



ABN 85 003 622 866  
GPO Box 5015, Sydney NSW 2001  
Level 1, 160 Pitt Street Mall, Sydney NSW 2000

# **Clover Corporation Limited**

## **ASX Appendix 4D**

## **Half Year Financial Report**

**31 January 2014**

***Lodged with the ASX under Listing Rule 4.2A***

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### **Reporting Period**

The reporting period is the half year ended 31 January 2014 with the previous corresponding period the half year ended 31 January 2013.

## Results for Announcement to the Market

		% Change	Amount of Change \$'000		\$'000
<b>Revenue</b> from ordinary activities	Down	26.3%	5,297	to	14,877
<b>Profit</b> from ordinary activities after tax attributable to members	Down	48.7%	1,296	to	1,364
<b>Net profit</b> for the period attributable to members	Down	48.7%	1,364	to	1,364

### Explanation of Operating Results

Clover Corporation Limited ("Clover Corporation") has reported a profit after tax of \$1.36 million for the half year ended 31 January 2014 (2013: \$2.66 million) a decrease of 48.7%.

For a further explanation of the half-year's operating result, please refer to the Directors' Report in the financial report for the half year ended 31 January 2014.

<b>Dividends/distributions</b>	Amount per security	Franked amount per security
Final dividend – 31 July 2013	1.50 cents	1.50 cents
Interim dividend – 31 January 2014	0.50 cents	0.50 cents

**Record date** for determining entitlements to the dividend:

Tuesday 22 April 2014

### NTA Backing

	31-Jan-14	31-Jul-13
Net tangible asset backing per ordinary share	<b>17.92 cents</b>	<b>18.41 cents</b>

## **Results for Announcement to the Market – Continued**

### **Controlled entities acquired or disposed of**

#### **Disposed entities**

No entity was disposed of during the half-year ended 31 January 2014.

#### **Acquired entities**

No entity was acquired during the half-year ended 31 January 2014.

### **Additional dividend/distribution information**

A fully franked final dividend of 1.50 cents per share for the period ended 31 July 2013 was paid during the half year ended 31 January 2014. A fully franked interim dividend of 0.5 cents per share has been declared for the half year ended 31 January 2014. The ex-dividend date for the dividend is Wednesday 16 April 2014, the record date is Tuesday 22 April 2014, with a payment date of Wednesday 30 April 2014.

### **Dividend reinvestment plans (“DRP”)**

There are no dividend reinvestment plans as at 31 January 2014.

### **Foreign Accounting Standards**

N/A

### **Independent Review Report**

Refer to the attached Clover Corporation Limited 31 January 2014 Half Year Report for the Independent Review Report to the Members of Clover Corporation Limited.



ABN 85 003 622 866

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REPORT  
FOR THE HALF YEAR ENDED 31 JANUARY 2014

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**CLOVER CORPORATION LIMITED**  
**ABN 85 003 622 866**

**CORPORATE DIRECTORY**

**Directors**

Mr Peter R. Robinson	Non-Executive Director & Chairman
Dr Ian L. Brown	Managing Director - Executive
Ms Cheryl L. Hayman	Non-Executive Director
Dr Marilyn J. Sleigh	Non-Executive Director
Mr Graeme A. Billings	Non-Executive Director

**Secretary**

Mr Jaime Pinto

**Registered Office**

Level 1  
160 Pitt Street Mall  
Sydney NSW 2000  
Telephone: (02) 9232 7166  
Facsimile: (02) 9233 1025

**Auditors**

PKF Lawler Partners  
Level 9  
1 O'Connell Street  
Sydney NSW 2000

**Share Registry**

Computershare Investor Services Pty Limited  
60 Carrington Street  
Sydney NSW 2000

**Australian Securities Exchange Code**

Ordinary Shares                      CLV

**Website**

<http://www.clovercorp.com.au>

## **DIRECTORS' REPORT**

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The directors of Clover Corporation Limited (the Company) present the following report for the six months to 31 January 2014.

### **Directors**

The names of directors who held office during the whole of the half-year and up to the date of this report are as follows:

Mr Peter R. Robinson	Non-Executive Director & Chairman
Dr Ian L. Brown	Managing Director - Executive
Ms Cheryl L. Hayman	Non-Executive Director
Dr Marilyn J. Sleigh	Non-Executive Director
Mr Graeme A. Billings	Non-Executive Director

### **Review of Operations**

#### **Overview and outlook**

Clover Corporation Limited (Clover) has reported a net profit after tax of \$1.36 million for the half year ended 31 January 2014 (2013: \$2.66 million) a decrease of 48.7%. The net profit was adversely affected by the reduction in sales revenue that was due to the New Zealand whey protein concentrate (WPC) incident reported in 2013. While this incident did not involve any of Clover's products, it has affected product sales by some of Clover's customers. This is discussed in more detail below. As a result, and as predicted in previous statements by Clover to the market, sales of Clover products have reduced compared with the same period last year. Sales revenue in FY2015 is expected to increase from the performance being experienced in FY2014.

#### **Sales**

Sales revenue decreased in the first half of the financial year by 26.3% to \$14.9 million (2013: \$20.2 million).

In August 2013 there was an incident reported involving the manufacture of suspected contaminated WPC produced in New Zealand. Clover's products were not involved in the incident. WPC is an important ingredient in infant formula preparations and is used by many infant formula manufacturers. As a consequence of extensive media coverage and precautionary product recalls in several countries the heightened concern about the safety of infant formula has resulted in the decline of sales of infant formula by a number of companies affected by this incident.

The impact of this incident on Clover, foreshadowed earlier in the financial year, has been a decline in sales revenue due to reduced infant formula sales by some of Clover's customers. During this period no customers have been lost. The recovery in sales revenue will be dependent on the length of time it takes Clover's customers to recover their manufacturing volumes and market shares. Clover has been working closely with its customers to assist the recovery process.

Despite reductions in other markets, Clover's sales revenue has increased in the America's (+95% prior comparative period) and Europe (+21% prior comparative period) as a result of developing market opportunities and new regulatory approvals.

Clover has maintained a strong financial and cash position during the reporting period (2014: \$8.7 million) with a solid balance sheet. Expenses have been well managed given the temporary reduction in sales revenue while allowing for the continued investment in the medical food initiative, new product development, commercialization programs and other activities that support the growth and development of the company.

## **DIRECTORS' REPORT continued**

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### **New product development**

Clover has a product development pipeline with significant near term opportunities. Sales revenue in FY2015 is expected to increase from the performance being experienced in FY2014 based on the forecasts provided by Clover's customers and other sales initiatives. Two new products using Clover's proprietary encapsulation technology are nearing first commercial sales.

The first product for use in infant formula has been approved by the initial targeted customer and the product for the first order has been manufactured. Additional markets in Asia for this product have been identified and customer evaluations have already commenced.

The second proprietary product, manufactured in Australia, has been designed to enhance the encapsulation stability and functionality of products made by companies who wish to convert their own sources of nutritional lipids into powdered and stable products. Successful manufacturing trials have been conducted and this ingredient was showcased at an ingredients expo in China in March 2014. First sales of this product are expected in FY2014.

A further new proprietary product designed for hypoallergenic encapsulated infant formula and metabolic foods is currently under customer evaluation.

### **Sales of specialty oil**

While Clover has in recent times focused on sales of powdered products utilizing its proprietary encapsulation technology, there has recently been an increased demand for refined high quality tuna oil in the market. As a result, the sale by Clover of refined tuna oil for specialty applications has increased by 35% pcp. To take further advantage of this opportunity, a long term contract with a fourth provider of crude tuna oil of appropriately high grade specifications has been completed during the reporting period.

### **Medical Foods Program**

The Medical Foods Program and its associated novel emulsion technology is being developed by Clover as a technology platform for the prevention and/or treatment of a number of significant problems that can affect prematurely-born (preterm) infants. This technology platform may also have applications in other population groups, such as the elderly. The progress of the medical foods initiative, described below, has been significant, and continues to support the belief of the Board that this could be the basis of a substantial new business opportunity.

Clover has been developing its Medical Foods Program for more than 7 years, initially through support of the DINO study. This was a clinical trial involving indirect augmentation of DHA levels in prematurely born babies in order to reduce their incidence and severity of lung and cognitive disorders. Short term outcomes for the babies showed positive benefits from the supplementation. The health status of these children from the DINO study has now been reassessed 7 years after their birth, to determine whether any longer term health benefits from the treatment can be found. The results of this assessment will be published in 2014.

Clover has subsequently developed a proprietary high DHA (docosahexaenoic acid) emulsion and delivery system that has the potential of reducing the incidence of bronchopulmonary dysplasia (BPD) in preterm infants. BPD, which is associated with insufficient maturity of the lungs, is a significant cause of preterm infant sickness and death. A patent claiming the use of high levels of DHA to reduce the incidence of BPD and other respiratory conditions has been granted and is exclusively licensed by Clover.

A Phase 3 clinical trial is being conducted by The Women's and Children's Hospital, Adelaide, to test the effectiveness of Clover's DHA emulsion in reducing the incidence and severity of BPD in infants born several weeks prematurely. The trial, which involves clinicians at 52 hospitals in three countries, is progressing well. Enrolment of babies in the trial is scheduled to be concluded by early 2015 and the results of the trial should be available by mid 2015.

## **DIRECTORS' REPORT continued**

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Clover is currently preparing to obtain the regulatory approvals that it will need for sale of the DHA emulsion once trial results are available, and plans are well advanced for the construction of a specialized facility to manufacture and package the proprietary preterm infant emulsion.

As the next step in building this technology platform, Clover is exploring the opportunity for a second generation medical food product. The company has signed a licensing agreement with a USA university which will allow the investigation and potential development of an ingredient/formulation targeted at reducing the incidence of further serious conditions in preterm infants.

### **Management Changes**

As announced last year, Clover's Managing Director Dr Ian Brown has decided not to renew his employment contract and will leave Clover on 31 March 2014 to pursue other activities. The search for Dr Brown's successor is on-going with the Board of Directors considering a short list of candidates. In the interim, Mr Darren Callahan, the current CFO, will act as the Chief Executive Officer.

### **Dividend**

After careful consideration the Board has decided to declare a fully franked interim dividend of 0.5 cents per share in respect of the financial year ending 31 July 2014.

For more information please refer to:

[www.clovercorp.com.au](http://www.clovercorp.com.au)

### **Rounding of Amounts**

The economic entity has applied the relief available to it in ASIC Class Order 98/0100 and accordingly amounts in the financial report and the directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

### **Auditors Independence Declaration**

The lead auditor's independence declaration for the half-year ended 31 January 2014 has been received and is set out on page 19.

This report is signed in accordance with a resolution of the directors.



**Peter Robinson**  
**Director**  
**Sydney**

**Date: 25 March 2014**

**Clover Corporation Limited**  
**Half Year ended 31 January 2014**

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME  
FOR THE HALF YEAR TO 31 JANUARY 2014**

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	Notes	31-Jan-14 \$'000	31-Jan-13 \$'000
Revenue	2	<b>14,877</b>	20,174
Cost of goods sold		<u>(9,824)</u>	<u>(12,650)</u>
<b>Gross profit</b>		<b>5,053</b>	7,524
Other income	2	<b>333</b>	110
Sales and marketing expenses		<b>(935)</b>	(1,370)
Administration and corporate expenses		<b>(1,665)</b>	(1,619)
Research and development expenses		<u>(904)</u>	<u>(796)</u>
Profit before income tax		<b>1,882</b>	3,849
Income tax expense		<u>(518)</u>	<u>(1,189)</u>
<b>Profit after tax for the period</b>		<u><b>1,364</b></u>	<u>2,660</u>
<b>Other comprehensive income</b>			
Foreign currency translation adjustment		<u><b>284</b></u>	<u>184</u>
<b>Other comprehensive income for the period</b>		<u><b>284</b></u>	<u>184</u>
<b>Total comprehensive income for the period</b>		<u><b>1,648</b></u>	<u>2,844</u>
 <b>Earnings per share (EPS)</b>			
Basic earnings per share (cents per share)		<b>0.83</b>	1.61
Diluted earnings per share (cents per share)		<b>0.83</b>	1.61

This Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

**Clover Corporation Limited**  
**Half Year ended 31 January 2014**

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 JANUARY 2014**

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	<b>31-Jan-14</b>	31-Jul-13
	<b>\$'000</b>	\$'000
<b>Current Assets</b>		
Cash and cash equivalents	8,638	8,315
Trade and other receivables	6,924	12,001
Inventories	13,287	14,006
Other current assets	473	425
	<b>29,322</b>	<b>34,747</b>
<b>Non-Current Assets</b>		
Financial assets	6	6
Property, plant and equipment	3,148	3,262
Deferred tax assets	1,436	1,474
Intangible assets	1,980	1,995
	<b>6,570</b>	<b>6,737</b>
<b>Total Assets</b>	<b>35,892</b>	<b>41,484</b>
<b>Current Liabilities</b>		
Trade and other payables	3,447	7,730
Current tax liabilities	-	274
Short-term provisions	638	661
	<b>4,085</b>	<b>8,665</b>
<b>Non-Current Liabilities</b>		
Deferred tax liabilities	164	346
Long-term provisions	64	64
	<b>228</b>	<b>410</b>
<b>Total Liabilities</b>	<b>4,313</b>	<b>9,075</b>
<b>Net Assets</b>	<b>31,579</b>	<b>32,409</b>
<b>Equity</b>		
Issued Capital	32,920	32,920
Reserves	224	(60)
Accumulated losses	(1,565)	(451)
<b>Total Equity</b>	<b>31,579</b>	<b>32,409</b>

This Statement of Financial Position should be read in conjunction with the accompanying notes.

**Clover Corporation Limited**  
**Half Year ended 31 January 2014**

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR TO 31 JANUARY 2014**

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	Issued Capital \$'000	Retained Profits/ (Accumulated Losses) \$'000	Foreign Currency Translation Reserve \$'000	Total \$'000
<b>Balance at 1 August 2012</b>	<b>32,920</b>	<b>(2,812)</b>	<b>(208)</b>	<b>29,900</b>
Profit for the period	-	2,660	-	2,660
Dividend Paid	-	(2,890)	-	(2,890)
Foreign Currency Translation Reserve	-	-	184	184
<b>Balance at 31 January 2013</b>	<b>32,920</b>	<b>(3,042)</b>	<b>(24)</b>	<b>29,854</b>
<b>Balance at 1 August 2013</b>	<b>32,920</b>	<b>(451)</b>	<b>(60)</b>	<b>32,409</b>
Profit for the period	-	1,364	-	1,364
Dividend Paid	-	(2,478)	-	(2,478)
Foreign Currency Translation Reserve	-	-	284	284
<b>Balance at 31 January 2014</b>	<b>32,920</b>	<b>(1,565)</b>	<b>224</b>	<b>31,579</b>

This Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**Clover Corporation Limited**  
**Half Year ended 31 January 2014**

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF YEAR TO 31 JANUARY 2014**

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	Note	31-Jan-14 \$ '000	31-Jan-13 \$ '000
<b>Cash flows from operating activities</b>			
Receipts from customers		20,681	20,451
Payments to suppliers and employees		(16,911)	(16,772)
Interest received		79	126
Income tax paid		(936)	(1,207)
		<u>2,913</u>	<u>2,598</u>
<b>Net cash inflow from operating activities</b>			
<b>Cash flows from investing activities</b>			
Purchases of plant and equipment		(112)	(99)
		<u>(112)</u>	<u>(99)</u>
<b>Net cash outflow from investing activities</b>			
<b>Cash flows from financing activities</b>			
Dividends paid	3	(2,478)	(2,890)
Sale of remaining FFI assets		-	300
		<u>(2,478)</u>	<u>(2,590)</u>
<b>Net cash outflow from financing activities</b>			
<b>Net increase/ (decrease) in cash held</b>		<b>323</b>	<b>(91)</b>
Cash at the beginning of the period		<u>8,315</u>	<u>9,741</u>
<b>Cash at the end of the period</b>		<u><b>8,638</b></u>	<u><b>9,650</b></u>

This Statement of Cash Flows should be read in conjunction with the accompanying notes.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR TO 31 JANUARY 2014**

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**1. Significant accounting policies**

**Basis of preparation**

The interim condensed consolidated financial statements of Clover Corporation Limited and its controlled entities ('the Company') for the half-year ended 31 January 2014 have been prepared in accordance with the requirements of Australian Accounting Standard AASB 134 Interim Financial Reporting. The Financial Statements were authorised for issue in accordance with a resolution of the directors on 25 March 2014.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the group's annual financial statements as at 31 July 2013, and any public announcements made by the Company during the half-year in accordance with the continuous disclosure requirements of the ASX listing rules.

The Company has applied the relief available to it in ASIC Class Order 98/0100 and accordingly amounts in the financial statements and the directors' report have been rounded off to the nearest thousand Australian dollars, unless otherwise stated.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 July 2013, except for the adoption of new standards and interpretations noted below:

*AASB 10 Consolidated Financial Statements*

AASB 10 establishes a new control model that applies to all entities, replacing parts of AASB 127 Consolidated and Separate Financial Statements. The new model broadens the situations when an entity is considered to be controlled by another entity and provides guidance for applying the model to specific situations, including when acting as a manager, the impact of potential voting rights, and when holding less than a majority of voting rights.

Various other Standards are consequentially revised through AASB 2011-7. The adoption of these standards has had no effect on the financial position or performance of the Company.

*AASB 13 Fair Value Measurement*

AASB 13 establishes a single source of guidance for fair value measurements and disclosure thereof, and expands the disclosure requirements for assets or liabilities carried at fair value to include information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. The scope of the standard is broad, and it applies to both financial instruments and non-financial instrument items for which other standards require or permit fair value measurement and disclosure, except for share-based payment transactions within the scope of AASB 2 Share-based Payment, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 102 Inventories or value in use in AASB 136 Impairment of Assets.

The adoption of AASB 13 has had no material impact on the financial statements of the Company.

**Clover Corporation Limited**  
**Half Year ended 31 January 2014**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR TO 31 JANUARY 2014 (continued)**

**1. Significant accounting policies (continued)**

*AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements*

The amendment removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.

The adoption of the amendments has had no impact on the condensed financial statements of the Company, but is expected to impact the annual financial statements.

	<b>31-Jan-14</b>	31-Jan-13
	<b>\$'000</b>	\$'000

**2. Operating Result**

Profit before income tax expense includes the following items of income and expense which, together with other disclosures in this report are relevant in explaining the financial performance for the half year:

**Operating activities:**

Sales of goods	14,877	20,174
<b>Other income:</b>		
Foreign exchange (loss)/gain	254	(16)
Interest revenue	79	126
	333	110

<b>Total revenue</b>	15,210	20,284
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Depreciation and amortisation expenses	(241)	(246)
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**3. Dividends**

**(a) Dividends paid during the year**

Final dividend for the period ended 31 July 2013 of 1.50 cents per share (31 July 2012: 1.75 cents) fully franked at the tax rate 30%.

	(2,478)	(2,890)
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**(b) Dividends declared**

On 21 November 2013, the Company paid the final dividend in respect of the year ending 31 July 2013 of 1.50 cents per share (31 July 2012: final 1.75 cent per share).

The Directors have declared a fully franked interim dividend of 0.5 cents per share in respect of the financial year ending 31 July 2014.

**4. Events subsequent to reporting date**

No events have occurred subsequent to balance date which would materially affect the half year financial report.

**Clover Corporation Limited**  
**Half Year ended 31 January 2014**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR TO 31 JANUARY 2014 (continued)**

**5. Related party transactions**

Clover Corporation Limited is the ultimate parent entity of the economic entity.

Other related parties and Director related entities with whom the economic entity continues to transact are:

- Washington H. Soul Pattinson & Company Limited – company secretarial fees and advice.

**6. Segment information**

The following represents profit and loss information for reportable segments for the half-years ended 31 January 2014 and 31 January 2013.

**Primary Reporting – Business Segments**

	Tuna Oil and DHA product refinement, devt and supply		Investment/ Treasury		Economic Entity	
	Jan 2014 \$'000	Jan 2013 \$'000	Jan 2014 \$'000	Jan 2013 \$'000	Jan 2014 \$'000	Jan 2013 \$'000
<b>Revenue</b>						
Sales Revenue	14,877	20,174	-	-	14,877	20,174
Other revenue	-	(16)	333	126	333	110
Total segment revenue	14,877	20,158	333	126	15,210	20,284
Total revenue consolidated					15,210	20,284
<b>Results</b>						
Result before income tax	1,549	3,723	333	126	1,882	3,849
Income tax expense					(518)	(1,189)
<b>Profit for the period</b>					1,364	2,660

**Clover Corporation Limited**  
**Half Year ended 31 January 2014**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR TO 31 JANUARY 2014 (continued)**

**6. Segment information (continued)**

	Tuna Oil and DHA product refinement, devt and supply		Investment/ Treasury		Economic Entity	
	Jan 2014 \$'000	Jul 2013 \$'000	Jan 2014 \$'000	Jul 2013 \$'000	Jan 2014 \$'000	Jul 2013 \$'000
Segment Assets	25,598	31,074	8,644	8,936	34,242	40,010
<b>Unallocated assets</b>					1,650	1,474
<b>Total assets</b>					35,892	41,484
<b>Segment Liabilities</b>	4,149	8,455	-	-	4,149	8,455
<b>Unallocated liabilities</b>					164	620
<b>Total liabilities</b>					4,313	9,075

**7. Contingent liabilities**

There have been no changes in contingent liabilities since the last annual reporting period.

**8. Capital Commitments**

There are no capital expenditure commitments.

**DIRECTORS' DECLARATION**

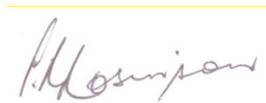
In accordance with a resolution of the directors of Clover Corporation Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity as set out in this financial report:
  - 1. give a true and fair view of the consolidated entity's financial position as at 31 January 2014 and of its performance for the half year ended on that date; and
  - 2. comply with Accounting Standard AASB134 Interim Financial Reporting and the Corporations Act 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

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**Peter R Robinson**  
**Director**

**Sydney**  
**25 March 2014**

**Independent Auditor's Review Report to the Members of Clover Corporation Limited**

**Report on the Condensed Half-Year Financial Report**

We have reviewed the accompanying condensed half-year financial report of Clover Corporation Limited (the consolidated entity) which comprises the statement of financial position as at 31 January 2014 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

**Directors' Responsibility for the Half-Year Financial Report**

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 January 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Clover Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, 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 Australian Auditing Standards 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.

**Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of Clover Corporation Limited a written auditor's independence declaration, a copy of which is included in the directors' report.

**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Clover Corporation Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 January 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



**PKF LAWLER PARTNERS PTY LIMITED**  
Chartered Accountants



**CLAYTON HICKEY**  
Partner

Dated this 25<sup>th</sup> day of March 2014, Sydney

PKF Lawler Partners Audit & Assurance  
(a Limited Partnership)  
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approved under Professional  
Standards Legislation

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## Auditor's Independence Declaration to the Directors of Clover Corporation Limited

I declare that, to the best of my knowledge and belief, during the half-year ended 31 January 2014, there have been:

- (a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

**PKF LAWLER PARTNERS PTY LIMITED**  
Chartered Accountants  
Dated this 25<sup>th</sup> day of March 2014, Sydney

**CLAYTON HICKEY**  
Partner