

CLIPPER WINDPOWER PLC – ANNOUNCEMENT OF 2009 INTERIM RESULTS

London, (UK), Carpinteria, CA (USA). Clipper Windpower Plc (“Clipper” or the “Company”), a wind turbine manufacturer and wind project developer, announces its interim results for the six months ended June 30, 2009.

- The Company is in advanced negotiations with a number of multi-national industrial companies and financial investors to provide capital to strengthen its balance sheet and to position the Company for renewed growth as industry conditions improve.
- 1H'09 Revenue was \$ 357.3 million from the sale of 127 turbines (317.5 MW) (1H'08: \$156.1 million from the sale of 46 turbines – 115 MW).
- 1H'09 Net loss of \$120.2 million (1H'08: \$211.2 million). The current period loss is primarily due to \$68 million of expenses attributable to previously identified remediation programs (1H08 \$139 million) and lower than expected sales due to customer deferral of turbine commissioning. Deferred sales are estimated to provide \$36 million of gross margin.
- Turbine fleet availability exceeds 95%, excluding impact of blade remediation; 380 turbines have now operated in excess of 1,000 hours, with total fleet approaching 2 million hours.
- UK Department for Energy and Climate Change (DECC) awards Clipper a £4.4million grant toward costs associated with the development of blades for the Britannia Project.
- 2009 Outlook: Full year revenue expected to be approximately \$750 million from approximately 260 turbines (650 MW) delivered. Turbine production and deliveries for 2009 have been reduced by the deferral of 130 turbine shipments from 2009 to 2010/2011. The deferral of shipments negatively impacts anticipated margins for 2009 by \$94 million. No customer orders have been cancelled.
- Firm turbine orders for 2010 currently total 175 units (437.5 MW).
- 2010 Outlook: Expect improvement in 2010 margins through higher contracted pricing and lower component costs leading to positive operating income.

Joint Statement by the Chairman and the President and Chief Executive Officer

With financial markets stabilizing, we have begun to see encouraging activity in the wind sector. Recently, Clipper turbines were part of a \$191 million financing package established by First Wind, a Clipper customer since 2007. Still, the wind energy industry so far has received only a fraction of funding from the 2009 American Reinvestment and Recovery Act (ARRA) for renewable projects for new wind farms and other renewable projects. We expect that as the DOE loan guarantee program will be implemented in the coming months, along with other financing capacity increases for the wind industry, stalled wind projects will be reactivated, absorbing deferred turbine purchases and leading to increased turbine order flow in 2010. Forecasts for the U.S. market are 8,500 MW in 2010; 10,000 MW in 2011; and 13,000 MW in 2012.

During the recent severe downturn, Clipper faced its challenges head on. We cut operating expenses and manufacturing overhead costs, reduced inventories and restructured supplier contracts. We have also built, installed and commissioned 329 turbines (822.5 MW) since July 1, 2008, of which 127 (317.5 MW) were completed in the first half of 2009. We have worked in close partnership with our suppliers to improve quality, and the operating reliability and efficiency has risen approaching industry standard levels.

The economic downturn dramatically reduced the availability of financing for wind projects. Clipper's customers responded by deferring construction of wind projects and reducing capital budgets, thus deferring current turbine orders and associated milestone payments. Some have also chosen not to exercise options for new orders. As a result, we have seen a sharp reduction in customer payments on which we depend to finance our working capital needs, however, through early diligent work with our customers, we have established a firm rescheduling of payments and turbine deliveries through 2014.

We have also faced significant expenses to complete blade remediation activities in 2009, and to bring the Liberty turbines to high-operating reliability and performance. The direct and indirect costs of these remediation programs total approximately \$290 million of actual costs and provisions since January 2008, including provisions to complete the remediation in progress by year end 2009.

As a consequence of these internal and external factors and to solidly position Clipper for the forecasted uplift in the wind industry, we are in the process of raising additional capital to strengthen Clipper's balance sheet and assure operating flexibility. A strengthened balance sheet is necessary to assure customers of the Company's long-term viability, a requisite to attracting new orders for turbines as the market improves.

Capital Raising and Strategic Parties

The Company began a comprehensive capital raising process during 2009 and has also been approached by a number of strategic investors. We are presently in active negotiations with a number of industrial multinational and financial investors intended to result in a significant investment into the Company and possibly provide synergies for added market expansion and growth. Based on transaction size and structure, the new capital provider could range from owning a substantial minority position to acquiring the entire Company. The process has accelerated in recent months as capital markets improved and could potentially lead to a transaction before year-end; however, there can be no assurance that any such transaction will be finalized.

The Company also filed an application with the U.S. Department of Energy (DOE) for a loan guarantee to support certain costs associated with the full commercialization of the Liberty turbine. Subsequent detailed discussions have taken place and are expected to soon lead to a DOE determination, but there is no assurance as to when or if the loan guarantee will be issued.

Financial Results

In the first half of 2009, the U.S. market for wind turbines froze due to the impact of the global financial crisis, particularly the credit market collapse and unavailability of project and tax equity financing. This resulted in a dramatic industry-wide decrease in new turbine orders in the U.S. market versus the first half of 2008. These market conditions caused Clipper customers to delay wind projects into 2010 and later, thus delaying the delivery of turbines and the receipts of progress payments from the customers. Clipper has worked closely with its customers to negotiate the deferral of deliveries while endeavoring to minimize the cash flow impact with improved payment terms. Significantly, no orders have been cancelled. Clipper has also taken aggressive actions to conserve cash by managing working capital and downsizing operations to reduce operating expenses and product costs.

The conscious choices made to manage the Company to optimize cash flow, including agreements to defer turbine deliveries, will result in deferral of reported revenue recognition and gross margin contribution from 2009 into 2010 and 2011. Specifically, the deferred of production and delivery of 130 turbines from 2009 to 2010 and 2011 is projected to reduce 2009 revenue by approximately \$400 million and gross margin by approximately \$94 million. However, these deferrals will reduce 2009 cash outflows by at least the amount of lost margin contribution, as component purchases to build these turbines are being deferred.

Clipper revenue for the first six months of 2009 was \$357.3 million for the sale of 127 turbines (317.5 MW). This compares to revenue of \$156.1 million and 46 turbines (115 MW) for the first six months of 2008. Despite the increase in revenue, the Company reported a net loss of \$ 120.2 million due to: (i) lower “legacy” pricing on turbines delivered against sales contracts entered into in 2006 and 2007; (ii) lower sales from delays of turbine commissioning into the second half of 2009 and 2010 due to customer requests for deferred shipments and later than expected timing of customer grid connections (these deferred sales are estimated to provide \$36 million of gross margin); (iii) \$9 million in higher component costs (mostly the impact of higher steel prices on towers purchased in the second half of 2008); and (iv) \$68 million in additional provisions for remediation and related costs. The net loss for the comparable period in 2008 was \$211.2 million, including \$139 million in charges relating to remediation of gearboxes and blades.

The Group's consolidated cash position of \$105.8 million at June 30, 2009 has decreased to approximately \$40 million as of the end of September 2009 reflecting delayed receipts of several key milestone payments from customers, continued cash spending to complete the remediation programs and delayed closing of new business opportunities from the third quarter to the fourth quarter. Clipper expected to receive approximately \$50 million in milestone payments during the third quarter from existing customers for already delivered turbines. Those receipts are now scheduled for receipt in the fourth quarter.

Liberty Turbine Performance Milestones

The Company's top operational priority is proving the Liberty Turbine's performance and operational advantages. Clipper has aligned all internal functions and resources to achieve this objective with three key targets:

- Exceed industry averages for turbine availability – target 96% in 2009;
- Qualify the Liberty turbine for project financing; and
- Complete blade remediation activities in 2009.

Liberty Turbine Availability

The Liberty turbine continues to demonstrate improved operating performance with over 460 turbines installed in 17 projects, and 380 turbines that have operated over 1,000 hours. Average Liberty fleet availability, excluding the impact of blade remediation activity, was above 95% in August, above expectations for a new generation of technology and well on the way to exceeding our year-end target of 96%. With over 1.8 million fleet-wide operating hours, the Liberty turbine's major components have now undergone extensive technical vetting, along with refinements in quality processes, component and full system testing, and exposure to extreme operating conditions. Further, the Liberty turbine power curve has now been tested (IEC compliant) by leading certification

agencies validating conformance to Clipper's warranted power curve. The foregoing adds to our confidence that the technology adoption issues are rapidly diminishing and that the majority of the remediation efforts and costs are now behind the Company.

Turbine Financing Progress

Recognition by wind industry financing institutions that the Liberty turbine is cost-effective technology and commercially proven is an important driver in Clipper's future growth. Therefore, a key Clipper objective for 2009 is to establish sources of project financing based on the Liberty turbine. Two wind energy projects with Clipper 2.5 MW Liberty turbines were among three projects for which a \$191 million financing was announced by First Wind in July 2009. First Wind is an independent developer and operator of wind power in the U.S. and one of Clipper's long-standing customers. First Wind obtained debt financing for the three projects totaling 202 MW, weighted toward 145 MW of Clipper's Liberty turbines. Clipper is working with other customers and other project finance institutions, with the expectation that additional project financings will be completed in coming months.

Remediation Completion Scheduled in Q409

As previously reported, in September 2008 the Company detected a number of blade skin defects during routine turbine service inspections. Engineering analysis determined the root cause to be a faulty manufacturing process at the blade supplier, which, by October 2008, was corrected for all new blade production. To ensure the integrity of Clipper's turbine performance and reliability, the Company implemented a field remediation program for all previously produced blades, totaling almost 1,200 blades installed at sites and in transit or inventory. This and previously completed extensive remediation efforts have been expensive – approximately \$290 million as described above. As of the end of September 2009, approximately 78% of the blades have been repaired, and the remediation is expected to be completed by year-end 2009. The estimated costs to complete the repairs have been provisioned within the 2009 interim accounts and are included in total remediation and related expenses of approximately \$68 million for the period.

Britannia Gains Further UK Government Support

Clipper Windpower Marine Limited, a UK subsidiary of the Group, recently received further UK Government support with the award of a £4.4million grant by the UK Department for Energy and Climate Change (DECC). The grant funding will contribute towards costs associated with the development of blades for the 10 MW Britannia turbine.

The Company's Britannia turbine development base is in Blyth Harbour, UK, adjacent to the planned NaREC (New and Renewable Energy Centre) state-of-the-art Wind Energy Test Facility. Blyth will also serve as the base for introduction of a 50Hz 2.5 MW Liberty turbine into the European market in 2010.

The Britannia 10 MW wind turbine design will be completed in 2009 and component fabrication and testing is planned to start in 2010. The project has been revised to an extended schedule, reflecting a more conservative budget due to current economic conditions with turbine certification expected in 2012. The design processes has yielded significant new technology and patent filings, further strengthening the potential for product line extensions and firming Clipper's technology lead in the fast-growing class of very large offshore turbines aimed at approximately 50,000 megawatts of development over the coming decade.

Clipper has seen considerable interest from offshore wind development participants seeking to engage, at an early stage, in the engineering and testing of the Britannia turbine. The objective of these participants is to perform technical due diligence necessary for reserving future turbine production and committing to turbine purchases during Britannia's move through development, testing, and certification. Accordingly, Clipper has initiated Britannia turbine purchase proposals with several utilities active in European offshore wind project development. It is Clipper's intent to establish customers for the Britannia turbine, targeting orders for 2012 and beyond.

Titan Project Phase I Launched

In October 2008, Clipper completed a 50/50 joint venture agreement with BP Wind Energy in the 5,050 MW Titan Wind Project in South Dakota. Phase One of the project, which is fully owned by BP, is currently under construction using 10 Clipper Liberty turbines (25 MW). If built out to its full capacity, the Titan Wind Project has the potential to be the largest wind development in the U.S. at 5,050 MW. BP and Clipper are joint development partners for the remaining 5,025 MW of the Titan Wind Project, which is expected to be built in multiple phases. The joint venture includes a Master Turbine Sale Agreement for the supply of up to 2,020 Clipper Liberty turbines to the project as it is built out.

Government Stimulus Reaches Wind Energy

In February 2009, the U.S. Congress passed the American Reinvestment and Recovery Act (ARRA or Stimulus bill) which included significant legislation to support the growth of renewables consistent with the Obama Administration's goals of doubling power from renewables over three years and achieving 20% of the U.S.'s power from renewables by 2020. The ARRA included a three-year extension of the Production Tax Credit (PTC), extension of bonus depreciation for capital expenditures through 2009 and the ability to take an up-front 30% investment tax credit (ITC) or equivalent cash grant in lieu of the PTC tax credits. The grants replace previous regulations that supported financing for major wind projects through PTC tax equity financing, which were rendered ineffective over the past year with the economic downturn and credit crisis. To further stimulate wind industry growth and reinvigorate the project finance market, the ARRA also included \$6 billion in

Department of Energy (DOE) loan guarantees to support financing for a targeted \$60 billion of new wind farms and other renewable projects.

Implementation of these federal programs has been slow and the U.S. wind industry effectively has been on hold, with no new turbine orders, until DOE program rules are released. At the end of July, new PTC grant guidelines were released and the DOE began accepting applications under the cash and ITC grant program. Over \$1 billion in grants have been awarded as of late September and the new ITC “refundable” tax credit plan is having a positive impact on the U.S. wind market. The guidelines for the other critical \$6 billion DOE project loan guarantee program are expected to be released soon, further supporting future wind growth with increased project funding. The consensus of the industry and analysts suggests that the U.S. wind market is set for a strong, sustained recovery, however, the timing is dependent on the full implementation of the ARRA programs, continued improvement in the credit markets and a firming in energy prices.

Outlook – Cautiously Brighter

Clipper expects operating results in the second half of 2009 to improve, as margins should benefit from lower component, manufacturing and remediation costs compared to the first half of 2009. Clipper currently forecasts to recognize full year revenue of approximately \$750 million based on delivery of approximately 260 turbines (650 MW) in 2009. These amounts reflect the deferral of 130 turbine deliveries originally scheduled in 2009 into 2010 and 2011 as described above. The deferral of orders will negatively impact recorded revenue and contribution margin in the second half, thus operating income is projected to be negative in the second half of 2009.

Looking forward to 2010, at a minimum the Group expects to deliver its currently contracted order book of 175 turbines (437.5 MW) with higher sales pricing and lower component costs relative to 2009. Average sales prices within the Company’s order book for 2010 represent an increase greater than 10% compared to 2009 and turbine component costs at year end 2009 are forecast to be at least 10% lower than costs at year-end 2008. These positive trends, coupled with the completion of the current remediation programs and continued diligent management of operating expenses and working capital, support the Company’s expectations that it will generate a positive operating income performance in 2010.

Given this position, we look to the future where the financing / strategic partner solution will best move forward the strong elements of value that we believe Clipper represents:

- Substantive wind power technology and intellectual property keyed to market demand for further scaling up of turbine size and reliable long-term performance;
- A refined supply chain and quality wind turbine manufacturing capacity;
- Liberty turbine's significant U.S. market position (8% share of the largest global market in 2008);
- A project development business with greater than 9,000 MW wind resource portfolio, with potential for up to 4,600 Liberty turbines (including the Titan Joint Venture) additional to future third party sales; and
- The advanced technology 10 MW Britannia turbine project, solidly positioned for the emerging giant UK-European offshore market.

Therefore, we strongly believe that these elements, strengthened with added financial resources and the determination that drives the Clipper organization, set the stage for becoming a major factor in the wind power industry.

We especially thank our Clipper employees for their dedication to building this vital and dynamic enterprise.

James G.P. Dehlsen
Chairman

Douglas A. Pertz
President and Chief Executive Officer

Financial Review

Results for the six month periods ended June 30, 2009 and June 30, 2008 are un-audited. The results for the year ended December 31, 2008 have been extracted from the statutory financial statements of Clipper Windpower Plc (“the Company”) and subsidiaries (together, the “Group”, or “Clipper”).

Financial Summary

Revenue for the six months ended June 30, 2009 was \$357.3 million and was primarily from the sale of 127 turbines, compared to revenue for the six months ended June 30, 2008 of \$156.1 million from the sale of 46 turbines. In the current period, turbines were commissioned at five separate customer sites in the United States.

The net loss for the June 30, 2009 and 2008 six month periods was \$120.2 million and \$211.2 million, respectively. Excluding remediation related costs, net loss was \$52.5 million and \$72.3 million, respectively (See note 5 herein).

Results of Operations

Cost of sales, excluding remediation related costs, increased from \$180.1 million to \$371.1 million, primarily due to the incremental sale of 81 turbines for the six months ended June 30, 2009 as compared to the same period last year.

Total cost of sales, including remediation related expenses, were \$438.8 million for the first half of 2009 as compared to \$319.0 million for the first half of 2008. Cost of sales included \$67.7 million and \$138.9 million of remediation related costs for the period ended June 30, 2009 and 2008, respectively. For the first half of 2009 remediation related costs included; \$41.2 million primarily related to blade skin remediation; \$21.1 million in liquidated damages under turbine sales contracts for turbine availability; and \$5.4 million in other related costs. For the first half of 2008, such remediation related costs included; \$76.2 million primarily related to gearbox and blade skin remediation; \$33.4 million in liquidated damages under turbine sales contracts for turbine availability; \$24.2 million for inventory write downs; and other associated remediation costs of \$5.1 million (See note 5 herein).

For the first half of 2009, project development costs, which primarily include costs associated with identification of potential wind project sites, securing land rights, and pursuing various permits and studies, were \$6.3 million or broadly flat with the same period last year.

Product research and development costs were \$12.1 million in the current period compared to \$10.9 million for the six months ended June 30, 2008. The increase represents the Company's continuing investment in new technology and includes amounts for Clipper's Project Britannia, a large offshore wind turbine under development in Northeast England, and for additional funding for a development stage wind tower manufacturing company.

Administrative expenses were \$18.3 million in the current period compared to \$27.7 million for the six month period ended June 30, 2008. The \$9.4 million decrease from the prior period was primarily due to lower litigation related expenses of \$6.2 million and professional fees of \$2.2 million. At June 30, 2009, Clipper's employee count was 748 as compared to 695 at June 30, 2008.

Finance income was \$0.5 million for the six months ended June 30, 2009 compared to \$1.3 million for the same period last year, reflecting interest earned on lower average cash balances.

Finance costs were \$0.1 million for the six months ended June 30, 2009 compared to \$5.1 million in the same period last year. The 2008 result included \$3.3 million for accelerated amortization of fees and other expenses associated with terminating a credit facility.

Balance Sheet

Inventories totaled \$456.0 million at June 30, 2009 compared to \$557.4 million at December 31, 2008. The \$101.4 million decrease primarily results from revenue recognized on 127 turbines sold and a \$30 million reduction in component inventory. The \$456.0 million balance at June 30, 2009 includes \$7.5 million in development projects compared to \$6.6 million at December 31, 2009.

Prepaid inventory totaled \$34.5 million at June 30, 2009, compared to \$33.0 million as of December 31, 2008. Prepaid inventory includes advance payments to certain long lead time suppliers prior to the shipment of components.

Trade receivables were \$91.9 million and \$97.9 million for the periods ended June 30, 2009 and December 31, 2008, respectively and represent amounts due from customers for turbines sold and project cost reimbursement.

Deferred revenue represents turbine sale deposits received from customers. The current portion of deferred revenue totaled \$538.8 million at June 30, 2009 compared to \$668.1 million at December 31, 2008. Non-current deferred revenue totaled \$154.0 million, compared to \$134.5 million as of December 31, 2008. The \$109.8 million combined decrease since December 31, 2008 was due to revenue recognized in excess of new deposits received during the first six months of 2009.

Cash on hand at June 30, 2009 was \$105.8 million as compared to \$209.0 million at December 31, 2008. The decrease was primarily due to negative cash flows from operating activities for the first six months of 2009.

Note 1 to the financial information sets out the Directors' consideration of the risks and uncertainties that could affect the Group's forecast cash flows. The Directors have concluded that those risks and uncertainties represent a material uncertainty that casts significant doubt upon the Group's ability to continue as a going concern. Nevertheless, after making enquiries, reviewing forecast cash flows and considering those uncertainties, the Directors have a reasonable expectation that the Group has adequate resources and operating flexibilities to continue in operational existence for the foreseeable future. For those reasons they continue to adopt the going concern basis in preparing the interim financial information.

Conference Call

Clipper's management will host a conference call to discuss the Group's developments today at 9:00 am (UK Time). To join this call, please dial +44 (0)20 7806 1955 for UK, +1 718 354 1389 for U.S. (Conference code: 1840491). Replay telephone numbers: +44 (0)20 7111 1244 for UK, +1 347 366 9565 for U.S. Replay access code: 1840491#.

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This announcement was approved by the Board of Directors on September 28, 2009.

The ordinary shares of Clipper Windpower Plc are traded on AIM, a market operated by the London Stock Exchange, and are not registered under the U.S. Securities Act of 1933, as amended. Such shares may not be offered or sold to residents of the United States or to persons acting on their behalf, or to other persons who are "United States Persons" within the meaning of the Regulation S as promulgated under the Securities Act of 1993, unless such shares have been registered under the Securities Act or there is an available exemption from registration.

Clipper Windpower Plc

Condensed Consolidated Income Statement

		Unaudited Six months ended June 30,	Audited Year ended December 31,
	Notes	2009	2008
		(Dollars in thousands, except per share amount)	
Revenue	4	357,258	156,086
Cost of sales	5	(438,804)	(319,011)
Gross loss		(81,546)	(162,925)
Project development		(6,302)	(6,134)
Research and development		(12,107)	(10,945)
Administrative expense	5	(18,333)	(27,735)
Other operating income / (expense)		120	(24)
Share of loss from joint ventures		(2,449)	(156)
Profit on sale of subsidiary undertakings		-	-
Operating loss	5	(120,617)	(207,919)
Finance income		527	1,264
Finance costs		(111)	(5,081)
Loss before tax		(120,201)	(211,736)
Income tax		(3)	556
Loss for the period		(120,204)	(211,180)
Loss per share (\$/share) basic and diluted	6	(0.92)	(1.84)

Clipper Windpower Plc Condensed Consolidated Balance Sheet

		Unaudited As of June 30,	Audited As of December 31,
Notes	2009	2008	2008
	(Dollars in thousands)		
Non-current assets			
Intangible assets, net	1,518	692	1,179
Property, plant and equipment, net	39,599	39,451	40,871
Other investments	15,515	8,969	15,789
Investment in joint ventures	2,372	17	4,546
Other assets	16,596	1,115	16,604
Non-current assets	75,600	50,244	78,989
Current assets			
Inventories	7 455,959	675,554	557,446
Trade and other receivables, net	91,949	47,439	97,940
Prepaid inventory	34,494	60,784	32,951
Other current assets	12,366	12,832	12,874
Cash	105,844	268,121	208,988
Current assets	700,612	1,064,730	910,199
Total assets	776,212	1,114,974	989,188
Current liabilities			
Deferred revenue	8 538,804	669,733	668,085
Trade and other payables	131,143	153,688	140,580
Provisions	122,897	18,933	117,817
Income tax payable	2,634	3,198	2,467
Obligations under finance leases	236	1,104	243
Total current liabilities	795,714	846,656	929,192
Non-current liabilities			
Deferred revenue	8 154,029	253,468	134,458
Provisions	23,927	14,688	23,924
Note payable	9 20,000	-	-
Obligations under finance leases	283	341	240
Other non-current liabilities	595	-	734
Total liabilities	994,548	1,115,153	1,088,548
Net liabilities	(218,336)	(179)	(99,360)
(Deficit) / Equity			
Share capital	10 24,078	24,027	24,076
Share premium account	374,671	374,429	374,655
Other reserves	64,032	60,323	62,832
Retained loss	(681,117)	(458,958)	(560,923)
Total (deficit)/equity	(218,336)	(179)	(99,360)

Clipper Windpower Plc

Condensed Consolidated Statement of Cash Flows

Unaudited
Six months ended
June 30,

	2009	2008
	(Dollars in thousands)	
Cash flows from operating activities		
Net loss	(120,204)	(211,180)
Adjustments to reconcile net loss to net cash flows:		
Depreciation and amortization	6,704	7,161
Write off of construction-in-progress	-	403
Loss on disposal of assets	180	12
Share-based compensation	2,217	1,299
Loss from investments in joint ventures	2,449	156
Decrease / (increase) in receivables	5,596	(45,201)
Decrease / (increase) in inventories	101,487	(152,359)
Increase in other current assets	(1,039)	(13,069)
Increase in trade and other payables	5,899	63,254
(Decrease) / increase in provisions for liabilities and charges	(8,932)	20,759
Increase / (decrease) in income taxes payable	475	(1,112)
(Decrease) / increase in other noncurrent liabilities	(985)	202
Decrease / (increase) in other assets	23	(566)
(Decrease) / increase in deferred revenue	(109,705)	299,834
Interest paid	(113)	(4,524)
Interest received	361	1,264
Income tax received	-	1,190
<i>Net cash used in operating activities</i>	<u>(115,587)</u>	<u>(32,477)</u>
Cash flows from investing activities		
Investment in subsidiaries and joint ventures	-	(2,474)
Purchase of property, plant and equipment	(5,460)	(11,254)
Additions to intangible assets	(345)	-
<i>Net cash used in investing activities</i>	<u>(5,805)</u>	<u>(13,728)</u>
Cash flows from financing activities		
Proceeds from note payable	20,000	-
Proceeds from issue of share capital	-	199,719
Costs associated with issue of share capital	-	(314)
Capital element of finance lease payments	(111)	(111)
Proceeds from exercise of share options	15	795
<i>Net cash from financing activities</i>	<u>19,904</u>	<u>200,089</u>
Net (decrease) / increase in cash and cash equivalents	(101,488)	153,884
Cash and cash equivalents at beginning of period	208,988	114,420
Exchange losses on cash and cash equivalents	(1,656)	(183)
Cash and cash equivalents at end of period	<u><u>105,844</u></u>	<u><u>268,121</u></u>

Clipper Windpower Plc

Condensed Consolidated Statement of Changes in Shareholders' Equity

	Share capital	Share premium	Revaluation reserve	Other reserves (Note 11)	Foreign currency translation reserve	Retained earnings	Total equity
(Dollars in thousands)							
Balance at January 1, 2008	19,772	188,982	265	51,605	(131)	(248,181)	12,312
Net loss for the period	-	-	-	-	-	(211,180)	(211,180)
Exchange differences arising on translation of foreign currency recognized directly in equity	-	-	-	-	(64)	-	(64)
Shares and warrant issued	4,056	186,647	-	10,766	-	-	201,469
Less: cost of shares and warrant issued	-	(1,796)	-	-	-	-	(1,796)
Tax payable on warrant issued	-	-	-	(3,014)	-	-	(3,014)
Employee share option scheme:							
<i>Exercise of options</i>	199	596	-	(403)	-	403	795
<i>Issuance of options</i>	-	-	-	1,299	-	-	1,299
Balance at June 30, 2008	24,027	374,429	265	60,253	(195)	(458,958)	(179)
Net loss for the period	-	-	-	-	-	(102,116)	(102,116)
Exchange differences arising on translation of foreign currency recognized directly in equity	-	-	-	-	1,069	-	1,069
Shares and warrants issued	27	(28)	-	2	-	-	1
Less: cost of shares and warranties issued	-	(11)	-	-	-	-	(11)
Tax payable on warrant issued	-	-	-	(1)	-	-	(1)
Employee share option scheme:							
<i>Exercise of options</i>	22	265	-	(151)	-	151	287
<i>Issuance of options</i>	-	-	-	1,590	-	-	1,590
Balance at December 31, 2008	24,076	374,655	265	61,693	874	(560,923)	(99,360)
Net loss for the period	-	-	-	-	-	(120,204)	(120,204)
Exchange differences arising on translation of foreign currency recognized directly in equity	-	-	-	-	(703)	-	(703)
Employee share option scheme:							
<i>Exercise of options</i>	2	16	-	-	-	10	28
<i>Issuance of options</i>	-	-	-	1,903	-	-	1,903
Balance at June 30, 2009	24,078	374,671	265	63,596	171	(681,117)	(218,336)

1. Basis of preparation

The consolidated results of Clipper Windpower Plc for the six months ended June 30, 2009 have been prepared in accordance with IAS 34 *Interim Financial Reporting*, and using accounting policies consistent with International Financial Reporting Standards (IFRS) adopted for use in the European Union.

The information for the year ended December 31, 2008 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' report on those accounts was not qualified, did not draw attention to any matters by way of emphasis, and did not contain statements under section 498(2) or (3) of the UK Companies Act of 2006.

This interim report was approved by the Board of Directors on September 28, 2009. The interim report is unaudited but has been reviewed by the auditors whose report is set out on page 24.

Going concern

The Company has historically met its operating capital requirements with equity capital provided by institutional investors and from deposits and progress payments made by customers on contracts for future turbine deliveries. The Group has only \$20 million of funded debt, but has significant obligations to (i) its customers under completed turbine sale agreements (including warranty and performance availability obligations); (ii) its customers under turbine sales agreements for future deliveries; and (iii) its vendors and suppliers for services performed and for components purchased.

The Group's operating results and financial position have been negatively impacted by a combination of external and internal factors. Most importantly, the global economic and credit crisis that began in September 2008 has materially impacted the availability of financing for wind projects, causing many of the Company's customers to reduce capital expenditures, delay projects and defer turbine deliveries under existing contracts. Further, customers have dramatically reduced new orders for turbines until market conditions improve. Lower energy prices for oil, natural gas and coal have contributed to lower electricity prices in many markets, putting further uncertainty on wind developments. Internally, the most significant factor affecting the Group's financial position has been the high cost of various remediation programs. The direct and indirect costs of these remediation programs total approximately \$290 million for the 18 months ending June 30, 2009.

The Group's consolidated cash position of \$105.8 million at June 30, 2009 has decreased to approximately \$40 million as of the end of September 2009 reflecting delayed receipts of several key milestone payments from customers, continued cash spending to complete the remediation programs and delayed closing of anticipated new business opportunities during the third quarter.

As explained in the Joint Statement by the Chairman and President and Chief Executive Officer, the Group is in active negotiations with a number of strategic and financial investors to secure additional capital funding. Management and the Directors will pursue these initiatives vigorously and believe a satisfactory financing transaction can be arranged; however, there can be no assurance that any such transaction can be completed. For purposes of evaluating the going concern status of the Company, the Directors have not assumed that a capital raise transaction will be completed.

Without the reliance on a positive outcome of the capital raise efforts, Management has prepared operating plans and projections to reasonably ensure the Company has adequate resources and operating flexibilities. The principal sources of projected cash inflows are: continued receipts from customers on existing turbine contracts (both for delivered turbines and turbines slated for future delivery); sales of one or more development sites; and potential new turbine orders. The Company maintains an ongoing dialogue with existing customers to ensure that contractual payments from customers are received in a timely manner and, where payments are dependent on remediation or other activities, that such activities are completed efficiently and effectively. The Company is also in active discussions for sales of one or more development assets, including related turbine sales agreements; however, until a transaction is completed, there can be no assurance it will happen or when it may occur.

The Directors have concluded that the combination of these circumstances represent a material uncertainty that casts significant doubt on the Group's and the Company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. Nevertheless, after making enquiries, reviewing forecast cash flows and considering the uncertainties described above, the Directors have a reasonable expectation that the Group and the Company have adequate resources and operating flexibilities to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the interim report and accounts.

2. Accounting policies

Except for the adoption of IFRS 8 as discussed in note 3 herein, the accounting policies are consistent with those adopted in the preparation of the Group's annual financial statements for the year ended December 31, 2008.

3. Segment information

The Group implemented IFRS 8 – Operating Segments on January 1, 2009. Under IFRS 8, the Group has two operating segments: turbine technology and manufacturing, and wind project development. Turbine technology and manufacturing includes designing, manufacturing and the sale and servicing of wind turbines. Wind project development includes activities associated with developing wind energy facilities, including wind resource assessment, site planning, site control and interconnection to the power grid. The wind project development segment did not meet the quantitative thresholds specified in IFRS 8 for the periods reported. Accordingly, no individual segment information is presented here.

All of the Group's revenue is from external customers located in North America. Three customers accounted for 46%, 30% and 15% of revenue for the period ended June 30, 2009 and one customer accounted for 66% of revenue for the period ended June 30, 2008. Three customers accounted for 57%, 20% and 12% of revenue for the period ended December 31, 2008.

4. Revenue and income

The Group recorded the following categories of revenue and income:

	Six months ended June 30,		Year ended December 31,
	2009	2008	2008
	(Dollars in thousands)		
Sale of turbines and construction assets	353,639	150,051	736,386
Turbine service revenue	2,155	158	743
Development revenue	525	150	-
Other revenue	939	5,727	197
Total revenue	357,258	156,086	737,326
Profit on sale of subsidiary undertakings	-	-	30,908
Finance income	527	1,264	3,119
Total	357,785	157,350	771,353

5. Provision for remediation related expenses and other unusual transactions

During the six month period ended June 30, 2009, there were significant additional charges primarily relating to remediation of supplier quality issues and blade design. These costs are summarized below.

	Six months ended June 30,		Year ended December 31,
	2009	2008	2008
	(Dollars in thousands)		
Provision for remediation related expenses:			
Inventory write down for loss making contracts	1,031	5,118	2,866
Provision for turbine and blade remediation	41,221	76,232	134,588
Provision for inventory obsolescence	4,328	24,180	32,385
Provision for liquidated damages	21,120	33,399	52,111
	67,700	138,929	221,950
Provisions for litigation related matters	-	6,156	13,000
	67,700	145,085	234,950

The provision for loss making contracts relates to wind projects for which costs will exceed contractual economic benefit. The provision for turbine remediation relates to the cost to repair blades and gearboxes on wind turbines at customer sites and held in inventories. The provision for inventory obsolescence pertains to the difference between inventory's carrying value and net realizable value of certain un-certified products. The accrual for liquidated damages relates to the contractual penalties arising from the late delivery of turbines and related performance guaranties on certain contracts, mostly attributable to turbine downtime caused by the remediation programs described above.

6. Loss per share

The calculation of the basic and diluted loss per share is based on the following:

	Six months ended June 30,		Year ended December 31,
	2009	2008	2008
Loss			
Loss for the purpose of basic and diluted loss per share (\$'000s)	(120,204)	(211,180)	(313,296)
Number of shares			
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	130,052,252	114,584,677	122,580,643
Basic and diluted loss per share	\$(0.92)	\$(1.84)	\$(2.56)

Unexercised share options and warrants to purchase 18,948,535 shares, 15,664,276 shares and 19,431,902 shares for the six months ended June 30, 2009 and June 30, 2008 and the year ended December 31, 2008, respectively, were not included in the computation of basic and diluted EPS because the exercise of the options and warrants would be anti-dilutive.

7. Inventories

	As of June 30,		As of December 31,
	2009	2008	2008
	(Dollars in thousands)		
Raw materials and components	276,702	350,960	205,410
Less reserves	(29,917)	(73,218)	(46,999)
<i>Net</i>	<u>246,785</u>	<u>277,742</u>	<u>158,411</u>
Completed assembly	61,178	123,001	81,149
Less reserves	-	-	-
<i>Net</i>	<u>61,178</u>	<u>123,001</u>	<u>81,149</u>
Inventory at project sites	149,616	376,642	320,841
Less reserves	(1,620)	(101,831)	(2,955)
<i>Net</i>	<u>147,996</u>	<u>274,811</u>	<u>317,886</u>
Total net inventory	<u><u>455,959</u></u>	<u><u>675,554</u></u>	<u><u>557,446</u></u>

There is no material difference between the balance sheet value of inventories and its replacement cost.

8. Deferred revenue

	Current	Non current	Total
	(Dollars in thousands)		
At June 30, 2008	669,733	253,468	923,201
Customer deposits received	526,437	(119,010)	407,427
Recognized as revenue in the period	(528,085)	-	(528,085)
At December 31, 2008	668,085	134,458	802,543
Customer deposits received	179,750	19,571	199,321
Recognized as revenue in the period	(309,031)	-	(309,031)
At June 30, 2009	<u><u>538,804</u></u>	<u><u>154,029</u></u>	<u><u>692,833</u></u>

Customer deposits received reflect receipt of contractually-required advance deposits to order turbines and milestone receipts for progress on delivery and commissioning of turbines. The Group uses such receipts to order components and fund operations to manufacture and deliver turbines ordered.

9. Note payable

On May 13, 2009, the Group entered into an arrangement for a \$20.0 million secured loan funded by a customer associated with the deferral of certain 2009 committed turbine deliveries into 2010. The loan is in the form of a promissory note with a maturity date of March 31, 2011. Interest will accrue on the note at the three-month LIBOR rate plus 20 basis points (0.2%). The principal and interest are due on the maturity date.

10. Share capital

	As of June 30,		As of December 31,
	2009	2008	2008
	(Dollars in thousands)		
Authorized			
165,000,000 ordinary shares of 10 pence each (June 30, 2008 and December 31, 2008: 165,000,000 ordinary shares)	27,392	27,392	27,392
50,000 redeemable preference shares of £1 each (June 30, 2008 and December 31, 2008: 50,000 redeemable preference shares)	91	91	91
Allotted, called up and fully paid			
130,061,276 ordinary shares of 10 pence each (June 30, 2008: 129,749,954 ordinary shares, December 31, 2008: 130,048,276 ordinary shares)	24,078	24,027	24,076

Issued share capital as at June 30, 2009 amounted to \$24.1 million (June 30, 2008: \$24.0 million and December 31, 2008: \$24.1 million). During the period ended June 30, 2009, the actual number of shares issued as a result of options exercised was 13,000 ordinary shares (six months ended June 30, 2008: 879,522 ordinary shares and year ended December 31, 2008: 1,162,720 ordinary shares). The total consideration received from the exercise of these options was \$28,000 (six months ended June 30, 2008: \$0.8 million and December 31, 2008: \$1.1 million).

On June 26, 2009, the Group implemented an Option Exchange Program (the "Program") in which it granted new share options to certain qualified option holders with an option price of £1.50 per share in exchange for the surrendering of a larger number of previously granted share options with higher exercise prices. Under the Program, 3,400,000 pre-existing options in respect of 3,400,000 ordinary shares were surrendered and 1,999,462 new options were granted in respect of 1,999,462 ordinary shares. The expenses incurred by the Group under this Program were not material for the six months ended June 30, 2009.

11. Other reserves

	Share option reserve	Warrant reserve	Merger reserve	Capital redemption reserve	Total other reserves
(Dollars in thousands)					
Balance at January 1, 2008	6,595	9,812	35,107	91	51,605
Shares and warrant issued	-	10,766	-	-	10,766
Tax payable on warrant issued	-	(3,014)	-	-	(3,014)
Employee share option scheme:					
<i>Exercise of options</i>	(403)	-	-	-	(403)
<i>Issuance of options</i>	1,299	-	-	-	1,299
Balance at June 30, 2008	7,491	17,564	35,107	91	60,253
Shares and warrants issued	-	2	-	-	2
Tax payable on warrant issued	-	(1)	-	-	(1)
Employee share option scheme:					
<i>Exercise of options</i>	(151)	-	-	-	(151)
<i>Issuance of options</i>	1,590	-	-	-	1,590
Balance at December 31, 2008	8,930	17,565	35,107	91	61,693
Employee share option scheme:					
<i>Exercise of options</i>	-	-	-	-	-
<i>Issuance of options</i>	1,903	-	-	-	1,903
Balance at June 30, 2009	10,833	17,565	35,107	91	63,596

12. Contingencies

Contingent asset

In 2006, the Group sold a 50% membership interest in four project limited liability companies ("LLCs") and an 85% membership interest in one project LLC. In the event certain notice-to-proceed conditions in the contracts are satisfied, the Group will receive additional contingent purchase price consideration for the project companies up to a maximum of \$33.3 million for the first four project companies with payments on the fifth project company based on the final generation capacity of the site. During the period, no additional contingent purchase price consideration was received.

Contingent liability

In 2006, the Group sold part of its investment in five subsidiary undertakings. It has retained an interest, either as a joint venture partner or investor in each of these wind farm development projects. Each project was sold on the basis that on completion, it would achieve a contractually-agreed capacity. If one of the Group's projects has a lower capacity upon completion than that anticipated at commencement, or falls short of other contractually-agreed commitments, the Group is required to transfer a new project in its place or, failing that, the Group is responsible for reimbursing its joint venture partner for any amounts paid plus interest at LIBOR plus 2% up to a maximum of \$4 million. The Directors consider it remote that any payments will arise under this arrangement and, accordingly, have recognized revenue based on their view of the probable outcome of this transaction.

The Group's turbine supply agreements with customers generally require the Group to make payments to the customers in the event the Group is unable to meet certain conditions of the contracts relating to delivery, commissioning and assembly dates in the ordinary course of business. The Group is also contractually committed for liquidated damages in certain turbine supply agreements if turbine availability does not meet minimum stated thresholds or the power curve does not meet specified levels of output. The specific terms vary by contract but, in general, the maximum potential future payments under the guarantees are subject to daily and overall project limits. Such costs are accrued once the agreed delivery date expires, as time passes and in accordance with contractual terms unless such contracts are loss making, in which case total losses on the contracts are recognized in full.

13. Related party transactions

In February 2009, the Group made a loan of \$1.0 million to a tower company for which the Group holds a minority interest. This loan has been provided for and is reflected in research and development expense in the consolidated interim income statement due to the tower company being a development stage enterprise with there currently being insufficient certainty that the loan will be repaid. The son of one of the Group's Directors is a principal of the tower company. Two of the Group's other Directors are also directors of the tower company.

INDEPENDENT REVIEW REPORT TO CLIPPER WINDPOWER PLC

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended June 30, 2009 which comprises the condensed income statement, the condensed balance sheet, the condensed cash flow statement, the condensed statement of changes in shareholders' equity and related notes 1 to 13. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules of the London Stock Exchange.

As disclosed in note 1, the annual financial statements of the Company are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended June 30, 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the AIM Rules of the London Stock Exchange.

Going concern - emphasis of a matter

In forming our opinion on the financial information, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial information concerning the Company's ability to continue as a going concern. The Company has experienced reduced orders for turbines and cash out-flow associated with remediation activities and is attempting to raise additional capital. These conditions, along with other matters explained in note 1 to the financial information, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The financial information does not include the adjustments that would result if the Group was unable to continue as a going concern.

Deloitte LLP

Chartered Accountants and Statutory Auditors
London, UK
September 30, 2009