



Clover Corporation Limited

ABN 85 003 622 866

ASX ANNOUNCEMENT 21 March 2017

Clover Corp announces results for 1H17

- Improved Net Profit from expanded customer base and improved trading terms.

- Sales revenue in 1H FY2017 of \$19.4m (1H 2016: \$19.7m) a decrease of 1.3%.
- Net Profit after tax 1H FY2017 \$1.0m (1H 2016: \$0.8m) an increase of 29.5%
- Improved profitability driven by customer mix and hedging of foreign exchange exposure via improved trading terms with key customers
- Customer demand expected to improve in second half of FY2017 as compared to first half
- A strong cash position of \$8.7m allows for further investment in operations
- Clover declares fully franked interim dividend of 0.25 cent per share

Clover Corporation Ltd (ASX: CLV) today released its results for the half year ended 31 January, 2017. Revenue for the half year was \$19.4 million (2016: \$19.7 million), a decrease of 1.3% on the prior year. The business has delivered an improved Net Profit after Tax for the half year ended 31 January 2017 of \$1.0 million (2016: \$0.8 million), an increase of 29.5%.

Clover has broadened its exposure to individual customers and markets resulting in an improved profit margin. It has also benefited from natural currency hedging, resulting from improved trading terms for purchase of new raw materials and sales of products, reducing exposure to changes in currency exchange rates.

The Company maintains a strong balance sheet, recording a positive cash balance of \$8.7 million, which positions Clover well for future investment and business growth.

CEO, Peter Davey said "It is pleasing to see that the Company is now benefiting from strategic initiatives of the last two years in rebuilding our sales and business development efforts and enhancing the capabilities of our research and development team. This has allowed us to establish new customers and enter new product areas. As a result, our level of dependence on individual customers and market sectors is reducing and over time will provide a natural buffer for the

company against fluctuations in particular sectors and due to short term changes in demand in different countries. “

Dividend

Based on the company’s cash position Directors have declared a fully franked interim dividend for 1H17 of 0.25 cent per share. Relevant dates for the dividend are as follows;

Ex-dividend Date: Monday 10 April 2017

Record Date: Tuesday 11 April 2017

Payment Date: Monday 1 May 2017

Market developments

The Infant Formula (IF) market is coming to terms with new regulations in China which require all manufacturers of IF product sold in China to register their brands (to be limited to 3 per manufacturing site) and achieve a new license by January 2018. The license imposes more onerous controls on manufacturers to limit their product lines, differentiate their formulations and scientifically verify the differences. The expected outcome is that many existing smaller brands will not achieve accreditation, delivering a significant growth market to the larger Chinese and international companies who can support the scientific and manufacturing requirements of the new regulation. This change in regulation is aimed at providing the Chinese customer with the quality and assurance of IF they feed their babies.

Changes in the regulations on sale of infant formula in China has affected Clover’s product sales. Demand from Clover’s more traditional customers have nevertheless maintained the levels of the previous year despite a general trend to reducing inventory whilst manufacturers engage in a process to achieve new licenses for their China product sales.

In other markets, changes are occurring requiring higher levels of Docosahexaenoic Acid (DHA) (the key ingredient produced by Clover) in infant formula. This may benefit Clover through increased sales in the future.

Expanded product offerings

Clover has developed a series of new products over the past few years which have been released for customer trials or are in the registration process. Clover’s new concentrated DHA powder is on trials in the USA in Sports Nutrition applications, and a hypoallergenic product is now on trial with IF manufacturers.

The recent addition of two PhD. scientists and the purchase of new equipment for our Brisbane R&D facility is assisting to accelerate product development projects. Any new product will take time to complete customer approval processes but this activity provides a growth base for the future of Clover as it seeks to build and strengthen its business.

Shareholder Communications

Clover has issued the third version of “The Good Oil” Newsletter which provides updates on key projects and market information. The newsletter can be accessed via the Clover website at www.clovercorp.com.au.

For further information, please contact:

Mr Peter Robinson – Chairman Clover Corporation +61 3 8347 5000

Mr Peter Davey – MD & CEO Clover Corporation +61 3 8347 5000

About Clover Corporation Limited

Clover Corporation is an Australian company listed on the Australian Stock Exchange (ASX:CLV). Clover has evolved from being a research and development, manufacturing and marketing company and expanded to forming strategic relationships focused on technology, new product development and commercialisation.

Clover's superior microencapsulation technology enables nutritional oils, such as tuna, fish, algal and fungal oils, to be added to infant formula, foods and beverages. Developed through extensive research and development, our proprietary technologies protect those sensitive oils from oxidation, allowing them to be incorporated into a range of applications. All of our ingredients reach the highest standards of purity, stability and performance, allowing customers to deliver and maximise nutritional benefits to consumers of their products.

For more information about Clover visit www.clovercorp.com.au