CLIPPER LOGISTICS PLC

“Further strong growth in revenue and profits”

INTERIM RESULTS FOR THE SIX MONTHS TO 31 OCTOBER 2015

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 2015.

Financial Highlights

- Group revenue up 26.9% to £141.5 million (2014: £111.6 million);
- Group adjusted EBIT 18.1% ahead at £6.2 million (2014: £5.2 million);
- E-fulfilment and returns management services EBIT up 59.2% to £3.5 million (2014: £2.2 million);
- Non e-fulfilment logistics EBIT up 6.0% to £5.0 million (2014: £4.7 million);
- Commercial vehicles EBIT up 36.0% to £1.1 million (2014: £0.8 million);
- Group PBT up 52.9% to £5.5 million (2014: £3.6 million);
- Cash generated from operations up 75.4% to £7.4 million (2014: £4.2 million);
- Adjusted earnings per share up 19.4% to 4.3 pence (2014: 3.6 pence);
- Interim dividend up 25.0% at 2.0 pence per share (2014: 1.6 pence).

Operational Highlights

- Commenced e-fulfilment services for a major international retailer from a new distribution centre in Northampton;
- Commenced operations on a new Click & Collect collaboration with John Lewis;
- Implemented a new contract with Philip Morris;
- Returns management solution now fully operational in Germany following contract with s.Oliver;
- Agreed a four year contract to provide distribution services to M & Co commencing 1 January 2016;
- Strong performance in commercial vehicles division driven by new vehicle and parts sales;
- Continuing strong pipeline of new business opportunities.

Commenting on the results, Steve Parkin, Executive Chairman of Clipper, said:
"I am pleased to report that the Group has delivered results in line with our expectations, with strong revenue and profit growth, and further improved operating cash flow. Clipper continues to leverage its market-leading position in the high-growth areas of e-fulfilment logistics and returns management, and has seen strong organic growth on existing contracts complemented by the impact of new contract wins with well known and respected brands.

The Servicecare acquisition, which was completed on 3 December 2014, has been immediately earnings-enhancing, and will deliver results in line with our expectations.

We continue to have a strong pipeline of new business opportunities, and have continued positive momentum on both existing and new contracts as we enter the second half of the year.

We are pleased to announce an interim dividend of 2.0 pence per share, which will be paid to shareholders on 31 December 2015.

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

ENQUIRIES

Clipper:	+44 (0)113 204 2050
Steve Parkin, Executive Chairman	
Tony Mannix, Chief Executive Officer	
David Hodkin, Chief Financial Officer	
Bell Pottinger LLP:	+44 (0)20 3772 2500
David Rydell	
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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 2015 (unaudited) £m	6 months ended 31 October 2014 (unaudited) £m	Change	12 months ended 30 April 2015 (audited) £m
Revenue	**141.5**	111.6	+26.9%	234.8
Group adjusted EBIT	**6.2**	5.2	+18.1%	12.0
Profit before tax	**5.5**	3.6	+52.9%	9.5
Adjusted earnings per share	**4.3p**	3.6p	+19.4%	8.4p
Cash generated from operations	**7.4**	4.2	+75.4%	12.6

In the six months ended 31 October 2014 and year ended 30 April 2015, adjusted earnings before interest and tax (EBIT) and adjusted earnings per share are stated prior to the deduction of certain non-recurring IPO-related costs and certain discontinuing head office costs which have not been borne by the Group post-IPO. These are set out more fully in notes 4 and 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 Group's strategic positioning in e-fulfilment and returns management services delivered continued strong organic growth in this sector.

In addition, the Group saw the benefit of contracts won in earlier financial periods, including Philip Morris, Ted Baker, M&S and s.Oliver, coming through in these results.

Further, the Group has secured new contracts in the current financial year, including Pep & Co, Flyers and a major international retailer.

The acquisition of Servicecare Support Services Limited and its subsidiary Electrotec International Limited (together 'Servicecare') was completed on 3 December 2014. Servicecare's returns management offering for electrical products complements the Group's existing returns management proposition for clothing and general merchandise under the Boomerang brand. Servicecare's robust business model has delivered steady profit growth since acquisition, as anticipated.

The combination of these factors sees EBIT from e-fulfilment and returns management activities increasing by 59.2% against the prior year comparative period to £3.5 million, with EBIT from non e-fulfilment activities increasing by 6.0% against the prior year comparative period to £5.0 million. The EBIT of the commercial vehicles division increased by 36.0% against the prior year comparative period to £1.1 million.

Clipper's offering is underpinned by investment in its people and this is evidenced by increased investment in the UK Logistics and Group management overhead bases. As a result, central logistics costs increased by £0.5 million to £2.3 million (2014: £1.8 million) and Group management costs increased by £0.3 million to £1.0 million (2014: £0.7 million).

Clipper's solutions-driven approach, coupled with our commitment to operational excellence, ensures our levels of client retention remain high. For example, during the period, we have secured a contract with John Lewis to provide Click and Collect services in addition to the e-commerce, returns and processing work we already perform for this customer.

In line with Clipper's progressive dividend policy and reflecting the Group's strong cash flow and earnings growth, the Board is pleased to announce an interim dividend of 2.0 pence per share, which will be paid on 31 December 2015 to shareholders on the register at 11 December 2015. This represents an increase of 25% (0.4 pence per share) compared to the maiden interim dividend of 1.6 pence paid in 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;
- Develop new, complementary products and services;
- Explore acquisition opportunities; and
- Continue European expansion.

The Group continues to provide market-leading, 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 new long-term contract with a major international retailer to provide e-commerce services, and a new Click and Collect proposition launched in collaboration with John Lewis. The Group is well-positioned in the high-growth e-commerce market and, as a result, has seen volume increases at or above market levels with the majority of its customers.

The Group continues to innovate in order to identify and address the logistical challenges of retailers through the development of new, complementary products and services. We have designed and installed cutting-edge automation projects for certain of our customers, introduced innovative returns management solutions for others and implemented new stock and warehouse management systems.

The Group also continues to seek potential acquisitions providing complementary activities. The acquisition of Servicecare in December 2014 added electrical returns to Clipper's service range giving our customers access to a broader suite of Clipper returns management offerings. We continue to monitor the market for potential targets and partners, which will deliver enhanced earnings and increased shareholder value.

Our returns activities for s.Oliver in Germany are now fully operational and are delivering service excellence to the customer and good profitability for Clipper. The delivery of this fully-functional solution in the timeframes required by the customer provides a flagship reference site for other prospective customers, both those based on the Continent and UK retailers planning European expansion.

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 earlier contract wins coming on-line.

Clipper delivered a very successful 2015 Black Friday to Cyber Monday trading period for its clients and achieved excellent service levels throughout. In the run-up to Christmas and the Boxing Day sales, we expect to see continued high activity levels, particularly in e-fulfilment and related services, with returns management services becoming increasingly crucial to our clients during this period of high activity.

The company is not experiencing any significant upward pressures on its cost base, and is not experiencing difficulties in recruiting appropriate personnel to support its growth. The high proportion of activity undertaken on open book contracts within our logistics activities provides a high degree of protection against any potential future cost inflations.

The commercial vehicles business has delivered growth in excess of expectations in the first half of the year and we expect the business to continue to perform well.

BUSINESS REVIEW

Operational review

E-fulfilment and returns management services

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 and omni-channel retailing, has led to growth in the first half of the year in activity levels for many of our existing customers, including ASOS, John Lewis and Love Knitting. In addition, the new contract with ME+EM secured during the year to April 2015 is also contributing to earnings growth in the current financial year.

During the period under review a number of new contracts were brought on stream, including a new collaboration to support John Lewis' Click and Collect customer proposition and e-commerce operations for a major international retailer. As a result of this and the Servicecare acquisition, revenues moved ahead by 57.8% year-on-year, with adjusted EBIT increasing by 59.2% to £3.5 million.

We continue to innovate, and are working on a number of initiatives with clients, including further investment in 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, electrical products 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 2015, the full year impact of which are coming through in the current year, including contracts with Ted Baker, Philip Morris, M&S, and John Lewis.

We have seen organic volume growth with a number of customers, particularly Morrisons, Americana, BAT and Superdry.

In addition, we commenced operations with Flyers in May 2015 and Pep & Co in July 2015 and secured a new four year contract with M & Co in November 2015, shortly after the period under review.

Revenues were 14.2% ahead of the prior year at £55.9 million, and adjusted EBIT was 6.0% higher at £5.0 million.

Due to the structure of our contractual relationships, with approximately 68% of revenue in our UK logistics operations being on open book terms, EBIT is the key metric rather than EBIT margin.

Central logistics overheads

Central logistics overheads represent the costs of support services specific to the logistics operations, 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.

Central logistics overheads of £2.3 million increased by £0.5 million compared to the prior year (2014: £1.8 million), in line with expectations, and reflect investment in strengthening the solutions team, IT and marketing spend, and share based payment charges.

Commercial vehicles

The commercial vehicles business, Northern Commercials, operates Iveco and Fiat commercial vehicle dealerships from six locations, together with four 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 20.8% ahead of the prior year at £43.7 million (2014: £36.2 million), due primarily to significant increases in new vehicle sales, although used vehicle sales and after-sales were also ahead of prior year. Adjusted EBIT was 36.0% higher at £1.1 million.

Financial Review

Revenue

Group revenue increased by 26.9% to £141.5 million (2014: £111.6 million). The results of the newly-acquired Servicecare contributed £7.8 million of revenue in the period (2014: £nil). Excluding Servicecare, revenue growth was 19.9%.

Revenue derived from value-added logistics services increased by 29.7% to £98.5 million (2014: £76.0 million), with growth in both e-fulfilment and returns management services (57.8% higher, or 29.1% higher excluding Servicecare) and non e-fulfilment services (14.2% higher).

Revenue from sales and repairs of commercial vehicles increased by 20.8% to £43.7 million (2014: £36.2 million). The increase was driven primarily by new vehicle sales.

Revenue	**Six months to 31 October**		
	2015	**2014**	**Change**
E-fulfilment & returns management services	£42.6 m	£27.0 m	+57.8%
Non e-fulfilment logistics	£55.9 m	£49.0 m	+14.2%
Total value-added logistics	£98.5 m	£76.0 m	+29.7%
Commercial vehicles	£43.7 m	£36.2 m	+20.8%
Intra-Group	£(0.7)m	£(0.6)m	
Consolidated total	£141.5 m	£111.6 m	+26.9%

Adjusted EBIT

Group adjusted EBIT increased by 18.1% to £6.2 million (2014: £5.2 million).

EBIT growth was achieved in all segments and business activities, with growth of 59.2% in e-fulfilment and returns management services; excluding the impact of the Servicecare acquisition, EBIT growth was 28.9%. In addition, the Group achieved EBIT growth of 6.0% in non e-fulfilment logistics and 36.0% in commercial vehicles. Central logistics costs increased by £0.5 million, reflecting inter alia investment in the solutions team, whilst head office costs rose by £0.3 million.

Group adjusted EBIT	**Six months to 31 October**		
	2015	**2014**	**Change**
E-fulfilment & returns management services	£3.5 m	£2.2 m	+59.2%
Non e-fulfilment logistics	£5.0 m	£4.7 m	+6.0%
Central logistics costs	£(2.3)m	£(1.8)m	
Total value-added logistics	£6.1 m	£5.1 m	+19.4%
Commercial vehicles	£1.1 m	£0.8 m	+36.0%
Head office costs	£(1.0)m	£(0.7)m	
Consolidated total	£6.2 m	£5.2 m	+18.1%

Non-recurring items

In the six months ended 31 October 2014, there were certain costs which ceased to be borne by the Group on admission to the London Stock Exchange. Such discontinuing costs amounted to £0.3 million. Exceptional costs of £0.7 million were also incurred in that period, relating entirely to costs incurred on the IPO. There were no such non-recurring items in the current period.

Net finance costs

Net finance costs were £0.7 million (2014: £0.7 million). These costs have remained relatively static since the effects of a slightly higher average net debt position (see below) have been offset by reduced margins on our senior borrowing facilities.

Taxation

The tax charge on profit before tax was £1.2 million (2014: £0.8 million). The effective tax rate in the period of 21.1% (2014: 23.4%) reflects the reduction in the headline tax rate applicable to the Group in the UK from 20.9% to 20.0%, together with a reduction in the anticipated level of disallowable items.

Earnings Per Share (EPS)

Adjusted EPS in the period was 4.3p (2014: 3.6p) an increase of 19.4%. Due to the strong trading performance in all segments and business areas, together with the absence of non-recurring items in the period compared to the prior year, basic EPS increased by 59.3% to 4.3p (2014: 2.7p).

Dividend

An interim dividend for the current year of 2.0 pence per share was approved by the board on 2 December 2015. The dividend will be payable on 31 December 2015 to shareholders on the register at the close of business on 11 December 2015.

Cashflow

Cash generated from operations was £7.4 million (2014: £4.2 million, after payment of £2.1 million of IPO-related transaction costs). Net investment in working capital during the period was a cash outflow of £0.7 million (2014: £0.4 million). The Group's business cycle traditionally absorbs cash in the first half of the year and we expect this to reverse in the second half of the year.

Capital expenditure in the period on non-current assets was £7.9 million (2014: £1.2 million), compared to a depreciation and amortisation charge of £1.8 million (2014: £1.7 million). £4.8 million (2014: £0.8 million) of the capital expenditure was financed on hire purchase or finance lease agreements. A large majority of the capital expenditure in the period has been incurred with back-to-back commitments from customers to repay this capital over the life of the contract through open book mechanisms.

Dividends and other distributions to the former parent in relation to the reorganisation of the Group prior to the IPO, amounted to £0.3 million in the period to October 2014; there were no such distributions in the current year.

Net debt at 31 October 2015 was £19.7 million, with further undrawn bank facilities of £13.5 million committed and available.

RISK MANAGEMENT

There are a number of risks and uncertainties facing the business in the second half of the financial year. A risk management process is used by the Group to identify, monitor and manage such risks. The principal risks and uncertainties facing the business are unchanged from those identified in the 2015 Annual Report. Those risks are outlined below:

- Reputational impact of any failed project implementations;
- Failure to develop and retain key people;
- Project and merger activity may cause management to lose focus on operations;
- Failure to meet contractual KPIs;
- A worsening of a customer relationship may lead to non-renewal of contracts;
- A natural or other disaster on any major site;
- Failure of IT systems or infrastructure;
- Legal and regulatory risks;
- Liquidity risk;
- Credit risk; and
- Fraud risk.

The Group has in place mitigation strategies to deal with all of these risks. Further details can be found on pages 31 to 33 in the 2015 Annual Report.

Steve Parkin
Executive Chairman
3 December 2015

Tony Mannix
CEO
3 December 2015

David Hodkin
CFO
3 December 2015

CONDENSED FINANCIAL STATEMENTS FOR THE 6 MONTHS TO 31 OCTOBER 2015

Interim Group Income Statement (unaudited)

Year ended 30 April 2015 £'000		Note	6 months ended 31 October 2015 £'000	6 months ended 31 October 2014 £'000
234,778	**Revenue**	3	**141,547**	111,554
(165,590)	Cost of Sales		**(100,004)**	(79,254)
69,188	**Gross profit**		**41,543**	32,300
364	Other net gains		**276**	217
(57,547)	Administration and other expenses		**(35,632)**	(27,279)
12,005	**Operating profit before non-recurring items**		**6,187**	5,238
(278)	Discontinuing costs	4	**-**	(279)
(863)	Exceptional costs	5	**-**	(671)
10,864	**Operating profit**		**6,187**	4,288
(1,388)	Finance costs	6	**(722)**	(714)
9	Finance income	7	**3**	2
9,485	**Profit before income tax**		**5,468**	3,576
(2,161)	Income tax expense	8	**(1,152)**	(838)
7,324	**Profit for the financial period**		**4,316**	2,738
7.3p	**Basic and diluted earnings per share**	9	**4.3p**	2.7p
8.4p	**Adjusted basic and diluted earnings per share***	9	**4.3p**	3.6p

**Earnings per share adjusted for discontinuing and exceptional costs as described in note 9*

Interim Group Statement of Comprehensive Income (unaudited)

Year ended 30 April 2015 £'000		Note	6 months ended 31 October 2015 £'000	6 months ended 31 October 2014 £'000
7,324	**Profit for the financial period**		**4,316**	2,738
	Other comprehensive income for the period, net of tax:			
	To be classified to the income statement in subsequent periods:			
(5)	Exchange differences on retranslation of foreign operations		**(1)**	2
7,319	**Total comprehensive income for the period attributable to equity holders of the parent company**		**4,315**	2,740

Interim Group Statement of Financial Position (unaudited)

30 April 2015 £'000		Note	31 October 2015 £'000	31 October 2014 £'000
	ASSETS			
	Non-current assets			
14,615	Property, plant and equipment	11	**20,679**	15,274
23,252	Goodwill		**23,252**	19,018
1,567	Other intangible assets		**1,584**	483
24,819	Intangible assets		**24,836**	19,501
39,434	**Total non-current assets**		**45,515**	34,775
	Current assets			
21,677	Inventories		**25,590**	18,700
33,443	Trade and other receivables		**44,966**	32,879
-	Current tax assets		**-**	-
1,854	Cash and cash equivalents	12	**2,685**	2,983
56,974	**Total current assets**		**73,241**	54,562
96,408	**TOTAL ASSETS**		**118,756**	89,337
	EQUITY AND LIABILITIES			
	Current Liabilities			
61,708	Trade and other payables		**75,309**	56,407
5,196	Financial liabilities: Borrowings	13	**9,430**	4,894
70	Derivative financial instruments	14	**34**	115
108	Short term provisions		**113**	105
731	Current income tax liabilities		**1,219**	466
67,813	**Total current liabilities**		**86,105**	61,987
	Non-current liabilities			
10,226	Borrowings	13	**12,969**	12,260
732	Long term provisions		**740**	677
642	Deferred tax liabilities		**507**	536
11,600	**Total non-current liabilities**		**14,216**	13,473
79,413	**TOTAL LIABILITIES**		**100,321**	75,460
	Equity shareholders' funds			
50	Share capital		**50**	50
48	Share premium		**48**	48
31	Currency translation reserve		**30**	38
84	Other reserve		**84**	84
6,006	Merger reserve		**6,006**	6,006
139	Share based payment reserve		**464**	-
10,637	Retained earnings		**11,753**	7,651
16,995	**TOTAL EQUITY**		**18,435**	13,877
96,408	**TOTAL EQUITY AND LIABILITIES**		**118,756**	89,337

Interim Group Statement of Changes in Equity (unaudited)

	Share capital £'000	Share premium £'000	Other reserve £'000	Currency translation reserve £'000	Merger reserve £'000	Share based payment reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 May 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
Profit for the period	-	-	-	-	-	-	4,586	4,586
Other comprehensive income	-	-	-	(7)	-	-	-	(7)
Equity settled transactions	-	-	-	-	-	139	-	139
Dividends	-	-	-	-	-	-	(1,600)	(1,600)
Balance at 30 April 2015	50	48	84	31	6,006	139	10,637	16,995
Profit for the period	-	-	-	-	-	-	4,316	4,316
Other comprehensive income	-	-	-	(1)	-	-	-	(1)
Equity settled transactions	-	-	-	-	-	325	-	325
Dividends	-	-	-	-	-	-	(3,200)	(3,200)
Balance at 31 October 2015	**50**	**48**	**84**	**30**	**6,006**	**464**	**11,753**	**18,435**

Interim Group Statement of Cash Flows (unaudited)

Year ended 30 April 2015 £'000		Note	6 months ended 31 October 2015 £'000	6 months ended 31 October 2014 £'000
9,485	Profit before tax from operating activities		**5,468**	3,576
	Adjustments to reconcile profit before tax to net cash flows:			
3,358	Depreciation and impairment of property, plant and equipment		**1,572**	1,578
292	Amortisation and impairment of intangible assets		**215**	127
(38)	Gain on disposal of property, plant and equipment		**(18)**	(39)
671	IPO transaction costs charged		**-**	671
(2,065)	IPO transaction costs paid		**-**	(2,065)
118	Exchange differences		**1**	56
1,379	Finance costs		**719**	712
(98)	Movement in fair value of derivative financial instruments		**(36)**	(53)
(1)	Amortisation of grants		**-**	-
124	Share based payments charge	15	**206**	-
	Working capital adjustments			
(3,073)	(Increase) / decrease in trade and other receivables and prepayments		**(11,522)**	(4,290)
(2,270)	(Increase) / decrease in inventories		**(3,484)**	(80)
4,716	Increase / (decrease) in trade and other payables		**14,265**	4,018
12,598	**Cash generated from operations**		**7,386**	4,211
9	Interest received		**3**	2
(1,248)	Interest paid		**(688)**	(649)
(1,728)	Income tax paid		**(681)**	(515)
9,631	**Net cash flows from operating activities**		**6,020**	3,049
	Investing activities			
(197)	Purchase of property, plant and equipment	11	**(2,553)**	(331)
292	Proceeds from sale of property, plant & equipment		**100**	98
(87)	Purchase of intangible assets		**(231)**	(61)
(3,699)	Acquisition of subsidiary undertaking net of cash acquired		**(1,000)**	-
(3,691)	**Net cash flows from investing activities**		**(3,684)**	(294)
	Financing activities			
(14,181)	Net advance from (repayment to) former parent company		**-**	(14,438)
168	Receipt in respect of derivative financial instrument		**-**	168
12,762	New bank loans		**62**	12,770
(370)	Debt issue costs paid		**-**	(371)
-	Net drawdown of revolving credit facility		**4,000**	-
91	Finance leases advanced		**426**	-
(2,920)	Repayment of bank loans		**(1,314)**	(1,621)
(1,935)	Dividends paid	10	**(3,200)**	(335)
(2,976)	Repayment of capital on finance leases		**(1,479)**	(1,220)
(9,361)	**Net cash flows from financing activities**		**(1,505)**	(5,047)
(3,421)	Net increase in cash and cash equivalents		**831**	(2,292)
5,275	Cash and cash equivalents at start of period		**1,854**	5,275
1,854	**Cash and cash equivalents at end of period**		**2,685**	2,983

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 2015. 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 2015. The financial information for the half year ended 31 October 2015 and for the equivalent period in 2014 has not been audited or reviewed.

The information for the year ended 30 April 2015 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.

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
Amendments to IAS19 Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to IFRSs 2010-2012 Cycle	1 July 2014
Annual Improvements to IFRSs 2011-2013 Cycle	1 July 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. Financial risks, estimates, assumptions and judgements

The preparation of the condensed consolidated interim financial information requires management to make judgements, 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 2015.

3. Revenue

Revenue recognised in the income statement is analysed as follows:

Year ended 30 April 2015 £'000		**6 months ended 31 October 2015 £'000**	6 months ended 31 October 2014 £'000
60,563	E-fulfilment & returns management services	**42,630**	27,016
102,155	Non e-fulfilment logistics	**55,888**	48,948
162,718	Value-added logistics services	**98,518**	75,964
73,561	Commercial vehicles	**43,706**	36,191
(1,501)	Inter-segment sales	**(677)**	(601)
234,778	Revenue from external customers	**141,547**	111,554

4. Segment information

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

- Value-added logistics services
- 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 & returns management services
- Non e-fulfilment logistics
- 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.

4. Segment information (continued)

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

Year ended 30 April 2015 £'000		**6 months ended 31 October 2015 £'000**	6 months ended 31 October 2014 £'000
	Operating profit before non-recurring items:		
5,512	E-fulfilment & returns management services	**3,484**	2,189
10,062	Non e-fulfilment logistics	**4,953**	4,672
(4,038)	Central logistics	**(2,310)**	(1,727)
11,536	Value-added logistics services	**6,127**	5,134
1,874	Commercial vehicles	**1,055**	776
(1,405)	Head office costs – continuing	**(995)**	(672)
12,005	Group total	**6,187**	5,238
	Exceptional and other costs		
(192)	E-fulfilment & returns management services	**-**	-
-	Non e-fulfilment logistics	**-**	-
-	Central logistics	**-**	-
(192)	Value-added logistics services	**-**	-
-	Commercial vehicles	**-**	-
(192)	Segment total exceptional items	**-**	-
(671)	IPO costs	**-**	(671)
(278)	Head office costs – discontinuing*	**-**	(279)
(1,141)		**-**	(950)
	Operating profit		
5,320	E-fulfilment & returns management services	**3,484**	2,189
10,062	Non e-fulfilment logistics	**4,953**	4,672
(4,038)	Central logistics	**(2,310)**	(1,727)
11,344	Value-added logistics services	**6,127**	5,134
1,874	Commercial vehicles	**1,055**	776
(671)	IPO costs	**-**	(671)
(1,683)	Head office costs*	**(995)**	(951)
10,864	Group total	**6,187**	4,288
(1,388)	Finance costs	**(722)**	(714)
9	Finance income	**3**	2
9,485	Profit before income tax	**5,468**	3,576

**Head office costs included a number of items which are not being borne by the Group post-IPO. As the IPO completed in June 2014, the majority of IPO costs were incurred in the year ended 30 April 2014.*

5. Exceptional costs

Year ended 30 April 2015 £'000		6 months ended 31 October 2015 £'000	6 months ended 31 October 2014 £'000
192	Fees & other costs in relation to the acquisition of subsidiaries	-	-
671	Transaction costs in relation to Initial Public Offering	-	671
863	Total exceptional items	-	671

6. Finance costs

Year ended 30 April 2015 £'000		6 months ended 31 October 2015 £'000	6 months ended 31 October 2014 £'000
720	On bank loans and overdrafts	319	364
308	On hire purchase agreements	167	159
64	Amortisation of debt issue costs	36	29
270	Commercial vehicle stocking interest	179	146
26	Other interest payable	21	14
-	Amounts payable to former parent company	-	2
1,388	Total interest expense for financial liabilities measured at amortised cost	722	714

7. Finance income

Year ended 30 April 2015 £'000		6 months ended 31 October 2015 £'000	6 months ended 31 October 2014 £'000
7	Bank interest	2	2
-	Other interest	1	-
2	Amounts receivable from former parent company	-	-
9	Total interest income for financial assets measured at amortised cost	3	2

8. Taxation

Tax has been provided on the profit before taxation, at the estimated effective rate for the full year of 21.1% (2014: 23.4%)

9. 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 2015 £'000		**6 months ended 31 October 2015 £'000**	6 months ended 31 October 2014 £'000
7,324	Profit attributable to ordinary equity holders of the parent company	**4,316**	2,738
Thousands		**Thousands**	Thousands
100,000	Basic weighted average number of shares	**100,000**	100,000
7.3p	Basic earnings per share	**4.3p**	2.7p
100,052	Fully diluted weighted average number of shares	**100,545**	100,000
7.3p	Fully diluted earnings per share	**4.3p**	2.7p

Adjusted earnings per share

In the prior year there were 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 2015 £'000		**6 months ended 31 October 2015 £'000**	6 months ended 31 October 2014 £'000
7,324	Profit attributable to ordinary equity holders of the parent company	**4,316**	2,738
278	Discontinuing costs	**-**	279
863	Exceptional costs	**-**	671
(102)	Tax effect*	**-**	(102)
8,363	Adjusted earnings	**4,316**	3,586
Thousands		**Thousands**	Thousands
100,000	Basic weighted average number of shares	**100,000**	100,000
8.4p	Adjusted basic and diluted earnings per share	**4.3p**	3.6p

**in the previous interim report the tax effect was calculated at standard rate. It is now calculated at the effective rate applicable to the specific transactions as disclosed in the 2015 Annual Report.*

10. Dividends

Year ended 30 April 2015 £'000		6 months ended 31 October 2015 £'000	6 months ended 31 October 2014 £'000
	Dividends declared and paid by the company during the period to		
335	former parent	**-**	335
1,600	Interim dividend for the year ended 30 April 2015 of 1.6p per share	**-**	-
-	Final dividend for the year ended 30 April 2015 of 3.2p per share	**3,200**	-
1,935	Total dividends paid	**3,200**	335

An interim dividend for the current year of £2,000,000 at 2.0p per share was approved by the board on 2 December 2015. The dividend will be payable on 31 December 2015 to shareholders on the register at the close of business on 11 December 2015.

11. Property, plant and equipment

During the six months ended 31 October 2015, the Group acquired assets with a cost of £7,720,000 (six months ended 31 October 2014: £1,139,000). Of the assets acquired, £4,816,000 (2014: £808,000) was funded by hire purchase or finance lease arrangements in the period and a further £1,920,000 will be funded by finance leases to be drawn down in the second half of the year.

12. Cash and cash equivalents

30 April 2015 £'000		31 October 2015 £'000	31 October 2014 £'000
1,854	Cash and cash equivalents	**2,685**	2,983
-	Bank overdraft	**-**	-
1,854	Total cash and cash equivalents	**2,685**	2,983

13. Financial liabilities - Borrowings

30 April 2015 £'000		31 October 2015 £'000	31 October 2014 £'000
	Non current:		
7,597	Bank loans	**6,352**	8,902
-	Revolving credit advances	**4,000**	-
2,935	Obligations under finance leases or hire purchase agreements	**2,887**	3,700
(306)	Unamortised debt issue costs	**(270)**	(342)
10,226		**12,969**	12,260
	Current:		
-	Bank overdrafts	**-**	-
2,604	Bank loans	**2,596**	2,629
2,592	Obligations under finance leases or hire purchase agreements	**6,834**	2,265
5,196		**9,430**	4,894
15,422	Total borrowings	**22,399**	17,154
1,854	Less cash and cash equivalents	**2,685**	2,983
13,568	Net debt	**19,714**	14,171

Included within current obligations under finance leases or hire purchase agreements is £4,289,000 of pre-inception funding on capital projects that were not complete at 31 October 2015. This funding will be scheduled over five years upon inception of the relevant finance leases.

The principal lender has security over all assets of the Group's UK operations.

The Group's obligations under finance leases or hire purchase agreements are secured by the lender's charge over the relevant assets.

The maturity analysis of the bank loans is as follows:

30 April 2015 £'000		31 October 2015 £'000	31 October 2014 £'000
2,604	In one year or less	**2,596**	2,629
7,597	Between one and five years	**6,352**	8,902
-	After five years	**-**	-
(306)	Unamortised debt issue costs	**(270)**	(342)
9,895		**8,678**	11,189

In addition to an amortising term loan of £8,750,000 repayable by quarterly instalments to 30 April 2019, the Group has access to an overdraft of £5,000,000 and a non-amortising revolving credit facility of £12,504,000 repayable in June 2019. At 31 October 2015, £4,000,000 of the revolving credit facility was drawn (31 October 2014: £nil).

14. 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 £1,800,000 at 31 October 2015 and amortises quarterly to October 2016. The market value of this swap at 31 October 2015 is a liability of £34,000 (31 October 2014: £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 2015 £'000		**31 October 2015 £'000**	31 October 2014 £'000
	Non-current borrowings:		
10,226	Book value	**12,969**	12,260
10,106	Fair value	**12,891**	12,125

The main methods and assumptions used in estimating the fair values of financial instruments are as follows:

- Derivatives: interest rate swaps are marked to market using listed market prices;
- Interest-bearing loans and borrowings: fair value is calculated based on discounted expected future principal and interest flows; and
- Trade and other receivables / payables: the notional amount for trade receivables / payables with a remaining life of less than one year is deemed to reflect their fair value.

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

15. Share based payments

There have been no options granted in the six months ended 31 October 2015. Details of grants in prior periods are set out in the 2015 Annual Report. No options were exercisable at 31 October 2015.

The charge for share based payments in the six months ended 31 October 2015 is £206,000 (2014: £nil).

16. Related party disclosures

Directors' remuneration and other related party transactions are in line with the disclosures set out in the 2015 Annual Report.

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 2015 and for the equivalent period in 2014 has been prepared on the basis of the accounting policies set out in the 2015 Annual Report and in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union.

- 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 2015 Annual Report.

This report was approved by the Board on 2 December 2015 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	**Tony Mannix**	**David Hodkin**
Executive Chairman	CEO	CFO
3 December 2015	3 December 2015	3 December 2015