



FY 2012 Results

19 September 2012

NEXT GENERATION NUTRITION

NEW GROWTH HORIZONS

- Strategic vision & business description
- 2012 financial performance
- Operational review
- Clover's competitive strengths
- New growth horizons
- Outlook & priorities

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**

BUSINESS DESCRIPTION

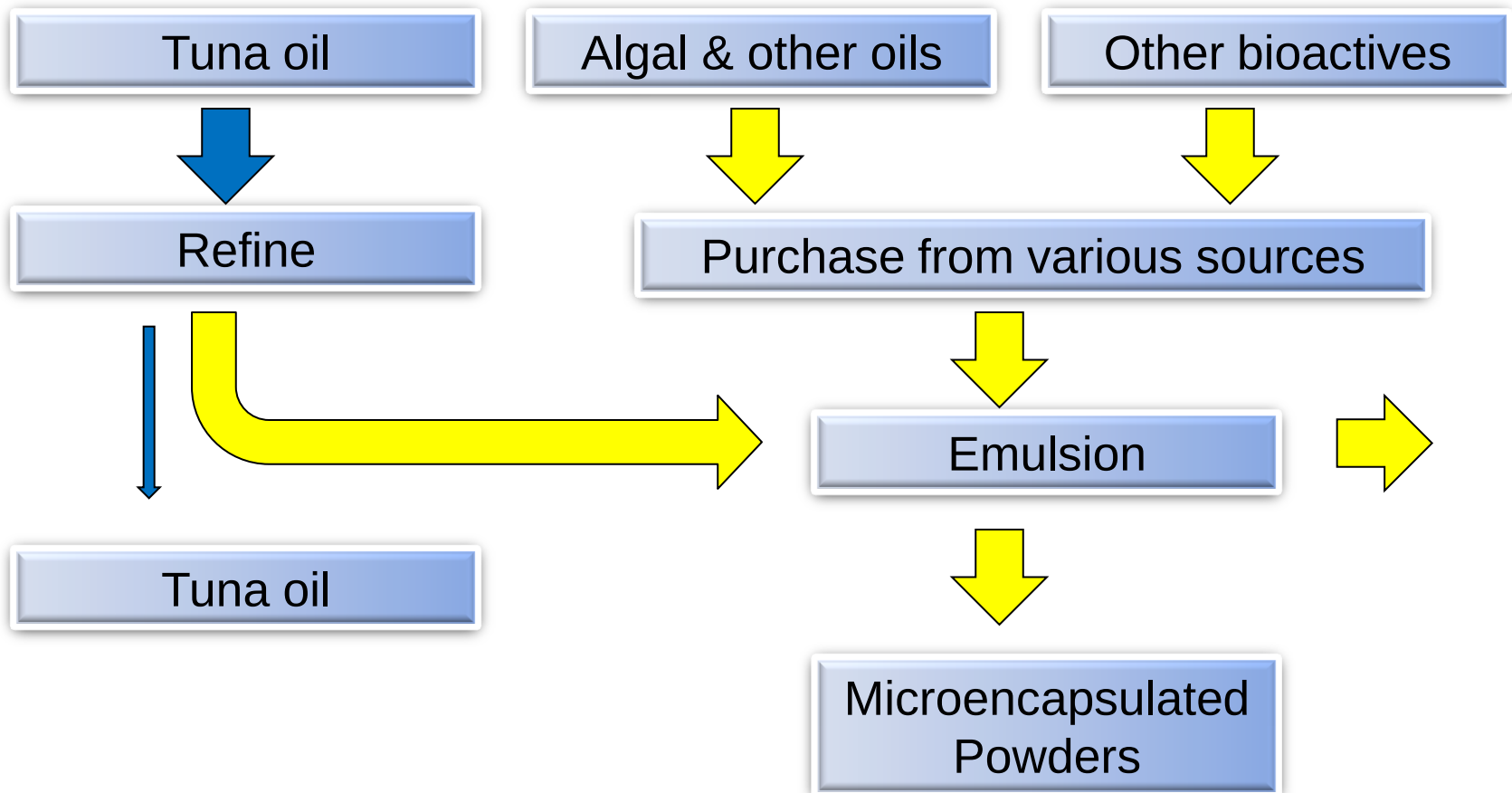


- **Focus on two business units:**
 - Clover Corporation focuses on innovation & obtaining the optimal return from proprietary technology
 - Nu-Mega Ingredients commercialises proprietary ingredient delivery and encapsulation technology in targeted value added markets
- **Work with customers to identify, 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 and the UK**

OVERVIEW OF NU-MEGA PRODUCTS



Maximize the use of proprietary bioactive delivery technology



CLOVER FY2012 RESULTS

year ended 31 July 2012



AUD million	4E Reported 31 July 2012	4E Normalised* 31 July 2012	PCP 1 Aug'10 – 31 Jul '11	4E Reported# 31 July 2011
Revenue	\$38.4	\$38.4	\$32.0	\$35.6
Profit before tax	\$6.4	\$7.4	\$5.2	\$6.1
Depreciation/Amort	(\$0.51)	(\$0.51)	(\$0.36)	(\$0.39)
Interest	\$0.29	\$0.29	\$0.55	\$0.59
EBITDA	\$6.7	\$7.9	\$5.1	\$5.9
EBIT	\$6.2	\$7.4	\$4.7	\$5.5
Tax	(\$1.99)	(\$1.99)	(\$1.26)	(\$1.53)
NPAT	\$4.4	\$5.6	\$4.0	\$4.6
EPS	2.65 cps	3.38 cps	2.40 cps	2.79 cps
ROE (annualised)	14.5%	18.6%	14.1%	16.4%

* Normalised results are non-statutory measures and represent results from continuing operations. Expenses totalling \$1.22 million in respect of the joint venture, Future Food Ingredients Pty. Limited, have been excluded from the normalised results.

Due to change in Financial year includes 13 months from 1 July 2010 to 31 July 2011.

HISTORICAL FINANCIAL PERFORMANCE



AUD million	FY2012	FP2011 (13 months)	FY2010	FY2009	FY2008	FY2007
Shares on issue	165.2 m	165.2 m	165.2 m	165.2 m	165.2 m	165.2 m
Total contributed equity	\$29.9	\$32.9	\$32.9	\$28.3	\$27.0	\$23.7
Cash total	\$9.7	\$7.4	\$12.2	\$9.2	\$10.8	\$11.0
Sales Revenue	\$38.4	\$35.6	\$34.9	\$21.1	\$21.6	\$16.5
Total Revenue	\$38.7	\$36.0	\$35.9	\$22.9	\$22.9	\$17.7
Profit before tax	\$6.4	\$6.1	\$1.6	\$4.5	\$3.0	\$1.3
Profit after tax	\$4.4	\$4.6	(\$0.97)	\$3.1	\$4.1	\$0.6
EPS (cents)	2.60	2.70	(0.59)	1.87	2.5	0.38
Dividend (cps)	1.75	1.50	1.25	1.00	1.00	

CASH FLOW

Year ended 31 July 2012



AUD million From Continuing Ops	Reported 31 July 2012
EBITDA	6.7
Working Capital Movement	3.4
Net Interest	0.3
Tax Paid	(2.4)
Cash Flow from Operations	8.0
Financing Activities	(3.8)
Capex	(1.9)
Free Cash Flow	6.1
Net Increase in Cash Held	9.7

BALANCE SHEET

Year ended 31 July 2012



AUD million	Reported 31 July 2012	Reported 31 July 2011	Change %
Cash	9.7	7.4	+31%
Trade Receivables	9.7	10.5	-9%
Inventories	12.3	8.7	+41%
Total Current Assets	31.8	27.1	+17%
PPE/Intangible Assets	5.5	4.1	+34%
Total Assets	38.6	32.3	+20%
Trade Payables	(8.1)	(3.4)	+138%
Total Current Liabilities	(8.4)	(4.0)	+110%
Total Liabilities	(8.7)	(4.3)	+102%
Net Assets	29.9	28.0	+7%

FY2012 HIGHLIGHTS – STRONG UNDERLYING GROWTH



- Strong growth in organic sales revenue (20.7% normalized pcg).
- Focus on infant formula & children applications (2012: 97.4%).
- Continued expansion of sales in Oceania and Asia.
- Increase in proportion of sales from high value encapsulated products (2012: 97%).
- Reduction in costs due to productivity improvements and other efficiencies.
- 5% decrease in underlying NPAT due to costs of \$1.22 million associated with sale of FFI assets. Sales contracts have been exchanged.
- Customer evaluation of new products are underway.
- Innovation program with CSIRO Australian Growth Partnership program underway. Due for completion in 2014.
- Novel Food approval by Health Canada for selected encapsulated ingredients.
- Upgrade of the Altona manufacturing facility (\$1.5 million).
- Generating positive free cash flow (2012: \$6.1 million).

CONTINUED FOCUS ON GROWTH MARKETS & VALUE ADDED PRODUCTS



- Sales revenue increased in all regions with the strongest performance in Australia/New Zealand and Asia.
- Focus has been on infant formula & children's food applications.
- The expansion of sales in value added encapsulated ingredient systems.

FY2012 Geographic

Australia/New Zealand	26%
Asia	64%
Europe	6%
Americas	4%

FY2012 Products

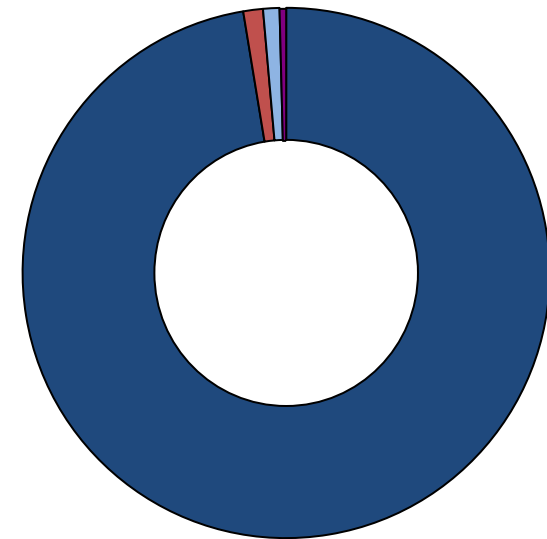
Oil	3%
Encapsulated Powders	97%

MULTIPLE GROWTH DRIVERS & DELIVERY



- Maintaining a position at the forefront of technical development for bioactive delivery and encapsulation technology
 - *2 patent applications filed in FY2012*
- Working with our customers to develop & provide market relevant proprietary products in a timely manner
- Focus on growing and emerging markets
- Identifying value added applications
- Investigation of specific opportunities for medical foods for preterm infants.

Product mix in FY2012



■ Infant formula ■ Food ■ Supplement ■ Animal feed

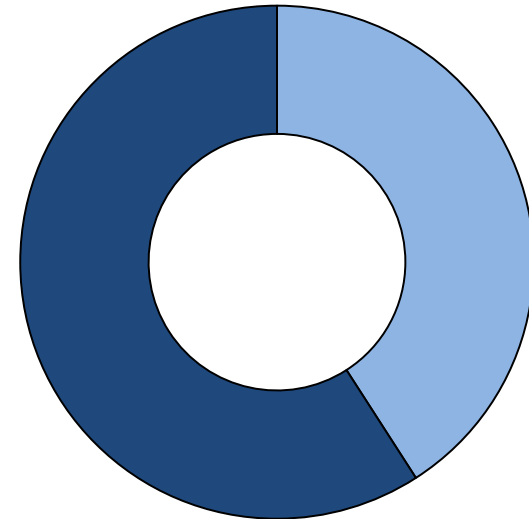
DELIVERY SYSTEMS BASED ON A VARIETY OF NUTRITIONAL BIOACTIVES



- Product portfolio includes refined tuna oil and encapsulated powders containing marine oil, algal oils, other specialty oils and important micronutrients.

- Encapsulation technologies protect important and sensitive nutritional materials and allow their use in many applications.

Sales Revenue based on Diversified Bioactives in FY2012

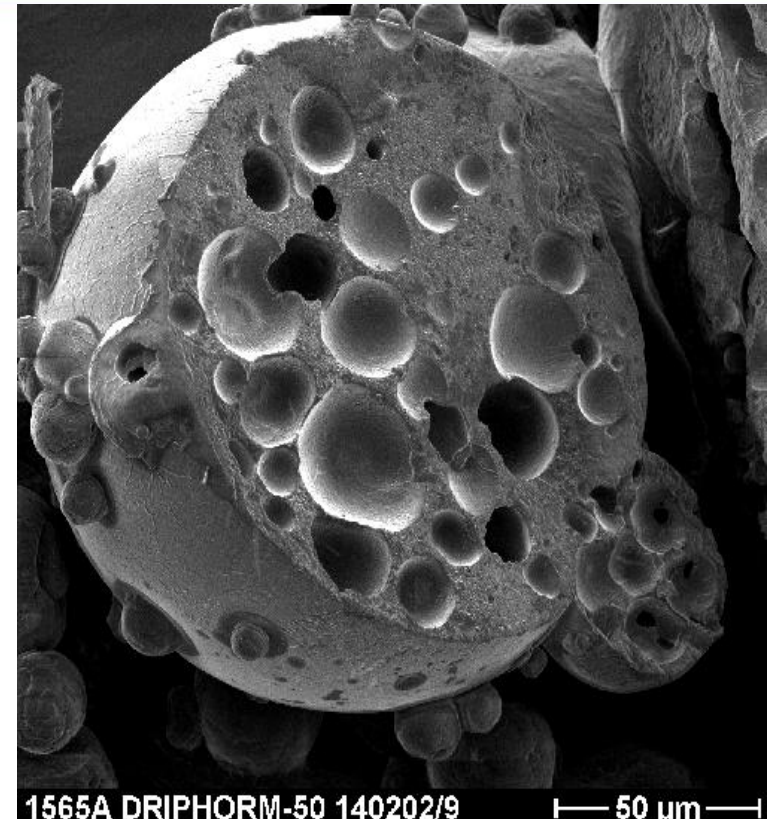


■ Tuna oil encap. ■ Other bioactive encap.

COMPETITIVE STRENGTHS – A CULTURE OF COMMERCIAL INNOVATION

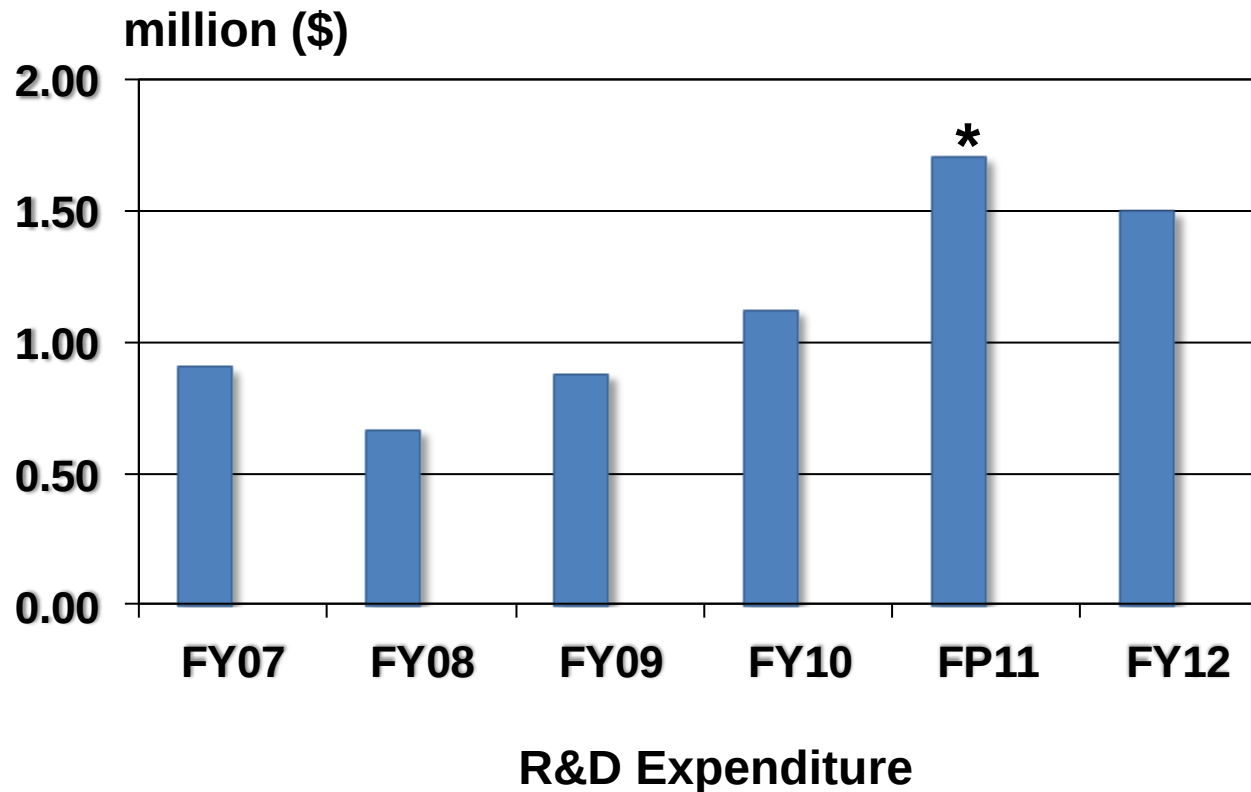


- **Clover's core strengths;**
 - Growing share in value added markets
 - Proprietary & patented technology
 - Commercial focus with high returns on R&D
 - High quality products & excellent reputation with clients
 - Dedicated and skilled staff
- Long term commercial relationships
- Expanding product 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



RESEARCH & DEVELOPMENT EXPENDITURE

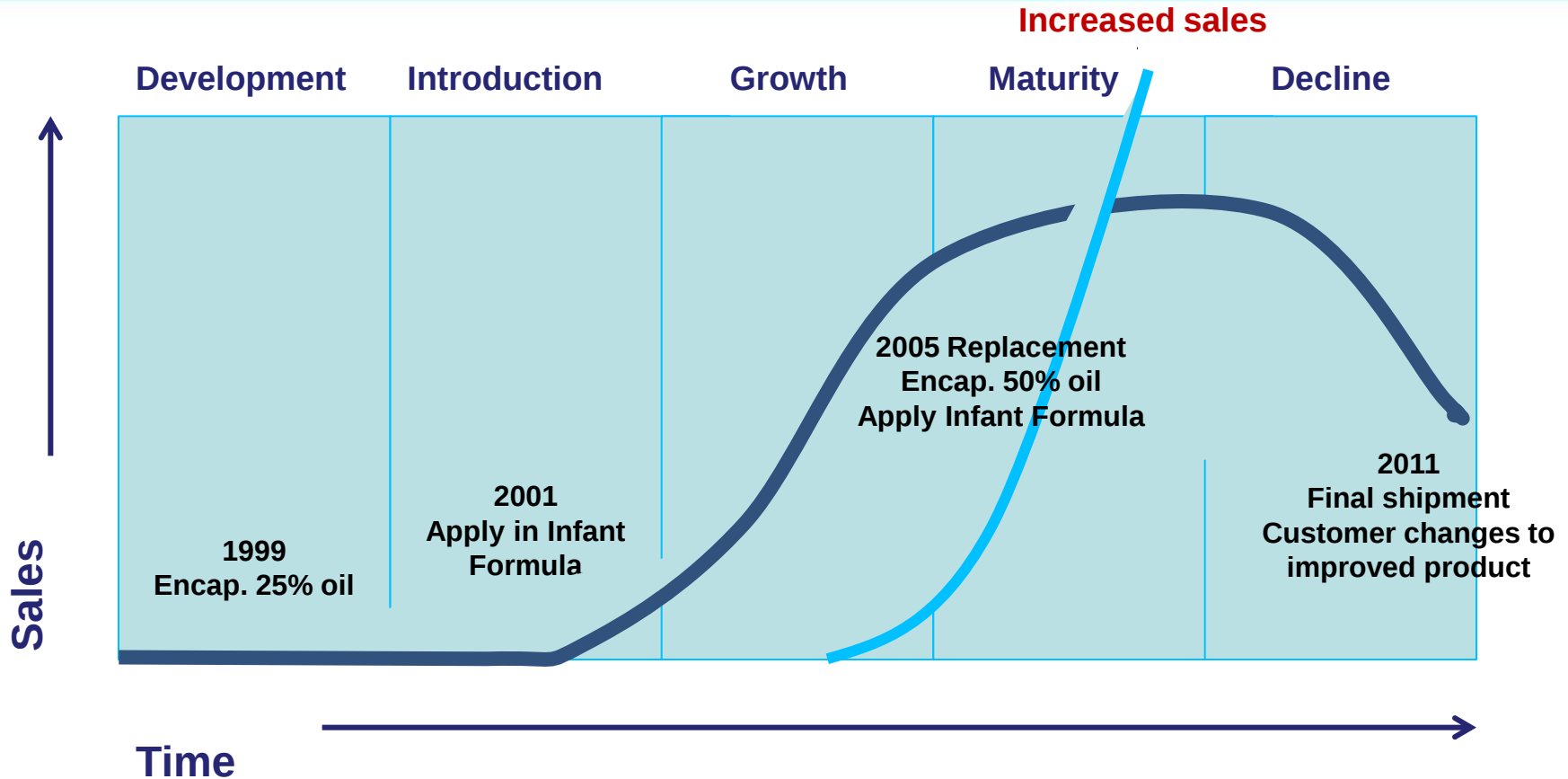
(EXPENSED IN YEAR OF ACTIVITY)



* FP11 represents 13 months

EXAMPLE OF PRODUCT LIFE CYCLE

Continual product improvement to increase sales



INNOVATION LEADS TO NEW PRODUCTS & REVENUES



	<u>Company rights</u>	<u>Form</u>	<u>Bioactive</u>	<u>Application</u>
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

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Long-term omega-3 polyunsaturated fatty acid supplementation reduces the recurrence of persistent atrial fibrillation after electrical cardioversion

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Background
Persistent atrial fibrillation (AF) is associated with a high risk of recurrence after electrical cardioversion.

Objective
We examined if long-term supplementation with omega-3 polyunsaturated fatty acids in fish oils commenced 1 month prior to electrical cardioversion and continued thereafter reduces recurrence of persistent AF.

Methods
This was an open-label, randomized study of 170 patients with persistent AF >1 month duration. Participants were assigned to control group (n = 87) or omega-3 group (n = 83) and underwent cardioversion 1 month later. Concurrent antiarrhythmic use or cardiac comorbidity was permitted. Fish oil was continued for 6 months after AF ablation. The primary endpoint was the recurrence of AF.

Results
Mean duration of fish oil intake was 56 days precardioversion and a total of 242 days in follow-up. Eicosapentaenoic acid and docosahexaenoic acid, the active components of fish oils, were 1.8-fold and 2.1-fold higher, respectively, in the omega-3 group

NEUROSCIENCE
OF
AGING

Neurobiology of Aging 33 (2012) 824–834

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The effects of 90-day supplementation with the Omega-3 essential fatty acid docosahexaenoic acid (DHA) on cognitive function and visual acuity in a healthy aging population

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Abstract
The omega-3 fatty acid docosahexaenoic acid (DHA) is essential for nervous system and retinal development and there is evidence to suggest that DHA deficiency increases with normal aging. A triple-blind placebo-controlled randomized supplementation trial was conducted with 34 healthy participants, aged 64–77 years. Cognitive and visual acuity measures and plasma levels of DHA were determined at baseline and after 90 days of administration of either 1000 mg DHA or 1000 mg placebo. 1000 mg of DHA was well tolerated, with no significant changes in cognitive function or visual acuity. Plasma levels of DHA were significantly higher in the DHA group compared to the placebo group. These findings suggest that DHA supplementation may be beneficial for cognitive function and visual acuity in a healthy aging population.

Keywords: Essential fatty acids; Docosahexaenoic acid (DHA); Cognition; Memory; Nutrition; Cognitive; Visual Acuity

1. Introduction
Docosahexaenoic acid (DHA) is a long chain ω-3 polyunsaturated fatty acid (PUFA) which is commonly found in fish oils and constitutes more than 30% of the total phospholipid composition of plasma membranes in the brain (Gómez-Pérez, 2008; Sinclair et al., 2002). Epidemiological and prospective cohort research has provided strong evidence to indicate that a diet high in fish and marine ω-3 is linked to a lowered risk of cognitive decline and Alzheimer's disease (AD) (Beydoun et al., 2007; Morris et al., 2005; Van Gool et al., 2007). However, clinical evidence for the efficacy of DHA in ameliorating cognitive decline has not been without controversy. In an extensive review of DHA clinical trials in dementia, Combs and colleagues (2009) concluded that there is currently greater evidence for DHA playing a protective rather than cognitive role in dementia. Intervention studies that have investigated the cognitive benefits associated with DHA supplementation in healthy elderly individuals without evidence of dementia have also yielded mixed results, with some reporting modest cognitive improvements (Fitzpatrick et al., 2005; Johnson et al., 2006; Yeshenko et al., 2008), while a large study by Van Gool et al.

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Article
Impaired Fetal Growth and Arterial Wall Thickening: A Randomized Trial of Omega-3 Supplementation

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ABSTRACT
OBJECTIVES: Impaired fetal growth is an independent cardiovascular risk factor and is associated with arterial wall thickening in children. No preventive strategy has been identified. We sought to determine whether dietary omega-3 fatty acid supplementation during early childhood prevents the association between impaired fetal growth and carotid arterial wall thickening.

METHODS: The Children's Health Prevention study was a randomized, controlled, single-blind trial in 155 children born at term, recruited intensively from maternity hospitals in Sydney. Participants were randomized to either a 100-mg daily fish oil supplement and cod-liver-based margarine and cooking oil (omega-3 group) or a 100-mg daily margarine oil supplement and omega-3 fatty acid-rich margarine and cooking oil (control group). From the start of breastfeeding to 6 months of age until 5 years of age. Carotid intima-media thickness (IMT), a noninvasive measure of arterial thickening, was the primary endpoint of a cardiovascular substudy (CarotidIMT) at age 5 years. We examined the association of fetal growth with carotid IMT in children with birth weight <10th percentile (omega-3 group) (n = 157) and control group (n = 172).

RESULTS: In the control group, fetal growth was inversely associated with carotid IMT, but this was prevented in the omega-3 group. Differences between groups of 0.04 mm (95% confidence interval [CI], 0.015 to 0.075) per kg birth weight, adjusted for gestational age and gender, $P_{\text{interaction}} = .02$.

CONCLUSIONS: The inverse association of fetal growth with carotid wall

NEW GROWTH HORIZONS



- **Continued focus on the infant formula and children's food market.**
 - Specialist delivery systems.
 - Targeted multiple bioactive delivery systems.
 - Improved bioactive protection.
 - Provision of improved value.
- **Develop medical food opportunities**
 - products for improved cognitive & respiratory development in preterm infants.
 - Product development supported by a major clinical trial underway
- **Exploring new ways to commercialize Clover intellectual property including licensing.**
 - The outcomes for the innovation program may have applicability beyond Clover's commercial focus.
- **Assessing new bioactives.**
- **Developing new markets/applications.**

FY2013 OUTLOOK & PRIORITIES

- Outlook is promising for FY2013 following the good performance in FY2012 .
- Continued organic growth with emphasis on Oceania, Asia and the Americas.
- Initial sales from products provided for customer evaluation in 2011.
- Advance the innovation program for specialty infant formula ingredients and medical food applications.
- Competitive market will continue to see pressure on product margins.
- Continue to improve efficiencies and reduce costs.

THANK YOU
Questions?

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