



**Clover Corporation Limited**

ABN 85 003 622 866

**ASX ANNOUNCEMENT**

**20 March 2015**

## **Market Update**

Clover Corporation Limited (ASX: CLV) advises that earnings for the half year ended 31 January 2015 have been adversely impacted by a combination of raw material cost increases, competitor pricing pressure and a change to the product sales mix.

Whilst subject to finalisation and independent audit, the Net Profit After Tax for the half year ended 31 January 2015 will be in the range of \$0.5 million to \$0.6 million (2014: \$1.4 million).

“Our performance has been affected by a slower than expected recovery in Chinese markets following the Fonterra incident in late 2013. This has created significant competition in the marketplace placing pressure on margins and a change in product sales mix as customers pursue lower cost product options.” said Managing Director and CEO Peter Davey.

“We are pleased with sales to other markets which have grown by 6% and are confident of continued improvement.”

Mr Davey further advised “Clover is managing the situation with both short-term and long-term profitability in mind. This includes a focus on operational costs, which have reduced 20%, and aggressive management of inventory to meet the challenges in the market place. The weakening Australian dollar brings new challenges as a significant amount of our raw material inputs are purchased in USD.”

Clover Corporation has a number of projects in place to deliver new opportunities for the business. Clover’s Preterm Infant product is in the final stage of Clinical Trials and the New Zealand Waikato Spray Dryer project is on track for delivery in late 2015 which will enhance Clover’s production capacity for specialty products. The Waikato project is an exciting prospect with potential new customers currently evaluating new product. The Clover management team continues to work with customers on new product and market development.

The Interim Financial Report and Appendix 4D for the 6 months ended 31 January 2015 are scheduled to be released on Wednesday 25 March 2015.

**For further information, please contact:**

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