



ABN 85 003 622 866
PO Box 2521, Gladstone Park, VIC 3043
Unit 35E, 1 International Drive, Westmeadows, VIC 3049

Clover Corporation Limited

ASX Appendix 4D

Half Year Financial Report

31 January 2016

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 2016 with the previous corresponding period the half year ended 31 January 2015.

Results for Announcement to the Market

		% Change	Amount of Change \$'000		\$'000
Revenue from ordinary activities	Up	23.9%	3,848	to	19,962
Profit from ordinary activities after tax attributable to members	Up	12.6%	90	to	801
Net profit for the period attributable to members	Up	12.6%	90	to	801

Explanation of Operating Results

Clover Corporation Limited ("Clover Corporation") has reported a profit after tax of \$0.8 million for the half year ended 31 January 2016 (2015: \$0.7 million), an increase of 12.6%.

For a further explanation of the half-year operating result, please refer to the Directors' Report in the financial report for the half year ended 31 January 2016.

Dividends/distributions	Amount per security	Franked amount per security
Final dividend – 31 July 2015	0.50 cents	0.50 cents
Interim dividend – 31 January 2016	0.25 cents	0.25 cents

NTA Backing

	31-Jan-16	31-Jul-15
Net tangible asset backing per ordinary share	16.59 cents	16.63 cents

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 2016.

Acquired entities

No entity was acquired during the half-year ended 31 January 2016.

Additional dividend/distribution information

A fully franked final dividend of 0.50 cent per share for the period ended 31 July 2015 was paid during the half year ended 31 January 2016. A fully franked interim dividend of 0.25 cent per share has been declared for half year ended 31 January 2016. The record date for the dividend is 12 April 2016, with a payment date of 2 May 2016.

Dividend reinvestment plans (“DRP”)

There are no dividends or distribution reinvestment plans as at 31 January 2016

Foreign Accounting Standards

N/A

Independent Review Report

Refer to the attached Clover Corporation Limited 31 January 2016 Half Year Report for the Independent Review Report to the Members of Clover Corporation Limited.



ABN 85 003 622 866

REPORT
FOR THE HALF YEAR ENDED 31 JANUARY 2016

CLOVER CORPORATION LIMITED
ABN 85 003 622 866

CORPORATE DIRECTORY

Directors

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

Secretary

Jaime Pinto

Registered Office

Unit 35E
1 International Drive
Westmeadows VIC 3049
Phone: +61 38347 5001
Fax: +613 8347 5055

Auditors

PKF Sydney
Level 8
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

The directors of Clover Corporation Limited (the Company) present the following report for the six months ended 31 January 2016.

Directors

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

Mr Peter R. Robinson	Non-Executive Director & Chairman
Mr Peter J. Davey	Managing Director - Executive
Ms Cheryl L. Hayman	Non-Executive Director
Dr Merilyn J. Sleight	Non-Executive Director
Mr Graeme A. Billings	Non-Executive Director
Mr. Rupert A. Harrington	Non-Executive Director

Review of Operations

Financial Highlights

Clover Corporation Limited (Clover) has reported a net profit after tax of \$0.801 million for the half year ended 31 January 2016 (2015: \$0.712 million) an increase of 12.6%. Total revenue increased 23.9% to \$19.9 million (2015: \$16.1 million). The gross margin for the period remained under pressure mainly impacted by the reliance on US\$ inputs. However, the business is pursuing natural hedging opportunities, as well as new suppliers and customers to improve the position in future periods.

The balance sheet remains strong, with cash at \$7 million and trade receivables at \$11 million, the latter a reflection of the strong demand in recent months. The inventory position remains a key focus, at the end of the half year set at \$13.1 million (2015: \$14.2 million).

Operational Highlights

Clover has achieved an increase in sales from a number of new customers, attracted by the company's robust encapsulation technology, its highly regarded customer service and ability to provide a stable product for the global infant formula market. Regulatory requirements for infant formula continue to evolve and tighten in many markets. Clover's technological expertise, product manufacturing flexibility and very high quality standards has positioned the company to meet such new requirements as they arise, retaining existing customers and attracting new ones.

For example, Clover has benefited from improved demand from its traditional customer base and at the same time has realigned its branding, distribution, manufacturing and sourcing strategies in line with the changing China market. China has introduced new standards for infant formula resulting in the reissuing of import licenses to overseas manufacturers, particularly in Australia and New Zealand. This approach has resulted in improved confidence from Chinese consumers that infant formula product, released in their local market from these accredited sources, meets stringent quality standards.

Current ordering patterns for Clover's products are expected to continue into the next period, with customer forecast demand and the level of inquiry increasing for the second half of the financial year.

The signing of the Free Trade Agreement with China, which will be phased in over five years, the introduction of the two child policy in China and new European Union legislation requiring the inclusion of between 20 and 50 mg of DHA in EU infant formula by 2020 all provide a platform for increased demand for Clover's products in the future.

Clover continues to invest in its future through Research and Development innovation. The recent appointment of a PhD-level encapsulation expert adds to the company's ability to develop and grow its

DIRECTORS' REPORT continued

technology and product portfolio to support new opportunities and to engage in innovation in conjunction with customers.

Medical Food product

In October 2015 Clover announced it had licensed its DHA emulsion product for improving respiratory health in preterm babies to Premneo Pharmaceuticals Pty Limited. Premneo is planning for the marketing, manufacturing and distribution of the product following the outcome of the continuing Phase III clinical trial. The trial is nearing its final stages, and will conclude when all babies enrolled in the program have been discharged. The results will then be analysed and reports released to the market.

Enhanced manufacturing capability

The New Zealand (Waikato) Spray Dryer facility, partly funded by Clover, has been completed and the first production runs for Clover have been carried out. The investment has allowed Clover to commence commercial-scale manufacture of specialised products including Clover's Hypoallergenic Encapsulated product, in addition to Clover's routine large scale production of their high volume products. Samples of the Waikato-manufactured materials have been provided to new and existing customers for them to undertake internal qualification for inclusion in their products, a process which generally takes 6 to 12 months.

Dividend

After careful consideration of the company's short term cash requirements, the Board has declared a interim fully franked dividend of 0.25 cent per share in respect of the financial year ending 31 January 2016.

For more information please refer to:

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 to the nearest thousand dollars, unless otherwise stated.

Auditors Independence Declaration

The auditor's independence declaration for the half-year ended 31 January 2016 has been received and is set out on page 18.

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



Peter R Robinson
Director
Sydney
Date: 23 March 2016

Clover Corporation Limited
Half Year ended 31 January 2016

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR TO 31 JANUARY 2016**

	Notes	31-Jan-16 \$'000	31-Jan-15 \$'000
Revenue	2	19,710	16,075
Cost of goods sold		<u>(15,920)</u>	<u>(12,399)</u>
Gross profit		3,790	3,676
Other income	2	252	40
Sales and marketing expenses		(950)	(1,039)
Administration and corporate expenses		(1,314)	(1,091)
Research and development expenses		<u>(690)</u>	<u>(666)</u>
Profit before income tax		1,088	920
Income tax expense		<u>(287)</u>	<u>(208)</u>
Profit after tax for the period		<u>801</u>	<u>712</u>
Other comprehensive income			
Foreign currency translation adjustment		<u>(58)</u>	<u>(65)</u>
Other comprehensive income for the period		<u>(58)</u>	<u>(65)</u>
Total comprehensive income for the period		<u>743</u>	<u>647</u>
 Earnings per share (EPS)			
Basic earnings per share (cents per share)		0.48	0.43
Diluted earnings per share (cents per share)		0.48	0.43

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 2016

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2016

	Notes	31-Jan-16 \$'000	31-Jul-15 \$'000
Current Assets			
Cash and cash equivalents		7,040	9,551
Trade and other receivables		11,094	5,453
Inventories		13,060	14,177
Other current assets		177	293
		<u>31,371</u>	<u>29,474</u>
Non-Current Assets			
Financial assets		7	8
Property, plant and equipment		2,885	3,087
Deferred tax assets		1,795	2,084
Intangible assets		1,907	1,907
		<u>6,594</u>	<u>7,086</u>
Total Assets		<u>37,965</u>	<u>36,560</u>
Current Liabilities			
Trade and other payables		7,985	6,322
Short-term provisions		464	654
		<u>8,449</u>	<u>6,976</u>
Non-Current Liabilities			
Deferred tax liabilities		160	172
Long-term provisions		52	24
		<u>212</u>	<u>196</u>
Total Liabilities		<u>8,661</u>	<u>7,172</u>
Net Assets		<u>29,304</u>	<u>29,388</u>
Equity			
Issued Capital		32,920	32,920
Reserves		(76)	(18)
Accumulated losses		(3,540)	(3,514)
Total Equity		<u>29,304</u>	<u>29,388</u>

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

Clover Corporation Limited
Half Year ended 31 January 2016

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR TO 31 JANUARY 2016

	Issued Capital \$'000	Retained Profits/ (Accumulated Losses) \$'000	Foreign Currency Translation Reserve \$'000	Total \$'000
Balance at 1 August 2014	32,920	(2,788)	2	30,134
Profit for the period	-	712	-	712
Dividend Paid	-	(826)	-	(826)
Foreign Currency Translation Reserve	-	-	(20)	(20)
Balance at 31 January 2015	32,920	(2,902)	(63)	29,955
Balance at 1 August 2015	32,920	(3,515)	(18)	29,387
Profit for the period	-	801	-	801
Dividend Paid	-	(826)	-	(826)
Foreign Currency Translation Reserve	-	-	(58)	(76)
Balance at 31 January 2016	32,920	(3,540)	(76)	29,304

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

Clover Corporation Limited
Half Year ended 31 January 2016

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR TO 31 JANUARY 2016

	Note	31-Jan-16 \$ '000	31-Jan-15 \$ '000
Cash flows from operating activities			
Receipts from customers		14,214	17,326
Payments to suppliers and employees		(15,998)	(19,089)
Interest received		35	24
Income tax received / (paid)		64	456
		<hr/>	<hr/>
Net cash outflow from operating activities		(1,685)	(1,283)
Cash flows from investing activities			
Purchases of plant and equipment		-	(94)
		<hr/>	<hr/>
Net cash outflow from investing activities		-	(94)
Cash flows from financing activities			
Dividends paid	3	(826)	(826)
		<hr/>	<hr/>
Net cash outflow from financing activities		(826)	(826)
Net decrease in cash held		(2,511)	(2,203)
Cash at the beginning of the period		9,551	8,029
		<hr/>	<hr/>
Cash at the end of the period		7,040	5,826

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR TO 31 JANUARY 2016

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 2016 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 23 March 2016.

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 2015, 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 2015, except for the impact, if any, of adoption of new standards and interpretations noted below.

New/Amended Accounting Standards and Interpretations

(i) New standards and interpretations

In the half year the Company has reviewed all of the revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to the Company and effective for annual reporting periods beginning on or after 1 August 2015. It has been determined that there is no impact on the Company, material or otherwise, of those pronouncements.

(ii) Early adoption of standards

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

Clover Corporation Limited
Half Year ended 31 January 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR TO 31 JANUARY 2016 (continued)

	31-Jan-16	31-Jan-15
	\$'000	\$'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	19,710	16,075
Other income:		
Foreign exchange gain	217	16
Interest revenue	35	24
	252	40
Total revenue	19,962	16,115
Depreciation and amortisation expenses	(207)	(243)

3. Dividends

(a) Dividends paid during the year

Final dividend for the period ended 31 July 2015 of 0.50 cents per share (31 July 2014: 0.50 cents per share) fully franked at the tax rate 30%.

	(826)	(826)
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(b) Dividends declared

On 20 November 2015, the Company paid the final dividend in respect of the year ended 31 July 2015 of 0.50 cent per share (31 July 2014: final dividend 0.50 cent per share).

The Directors have declared a fully franked interim dividend of 0.25 cent per share in respect of the financial year ending 31 July 2016.

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 2016**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR TO 31 JANUARY 2016 (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 2016 and 31 January 2015.

Primary Reporting – Business Segments

	Nutritional oils and microencapsulated powders		Investment/ Treasury		Economic Entity	
	Jan 2016 \$'000	Jan 2015 \$'000	Jan 2016 \$'000	Jan 2015 \$'000	Jan 2016 \$'000	Jan 2015 \$'000
Revenue						
Sales Revenue	19,710	16,075	-	-	19,710	16,075
Other revenue	-	-	252	40	252	40
Total segment revenue	19,710	16,075	252	40	19,962	16,115
Total revenue consolidated					19,962	16,115
Results						
Result before income tax	1,088	880		40	1,088	920
Income tax expense					(287)	(208)
Profit for the period					801	712

Clover Corporation Limited
Half Year ended 31 January 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR TO 31 JANUARY 2016 (continued)

6. Segment information (continued)

	Nutritional oils and microencapsulated powders		Investment/Treasury		Economic Entity	
	Jan 2016 \$'000	Jul 2015 \$'000	Jan 2016 \$'000	Jul 2015 \$'000	Jan 2016 \$'000	Jul 2015 \$'000
Segment Assets	28,862	24,545	7,047	9,559	35,909	34,104
Unallocated assets					2,056	2,456
Total assets					37,965	36,560
Segment Liabilities	8,501	7,000	-	-	8,501	7,000
Unallocated liabilities					160	172
Total liabilities					8,661	7,172

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.

Clover Corporation Limited
Half Year ended 31 January 2016

DIRECTORS' DECLARATION

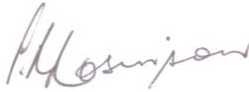
In accordance with a resolution of the directors of Clover Corporation Limited, I state that:

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 2016 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.



Peter R Robinson
Director

Sydney
23 March 2016

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 2016, the statements of profit or loss and other comprehensive income, changes in equity, and 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 2016 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 referenced 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 condensed 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 2016 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

Chartered Accountants

Dated this 23rd day of March 2016, Sydney

CLAYTON HICKEY

Partner

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 2016 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

Chartered Accountants

Dated this 23rd day of March 2016, Sydney

CLAYTON HICKEY

Partner