CLOVER UNAUDITED INTERIM CONDENSED CONSOLIDATED RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER

2012

AND CASH DIVIDEND DECLARATION

www.clover.co.za

KEY FINANCIAL AND SALIENT FEATURES

- Revenue increased by 10,8% to R3,98 billion
- New products launched and new technology introduced
- Market share and healthy volume growth in most product categories
- Operating profit decreased by 22,4% to R145,6 million
- Profit for the period decreased by 23,9% to R83,9 million
- Headline earnings decreased by 33,5% to R72,9 million
- Headline earnings per share decreased by 33,5% to 40,7 cents
- Interim gross cash dividend per share of 10 cents declared

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended	31 December 2012 Unaudited R'000	31 December 2011 Unaudited R'000	30 June 2012 Audited R'000
Sales of products	**3 391 777**	3 028 556	6 109 268
Rendering of services	**413 726**	386 337	763 723
Sale of raw milk	**168 831**	173 025	346 287
Rental income	**2 948**	2 216	4 585
REVENUE	**3 977 282**	3 590 134	7 223 863
Cost of sales	**(2 933 260)**	(2 600 198)	(5 233 222)
Gross profit	**1 044 022**	989 936	1 990 641
Other operating income	**30 266**	5 758	14 716
Selling and distribution costs	**(817 943)**	(720 420)	(1 422 643)
Administrative expenses	**(88 461)**	(80 383)	(191 382)
Restructuring expenses	**(16 277)**	(2 481)	(9 573)
Other operating expenses	**(5 986)**	(4 755)	(10 527)
Operating profit	**145 621**	187 655	371 232
Finance income	**6 008**	17 386	28 598
Finance cost	**(26 655)**	(30 263)	(52 460)
Profit before tax	**124 974**	174 778	347 370
Taxes	**(41 118)**	(64 562)	(137 654)
PROFIT FOR THE PERIOD	**83 856**	110 216	209 716
Other comprehensive income			
Exchange differences on translation of foreign operations	**(118)**	399	(822)
Total comprehensive income for the period, net of tax	**83 738**	110 615	208 894
Profit attributable to:			
Equity holders of the parent	**83 194**	108 186	205 290
Non-controlling interests	**662**	2 030	4 426
	83 856	110 216	209 716
Total comprehensive income attributable to:			
Equity holders of the parent	**83 076**	108 218	204 388
Non-controlling interests	**662**	2 397	4 506
	83 738	110 615	208 894
Headline earnings calculation			
Profit for the period attributable to equity holders of the parent company	**83 194**	108 186	205 290
Gross remeasurements excluded from headline earnings	**(12 184)**	2 017	3 918
Loss/(Profit) on sale and scrapping of property, plant and equipment	**607**	2 017	(878)
Gain on fair valuing of existing investment in joint venture due to gaining control	**(16 747)**	–	–
Impairment of plant and equipment	**3 956**	–	4 796
Taxation effects of remeasurements	**1 845**	(565)	(1 408)
Headline earnings attributable to shareholders of the parent company	**72 855**	109 638	207 800
Issued ordinary shares	**179 111 867**	179 111 867	179 111 867
Number of ordinary shares used in the calculation of:			
Earnings per share – weighted average	**179 111 867**	179 111 867	179 111 867
Diluted earnings per share – weighted average	**191 892 884**	190 069 110	191 127 152
Earnings per share attributable to ordinary equity holders of the parent			
Earnings per share (cents)	**46,4**	60,4	114,6
Diluted earnings per share (cents)	**43,4**	56,9	107,4
Headline earnings per share (cents)	**40,7**	61,2	116,0
Diluted headline earnings per share (cents)	**38,0**	57,7	108,7

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

As at	31 December 2012 Unaudited R'000	31 December 2011 Unaudited R'000	30 June 2012 Audited R'000
ASSETS			
Non-current assets			
Property, plant and equipment	**1 368 886**	1 082 166	1 168 047
Investment properties	**38**	937	492
Intangible assets	**452 941**	354 660	357 767
Deferred tax assets	**9 363**	4 091	492
	1 831 228	1 441 854	1 526 798
Current assets			
Inventories	**896 279**	530 888	602 053
Trade and other receivables	**1 240 746**	1 116 832	996 995
Pre-payments	**26 898**	10 683	25 631
Income tax receivable	**3 868**	16 073	–
Other current financial assets	**2 838**	–	173
Cash and short-term deposits	**458 628**	801 698	711 470
	2 629 257	2 476 174	2 336 322
Assets classified as held-for-sale	**2 172**	–	423
	2 631 429	2 476 174	2 336 745
Total assets	**4 462 657**	3 918 028	3 863 543
EQUITY AND LIABILITIES			
Equity			
Issued capital	**8 955**	8 955	8 955
Share premium	**675 113**	675 113	675 113
Other reserves	**259 321**	255 141	254 286
Retained earnings	**1 006 929**	887 872	955 890
Equity attributable to equity holders of the parent	**1 950 318**	1 827 081	1 894 244
Non-controlling interests	**2 457**	14 449	1 796
Total equity	**1 952 775**	1 841 530	1 896 040
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	**18 257**	428 857	21 686
Provisions	**66 005**	62 277	61 637
Deferred tax liability	**141 082**	80 102	116 950
Trade and other payables	**13 161**	10 794	6 904
	238 505	582 030	207 177
Current liabilities			
Trade and other payables	**1 498 256**	1 467 904	1 316 794
Interest-bearing loans and borrowings	**760 263**	11 804	421 376
Other current financial liabilities	**–**	–	4 308
Income tax payable	**589**	3 182	5 672
Provisions	**12 269**	11 578	12 176
	2 271 377	1 494 468	1 760 326
Total liabilities	**2 509 882**	2 076 498	1 967 503
Total equity and liabilities	**4 462 657**	3 918 028	3 863 543

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended	31 December 2012 Unaudited R'000	31 December 2011 Unaudited R'000	30 June 2012 Audited R'000
Operating activities			
Profit before tax	**124 974**	174 778	347 370
Adjustment for non-cash items	**42 257**	52 793	117 848
Other adjustments	**20 646**	12 876	23 862
Working capital adjustments	**(350 422)**	91 703	(28 202)
Income tax paid	**(33 080)**	(28 914)	(44 519)
Net cash flow from operating activities	**(195 625)**	303 236	416 359
Investing activities			
Proceeds from sale of property, plant and equipment	**452**	3 196	4 181
Interest received	**6 008**	17 386	28 598
Acquisition of non-controlling interest	**(24 700)**	–	(20 792)
Acquisition of subsidiary	**(70 556)**	–	–
Capital expenditure: tangible and intangible assets	**(250 573)**	(128 523)	(273 682)
Net other investing activities	**(177)**	4 120	5 545
Net cash flow used in investing activities	**(339 546)**	(103 821)	(256 150)
Financing activities			
Interest paid	**(26 654)**	(30 263)	(52 460)
Dividends paid	**(24 721)**	(27 216)	(53 734)
Dividends forfeited	**126**	–	1 551
Share appreciation rights paid out	**(1 880)**	–	(4 440)
Net increase/(repayment) of borrowings	**335 458**	(166 001)	(163 599)
Net other financing activities	**–**	1 551	(269)
Net cash flows (used in)/from financing activities	**282 329**	(221 929)	(272 951)
Net (decrease)/increase in cash and cash equivalents	**(252 842)**	(22 514)	(112 742)
Cash and cash equivalents at beginning of the period	**711 470**	824 212	824 212
Cash and cash equivalents at end of the period	**458 628**	801 698	711 470

OVERVIEW

While revenue increased by 10,8% from the previous comparative period, this was insufficient to compensate for higher than normal marketing and promotional activities and the impact of sharp increases in fuel and other costs. This resulted in reduced earnings being reported for the review period.

During the reporting period, a number of new production technology platforms were introduced which will further differentiate the group's products which will entrench and grow market share in the years to come. Most notable of these investments are:

- Extended Shelf Life (ESL) fresh milk with 18 days shelf life compared to the industry norm of 12 days;
- Prisma packaging for UHT milk and Tropika;
- 30 days shelf life ultra-pasteurised milk;
- Krush and Tropika brands in 2 litre carton packaging; and
- newly formulated Danao in the Tetra Top packaging.

The decision to launch these new products prior to the key festive season required substantial marketing and promotional activities and advertising costs. In total, R27 million was spent on associated advertising and other in-store promotional activities. Aggressive price promotions on the same products also temporarily impacted on profit margins.

Due to seasonal milk peak production, not all inflationary price increases could be recovered during the reporting period.

Overall sales volumes expressed in milk equivalent for those products containing dairy grew by 4,4% when compared to the prior corresponding period. Excluding the strategic exit from bulk mozzarella, as explained below, overall volumes increased by 5,6%. The group experienced seven days of industrial action at the beginning of its financial year while the national transport strike also indirectly impacted on the group's supply chain. The widespread industrial action in the mining sector undoubtedly slowed consumption of the group's products. The combined effect of the strikes impacted sales volumes across all segments.

The market for drinking milk changed considerably during the calendar year to December 2012, with very competitive pricing on UHT resulting in a 7.5% growth in the market and a consequent 3,1% decline in the market for fresh milk. Teething problems with the new Prisma pack platforms, delays in the importation of product to supplement own production during the relocation of equipment and industrial action resulted in Clover's 1,2% growth in the UHT market not correlating with overall market growth.

Clover's fresh and ultra-pasteurised milk volumes however grew by 1,1% against the backdrop of a declining market. As a result, the dairy fluids segment volume saw overall growth of 1,2%.

With effect from 1 November 2012, the group ceased the majority of its bulk mozzarella business as part of its strategic exit from commodity bulk products, which don't fit the group's strategy to focus on value-added branded products. Concentrated segment volumes increased by 2,8%. If the volume loss resulting from the exit from bulk mozzarella are excluded, segment volumes increased by 13,4% Pre-packed natural cheese volumes increased by 23,9%, feta cheese by 16,6% and condensed milk by 4,9%. Butter volumes fell by 6,6% due to a substantial buy-in from customers shortly before the start of the financial year in response to Clover's promotional activity at the time.

Ingredient volumes declined by 16,7%. The relocation of UHT equipment to coastal areas in line with Project Cielo Blu and initial efficiency problems with the conversion of these platforms to the Prisma pack, saw Clover increase the utilisation of its milk powder facilities which in turn resulted in a reduction in the manufacture and sale of bulk creamers of 41,9%. Bulk creamer is a loss leader commodity used to increase throughput in powder factories during periods of low utilisation. The sale of skim milk powder ("SMP") also declined by 50,1% as the gap between the cost of locally manufactured product and import parity widened. Clover will rather use its stock of SMP to supplement its raw milk during the coming autumn and winter months.

Beverage volumes again showed excellent growth of 18,3% (12,1% excluding the effect of The Real Juice Co. Holdings Proprietary Limited (Real Juice Co.) acquisition) largely underpinned by Tropika growth of 11,3%, fruit juices growth of 36,7% (14,8% excluding the effect of the Real Juice Co. acquisition), Danao growth of 26,1% and Aquartz water growth of 24,0%. Super M volumes saw moderate growth of 4,0%. Manhattan Ice Tea volumes declined by 5,7% and Capri-Sun volumes by 28,2% amidst fierce competition.

During the six months ending 31 December 2012, and with effect from 1 November 2012, the group acquired the 49% minority interest in Clover Manhattan, which it did not own, for R24,7 million. The acquisition of the Real Juice Co. was approved by the competition authorities and became effective on 1 October 2012. The full potential of synergies from this transaction is expected to be extracted over time, it has already made a positive contribution to profitability.

Clover has secured two new principals during the period which will further enable a reduction in its supply chain costs. The principals are Enterprise Foods (with effect from 1 June 2013) and Red Bull's top-end sales and merchandising services from 1 March 2013 (in addition to the forecourt channel's business already secured from 1 July 2012).

(All overall market statistics quoted from Aztec for the 12 months ending December 2012, for Shoprite Checkers, Pick n Pay and Spar)

FINANCIAL PERFORMANCE

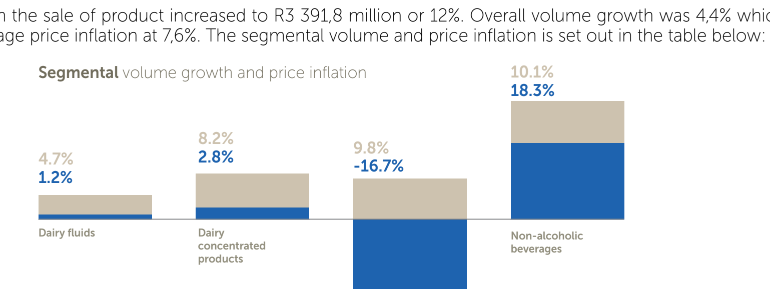
Headline earnings reduced by 33,5% from R109,6 million to R72,9 million while profit for the period reduced by 23,9% from R110,2 million to R83,9 million. Profit for the period included R12,2 million (R10,3 million after tax) of net capital profits which are excluded in the calculation of headline earnings. This includes a R16,7 million (R13,6 million after tax) gain on the fair value of the group's investment in Clover Manhattan after gaining control thereof. Headline earnings per share and earnings per share reduced accordingly to 40,7 cents and 46,4 cents, respectively.

The effective tax rate reduced to 32,9% from 36,9% following a once-off tax adjustment in the comparative period.

Net finance costs rose by 60,3% to R20,6 million on higher debt levels. Debt increased in the wake of an increase in inventory levels, capital expenditure on Project Cielo Blu and other projects, the acquisitions of The Real Juice Co. and the minority shares in Clover Manhattan, and lower profitability.

Non-controlling interests' share of the current year earnings reduced by 72,4% to R0,7 million after the acquisition of the 30% minority stake in Clover Botswana earlier in 2012. The only remaining minority stake in group subsidiaries is the 48% held by minorities in Lactolab (Pty) Limited.

Revenue from the sale of product increased to R3 391,8 million or 12%. Overall volume growth was 4,4% which puts the average price inflation at 7,6%. The segmental volume and price inflation is set out in the table below:



Revenue from services rendered to principals grew by 7,1%. Services rendered is made up of contract manufacturing income and income from distribution, selling and related services. Contract manufacturing income decreased by 40,4% as the corresponding previous period benefited from a temporary contract manufacturing arrangement. In addition the move of UHT equipment resulted in much lower contract packing income from a principal during the period under review. This reduction was of a temporary nature. Income from distribution, selling and related services increase by 17,1% partly due to the Red Bull and Epic Foods business which was secured during 2012.

Revenue from the sale of raw milk to Danone is subject to an agreed percentage of their demand that they can buy from other parties. A higher percentage of direct purchases by Danone reduced this revenue by 2,4%. This revenue makes no contribution to profit as the milk is sold at cost.

Planned price promotional activity on the newly launched products together with increased costs of primary and raw milk transportation costs weakened the gross margin from 27,6% to 26,2%. The primary distribution costs associated with the imported UHT milk also increased during the move of the UHT equipment to the coastal areas. Industrial action during the period also contributed to higher transportation costs as overall transportation requirements increased to relieve pressure at factory warehouses. In addition the available freight during these times were often much more expensive than Clover's usual contractors. As explained earlier, inflationary cost increases in production and other costs also proved difficult to recover in the market during this period.

The increase of 425,6% in other operating income mainly consisted of the gain on the fair-value adjustment of the investment in Clover Manhattan after buying control therein of R16,8 million, a R6,5 million profit on the hedging of Share Appreciation Rights and a R3,7 million foreign exchange profit.

Included in selling and distribution expenses are the development, marketing and associated launch costs of new products. Fuel cost inflation, staff cost inflation and the additional principal business from Red Bull and Epic Foods all contributed to the 13,5% increase in cost.

The above inflation increase in administrative expenses of 10% is mainly attributed to the expansion of the executive management team.

Although the cost of project Cielo Blu was always communicated as capital expenditure from a cash flow perspective, the cost associated with the move of existing machines could not be capitalised fully and was expensed as restructuring expenditure during the period under review. This resulted in an 556,1% increase in this expense or R13,8 million.

To date, the phases of Project Cielo Blu which have been completed have contributed above expectation. Although the Queensburgh phase has not been completed yet, the additional principal business secured during the first half of the year has already made a positive contribution. Although only partially operational during the review period, the savings realised on raw milk transport costs, through the move of UHT manufacturing capacity to the coastal areas helped to protect the group against the severe fuel price increases. The effect of the fuel price increases compared to the prior period amounted to R19 million and were largely offset by the savings in transport achieved through Cielo Blu.

Operating profit ended 22,4% lower at R145,6 million.

FINANCIAL POSITION AND CASH FLOW

Inventory levels were R294,2 million higher than at June 2012. Inventory levels should normally increase from June to December in line with the seasonal nature of the business. During the period under review the seasonal increase was however inflated by the industrial actions, relocation of UHT equipment and the initial lower throughput on the converted Prisma machines during the peak milk production period of 2012 which required Clover to divert more raw milk to its powder and cheese factories.

Inventory levels were however also R365,4 million higher than at December 2011. For the period ending 31 December 2011, Clover reported that due to on-farm cost inflation, milk intake during that period had been lower than anticipated and that stock levels were consequently lower than required at 31 December 2011. This together with the above normal increase from June 2012 to December 2012 as explained in the previous paragraph and inflationary increases in farmgate milk prices, packaging material, production overheads and transport costs, caused the hike in inventory when compared to 31 December 2011.

This above normal inventory growth largely explain why cash flow from operating activities reduced from a R303,2 million cash generation to a R195,6 million cash utilisation. Clover is however well positioned to utilise this inventory during the coming autumn and winter which will release cash to operations in line with the normal seasonal nature of its business.

Altogether R345,8 million was spent on capital expenditure, project Cielo Blu and the acquisitions of Real Juice Co. and the minority stake in Clover Manhattan during the period under review. This was in line with Clover's strategy to continuously invest in infrastructure, consolidate the industry and to buy out minorities in the group.

The cash utilised by operations and the capital expenditure was funded by R252,8 million of available cash and additional debt of R335,5 million.

At 31 December 2012, the group had only R18,3 million of long-term interest bearing debt as the preference shares that must be redeemed in June 2013 and the debtors securitisation debt that matures in March 2013 were included under current liabilities. The senior funder of the debtors' securitisation vehicle has already committed to renew the funding to the maximum funding of approximately R650 million which will be sufficient to redeem the preference shares. The seasonal reduction in inventory levels will however in all likelihood generate sufficient cash to redeem the preference shares by June 2013 without the need for increased debt facilities.

Property, plant and equipment increased by R200,8 million from June 2012, mainly because of the capital expenditure and the assets acquired with the Real Juice Co. transaction. Intangible assets increased by R95,2 million of which R17 million relates to the upgrade of the group's ERP system and the rest to the fair value of trademarks and other intangible assets on the acquisitions of the Real Juice Co. and the minority stake in Clover Manhattan.

PROSPECTS

The group is of the view that the factors leading to the weaker earnings during this period do not negatively affect the long term strategic direction of Clover.

Some of the increased costs that were not recovered from the market during the first half of the financial year will be recovered through the selling price increase already implemented, although this will affect volumes in the short term.

The move of dairy equipment created logistical challenges and associated costs. This has now been completed and will drastically reduce the supply chain management complications faced during 2012. It will enable management to focus on the successful roll out of the group's new products and technological platforms. There will also be further exciting new product launches during the second half of the year.

The renegotiated terms of the sales and distribution contracts with Danone became effective on 1 January 2013, which included the group's ability to enter the maas market. The Clover Amasi product was accordingly launched at the end of January 2013. In addition, Clover looks forward to supporting the additional Red Bull business from 1 March 2013 and Enterprise business from 1 June 2013.

The final phase of project Cielo Blu has already kicked off which involves the closure of the Mayfair beverages factory and the relocation of its operations into the Clayville factory.

Subsequent to the period, end the newly formed Clover Waters (Pty) Ltd ("Clover Waters") acquired Nestlé South Africa's Gauteng based Doornkloof property, bottled water manufacturing facility and water rights. As a result of the transaction, Clover Waters will also obtain the right, by way of licence, to manufacture, distribute, market and sell bottled mineral water under Nestlé's Pure-life, Valvita and Schoonspruit brands as well as ice tea under the Nestea brand. These brands will complement Clover's Aquartz bottled water and Manhattan ice tea brands which will also be manufactured, distributed, marketed and sold by Clover Waters. The transaction is subject to the fulfilment of various conditions, including Competition Commission approval. Once approved, the purchase consideration of R60 million will be settled through the issue of 30% of the shares in Clover Waters to Nestlé.

South African consumers remain under pressure with high-food inflation and heavy-debt burdens. Although the economy is not buoyant, the group has remained focused and is determined to reposition itself for future growth. It has not deviated from its original strategic intent of investing in new technologies, and to increase valuable supply chain capacities in line with its own market demands and those of its principals. The group believes that the benefits to be had in the long term far out-weigh short-term earnings sacrifices. Although the level of brand investment (marketing cost and price promotions) in the second semester will not be the same as in the first semester, it remains to be seen whether all of these investments could be recovered by June 2013. Price increases to consumers also have a detrimental short-term effect on volumes but fortunately Clover has gained healthy market share and is coming off a high base.

The group continues to invest and explore areas where it sees synergistic opportunities in its chosen competitive areas of expertise, both in South Africa and selected sub-Saharan emerging markets. The Board remains convinced that the investment in well needed infrastructure will serve the group well in years to come and will give it a time-to-market advantage in its defined market space.

DIVIDEND DECLARATION

Notice is hereby given that the directors have declared an interim gross cash dividend of 10 cents (8,5 cents net of dividend withholding tax) per ordinary share for the for the six months ended 31 December 2012, payable in South African currency on 8 April 2013.

The dividend has been declared from income reserves and no secondary tax on companies' credits have been used.

A dividend withholding tax of 15% will be applicable to all shareholders who are not exempt.

The issued ordinary share capital at the declaration date is 179 111 867 ordinary shares and 89 442 022 preference shares.

The salient dates will be as follows:

Last day to trade *"cum"* the ordinary share dividend	Wednesday, 27 March 2013
Shares commence trading *"ex"* the ordinary share dividend	Thursday, 28 March 2013
Record date on	Friday, 5 April 2013
Payment date on	Monday, 8 April 2013

Share certificates may not be dematerialised or rematerialised between Thursday, 28 March 2013 and Friday, 5 April 2013, both days inclusive.

After the redemption of the preference shares in June 2013 the board will be in a position to reconsider the current dividend policy. In considering this the board will take into account future funding requirements as a number of exciting opportunities have already been identified.

On behalf of the Board

WI Büchner
Chairman

JH Vorster
Chief Executive

12 March 2013

DIRECTORATE AND STATUTORY INFORMATION

DIRECTORS: NON-EXECUTIVE

JAH Bredin**, WI Büchner*** *(Chairman)*, TA Wixley* *(Lead Independent)*, SF Booysen (Dr)*, JNS du Plessis*, HPF du Preez**, MG Elliott, JC Hendriks (Dr), NP Mageza*, NA Smith
**Independent ** Director's who retired on 30 November 2012*
**** Appointed as Chairman on 30 November 2012*

DIRECTORS: EXECUTIVE

JH Vorster *(Chief Executive)*, HB Roode *(Deputy Chief Executive)*, LJ Botha *(Chief Financial Officer)*, CP Lerm (Dr)

COMPANY SECRETARY: J van Heerden

ORDINARY SHARE CODE: CLR ISIN: ZAE000152377

PREFERENCE SHARE CODE: CLRP ISIN: ZAE000152385

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TRANSFER SECRETARY

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BANKERS: The Absa Group, First National Bank, Investec Bank

SPONSOR: Rand Merchant Bank (a division of FirstRand Bank Limited)

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