Annual Report

For The Year Ended 31 July 2013

CLOVER
CORPORATION

Clover Corporation Limited ABN 85 003 622 866

CORPORATE DIRECTORY

Directors

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

Secretary

Mr. Jaime Pinto

Registered Office

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Sydney NSW 2000

Telephone: (02) 9210 7000
Facsimile: (02) 9210 7099

Auditors

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

Share Registry

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
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Telephone: 1300 850 505

Australian Stock Exchange Code

Ordinary Shares CLV

Website

http://www.clovercorp.com.au

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Mission Statement

We seek to improve human nutrition and thereby quality of life by delivering innovative, added value ingredients of the highest quality to foods and nutritional supplements. In doing so we will provide a competitive advantage for our customers, value to our shareholders and a working environment in which our employees can fully utilise and develop their respective skills.

Chairman's and Managing Director's Report

Clover Corporation Limited (Clover) has reported a net profit after tax (NPAT) for the 12 months ended 31 July 2013 of $6.1m (2012: profit of $4.4m). The FY2012 result included an impairment associated with the former joint venture Future Food Ingredients Pty Ltd of $1.2 million. After taking this into account, the FY2013 result represents an increase in NPAT due to operations of 8.7%.

Sales revenue in FY2013 was $44.1m (2012: $38.4m) an increase of 14.9%. This result demonstrated continued organic growth principally by increased sales in the Oceania region. This growth is associated with infant formula and related applications.

	2013 Statutory $000's	2012 Statutory $000's	2012 Underlying[1] $000's
Sales Revenue	44,098	38,387	38,387
EBIT	8,300	6,151	7,371
Profit before tax	8,511	6,357	7,577
Profit after tax	6,078	4,371	5,591

1. The 2012 underlying profit excludes the $1.22 million of FFI related costs.

Based on the performance of Clover in FY13 and the future prospects of the company the Directors have declared a fully franked final dividend of 1.50 cents per share in respect of the year ended 31 July 2013. The record date for this dividend will be 31 October 2013, with payment due on 21 November 2013. Together with the interim dividend of 0.5 cents per share declared in March 2013 the total dividend paid with respect to FY2013 is 2.00 cents per share, an increase of 0.25 cents compared with the total dividend for FY2012.

A number of items of note occurred during the financial year, including:

- There was continued focus on sales of products for use in infant formula and children's food (FY2013: 98% of total sales revenue). There has been competitive pressure on product margins for our established products during the past year and these forces will continue for the foreseeable future.
- Clover re-signed a 5 year supply agreement with a multi-national infant formula company.
- Sales in Oceania increased by 67% during the year demonstrating the continued development of value added dairy products with a domestic and export focus in the region.
- An increase in working capital, in particular through increased levels of inventory was required to meet Clover's contractual obligations. Timing of manufacturing campaigns and Clover's program to qualify and secure additional sources of raw materials to meet future requirements also contributed to the rise in working capital. The additional stock will be utilised in FY2014.
- The increase in Trade Receivables was due to timing of supply as well as trading terms with a number of major customers.
- Exposure to the depreciating Australian Dollar was minimized through foreign exchange contracts which will help stabilise raw material costs until the end of FY2014.
- Expenditure on Innovation and Research was in line with the business strategy. There was an increase in the R&D spend to $1.8m (FY2012: $1.5m) reflecting the increase in research associated with new products and the Medical Foods initiative.
- A number of new encapsulated products released in FP2011 are under evaluation by a variety of potential customers. The evaluation and approval of new products by customers usually takes between 2 to 4 years. Initial sales of two new products are expected in FY2014.
- The CSIRO Australian Growth Partnership program was terminated during the year as it did not meet the agreed technical or commercial milestones.

Chairman's and Managing Director's Report (continued)

- The Preterm product and delivery system developed by Clover is currently in a Phase 3 clinical study in Australia and overseas involving approximately 1250 infants. The clinical trial is due to be completed by the end of 2014 with the results of the trial to be available by mid 2015. The regulatory, manufacturing and commercial plans associated with the initial medical food product are currently under development. It is expected that there will be additional R&D expenditure associated with this project in FY2014 of approximately $1.0m.
- Mr Graeme Billings replaced Mr David Wills as a non-executive director and Chair of the Audit & Risk Committee.

As reported in the Company's release to the market on 18 September 2013 a number of infant formula companies were forced to recall product in August 2013 due to the identification of contaminated milk powder manufactured in New Zealand. Milk powder is an important component of most infant formula preparations.

As a consequence of the extensive media coverage and the product recalls initiated in several countries, including New Zealand and China, the heightened concern about the safety of infant formula has resulted in a decline in infant formula sales in some markets.

In addition it has been announced that there is some restructuring of the Chinese infant formula market currently underway to promote domestically manufactured infant formula products.

Clover is a supplier to local and international infant formula manufacturing companies which have been affected by the negative impact of these market events and by association the demand for Clover's ingredients has suffered a decline.

Information to hand clearly shows that sales in the first half of the financial year will suffer a significant negative effect, potentially by 20%. Although considered a temporary market situation, any recovery in sales revenue in the second half of the financial year will be dependant on the length of time it takes to return to normal demand conditions.

During the 2013-2014 financial year the contract of employment for the Managing Director will conclude. Dr Brown has advised the board that he will not be seeking to renew his contract beyond 26 June 2014. A search to replace Dr Brown has commenced and until then Dr Brown will continue in his existing role as Managing Director.

Mr Robinson, Chairman of Clover Corporation, acknowledged Dr Brown's substantial contribution to the success of Clover since joining the company in 2006. "Ian has been instrumental in Clover's success in bringing innovative new products to commercialisation. Clover is now a significant supplier of microencapsulated powders to the global infant formula market with sales increasing from $17.2m in 2006 to $44.1m in 2013. During this period Clover's NPAT increased from $0.5m to $6.1m".

During Dr Brown's tenure, Clover has increased market capitalisation from $21.4m in 2006 to $92.5m in 2013. Clover is now well positioned as a result of the advances made during the past seven years for future continued development.

Dividend

Given the performance of the Company, the Directors have declared a fully franked final dividend of 1.50 cents per share in respect of the year ended 31 July 2013. The record date for this dividend will be 31 October 2013 with payment due on 21 November 2013. This final dividend will bring the total fully franked dividend for FY2013 to 2.00 cents per share, compared with 1.75 cents per share in FY2012.

We would like to thank the staff, management and directors of Clover for their continued commitment which has enabled the business to record a strong profit result for the year ended 31 July 2013.

Mr Peter R. Robinson	**Dr Ian L. Brown**
Chairman	Managing Director
Date: 16 October 2013	

About Clover

Company Focus

Clover seeks to improve human nutrition and quality of life by developing value-added nutrients for use in foods or as nutritional supplements. In doing so, Clover provides a competitive advantage for its customers, value to shareholders and a working environment in which employees can fully utilise and develop their respective skills.

Company History

Clover was formed in 1988 as a family-owned Australian company providing lipid-based ingredients for the food industry. Clover was listed on the ASX in November,1999.

In November 2002, Clover entered into a joint venture with the Queensland-based Food Spectrum Group of companies. The incorporated joint venture, Nu-Mega Ingredients Pty Limited (Nu-Mega), was 70% owned by Clover. The joint venture ceased in November 2007 when Clover acquired the remaining 30% of Nu-Mega to make it a wholly owned subsidiary. Nu-Mega has significantly expanded its markets, introducing new products with a focus on encapsulation technology and the delivery of bioactive nutritional ingredients.

In 2009 Frost & Sullivan recognised the success of Nu-Mega in the omega-3 infant and nutrition market by awarding it the Asia Pacific Industrial Technologies Award for Functional Ingredient Company of Year.

Clover established a second joint venture, Future Food Ingredients Pty Limited (FFI), in 2004. FFI was jointly held by Clover Corporation Limited and Austgrains Pty Limited. The sale of the assets of FFI has been finalised with settlement completed on 9 October 2012. The joint venture is in the process of being liquidated.

Company Operations

Clover operates from five sites;

- Company headquarters and executive management is located in Sydney, New South Wales.
- A manufacturing plant for tuna oils and related products, customer service and quality assurance departments is located at Altona, Victoria.
- The Finance, Human Resources and IT departments are located in Gladstone Park, Victoria.
- Innovation, Research & Development, Product Development, Technical Support, Sales and Marketing departments are located in Brisbane, Queensland.
- A Logistics and Customer Service office is located in the UK.

Company Technology and Products

The major focus of the Company is on the delivery of bioactive ingredients using proprietary encapsulation technology to produce ready-to-blend products containing tuna oil and/or other nutritional lipids. The health benefits of omega-3 fatty acids in the diet have been well documented and this has assisted in developing the expanding global market for products containing these nutritionally important dietary components. One material that Clover uses is tuna oil, which is high in DHA, an essential fatty acid, which is recognized for its importance in brain, nerve and eye tissue development in babies and infants. Clover, through its subsidiary Nu-Mega, supplies refined tuna oil and a range of other encapsulated ingredients for use in infant formula.

Apart from its own internally developed intellectual property Clover has licensed patented technology from the Commonwealth Scientific Industrial Research Organisation (CSIRO) for the encapsulation of marine and algal oils to protect them from oxidation and degradation. Nu-Mega's Driphorm® range of microencapsulated powders enables the addition of Hi-DHA® tuna and/or algal oils to a broad spectrum of products in a convenient and stable dry powder form. These ingredients are marketed globally.

Clover continues to be involved in research to determine the physiological benefits of lipids, particularly in relation to health and development of preterm infants. Clover is currently supplying a proprietary high DHA liquid product for use in a major Phase 3 clincal study to reduce the incidence of conditions affecting prematurely born infants.

Directors' Report

Your directors present their report on the consolidated entity consisting of Clover Corporation Limited ("the Company") and the entities it controlled ("the consolidated entity") at the end of, or during, the year ended 31 July 2013.

Directors

The following persons were directors of Clover Corporation Limited during the financial year and up to the date of this report unless otherwise stated:

Name and qualifications	Experience and special responsibilities
Mr Peter R. Robinson, B.Com. (UNSW), FAICD Chairman Non-executive director	Mr Robinson has held both executive and non-executive directorships for a period of 29 years. Mr Robinson has over 30 years experience at general management and chief executive officer level. During this period Mr Robinson has had extensive experience in the pharmaceutical industry. Mr Robinson joined Washington H. Soul Pattinson and Company Limited (WHSP) in 1978 and was appointed an executive director of WHSP in 1984. Mr Robinson is also non-executive Chairman of Australian Pharmaceutical Industries Limited and is a non-executive director of New Hope Corporation Limited. Appointed Chairman 1 December 2002. Director since 14 August 1997. Other current listed company directorships: - Australian Pharmaceutical Industries Limited, appointed 2000. - New Hope Corporation Limited appointed 1997. - WHSP appointed 1984. Former listed company directorships in the past three years: - Northern Energy Corporation Limited – Appointed 2011 (company delisted October 2011). - Exco Resources Limited appointed 2012 (company delisted 2013).
Dr Ian L. Brown, PhD, M.Sc, B.Sc, Dip Bus Stud, Dip Ed, AFAIM, MRACI, MAIFST Chief Executive Officer Managing Director	Dr Brown brings over 30 years of international involvement in both a technical and commercial capacity in the cereal, ingredient, food and nutritional industries. Dr Brown has global experience in technical, scientific, commercial and sales management. He has an international reputation for the successful discovery, development and commercialisation of nutraceuticals & health related dietary components. Dr Brown maintains strong links to the research community through positions as an Adjunct Professor at Flinders University in Australia and as a Special Visiting Professor at the University of Colorado, USA. CEO and Managing Director since 26 June 2006.

Directors' Report (continued)

Name and qualifications	Experience and special responsibilities
Mr Graeme A. Billings, BCom, FCA, MAICD Non-executive director Chairman of the audit committee Member of the remuneration committee	Mr Billings has been a Chartered Accountant since 1977. Mr Billings was a partner at Coopers and Lybrand and then PricewaterhouseCoopers (PwC) for 24 years. Mr Billings was head of PwC's Melbourne Assurance practice for a number of years as well as Global Leader of PwC's Industrial Products and Manufacturing industry group. Mr Billings brings a range of financial, corporate governance, internal control, commercial and corporate transactional skills to the Company. Other current listed company directorships: - GUD Holdings Limited, appointed 2011. - Korvest Limited, appointed 2013.
Ms Cheryl L. Hayman, B.Com, GAICD Non-executive director Member of the audit committee Member of the remuneration committee	Ms Hayman was formerly Marketing Director for the Baking Division of George Weston Foods (Australia/NZ) and was largely responsible for the successful launch of the Hi-DHA Tip Top Up bread range. Ms. Hayman has extensive consumer goods, packaged food and functional food industry experience. Ms. Hayman contributes significant strategic and marketing expertise to business planning, new product development and top line growth programs. Other public company directorships: Australian Egg Corporation Limited, public unlisted, appointed 2013. JIMACO Limited, public, limited by shares, appointed 2013. Non-Executive director, St John (NSW). Non-executive director, Peer Support Australia. Non-executive director, Australian Businesswomen's Network. Advisory Board of Osteoporosis Australia Fundraising Committee. Previous Convenor of Go Grains Marketing Communications Advisory Board. Director since 9 July 2008.
Dr Merilyn J. Sleigh, B.Sc, PhD, DipCorp Man, FTSE, FAICD. Non-executive director Member of the audit committee Chairperson of the remuneration committee	Dr Sleigh was trained as a Biochemist and was formerly CEO & Managing Director of EvoGenix Limited, an ASX-listed biotechnology company; Dean, Faculty of Life Sciences, University of NSW; Director, Research & Development at Peptech Limited and Scientist & Senior Manager, CSIRO. She currently serves as a director of Tyrian Diagnostics Limited, Adalta Pty Ltd, the Rural Industries Research and Development Corporation and Relationships Australia (NSW) and chairs the Business Development Advisory Committee of the Garvan Institute for Medical Research. Dr Sleigh contributes extensive experience in strategic management of ASX-listed SMEs both as a director, and as a CEO. She also provides scientific research and development expertise relevant to Clover's Innovations program and commercialisation of its products. Director since 9 July 2008. Other current listed company directorships: - Tyrian Diagnostics Limited, appointed December 2008.

Directors' Report (continued)

Mr David E. Wills, B.Com (UNSW), FCA

Non-executive director

Chairman of the audit committee

Member of the remuneration committee

Mr Wills holds a B.Com and is a Chartered Accountant. He was a partner of Coopers & Lybrand and then PricewaterhouseCoopers (PwC) for 25 years.

As a result of Mr Wills' experience and qualifications, he brings financial expertise to the Board and is Chairman of the Audit Committee.

Mr Wills is currently the Chairman of the Board of Governors of the Sir David Martin Foundation. He is a non-executive director of Washington H. Soul Pattinson and Company Limited (WHSP) together with a number of unlisted companies.

Director since 27 January 2005.

Other current listed company directorships:

- WHSP, appointed 2006.

Former listed company directorships in the past three years:

- Souls Private Equity Limited, appointed 2004, (company delisted January 2012).
- Quickstep Holdings Limited, appointed 2010 (resigned July 2013).

Resigned from the Clover Corporation Limited Board June 2013.

COMPANY SECRETARY

Mr Jaime Pinto, B.Com, CA

Mr Pinto is a Chartered Accountant with over 20 years experience in both professional practice and in senior commercial roles across a broad range of industries, and is currently Company Secretary of a number of listed and unlisted Companies.

Appointed to the position of Company Secretary in November 2012.

Directors' Report (continued)

Principal Activities

The principal activities of the consolidated entity during the course of the financial year were the refining and sale of natural oils, the production of encapsulated powders and the research and product development of functional food and infant nutrition ingredients. There were no significant changes in the nature of the principal activities of the consolidated entity during the financial year.

Operating Results

The results for this report are for the financial year ended 31 July 2013, the comparative period being the financial year ended 31 July 2012. Total revenue from sale of goods increased 14.9% to $44,098,000. Net profit after tax is $6,078,000 (2012: profit of $4,371,000).

Review of Operations

A full review of operations is included in the Chairman's and Managing Director's Report appearing on pages 2, 3 and 4 of this report.

Employees

The consolidated entity had 37 employees as at 31 July 2013 (2012: 39 employees).

Events Subsequent to Reporting Date

Other than the conditions having an adverse impact on the market in which the Company participates, as outlined in the Chairman's and Managing Director's Report, no events have occurred subsequent to balance date that would materially affect the results for the financial year ended 31 July 2014.

Significant changes in the State of the Affairs

Other than as stated above, and in the accompanying Financial Report, there were no significant changes in the state of the affairs of the consolidated entity during the financial year.

Likely Developments

The consolidated entity will continue to pursue its policy of increasing the profitability and market share of its operating businesses during the next financial year. Further information as to likely developments in the operations of the consolidated entity and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would likely result in unreasonable prejudice to the consolidated entity.

Dividends

A fully franked final dividend of 1.75 cents per share for the 12 months ended 31 July 2012 was paid on 22 November 2012. The total final 2012 dividend paid was $2,890,680.

Based on the performance of the Company and its future prospects, the Directors have declared a fully franked final dividend of 1.50 cents per share ($2,477,725 total dividend) in respect of the year ended 31 July 2013. The record date for this dividend will be 31 October 2013 with payment due on 21 November 2013. Together with the interim dividend of 0.50 cents per share ($825,908 total dividend) declared in March 2013, the total dividend paid in respect to FY2013 is 2.00 cents per share, an increase of 0.25 cents compared with the total dividend for FY2012.

Directors' Report (continued)

Environmental Regulations

The consolidated entity's operations are subject to environmental regulations under the laws of the Commonwealth and State. The consolidated entity complies with all applicable environmental regulations.

Directors' Meetings

The number of directors' meetings (including meetings of sub-committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

Director	Directors Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
	Number Eligble to Attend[1]	Number Attended	Number Eligble to Attend	Number Attended	Number Eligble to Attend	Number Attended
P R Robinson	16	16	-	-	-	-
Dr. I L Brown	16	16	-	-	-	-
C L Hayman	16	16	3	3	3	3
Dr. M J Sleigh	16	14	3	3	3	2
D E Wills	16	15	3	3	3	3
G Billings	2	2	-	-	-	-

1 - Includes sub-committee meetings. Not all directors were appointed to the sub-committees of the Board.

Insurance of Directors and Officers

During the financial year the Company paid a premium in respect of a contract insuring its directors and officers against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position, except where the liability arises out of conduct involving lack of good faith. The contract covers any past, present or future director, secretary, executive officer or employee of the Company and its controlled entities. Further details have not been disclosed due to confidentiality provisions of the contract of insurance.

Rounding Off of Amounts

The Company is of a kind referred to in ASIC Class Order 98/100 and in accordance with that Class Order, amounts in the Financial Report and the Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Proceedings on behalf of the Company

No person has applied for leave of the Court to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the financial year.

Remuneration Report (Audited)

The remuneration report outlines the director and executive remuneration arrangements of the Company for the 2013 year financial year in accordance with the requirements of the Corporations Act 2001 and its Regulations. It has been audited in accordance with section 300(A) of the Corporations Act 2001 (as amended).

(i) Key Management Personnel

Key Management Personnel (KMP) in this report are those individuals having responsibility for planning, directing and controlling the major activities of the Company during the financial year. They include Non-Executive Directors, Executive Directors, and Executive KMP, as listed below.

Name	*Position*
Directors	
P R Robinson	Non-Executive Chairman
Dr. I L Brown	Chief Executive Officer and Managing Director
G A Billings (appointed May 2013)	Non-Executive Director
C L Hayman	Non-Executive Director
Dr. M J Sleigh	Non-Executive Director
D E Wills (resigned June 2013)	Non-Executive Director
Specified Executives	
D Callahan	Chief Financial Officer
G Elliott	Quality Manager
M Mangion (resigned Nov 2012)	Global Sales Manager
C Patch	General Manager Commercial & Innovation
D Pierotti	Operations Manager
S Phoothong	Global Business Development Manager

(ii) Remuneration Policy

The Company operates from four locations in Australia and markets its products internationally. All KMP are based in Australia and other than the Managing Director are employed on remuneration agreements which are structured similarly.

Through an effective remuneration framework the Company aims to:

- Provide fair and equitable rewards;
- Align rewards to business outcomes that are linked to creation of shareholder value;
- Stimulate a high performance culture;
- Encourage the teamwork required to achieve business and financial objectives;
- Attract, retain and motivate high calibre employees; and
- Ensure that remuneration is competitive in relation to peer companies in Australia

Directors' Report (continued)

Remuneration Report (Audited) (continued)

(iii) Remuneration Framework Responsibilities

The Board has established a Remuneration Committee to assist it in establishing a suitable remuneration framework for the Company. Responsibilities of the Remuneration Committee are to review and make recommendations to the Board on the following issues:

- The structure of the total remuneration package (TRP) including base salary, other benefits, short term incentive (bonus) and share-based long term incentive for the Managing Director;
- The mechanism to be used to review and benchmark the competitiveness of this TRP;
- The Key Performance Indicators (KPIs) to be set for the Managing Director for each financial year;
- Changes in the amounts of different components of the TRP following annual performance review against set KPIs;
- Performance rights to be awarded to the Managing Director and specified Executives each year under the Company's Long Term Incentive Plan and setting of associated performance indicators for future assessment;
- Determination of number of performance rights vesting at the end of each three year assessment period, based on financial performance indicators previously established; and
- The remuneration and any other benefits of the Non-Executive Directors.

The Remuneration Committee comprises three independent Non-Executive directors, Dr Merilyn Sleigh (Chair), Cheryl Hayman and Graeme A Billings. The Company Secretary acts as secretary of the Remuneration Committee. The Board Chairperson and any other Non-Executive Directors may attend committee meetings in an ex officio capacity. Executives including the Managing Director, and any advisors retained by the Committee attend by invitation. More information on Remuneration Committee meetings held during the year and Directors' attendance at these meetings can be found on page 9 of this report.

The Board is responsible for reviewing and resolving on recommendations from the Remuneration Committee. In addition it:

- considers matters relating to remuneration of KMP reporting to the Managing Director;
- approves the establishment of or amendment to employee share, performance rights and any other deferred incentive plan;
- considers matters related to Executive succession planning; and
- considers matters in relation to Board succession planning, to ensure an appropriate mix of skills, experience, expertise and diversity (subject to the power of shareholders in General Meeting to elect or re-elect directors).

(iv) Appointment of Remuneration Consultant

In accordance with section 206K of the Corporations Act, on 18 April 2013, the Remuneration Committee of the Company approved the appointment of Towers Watson (Consultant) as the Company's remuneration consultant. A remuneration consultancy contract (Contract) was entered into between the Company and the Consultant, for the Consultant to provide services that include remuneration advice in relation to Key Management Personnel of the Company.

The Consultant has provided remuneration advice in relation to Key Management Personnel for the Company and in accordance with Section 300A(h) the following information is provided:

- the name of the Consultant is Towers Watson (Stephen Burke, Director), Level 14, 60 Margaret Street, Sydney NSW 2000;
- the Consultant has provided the advice as defined under the Act in relation to remuneration elements;
- the Consultant was paid $11,000 (inclusive of GST) for advice provided on remuneration matters;
- the Chairman of the Remuneration Committee dealt directly with the Consultant thereby ensuring that the advice was free from undue influences by any Key Management Personnel to whom the advice relates; and
- the Board is satisfied that the remuneration advice was made free from undue influence by any Key Management Personnel to whom the advice relates.

Remuneration Report (Audited) (continued)

(v) Non-Executive Directors' Remuneration

A remuneration pool of up to $500,000 for the payment of Non-Executive directors was approved by shareholders at the Annual General Meeting held in November, 2011. Total Non-Executive Directors remuneration including superannuation paid at the statutory prescribed rate for the year ended 31 July 2013 was $254,660, which is within the approved amount.

The board believes that the remuneration approved for Non-Executive Directors must:

- enable the company to attract and retain suitably qualified directors with appropriate experience and expertise; and
- recognise that given the small size of the Board, all Directors contribute extensively to the work of committees. As such, current policy is that no additional fees apply to Directors for their participation on Board Committees.

The Remuneration Committee reviews fees for Non-Executive directors every two years, utilising data on and trends in Director and Chairperson remuneration in the relevant group of the top 500 ASX-listed companies in Australia (from published reports), as well as data obtainable on director remuneration in a number of peer companies either from the same industry or with similar market capitalisation and financial performance. Director fees are set at or below the 50th percentile for the relevant comparator group of companies. Remuneration consultants have been used in the past to assist in this process but none have been engaged for this purpose in the past two financial years.

The Board has to date selected a simple remuneration policy whereby only fees and statutory superannuation benefits are payable. The tables on pages 16 and 17 of this report shows fees paid to Non-Executive Directors for the 2012 and 2013 financial years. Non-Executive Directors do not participate in any share or performance rights plans. Non-Executive Directors are entitled to reimbursement of travel or other reasonable expenses incurred by them in the course of discharging their duties.

(vi) Executive KMP Remuneration and Link to Business Strategy

The diagram below outlines components which may be included as part of the TRP for Executives.

TOTAL REMUNERATION PACKAGE						
Total fixed remuneration (cash salary, superannuation and non-monetary benefits)	+	Short term incentive (cash payment)	+	Long term incentive (performance rights)	=	Total Remuneration Package
FIXED		VARIABLE				

All KMP are eligible for Short Term Incentive payments, while the Managing Director and specified Executives also have access to a Long Term Incentive in the form of Performance Rights. Actual payments received for 2012 and 2013 financial years are summarised in pages 16 and 17 of this report.

The total fixed remuneration of the Managing Director was set against market benchmarks by use of a remuneration consultant when his contract was renewed in 2010 (see section viii). Since that time increases in fixed remuneration have been determined by consideration of CPI salary rises applied across the whole company, and use of published information on CEO/MD salaries in the top 500 ASX-listed companies and in companies from related industries of similar market capitalisation and financial status, as described for review of fees for Non-Executive Directors. The benchmark used for review of the Managing Director's fixed remuneration is the 50th percentile for equivalent companies, taking into account different mixes between fixed and at-risk consideration among these companies.

The Company's Executive KMP remuneration is directly linked to its business strategy. The Board engages in an annual strategy review with management, identifying key goals and challenges for the year and the longer term. Following this, business plans and an annual budget are prepared and approved, with Key Performance Indicators (both financial and non-financial) established for the business. These are the basis for KPIs for the Managing Director, set by the Board, and for other Executive KMP, set by the Managing Director according to the area of responsibility of each KMP.

Directors' Report (continued)

Remuneration Report (Audited) (continued)

(vi) Executive KMP Remuneration and Link to Business Strategy (continued)

A formal review of the achievement of each Executive KMP is conducted by the Managing Director annually and proposed changes in fixed remuneration and the Short Term Incentive to be paid are submitted to the Board for approval. As noted in section (iii) above, the performance of the Managing Director against agreed KPIs is reviewed by the Remuneration Committee and recommendations on adjustment to total fixed remuneration and payment of the Short Term Incentive are made to the Board, for approval.

The STI is a variable cash payment with the maximum payment based on a percentage of the KMP's total fixed remuneration. This percentage is currently 25% for the Managing Director and 10% for other executive KMP. The Company awards STI payments on evidence that the KMP has achieved stretching work plan objectives and dealt with unexpected challenges in a way that contributes to both short-term performance and long term prospects of the Company. The Board retains discretion to vary STI payments outside of the set formula to recognise overall company performance, changes in the Company's circumstances during the year and exceptional contributions by particular KMP.

KPIs set for the Managing Director each year include financial, strategic and operational targets as summarised in the table on below. KPIs for individual Executive KMP reporting to the Managing Director focus principally on operational goals in areas for which the KMP is responsible and contributing to overall KPIs for the Company.

KPI type	Percent contribution to STI	Description - Examples	Link to Company Strategy
Financial	40-60%	Achievement of profit and free cash flow targets set for the year in the annual budget.	Sets target for growth in sales and profits for each year, contributing to increasing shareholder value. Net free cash flow provides for further investment in the business and capacity to pay increasing dividends each year.
Strategic	10-30%	Establishment of agreed strategic plans and progress towards their implementation.	Strategic KPI's address the medium term prospects for the company, including new products, markets, customers and alliances.
Operational	40-60%	Commercial development of new products from the R&D team; expansion of sales – new products, new customers; meeting regulatory challenges; manufacturing efficiencies and cost effective sourcing of raw materials; effective management of inventory, debtors and creditors (working capital requirements).	Operational KPIs address particular challenges identified each year (but often on-going) for continued growth of the business for the future, in the key management areas of Sales and Marketing, R&D output, Manufacturing, Regulatory and Cash Management. Examples include turning the output from the Innovations team into profitable products attracting new sales. Adjustment to the changing nature of the market, raw material availability and manufacturing efficiency are all required to maintain both short term performance of the Company, and long term growth.

Remuneration Report (Audited) (continued)

(vii) Long Term Incentive Plan

A Long Term Incentive (LTI) is offered each year to the Managing Director at the discretion of the Board. The incentive is in the form of Performance Rights which are delivered according to the Terms of the Clover Corporation Long Term Incentive Plan (established in 2006) and an annual Letter of Invitation from the Board to the Managing Director, setting out the terms for vesting of performance rights at the end of the three year period from the date of offer (the assessment period). Performance rights are issued for nil consideration and entitle the recipient to receive one Clover Corporation share at no cost for each Performance Right that vests at the end of the assessment period.

The number of Performance Rights offered at the start of each financial year is determined from a percentage of the Managing Director's total fixed remuneration for that year (currently 25%). This dollar value is converted into a number of Performance Rights based on the volume Weighted Average Price of Clover Corporation shares on the ASX for the two week period up to and including the last day of the previous financial year. Hurdles for vesting of Performance Rights are set for each year of the 3 year assessment period, with vesting of Rights determined after the annual results for the company are released to the market at the end of the third year. For example, performance against hurdles set for the LTI offer made in July 2009 was assessed in September 2012, examining achievement in each of the three years since the offer date. Hurdles for vesting of Performance Rights reflect long term growth and financial performance of the Company relevant to growth in shareholder value, including such parameters as Earnings per Share growth over the three year period, Share Price and Return on Equity over the same period.

During 2012 specified Executives were invited to participate in the Company's Long Term Incentive Plan. Performance Rights offered were on the same basis as for the Managing Director with the number calculated by taking 10% of KMP total fixed remuneration and converting this value to the number of Performance Rights granted. The hurdles for KMP are as shown in the table below.

Shares vesting as a result of assessment of achievements against hurdles are purchased on-market by the Company on behalf of the Managing Director and specified Executives. Any Performance Rights not vesting at the end of the assessment period lapse. Unvested shares are not eligible for receipt of dividends.

The grants which were current during the financial period were:

Year Commencing	Hurdle	As at 30 June 2011	As at 31 July 2012	As at 31 July 2013	As at 31 July 2014	As at 31 July 2015
2010	Target -EPS	3.32c	3.82c	4.39c	-	-
	Max - EPS	3.69c	4.24c	4.88c	-	-
2010	Target –ROE (%)	15	15	15	-	-
	Max–ROE (%)	20	20	20	-	-
2011	Target – EPS	-	3.10c	3.57c	4.10c	-
	Max - EPS	-	3.45c	3.96c	4.56c	-
2011	Target –ROE (%)	-	15	15	15	-
	Max–ROE (%)	-	20	20	20	-
2012	Target – EPS	-	-	3.12c	3.44c	3.78c
	Max - EPS	-	-	3.47c	3.81c	4.19c
2012	Target –ROE (%)	-	-	15	15	15
	Max–ROE (%)	-	-	20	20	20

Note – 50% of the total value of the grant vests on achievement of the target and a further 50% on the achievement of the maximum.

– the target and maximum share price is measured 14 days after the release of the Company's annual results.

Remuneration Report (Audited) (continued)

(vii) Long Term Incentive Plan (continued)

Under the terms of the LTI the following are further particulars relating to performance rights transactions during the year.

Rights to ordinary shares of the Company awarded as compensation.

	Rights Granted	Rights Lapsed (conditions unfulfilled)	Rights fulfilled subject to service conditions	Fair-value of the rights as compensation
Dr I L Brown	166,204	(21,074)	145,130	96,340
D Callahan	37,366	(5,595)	31,771	19,723
Dr C Patch	30,380	(4,531)	25,849	16,056
D Pierotti	22,067	(3,291)	18,776	11,662
G Elliott	8,875	(2,219)	6,656	3,661
S Phoothong	15,561	(3,890)	11,671	6,419
	280,453	(40,600)	239,853	153,861

As at 31 July 2013 the following are the performance rights outstanding, and their vesting profile:

	Balance 31 July 2013	Rights granted under LTI plan dated	Rights vest effective year-ended
Dr I L Brown	74,682	1 August 2010	31 July 2013
	114,030	1 August 2011	31 July 2014
	63,222	1 August 2012	31 July 2015
D Callahan	29,976	1 August 2011	31 July 2014
	16,784	1 August 2012	31 July 2015
Dr C Patch	24,512	1 August 2011	31 July 2014
	13,594	1 August 2012	31 July 2015
D Pierotti	17,804	1 August 2011	31 July 2014
	9,874	1 August 2012	31 July 2015
G Elliott	6,656	1 August 2012	31 July 2015
S Phoothong	11,671	1 August 2012	31 July 2015
	382,805		

During the financial period, the Company satisfied its obligations to Dr Brown in respect of a grant provided in 2009 by the purchase of 60,820 shares at a price of 57 cents per share (plus brokerage), for a total consideration of $34,993.

Remuneration Report (Audited) (continued)

(viii) Remuneration of Non-Executive Directors and Key Management Personnel

During the year the Board appointed Towers Watson as its independent external remuneration consultant. Towers Watson provided advice to the Remuneration Committee for the Managing Director and Non-Executive Directors of the Company.

The following tables disclose details regarding the remuneration of the Directors and executive KMP of the Company including group executives of the consolidated entity.

2013	Salary and Fees $	Superannuation Contributions $	STI Payment $	Non-cash Benefits $	LTI Payment $	Total $
Directors						
P R Robinson	86,789	7,829	-	-	-	94,618
Dr. I L Brown	364,018	37,159	48,025	-	96,340	545,542
C L Hayman	46,789	4,221	-	-	-	51,010
Dr. M J Sleigh	46,789	4,221	-	-	-	51,010
D E Wills[1]	42,890	3,860	-	-	-	46,750
G A Billings[2]	10,318	954	-	-		11,272
	597,593	**58,244**	**48,025**	**-**	**96,340**	**800,202**

1 – Resigned June 2013

2 – Appointed May 2013

Key Executives						
D Callahan	215,230	23,535	24,027	22,836	19,723	305,351
G Elliott	99,705	10,025	11,442	-	3,661	124,833
M Mangion[1]	184,840	9,614	-	6,231	-	200,685
C Patch	174,801	19,148	19,904	17,592	16,056	247,501
D Pierotti	147,926	14,744	15,561	-	11,662	189,893
S Phoothong	162,584	16,169	16,715	14,823	6,419	216,710
	985,086	**93,235**	**87,649**	**61,482**	**57,521**	**1,284,973**

1 – Resigned November 2012

Directors' Report (continued)

Remuneration Report (Audited) (continued)

(viii) Remuneration of Non-Executive Directors and Key Management Personnel (continued)

The remuneration of directors and the Key Management Personnel of the Company.

2012	Salary and Fees $	Superannuation Contributions $	STI Payment $	Non-cash Benefits $	LTI Payment $	Total $
Directors						
P R Robinson	83,960	7,556	-	-	-	91,516
Dr. I L Brown	348,212	34,129	79,025	9,618	32,764	503,748
C L Hayman	43,960	3,957	-	-	-	47,917
Dr. M J Sleigh	43,960	3,957	-	-	-	47,917
D E Wills	43,960	3,957	-	-	-	47,917
	564,052	**53,556**	**79,025**	**9,618**	**32,764**	**739,015**
Key Executives						
D Callahan	208,919	20,642	20,312	20,438	5,995	276,306
M Mangion	196,550	17,690	-	19,047	-	233,287
C Patch	167,671	18,075	13,287	19,873	4,902	223,808
D Pierotti	136,224	12,260	14,848	-	3,561	166,893
S Phoothong	126,060	12,679	11,305	18,788	-	168,832
	835,424	**81,346**	**59,752**	**78,146**	**14,458**	**1,069,126**

(ix) Employment Contracts

There are no specific employment contracts with Non-Executive Directors. Non-executive Directors are appointed under a letter of appointment and are subject to election and rotation requirements as set out in the ASX listing rules and the Company's constitution.

Managing Director Dr Ian Brown is employed by the Company under a contract of employment. The length of the contract is 4 years from 26 June 2010 to 26 June 2014, with an allowable extension of 12 months. Under the terms of the present contract:

- Dr Brown's remuneration is fixed at $410,000 for the year commencing 1 July 2013. During the 2013-2014 financial year the contract of employment for the Managing Director will conclude. Dr Brown has advised the board that he will not be seeking to renew his contract beyond 26 June 2014.
- A short term incentive equating to up to 25% of the remuneration package will be paid annually if agreed KPI's are achieved during the year.
- Dr Brown may resign from his position and terminate this contract by giving 6 months' written notice.
- The Company may terminate this employment agreement by providing 6 months' written notice or provide payment in lieu of notice (based on the fixed component of Dr Brown's remuneration).
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs the Managing Director is only entitled to that portion of remuneration that is fixed, and only up to the date of termination.

Remuneration Report (Audited) (continued)

(ix) Employment Contracts (continued)

Other Executives (standard contract)

All other executives have rolling contracts. The Company may terminate the executive's employment agreement by providing between one and three months' written notice or providing payment in lieu of the notice period (based on the fixed component of the executive's remuneration), together with statutory termination entitlements. The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs the executive is only entitled to that portion of remuneration that is fixed, and only up to the date of termination.

Directors' Interests

The relevant interest of each director in the share capital of the Company, as notified by the directors to the Australian Stock Exchange in accordance with section 250G(1) of the Corporations Act 2001 at the date of this report is as follows:

Director	Ordinary Shares
P R Robinson	1,387,108
G A Billings	-
Dr. I L Brown	541,547
C L Hayman	200,000
Dr. M J Sleigh	130,000
	2,258,655

Auditor's Independence and Non-audit Services

The Board of Directors is satisfied that the provision of non-audit services during the period is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board of Directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in the APES110 Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 31 July 2013:

	$
Taxation services	6,915
	6,915

Directors' Report (continued)

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 has been received by the Directors, and a copy is attached at page 62.

Signed in accordance with a resolution of the Board of Directors.

Peter R. Robinson

Chairman

Sydney

Date: 16 October 2013

Corporate Governance

The Board of Clover Corporation Limited is committed to ensuring its policies and practices reflect good corporate governance and recognises that for the success of the Company an appropriate culture needs to be nurtured and developed throughout all levels of the Company.

This statement outlines the Company's Corporate Governance practices in place throughout the year, unless otherwise stated, and has been summarised into sections in line with the 8 core principles set out in the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations – 2nd edition".

Principle 1 – Lay solid foundations for management and oversight

The Board is ultimately responsible for the operations, management and performance of the Company. In discharging this responsibility, the Board delegates to senior management whose role it is to manage the Company in accordance with the directions and policies set by the Board. The Board monitors the activities of senior management in the performance of their delegated duties.

It is the responsibility of the Board to determine policies, practices, management and the operations of the Company and to ensure that the Company is compliant with statutory, legal and other regulatory obligations.

Responsibilities of the Board include the following:-

- Determining corporate strategies, policies and guidelines for the successful performance of the Company in the present and in the future;
- Monitoring the performance and conduct of the Company;
- Accountability to shareholders;
- Ensuring that risk management procedures and compliance and control systems are in place and operating effectively;
- Monitoring the performance and conduct of senior management, and ensuring adequate succession plans are in place; and
- Ensuring the Company continually builds an honest and ethical culture.

The Board has delegated responsibility for the following to management:

- Day to day management of the Company;
- Production of performance measurement reports;
- Managing the compliance and risk management systems;
- Management of staff including, appointment, termination, staff development and performance measurement.

The Managing Director is responsible for ensuring that the responsibilities delegated by the Board are properly discharged.

The performance of the Managing Director is evaluated by the Board with reference to the overall performance of the Company, its subsidiaries and associates in which the Managing Director represents the Company. Both qualitative and quantitative measures are used to evaluate performance.

The Managing Director evaluates the performance of the other senior executives and reports to the Board. The Board also reviews the performance of these executives via their attendance at Board meetings and the monthly Board reports.

The performance of the senior executives of the Company was assessed, as set out above, during the reporting period.

Corporate Governance (continued)

Principle 2 – Structure the Board to add value

The Company's constitution states that its Board is to comprise no less than three and no more than ten Directors. The names and details of the Directors of the Company at the date of this statement are set out in the Directors' Report.

At the date of this report the Board consisted of four Non-Executive and one executive Director. The Board has assessed the independence of its members and is of the view that the following Directors are independent:

Mr. P R Robinson - Chairman, non-executive

Mr. G A Billings – Non-executive (appointed May 2013)

Ms. C L Hayman - Non-executive

Dr. M J Sleigh - Non-executive

Mr. D E Wills - Non-executive (resigned June 2013)

Each Director has undertaken to provide the Board with all information that is relevant to the assessment of his/her independence in a timely manner.

Under the ASX Corporate Governance Principles and Recommendations two non-executive Directors do not qualify as independent for the following reasons.

Mr Robinson and Mr Wills are both Directors of Washington H. Soul Pattinson and Company Limited, a major shareholder of the Company.

Whilst the above Non-Executive Directors do not meet the criteria for independence in accordance with the ASX Corporate Governance Principles and Recommendations, all Directors are committed to bring their independent views and judgement to the Board and, in accordance with the Corporations Act 2001, must inform the Board if they have any interest that could conflict with those of the Company. Where the Board considers that a significant conflict exists it may exercise its discretion to determine whether the Director concerned may be present at the meeting while the item is considered. For these reasons the Board believes that Mr Robinson and Mr Wills (resigned June 2013) can be considered to be acting independently in the execution of their duties.

The current Chairman of the Board is Mr Robinson who is a Non-Executive Director. For the reasons stated above he is considered to be independent. The current Managing Director is Dr IL Brown.

As the Company has a relatively small Board, the full Board undertakes the duties of a Nomination Committee. The Board periodically reviews its membership having regard to the Company's particular needs, both present and future and considers the issues that would otherwise be considered by a Nomination Committee. Where a Director is due for re-election at the next Annual General Meeting that Director abstains from consideration of their nomination for re-election.

In September 2012 the Board established a Board Nomination Policy to ensure that the issues which would otherwise be considered by a Board Nomination Committee are considered by the Board. The policy sets out the process by which candidates are identified and selected, the use of professional intermediaries and the requirement for a diverse range of candidates to be considered. This policy may be viewed in the Corporate Governance section of the Company's web site at www.clovercorp.com.au.

The Directors consider the structure, balance and skills of the Board in making decisions regarding appointment, retirement and nominations for re-election. When a vacancy occurs, the necessary and desirable skills, expertise and experience required to complement the Board are identified and a process to identify the most appropriate candidates is implemented. The Board engage recruitment consultants and other independent experts to undertake research and assessment as required.

Directors are initially appointed by the full Board, subject to election by the shareholders of the Company at the next Annual General Meeting. Under the Constitution, one third of the Board is required to retire from office each year. Retiring Directors may stand for re-election subject to approval by the Board.

Corporate Governance (continued)

Principle 2 – Structure the Board to add value (continued)

The Board considers that the Directors bring an appropriate mix of skills, breadth and depth of knowledge and experience and diversity to meet the Board's responsibilities and objectives. The range of skills and experience possessed by the each of the Directors is set out in the Directors Report.

In the discharge of their duties and responsibilities the Directors, either individually or jointly, have the right to seek independent professional advice at the Company's expense. In respect of advice to individual Directors, the prior approval of the Chairman is required; such approval is not to be unreasonably withheld. The Chairman is entitled to receive a copy of any such advice obtained.

The Chairman is responsible for monitoring and assessing the performance of individual Directors, each Board committee and the Board as a whole. The Chairman interviews each Director and provides feedback regarding their performance. Each Director independently completes a confidential assessment of the performance of the Board. The results of the assessments are compiled into a written report which is presented to the Board and discussed.

The performance of each Director of the Company was assessed during the reporting period.

Principle 3 – Promote ethical and responsible decision-making

Code of Conduct

The Company has an established code of conduct dealing with matters of integrity and ethical standards. The Board recognises the need for the Directors and employees to adhere to the highest standards of behaviour and business ethics.

All Directors and employees are expected to abide by the code of conduct which covers a number of areas including the following:-

- Professional conduct and ethical standards;
- Compliance with laws and regulations;
- Relationships with shareholders, customers, suppliers and competitors;
- Confidentiality and continuous disclosure;
- Standards of workplace behaviour and equal opportunity;
- Privacy and anti-discrimination;
- Proper use of Company assets;
- The environment; and
- Investigation and reporting of breaches of the code.

Share Trading

The Company has established a share trading policy which may be viewed in the Corporate Governance section of the Company's web site at www.clovercorp.com.au.

Diversity

The Company values and respects the skills that people with diverse backgrounds, experiences and perspectives bring to the organisation. The Company is committed to rewarding performance and providing opportunities that allow individuals to reach their full potential irrespective of background or difference. When appointing or promoting people within the organisation the most suitably qualified candidates are selected. As a result, diversity is promoted throughout the organisation.

In March 2012, the Company established a Diversity Policy to formalise its commitment to providing equal access to opportunities irrespective of background or difference. The policy may be viewed in the Corporate Governance section of the Company's web site at www.clovercorp.com.au. The policy governs the conduct of the Company, its wholly owned subsidiaries and all Directors and employees of those entities.

Corporate Governance (continued)

Principle 3 – Promote ethical and responsible decision-making (continued)

The Company has adopted the ASX Corporate Governance Principles and Recommendations on diversity. As at 31 July 2013 the organisation had 37 full time equivalent employees. The proportion of women employees in the whole organisation as at 31 July 2013 was 49%. While the Company believes that this represents a good level of gender diversity, it will continue to ensure that neither gender nor any other differences interfere with the employment of individuals based on their suitability for the position available.

The proportion of women in senior executive positions as at 31 July 2013 was 14%. The Company's objective is to incrementally grow this as vacancies allow and suitably qualified candidates are available. The aim is to achieve female representation of 30% or more. The small number of senior executive positions within the organisation and the low turnover rate limits the opportunity to increase female representation in this area.

The proportion of women on the Board of Directors as at 31 July 2013 was 40% with two of the five Directors being women. The Board will continue to assess candidates on their skills, knowledge and experience and on the relevance of these to the Company's needs.

Principle 4 – Safeguard integrity in financial reporting

The Company has an established audit committee, which has a formal charter outlining the committee's function, composition, authority, responsibility and reporting. The audit committee charter may be viewed in the Corporate Governance section of the Company's web site at www.clovercorp.com.au.

The current members of the audit committee are:

Mr. G A Billings - Chairman

Ms. C L Hayman

Dr. M J Sleigh

All of the members of the committee are non-executive Directors and are considered to be independent, refer to principle 2 above.

Mr BIllings, who is the Chairman of the audit committee, is not the Chairman of the Board. The Chairman of the Board is not a member of the audit committee. The details of the audit committee members at the date of this statement and their attendance at meetings are set out in the Directors' Report.

The Non-Executive Chairman, Managing Director, Chief Financial Officer and Company Secretary may attend audit committee meetings by invitation. The external auditors, Lawler Partners, are requested by the audit committee to attend appropriate meetings to report on the results of their half-year review and full year audit.

The function of the audit committee is to assist the Board in fulfilling its statutory and fiduciary responsibilities relating to:

- The external reporting of financial information, including the selection and application of accounting policies;
- The independence and effectiveness of the external auditors;
- The effectiveness of internal control processes and management information systems;
- Compliance with the Corporations Act, ASX Listing Rules and any other applicable requirements; and
- The application and adequacy of risk management systems within the Company.

The Managing Director and the Chief Financial Officer are required to state in writing to the Board, by submission to the audit committee, that the Company's financial statements present a true and fair view, in all material respects, of the Company's financial position and operational results and that they are in accordance with relevant accounting standards. A declaration from the Managing Director and the Chief Financial Officer has been received in respect of the current reporting period.

Principle 5 – Make timely and balanced disclosure

The Board recognises the need to ensure that all investors have equal and timely access to material information regarding the Company and for announcements to be factual, clear, balanced and complete.

The Company has established a Continuous Disclosure Policy to ensure compliance with the ASX and Corporations Act continuous disclosure requirements. The policy requires timely disclosure through the ASX company announcements platform of information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities or which would materially influence the decision making of investors. Internal procedures are in place to ensure that relevant information is communicated promptly.

The Chairman and Managing Director are responsible for determining disclosure obligations and the Company Secretary is the nominated continuous disclosure officer for the Company.

Principle 6 – Respect the rights of shareholders

The Board is committed to ensuring that shareholders are fully informed of all material matters affecting the Company in a timely manner.

The dissemination of information is mainly achieved as follows:-

- An Annual Report is distributed to shareholders in November each year;
- Announcements to the ASX and press releases advising of events which are of particular significance to the progress and prospects of the Company, and
- Significant information is also posted on the Company's website.

In addition, shareholders are encouraged to attend and participate in the Annual General Meeting (AGM) of the Company. The external auditor attends the AGM to answer shareholders' questions with regard to the conduct of the audit and the content of the Auditor's Report.

Principle 7 – Recognise and manage risk

The Company is committed to identifying and managing areas of significant business risk to protect shareholders, employees, earnings and the environment. Arrangements in place include:-

- Regular detailed financial, budgetary and management reporting;
- Procedures to manage financial and operational risks;
- Established organisational structures, procedures and policies dealing with the areas of health and safety, environmental issues, industrial relations and legal and regulatory matters;
- Comprehensive insurance and risk management programs;
- Procedures requiring Board approval for all borrowings, guarantees and capital expenditure beyond minor levels;
- Where applicable, the utilisation of specialised staff and external advisors; and
- Regular operational audits undertaken by major customers.

Management is responsible for the design and implementation of a risk management and internal control system which manages the material business risks of the Company and reporting to the Board on whether those risks are being managed efficiently. Management reported to the Board on an ongoing basis during the current reporting period.

The Board of Directors regularly reviews the external risks to the Company. The Board advises and recommends best practice strategies and systems to reduce the impact of potential risks.

The Managing Director and the Chief Financial Officer are required to state in writing to the Board, by submission to the audit committee that the risk management and internal control compliance systems are operating efficiently and effectively. In their declaration under section 295A of the Corporations Act the Managing Director and the Chief Financial Officer have made this statement in respect of the current reporting period.

Corporate Governance (continued)

Principle 8 – Remunerate fairly and responsibly

The Company has established a Remuneration Committee which consists of three Directors, the majority of whom are independent, and is chaired by an independent Director. The Committee makes recommendations to the full Board on remuneration matters and other terms of employment for executive Directors, senior executives and non-executive Directors.

Senior executive performance is continually monitored by the Managing Director and the Managing Director's performance is subject to continuous monitoring by the full Board.

The remuneration of the Managing Director is reviewed annually by the Remuneration Committee, which consists of only non-executive Directors. The remuneration of the senior executive staff is reviewed annually by the full Board after taking into consideration the recommendations of the Remuneration Committee and the Managing Director.

The Managing Director and senior executive staff are remunerated by way of salary, performance incentive payments, non monetary benefits, and superannuation contributions. The Managing Director and senior executive staff are also eligible to receive performance rights for shares under a long term incentive plan.

Non-executive Director's fees are reviewed periodically by the full Board after taking into consideration the Company's performance, market rates, level of responsibility and the recommendations of the Remuneration Committee. Non-executive Directors are remunerated by way of fees in the form of cash and superannuation contributions and are not entitled to receive bonus payments or any equity based remuneration.

Remuneration is set so as to attract and retain suitable personnel and to motivate them to pursue the long term growth and success of the Company.

Further information of Directors' and executives' remuneration is set out in the Remuneration Report.

For further information concerning the corporate governance practices of the Company refer to the corporate governance section of the Company's web site at www.clovercorp.com.au .

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the financial year ended 31 July 2013

	Notes	Consolidated 2013 $'000	2012 $'000
Revenue	2	**44,098**	38,387
Cost of goods sold		**(28,622)**	(23,206)
Gross profit		**15,476**	15,181
Other income	2	**816**	293
Marketing and sales expenses		**(2,674)**	(3,192)
Administration and corporate expenses		**(3,261)**	(3,204)
Research and development expenses		**(1,846)**	(1,501)
Other expenses	3	**-**	(1,220)
Profit before income tax	3	**8,511**	6,357
Income tax expense	4	**(2,433)**	(1,986)
Profit after tax for the period		**6,078**	4,371
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation adjustments		**148**	(63)
Other comprehensive income for the period		**148**	(63)
Total comprehensive income for the period		**6,226**	4,308
Profit attributable to members of the parent entity		**6,226**	4,308
Earnings per share (EPS)			
Basic earnings per share (cents per share)	22	**3.68**	2.65
Diluted earnings per share (cents per share)	22	**3.68**	2.65

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

Consolidated Statement of Financial Position
As at 31 July 2013

	Notes	2013 $'000	2012 $'000
Current Assets			
Cash and cash equivalents	6	**8,315**	9,741
Trade and other receivables	7	**12,001**	10,148
Inventories	8	**14,006**	12,343
Other current assets	9	**425**	85
		34,747	32,317
Non-Current Assets			
Financial assets	10	**6**	5
Property, plant and equipment	11	**3,262**	3,491
Deferred tax assets	12	**1,474**	1,217
Intangible assets	13	**1,995**	2,029
		6,737	6,742
Total Assets		**41,484**	39,059
Current Liabilities			
Trade and other payables	14	**7,730**	8,063
Current tax liabilities		**274**	-
Borrowings	15	**-**	300
Short-term provisions	16	**661**	567
		8,665	8,930
Non-Current Liabilities			
Deferred tax liabilities	17	**346**	167
Long-term provisions	16	**64**	62
		410	229
Total Liabilities		**9,075**	9,159
Net Assets		**32,409**	29,900
Equity			
Issued Capital	18	**32,920**	32,920
Foreign currency reserves	21	**(60)**	(208)
Accumulated losses		**(451)**	(2,812)
Total Equity		**32,409**	29,900

This 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 2013

Consolidated	Issued Capital $'000	Retained Profits/ (Accumulated Losses) $'000	Foreign Currency Reserves $'000	Total $'000
Balance at 1 August 2011	**32,920**	**(4,705)**	**(145)**	**28,070**
Profit attributable to members of the entity	-	4,371	-	4,371
Dividend paid	-	(2,478)	-	(2,478)
Adjustment loss	-	-	(63)	(63)
Balance at 31 July 2012	**32,920**	**(2,812)**	**(208)**	**29,900**
Balance at 1 August 2012	**32,920**	**(2,812)**	**(208)**	**29,900**
Profit attributable to members of the entity	-	6,078	-	6,078
Dividend paid	-	(3,717)	-	(3,717)
Adjustment gain	-	-	148	148
Balance at 31 July 2013	**32,920**	**(451)**	**(60)**	**32,409**

Consolidated Cash Flow Statement
For the financial year ended 31 July 2013

	Notes	Consolidated 2013 $'000	2012 $'000
Cash flows from operating activities			
Receipts from customers		42,849	39,956
Payments to suppliers and employees		(38,424)	(30,157)
Interest received		211	293
Income tax paid		(2,110)	(2,414)
Net cash inflow from operating activities	20	2,526	7,678
Cash flows from investing activities			
Purchases of plant and equipment		(235)	(1,894)
Purchases of patents and trademarks		-	-
Net cash outflow from investing activities		(235)	(1,894)
Cash flows from financing activities			
Dividends paid	5 (a)	(3,717)	(2,478)
Settlement of FFI loan under guarantee	7	-	(1,290)
Sale of remaining FFI assets		300	-
Receipt/(Repayment) of borrowings		(300)	300
Net cash outflow from financing activities		(3,717)	(3,468)
Net increase/(decrease) in cash held		(1,426)	2,316
Cash and cash equivalents at the beginning of the period		9,741	7,425
Cash and cash equivalents at the end of the period	6	8,315	9,741

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

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report covers Clover Corporation Limited ("the Company") and controlled entities ("the consolidated entity"). Clover Corporation Limited is a listed public company, incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of consideration given in exchange for assets. All amounts are presented in Australian dollars unless otherwise noted.

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.

(a) New and revised accounting standards and interpretations

(i) Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year, other than as noted below.

There are a number of new and amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB), which are applicable for reporting periods beginning on or after 1 August 2012. The Group has adopted all of the mandatory new and amended pronouncements issued that are relevant to its operations and that are effective for the current reporting period. There was no material impact on the consolidated financial statements for the year as a result of adoption of those new and amended pronouncements.

(ii) Early adoption of standards

The Group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 August 2012.

(iii) New accounting standards for application in future periods

The following Standards and Interpretations issued or amended are applicable to the Group but not yet effective and have not been adopted in preparation of the financial statements at reporting date. The Group's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9

AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities.

AASB 9 introduces a revised basis of financial asset classification, changes the accounting treatment in respect of equity investments not held for trading, eliminates potential inconsistencies in the treatment of certain financial assets, and clarifies the measurement of financial liabilities under the fair value option.

Various other Standards are consequentially revised through AASB 2009-11. The Standards will be applied by the Group with effect from 1 August 2015, at which point the impacts will be more readily determinable.

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 Standards will be applied by the Group with effect from 1 August 2013.The Group does not expect the new standards to have a significant impact upon the financial statements.

Notes to the Financial Statements

For the year ended 31 July 2013

AASB 11 Joint Arrangements

AASB 11 replaces AASB 131 Interests in Joint Ventures, and uses the concept of control in AASB 10 to define joint control. Consequently the determination of whether joint control exists may change. The option to account for jointly controlled entities using proportionate consolidation is removed, and instead, the accounting is dependent on the nature of the rights and obligations arising from the arrangement.

Various other Standards are consequentially revised through AASB 2011-7 and amendments to AASB 128. The Standards will be applied by the Group with effect from 1 August 2013. The Group does not expect the new standards to have a significant impact upon the financial statements.

AASB 12 Disclosure of Interests in Other Entities

AASB 12 governs the disclosures relating to an entity's interests in subsidiaries, joint arrangements, and associates, including the judgements made by management to determine whether control exists.

The Standard will be applied by the Group with effect from 1 August 2013. The Group does not expect the new standards to have a significant impact upon the financial statements.

AASB 13 Fair Value Measurement

AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities, and expands the disclosure requirements for all assets or liabilities carried at fair value.

Various other Standards are consequentially revised through AASB 2011-8. The Standards will be applied by the Group with effect from 1 August 2013. The standard will not have a significant impact upon the current disclosures within the financial statements.

AASB 119 Employee Benefits

The main change introduced by this standard is to revise the accounting for defined benefit plans, and so it is not expected to have a material impact on the Group upon its application from 1 August 2013.

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

The impacts of the Standard, to be applied with effect from 1 August 2013, are not expected to be significant.

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle

This standard makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The impacts of the standard, which addresses a range of improvements to be applied from 1 August 2013, are not expected to have a significant impact on the financial statements.

(b) Principles of Consolidation

A controlled entity is any entity over which Clover Corporation Limited has the power to control the financial and operating policies so as to obtain benefits from its activities.

Control exists where Clover Corporation Limited has the capacity to dominate the decision making in relation to the financial and operating policies of another entity so that the other entity operates with Clover Corporation Limited to achieve the objectives of Clover Corporation Limited.

A list of controlled entities is contained in Note 19 to the financial statements. All controlled entities have a 31 July financial period end.

Inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the Company.

Where controlled entities have entered or left the consolidated entity during the period, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

The minority interest in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

The financial information for the parent entity, Clover Corporation Limited, disclosed in note 19 has been prepared on the same basis as the consolidated financial statements, except that investments in subsidiaries are accounted for at cost net of impairment in the parent financial statements.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Income Tax

The income tax expense (revenue) for the period comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax consolidation

Clover Corporation Limited and its wholly-owned Australian subsidiaries have not formed an income tax consolidated group under tax consolidation legislation.

(d) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

(e) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost, less where applicable any accumulated depreciation and impairment losses.

Plant and Equipment

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to

Notes to the Financial Statements
For the year ended 31 July 2013

the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including capitalised lease assets, are depreciated on a straight-line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Asset	Depreciation Rates
Leasehold improvements, at cost	6.66% - 15.00%
Plant and equipment, at cost	5.00% - 33.33%
Office furniture and equipment, at cost	4.80% - 40.00%

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any indication of impairment exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in the statement of comprehensive income.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income.

De-recognition

An item of plant and equipment is de-recognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(f) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the consolidated entity, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(g) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Those financial instruments entered into by the Group are classified and measured as set out below.

Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

a. the amount at which the financial asset or financial liability is measured at initial recognition;

b. less principal repayments;

c. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and

d. less any reduction for impairment.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial Instruments (continued)

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The consolidated entity does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a consolidated entity of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

Trade debtors and other receivables are recognised at the amount due. The consolidated entity establishes a provision for any doubtful debts based on a review of all outstanding amounts at period end. Bad debts are written off when they are identified.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the consolidated entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets.)

If during the period the consolidated entity sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other financial assets are classified as current assets.)

(v) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings. Borrowings are classified as current liabilities unless the entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Derivative instruments

The consolidated entity designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- hedges of highly probable forecast transactions (cash flow hedges).

Notes to the Financial Statements

For the year ended 31 July 2013

At the inception of the transaction the relationship between hedging instruments and hedged items, as well as the consolidated entity's risk management objective and strategy for undertaking various hedge transactions is documented.

Assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items, are also documented.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of comprehensive income, together with any changes in the fair value of hedged assets or liabilities that are attributable to the hedged risk.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred to a hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income.

Amounts accumulated in the hedge reserve in equity are transferred to the statement of comprehensive income in the periods when the hedged item will affect profit or loss.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the consolidated entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(h) Investments

Non-current investments are carried at cost. The carrying amount of investments is reviewed annually by directors to ensure they are not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the shares' current market value or the underlying net assets in the particular entities. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

(i) Investments in Associates

Associate companies are companies in which the consolidated entity has significant influence through holding, directly or indirectly, 20% or more of the voting power of the Company. Investments in associates are accounted for in the financial statements by applying the equity method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the consolidated entity's share of net assets of the associate company. In addition the consolidated entity's share of the profit or loss of the associate company is included in the consolidated entity's profit or loss.

The carrying amount of the investment includes goodwill relating to the associate. Any excess of the consolidated entity's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the investor's share of the associate's profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the consolidated entity and the associate are eliminated to the extent of the relation to the consolidated entity's investment in the associate.

When the reporting dates of the consolidated entity and the associate are different, the associate prepares, for the consolidated entity's use, financial statements as of the same date as the financial statements of the consolidated entity with adjustments being made for the effects of significant transactions or events that occur between that date and the date of the investor's financial statements.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Investments in Associates (continued)

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, the consolidated entity discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the consolidated entity will resume the recognition of its share of those profits once its share of the profits equals the share of the losses not recognised.

(j) Impairment of Assets

At each reporting date, the consolidated entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(k) Intangibles

Patents and Trademarks

Patents and trademarks, where material, are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life of 5 years.

Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

(i) the consideration transferred;

(ii) any non-controlling interest; and

(iii) the acquisition date fair value of any previously held equity interest, over the acquisition date fair value of net identifiable assets acquired.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the consolidated entity's cash generating units or groups of cash generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying values of goodwill.

(l) Non-current Assets Held for Sale

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction instead of use. They are not depreciated or amortised. For an asset or disposal group to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of such a line of business or area of operations. The results of discontinued operations are presented separately on the face of the statement of comprehensive income and the assets and liabilities are presented separately on the face of the statement of financial position.

(m) Research and Development Costs

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Notes to the Financial Statements
For the year ended 31 July 2013

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

(n) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

(o) Cash and Cash Equivalents

For the purpose of the cash flow statement, cash includes cash on hand and in at-call deposits with banks or financial institutions, net of bank overdrafts, and investments in money market instruments with less than 14 days to maturity.

(p) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. All revenue is stated net of the amount of goods and services tax (GST).

(q) Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant funds to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

(r) Trade and Other Payables

Trade payables and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period, which remains unpaid. The balance is recognised as a current liability with the amounts normally paid within payments fall due and payable.

(s) Employee Benefits

Provision is made for the consolidated entity's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages, salaries and annual leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the consolidated entity to employee superannuation funds and are charged as expenses when incurred.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Provisions

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, from which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(u) Goods & Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(v) Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than dividends, by the weighted average number of ordinary shares, adjusted for any bonus elements.

Diluted earnings per share

Diluted earnings per share is calculated as net profit attributable to members of the Company, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus elements.

(w) Operating Segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

(x) Comparative Figures

Where required by the Accounting Standards comparative figures have been adjusted to conform with changes in presentation in the current financial period.

(y) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data; obtained both externally and within the consolidated entity.

Key estimate

Impairment: The consolidated entity assesses impairment at each reporting date by evaluating conditions and events specific to the consolidated entity that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations performed. In assessing recoverable amounts a number of key estimates are made.

Key Judgements

Impairment of goodwill: Goodwill is allocated to the tuna oil cash-generation units which are based on the controlled entities' principal activities. The Company assessed the recoverable amount of goodwill and determined that no impairment was required at reporting date. Recoverable amounts of relevant assets are reassessed using value-in-use calculations that incorporate various key assumptions. Refer to Note 13 for further details on the assumptions used in these calculations.

There are no other key assumptions or sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying amount of certain assets and liabilities within the next reporting period.

Notes to the Financial Statements
For the year ended 31 July 2013

	Consolidated	
	2013	2012
	$'000	$'000

2. REVENUE AND OTHER INCOME

Operating activities:		
Sales of goods	44,098	38,387
	44,098	38,387
Other income:		
Interest revenue	211	293
Other revenue	605	-
	816	293
Total revenue	44,914	38,680

3. EXPENSES

Profit before income tax includes the following items:		
Employee benefits expense:	5,749	5,131
Depreciation and amortisation:		
- leasehold improvements	164	27
- plant and equipment	243	405
- office furniture and equipment	57	56
- amortisation	34	21
	498	509
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:	-	1,220
Minimum Lease payments:		
- operating lease	416	360

4. INCOME TAX EXPENSE

(a) The components of tax expense comprise:		
Current tax	2,504	2,049
Deferred tax liability	179	14
Deferred tax asset	(257)	(73)
Under/(over) provision	7	(4)
	2,433	1,986

	Consolidated	
	2013	2012
	$'000	$'000

4 INCOME TAX EXPENSE (continued)

(b) Reconciliation of income tax expense:

The aggregated amount of income tax expense attributable to the period differs from the amounts prima facie payable on profits from ordinary activities. The difference is reconciled as follows:

	2013 $'000	2012 $'000
Prima facie tax payable on profit before income tax at 30%	2,553	1,907
Tax effect amounts:		
- Non deductible impairment and share of losses of associate	-	366
- Research and development claim	(165)	(250)
- Sundry other	38	-
- Under/ (Over) Provision in prior years	7	(37)
Income tax expense attributable to profit	2,433	1,986

5. DIVIDENDS

(a) Dividends paid during the period

	2013 $'000	2012 $'000
Final dividend for the year ended 31 July 2012 of 1.50 cents per share (2011: 1.50 cents) fully franked at the tax rate 30%, paid 22 November 2012. Interim dividend for the year ended 31 July 2013 of 0.50 cent per share (2012: nil) fully franked at the tax rate of 30%, paid 30 April 2013.	3,717	2,478
Franking account balance		
Franking credits available for subsequent financial years	5,525	4,018

The above available amounts are based on the balance of the dividend franking account at the period end adjusted for franking credits that will arise from the payment of the current tax liability; franking credits that will arise from payment of dividends recognised as a liability or as a receivable at period end; and franking credits that the entity may be prevented from distributing in subsequent years.

There were no dividend or distribution reinvestment plans operating during the financial period.

(b) Dividends declared after balance date

The Directors have declared a fully franked final dividend of 1.50 cents per share in respect of the year ended 31 July 2013. The record date for this dividend will be 31 October 2013 with payment due on 21 November 2013. This final dividend will bring the total fully franked dividend for the year ended 31 July 2013 to 2.00 cents per share, compared with 1.75 cents per share for the year ended 31 July 2012.

6. CASH AND CASH EQUIVALENTS

	2013 $'000	2012 $'000
Cash at bank	4,193	3,713
Cash on deposits, at call	4,122	6,028
	8,315	9,741

Notes to the Financial Statements
For the year ended 31 July 2013

	Consolidated	
	2013	2012
	$'000	$'000
7. TRADE AND OTHER RECEIVABLES		
Current		
Trade debtors	11,669	9,635
Other debtors	274	28
Income tax receivable	-	127
Amounts receivable from:		
- related parties	62	62
- provision for impairment	(62)	(62)
Total current trade and other receivables	11,943	9,790
Other receivables		
Loan advances and interest receivable from:		
- associate	3,820	4,120
- provision for impairment	(3,762)	(3,762)
Total other receivables	58	358
Total current trade and other receivables	12,001	10,148

Carrying amount of investment in and advances to associates:

Following the decision to wind down the operations of FFI during a previous financial year, the Directors recognised full impairment of long-standing loan balances to, and investment in FFI as of 30 June 2010.

As at 31 July 2013, the FFI Joint Venture is in the process of being liquidated. The balance of the loan receivable reflects the Company's share of the proceeds from residual asset sales.

Provision for Impairment of Receivables

Current trade and term receivables consist of receivables from customers and interest on loans to associates. They are non-interest bearing and trade debtors are generally on 60-day terms. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired. These amounts have been included in impairment expense in the statement of comprehensive income.

7. TRADE AND OTHER RECEIVABLES (continued)

Movement in the provision for impairment of receivables is as follows:

	Opening Balance 1-Aug-12 $000	Charge for the Period $000	Amounts Written Off $000	Closing Balance 31-Jul-13 $000
Consolidated Group				
Receivable from related party	62	-	-	62
Non-current Receivable from associate	3,762	-	-	3,762
	3,824	-	-	3,824

	Opening Balance 1-Jul-11 $000	Charge for the Period $000	Amounts Written Off $000	Closing Balance 31-Jul-12 $000
Consolidated Group				
Receivable from related party	62	-	-	62
Receivable from associate	2,642	1,120	-	3,762
	2,704	1,120	-	3,824

Refer to Note 26 for more information on credit risk of Trade and other Receivables.

	Consolidated	
	2013 $'000	2012 $'000

8. INVENTORIES

	2013 $'000	2012 $'000
Raw materials, at cost	**10,284**	2,955
Goods in transit	**600**	1,161
Finished goods, at cost	**3,664**	8,306
	14,548	12,422
Less: provision for inventory obsolescence, finished goods	**(542)**	(79)
Total inventories	**14,006**	12,343

9. OTHER CURRENT ASSETS

	2013 $'000	2012 $'000
Prepayments	**425**	85

Notes to the Financial Statements
For the year ended 31 July 2013

	Consolidated 2013 $'000	2012 $'000
10. FINANCIAL ASSETS		
Available-for-sale financial assets:		
Listed investment, at fair value		
- shares in listed corporation	6	5
11. PROPERTY, PLANT AND EQUIPMENT		
Leasehold improvements, at cost	1,632	1,624
Less: accumulated depreciation	(191)	(27)
Total leasehold improvements	1,441	1,597
Plant and equipment, at cost	6,815	6,612
Less: accumulated depreciation	(5,087)	(4,841)
Total plant and equipment	1,728	1,771
Furniture and equipment, at cost	644	617
Less: accumulated depreciation	(551)	(494)
Total furniture and equipment	93	123
Total property, plant and equipment	3,262	3,491

Reconciliation of the carrying amounts of each class of asset at the beginning and the end of the current financial period:

	2013 $'000	2012 $'000
Leasehold improvements		
Balance at beginning of the period	1,597	-
Additions, net of disposals	8	1,624
Depreciation expense	(164)	(27)
Carrying amount at the end of the period	1,441	1,597
Plant and equipment		
Balance at beginning of the period	1,771	1,911
Additions, net of disposals	200	265
Depreciation expense	(243)	(405)
Carrying amount at the end of the period	1,728	1,771
Furniture and equipment		
Balance at the beginning of the period	123	173
Additions, net of disposals	27	6
Depreciation expense	(57)	(56)
Carrying amount at the end of the period	93	123

	Consolidated 2013 $'000	2012 $'000

12. DEFERRED TAX ASSETS

Deferred tax asset	1,474	1,217
The deferred tax asset balance comprises the following temporary differences:		
Impairment of inventory	162	24
Provisions	269	239
Other temporary differences	1,043	954
	1,474	1,217
Reconciliation:		
Opening balance	1,217	1,075
Charges to income statement	257	73
Charges to equity	-	69
Closing balance	1,474	1,217

13. INTANGIBLE ASSETS

Patents and trademarks, at cost	364	555
Less: accumulated amortisation	(276)	(433)
	88	122
Goodwill on acquisition, at cost	1,907	1,907
Total intangible assets	1,995	2,029

There were no acquisitions of controlled entities in 2013 (2012: None). Intangible assets, other than goodwill, have finite useful lives. The current amortisation charges for intangible assets are included in marketing and sales expense in the statement of comprehensive income. Goodwill has an indefinite life.

(a) Movement in the carrying amounts for patents and trademarks between the beginning and the end of the current financial period:

Balance at beginning of the period	122	143
Additions	-	-
Amortisation charges	(34)	(21)
Carrying amount at the end of the period	88	122

Notes to the Financial Statements

For the year ended 31 July 2013

13. INTANGIBLE ASSETS (continued)

(b) Impairment assessment

Goodwill is allocated to the tuna oil cash-generating units which are based on the controlled entities' principal activities.

During the 31 July 2013 financial year, the Company assessed the recoverable amount of goodwill relating to the tuna oil segment and determined that goodwill is not impaired. The recoverable amount of the cash-generating unit, being the assets of the cash-generating unit and goodwill, was assessed by reference to the cash-generating unit's value-in-use. Value-in-use is calculated based on the present value of cash flow projections over a 5 year period approved by the Board of Directors. The cash flows are discounted using a rate of 10% and nil annual growth rates. Management believes that any reasonable possible change in key assumptions on which recoverable amount is based would not cause the aggregate carrying amount of the cash generating unit to exceed its recoverable amount.

	Consolidated	
	2013	2012
	$'000	$'000
14. TRADE AND OTHER PAYABLES		
Current		
Trade creditors	**6,737**	7,331
Sundry creditors and other accruals	**933**	732
	7,730	8,063
15. BORROWINGS	**-**	300

The Company entered into an agreement with the Commonwealth Scientific and Industrial Research Organisation (CSIRO) on 15 August 2011 to undertake a targeted three-year research program to develop the next generation of encapsulation technology directed at infant formula and medical food applications. The program was terminated during the year due to it not meeting technical or commercial milestones. The loan funds were repaid during the year.

16. PROVISIONS

	2013	2012
Aggregate employee entitlements:		
Current	**661**	567
Non-current	**64**	62
Total employee entitlements	**725**	629

	Consolidated 2013 $'000	2012 $'000
17. DEFERRED TAX LIABILITIES		
The deferred tax liability balance comprises of the following timing differences:		
Unrealised exchange gains	**182**	4
Interest receivable	**4**	3
Depreciating assets	**160**	160
	346	167
Reconciliation:		
Opening balance	**167**	153
Charge / (benefit) to income statement	**179**	14
Closing balance	**346**	167

18. ISSUED CAPITAL

(a) Issued and paid up capital

165,181,696 (2011: 165,181,696) fully paid ordinary shares	**32,920**	32,920
Total contributed equity	**32,920**	32,920

The Company has issued share capital amounting to 165,181,696 ordinary shares of no par value.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(b) Movement in ordinary shares

There were no movements in issued capital during the financial period.

Options

There are no options over the unissued capital of the Company at the end of the financial period.

(c) Capital management

The Company's objective in managing capital is to continue to provide shareholders with attractive investment returns and ensure that the Company can fund its operations and continue as a going concern.

The Company's capital consists of shareholders' equity plus net debt. The movement in equity is shown in the Consolidated Statement of Changes in Equity. At 31 July 2013 net debt was $ nil (2012: $ nil).

There are no externally imposed capital requirements.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

Notes to the Financial Statements
For the year ended 31 July 2013

	Consolidated 2013 $'000	Consolidated 2012 $'000
19. PARENT COMPANY INFORMATION		
Current Assets	**18,977**	19,530
Non-Current Assets	**9,816**	6,745
Total Assets	**28,793**	26,275
Current Liabilities	**1,809**	1,386
Non-Current Liabilities	**288**	166
Total Liabilities	**2,097**	1,552
Net Assets	**26,696**	24,723
Equity		
Issued Capital	**32,920**	32,920
Accumulated losses	**(6,224)**	(8,197)
Total Equity	**26,696**	24,723
Net profit for the period before other comprehensive income	**5,690**	668
Total comprehensive income for the period	**5,690**	668
Earnings per share (EPS)	**3.4**	0.4

Controlled entities:	Country of Incorporation	Percentage Owned 2013 %	Percentage Owned 2012 %
Nu-Mega Lipids Pty Limited	Australia	**100**	100
Nu-Mega Ingredients Pty Limited	Australia	**100**	100
Subsidiaries:			
- Nu-Mega Ingredients Limited	United Kingdom	**100**	100
- Nu-Mega Ingredients Limited	United States of America	**100**	100
Clover Healthcare Limited	United Kingdom	**100**	100
Clover Corporation PLC	United Kingdom	**100**	100

Contingent liabilities

There are no contingent liabilities at the reporting date.

	Consolidated 2013 $'000	2012 $'000

20. RECONCILIATION OF CASH FLOW

Reconciliation of cash flow from operating activities to operating profit		
Profit for the period	6,078	4,371
Non cash items:		
- Amortisation and depreciation	498	509
- Impairments relating to associates	-	1,220
Change in assets and liabilities, net of the effects of purchase of subsidiaries		
(Increase)/Decrease in receivables and prepayments	(2,153)	1,145
(Increase)/Decrease in other assets	(340)	285
(Increase)/Decrease in inventories	(1,663)	(3,668)
(Decrease)/Increase in payables	(186)	4,244
(Decrease)/Increase in deferred tax liabilities	179	14
Decrease/(Increase) in deferred tax assets	(257)	(142)
(Decrease)/Increase in current tax liabilities	274	(300)
(Decrease)/Increase in employee entitlements	96	-
Net cash inflow from operating activities	2,526	7,678

21. RESERVES

The foreign currency translation reserve records exchange differences arising on translation of the financial statements of foreign controlled subsidiaries.

Foreign currency translation	(60)	(48)
Cash flow hedge	-	(160)
Total	(60)	(208)

Nature and purpose of reserves:

Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising on translation of the financial statements of foreign subsidiaries.

Cash flow hedge reserve

The cash flow hedge reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

Notes to the Financial Statements
For the year ended 31 July 2013

	2013 $'000	2012 $'000
22. EARNINGS PER SHARE		
The following reflects the income and share data used in the calculation of basic and diluted earnings per share:		
(a) Reconciliation of earnings to net profit or loss		
Profit attributable to members of the parent entity	**6,078**	4,371
Earnings used to calculate basic and diluted EPS	**6,078**	4,371
(b) Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted earnings per share	**165,181,696**	165,181,696
(c) Basic and Diluted earnings per share (cents)	**3.68**	2.65

23. AUDITOR'S REMUNERATION

	$	$
Remuneration of the auditor of the parent entity in respect of:		
- Auditing and reviewing the financial reports of the Company and the controlled entities	**116,000**	140,270
- Taxation services	**6,915**	11,650
- Other	**-**	4,020
	122,915	155,940

24. RELATED PARTY TRANSACTIONS

(a) Ultimate parent entity:

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

(b) Ownership interests:

Information in relation to ownership interest in controlled entities is provided in Note 19.

25. KEY MANAGEMENT PERSONNEL COMPENSATION

(a) Names and positions held in the consolidated entity of key management personnel in office at any time during the period were:

Name	*Position*
Directors	
P R Robinson	Non-Executive Chairman
Dr I L Brown	Chief Executive Officer and Managing Director
Mr G Billings	Non-Executive Director
C L Hayman	Non-Executive Director
Dr M J Sleigh	Non-Executive Director
D E Wills (resigned June 2013)	Non-Executive Director
Specified Executives	
D Callahan	Chief Financial Officer
G Elliott	Quality Manager
M Mangion (resigned November 2012)	Sales Manager
Dr C Patch	General Manager Commercial and Innovation
D Pierotti	Operations Manager
S Phoothong	Global Business Development Manager

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report. The table below summarises the total compensation:

	2013 $	2012 $
Short-term benefits	**1,779,835**	1,626,017
Long-term benefits	**153,861**	47,222
Post-employment benefits	**151,479**	134,902
	2,085,175	1,808,141

(b) Performance Rights:

The movement during the year in the number of performance rights to which each key management person is entitled, in respect of shares of the Company, is as follows:

	Balance 31 July 2012	Rights granted	Rights lapsed (conditions unfulfilled)	Rights exercised	Balance 31 July 2013	Vested During the year
Dr I L Brown	167,623	166,204	(21,074)	(60,820)	251,933	(60,820)
D Callahan	14,988	37,366	(5,595)	-	46,759	-
Dr C Patch	12,256	30,380	(4,531)	-	38,105	-
M Mangion	12,844	-	(12,844)	-	-	-
D Pierotti	8,902	22,067	(3,291)	-	27,678	-
G Elliott	-	8,875	(2,219)	-	6,656	-
S Phoothong	-	15,561	(3,890)	-	11,671	-
	216,613	**280,453**	**(53,444)**	**(60,820)**	**382,802**	**(60,820)**

Notes to the Financial Statements
For the year ended 31 July 2013

25. KEY MANAGEMENT PERSONNEL COMPENSATION (continued)

(c) Shareholding:

	Balance 31 July 2012	Exercise of Rights	Shares Purchased & Sold	Balance 31 July 2013
Directors				
P R Robinson	1,387,108	-	-	1,387,108
G A Billings	-	-	-	-
Dr. I L Brown	480,727	60,820	-	541,547
C L Hayman	200,000	-	-	200,000
Dr. M J Sleigh	130,000	-	-	130,000
Specified Executives				
D Pierotti	1,200	-	-	1,200
	2,199,035	**60,820**	**-**	**2,259,855**

26. FINANCIAL RISK MANAGEMENT

The consolidated entity's principal financial instruments consist of cash, deposits with bank, accounts receivable and payables.

Financial risk management policies

The consolidated entity manages its exposure to key financial risks, including interest rate and currency risk in accordance with the consolidated entity's financial risk management policies. The majority of sales are transacted in Australian dollars. The objective of the policies is to support the delivery of the consolidated entity's financial targets whilst protecting future financial security.

Primary responsibility for identification and control of financial risks rests with the audit and risk committee under the authority of the board. The board reviews and agrees policies for managing each of the risks identified below, including the review of credit risk policies and future cash flow requirements.

Specific financial risk exposures and management

The main risks arising from the consolidated entity's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The consolidated entity uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rates and foreign exchange. Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk; liquidity risk is monitored through the development of future rolling cash flow forecasts.

26. FINANCIAL RISK MANAGEMENT (continued)

(a) Interest rate risk

The consolidated entity's exposure to market interest rates relates primarily to the consolidated entity's cash balances. At balance date, the Consolidated entity had the following financial instruments exposed to interest rate risk.

Consolidated 2013	Weighted Average Interest Rates	Floating Interest Rate $'000	Fixed interest rates maturing in: Within 1 Year $'000	Within 1-5 Years $'000	Non Interest Bearing $'000	Total $'000
FINANCIAL ASSETS						
Cash	3.95%	8,315	-	-	-	8,315
Trade and other receivables	-	-	-	-	11,943	11,943
		8,315	-	-	11,943	20,258
FINANCIAL LIABILITIES						
Trade and other payables	-	-	-	-	7,730	7,730
		-	-	-	7,730	7,730

The consolidated entity constantly analyses its interest rate exposure. Within this analysis, consideration is given to the mix of fixed and variable interest rates.

Consolidated 2012						
FINANCIAL ASSETS						
Cash	3.50%	9,741	-	-	-	9,741
Trade and other receivables	-	-	-	-	9,662	9,662
		9,741	-	-	9,662	19,403
FINANCIAL LIABILITIES						
Trade and other payables	-	-	-	-	8,063	8,063
Borrowings					300	300
		-	-	-	8,363	8,363

The following sensitivity analysis is based on the variable interest rate risk exposures in existence at 31 July 2013:

Interest Rate Movement Consolidated	Post Tax Profit Higher (lower)		Equity Higher (lower)	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
+1% (100 basis points)	58	68	58	68
–1% (100 basis points)	(58)	(68)	(58)	(68)

Notes to the Financial Statements

For the year ended 31 July 2013

26. FINANCIAL RISK MANAGEMENT (continued)

(b) Foreign currency risk

As a result of the consolidated entity having cash balances, trade receivables and trade payables denoted in foreign currency, the consolidated entity's balance sheet can be affected by movements in the relevant exchange rates relative to the Australian dollar. The consolidated entity utilises foreign exchange hedges to manage its exposure to currency fluctuations arising from the purchase of goods and services in foreign currency.

At 31 July 2013, the consolidated entity had the following financial assets and liabilities denominated in foreign currency.

	2013 $'000	2012 $'000
Financial Assets		
Cash and cash equivalents	**2,719**	302
Trade and other receivable	**101**	-
Total financial assets	**2,820**	302
Financial Liabilities		
Trade and other payables	**(3,311)**	(585)
Total financial liabilities	**(3,311)**	(585)

The consolidated entity also had the following foreign exchange hedge contracts in place as at 31 July 2013 to hedge known liabilities (2012: 3,900,000 USD, 992,000 EUR).

Contract Date	Currency	Amount $'000	Rate / AUD
31/05/2013	USD	14,400	0.94

At 31 July 2013, had the Australian Dollar moved as illustrated in the table below, with all other variables held constant, profit after tax and equity would have been affected as follows:

	Post Tax Profit Higher/(Lower)		Change in Equity Higher/(Lower)	
Foreign Exchange Movement	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Change in Profit				
USD/AUD + 5%	**718**	185	**-**	185
USD/AUD - 5%	**(718)**	(185)	**-**	(185)
EURO/AUD + 5%	**41**	58	**-**	58
EURO/AUD - 5%	**(41)**	(58)	**-**	(58)
GBP/AUD + 5%	**15**	-	**-**	-
GBP/AUD - 5%	**(15)**	-	**-**	-

26. FINANCIAL RISK MANAGEMENT (continued)

(b) Foreign currency risk (continued)

Significant assumptions used in the foreign currency exposure sensitivity analysis include:

- Reasonable estimates of movements in foreign exchange rates were determined based on a review of the last two years historical movements and economic forecaster's expectations.
- The reasonable movement of 5% was calculated by taking the spot rates for each currency as at balance date, moving this spot rate by 5% and then re-converting the foreign currency into Australian dollars at the revised spot rate.
- The net exposure at balance date is representative of what the consolidated entity was, and is expecting, to be exposed to in the next twelve months from balance date.

(c) Price Risk

The consolidated entity's exposure to commodity and price risk is considered minimal. There are annual fixed price purchase contracts in place for forecast raw material requirements. From time to time it may be necessary to purchase raw materials from outside of the agreements.

(d) Credit risk

Credit risk arises from the financial assets of the consolidated entity, which comprise cash and cash equivalents, trade and other receivables. The consolidated entity's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of the financial assets.

The consolidated entity trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the consolidated entity's policy to securitize its trade and other receivables.

It is the consolidated entity's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. Risk limits are set for each individual customer in accordance with parameters set by the board.

These risk limits are regularly monitored. A breakdown of receivables showing those within/out of terms is shown below. Receivable balances are monitored on an ongoing basis to minimize the occurrence of bad debts.

	Consolidated	
	2013	2012
Trade receivables as at 31 July 2013	**$'000**	$'000
Trade receivables :		
Within terms	**11,565**	8,552
Over terms	**104**	1,083
Total	**11,669**	9,635

For the remaining financial assets there are no significant concentrations of credit risk within the consolidated entity and financial instruments are spread amongst a number of AAA rated financial institutions.

Notes to the Financial Statements

For the year ended 31 July 2013

26. FINANCIAL RISK MANAGEMENT (continued)

(e) Liquidity risk

Liquidity risk arises from the financial liabilities of the consolidated entity and the consolidated entity's subsequent ability to meet these obligations to repay their financial liabilities and other obligations as and when they fall due.

The consolidated entity's objective is to maintain a balance between continuity of funding and flexibility through the use of cash balances, working capital and leasing.

Maturity analysis of financial assets and liability based on management's expectations

The risk implied from the values shown in the tables below, reflects a balanced view of cash inflows and outflows. Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in the consolidated entity's ongoing operations such as plant, equipment and investments in working capital.

Consolidated	Balance as at 31 July 2013 $'000	Less than 1 Year $'000	1-5 Years $'000	Over 5 Years $'000	Total $'000
Realisable cash flows from financial assets					
Cash and cash equivalents	8,315	8,315	-	-	8,315
Trade and other receivables	11,943	11,943	-	-	11,943
Anticipated cash inflows	20,258	20,258	-	-	20,258
Financial liabilities and obligations due for payment					
Trade and other payables	7,730	7,730	-	-	7,730
Tax liabilities	274	274	-	-	274
Leasing commitments	1,690	355	1,335	-	1,690
Anticipated cash outflows	9,694	8,359	1,335	-	9,694
Net inflow/(outflow)	10,564	11,899	(1,335)	-	10,564

(f) Fair value

All assets and liabilities recognised in the balance sheet, whether they are carried at cost or at fair value, are recognised at amounts that represent a reasonable approximation of fair value, unless otherwise stated in the applicable notes.

The carrying amounts of cash and bank balances, other receivables and other payables approximate their fair values due to their short term nature.

27. OPERATING SEGMENTS

Identification of reportable segments

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the Chief Executive Officer and the Board of Directors in assessing performance and in determining the allocation of resources.

The consolidated entity now operates in the industry of manufacturing tuna oil and encapsulated products in Australia. The operating segments have been identified by management as tuna oil and microencapsulated powders. Soy products ceased operations in October 2010 and the joint venture was dissolved in 2012. Financial information about each of these segments is reported to the Chief Executive Officer and Board of Directors on a monthly basis.

In addition to the operating segments, an investment / treasury segment is reported. The assets within this segment are cash and cash equivalents and other financial assets. Interest income is allocated to this segment.

During the financial year there were 2 customers who represented 33% and 15% of total sales respectively.

Greater than 90% of total sales revenue is generated by the export market.

Accounting policies and inter-segment transactions

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. An internally determined transfer price is set for all inter-segment sales. This price is based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation of the consolidated entity's financial statements.

Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis.

Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings.

The accounting policies used by the consolidated entity in reporting segments are the same as those contained in note 1 to the accounts and in the prior period. The following items are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Income tax expense
- Current tax liability
- Deferred tax asset
- Deferred tax liability

Notes to the Financial Statements
For the year ended 31 July 2013

27. OPERATING SEGMENTS (continued)

Primary Reporting – Business Segments

	Soy products		Tuna Oil and microencapsulated powders		Investment/ Treasury		Economic Entity	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000	**2013 $'000**	2012 $'000	**2013 $'000**	2012 $'000
Revenue								
Sales Revenue	-	-	**44,098**	38,387	**-**	-	**44,098**	38,387
Other revenue			**-**	-	**816**	293	**816**	293
Total segment revenue	-	-	**44,098**	38,387	**816**	293	**44,914**	38,680
Total revenue consolidated							**44,914**	38,680
Results								
Operating profit	-	(1,220)	**7,695**	7,284	**816**	293	**8,511**	6,357
Profit / (loss) before income tax	-	(1,220)	**7,695**	7,284	**816**	293	**8,511**	6,357
Income tax expense							**(2,433)**	(1,986)
Profit for the period							**6,078**	4,371
Assets								
Segment assets	-	-	**31,074**	27,610	**8,936**	9,746	**40,010**	37,356
Unallocated assets								
Deferred tax asset							**1,474**	1,217
Total assets							**41,484**	38,573
Liabilities								
Segment liabilities	-	-	**8,455**	8,633	**-**	-	**8,455**	8,633
Unallocated liabilities								
Current tax liability							**274**	(127)
Deferred tax liability							**346**	167
Total liabilities							**9,075**	8,673
Included in segment assets are:								
Investments accounted for using the equity method	-	-	**-**	-	**-**	-	**-**	-

	Consolidated	
	2013	2012
	$'000	$'000

28. CAPITAL AND LEASING COMMITMENTS

(a) Operating lease commitments

Operating leases primarily related to premises, contracted for but not capitalised in the financial statements:		
Payable:		
Not later than 1 year	391	383
Later than 1 year but not later than 5 years	1,469	243
Total operating leases	1,860	626

(b) Capital expenditure commitments:

There are no capital expenditure commitments.

29. EVENTS SUBSEQUENT TO REPORTING DATE

As reported in the Company's release to the market on 18 September 2013 a number of infant formula companies were forced to recall product in August 2013 due to the identification of contaminated milk powder manufactured in New Zealand. Milk powder is an important component of most infant formula preparations.

As a consequence of the extensive media coverage and the product recalls initiated in several countries, including New Zealand and China, the heightened concern about the safety of infant formula has resulted in a decline in infant formula sales in some markets.

In addition it has been announced that there is some restructuring of the Chinese infant formula market currently underway to promote domestically manufactured infant formula products.

Information to hand clearly shows that sales in the first half of the financial year will suffer a significant negative effect, potentially by 20%. Although considered a temporary market situation, any recovery in sales revenue in the second half of the financial year will be dependant on the length of time it takes to return to normal demand conditions.

No other events have occurred subsequent to balance date which would materially affect the results for the financial year ended 31 July 2013.

30. CONTINGENT LIABILITIES

There are no contingent liabilities at the reporting date.

31. AUTHORISATION

The financial report was authorised for issue on 16 October 2012 by the Board of Directors.

Directors' Declaration

The directors of Clover Corporation Limited declare that in their opinion:

(a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 July 2013 and of its performance for the period ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1; and

(c) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

(d) this declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial period ending 31 July 2013.

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

Peter R. Robinson

Chairman

Sydney

Date: 16 October 2013

Independent Audit Report

To the members of Clover Corporation Limited

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CLOVER CORPORATION LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Clover Corporation Limited (the company), which comprises the statement of financial position as at 31 July 2013, and the statement of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year end, or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1 the directors also state, in accordance with *Accounting Standard AASB 101: Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

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GENEVA GROUP INTERNATIONAL
Independent Member

Independent Audit Report

To the members of Clover Corporation Limited

lawler partners chartered accountants

Opinion

In our opinion, the financial report of Clover Corporation Limited is in accordance with:

a. the *Corporations Act 2001*, including:

   I. giving a true and fair view of the company's and consolidated entity's financial position as at 31 July 2013 and of their performance for the year ended on that date; and

   II. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Remuneration Report

We have audited the Remuneration Report included in pages 10 to 18 of the Directors' Report for the year ended 31 July 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with s300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Clover Corporation Limited for the year ended 31 July 2013, complies with s300A of the *Corporations Act 2001*.

Lawler Partners

LAWLER PARTNERS

Chartered Accountants

Level 9, 1 O'Connell Street Sydney

Dated: 16th October 2013

ROBERT BELL

Partner

Lawler Partners Audit & Assurance
(a Limited Partnership)

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GENEVA GROUP INTERNATIONAL
Independent Member

Auditors’ Independence Declaration

To the directors of Clover Corporation Limited

AUDITOR’S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF CLOVER CORPORATION LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 31 July 2013 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Lawler Partners

LAWLER PARTNERS

Chartered Accountants

Level 9, 1 O’Connell Street Sydney

Dated: 16th October 2013

ROBERT BELL

Partner

Lawler Partners Audit & Assurance
[illegible]
ABN [illegible]

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GENEVA GROUP INTERNATIONAL
Independent Member

ASX Additional Information

Additional Stock Exchange Information

Additional information required by the Australian Securities Exchange Listing Rules and not disclosed elsewhere in this report.

Shareholdings as at 30 September 2013

Substantial Shareholders

The number of shares held by substantial shareholders and their associates is set out below:

Washington H. Soul Pattinson and Company Limited	47,161,939 ordinary shares
Farjoy Pty Ltd	25,200,000 ordinary shares

Distribution of Shareholders as at 30 September 2013

Category			Number of holders of ordinary shares
1	–	1,000	136
1,001	–	5,000	587
5,001	–	10,000	461
10,001	–	100,000	804
100,001 and over			136
Total Number of Holders			**2,124**
Total Number of Holders of less than a marketable parcel			**78**

Voting Rights

On a show of hands every Shareholder present in person or by proxy at a general meeting shall have one vote.

Where a poll is demanded, every Shareholder present in person or by proxy at a general meeting shall have one vote for every ordinary share held.

ASX Additional Information (continued)

Twenty Largest Shareholders as at 30 September 2013*

Rank	Name	Number of Fully Paid Ordinary Shares	Percentage of Issued Ordinary Shares (%)
1	Washington H. Soul Pattinson and Company Limited	47,161,939	28.55
2	Farjoy Pty Limited	25,200,000	15.26
3	Evelin Investments Pty limited	7,550,000	4.57
4	Mr Mark Camilleri and Mrs Victoria Camilleri <Camilleri Super Fund A/C>	3,455,000	2.09
5	Equitas Nominees Pty Limited <2874398 A/C>	3,104,743	1.88
6	Citicorp Nominees Pty Limited	3,074,499	1.86
7	Incani & Papadopoulos Super Pty Ltd	2,150,000	1.30
8	Mr Charles Neil Hamish Drummond	2,101,685	1.27
9	Connaught Consultants (Finance) Pty Limited <Super Fund A/C>	1,570,000	0.95
10	Mr Peter Howells	1,258,138	0.76
11	BNP Paribas Nominees Pty Limited ACF Pengana <DRP A/C>	1,166,114	0.71
12	Mrs Nina Eleanor Drummond	1,150,000	0.70
13	Mr Anthony Carl Osterheld	1,100,000	0.67
14	Mr Pei Yin Foo	1,018,000	0.62
15	McNeil Nominees Pty Limited	1,000,000	0.61
16	Gadikeshga Pty Limited <Ellice Superfund A/C>	937,262	0.57
17	Mr John Frederick Bligh	878,881	0.53
18	Farallon Capital Pty Limited <Nunn Investment A/C>	850,000	0.51
19	National Nominees Limited	707,136	0.43
20	BNP Paribas Noms Pty Limited	700,000	0.42
	Total top 20 shareholders	**106,133,397**	**64.25**
	Total number of shares on issue	**165,181,696**	

** As shown on the register, beneficial holdings may differ.*

Securities Quoted by the ASX

All of the Company's issued ordinary shares are quoted by the ASX under the code CLV.

Register of Securities

New South Wales	Computershare Investor Services Pty Limited Level 3, 60 Carrington Street Sydney NSW 2000 Telephone: 1300 850 505

CLOVER
CORPORATION