by himself or through his firm in a professional capacity for the Company and in any such case on such terms as to remuneration and otherwise as the Remuneration Committee may arrange either in addition to or in lieu of any remuneration provided for by any other Article;
- (g) may be a member of or a director or other officer of, or employed by, or a party to any transaction or arrangement with or otherwise interested in, any body corporate promoted by or promoting the Company or in which the Company is otherwise interested or as regards which the Company has any powers of appointment;
- (h) shall not, by reason of his office, be liable to account to the Company for any dividend, profit, remuneration, superannuation payment or other benefit which he derives from:
  - (i) any matter, office, employment or position which relates to a Relevant Situation authorised in accordance with the Articles; or
  - (ii) any office, employment, contract, arrangement, transaction or proposal or other interest permitted pursuant to the Articles,

and no contract, arrangement, transaction or proposal shall be avoided on the grounds of any Director having any such interest or receiving any benefit authorised or permitted pursuant to the Articles and the receipt of any such benefit so authorised or permitted shall not constitute a breach of the duty not to accept benefits from third parties as set out in section 176 of the Act.

Save as provided in the Articles, a Director shall not vote on or be counted in the quorum in relation to any resolution of the Board or of a committee of the Board concerning any transaction or arrangement with the Company in which he has an interest which may reasonably be regarded as likely to give rise to a conflict of interest, unless the resolution relates to one of the matters set out in the following sub-paragraphs in which case he shall be entitled to vote and be counted in the quorum:

- (i) the giving to him of any guarantee, security or indemnity in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiary undertakings;

- (j) the giving to a third party of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part either alone or jointly with others, under a guarantee or indemnity or by the giving of security;
- (k) where the Company or any of its subsidiary undertakings is offering securities in which offer the Director is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the Director is to participate;
- (l) relating to another company in which he and any persons connected with him do not to his knowledge hold an interest in shares representing 1 per cent. or more of either class of the equity share capital, or the voting rights, in such company;
- (m) relating to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; or
- (n) concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons including Directors.

A Director shall not vote or be counted in the quorum on any resolution of the Board or committee of the Board concerning his own appointment (including fixing or varying the terms of his appointment or its termination) as the holder of any office or place of profit with the Company or any company in which the Company is interested.

#### 4.15 *Appointment, retirement and removal of directors*

Unless and until otherwise determined by the Company by ordinary resolution the number of Directors (other than any alternative Directors) shall be not less than two or more than 12.

Subject to the provisions of the Articles and to the Act, the Company may by ordinary resolution appoint a person who is willing to act to be a Director, either to fill a vacancy, or as an addition to the existing Board, and may also determine the rotation in which any additional Directors are to retire, but the total number of Directors shall not exceed any maximum number fixed in accordance with these Articles.

Without prejudice to the power of the Company to appoint any person to be a Director pursuant to the Articles, the Board shall, subject to the provisions of the Act, have power at any time to appoint any person who is willing to act as a Director, either to fill a vacancy or as an addition to the existing Board, but the total number of Directors shall not exceed any maximum number fixed in accordance with these Articles. Any Director so appointed shall hold office only until the annual general meeting of the Company next following such appointment and shall then be eligible for re-election but shall not be taking into account in determining the number of Directors who are to retire by rotation at that meeting. If not re-appointed at such annual general meeting, he shall vacate office at that meeting.

At any annual general meeting of the Company, any Director who has not been appointed or re-appointed at either of the two previous annual general meetings of the Company shall retire.

The Company may by ordinary resolution (of which special notice has been given in accordance with section 312 of the Act) remove any Director before the expiration of his period of office.

Without prejudice to any provisions for retirement contained in the Articles, the office of a Director shall be vacated if:

- (a) he resigns by notice in writing delivered to the Secretary at the Office or tendered at a Board meeting in which event he shall vacate that office on the service of that notice on the Company or at such later time as is specified in the notice or he offers in writing to resign from his office and the Directors resolve to accept such offer; or

- (b) he ceases to be a Director by virtue of any provision of the Act, is removed from office pursuant to these Articles or becomes prohibited by law from being a Director; or
- (c) he becomes bankrupt, has an interim receiving order made against him, makes any arrangement or compounds with his creditors generally or applies to the Court for an interim order under section 253, Insolvency Act 1986 in connection with a voluntary arrangement under that Act; or
- (d) an order is made by any court of competent jurisdiction (whether in the United Kingdom or elsewhere) on the ground (howsoever formulated) of mental disorder for his detention or for the appointment of a guardian or receiver or other person to exercise powers with respect to his property or affairs or he is admitted to hospital in pursuance of an application for admission for treatment under any statute for the time being in force in the United Kingdom relating to mental disorder or, in any other territory, in pursuance of an application for admission under analogous legislation or regulations and the Board resolves that his office be vacated; or
- (e) he shall be absent, without the permission of the Board from Board meetings for six consecutive months (whether or not an alternative Director appointed by him attends) and the Board resolves that his office be vacated; or
- (f) he is requested to resign by notice in writing addressed to him at his address as shown in the register of Directors and signed by all the other Directors (without prejudice to any claim for damages which he may have for breach of any contract between him and the Company); or
- (g) he is convicted of an indictable offence and the Directors shall resolve that it is undesirable in the interests of the Company that he remains a Director of the Company; or
- (h) the conduct of that Director (whether or not concerning the affairs of the Company) is the subject of an investigation by an inspector appointed by the Secretary of State or by the Serious Fraud Office (or any successor body or body equivalent in any foreign jurisdiction thereto) and the Board shall resolve that it is undesirable that he remains a Director; or
- (i) notice is given to terminate his contract of employment or engagement with the Company where he is in breach of such contract; or
- (j) he has been disqualified from acting as a director.

Subject to, and to the fullest extent permitted by, the provisions of the Act (but without prejudice to any indemnity to which he may be otherwise entitled), every Director and every director of any associated company, former Director, alternate Director, Secretary or other officer of the Company (other than an Auditor) shall be fully indemnified out of the assets of the Company against all or any part of any costs, charges, losses, damages and liabilities (all or any of them being a liability) incurred by him in relation to anything done, omitted or alleged to have been done by him in the actual or purported execution or discharge of his duties or exercise of his powers in relation to the Company or in connection with the Company's activities as trustee of any occupational pension scheme (as defined in section 235(6), Act).

Subject to the provisions of the Act, the Board may purchase and maintain insurance at the expense of the Company for the benefit of any person (other than an Auditor) who is or was at any time a Director or other officer or employee of the Company or of any other company which is a subsidiary, subsidiary undertaking or holding company of the Company.

## **5 Miscellaneous**

### **5.1 *Untraced shareholders***

Subject to the Articles, the Company may sell any shares registered in the name of a member remaining untraced for 12 years who fails to communicate with the Company following advertisement of an intention to make such a disposal. Until the Company can account to the member, the net proceeds of sale will be available for use in the business of the Company or for investment, in either case at the discretion of the Board. The proceeds will not carry interest.

### **5.2 *Non-United Kingdom shareholders***

There are no limitations in the Articles on the rights of non-United Kingdom shareholders to hold, or to exercise voting rights attached to, the Ordinary Shares. However, non-United Kingdom shareholders are not entitled to receive notices of general meetings unless the shareholder has given an address in the United Kingdom to which such notices may be sent or, subject to and in accordance with the Companies Act, an address to which notices may be sent in electronic form.

### **5.3 *CREST***

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Articles are consistent with CREST membership and, amongst other things, allow for the holding and transfer of shares in uncertificated form. The Articles contain other provisions in respect of transactions with the shares in the Company in uncertificated form and generally provide for the modifications of certain provisions of the Articles so that they can be applied to transactions with shares in the Company in uncertificated form.

### **5.4 *Takeover Code***

Under the UK Takeover Code, if an acquisition of Ordinary Shares were to increase the aggregate holding of the acquirer and its concert parties to shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for the Ordinary Shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by any acquisition of shares by a person holding (together with its concert parties) shares carrying between 30 per cent. and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the total voting rights of the Company.

### **5.5 *Squeeze-out***

Under the Act, if an offeror were to acquire 90 per cent. of the Ordinary Shares within four months of making its offer, it could then compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding Shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for the outstanding Shareholders. The consideration offered to the Shareholders whose shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the takeover offer unless the Shareholders can show that the offer value is unfair.

### **5.6 *Sell-out***

The Act also gives minority Shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the Ordinary Shares and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90 per cent. of the Ordinary Shares, any holder of shares to which the offer relates who has not accepted the offer can by written communication to the offeror require it to acquire those shares. The offeror would be required to give any Shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises its rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms and may be agreed.

## 6 Information on the Directors

### *Directors' Interests*

6.1 The interests (all of which are beneficial unless otherwise stated) of the Directors and their family as defined in the AIM Rules in the issued share capital of the Company or the existence of which could, with reasonable diligence, be ascertained by any Director as at the date of this document and as expected to be immediately following Admission are as follows:

<i>Name</i>	<i>At the date of this document</i>			<i>Immediately following Admission</i>		
	<i>No. of Ordinary Shares</i>	<i>% of Issued Share Capital</i>	<i>No. of Ordinary Shares over which Options are granted</i>	<i>No. of Ordinary Shares</i>	<i>% of Enlarged Share Capital</i>	<i>No. of Ordinary Shares over which Options are granted</i>
Rick Squires	28,000	0.36	75,000	28,000	0.22	75,000
Juliet Davenport	394,161	5.04	459,346	394,161	3.15	459,346
Garry Peagam	37,000	0.47	300,000	37,000	0.30	300,000
Martin Edwards	686,827	8.79	—	686,827	5.48	—

Notes:

1. Martin Edwards' parents and children hold an additional 651,107 Ordinary Shares
  2. In addition to the shareholding of Martin Edwards detailed above, his father, Peter Dixon Edwards, holds 123,450 Ordinary Shares as trustee of a discretionary trust under which, Martin Edwards is one of the potential beneficiaries
- 6.2 Save as disclosed above, none of the Directors or their family as defined in the AIM Rules has or will have any interest, immediately following Admission, whether beneficial or non-beneficial, in any share or loan capital of the Company.
- 6.3 There are no outstanding loans granted or guarantees provided by the Company or any company in the Group to or for the benefit of any of the Directors.
- 6.4 Save as disclosed above, and save as otherwise disclosed in this document, no Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company since 2009 and which remains in any respect outstanding or under-performed.
- 6.5 None of the Directors or their family as defined in the AIM Rules is interested in any related financial product referenced to the Ordinary Shares (being a financial product whose value is, in whole or in part, determined directly or indirectly by reference to the price of the Ordinary Shares including a contract for difference or a fixed odds bet).

### *Executive Directors' Service Contracts*

- 6.6 Juliet Davenport has a service contract dated 2 August 2007 with the Company under which she is appointed Chief Executive. The service contract is supplemented by addenda respectively effective 1 January 2012 and 28 June 2012. The contract, as supplemented by the addendum, provides for an annual salary of £150,000, a bonus of up to 50 per cent. of annual salary, health insurance and life insurance of four times base salary, and a pension benefit of a contribution of 10 per cent. The notice period under the contract is nine months, and the contract contains a six-month post-termination non-solicitation restriction. The contract also contains provisions on confidentiality.
- 6.7 Garry Peagam has a service contract dated 24 June 2010 with the Company under which he is appointed Finance Director. The service contract is supplemented by addenda respectively effective 1 January 2012 and 28 June 2012. The contract, as supplemented by the addenda, provides for an annual salary of £130,000, a bonus of up to 50 per cent. of annual salary, health insurance and life insurance of 4 times base salary, and a pension benefit of a contribution of 10 per cent. of base salary. The notice period under the contract is nine months, increasing to 12 months in the event of a shareholder acquiring 50 per cent. of the voting share capital of the Company or an agreement which allows the Company's shareholding in Good Energy Limited to fall below Good Energy Limited's issued share capital.

### ***Non-Executive Directors' letters of appointment***

- 6.8 Richard Squires has a letter of appointment dated 28 June 2011 appointing him as a Non-Executive Director. The appointment letter provides for an annual fee of £36,900 and is terminable by either party on three months' notice.
- 6.9 Martin Edwards has a letter of appointment dated 7 May 2008 appointing him as a Non-Executive Director. The appointment letter provides for an annual fee of £20,000 and is terminable by either party on three months' notice.
- 6.10 Save as disclosed above, there are no service contracts in existence or proposed between any Director and the Company or any company in the Group.

### ***Additional Information on the Directors***

- 6.11 The names of all companies and partnerships of which the Directors have been a director or partner at any time in the five years preceding the date of this document and indicating whether they are current or past are set out below:

<i>Director</i>	<i>Current Directorships/Partnerships</i>	<i>Previous Directorships/Partnerships</i>
Richard Squires	Chippenham Rotary and Inner Wheel Trust Limited Freesource Energy Limited Good Energy Group PLC Green Energy for Education Limited Kington St. Michael Village Shop Limited Milford Haven Port Authority (appointment in progress) Pienergy Limited	Alternatech Fuel Systems Limited Eclipse Energy Company Limited Eclipse Energy UK Limited Fibregen Limited Princeton Co-Generation Corporation Senergy Alternative Energy Limited
Juliet Davenport	Good Energy Delabole Windfarm Limited Good Energy Gas Limited Good Energy Generation Limited Good Energy Group PLC Good Energy Limited Good Energy Shop Limited Homegrown Energy Ltd Windelectric Limited	Good Solar Limited Monkton Generation Limited Monkton Group Limited Regen SW Unit Energy Limited
Garry Peagam	Dorothy House Foundation Limited (The) Good Energy Delabole Windfarm Limited Good Energy Generation Limited Good Energy Group PLC Good Energy Limited	M-netics Holdings Limited
Martin Edwards	Good Energy Group PLC Good Energy Limited Windelectric Management Limited Windelectric Limited Member of the following partnerships: – Messrs' PD Edwards, Deli Farm, Delabole, Cornwall PL33 9BZ – Deli Farm Charcuterie, Deli Bungalow, Delabole, Cornwall PL33 9BZ	Monkton Trustees Limited

- 6.12 In December 2007, Richard Squires was appointed a non-executive director of Alternattech Fuel Systems Limited, a small UK company which fitted liquefied petroleum gas conversion equipment to motor vehicles. This company became insolvent and ceased trading during 2009 and was subsequently wound up.
- 6.13 Save as disclosed in paragraph 6.12, none of the Directors has:
- (a) any unspent convictions in relation to indictable offences;
  - (b) had any bankruptcy order made against him or entered into any voluntary arrangements;
  - (c) been a director of a company which has been placed in receivership, compulsory liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director;
  - (d) been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
  - (e) been the owner of any asset or been a partner in any partnership which owned, any asset which while he owned that asset, or while he was a partner or within the 12 months after he ceased to be a partner in the partnership which owned the asset entered into receivership;
  - (f) been the subject of any public criticism by any statutory or regulatory authority (including recognised professional bodies); or
  - (g) been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of any company.

## **7 Share Incentive Arrangements**

- 7.1 Certain employees are granted options by the Company or the Trustee as defined in paragraph 7.2 below from time to time to acquire shares in the Company at future dates. Options are awarded by the Remuneration Committee, which receives advice from external consultants, to key staff to encourage them to remain with the Company. The Company has outstanding option grants over 1,551,046 Ordinary Shares at exercise prices of between £0.50 and £1.15, of which 839,266 are EMI eligible share options and 711,780 are unapproved share options. There is no set option grant plan or set option pool size.
- 7.2 The Company has set up the Good Energy Group Employee Benefits Trust (EBT) which via its Trustee, Clarke Willmott Trust Corporation Limited, (Trustee), holds shares in the Company with a view to these shares being available to meet share options exercised. The Trustee currently holds 776,430 Ordinary Shares. These shares are not entitled to dividends while held by the Trustee as trustee of the EBT save in respect of any dividend declared and paid to the Trustee applicable to 169,000 Ordinary Shares now registered in the name of third parties but in respect of which the Trustee was the registered holder on 4 May 2012.
- 7.3 Options granted by the Company or the Trustee are non-transferable and are generally exercisable at any time from the third anniversary from the date of grant, and lapse if not exercised by the date falling ten years from the date of grant. In the event of a change of control of the Company the options will become immediately exercisable. Each option is granted pursuant to an individual share option agreement which is in a standard form.

## 8 Major Shareholders

- 8.1 So far as the Directors are aware, no person other than those listed below (other than any Directors and their family as defined in the AIM Rules whose holdings are detailed above) will be interested, directly or indirectly, in 3 per cent. or more of the share enlarged capital of the Company immediately following Admission:

<i>Name</i>	<i>At the date of this Document</i>		<i>Immediately following Admission</i>	
	<i>No. of Ordinary Shares</i>	<i>% of Issued Share Capital</i>	<i>No. of Ordinary Shares</i>	<i>% of Enlarged Share Capital</i>
Cazenove Capital Management Ltd	—	—	2,352,941	18.79%
Legal & General Investment Management	—	—	1,176,471	9.39%
Clarke Willmott Trust Corporation Limited (Trustee of the Good Energy Group Employee Benefits Trust)	776,430	9.93%	776,430	6.20%
John Sellers	664,797	8.50%	664,797	5.31%
Peter Dixon Edwards (Martin Edwards' father)	451,098	5.77%	451,098	3.60%
Ecotricity Group Ltd	356,488	4.56%	356,488	2.85%

Note:

1. Having regard to the shareholding of Peter Dixon Edwards detailed above, 123,450 Ordinary Shares comprised in that shareholding are held by him as trustee of a discretionary trust
- 8.2 Save as disclosed above, so far as the Directors are aware, there is no person or persons who could directly or indirectly, jointly or severally exercise control over the company immediately after Admission.

## 9 Material Contracts

- 9.1 The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Group within the period of two years immediately preceding the date of this document or were entered into prior to this but contain provisions under which the Group has an obligation or commitment which is, or may be, material to the Group as at the date of this document:

### *Agreements in connection with the Placing*

- (a) The Placing Agreement dated 25 July 2012 between the Company, the Directors and N+1 Brewin, whereby N+1 Brewin is appointed as agent of the Company to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price. Pursuant to the Placing Agreement, the Company and the Directors have given certain warranties to N+1 Brewin regarding, inter alia, the accuracy of information in this document and the Company has given N+1 Brewin an indemnity. The Placing is not underwritten. The Placing Agreement is conditional, *inter alia*, on Admission taking place no later than 30 July 2012 or such later date as may be agreed by the Company and N+1 Brewin (not being later than 13 August 2012). Under the Placing Agreement, the Company has agreed to pay to N+1 Brewin a corporate finance fee of £115,000 and a commission of 4.5 per cent. of the aggregate value of the Placing Shares at the Placing Price, together with all costs and expenses and VAT thereon, where appropriate.
- (b) A nominated adviser and broker agreement dated 12 June 2012 between the Company, the Directors and N+1 Brewin pursuant to which the Company has appointed N+1 Brewin to act as its nominated adviser and broker to the Company for the purposes of the AIM Rules for Companies. The Company has agreed to pay N+1 Brewin an annual retainer of £35,000. The agreement contains certain undertakings by the Company and the Directors and indemnities given by the Company in respect of, inter alia, compliance with all applicable regulations. The agreement may be terminated by either the Company or N+1 Brewin without cause.

- (c) Lock-in and orderly market agreements between each of the Directors, the Company and N+1 Brewin pursuant to which each of the Directors has agreed not to dispose of any interest in Ordinary Shares: (i) for a period of six months following Admission, except in certain specified circumstances, including transfers or disposals made with the written consent of N+1 Brewin; and (ii) for a further period of six months except through N+1 Brewin in accordance with N+1 Brewin's reasonable requirements for an orderly market.

#### ***Co-operative Bank plc project finance facilities***

9.2 Pursuant to an agreement dated 8 January 2010 (as amended), Co-operative Bank plc provides to Good Energy Delabole Windfarm Limited:

- (a) a development facility of up to £9,595,370 to finance project infrastructure and associated costs;
- (b) a Term Loan Facility of up to £9,595,370 to refinance the development facility; and
- (c) a VAT Facility of up to £700,000.

The term loan facility is secured on the assets of Delabole Wind Farm and is repayable in six-monthly instalments over 15 years. The agreement provides for mandatory prepayment at a total loss event or a change of control without the consent of Co-Op Bank by which the Company would cease to hold, directly or indirectly, 100 per cent. of the issued share capital of Good Energy Delabole Windfarm Limited. The agreement contains typical events of default and contains no restrictions on the change of control of the Company itself. There is an absolute prohibition on Good Energy Delabole Windfarm Limited from assigning any of its rights or transferring any rights or obligations under the facilities.

Interest is payable on the loan at rate of LIBOR plus 2.5 per cent. The Group has entered into a floating to fixed interest rate swap which fixes the pay rate at 7.15 per cent. for the duration of the loan.

Co-Op Bank requires the Group to maintain £631,000 of cash in debt service reserve accounts which is not available for general use.

## **10 Related Party Transactions**

Martin Edwards, a non-executive director of the Company, has a controlling interest in Windelectric Management Limited. In January 2010 Windelectric Management Limited entered into an agreement with Good Energy Delabole Wind Farm Limited to provide site management for Delabole Wind Farm. The amount payable under this agreement each year is £75,000 index-linked.

## **11 UK Taxation**

11.1 The following paragraphs are intended as a general guide only for certain UK tax consequences for Shareholders who are the beneficial owners of Ordinary Shares in the Company and who are resident and, in the case of individuals, ordinarily resident and domiciled in the UK for tax purposes, holding Ordinary Shares in the Company as investments and not as securities to be realised in the course of a trade. They are based on current enacted legislation and rates and what is understood to be current HMRC practice as at the date of this document and may not apply to certain Shareholders, for example, but not limited to, Shareholders who have acquired Ordinary Shares or in connection with an office or employment with the Company. Any prospective purchaser of Ordinary Shares in the Company who is in any doubt about his tax position or who is subject to taxation in a jurisdiction other than the UK, should consult his own professional adviser immediately.

### ***Taxation of UK Resident Shareholders***

#### ***11.2 Taxation of Chargeable Gains***

- (a) Ordinary Shares acquired under the Placing will, for the purpose of tax on chargeable gains, be treated as acquired on the date of issue. The amount paid for the Ordinary Shares in the Company will generally constitute the base cost of a Shareholder's holding.

- (b) A disposal or deemed disposal of Ordinary Shares in the Company by a UK resident Shareholder may give rise to a chargeable gain (or allowable loss) for the purposes of UK capital gains tax (“CGT”) (where the Shareholder is an individual) or UK corporation tax on chargeable gains (where the Shareholder is within the charge to UK corporation tax), depending on their circumstances and subject to any available exemption or relief (such as the substantial share holdings exemption).
- (c) As regards an individual Shareholder, the principal factors that will determine the extent to which a gain will be subject to CGT are (i) the extent to which he realises any other capital gains in the tax year of assessment in which the gain arises, (ii) the extent to which he has incurred capital losses in that or any earlier tax year of assessment and (iii) the level of the annual exemption in the tax year of assessment in which the disposal takes place.
- (d) Subject to the availability of any such exemptions, reliefs and/or allowable losses, a gain on disposal of Ordinary Shares by individuals, trustees and personal representatives will generally be subject to CGT at the rate of 28 per cent. (except where the gain is realised by an individual who is not subject to tax at the higher rate; such an individual is subject to CGT at 18 per cent.).
- (e) Subject to the availability of any exemptions, reliefs and/or allowable losses, a disposal of Ordinary Shares by companies subject to UK corporation tax will generally be subject to UK corporation tax at the rate of 24 per cent. Indexation allowance may be available to reduce any chargeable gain arising on such disposal but cannot act to create or increase a loss.

### 11.3 *Dividends and other Distributions*

- (a) The Company will not be required to withhold UK tax at source when paying a dividend.
- (b) Shareholders who are resident in the UK for tax purposes will generally be liable to UK income tax or corporation tax in respect of dividends paid by the company.
- (c) Dividends received by an individual Shareholder who is resident or ordinarily resident for tax purposes in the UK will be chargeable at the dividend ordinary rate, the dividend higher rate or the dividend additional rate.
- (d) The dividend ordinary rate is 10 per cent. and this applies to any taxpayer who is subject to income tax at the basic rate only. The tax credit attaching to the dividend meets tax due at the dividend ordinary rate and such a taxpayer is not subject to further UK tax on the dividend.
- (e) The dividend higher rate is 32.5 per cent. and this applies if and to the extent that the taxpayer is subject to higher rate income tax. After offset of the tax credit attaching to the dividend a higher rate taxpayer will have to account for additional tax equal to 22.5 per cent., of the gross dividend (which also equals 25 per cent., of the cash dividend received).
- (f) Those with annual taxable income above £150,000 will be taxable at a dividend additional rate of 42.5 per cent. The effect of the tax credit will be that individuals subject to this higher rate will have to account for additional tax at the rate of 32.5 per cent, of the gross dividend (which also equals approximately 36.1 per cent. of the cash dividend received).
- (g) Although a UK resident corporate Shareholder can be subject to UK corporation tax on dividends paid by the Company, such Shareholders should (subject to anti-avoidance rules) be exempt from corporation tax on dividends paid by the Company, provided the dividend falls within one of the exempt classes set out in Part 9A of the Corporation Tax Act 2009. Corporate shareholders should seek independent advice on their position.
- (h) Shareholders who are not resident for tax purposes in the UK should obtain their own tax advice concerning tax liabilities on dividends received from the Company.

- (i) Non-UK resident Shareholders will not generally be able to claim repayment from HMRC of any part of the tax credit attaching to dividends paid by the Company. A Shareholder resident outside the UK may also be subject to foreign taxation on dividend income under local law. Shareholders who are not resident for tax purposes in the UK should obtain their own tax advice concerning tax liabilities on dividends received from the Company.

#### 11.4 *Inheritance Tax*

- (a) The Ordinary Shares beneficially owned by an individual may (subject to certain exemptions and reliefs) be subject to UK inheritance tax. A gift of such shares by, or on the death of, an individual Shareholder may give rise to a liability to UK inheritance tax even if the Shareholder is neither domiciled in the UK nor deemed to be domiciled in the UK for UK inheritance tax purposes.
- (b) Generally UK inheritance tax is not chargeable on outright gifts to individuals if the transfer is made more than seven complete years prior to the death of the donor. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit or acquires some benefit at a later time.

#### 11.5 *Stamp Duty and Stamp Duty Reserve Tax*

- (a) There is generally no charge to stamp duty or Stamp Duty Reserve Tax (“SDRT”) on the issue of Ordinary Shares.
- (b) The transfer or sale of Ordinary Shares will be liable to ad valorem stamp duty, generally at the rate of 0.5 per cent., (rounded up to the next multiple of five pounds (£5)) of the amount or value of consideration paid, where this is over £1,000. Stamp duty is normally paid by the purchaser or transferee of the Ordinary Shares.
- (c) The Ordinary Shares are chargeable securities for SDRT, and so dealings in the Ordinary Shares would be expected to be subject to SDRT, at the rate of 0.5 per cent. of the consideration for the dealing.
- (d) The above statements are intended as a general guide to the current stamp duty and SDRT position and do not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with Depository arrangements and clearance services.
- (e) If you are in any doubt as to your tax position, or are subject to tax in a jurisdiction other than the UK, you should consult your professional adviser.

## **12 Working Capital**

- 12.1 In the opinion of the Directors, having made due and careful enquiry, the working capital available to the Company and the Group is sufficient for its present requirements, that is, for at least the next 12 months from the date of Admission.

## **13 Litigation**

- 13.1 There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) of which the Company is aware, which may have or have had during the 12 months immediately preceding the date of this document a significant effect on the financial position or profitability of the Company or the Group.

## **14 Consents**

- 14.1 PricewaterhouseCoopers LLP has given and not withdrawn its consent to the inclusion in this Admission Document of its accountant’s report in Section A of Part V in the form and context in which it is included and has authorised the contents of that report for the purposes of the AIM Rules for Companies.

14.2 N+1 Brewin which is acting as nominated adviser and broker to the Company has given and not withdrawn its written consent to the inclusion in this document of reference to its name in the form and context in which it appears.

## **15 General**

15.1 The audited financial information in this document relating to the Group and the Company and in particular the financial information contained in Part V of this document does not constitute statutory accounts within the meaning of section 434 of the Act.

15.2 There has been no significant change in the trading or financial position of the Group since 31 December 2011, being the date to which the historical financial information in Part V – “Financial Information relating to the Group” was prepared.

15.3 The gross proceeds of the Placing are expected to be £4.0 million. The Placing Price is payable in full in cash on acceptance. The total costs and expenses relating to the Placing payable by the Company are estimated to be £0.5 million (excluding VAT).

15.4 The Ordinary Shares have been admitted to trading on the PLUS Stock Exchange (“PLUS-SX”), which is a London-based stock exchange providing cash trading and listing services. Following Admission the Ordinary Shares will no longer be admitted to trading on PLUS-SX.

15.5 The Placing Shares are not being offered generally and no applications have or will be accepted other than under the terms of the Placing Agreement and the Placing letters. All the Placing Shares have been placed firm with placees. The Placing is not being guaranteed or underwritten by any person.

15.6 The auditors of the annual statutory financial statements of the Company for the years ended 31 December 2009, 2010 and 2011 were Calder & Co. of 1 Regent Street, London SW1Y 4NW.

15.7 The accounting reference date of the Company is 31 December.

15.8 When information has been sourced from a third party this information has been accurately reproduced. So far as the Company and the Directors are aware and are able to ascertain from information provided by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

15.9 The percentage of dilution as a result of the Placing is approximately 38 per cent.

15.10 The ISIN number for the Ordinary Shares is GB0033600353.

15.11 It is expected that definitive share certificates will be despatched by hand or first class post by 1 August 2012. In respect of uncertificated shares, it is expected that Shareholders’ CREST stock accounts will be credited at 8.00 a.m. on 30 July 2012.

15.12 The Directors are unaware of any exceptional factors which have influenced the Company’s activities.

15.13 Save as disclosed in this Document there are no patents or other intellectual property rights, licences or particular contracts which are or may be of fundamental importance to the Company’s business.

15.14 Save as disclosed in this document no person directly or indirectly (other than the Company’s professional advisers and trade suppliers or as disclosed in this document) in the last 12 months received or is contractually entitled to receive, directly or indirectly, from the Company on or after Admission (excluding in either case persons who are professional advisers otherwise than as disclosed in this document and persons who are trade suppliers) any payment or benefit from the Company to the value of £10,000 or more or securities in the Company to such value at the Placing Price or entered into any contractual arrangements to receive the same from the Company at the

date of Admission and there are no payments aggregating over £10,000 made to any government or regulatory authority as similar body made by the Company or on behalf of it, with regards to the acquisition of or maintenance of its assets.

15.15 Copies of this document will be available free of charge during normal business hours on any week day (Saturdays, Sundays and public holidays excepted) until the date following one month after the date of Admission at the registered office of the Company, and at the offices of Norton Rose LLP, 3 More London Riverside, London SE1 2AQ.

Dated 25 July 2012.

## PART VII

### DEFINITIONS

“Act”	the Companies Act 2006, as amended
“Admission Document” or “this Document”	the admission document to be issued by the Company on or around 25 July 2012
“Admission”	the admission of the Ordinary Shares to trading on the AIM market of the London Stock Exchange plc in accordance with the AIM Rules
“AIM Rules”	the AIM Rules for Companies as published by the London Stock Exchange, as amended from time to time
“AIM”	the AIM market operated by the London Stock Exchange
“Board” or “Directors” or “Management”	the directors of the Company, whose details are set out on page 6 of this Document
“certificated” or “in certificated form”	the description of a share or security which is in certificated form (that is, not in CREST)
“Company”	Good Energy Group PLC
“Computershare” or “Registrar”	Computershare Investor Services plc of The Pavilions, Bridgwater Road, Bristol BS99 6ZY, the Company’s registrars
“Co-op” or “Co-op Bank”	Co-operative Bank plc
“CREST”	the relevant system (as defined in the CREST Regulations) operated by Euroclear in accordance with which securities may be held or transferred in uncertificated form
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (as amended) and any applicable rules made under those regulations
“CRM”	customer relationship management
“Delabole” or “Delabole Wind Farm”	the wind farm located at Deli Farm, Delabole, Cornwall PL33 9BZ
“EBITDA”	Earnings before interest, tax, depreciation and amortisation
“EEA”	European Economic Area
“EMR”	Electricity Market Reform
“Enercon”	Enercon GmbH
“Enlarged Share Capital”	the Existing Ordinary Shares and by the Placing Shares
“EPIC Code”	Exchange Price Input Computer Code
“EPS”	Emissions Performance Standard
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST
“Existing Ordinary Shares”	the 7,816,767 Ordinary Shares in issue at the date of this Document
“FIT”	Feed-in Tariff
“FSA”	the Financial Services Authority of the UK
“GenCo”	Good Energy Generation Limited

“GESCS”	Green Energy Supply Certification Scheme
“Good Energy” or “Group”	the Company and its subsidiaries
“GW”	Gigawatt, one billion watts
“GWh”	Gigawatt-hour, one billion watt-hours
“kW”	Kilowatt, one thousand watts
“kWh”	Kilowatt-hour, one thousand watt-hours
“LEC”	Levy Exemption Certificate
“London Stock Exchange” or “LSE”	London Stock Exchange plc
“MW”	Megawatt, one million watts
“MWh”	Megawatt-hour, one million watt-hours
“N+1 Brewin”	Nplus1 Brewin LLP, a limited liability partnership, registered in England and Wales, with registered number OC 364131
“NFFO”	Non Fossil Fuel Obligation, implemented through the Electricity Act of 1989 and regulated by OFGEM
“NFPA”	Non Fossil Purchasing Agency
“OFGEM”	the Office of Gas and Electricity Markets, the industry regulator for the electricity and gas industries in England, Wales and Scotland
“OFT”	Office of Fair Trading
“Ordinary Shares”	ordinary shares of 5 pence each in the Company
“Placee”	an investor to whom Placing Shares are issued pursuant to the Placing
“Placing Agreement”	the conditional agreement dated 25 July 2012 between the Company (1), the Directors (2) and N+1 Brewin (3) relating to the Placing, further details of which are set out in paragraph 9.1(a) of Part VI of this Document
“Placing Shares”	the 4,705,882 new Ordinary Shares which are the subject of the Placing
“Placing”	the conditional placing by N+1 Brewin of the Placing Shares (as agent for the Company) subject to the terms of the Placing Agreement
“PLUS”	the trading facility and market established by OFEX plc
“PPA”	Power Purchase Agreement
“QCA” or “QCA Guidelines”	the corporate governance guidelines for AIM companies, published by the Quoted Companies Alliance
“REGO”	Renewable Energy Guarantee of Origin
“RHI”	Renewable Heat Incentive
“RMR”	Retail Market Reform
“ROC”	Renewable Obligation Certificate

“ROO”	the Renewables Obligation Order 2009, as amended by the Renewables Obligation (Amendment) Order 2010
“Shareholders”	holders of Ordinary Shares
“subsidiary” or “subsidiaries”	a subsidiary as defined in the Act
“UK”	the United Kingdom of Great Britain and Northern Ireland
“uncertificated” or “in uncertificated form”	recorded on the register of holders of Ordinary Shares as being held in uncertificated form in CREST, entitlement to which by virtue of the CREST Regulations, may be transferred by means of CREST
“watt”	a unit of power equal to one joule per second

