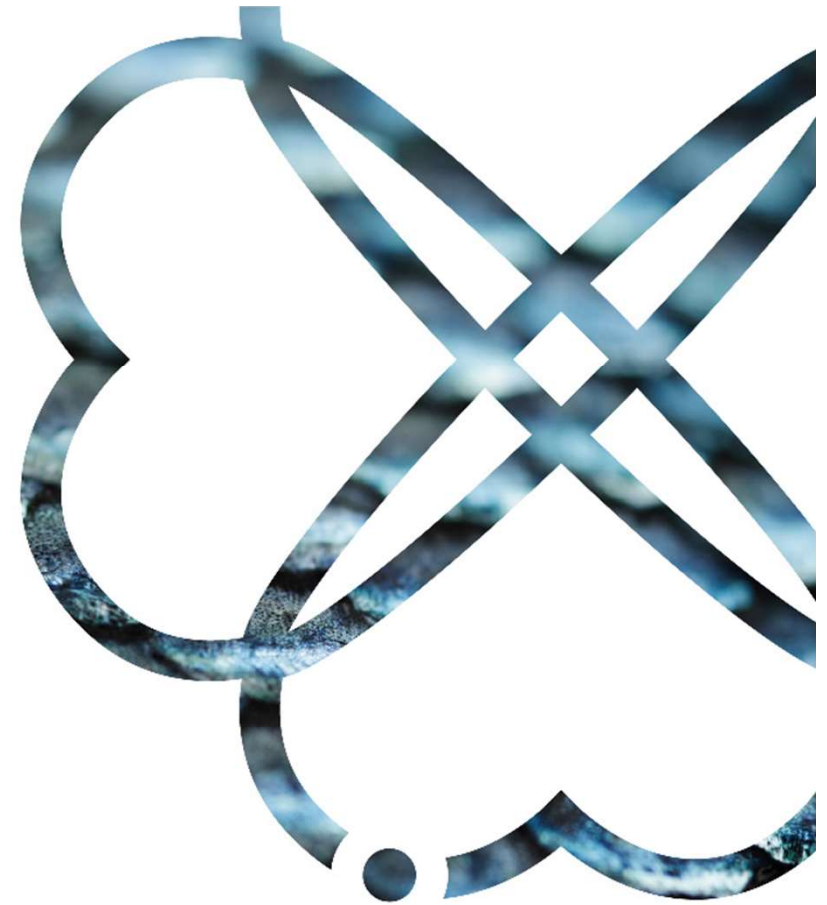


Managing Director's Report 12 Months to 31 July 2017

20 September 2017



Vision and Mission Statement

Vision

To optimise the health and development of adults, infants and children.

Mission

To deliver science based bioactives which provide health benefits to the adults, infants, children and medical food markets.

Full Year Performance Highlights

- ✓ Total Revenue **\$47.9m** up **12%**
driven by improved demand; highest ever recorded revenue
- ✓ Net Profit **\$3.6m** up **64%** on 2016 \$2.2m.
- ✓ Operating Expenses **\$6.1m**; investment in people to develop new products and sales
- ✓ New products released to develop additional market segments in Sports Nutrition
- ✓ Inventory at **\$18.8m** up 33% on prior year to meet increased demand
- ✓ Balance Sheet remains strong with no debt and cash of **\$5.9m**
- ✓ Final year dividend declared of **0.75 cent** per share, a 50% increase on prior year

Full Year 2017 Results

AUD million	4E Reported 31 Jul 2017	4E Reported 31 Jul 2016
Revenue	\$47.9	\$42.9
EBITDA	\$6.1	\$3.3
EBIT	\$5.5	\$2.8
NPBT	\$5.0	\$3.1
Tax	(\$1.4)	(\$0.9)
NPAT	\$3.6	\$2.2
EPS	2.20 cps	1.34 cps
ROE (annualised)	11.7%	7.4%

- ♣ 11.5% year on year revenue growth
- ♣ Increased sales across all markets
- ♣ EBIT \$5.5m (PY \$2.8m)
- ♣ NPBT of \$5.0m includes ~\$0.5m unrealised forex loss on AUD:USD appreciation in June & July 2017
- ♣ Fixed costs managed \$6.1m (PY \$5.8m)
- ♣ NPAT result \$3.6m (PY \$2.2m)

Balance Sheet 31 July 2017

AUD million	Reported 31 July 2017	Reported 31 July 2016	Movement
Cash	\$5.9	\$8.2	2.3 ↓
Trade Receivables	\$12.1	\$10.9	1.2 ↑
Inventories	\$18.8	\$13.6	5.2 ↑
Total Current Assets	\$37.6	\$33.1	4.5 ↑
PPE/Intangible Assets	\$5.0	\$6.7	1.7 ↓
Total Assets	\$42.6	\$39.8	2.8 ↑
Trade Payables	(\$9.2)	(\$8.5)	0.7 ↑
Total Current Liabilities	(\$9.9)	(\$9.5)	0.4 ↑
Total Liabilities	(\$10.0)	(\$9.6)	0.4 ↑
Net Assets	\$32.6	\$30.2	2.4 ↑

♣ Cash balance strong \$5.9m

♣ Trade receivables reflect the increased sales activity

♣ Inventory levels increased to meet demand

♣ Payables managed in line with increased activity

Sales by Geography & Product

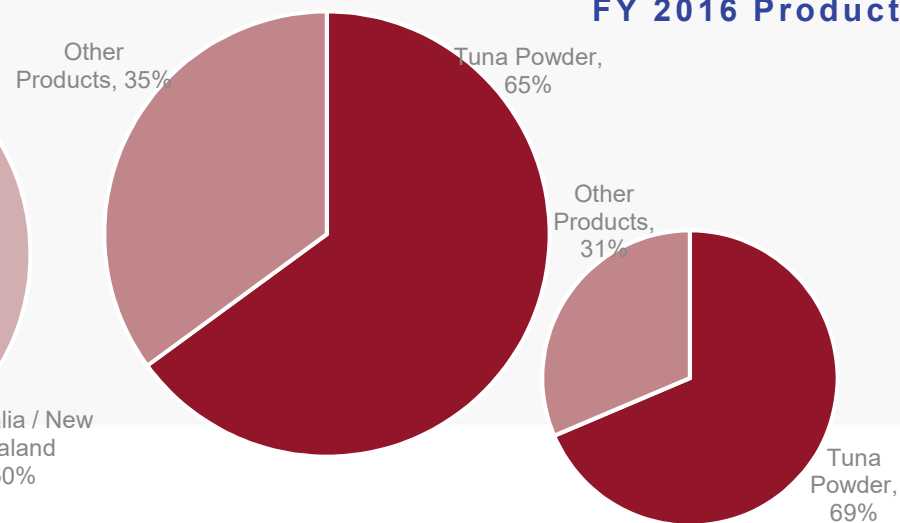
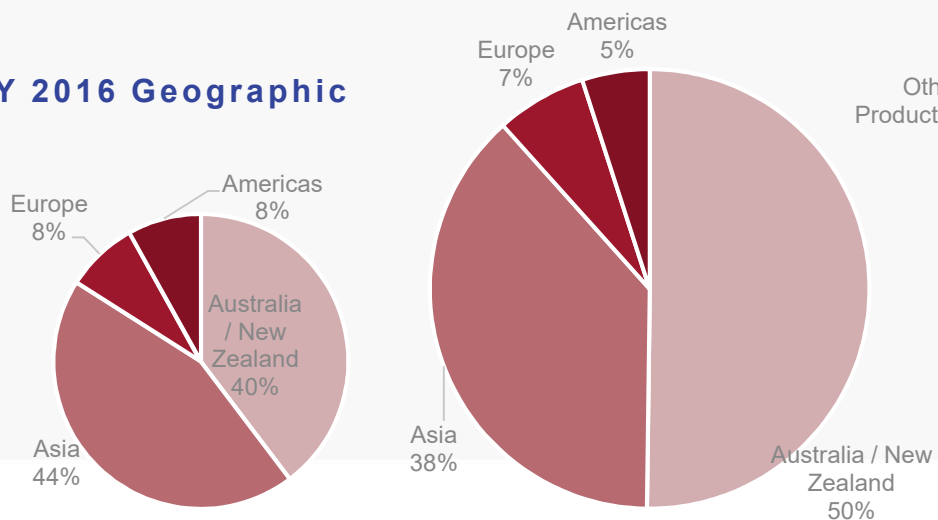
- ♣ Sales across all regions have grown during 2017
- ♣ European and American markets provide new opportunities
- ♣ Encapsulated Tuna oil leads sales revenue with encapsulated Algal oils and other oils represented in other products

FY 2017 Geographic

FY 2017 Product

FY 2016 Product

FY 2016 Geographic



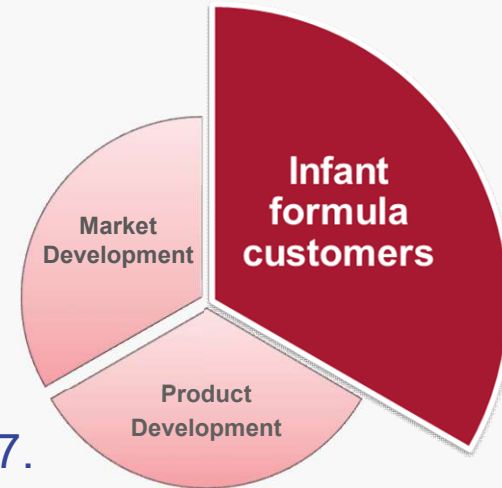
An Update on Growth Platforms



Growth Platform

Infant formula provides further growth

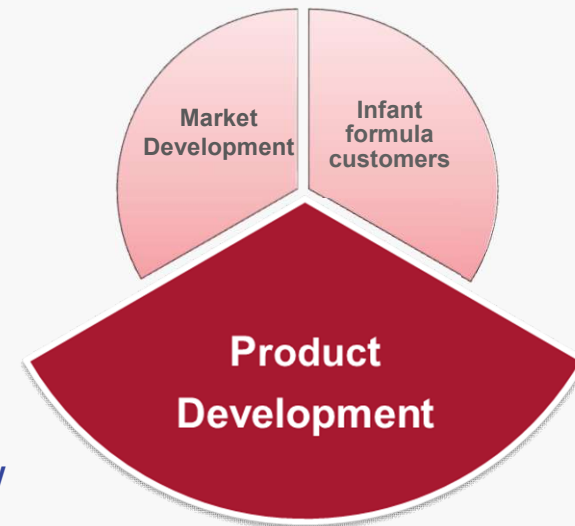
- ♣ The Chinese regulators changed rulings during 2017. Initially they proposed banning 'grey imports' (called CBEC) closing the channel to market for many infant formula brands, and reducing demand in the first half year
- ♣ In March 2017 regulators placed the ban on hold, allowing manufacturers to re-enter the market through this channel and increasing demand for Clover's products
- ♣ New European regulations requiring the inclusion of a minimum 20mg DHA dosage (currently avg.10mg) in all infant formula by 2020 remains a growth opportunity for Clover



Growth Platform

Products for new segments

- ♣ Clover's Hypoallergenic DHA product is now being purchased and used in infant formula applications
- ♣ A new highly concentrated DHA product which delivers 60% oil in a powder form is on trial with major manufacturers who are seeking to fortify products with high levels of DHA for the Sports nutrition market
- ♣ Clover purchased a bench top spray dryer which has accelerated new product development, such as the patent application for a new technology allowing phospholipids from krill and tuna oil to be encapsulated



Growth Platform

New markets development

- ♣ Clover has aligned with distributors across the USA, Europe & Asia, providing market access and the capability to service new customer opportunities
- ♣ To generate a presence in the market and achieve exposure to new segments, Clover has participated in a number of key food ingredients shows; Supply Side West - USA, Vita Foods - EU, Food Ingredients - China and Foodpro- Australia
- ♣ Clover has added emerging infant formula manufacturers to diversify the base of the business



FY2018 Outlook & Priorities

- ♣ Further market development through a specialised distribution network
- ♣ Product development enhancing our capability to fortify foods, drinks and other products with Omega 3
- ♣ Growth into new markets of India and the Middle East
- ♣ Research & Development in collaboration with customers
- ♣ Grow our pool of talented people
- ♣ Improve efficiencies and reduce operating costs
- ♣ Add value through strategic acquisition and/or partnership

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