

**Embargoed: 0700 hours 31<sup>st</sup> October 2006**

**Clipper Ventures Plc  
Final results for the year to 30 April 2006**

Clipper Ventures Plc, owner of the Clipper Round the World Yacht Race and the VELUX 5 OCEANS race, reports its final audited results for the year to 30 April 2006.

**Business and financial highlights:**

- Turnover up to £7.6 million (2005: £0.58 million)
- Pre-tax profit up to £0.88 million (2005: loss of £1.07 million)
- Net assets of £1.53 million (2005: £(0.19) million)
- Deferred income carried forward £5 million (2005: £6.7 million)

**Sir Robin Knox-Johnston, Chairman, said:**

“This year has seen further growth in our business with a substantial increase in awareness of our brand from global sponsors. The Clipper 05-06 Round the World Yacht Race was a great success with all crew berths completely sold out. The response from sponsors has been overwhelmingly positive and they now rightly see the event as a global showcase for their cities.

Increasingly we are driving the business to new levels of media coverage as witnessed by the wide coverage of the start of the VELUX 5 OCEANS race in which I am currently competing. More media, more awareness, and more interest in the challenging activity of ocean sailing is giving us the foundation for higher value for our customers and far greater returns in the business”

**Enquiries, please contact:**

William Ward	Chief Executive	Clipper Ventures plc	02392 526000
Jeff Berry	Finance Director	Clipper Ventures plc	02392 526000
Adam Reynolds		Hansard Group plc	020 7245 1100
John Prior		Corporate Synergy plc	020 7448 4414

## **Chairman's Statement**

The year to 30 April 2006 has again seen growing recognition of Clipper Ventures as a world leading nautical events business. The biennial Clipper Round the World Yacht Race has continued to demonstrate a keen demand from adventurers who wish to circumnavigate the globe – most of whom regard their trip as the adventure of their lifetime. Coupled with this strong demand from amateur crew, is a very sharply growing interest from leading cities of the world to participate in this race as key sponsors. Our development continues and we look forward with great optimism that our business model will provide strong income growth whilst balancing risk through a portfolio of major sponsors, many of whom are increasingly committing on a multiple race basis.

Allied to the success of the Clipper race we have been delighted with the participation of VELUX as our principal sponsor for the VELUX 5 OCEANS. This race is the oldest in the calendar of circumnavigation events and we are proud to be developing the event and returning it to its rightful place at the very top of our sport. The race will provide competitors with the ultimate challenge when they set out from Bilbao in late October to take on 35,000 miles of solo sailing. As with the Clipper Round the World Yacht Race we are confident and optimistic that this race will become a key event for the Group and provide a growing contribution to profits in the future.

## **Financial Summary**

The results have been prepared with accounting principles that are consistent with previous years. This means that the majority of income relating to Clipper 05-06 has been booked to profit, with a proportion carried forward in line with the stage completion of the race. Deferred income stands at £5m and will be released to the profit and loss account in the years to April 07 and April 08.

Group profit after taxation for the year was £0.88m. The balance sheet at 30 April 2006 shows positive net assets of £1.5m with net current liabilities of £0.8m (after allowing for £5m of income which has been deferred).

These results are slightly lower than we expected for this year for a number of reasons. During the race we had to undertake a substantial re-design and re-fit of the keels on the fleet. In total this cost the Group just under £400k. We have looked carefully at the treatment of this one-off expense and have prudently considered that only £222k of it should be taken to capital. In consequence we have an unexpected cost in this years profit and loss account of £192k. Our new Finance Director has quite rightly conducted a root and branch review of our financial records and investigated the balances therein. He has taken a very prudent approach to a number of existing balances and made considered provision against debtors where recovery looks unlikely. These adjustments have created a further charge against profit in this year of circa £200k.

As at the date of signing these accounts the company did not have a formal agreement in place with its bankers to provide the necessary level of bank facility to meet its working capital requirements during the next twelve months. In consequence the auditors opinion is qualified in this respect.

The Directors believe that adequate facilities will soon be formally agreed by the existing bankers and therefore consider it appropriate to prepare the financial statements on a going concern basis.

## **Business Overview**

Clipper Ventures Plc is a marine sports company with its principal activity being ocean yacht racing. It operates through three business divisions.

## **Clipper Round the World Yacht Race**

The Company's core business centres on the 35,000 mile Clipper Round the World Yacht Race. Ten 68 foot yachts owned by the Company and sponsored by cities around the world race against each other during a 10 month journey. The Company provides skippers and training, the crews are recruited from enthusiastic amateurs who pay for their berths aboard. The most recent race, which started on 18 September 2005 from Liverpool, is the fifth in the series and the first with our entirely new fleet of 68ft yachts. Crew berth utilisation for this race has been in excess of 100% (after allowing for paid cancellations) and sponsor income has been a major factor in developing the whole race income to £8.5m. These races are run every two years, with the next race starting in September 2007. Sales for this race, both crew and sponsor, have been very encouraging to date.

## **VELUX 5 OCEANS**

The Company's second main event is the VELUX 5 OCEANS solo event, previously known as Around Alone, a single handed around the world race. We are delighted to have VELUX as our key sponsor partner in this race and look forward to developing our relationship with them as the event progresses.

For this race, Clipper Ventures provides both the race management and promotion. The boats, usually sponsored, are privately owned. Bilbao will host both the start of the race in October as well as the finish at the end of the North Atlantic leg. Fremantle (Western Australia) and Norfolk (Virginia) have contracted to host the port stops.

### **Zapcat Racing**

The third business stream of the Group is Zapcat Racing.

Clipper Ventures is international agent for the one type inflatable catamarans used in Zapcat Racing and organises both a national championship series and a South Coast series of events. Income is generated through boat sales, host fees and competitor entrance fees. The business is continuing to develop although its contribution to Group profit and turnover is small. During the year a licensing arrangement has been entered into with a third party resident in Dubai. The intention of this agreement is to develop a form of franchising of this powerboat series to see it develop in waters other than the UK. If successful it is our intention to enter into further franchise type agreements in other geographic regions.

### **Outlook**

Our future is driven by our desire to lead the business sector in which we operate.

We have the most successful amateur circumnavigation venture which is supported by some of the most important world cities and is being delivered through a top class fleet of new racing yachts. Our expectation is that the VELUX 5 OCEANS race will once again become the very pinnacle of elite solo sailing and we are both excited and delighted that a corporate of the magnitude of VELUX shares that vision. The key to Clipper Ventures' future remains in growing the international profile of our racing events, which will lead to greater public awareness, greater media coverage and in turn greater sponsorship interest.

Alongside these developments we are keenly following new initiatives in the development of sailing training and in the exploitation of corporate sailing business, both of which are aimed at gaining the maximum utilisation of our fleet. As broadband penetration accelerates, we also recognise an increasing upside in the commercialisation of media rights and the exploitation of our content.

We remain extremely optimistic about the future and continuing to exploit our leadership position within the business of ocean yacht racing

During the year and subsequent to the year end our board has been substantially strengthened by the appointment of Jeff Berry as our new Finance Director, David Stublely as Commercial Director and Guy Spelman as non-executive Director. Each brings his own special expertise to the board and I both welcome my new colleagues and look forward to working with them in the future.

**Sir Robin Knox-Johnston**  
**Chairman**

**Consolidated Profit and Loss Account  
for the year ended 30 April 2006**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
<b>Turnover</b>	7,625,197	581,596
Cost of sales	(4,850,919)	(149,868)
<b>Gross profit</b>	2,774,278	431,728
Administrative expenses	(1,838,837)	(572,154)
Stock provision	-	(750,655)
<b>Operating profit/(loss)</b>	935,441	(891,081)
Other interest receivable and similar income	488	-
Interest payable and similar charges	(57,084)	(176,365)
<b>Profit/(loss) on ordinary activities before taxation</b>	878,845	(1,067,446)
Tax on profit/(loss) on ordinary activities	-	-
<b>Profit/(loss) on ordinary activities after taxation</b>	878,845	(1,067,446)
Profit/(loss) per ordinary share (pence)	2.8	(4.12)
Diluted profit/(loss) per ordinary share (pence)	2.8	(4.12)

All results are derived from continuing operations.

There were no recognised gains or losses or other movements in shareholders' funds other than those included in the profit and loss account above.

**Balance Sheets  
as at 30 April 2006**

	Group		Company	
	2006	2005	2006	2005
	Audited	Audited	Audited	Audited
	£'000	£'000	£'000	£'000
<b>Fixed assets</b>				
Tangible assets	4461	3035	4413	2994
Intangible assets	321	412	86	91
Investments			150	150
	<b>4782</b>	3448	<b>4649</b>	3235
<b>Current assets</b>				
Assets held for re-sale	644	800	644	800
Stock	124	173	55	85
Debtors	4102	4385	4095	4695
Cash at bank and in hand	1	86	1	86
	<b>4871</b>	5444	<b>4795</b>	5665
<b>Creditors: Amounts falling due within one year</b>	<b>(2,376)</b>	(1867)	<b>(2,179)</b>	(1,725)
<b>Deferred income falling due within one year</b>	<b>(3329)</b>	(4362)	<b>(3329)</b>	(4362)
Net current liabilities	<b>(834)</b>	(785)	<b>(713)</b>	(422)
Total assets less current liabilities	<b>3948</b>	2662	<b>3936</b>	2813
<b>Creditors: amounts falling due after more than one year</b>	<b>(750)</b>	(500)	<b>(750)</b>	(500)
<b>Deferred income falling due after more than one year</b>	<b>(1669)</b>	(2360)	<b>(1669)</b>	(2352)
<b>Provisions for liabilities</b>	<b>(1)</b>	-	-	-
<b>Capital and reserves</b>				
Called up share capital	504	458	504	458
Share premium	4366	3565	4365	3565
Profit and loss account	<b>(3342)</b>	(4220)	<b>(3352)</b>	(4063)
Shareholders' funds/(deficit)	<b>1528</b>	(197)	<b>1517</b>	(40)

**Consolidated Cash Flow Statement  
for the year ended 30 April 2006**

	<b>2006</b>	2005
	<b>Audited £'000</b>	Audited £'000
<b>Net cash inflow from operating activities</b>	<b>931</b>	1977
<b>Returns on investment and servicing of finance</b>		
Interest paid	(57)	(176)
<b>Taxation</b>	<b>2</b>	-
<b>Capital expenditure and financial investments</b>		
Purchase of tangible fixed assets	(1756)	(2759)
Sale of tangible fixed assets	-	
Repayment of loans		-
Purchase of subsidiary	-	(28)
	<b>(1756)</b>	<b>(2787)</b>
<b>Net cash outflow before financing</b>	<b>(880)</b>	(986)
<b>Financing</b>		
Issue of ordinary share capital	46	-
Share premium on issue of equity	800	-
Repayment of debenture loans	(500)	(1500)
New loans	750	-
	<b>1096</b>	<b>(1500)</b>
<b>Net cash inflow/(outflow) from financing</b>		
<b>Increase/(decrease) in cash in the year</b>	<b>216</b>	<b>(2487)</b>
<b>\$</b>		

**Notes to the Financial Statements  
For the year ended 30 April 2006**

**1. DIVIDENDS**

The deficit on our profit and loss account precludes the payment of dividends. It had been the intention of the directors to call an Extraordinary General Meeting to pass a resolution enabling the company to apply to the court for the elimination of the deficit. It is now the intention to put such a resolution to this year's Annual General Meeting. Should the resolution be passed and the subsequent capital reduction application to the court be successful, then dependent upon timing of the court approval, it is the directors intention to recommend the payment of an interim dividend of 0.5p per share in respect of the year ending 30 April 2007.

**2. EARNINGS PER ORDINARY SHARE**

Profit/(loss) per share has been calculated on the net basis on the profit/(loss) on ordinary activities after taxation of £878,845 (2005: £(1,067,446)) using the weighted average number of ordinary shares in issue of 30,859,609 (2005: 25,899,462).

	2006	2005
	Pence	Pence
Profit/(loss) per ordinary share	2.8	(4.12)

**3. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2006	2005
	£	£
Operating profit/(loss)	935,441	(891,081)
Depreciation of tangible assets	331,011	30,382
Amortisation of intangible assets	91,047	26,661
Decrease in assets held for re-sale	155,956	-
Decrease in stocks	49,197	34,293
Decrease/(increase) in debtors	283,527	(1,874,726)
(Decrease)/increase in creditors	(914,688)	4,652,043
<b>Net cash inflow from operating activities</b>	<b>931,491</b>	<b>1,977,572</b>

**4. STATUS OF FINANCIAL INFORMATION**

The financial information set out in the announcement does not constitute the company's statutory accounts for the years ended 30 April 2006 or 2005. The financial information for the year ended 30 April 2005 is derived from the statutory accounts for that year, which have been delivered to the Registrar of Companies.