CLIPPER LOGISTICS PLC

INTERIM RESULTS FOR THE SIX MONTHS TO 31 OCTOBER 2014

Clipper Logistics plc ("Clipper", "the Group", or "the Company"), a leading provider of value-added logistics solutions and e-fulfilment to the retail sector, is pleased to announce its unaudited results for the six months ended 31 October 2014.

Financial Highlights

- Group revenue up 20.0% to £111.6 million (2013: £93.0 million);
- Group adjusted EBIT 28.8% ahead at £5.2 million (2013: £4.1 million);
- E-fulfilment Logistics EBIT up 34.0% to £2.2 million (2013: £1.6 million), reflecting continued organic growth and new contract wins;
- Non e-fulfilment Logistics EBIT up 12.3% to £4.7 million (2013: £4.2 million);
- Adjusted earnings per share up 29.6% to 3.5 pence (2013: 2.7 pence);
- Maiden interim dividend of 1.6 pence per share;
- Net debt reduced by £0.4 million to £14.2 million, after paying £2.3 million of non-recurring costs, (principally relating to costs associated with the IPO)

Operational Highlights

- Appointed by Philip Morris Limited to handle the UK storage and distribution of its leading brand portfolio;
- Relocated the Tesco online clothing operation to a new site at Daventry, signing a new five year contract for an extended range of services to support the customer's long term growth ambitions;
- Appointed by luxury fashion brand ME+EM to provide a multichannel retail logistics solution for their range;
- Appointed by leading German fashion brand s.Oliver, to manage its European wholesale and retail returns management service, representing the Group's first Boomerang contract in mainland Europe;
- Re-awarded womenswear fashion brand Whistles' contract to manage the receipt and distribution of its entire product range to customers worldwide;
- Continuing strong pipeline of new business opportunities;
- As separately announced today, acquired Servicecare Support Services Limited ("Servicecare") for cash consideration of £5.7 million, extending the Group's returns management operations to include electrical items, in addition to general merchandise and clothing.

Commenting on the results, Steve Parkin, Executive Chairman of Clipper, said:

“These are the first interim results of Clipper post-IPO, and I am pleased to report that the Group has delivered results in line with the Board’s expectations, with strong revenue and profit growth, and good cash conversion. Clipper continues to have a market-leading position in the high-growth area of e-fulfilment logistics, and has seen strong organic growth on existing contracts complemented by the impact of new contract wins.

Our Boomerang brand, which specialises in the management of returns, has continued to gain traction, and this will be further enhanced by the acquisition of Servicecare, which enables us to extend the Boomerang service to encompass electrical products, as well as clothing and general merchandise. Equally importantly, our non e-fulfilment operations have also continued to deliver significant year-on-year growth, reflecting the innovative approach Clipper takes to deliver solutions that address the needs of our customers.

We are pleased to announce a maiden interim dividend of 1.6 pence per share, which will be paid to shareholders on 31 December 2014.

We remain confident for the future and look forward to updating our shareholders and the markets throughout the year.”

ENQUIRIES

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About Clipper

Clipper Logistics plc (www.clippergroup.co.uk), which is premium listed on the Main Market of the London Stock Exchange, is a retail logistics specialist, which provides value-added, consultancy-led services to its blue chip client base. Clipper is a UK leader in its markets, with a long-standing customer base in:

- e-fulfilment
- fashion
- high-value logistics

A profitable and cash generative commercial vehicles business complements the Group’s logistics activities.

Cautionary statement

Any forward looking statements made in this document represent the Board’s best judgement as to what may occur in the future. However, the Group’s actual results for the current and future financial periods and corporate developments will depend on a number of economic, competitive and other factors, some of which may be outside the control of the Group. Such factors could cause the Group’s actual results in future periods to differ materially from those expressed in any forward looking statements included in this announcement.

PERFORMANCE AT A GLANCE

	6 months ended 31 October 2014 (unaudited) £m	6 months ended 31 October 2013 (unaudited) £m	Change
Revenue	111.6	93.0	+20.0%
Group adjusted EBIT	5.2	4.1	+28.8%
Profit before tax	3.6	2.1	+66.8%
Adjusted earnings per share	3.5p	2.7p	+29.6%
Operating cash generation before non-recurring items	6.7	0.8	

Adjusted earnings before interest and tax (EBIT), adjusted earnings per share and operating cash generation, are all stated prior to the deduction of certain non-recurring costs. These are IPO-related exceptional costs in the current year, other exceptional costs in the prior year, and certain discontinuing head office costs in both periods which are not borne by the Group post-IPO. These are set out more fully in note 5 to the condensed financial statements.

GROUP RESULTS

The Group has enjoyed a successful first half of the year with strong revenue and profit growth in line with the Board's expectations.

The first half of the current financial year saw both organic growth within existing customer contracts and the full year benefit of new customer contracts secured during the previous financial year. In addition, the Group was successful in winning new business during the period. This resulted in EBIT from e-fulfilment activities increasing by 34.0% against the prior year comparative period to £2.2 million.

Clipper's innovative, solutions-driven approach also led to significant growth in the non e-fulfilment sector, with EBIT increasing by 12.3% year-on-year to £4.7 million. Central logistics costs were also reduced by £0.2 million. The commercial vehicle segment saw steady profit growth, with EBIT 8.8% higher than the comparable period last year at £0.8 million.

The first six months saw the benefits of new contracts secured during the previous financial year, including SuperGroup and ASOS. In addition, organic growth within the e-fulfilment sector in particular led to increasing activity levels with existing customers. New contracts have been secured during the first half of the current financial year, including Philip Morris, which will underpin growth going forward.

The acquisition of the trade and assets of the Beständig group of companies in 2008, coupled with the acquisition of R Geist Spedition GmbH & Co. KG in October 2013, have created a platform in Germany to support the aspirations of German retailers wishing to move online, as well as UK retailers wanting to expand into continental Europe. We are pleased to report our first client win for the Boomerang brand in Germany, handling all store and wholesale returns for the s.Oliver group throughout Europe from our Munchberg site.

The solutions-driven approach taken by Clipper, together with operational excellence, leads to continued high levels of client retention and in the first half we have renewed or extended contracts with a number of our customers, including Tesco, ASOS, Whistles, Americana, s.Oliver, British American Tobacco, and American Golf.

We are also delighted to announce the acquisition of Servicecare for cash consideration of £5.7 million. To date, Clipper's returns management services have focused on clothing and general merchandise; the acquisition of

Servicecare will enable Clipper to complement its existing offering by providing returns management services for electrical products, giving a fuller range of returns management services to its blue-chip client base. It is expected that Servicecare will be immediately earnings-enhancing.

In line with the dividend policy set out at IPO, the Board is pleased to announce a maiden interim dividend of 1.6 pence per share, which will be paid on 31 December 2014.

STRATEGY

The Group's strategy is set around four key principles all of which have seen positive developments over the period under review:

- To build on Clipper's market leading customer proposition and continue to expand the customer base;
- Continue European expansion through our profitable German platform;
- The development of new, complementary products and services; and
- Explore acquisition opportunities.

The Group continues to be a leading provider of value-added logistics solutions to the retail sector in the UK as demonstrated through further new contract wins with blue-chip clients. Examples of these include a contract with Philip Morris to store and distribute its leading brand portfolio throughout the UK, and a multichannel solution for luxury fashion brand ME+EM. The Group's strategic positioning in the high-growth e-commerce sector has resulted in significant increases in volumes handled for many customers.

At the same time, we have also further expanded in mainland Europe through the contract with s.Oliver to manage its European wholesale and retail returns management service. Returns management is reported to be the 'battleground for competitive advantage' and we are delighted to have been recognised for our expertise in this sector by this major new contract win.

The Group continues to identify ways in which to address the logistical challenges of retailers through the development of new, complementary products and services. The Boomerang brand introduced in 2014 continues to gain traction, with the new contract with ASOS delivering benefits in the first half of the current financial year.

The Group also continues to identify potential acquisitions that are complementary to its activities. Clipper has identified returns management as a key long term growth opportunity, with the structural shift towards online retailing resulting in challenges being presented to retailers in the management of returned products. To that end, Clipper introduced the Boomerang brand during 2014 to address this issue. Clipper already provides returns management services for general merchandise and clothing, and the acquisition of Servicecare broadens the range of returned products that are handled by Clipper to include the return, repair and return to good stock or resale of electrical products. The demand for effective management of electrical returns is driven by both legislative requirements, and the significant value that can be added to returned products through rapid repair and return to good stock. Servicecare fulfils this need on behalf of its customers, and the addition of Servicecare to Clipper's existing proposition enables the Group to offer the full spectrum of returns management services. The acquisition will be immediately earnings-enhancing to Clipper.

OUTLOOK

Trading continues to be positive into the second half of the financial year, with significant year-on-year increases in activity levels in the e-commerce sector in particular, supplemented by the impact of new contract wins coming on-line.

Clipper is managing record volumes of activity for many of our clients in the run-up to Christmas, particularly in e-fulfilment and related services.

The commercial vehicles business continues to deliver solid performance.

BUSINESS REVIEW

Operational review

E-fulfilment logistics

E-fulfilment operations include the receipt, warehousing, stock management, picking, packing and despatch of products on behalf of customers to support their online trading activities, as well as a range of ancillary support services. At no time does Clipper take ownership of customers' products.

In addition, in early 2014 Clipper introduced a new brand, "Boomerang", under which returns of products, particularly those sold online, are managed on behalf of retailers.

The structural changes taking place in the retail sector, with continued migration to online retailing, has led to growth in the first half of the year in activity levels for many of our existing customers, including Asda, Tesco, John Lewis, and Wilkinsons.

The Group secured a number of key contract wins in the year to April 2014, which are contributing to earnings growth in the current financial year. These include the returns management operation for ASOS, in addition to SuperGroup.

During the period under review a number of new contracts were brought on stream, including Cabbages and Roses, ME+EM, and additional services for ASOS. In addition, we relocated the Tesco online clothing operation to a new site in Daventry to support its long term growth aspirations.

As a result, revenues moved ahead by 35.3% year on year, with adjusted EBIT increasing by 34.0% to £2.2 million.

We continue to innovate, and are working on a number of initiatives with clients, including automation of the Boomerang process, automated sortation for Click and Collect services, and potential development of a new site to support a range of activities including returns.

Non e-fulfilment logistics

Non e-fulfilment operations include receipt, warehousing, stock management, picking and distribution of products on behalf of customers. Clipper does not take ownership of customers' products at any time.

Within this sector, Clipper handles high value products, including tobacco, alcohol and high value clothing, and also undertakes traditional retail support services including processing, storage and distribution of products, particularly fashion, to high street retailers.

Clipper's consultancy-led business model generated new business wins in the year to 30 April 2014, the full year impact of which are coming through in the current year, including those with SuperGroup and Antler.

We have seen organic volume growth with a number of customers, including Sainsbury's, Mint Velvet and Whistles.

Clipper has agreed contract extensions with a number of clients during the period, including Americana, s.Oliver (for processing and distribution services), British American Tobacco and Whistles.

In addition, we have secured a number of new contracts including Philip Morris and s.Oliver (for returns processing).

Revenues were 18.1% ahead of the prior year at £49.0 million, and adjusted EBIT was 12.3% higher at £4.7 million.

Central logistics overheads

Central logistics overheads represent the costs of support services specific to the value-added logistics services segment, but which cannot be allocated in a meaningful way to the sub-segment activities.

Such costs include directorate, advertising and promotion, accounting and IT, and the costs of the solutions development team.

Costs reduced by £0.2 million compared to the prior year, in line with expectations.

Commercial Vehicles

The commercial vehicles business, Northern Commercials, operates Iveco and Fiat commercial vehicle dealerships from six locations, together with three sub-dealerships. The business sells new and used vehicles, provides servicing and repair facilities, and sells parts. Vehicles sold and serviced range from small light commercial vans, through to articulated tractor units.

Revenues were 12.4% ahead of the prior year at £36.2 million, with increases in both new vehicle sales and aftersales. Adjusted EBIT was 8.8% higher at £0.8 million.

Financial Review

Revenue

Group revenue increased by 20.0% to £111.6 million (2013: £93.0 million).

Revenue derived from added-value logistics services increased by 23.7% to £76.0 million (2013: £61.4 million), with growth in both e-fulfilment logistics (35.3% higher) and non e-fulfilment services (18.1% higher). The reasons for this growth are set out further below.

Revenue from commercial vehicle sales and repair services increased by 12.4% to £36.2 million (2013: £32.2 million). The increase was driven primarily by new vehicle sales growth, supplemented by growth in aftersales revenues (servicing and parts).

Revenue	**Six months to 31 October**		
	2014	**2013**	**Change**
E-fulfilment logistics	£27.0 m	£20.0 m	+35.3%
Non e-fulfilment logistics	£49.0 m	£41.4 m	+18.1%
Total value-added logistics	£76.0 m	£61.4 m	+23.7%
Commercial vehicles	£36.2 m	£32.2 m	+12.4%
Intra-Group	£(0.6)m	£(0.6)m	-
Consolidated total	£111.6 m	£93.0 m	+20.0%

Adjusted EBIT

Group adjusted EBIT increased by 28.8% to £5.2 million (2013: £4.1 million).

EBIT growth was achieved in all segments and business activities, with growth of 34.0% in e-fulfilment logistics, 12.3% in non e-fulfilment logistics, and 8.8% in commercial vehicles. Central logistics costs reduced by £0.2 million, whilst head office costs rose by £0.3 million due to Listing-related compliance costs.

The strategic positioning of Clipper as a market leader in the provision of e-fulfilment and associated services in the UK, continues to enable the Company to benefit from the ongoing structural changes in the retail sector, where the growth of online retailing continues. We have seen organic growth in activity levels with the vast majority of our clients in this area, including Tesco, Asda, American Golf, John Lewis, Wilkinsons and Claire's Accessories. In addition, the period under review saw the benefit of new customer contracts won during the previous financial year, including those with SuperGroup, Help for Heroes, Love Knitting and ASOS. During the period, we also brought on stream new contracts with, amongst others, Cabbages & Roses and ME+EM, and additional, new services for ASOS. The combined effect of these developments was for EBIT from e-fulfilment activities to increase by 34.0%.

In non e-fulfilment logistics, EBIT grew by 12.3%. Organic volume growth was achieved with a number of customers, including Sainsbury's, Mint Velvet and Whistles. The period under review also saw the benefit of new contracts introduced in the previous financial year, including those with SuperGroup and Antler. Profitability was further enhanced by the commencement of operations at a new site in Swadlincote, where we are providing services to a combination of new and existing customers.

Group adjusted EBIT	Six months to 31 October		
	2014	2013	Change
E-fulfilment logistics	£2.2 m	£1.6 m	+34.0%
Non e-fulfilment logistics	£4.7 m	£4.2 m	+12.3%
Central logistics	£(1.8)m	£(2.0)m	-13.7%
Total value-added logistics	£5.1 m	£3.8 m	+35.3%
Commercial vehicles	£0.8 m	£0.7 m	+8.8%
Head office costs	£(0.7)m	£(0.4)m	
Consolidated total	£5.2 m	£4.1 m	+28.8%

Non-recurring items

Admission of the Company's shares to the London Stock Exchange took place on 4 June 2014. Post-Admission, certain costs ceased to be borne by the Group. These included certain advertising, sponsorship and corporate entertaining expenses, remuneration of a retiring director, consultancy and professional fees and the costs of operating the Chairman's private office. Such discontinuing costs amounted to £0.3 million in the period (2013: £1.1 million), and there will be no such costs going forwards.

Exceptional costs of £0.7 million were recorded in the period, relating entirely to costs incurred on the IPO. In the comparative prior year period exceptional costs of £0.5 million related principally to the closure of depots and redundancy costs.

Net finance costs

Net finance costs were £0.7 million (2013: £0.4 million). The increase is principally due to higher average debt levels, following the payment of dividends and other distributions to the former parent amounting to £18.5 million in the year ended 30 April 2014.

Taxation

The tax charge on profit before tax was £0.8 million (2013: £0.6 million). The effective tax rate in the period of 23.4% (2013: 28.9%) reflects a reduction in expenditure which is disallowed for tax purposes, both in absolute terms and as a percentage of taxable profit, in addition to a reduction in the standard rate applicable to the Group in the UK from 22.8% to 20.9%.

Earnings Per Share (EPS)

Adjusted EPS in the period was 3.5p (2013: 2.7p) an increase of 29.6%. Due to the strong trading performance in all segments and business areas, together with the lower level of non-recurring items in the period compared to the prior year, basic EPS increased by 80.0% to 2.7p (2013: 1.5p)

Dividend

An interim dividend for the current year 1.6 pence per share was approved by the board on 3 December 2014. The dividend will be payable on 31 December 2014 to shareholders on the register at the close of business on 12 December 2014.

Cashflow

Cash generated from operations was £4.4 million (2013: outflow of £0.4 million), after expending £2.3 million (2013: £1.2 million) on non-recurring items. Net investment in working capital during the period was a cash outflow of £0.4 million (2013: outflow of £4.8million). The Group's business cycle traditionally absorbs cash in the first half of the year, therefore it is relevant to compare full year performance. For the year that ended on 31 October 2014 the movement in working capital generated a cash inflow of £9.7 million.

Capital expenditure in the period on non-current assets was £1.2 million (2013: £1.6 million), compared to a depreciation and amortisation charge of £1.7 million (2013: £1.5 million). £0.8 million of the capital expenditure was financed on hire purchase or finance lease agreements.

Dividends and other distributions to the former parent in relation to the reorganisation of the Group prior to the IPO, amounted to £11.5 million in the six months to 30 April 2014 and a further £0.3 million in the current period.

The Group's bank facilities were extended and restructured at IPO. Net debt at 31 October 2014 was £14.2 million, with further undrawn facilities of £17.5 million available.

Steve Parkin
Chairman
4 December 2014

Tony Mannix
CEO
4 December 2014

David Hodkin
CFO
4 December 2014

CONDENSED FINANCIAL STATEMENTS FOR THE 6 MONTHS TO 31 OCTOBER 2014

Interim Group Income Statement and Statement of Comprehensive Income (unaudited)

Year ended 30 April 2014 £'000		**Note**	**6 months ended 31 October 2014 £'000**	6 months ended 31 October 2013 £'000
201,248	**Revenue**	4	**111,554**	92,993
(141,514)	Cost of Sales		**(79,254)**	(65,809)
59,734	**Gross profit**		**32,300**	27,184
285	Other net gains		**217**	169
(50,406)	Administration and other expenses		**(27,279)**	(23,287)
9,613	**Operating profit before non-recurring items**		**5,238**	4,066
(2,297)	Discontinuing costs	5	**(279)**	(1,068)
(2,516)	Exceptional costs	6	**(671)**	(473)
4,800	**Operating profit**		**4,288**	2,525
(952)	Finance costs	7	**(714)**	(448)
101	Finance Income	8	**2**	67
3,949	**Profit before income tax**		**3,576**	2,144
(1,103)	Income tax expense	9	**(838)**	(621)
2,846	**Profit for the financial period**		**2,738**	1,523
	Other comprehensive income for the period, net of tax:			
	To be classified to the income statement in subsequent periods:			
(1)	Exchange differences on retranslation of foreign operations		**2**	(7)
2,845	**Total comprehensive income**		**2,740**	1,516
	Attributable to:			
2,826	Equity holders of the parent company		**2,738**	1,508
20	Non – controlling interest		**-**	15
2,846	**Profit for the financial period**		**2,738**	1,523
2.8p	**Basic and diluted earnings per share**	10	**2.7p**	1.5p
6.6p	**Adjusted basic and diluted earnings per share***	10	**3.5p**	2.7p

**Earnings per share adjusted for discontinuing and exceptional costs as described in note 10*

Interim Group Statement of Financial Position (unaudited)

30 April 2014 (restated) £'000		Note	31 October 2014 £'000	31 October 2013 £'000
	ASSETS			
	Non-current assets			
15,843	Property, plant and equipment	12	**15,274**	15,002
19,018	Goodwill		**19,018**	19,018
549	Other intangible assets		**483**	586
19,567	Intangible assets		**19,501**	19,604
35,410	**Total non-current assets**		**34,775**	34,606
	Current assets			
19,025	Inventories		**18,700**	19,516
28,332	Trade and other receivables		**32,879**	33,487
-	Current tax assets		**-**	-
5,360	Cash and cash equivalents	13	**2,983**	269
52,717	**Total current assets**		**54,562**	53,272
88,127	**TOTAL ASSETS**		**89,337**	87,878
	EQUITY AND LIABILITIES			
	Current Liabilities			
54,410	Trade and other payables		**56,407**	49,131
16,455	Financial liabilities: Borrowings	14	**4,894**	10,674
-	Derivative financial instruments	15	**115**	-
147	Short term provisions		**105**	547
318	Current income tax liabilities		**466**	726
71,330	**Total current liabilities**		**61,987**	61,078
	Non-current liabilities			
4,260	Borrowings	14	**12,260**	4,188
699	Long term provisions		**677**	670
366	Deferred tax liabilities		**536**	459
5,325	**Total non-current liabilities**		**13,473**	5,317
76,655	**TOTAL LIABILITIES**		**75,460**	66,395
	Equity shareholders' funds			
50	Share capital		**50**	8
48	Share premium		**48**	48
36	Currency translation reserve		**38**	24
84	Other reserve		**84**	51
6,006	Merger reserve		**6,006**	16,210
5,248	Retained earnings		**7,651**	5,109
11,472	Equity attributable to the owners of the parent company		**13,877**	21,450
-	Non-controlling interests		**-**	33
11,472	**TOTAL EQUITY**		**13,877**	21,483
88,127	**TOTAL EQUITY AND LIABILITIES**		**89,337**	87,878

Interim Group Statement of Changes in Equity (unaudited)

	Share capital £'000	Share premium £'000	Other reserve £'000	Currency translation reserve £'000	Merger reserve £'000	Retained earnings £'000	Non controlling interest £'000	Total equity £'000
Balance at 1 May 2013	8	48	51	36	18,168	8,592	13	26,916
Profit for the period	-	-	-	-	-	1,508	15	1,523
Other comprehensive income	-	-	-	(12)	-		5	(7)
Equity settled transactions	-	-	-	-	-	58	-	58
Dividends	-	-	-	-	-	(5,049)	-	(5,049)
Investment in subsidiaries charged to merger reserve	-	-	-	-	(1,958)	-	-	(1,958)
Balance at 31 October 2013	8	48	51	24	16,210	5,109	33	21,483
Profit for the period	-	-	-	-	-	1,323	-	1,323
Other comprehensive income	-	-	-	12	-	(6)		6
Share issue – for cash	42	-	-	-	-	-	-	42
On acquisition of minority interest	-	-	800	-	-	-	-	800
Increase in ownership interest of subsidiary	-	-	(767)	-	-	-	(33)	(800)
Equity settled transactions	-	-	-	-	-	122	-	122
Dividends	-	-	-	-	-	(1,300)	-	(1,300)
Investment in subsidiaries charged to merger reserve	-	-	-	-	(10,204)	-	-	(10,204)
Balance at 30 April 2014	50	48	84	36	6,006	5,248	-	11,472
Profit for the period	-	-	-	-	-	2,738	-	2,738
Other comprehensive income	-	-	-	2	-	-	-	2
Equity settled transactions	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	(335)	-	(335)
Balance at 31 October 2014	**50**	**48**	**84**	**38**	**6,006**	**7,651**	**-**	**13,877**

Interim Group Statement of Cash Flows (unaudited)

Year ended 30 April 2014 (restated) £'000		Note	6 months ended 31 October 2014 £'000	6 months ended 31 October 2013 £'000
3,949	Profit before tax from operating activities		3,576	2,144
	Adjustments to reconcile profit before tax to net cash flows:			
3,685	Depreciation and impairment of property, plant and equipment		1,578	1,385
219	Amortisation and impairment of intangible assets		127	108
(26)	Gain on disposal of property, plant and equipment		(39)	(3)
10	Exchange differences		56	(15)
2,297	Discontinuing costs		279	1,068
2,516	Exceptional costs		671	473
851	Finance costs		712	381
-	Movement in fair value of derivative financial instruments		115	-
180	Share based payments charge	16	-	58
	Working capital adjustments			
(4,498)	(Increase) / decrease in trade and other receivables and prepayments		(4,290)	(9,586)
861	(Increase) / decrease in inventories		(80)	(155)
8,875	Increase / (decrease) in trade and other payables		4,017	4,961
18,919	**Operating cash generation before non-recurring items**		6,722	819
(3,089)	Net cash flow on non-recurring items		(2,343)	(1,210)
15,830	**Cash generated from operations**		4,379	(391)
101	Interest received		2	1
(962)	Interest paid		(649)	(305)
(1,644)	Income tax paid		(515)	(663)
13,325	**Net cash flows from operating activities**		3,217	(1,358)
	Investing activities			
(2,557)	Purchase of property, plant and equipment	12	(331)	(543)
172	Proceeds from sale of property, plant & equipment		98	88
(176)	Purchase of intangible assets		(61)	(102)
(12,162)	Transfer of subsidiaries from former parent company		-	(1,958)
(64)	Acquisition of subsidiary undertaking net of cash acquired		-	(64)
(14,787)	**Net cash flows from investing activities**		(294)	(2,579)
	Financing activities			
11,846	Net advance from (repayment to) former parent company		(14,438)	5,477
146	New bank loans		12,770	89
-	Debt issue costs paid		(371)	-
-	Net movement in revolving credit facility advances		-	-
1,941	Finance leases advanced		-	1,941
(266)	Repayment of bank loans		(1,621)	(133)
42	Shares issued		-	-
(6,349)	Dividends paid	11	(335)	(5,049)
(2,903)	Repayment of capital on finance leases		(1,220)	(1,064)
4,457	**Net cash flows from financing activities**		(5,215)	1,261
2,995	Net increase in cash and cash equivalents		(2,292)	(2,676)
2,280	Cash and cash equivalents at start of period		5,275	2,280
5,275	**Cash and cash equivalents at end of period**		2,983	(396)

Notes to the Interim Financial Statements

1. Accounting policies

Basis of preparation

Clipper Logistics plc ('the Company'), is a public limited company incorporated and domiciled in the United Kingdom. The condensed interim financial statements have been prepared in accordance with the Disclosure and Transparency rules of the Financial Conduct Authority ("FCA") and, where applicable, IAS 34 "Interim Financial Reporting (as adopted by the EU)".

As required by the Disclosure and Transparency rules of the FCA, the interim financial statements have been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the year ended 30 April 2014, except for the minor change set out in note 2 below. These statements do not include all the information required for full annual financial statements and should be read in conjunction with the full annual report for the year ended 30 April 2014. Particular attention is drawn to note 2.1 of those financial statements "Basis of preparation". The financial information for the half year ended 31 October 2014 and for the equivalent period in 2013 has not been audited or reviewed.

The information for the year ended 30 April 2014 does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. The financial statements are prepared on the going concern basis.
Certain members of the Group have historically prepared their accounts to close of business on the Friday before the calendar month end. The comparative period for those entities is the 26 weeks ended 25 October 2013.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described above. The Group has considerable financial resources together with strong trading relationships with its key customers and suppliers. As a consequence, the Directors believe that the Group is well placed to manage its business risk successfully.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the condensed consolidated interim financial statements.

New standards and interpretations

The following accounting standards and interpretations became effective, and were adopted by the Group, for the current reporting period:

International Accounting Standards (IAS / IFRSs)		Effective Date
IAS 32 (revised)	Financial Instruments: Presentation on Offsetting Financial Assets and Financial Liabilities	1 January 2014
IFRS 10	Consolidated Financial Statements	1 January 2014

The application of these standards has not had a material effect on the net assets, results and disclosures of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2. Restatement of prior year figures

Inventories of commercial vehicles are usually funded under stocking finance plans offered by either the manufacturer's own finance arm, or third party funders. In the financial statements for the year ended 30 April 2014, amounts outstanding to the manufacturer's finance arm were included in trade payables, whereas amounts outstanding to third party stocking finance providers were included as stocking loans within borrowings.

As the relevant characteristics of the stocking finance facilities are the same, regardless of the funder, the Group believes it is more appropriate to disclose all amounts outstanding in the same way, in order to give a consistent view of the working capital requirements. Consequently, in the restated 30 April 2014 Group statement of financial position, trade & other payables have been increased by £2,686,000 and borrowings have been reduced by the same figure. In the Group statement of cash flows for the year ended 30 April 2014, cash generated from operations has been increased by £1,708,000 and stocking loans advanced has been reduced by the same figure.

3. Financial risks, estimates, assumptions and judgements

The preparation of the condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 April 2014.

There are a number of risks and uncertainties facing the business in the second half of the financial year. The Board considers these risks and uncertainties to be the same as those described in the Report & Accounts for the year ended 30 April 2014, dated 28 August 2014, a copy of which is available on the Group's website at www.clippergroup.co.uk. The principal risks and uncertainties are set out in detail on pages 26 to 27 of the Report & Accounts for the year ended 30 April 2014.

4. Revenue

Revenue recognised in the income statement is analysed as follows:

Year ended 30 April 2014 £'000		**6 months ended 31 October 2014 £'000**	6 months ended 31 October 2013 £'000
46,046	E-fulfilment logistics services	**27,016**	19,962
89,557	Non e-fulfilment logistics services	**48,948**	41,431
135,603	Value-added logistics services	**75,964**	61,393
66,796	Distribution of commercial vehicles	**36,191**	32,210
(1,151)	Inter-segment sales	**(601)**	(610)
201,248	Revenue from external customers	**111,554**	92,993

5. Segment information

For management purposes, the Group is organised into two main reportable segments:

- Value-added logistics services
- Distribution of commercial vehicles, including sales, servicing and repairs

Within value-added logistics, the Chief Operating Decision Maker also reviews performance of three separate business activities:

- E-fulfilment logistics
- Non e-fulfilment logistics services
- Central logistics overheads, being the costs of support services specific to the Value-added logistics segment, but which are impractical to allocate between the sub-segment activities

Inter-segment transactions are entered into under normal commercial terms and conditions and on an arm's length basis that would also be available to unrelated third parties.

The following tables present profit information for continuing operations regarding the group's business segments:

Year ended 30 April 2014 £'000		**6 months ended 31 October 2014 £'000**	6 months ended 31 October 2013 £'000
	Operating profit before non-recurring items:		
3,724	E-fulfilment logistics	**2,189**	1,634
9,163	Non e-fulfilment logistics	**4,672**	4,160
(4,228)	Central logistics	**(1,727)**	(2,000)
8,659	Value added logistics	**5,134**	3,794
1,836	Distribution of commercial vehicles	**776**	713
(882)	Head office costs – continuing	**(672)**	(441)
9,613	Group total	**5,238**	4,066
	Exceptional and other costs		
(10)	E-fulfilment logistics	**-**	(10)
-	Non e-fulfilment logistics	**-**	-
(30)	Central logistics	**-**	-
(40)	Value-added logistics	**-**	(10)
(495)	Distribution of commercial vehicles	**-**	(463)
(535)	Segment total exceptional items	**-**	(473)
(1,981)	IPO costs	**(671)**	-
(2,297)	Head office costs – discontinuing*	**(279)**	(1,068)
(4,813)		**(950)**	(1,541)
	Operating profit		
3,714	E-fulfilment logistics	**2,189**	1,624
9,163	Non e-fulfilment logistics	**4,672**	4,160
(4,258)	Central logistics	**(1,727)**	(2,000)
8,619	Value added logistics	**5,134**	3,784
1,341	Distribution of commercial vehicles	**776**	250
(1,981)	IPO costs	**(671)**	-
(3,179)	Head office costs*	**(951)**	(1,509)
4,800	Group total	**4,288**	2,525
(952)	Finance costs	**(714)**	(448)

101	Finance income	**2**	67
3,949	Profit before income tax	**3,576**	2,154

**Head office costs included a number of items which are not being borne by the Group post-IPO. These consist of certain advertising, sponsorship and corporate entertaining expenses, remuneration of a retired director, consultancy and professional fees in respect of potential investment opportunity appraisals and the costs of operating the Chairman's private office*

6. Exceptional costs

Year ended 30 April 2014 £'000		**6 months ended 31 October 2014 £'000**	6 months ended 31 October 2013 £'000
363	Closure of depots	**-**	331
162	Redundancy costs on reorganisation	**-**	132
10	Aborted contract exit costs	**-**	10
1,981	IPO transaction costs	**671**	-
2,516	Total exceptional items	**671**	473

7. Finance costs

Year ended 30 April 2014 £'000		**6 months ended 31 October 2014 £'000**	6 months ended 31 October 2013 £'000
19	On bank loans and overdrafts	**364**	8
292	On hire purchase agreements	**159**	128
-	Amortisation of debt issue costs	**29**	-
305	Commercial vehicle stocking interest	**146**	126
38	Other interest payable	**14**	32
298	Amounts payable to former parent company	**2**	154
952	**Total interest expense for financial liabilities measured at amortised cost**	**714**	448

On 2 May 2014, the existing bank facilities of the former parent, Clipper Group Holdings Ltd, were novated to the Company. Upon Admission on 4 June 2014, the Group was granted replacement bank facilities totalling £30,004,000 by Santander Corporate UK and settled all amounts then outstanding by members of the Group to Clipper Group Holdings Limited.

8. Finance Income

Year ended 30		**6 months ended 31**	6 months ended 31

April 2014 £'000		October 2014 £'000	October 2013 £'000
-	Bank interest	2	-
1	Other interest	-	1
100	Amounts receivable from former parent company	-	66
101	Total interest expense for financial liabilities measured at amortised cost	2	67

9. Taxation

Tax has been provided on the profit before taxation, at the estimated effective rate for the full year of 23.4% (2013: 28.9%)

10. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the company by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic earnings per share computation:

Year ended 30 April 2014 £'000		6 months ended 31 October 2014 £'000	6 months ended 31 October 2013 £'000
2,826	Profit attributable to ordinary equity holders of the parent company	2,738	1,508
Thousands		Thousands	Thousands
99,160	Basic weighted average number of shares	100,000	99,158
2.8p	Basic and diluted earnings per share	2.7p	1.5p

The weighted average number of shares has been calculated assuming all shares were converted from £1 to 0.05p shares as from 1 May 2013 in accordance with IAS 33.27

Adjusted earnings per share

In both the current period and prior year there have been substantial non-recurring costs. Consequently, the basic measure of earnings per share is significantly distorted by them. Adjusted earnings to exclude discontinuing and exceptional costs and the tax effect thereon are set out below:

Year ended 30 April 2014 £'000		6 months ended 31 October 2014 £'000	6 months ended 31 October 2013 £'000

2,826	Profit attributable to ordinary equity holders of the parent company	**2,738**	1,508
2,297	Discontinuing costs	**279**	1,068
2,516	Exceptional costs	**671**	473
(1,099)	Tax effect at standard rate	**(199)**	(352)
6,540	Adjusted earnings	**3,489**	2,697
Thousands		**Thousands**	Thousands
99,160	Basic weighted average number of shares	**100,000**	99,158
6.6p	Basic and diluted earnings per share	**3.5p**	2.7p

11. Dividends and other distributions

Year ended 30 April 2014 £'000		**6 months ended 31 October 2014 £'000**	6 months ended 31 October 2013 £'000
2,500	Dividends declared and paid by the company during the period to former parent	**335**	2,500
3,849	Dividends declared and paid by other group members	**-**	2,549
12,162	Payments charged to merger reserve in respect of the transfer of subsidiaries	**-**	1,958
18,511	**Total distributions paid**	**335**	7,007

An interim dividend for the current year of £1,600,000 at 1.6p per share was approved by the board on 3 December 2014. The dividend will be payable on 31 December 2014 to shareholders on the register at the close of business on 12 December 2014.

12. Property, plant and equipment

During the six months ended 31 October 2014, the Group acquired assets with a cost of £1,139,000 (six months ended 31 October 2013: £1,490,000). £641,000 relates to motor vehicles, of which the significant majority were routine replacements. Of the assets acquired, £808,000 (2013: £947,000) was funded by hire purchase or finance lease agreements.

13. Cash and cash equivalents

30 April 2014 £'000		31 October 2014 £'000	31 October 2013 £'000
5,360	Cash and cash equivalents	2,983	269
(85)	Bank overdraft	-	(665)
5,275	Total cash and cash equivalents	2,983	(396)

14. Financial liabilities - Borrowings

30 April 2014 (restated) £'000		31 October 2014 £'000	31 October 2013 £'000
	Non current:		
216	Bank loans	8,902	276
4,044	Obligations under finance leases or hire purchase agreements	3,700	3,912
-	Unamortised debt issue costs	(342)	-
4,260		12,260	4,188
	Current:		
85	Bank overdrafts	-	665
177	Bank loans	2,629	206
2,012	Obligations under finance leases or hire purchase agreements	2,265	1,991
2,274		4,894	2,862
6,534	Total external borrowings	17,154	7,050
5,360	Less cash and cash equivalents	2,983	269
1,174	Net external debt	14,171	6,781
14,181	Net former parent company balance*	-	7,812
15,355	Net debt	14,171	14,593

**at 31 October 2014, the Company was owed £258,000 by the former parent company, which is now included within trade and other receivables. This balance largely comprised IPO-related transactions and was repaid in full during November 2014.*

14. Financial liabilities – Borrowings (continued)

The maturity analysis of the bank loans is as follows:

30 April 2014 £'000		**31 October 2014 £'000**	31 October 2013 £'000
177	In one year or less	**2,629**	206
216	Between one and five years	**8,902**	276
-	After five years	**-**	-
393		**11,531**	482

On 4 June 2014 the Group was granted increased bank facilities by Santander Corporate UK. In addition to a five year amortising term loan of £12,500,000 which was fully drawn, the Group has access to an overdraft of £5,000,000 and a non-amortising five year revolving credit facility of £12,504,000 – none of which was drawn at 31 October 2014.

15. Financial instruments

Derivative financial instruments

As part of the novation of bank facilities previously held by the Group's former parent, the Company has taken on an interest rate swap, the principal of which is £3,600,000 at 31 October 2014 and amortises quarterly to October 2016. The market value of this swap at 31 October 2014 is a liability of £115,000. The financial liability is categorised as being at fair value through profit or loss.

Fair value of financial instruments

The book value of trade and other receivables, trade and other payables, cash and cash equivalents, derivative financial instruments & current borrowings equates to fair value.

The table below sets out the book value and fair value of the Group's other financial assets and liabilities

30 April 2014 £'000		**31 October 2014 £'000**	31 October 2013 £'000
	Non-current borrowings:		
216	Bank loans - book value	**8,902**	276
205	Bank loans - fair value	**8,894**	260
4,044	Obligations under finance leases or hire purchase agreements – book value	**3,700**	3,912
3,898	Obligations under finance leases or hire purchase agreements – fair value	**3,573**	3,747

Long term borrowings are classified as Level 2 (items with significant observable inputs) financial liabilities under IFRS 13. There have been no transfers between Level 1 and Level 2 financial instruments during the period.

16. Share based payments

At the Annual General Meeting on 29 September 2014, the Company's shareholders approved the Directors' Remuneration Policy and the adoption of a new Sharesave Plan and Performance Share Plan. The first awards under these Plans will be made following the release of this Interim Report. Consequently there are no share based payments to report in the six months ended 31 October 2014.

The charge for share based payments in the prior period related to options granted to certain of the Group's senior managers over shares in the former parent company. All outstanding options were waived in May 2014.

17. Related party disclosures

Net balances due to or from the former parent company can be found in note 14. Interest receivable from or payable to the former parent company can be found in notes 7 and 8.

The dividends paid to the former parent company can be found in note 11.

Directors' remuneration and other related party transactions are in line with the disclosures set out in the 2014 Annual Report.

18. Post balance sheet event

On 3 December 2014 the Group acquired the entire share capital of Servicecare Support Services Limited. Total consideration, net of cash on hand in the acquired business is expected to be £5.7 million, of which £3.7 million was paid on completion.

DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

The Directors confirm that to the best of our knowledge:

- This condensed set of financial statements for the six months ended 31 October 2014 has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. The comparative figures for the prior year have been prepared on the basis set out in the Company's published consolidated financial statements for the year ended 30 April 2014, specifically as set out in note 2.1 of those financial statements "Basis of preparation".

- the interim management report includes a fair review of the information required by:

    - paragraph DTR 4.2.7R of the Disclosure and Transparency Rules of the Financial Conduct Authority, being an indication of important events that have occurred during the first six months of the current financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

    - paragraph DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the financial year and that have materially affected the financial position or performance of the Group during that period, or any changes in the related party transactions described in the last annual report that could do so.

The Directors of Clipper Logistics plc are listed in the 2014 Annual Report.

This report was approved by the Board on 3 December 2014 and is available on the Company's website www.clippergroup.co.uk under "Investor News" then "Results and Presentations".

By order of the Board

Steve Parkin Chairman 4 December 2014	**Tony Mannix** CEO 4 December 2014	**David Hodkin** CFO 4 December 2014