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Clover Corporation Limited

ASX Appendix 4E
Preliminary Final Report
31st July 2020

Lodged with the ASX under Listing Rule 4.3A

Contents	Page
Results for Announcement to the Market	2
Preliminary Final Report	5

The reporting period is the financial year ended 31 July 2020 with the corresponding period being the financial year ended 31 July 2019.

Results for Announcement to the Market

- Total revenue increased 15.1% to \$88.3m;
- Net profit after tax is \$12.5m (2019: profit of \$10.1m);
- For a further explanation of the financial period operating result, please refer to the Review of Operations.

		% Change	Amount of Change \$'000		\$'000
Revenue from ordinary activities	Up	15.1%	11,599	to	88,281
Profit/(Loss) from ordinary activities after tax attributable to members	Up	23.6%	2,386	to	12,487
Net profit/(loss) for the period attributable to members	Up	23.9%	2,408	to	12,501

Dividends/distributions	Amount per security	Franked %
This Period		
Final dividend	2.50 cent	100%
Interim dividend	0.00 cent	n/a
Previous corresponding period		
Final dividend	1.75 cent	100%
Interim dividend	0.625 cent	100%

Record date for determining entitlements to the final dividend: **28 October 2020**

Payment date for determining entitlements to the final dividend: **18 November 2020**

Dividend reinvestment plans

There is no dividend reinvestment plan as at 31 July 2020.

Explanation of Operating Results

For a further explanation of the financial period operating result, please refer to the Review of Operations.

NTA Backing

	2020	2019
Net tangible asset backing per ordinary share after tax	33.18 cents	27.21 cents

EPS

	2020	2019
Basic Earnings per Share	7.51 cent	6.12 cent
Diluted Earnings per Share	7.45 cent	6.07 cent

Explanation of Profit after tax

For an explanation of the financial year operating results, please refer to the Review of Operations.

Explanation of Net Profit

For an explanation of the financial year operating results, please refer to the Review of Operations.

Explanation of Dividends

For an explanation of the dividend declared, please refer to the Review of Operations.

Other information

This report is based on accounts which are in the process of being audited, and an unqualified audit opinion is expected to be issued.



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PRELIMINARY FINAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

Clover Corporation Limited
Financial year ended 31 July 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

	Notes	31-Jul-20 \$'000	31-Jul-19 \$'000
Sale of goods	1	88,281	76,682
Other (expense) / income	1	(78)	732
Interest Expense*		(588)	(330)
Raw materials, consumables & conversion costs		(58,566)	(52,762)
Sales and marketing expenses		(3,795)	(3,595)
Administration and corporate expenses		(5,361)	(4,989)
Research and development expenses		(2,195)	(1,750)
Share of net profit of investments accounted for under the equity method		(42)	(24)
Profit before income tax		17,656	13,964
Income tax (expense)		(5,169)	(3,863)
Profit after tax for the period		12,487	10,101
Other comprehensive loss			
Foreign currency translation adjustment, net of 30% tax		14	(8)
Other comprehensive (loss)/profit for the period		14	(8)
Total comprehensive (loss)/income for the period		12,501	10,093
Earnings per share (EPS)			
Basic earnings per share (cent per share)		7.51	6.12
Diluted earnings per share (cent per share)		7.45	6.07

*Interest expense of \$330,000 was reported in 'Administration and corporate expenses' in Jul 2019.

Weighted average number of shares used in calculating basic and diluted earnings per share is 166,310,104 and 166,636,294 respectively (FY19: 165,181,696 and 166,498,972 shares for basic and diluted respectively).

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2020**

	31-Jul-20	31-Jul-19
Current Assets	\$'000	\$'000
Cash and cash equivalents	9,241	8,271
Trade and other receivables	16,781	18,446
Inventories	31,933	27,681
Other current assets - prepayments	1,118	958
	59,073	55,356
Non-Current Assets		
Property, plant and equipment	5,756	5,777
Right of use assets	93	-
Investments in associates	13,580	10,461
Deferred tax assets	1,077	1,250
Intangible assets	1,907	1,907
	22,413	19,395
Total Assets	81,486	74,751
Current Liabilities		
Trade and other payables	8,009	12,517
Interest bearing liabilities	1,616	1,473
Lease liability	97	-
Current tax liabilities	584	2,970
Short-term provisions	630	603
	10,936	17,563
Non-Current Liabilities		
Interest bearing liabilities	12,904	11,986
Long-term provisions	77	61
	12,981	12,047
Total Liabilities	23,917	29,610
Net Assets	57,569	45,141
Equity		
Issued capital	35,368	32,920
Reserves	237	(166)
Retained earnings	21,964	12,387
	57,569	45,141
Total Equity	57,569	45,141

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JULY 2020**

Consolidated	Issued capital \$'000	Retained earnings \$'000	Share- based payment reserve \$'000	Foreign currency translation reserve \$'000	Total \$'000
Balance at 1 August 2018	32,920	5,383	-	(158)	38,145
Profit for the period	-	10,101	-	-	10,101
Dividend paid	-	(3,097)	-	-	(3,097)
Foreign currency translation reserve	-	-	-	(8)	(8)
Balance at 31 July 2019	32,920	12,387	-	(166)	45,141
Balance at 1 August 2019	32,920	12,387	-	(166)	45,141
Share issue for period	2,448	-	-	-	2,448
Profit for the period	-	12,487	-	-	12,487
Dividend paid	-	(2,910)	-	-	(2,910)
Share-based payment reserve	-	-	389	-	389
Foreign currency translation reserve	-	-	-	14	14
Balance at 31 July 2020	35,368	21,964	389	(152)	57,569

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

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2020**

	31-Jul-20 \$ '000	31-Jul-19 \$ '000
Cash flows from operating activities		
Receipts from customers	89,786	73,493
Payments to suppliers and employees	(75,157)	(65,464)
Interest paid	(588)	(318)
Income tax paid	(7,380)	(2,920)
	6,661	4,791
Net cash inflow from operating activities		
Cash flows from investing activities		
Acquisition of plant and equipment	(556)	(108)
Proceeds from sale of investments	-	4
Investment in Associates	(3,461)	(10,485)
	(4,017)	(10,589)
Net cash outflow from investing activities		
Cash flows from financing activities		
Dividends paid	(2,910)	(3,097)
Repayment of interest bearing liabilities	(1,564)	(5,058)
Lease payments	(108)	-
Issue of interest bearing liabilities	2,908	14,330
	(1,674)	6,175
Net cash outflow from financing activities		
Net increase in cash held	970	377
Cash at the beginning of the year	8,271	7,894
Cash at the end of the year	9,241	8,271

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2020**

	31-Jul-20 \$'000	31-Jul-19 \$'000
1. Operating Result		
Profit before income tax 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 year:		
Revenue		
Sale of goods	88,281	76,682
Net exchange gains	-	716
Proceeds on sale of investments	-	4
Interest revenue	2	12
Total Revenue	88,283	77,414
Depreciation and Amortisation expenses	(679)	(409)
Net exchange losses	(78)	-
Interest Expense	(590)	(330)
2. Dividends		Amount per security CPS
Final dividend		
Final dividend not recognised in accumulated profits expected to be paid on 18 November 2020	\$4,157,753	2.50c
Final dividend for previous corresponding year paid on 20 November 2019	\$2,910,427	1.75c
Interim dividend		
Interim dividend	\$ 0	n/a
Interim dividend for previous corresponding year paid on 2 May 19	\$ 1,032,386	0.625c
Dividend declared after balance date		

The Directors have declared a final dividend for the financial year ended 31 July 2020 of 2.5 cent per share (2019: final 1.75 cent per share) fully franked at 30%, payable on 18 November 2020, but not recognised as a liability at the end of the financial period. The record date for this dividend will be 28 October 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2020 (continued)

3. Segment information

Identification of reportable segments

The consolidated entity operates in the industry of processing tuna oil and manufacturing encapsulated products in Australia. Financial information about the business as a whole is reported to and reviewed by the Chief Executive Officer and Board of Directors on a monthly basis, in order to assess performance and determine the allocation of resources.

Geographical information

Revenues from external customers by domestic and export location of operations and information about its non-current assets by location of assets is shown in the following table.

	Revenue from external customers		Non-current assets	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Australia / New Zealand	46,021	38,713	21,336	18,145
Asia	26,307	28,101	-	-
Europe	11,505	5,944	-	-
Americas	4,448	3,924	-	-
 Total	 88,281	 76,682	 21,336	 18,145

4. Audit

This report is based on financial statements that have been audited by Company auditors PKF, who have issued an unqualified audit report.