



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 2013

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 2013 with the previous corresponding period the half year ended 31 January 2012.

Results for Announcement to the Market

		% Change	Amount of Change \$'000		\$'000
Revenue from ordinary activities	Up	12.5%	2,245	to	20,174
Profit from ordinary activities after tax attributable to members	Up	56.6%	961	to	2,660
Net profit for the period attributable to members	Up	56.6%	961	To	2,660

Explanation of Operating Results

Clover Corporation Limited ("Clover Corporation") has reported a profit after tax of \$2.66 million for the half year ended 31 January 2013 (2012: \$1.70 million) an increase of 56.6%.

The comparative period included a non recurring cost associated with the Future Food Ingredients Pty Ltd joint venture of \$0.97 million. If this cost is excluded from the comparative period, profit after tax for the half year ended 31 January 2013 of \$2.66 million is in line with the level achieved last year.

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 2013.

Dividends/distributions	Amount per security	Franked amount per security
Final dividend – 31 July 2012	1.75 cents	1.75 cents
Interim dividend – 31 January 2013	0.5 cents	0.5 cents

Record date for determining entitlements to the dividend:

Monday 22 April 2013

NTA Backing

	31-Jan-13	31-Jan-12
Net tangible asset backing per ordinary share	16.86 cents	15.35 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 2013.

Acquired entities

No entity was acquired during the half-year ended 31 January 2013.

Additional dividend/distribution information

A fully franked final dividend of 1.75 cents per share for the period ended 31 July 2012 was paid during the half year ended 31 January 2013. A fully franked interim dividend of 0.5 cents per share has been declared for the half year ended 31 January 2013. The record date for the dividend is Monday 22 April 2013, with a payment date of Tuesday 30 April 2013.

Dividend reinvestment plans (“DRP”)

There are no dividends or distribution reinvestment plans as at 31 January 2013.

Associates and Joint Venture entities

Details of shares and results in associates:

The Future Food Ingredients Pty Ltd joint venture with Austgrains Ltd has ceased operations and all remaining assets have been sold.

Foreign Accounting Standards

N/A

Independent Review Report

Refer to the attached Clover Corporation Limited 31 January 2013 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 2013

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 David E. Wills	Non-Executive Director

Secretary

Mr Jaime Pinto appointed 26 November 2012
Mr Ian Bloodworth resigned 26 November 2012

Registered Office

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

Auditors

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

The directors of Clover Corporation Limited (the Company) present the following report for the six months to 31 January 2013.

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. Sleight	Non-Executive Director
Mr David E. Wills	Non-Executive Director

Review of Operations

Clover Corporation Limited ("Clover Corporation") has reported a profit after tax of \$2.66 million for the half year ended 31 January 2013 (2012: \$1.70 million) an increase of 56.6%.

The comparative period included a non recurring cost associated with the Future Food Ingredients Pty Ltd (FFI) joint venture of \$0.97 million. If this cost is excluded from the comparative period, profit after tax for the half year ended 31 January 2013 of \$2.66 million is in line with the level achieved last year.

Financial Highlights

- The business continued to display strong growth in sales during the first half of the financial year. Sales revenue increased to \$20.2 million (2012: \$17.9 million) an increase of 12.5%. Clover Corporation's main business activity, through its wholly owned subsidiary Nu-Mega Ingredients Pty Ltd, is the development, manufacture and sale of internationally competitive, high quality, nutritional ingredients, utilizing Clover's proprietary biodelivery systems. The ingredients primarily incorporate oils containing omega-3 and/or omega-6 fatty acids and refined omega-3 containing tuna oil which is especially high in the beneficial fatty acid DHA. All Clover Corporation products are supported by superior customer support and service.
- The gross profit percentage has fallen in line with budget expectation. This reduction was, in the main, the result of a change in the sales mix following a review of manufacturing practices by some of our customers. The impact of this change on profitability has been partially addressed by increased sales volume of current products, reduced cost of manufacturing inputs and the control of operational expenditure.
- Cash generated from operations during the period was \$2.59 million. The cash position was also aided by the return of \$300,000 from the sale of the assets from the Future Food Ingredients Pty Ltd joint venture. The cash generated from operations was used to fund the 2012 final dividend of 1.75 cents per share, \$2.89 million.

Operational Highlights

- Sales revenue was positively affected in the Oceania region by changes, actual and pending, to bi-lateral tariff reductions associated with infant formula exports from New Zealand and Australia to China, along with market success by our customers in the region.

DIRECTORS' REPORT continued

- Clover Corporation develops and maintains strong mutually beneficial relationships with its customers based on proprietary technology, excellent product quality, focused support and innovation. This approach has led to a 5 year supply agreement being re-signed with a major multi-national infant formula manufacturer to which Nu-Mega Ingredients has been a supplier for many years.
- Clover Corporation continues to invest in the future development of its business through innovations related to new encapsulated powders and emulsified liquid nutritional products for targeted specialty applications and medical foods. Research and Development expenditure increased by 13.6% to \$796,000 (2012: \$701,000) during the period to support the expansion of the innovation pipeline. Extensive evaluation by customers of several new products is likely to lead to initial sales in 2013.
- The Phase 3 clinical study evaluating Clover Corporation's proprietary preterm infant formulation continues on time with preliminary results expected by the end of 2014. The development and refinement of the business and regulatory plan for this project is being undertaken in parallel with the clinical program.
- Clover Corporation continues to develop its business, including a continued focus on high quality raw materials, ensuring the required manufacturing systems and skills are available, and exploring opportunities to expand the business in relation to technology, products and markets.

The company expects to continue to have strong demand for its products in the second half of the financial year.

After careful consideration of the company's short term cash requirements, 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 2013.

For more information please refer to:

www.clovercorp.com.au

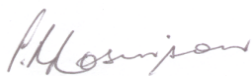
Rounding of Amounts

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 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 2013 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: 20 March 2013

Clover Corporation Limited
Half Year ended 31 January 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR TO 31 JANUARY 2013

	Notes	31-Jan-13 \$'000	31-Jan-12 \$'000
Revenue	2	20,174	17,929
Cost of goods sold		<u>(12,650)</u>	<u>(10,639)</u>
Gross profit		7,524	7,290
Other income	2	110	219
Sales and marketing expenses		(1,370)	(1,566)
Administration and corporate expenses		(1,619)	(1,477)
Research and development expenses		(796)	(701)
Other expenses	2	<u>-</u>	<u>(970)</u>
Profit before income tax		3,849	2,795
Income tax expense		<u>(1,189)</u>	<u>(1,096)</u>
Profit after tax for the period		<u>2,660</u>	<u>1,699</u>
Other comprehensive income			
Foreign currency translation adjustment, net of 30% tax		<u>184</u>	<u>96</u>
Other comprehensive income for the period		<u>184</u>	<u>96</u>
Total comprehensive income for the period		<u>2,844</u>	<u>1,795</u>
Earnings per share (EPS)			
Basic earnings per share (cents per share)		1.72	1.03
Diluted earnings per share (cents per share)		1.72	1.03

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

Clover Corporation Limited
Half Year ended 31 January 2013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2013

	Notes	31-Jan-13 \$'000	31-Jul-12 \$'000
Current Assets			
Cash and cash equivalents		9,650	9,741
Trade and other receivables		9,162	10,148
Inventories		12,794	12,343
Other current assets		312	85
		<u>31,918</u>	<u>32,317</u>
Non-Current Assets			
Financial assets		6	5
Property, plant and equipment		3,360	3,491
Deferred tax assets		1,267	1,217
Intangible assets		2,012	2,029
		<u>6,645</u>	<u>6,742</u>
Total Assets		<u>38,563</u>	<u>39,059</u>
Current Liabilities			
Trade and other payables		7,590	8,063
Short-term provisions		606	567
		<u>8,196</u>	<u>8,630</u>
Non-Current Liabilities			
Deferred tax liabilities		149	167
Loan- Third Party		300	300
Long-term provisions		64	62
		<u>513</u>	<u>529</u>
Total Liabilities		<u>8,709</u>	<u>9,159</u>
Net Assets		<u>29,854</u>	<u>29,900</u>
Equity			
Issued Capital	5	32,920	32,920
Reserves		(24)	(208)
Accumulated losses		(3,042)	(2,812)
Total Equity		<u>29,854</u>	<u>29,900</u>

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

Clover Corporation Limited
Half Year ended 31 January 2013

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR TO 31 JANUARY 2013

	Issued Capital \$'000	Retained Profits/ (Accumulated Losses) \$'000	Foreign Currency Translation Reserve \$'000	Total \$'000
Balance at 1 August 2011	32,920	(4,705)	(145)	28,070
Profit for the period	-	1,699	-	1,699
Dividend Paid	-	(2,477)	-	(2,477)
Foreign Currency Translation Reserve	-	-	96	96
Balance at 31 January 2012	32,920	(5,483)	(49)	27,388
Balance at 1 August 2012	32,920	(2,812)	(208)	29,900
Profit for the period	-	2,660	-	2,660
Dividend Paid	-	(2,890)	-	(2,890)
Foreign Currency Translation Reserve	-	-	184	184
Balance at 31 January 2013	32,920	(3,042)	(24)	29,854

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

Clover Corporation Limited
Half Year ended 31 January 2013

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR TO 31 JANUARY 2013

	Note	31-Jan-13 \$ '000	31-Jan-12 \$ '000
Cash flows from operating activities			
Receipts from customers		20,451	19,049
Payments to suppliers and employees		(16,772)	(15,352)
Interest received		126	154
Income tax paid		(1,207)	(1,629)
Net cash inflow from operating activities		<u>2,598</u>	<u>2,222</u>
Cash flows from investing activities			
Purchases of plant and equipment		(99)	(420)
Net cash outflow from investing activities		<u>(99)</u>	<u>(420)</u>
Cash flows from financing activities			
Dividends paid	3	(2,890)	(2,477)
Third Party Loans		-	300
Sale of remaining FFI assets		300	-
Net cash outflow from financing activities		<u>(2,590)</u>	<u>(2,177)</u>
Net decrease in cash held		<u>(91)</u>	<u>(375)</u>
Cash at the beginning of the period		<u>9,741</u>	<u>7,425</u>
Cash at the end of the period		<u>9,650</u>	<u>7,050</u>

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 2013 (continued)

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 2013 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 20 March 2013.

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 2012, 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 2012, unless otherwise stated.

Clover Corporation Limited
Half Year ended 31 January 2013

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR TO 31 JANUARY 2013 (continued)

	31-Jan-13 \$'000	31-Jan-12 \$'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	20,174	17,929
Other income:		
Foreign exchange (loss)/gain	(16)	64
Interest revenue	126	154
Other	-	1
	<u>110</u>	<u>219</u>
Total revenue	<u>20,284</u>	<u>18,148</u>
Depreciation and amortisation expenses	(246)	(257)
Other Expenses		
Writedowns relating to the company's contribution under bank guarantee and holding costs in relation to the closure of Future Food Ingredients Pty Ltd and associated realisation of its residual assets	-	(970)
3. Dividends		
(a) Dividends paid during the year		
Final dividend for the period ended 31 July 2012 of 1.75 cents per share (31 July 2011: 1.50 cent) fully franked at the tax rate 30%.	<u>(2,890)</u>	<u>(2,477)</u>
(b) Dividends declared		
On 22 November 2012, the Company paid the final dividend in respect of the period ending 31 July 2012 of 1.75 cents per share (31 July 2011: final 1.50 cent per share).		
The Directors have declared a fully franked interim dividend of 0.5 cents in respect of the financial year ending 31 July 2013.		
4. Events subsequent to reporting date		
No events have occurred subsequent to balance date which would materially affect the half year financial report.		
5. Contributed equity		
Issued and paid up capital		
165,181,696 (31 Jan 2013: 165,181,696) ordinary shares, fully paid	<u>32,920</u>	<u>32,920</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR TO 31 JANUARY 2013 (continued)

6. 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.

Clover Corporation Limited
Half Year ended 31 January 2013

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR TO 31 JANUARY 2013 (continued)

7. Segment information

The following represents profit and loss information for reportable segments for the half-years ended 31 January 2013 and 31 January 2012.

Primary Reporting – Business Segments

	Tuna Oil and DHA product refinement, development and supply		Investment/Treasury		Economic Entity	
	Jan 2013 \$'000	Jan 2012 \$'000	Jan 2013 \$'000	Jan 2012 \$'000	Jan 2013 \$'000	Jan 2012 \$'000
Revenue						
Sales Revenue	20,174	17,929	-	-	20,174	17,929
Other revenue	(16)	65	126	154	110	219
Total segment revenue	20,158	17,994	126	154	20,284	18,148
Total revenue consolidated					20,284	18,148
Results						
Operating result	3,723	2,641	126	154	3,849	2,795
Profit before income tax	3,723	2,641	126	154	3,849	2,795
Income tax expense					(1,189)	(1,096)
Profit for the period					2,660	1,699
	Jan 2013 \$'000	Jul 2012 \$'000	Jan 2013 \$'000	Jul 2012 \$'000	Jan 2013 \$'000	Jul 2012 \$'000
Segment Assets	28,907	29,313	9,656	9,746	38,563	39,059

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR TO 31 JANUARY 2013 (continued)

8. Contingent liabilities

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

9. 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 2013 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
20 March 2013

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 half-year financial report of Clover Corporation Limited (the consolidated entity) which comprises the statement of financial position as at 31 January 2013 and the statement of 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 2013 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 2013 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*.

Lawler Partners

LAWLER PARTNERS
Chartered Accountants

Dated this 20th day of March 2013, Sydney

Robert Bell

ROBERT BELL
Partner

Lawler Partners Audit & Assurance
(a Limited Partnership)
ABN 91 850 861 839

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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 2013, 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.

Lawler Partners

LAWLER PARTNERS
Chartered Accountants

Dated this 20th day of March 2013, Sydney

Robert Bell

ROBERT BELL
Partner

Lawler Partners Audit & Assurance
(a Limited Partnership)
ABN 91 850 861 839

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