



Clover Corporation Limited
ABN 85 003 622 866

ASX ANNOUNCEMENT

22 November 2011

ANNUAL GENERAL MEETING - 22 NOVEMBER 2011

Attached are the Chairman's Address and the Managing Director's Presentation to be delivered at the 2011 Annual General Meeting of the Company later today.

A handwritten signature in blue ink, appearing to read 'Ian Bloodworth', with a long horizontal flourish extending to the right.

Ian Bloodworth
Company Secretary



CLOVER CORPORATION LIMITED

Chairman's Address 2011

Clover Corporation Limited (Clover) has reported a net profit after tax for the 13 months ended 31 July 2011 of \$4.6 million. In 2010 Clover recorded a loss of \$0.97 million due to the impairment of its investment in Future Foods Ingredients Pty Limited (FFI).

Based on the performance of Clover in 2011 and the future prospects of the company, your Directors have declared a fully franked final dividend of 1.5 cents per share for the period which was paid last Thursday, 17 November 2011. Clover has paid a dividend each year since 2008 and has increased this year's fully franked dividend from 1.25 cents last year to 1.5 cents per share, an increase of 20%.

Why the change in accounting period? In past years, a number of Clover's major customers, whose financial years end on 31 December, have adjusted their purchasing in the month of December. In essence, orders were placed for shipment in December with instructions that those orders were not delivered into store until January or their new year. That meant that goods in transit had to be reversed out of the sales results for the first half of the year and re-adjusted into the result for the second half. In doing so we believed that the sales result was distorted and did not give a meaningful split for sales revenue, first half versus second. The change to the financial reporting period is a one-off and will avoid the impact of this on future half yearly accounts and in doing so those accounts will more correctly represent Clover's performance.

Sales revenue for 2011 was \$35.6 million compared with \$34.9 million in the previous year. Taking into account the additional one month of trading, sales for the year were flat. As explained to shareholders at previous meetings the company's sales revenue is closely aligned to new product releases and when major international infant formula companies adopt those products to new formulations. Dr Brown, our Managing Director and CEO, will walk shareholders through a typical product cycle when he addresses the meeting. Suffice to say that sales of our core marine products have risen from \$16.5

million in 2007 to \$35.3 million in 2011, a compound annual growth rate of 21%.

From a sales perspective, Clover continues to focus strategically on the South East Asian market where the company has a significant market presence. This focus continues along with China and Australia/New Zealand with the latter now manufacturing product which is exported directly into China.. The 2011-2012 financial year has started strongly, with sales for the first three months to 31 October 2011 up 24% compared with the same period last year.

Following a year of strong cash generation in 2010, 2011 saw the company's cash position decline. Cash and cash equivalents at 31 July 2011 were \$7.4 million. Shareholders will note in the Consolidated Statement of Financial Position as at 31 July 2011 working capital i.e.: trade and other receivables and inventories have increased by \$4.5 million during the year. Management has forecast little movement in the cash position in the first 6 months of the new financial year as inventory level falls are offset by increased capital expenditure and the payment of the final dividend this month. Based on forecast revenue and expenses management has indicated stronger cash flows in the second half of the year.

If there was one disappointment during the year it was the inability to conclude the sale of FFI as a going concern. Despite an aggressive marketing campaign the tender process closed without a firm offer being received for the FFI business. The FFI board is currently in preliminary discussions with an international company regarding the sale of FFI and at the same time is considering a proposal to remove the plant and equipment for sale and offering the land and buildings as a commercial warehouse and grain storage facility. Suncorp Bank has extended the banking facility to 30 April 2012 to allow sufficient time to explore all opportunities. As at today all bean stock has been sold to George Weston Foods and proceeds have been directed to reducing the loan facility.

In conclusion, Clover's core business of delivering bioactive ingredients using proprietary encapsulation technology is in good shape. Clover has a very professional and dedicated team led by Dr Brown. Our strategy of focusing on developing countries in Asia has somewhat shielded the company from the 2008 Global Financial Crisis and more recently the meltdown in the USA and then Europe. The new product pipeline is strong with 6 new products provided for customer evaluation in 2011 and another 3 to be released as part of the Company's Innovation Program.



Managing Director Report for AGM 22 November 2011

NEXT GENERATION NUTRITION

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2

MANAGING FOR GROWTH



- **Who is Clover**
- **What happened in the past year**
- **Clover's competitive position and challenges**
- **Clover's strategy for the current year**
- **The year so far**

STRATEGIC VISION



Clover Corporation seeks to:

- **Identify, develop and commercialise speciality functional and nutritional ingredients in the growing "nutraceutical" market**
- **Develop and commercialise leading edge proprietary and patented delivery technology including encapsulation**
- **Work with innovative and multinational industry partners to leverage core technical and manufacturing strengths to innovate and launch new products and expand in core markets**
- **While retaining a conservative financial base, deliver growth on earnings and dividends**

COMPANY DESCRIPTION



- **Focus on two business units:**
 - Clover Corporation focuses on innovation & obtaining the optimal return from proprietary technology
 - Nu-Mega Ingredients commercialises proprietary ingredient delivery and encapsulation technology in targeted value added markets
- **Work with customers to identify, design, develop, test & launch new products**
- **Generate sales directly and through specialist distribution partners**
- **Maintain strong links with technical & academic agencies including CSIRO**
- **Employ 33 staff, including 4 PhD's, with offices in Sydney, Melbourne, Brisbane, USA and UK**

KEY COMPANY DEVELOPMENTS



Clover Corporation

- **1988** Private Co.
- **1999** – ASX listed
- JV with Heinz for tuna oil processing
- Research in encapsulation

2002-2007

- Clover Corp JV with Food Spectrum = Nu-Mega Ingredients
- Uses encapsulated tuna oil in foods & infant formula
- Focus on Asian and European markets
- **2004** – Clover Corp JV to form FFI for proprietary soy ingredients

2007-2011

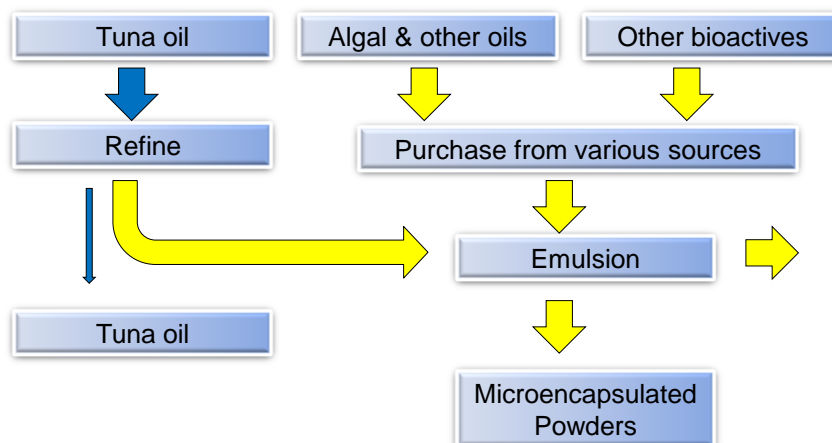
- Nu-Mega Ingredients 100% subsidiary of Clover Corporation
- **2008** - New Innovation & Sales facility in Brisbane
- Development of the innovations program
- Multi-year supply contracts with infant formula companies
- **2009** - Frost & Sullivan Ingredient Company of the Year
- **2011** – AGP NPD program with CSIRO



OVERVIEW OF NU-MEGA PRODUCTS



Maximize the use of proprietary bioactive delivery technology



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7

FP2011- STRONG FOCUS ON EXECUTION



- Record Profit and Dividend
- Consolidated exceptional sales growth from FY2010
- Expansion of sales in infant formula in Asia
 - 91% of sales revenue from infant formula
 - 3 year global supply agreement signed with a major multinational infant formula company
- Maximized the use of encapsulation technology
 - 93% of sales from encapsulated products
- Increased development of innovative & specialised products
 - 6 new products provided for customer evaluation
 - Potential to utilise 6 proprietary technology platforms
 - 3 year Australian Growth Partnership research program with CSIRO
 - Increased innovation expenditure to support future growth
- Competitive market with pressure on margins
- Minimized the impact of the volatility of the AUD
- Selectively recruited staff for the growth and development

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8

SUMMARY OF FINANCIAL PERFORMANCE FP2011



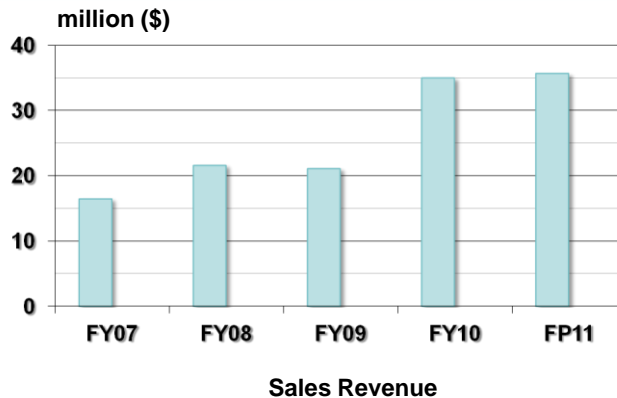
	FP2011 (13 months)	FY2010	Change
Shares on issue	165.2 million	165.2 million	
Total contributed equity	\$32.9 million	\$32.9 million	
Market capitalization	\$48.7 million (# as at 21/11/11)	\$66.1 million (as at 22/11/10)	(\$17.4) million
Cash total	\$7.4 million	\$12.2 million	(\$4.8) million
Sales Revenue	\$35.6 million	\$34.9 million	\$0.7 million
Total Revenue	\$36.0 million	\$35.9 million	\$0.1 million
Profit before tax	\$6.1 million	\$1.6 million	\$4.5 million
Profit after tax	\$4.60 million	(\$0.97) million	\$5.57 million
EPS (cents)	2.70 cents	(0.59) cents	3.29 cents
Dividend	1.50 cents/share	1.25 cents/share	0.25 cents /share

NEXT GENERATION NUTRITION As per Annual Reports # Last sale 21/11/11 = 29.5c/s 9

HISTORICAL FINANCIAL PERFORMANCE FY2007 to FP2011



CAGR (over 4 years) = 21% p.a.



NEXT GENERATION NUTRITION

10

CONTINUED FOCUS ON GROWTH MARKETS & VALUE ADDED PRODUCTS



- Terminated Distribution Agreement with CPI. Poor sales performance particularly in functional food applications
- Nu-Mega activities in the infant formula area has resulted in increases in sales during the past 12 months of;
 - Americas +32%
 - Europe +65%
- Currently in negotiations with alternative distributors for the development of the functional food opportunities in the Americas and Europe

Geographic

Australia/New Zealand	16%
Asia	73%
Europe	7%
Americas	4%

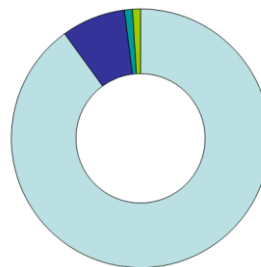
Products

Oil	6%
Encapsulated Powders	93%
Soy	1%

MULTIPLE GROWTH DRIVERS & DELIVERY



- Maintaining a position at the forefront of technical development for bioactive delivery and encapsulation technology
 - 4 patent applications filed
- Working with our customers to develop & provide market relevant proprietary products in a timely manner
 - Multi-year supply agreements with major infant formula companies
- Focus on growing and emerging markets
 - China sales +60% increase in sales revenue
- Identifying value added applications
 - Infant formula (CAGR +12%)*



■ Infant formula ■ Food ■ Supplement ■ Animal feed

* Frost & Sullivan Report, 2011

COMPETITIVE STRENGTHS – A CULTURE OF COMMERCIAL INNOVATION

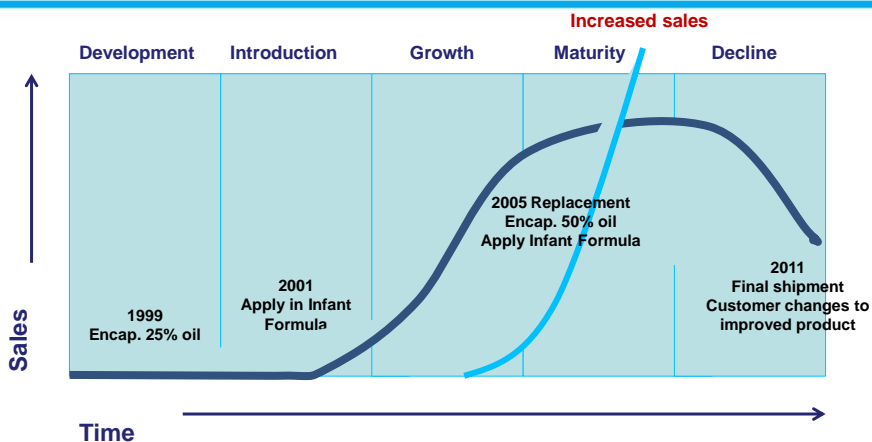


- Clover’s core strengths;
 - Growing share in value added markets
 - Proprietary & patented technology
 - Commercial focus with high returns on R&D
 - High quality products & excellent reputation with clients
 - Dedicated and skilled staff
- Long term commercial relationships
- Expanding product portfolio supported by sound science
- Targeted external research program
- Long product life cycle supported by rigorous customer evaluation
- Excellent customer & applications support
- Specialised distribution network
- Low capital model

EXAMPLE OF PRODUCT LIFE CYCLE



Continual product improvement to increase sales



INNOVATION LEADS TO NEW PRODUCTS & REVENUES

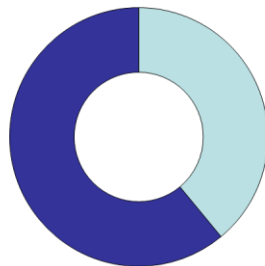


	Company rights	Form	Bioactive	Application
TECH 1	(OWNED)	ENCAPSULATION	Omega 3 lipids	Infant formula
		# Carbohydrate based encapsulation system for foods.		
TECH 2	(LICENSED)	ENCAPSULATION	Omega 3 &/or 6 lipids	Infant formula / Functional foods
		# Carbohydrate & protein encapsulation system with enhanced stability.		
TECH 3	(LICENSED)	ENCAPSULATION	Omega 3 &/or 6 lipids	Infant formula / Functional foods / Medical foods
		# Carbohydrate & protein system for targeted Gastrointestinal delivery.		
TECH 4	(OWNED)	ENCAPSULATION	Single or multiple bioactives	Infant formula / Medical foods
		# Specialist encapsulations system for infant formula manufacture.		
TECH 5	(OWNED/ LICENSED)	EMULSION	Omega 3 lipids	Infant formula / Functional foods / Medical foods / Pharmaceutical
		# Specialised delivery system for infants.		
TECH 6	(OWNED/ LICENSED)	ENCAPSULATION	Single or multiple bioactives	Infant formula / Functional foods / Medical foods
		# Delivery system for sensitive bioactives with improved sensory performance		
NEXT GENERATION NUTRITION				15

IMPACT IN FP2011 OF NEW PRODUCTS & THE DIVERSIFICATION OF BIOACTIVES



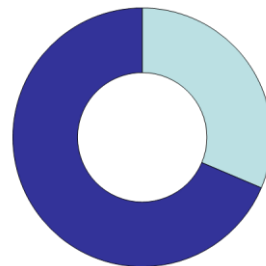
Sales Revenue from New Products in FP2011



Existing Products ■ New Products (4 years)

* Increased 5% from FY2010

Sales Revenue from Diversified Bioactives in FP2011



Tuna oil encap. ■ Other bioactive encap.

* Increased 14% from FY2010

STRENGTHENING, DE-RISK & KEY PRIORITIES



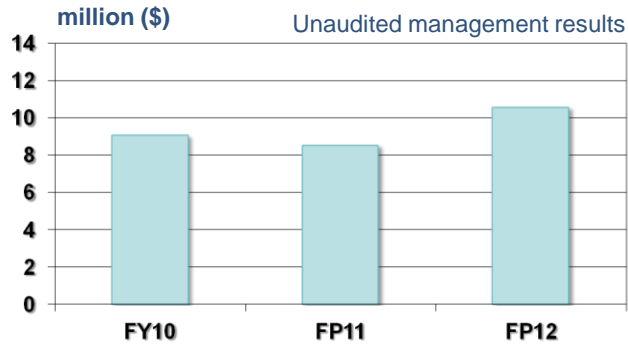
- Strengthen the proprietary technology base
- Diversify the targeted product offering
- Provide competitive products and services
- Broaden geographic distribution and customer base
- Focus on value added markets, in particular infant formula
- Manage growth with a focus on cash flow
- Increase strategic associations for innovation and business
- Continue to develop sophisticated distribution network with direct sales & specialist agencies
- Develop the manufacturing capability to minimize costs, increase capacity & meet regulatory requirements
- Strengthen the management team
- Secure raw material sources
- Minimize the impact of foreign exchange fluctuations
- Identify compatible technologies and enterprises
- Close FFI asset sale – FFI Board indicate that the proceeds will materially offset the debt
- Maintain strong balance sheet (zero debt) to support the increase in sales and take advantage of market opportunities

TRADING UPDATE & OUTLOOK FP2012



- **24%** increase in sales revenue for the first quarter FP2012
 - Increased sales in infant formula applications.
 - Featuring Asia, Oceania and the Americas.
 - Market is competitive for Clover and its customers
- Continued expansion in growing markets such as China
- Evaluation of new products by customers is progressing according to plan
- Anticipating some income from FP2011 new products in FP2012
- Innovation program to release 3 new products focused on the delivery of nutritional bioactive materials
- Upgrade production facilities
- Working capital ratios adjusting to reflect sales volume & sales mix
- Generating positive cash flow

SALES REVENUE +24% IN THE FIRST 3 MONTHS OF FP12



Sales Revenue

Sales revenue from August, September & October



THANK YOU

Questions?