



Clover Corporation Limited
ABN 85 003 622 866

ASX ANNOUNCEMENT

23 November 2010

ANNUAL GENERAL MEETING - 23 NOVEMBER 2010

Attached are the Chairman's Address and the Managing Director's Presentation to be delivered at the 2010 Annual General Meeting of the Company later today.

A handwritten signature in blue ink, appearing to read 'Ian Bloodworth', is positioned above the typed name.

Ian Bloodworth
Company Secretary

CLOVER CORPORATION LIMITED

Chairman's Address

Clover Corporation Limited's (Clover) 2009-2010 result was pleasing in a number of areas however disappointing in others.

As Shareholders are aware the company continued to make more than satisfactory progress in its core business of developing, manufacturing and sale of Omega³ oils and encapsulated bioactive ingredients for infant formula, children's food, foods, supplements and medical foods. Sales revenue in this core business area increased by 65.4% to a record \$34.94 million with significant growth recorded in South East Asia and China. Profit before tax (from core business) increased by 49% to \$7.29 million.

Dr Brown will provide more detail on the 2009-2010 result and will also update shareholders on progress to date for the first four months of this financial year when he presents his report.

Besides the excellent profit result from our on-going business we were particularly pleased with the level of cash generated during the year. Our cash balance increased by \$2.96m closing at \$12.15 million. Since the end of our financial year we have purchased additional quantities of oil from various sources and in doing so our cash balance has dropped slightly, however as this oil is refined and used in the manufacturing process, during the second half of the year we expect cashflow to return to normal and in fact improve through to June 2011.

I now wish to turn to the impairment of our investment in Future Food Ingredients Pty Ltd (FFI). Clover entered this joint venture with Austgrains Pty Ltd in 2005. Our strategy has always been to keep a focus on our core Omega³ business however at the same time, diversifying into other health related product areas to mitigate against the risk of outside influences which may impact on the growth of our core business. The move into investing in technology and the subsequent building of a plant to produce a range of bland flavoured soy ingredients was designed to do just that. As reported in previous years the FFI plant located in Moree, NSW experienced lengthy delays in plant commissioning which caused significant setbacks in the commercialisation of the product range.

When Clover entered the JV, the provider of the technology which was licenced to FFI, had a number of international food companies interested in taking product to produce soy milks and ice creams, yoghurts, spreads and other non-dairy products. Unfortunately, the ongoing delays in the commercialisation phase meant that those food companies looked for an alternative source or discontinued their new product development. As a result, the joint venture continued to record losses for a longer period than expected.

As can be seen from the financial reports for the past two years, sales did improve however margins were impacted by the need to produce a much finer soy flour as

market needs changed. The original mill was designed to produce a 300 micron finished product however the market has now moved to 100 micron or less. Endeavouring to produce this finer product compromised the manufacturing process resulting in lower yields and an increase in 'out-of-spec' product, then having to be sold into the stockfeed market at reduced prices.

The JV continued to work closely with a number of food companies both in Australia and in Asia on product development and prior to the decision to close the plant in October 2010 there were still two companies showing interest. However the time to get product to market and the capital works required to upgrade the plant to produce the finer flour meant that the JV would continue to incur losses into the foreseeable future.

A review conducted by Clover earlier this calendar year identified a number of key operational issues as well as the need for urgent plant maintenance. Both joint venture partners contributed to the cost of plant maintenance and the on-going funding of the business. For the year ended 30 June 2010 FFI recorded a loss of \$1.96 million including an operating loss of \$792,141 and non-recurring items of \$1,177,500. Clover's share of the loss was \$980k. When the 2010-11 budget and business plan were reviewed it was concluded that the projected costs associated with moving FFI to a breakeven position in the near term could not be justified. As a result Clover took the decision to fully impair its investment and related shareholder loans in FFI totaling \$4.74 million as at 30 June 2010.

The mill in Moree was closed on 15 October 2010 after completing final orders for a number of customers. All staff were paid their entitlements and statutory redundancy payments. The mill site is under a care and maintenance program as interested parties inspect the plant.

The major assets of the joint venture include land and buildings, plant and equipment and stock of raw materials.

As for liabilities, we believe that outstanding debtors and creditors will balance themselves out, leaving the bank loans as the major liability remaining within FFI. As at today, this liability stands at \$3.0 million of which Clover's share is 50% ie pro-rata with its share of the joint venture.

Since the end of the financial year, four parties have inspected the mill in Moree. Discussions with one of those interested parties is ongoing as we seek finalisation as soon as practicable.

As shareholders are aware directors have declared a fully franked dividend of 1.25 cents per share in respect of the year ended 30 June 2010, subject to amendment of the Company's Constitution. The record date for this dividend, subject to the change to the Company's Constitution being approved today, will be 3 December 2010 with payment due on 15 December 2010.



Managing Director Report for AGM 23 November 2010

NEXT GENERATION NUTRITION

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INTRODUCTION



Clover Corporation Limited provides nutritional and functional ingredients for use in infant formula, foods and specialty applications using proprietary technology.



(100%)

**Future Food
Ingredients**

(50%)

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COMPANY OVERVIEW



- Mission is to identify, develop and commercialise specialty functional and nutritional ingredients.
- Strong cash position & zero debt.
- Competitive position in the growing “nutraceutical” market.
- Strong technical, manufacturing and sales organisation.
- Focus on proprietary & patented technology.
- Strength in bioactive delivery including microencapsulation.

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SUMMARY OF FINANCIAL PERFORMANCE FY2010



| | FY2010 | FY2009 |
|---------------------------------|-----------------------------------|---------------------------------|
| Shares on issue | 165.2 million | 165.2 million |
| Total contributed equity | \$32.9 million | \$32.9 million |
| Market capitalization | \$66.1 million (# as at 22/11/10) | \$32.2 million (as at 23/11/09) |
| Cash total | \$12.2 million | \$9.2 million |
| Sales Revenue | \$34.9 million | \$21.1 million |
| Total Revenue | \$35.9 million | \$22.9 million |

NEXT GENERATION NUTRITION As per Annual Reports # Last sale 22/11/10 = 40.0c/s 5

SUMMARY OF FINANCIAL PERFORMANCE FY2010



| | FY2010 | FY2009 |
|--|--------------------|------------------|
| Profit before tax (excluding FFI) | \$7.3 million | \$4.9 million |
| Profit before tax | \$1.6 million | \$4.5 million |
| Profit after tax | (\$0.97 million) | \$3.08 million |
| EPS | (0.59 cents/share) | 1.87 cents/share |

NEXT GENERATION NUTRITION As per Annual Reports 6

FULL YEAR ENDED 30 JUNE 2010



Dividends/distributions increased

| This period | Amount per Security | Franked % |
|--|----------------------------|------------------|
| Final dividend (subject to amendment of the Company's constitution) | 1.25 cents | 100% |
| Previous corresponding period | | |
| Final dividend | 1 cent | 100% |

Record date for determining entitlements to the final dividend **3 December 2010**
Payment date for determining entitlements to the final dividend **15 December 2010**

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FY10 KEY MILESTONES ACHIEVED

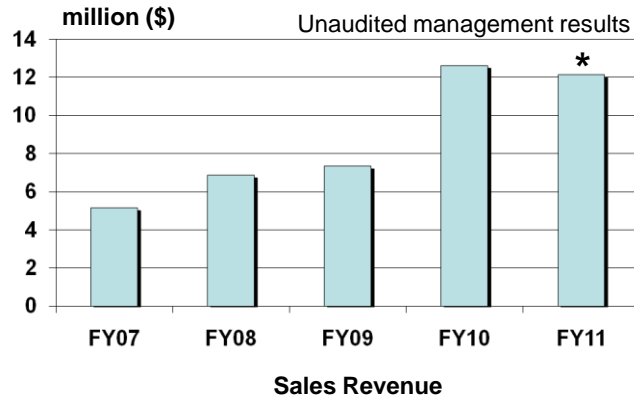


- Strong growth in Clover's core business.
- Sales increased by an exceptional 65.4%.
 - Growth by existing customers.
 - New customers.
 - Expanding geography.
 - Uptake of new products.
 - Customers restocking in first half of FY10.
- Increased cash generation.
- Identified and sourced tuna oil from a number of companies.
- Accelerated innovation and new product development programs.
- Expanded strategic associations.
- Selectively expanded the staff.
- Decision to exit Future Food Ingredients Pty Ltd Joint Venture specialising in debittered soybean ingredients due to continuing disappointing results.

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RECORD SALES REVENUE MAINTAINED IN THE FIRST 4 MONTHS OF FY11



* Ceased sale of NuSoya ingredients in August 2010



Future Food Ingredients

FFI- Impairment and Divestment



- FFI developed a range of debittered functional soy ingredients that were sold to food manufacturers.
 - Low margin and competitive markets
 - Continued disappointing results led Clover to fully impair its investment in, and loans advanced to FFI (announced to the market on the 9 July 2010)
 - Some impact on top-line sales revenue
 - Currently investigating options for the sale of the business.
-
- **FFI is not core to Clover's Nu-Mega Ingredients business, a profitable world-class manufacturer and supplier of omega-3 ingredients for infant and children's formulas, foods, supplements and pharmaceuticals.**

FUTURE FOOD INGREDIENTS



Process of divestment

- Plant closed on 15 October 2010
 - Plant being maintained in shutdown mode.
- Employees were paid all entitlements
- Current bank loans approx. \$3 million.
 - Clover joint guarantor on loans.
- Program underway to realise the value of the assets.
- Four groups have inspected the premises.
- Currently selling residual stock & beans.
- Seeking finalisation as soon as possible.



NU-MEGA INGREDIENTS PTY LTD



Overview

- Australian producer & international supplier of microencapsulated powders.
- Encapsulation process is patented in many countries.
- Current specialties include omega-3 & omega-6 oils (marine, algal & fungal sources).
- Process protects oil from oxidation (“fishy” taste & smell).
- Refine and prepare high quality tuna oil in Altona, Victoria.
- Extensive expertise in application technology.
- Actively collaborating in clinical research.
- Dedicated & professional staff.

APPLICATIONS FOR OMEGA-3 OIL INGREDIENTS



Differences in the use of marine and algal oil ingredients

- **Marine oils ingredients;**
 - Dietary Supplements
 - Functional Foods
 - Animal Feed
 - Infant & Clinical Nutrition
 - Pharmaceuticals
- **Algal Oils ingredients;**
 - Infant Nutrition and Clinical Nutrition.
 - Functional Foods & Beverages.
 - Dietary Supplements.
 - Animal & Pet Foods.
- **The global market for marine and algal oil ingredients has been estimated to be USD\$1.5 billion.(GOED, 2009)**



SEGMENTS OF THE INFANT FORMULA MARKET USING DHA



Infant formula market (estimate 2010 by volume)

- Tuna oil has a DHA: EPA ratio similar to human breast milk unlike other fish.
- Infant Formula markets are divided into four product ranges – Starting, Follow On, Toddler and Special.
- These products are provided in three major categories namely, Super Premium, Premium & Standard.
- Nu-Mega provides ingredients that are used in all product ranges and categories, particularly in Super Premium & Premium.
- Market ratio of Oil to Powder used in infant formula is estimated to be 80:20.
- Nu-Mega has an estimated market share of 10% for encapsulated powders.
- Markets in Asia and Central and South America is estimated to be growing at more than twice the rate of Europe or North America.

NU-MEGA SALES IN FY10



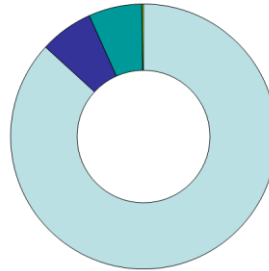
Geographic

| | |
|-----------------------|-----|
| Australia/New Zealand | 11% |
| Asia | 78% |
| Europe | 6% |
| Americas | 5% |

Products

| | |
|--------|-----|
| Oil | 9% |
| Powder | 87% |
| Soy | 4% |

Applications

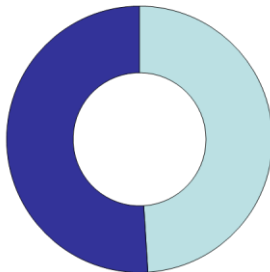


■ Infant formula ■ Food ■ Supplement ■ Animal feed

DIVERSIFYING ENCAPSULATED PRODUCTS & INTRODUCING NEW PRODUCTS IN FY10

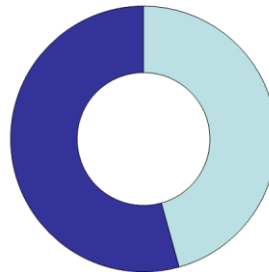


Sales Revenue from New Products



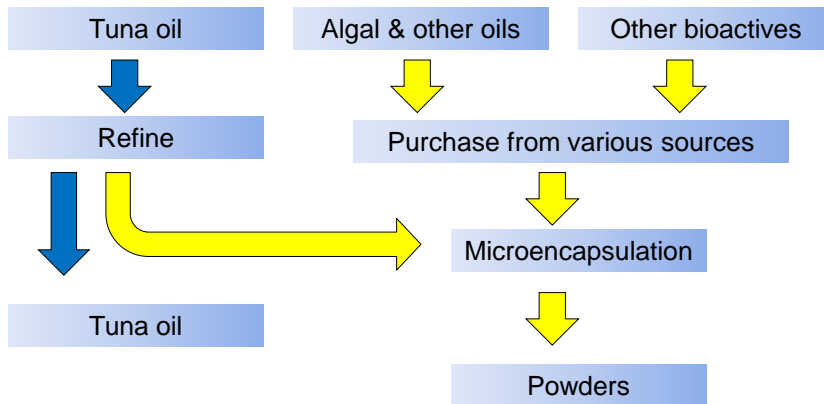
■ Existing Products ■ New Products (4 years)

Diversifying bioactives



■ Tuna oil encap. ■ Other bioactive encap.

OVERVIEW OF NU-MEGA PRODUCTS



INNOVATION IS DEVELOPING THE FUTURE



- Innovation program to develop;
 - technologies, products & applications (commercial focus).
 - Formalised innovation management process.
 - Building for the future with growth projects in excess of \$25 million.
 - External clinical research supports use of Nu-Mega ingredients.
- New products receive extensive customer evaluation.
 - Development, evaluation & commercialisation can take years.
- Protect new technology – 3 patent applications filed.
 - Provide differentiated products.
- Expand technical associations through CSIRO, Corn Products International, Inc. & others.
- Identifying, developing, evaluating and (if necessary) licensing new complementary technologies.

SPONSORED RESEARCH IN 2009 & 2010



Feeding preterm infants with a higher dose of docosahexaenoic acid than that used in current practice does not influence language or behavior in early childhood: a follow-up study of a randomized controlled trial

Low dietary fish-oil threshold for myocardial membrane n-3 PUFA enrichment independent of n-6:PUFA intake in rats

Effect of fish oil rich in docosahexaenoic acid on the development of the brain in preterm infants

Effect of fish oil rich in docosahexaenoic acid on the development of the brain in preterm infants

Effect of fish oil rich in docosahexaenoic acid on the development of the brain in preterm infants

Allergy and respiratory outcomes from the DINO (DHA for the improvement of neurodevelopmental outcome in preterm infants) trial

Effect of fish oil rich in docosahexaenoic acid on the development of the brain in preterm infants

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NU-MEGA INGREDIENTS PTY LTD



Challenges for FY11

- Competitive market with pressure on margins.
- Minimize the impact of the appreciation of AUD.
- Increase & diversify the customer base.
- Accelerate the development of markets in the Americas & Europe.

Opportunities for FY11

- Focus on sales growth
 - Evaluation of new products by customers can take a number of years.
- Continued expansion of sales in infant formula in Asia.
- Improve manufacturing efficiency and sustainability.
- Maximize use of encapsulation technology & the development of specialised products.

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Outlook & Priorities for FY11

- Finalise exit from FFI joint venture.
- Accelerate technical & product innovation through selected external relationships.
- Control expenditure.
- Selectively recruit for growth & invest for the future.
- Identify complementary business opportunities.
- The outlook for FY11 continues to be positive based on the maintenance of the gains made last year.
- Growth through product innovation, geographical expansion and a broader range of applications.

THANK YOU

Questions?