

**CLOVER CORPORATION LIMITED**  
**ABN: 85 003 622 866**

**ASX Appendix 4D**  
**Half-Year Ended 31 December 2005**

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

				\$A'000
Revenues	Down	2%	to	7,481
Profit after tax attributable to members	Up	5%	to	461
Net profit after tax attributable to members	Up	5%	to	461

<b>Dividends / distributions</b>	Amount per security	Franked amount per security
Final dividend	Nil	Nil
Interim dividend	Nil	Nil

<b>Record date</b> for determining entitlements to dividends.	No dividends are proposed by the Directors' for the half-year ended 31 December 2005.
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<p><b>Explanation of Result</b></p> <p>For a further explanation of the half-year's operating result, please refer to the Directors' Report in the financial report for the half year ended 31 December 2005.</p>
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**CLOVER CORPORATION LIMITED**  
**ABN: 85 003 622 866**

**Half Year Ended 31 December 2005**

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This half year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2005 and any public announcements made by Clover Corporation Limited ("the Company") during the half year reporting period in accordance with the continuous disclosure requirements of the Listing Rules of the Australian Stock Exchange.

**CLOVER CORPORATION LIMITED**  
**ABN: 85 003 622 866**

## **Directors' Report**

Your directors submit the financial report on the economic entity consisting of Clover Corporation Limited and its controlled entities for the half-year period ended 31 December 2005.

### **Directors**

The names of directors who held office during the whole of the half-year and up to the date of this report are as follows unless otherwise stated:

Peter R Robinson  
Peter J Lancaster  
David E Wills  
Guy H Drummond (appointed on 13 December 2005)  
Andrew D Fairfull (resigned on 20 July 2005)  
C N "Hamish" Drummond (resigned on 13 December 2005)

### **Review of Operations**

Clover Corporation Limited (Clover) has reported a net profit after tax of \$461,000 for the half year ended 31<sup>st</sup> December 2005, an increase of 5% over the corresponding period last year. Sales for the period under review were \$7.5m, a reported decline of 2% on last year.

It should be noted that sales and subsequent profit for the first half were affected by the transfer of \$1.2m in sales from December'05 to January'06 due to goods invoiced and dispatched in December not being received by overseas customers until early January. Had those sales been recorded in December'05 revenue for the first half would have been \$8.7m, an increase of 13.6%. No similar adjustment was necessary in 2004. After adjusting for those sales the net profit result for the first six months would have read \$961,000, a 116.4% increase over the same period last year.

The growth in sales revenue came predominately from the infant nutrition and powdered supplement categories in Asia and New Zealand. During the first six months of the year Clover has increased its customer base including a Japanese confectionery business, three companies in New Zealand specializing in nutritional bars, cereals and canned goods and a bread manufacturer and infant nutrition company in Indonesia.

Nu-Mega Ingredients Pty Limited (Nu-Mega), Clover's operating subsidiary continues to be extremely active in the marketplace with 85 application projects in various stages of completion, 43 in the Asia/Pacific region, 20 in the USA and 22 in Europe. Nu-Mega is also currently running four product innovation projects, namely:-

1. New microencapsulation technology.
2. Undertaking the installation of deodorizing equipment at Altona to improve oil quality.
3. Nut replacement technology.
4. Highly dispersible soy powder technology from Nu-Soya.

The single cell fermentation project, which is being funded dollar for dollar by a Commonwealth Government Food Innovation Grant, is focused on developing new sources of Omega<sup>3</sup>DHA. Although results to date have been slower than anticipated, reasonable progress has been made in both lipid and DHA yield. Six new microalgae strains have been received from the CSIRO and are being evaluated. The next milestone for this project is March'06.

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**Directors' Report (continued)**

The JV with Austgrains to manufacture and market a unique soy flour became fully operational in December, 2004. Resources have been applied since commercialization in the applications area and finished product concepts have been presented to potential customers. Currently there are 3 scaled-up trials underway with 3 leading soymilk producers in Australia and New Zealand. The nut replacement technology referred to earlier is gaining a high level of industry interest in the replacement of nuts, particularly peanuts, which have a high allergy risk.

Negotiations are continuing with a potential new CEO and directors are hopeful of an early outcome.

**Rounding of Amounts**

The economic entity has applied the relief available to it in ASIC Class Order 98/0100 and accordingly amounts in the financial report and the directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

**Auditors Independence Declaration**

The lead auditor's independence declaration for the half-year ended 31 December 2005 has been received and is on the following page.

This report is signed in accordance with a resolution of the directors.

**Peter R Robinson**

Director

Sydney

Dated: 28 February 2006

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE  
CORPORATIONS ACT 2001**

**TO THE DIRECTORS OF CLOVER CORPORATION LIMITED**

I declare that, to the best of my knowledge and belief, during the half year ended 31 December 2005 there have been:

- (a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

*Lawler Partners*

**Lawler Partners**  
Chartered Accountants

Sydney

Dated: 28 February 2006

A handwritten signature in black ink, appearing to read "J Abela".

**Jeffrey J Abela**  
Partner

**Sydney**

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**CLOVER CORPORATION LIMITED**  
**ABN: 85 003 622 866**

**CONSOLIDATED INCOME STATEMENT**  
**For the half-year ended 31 December 2005**

	Notes	Half-year ended 31 Dec 2005 \$'000	Half-year ended 31 Dec 2004 \$'000
<b>Revenue</b>			
Revenue from operating activities		7,032	6,945
Other income		449	724
		<hr/>	<hr/>
<b>Total revenue</b>	2	<b>7,481</b>	<b>7,669</b>
<b>Expenses</b>			
Cost of goods sold		(4,316)	(4,660)
Sales and marketing expenses		(1,498)	(1,531)
Administration and corporate expenses		(843)	(797)
Finance costs		-	(2)
Research and product development		(195)	(73)
Share of net loss of associate accounted for using equity accounting		(115)	(45)
		<hr/>	<hr/>
<b>Total expenses</b>	2	<b>(6,967)</b>	<b>(7,108)</b>
<b>Profit before income tax</b>		<b>514</b>	<b>561</b>
Income tax expense		(31)	(50)
		<hr/>	<hr/>
<b>Profit from continuing operations</b>		<b>483</b>	<b>511</b>
Profit for the half-year		483	511
Profit attributable to minority interests		(22)	(67)
		<hr/>	<hr/>
<b>Profit attributable to members of Clover Corporation Limited</b>		<b>461</b>	<b>444</b>
<b>Earnings per security (EPS)</b>			
Basic earnings per share (cents per share)		0.28	0.27
Diluted earnings per share (cents per share)		0.28	0.26

The above income statement should be read in conjunction with the accompanying notes.

**CLOVER CORPORATION LIMITED**  
**ABN: 85 003 622 866**

**CONSOLIDATED BALANCE SHEET**  
**As at 31 December 2005**

	Notes	Half-year ended 31 Dec 2005 \$'000	Full year ended 30 June 2005 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		12,130	12,230
Receivables		2,243	2,522
Inventories		3,032	3,005
Other		135	78
<b>TOTAL CURRENT ASSETS</b>		<b>17,540</b>	<b>17,835</b>
<b>NON-CURRENT ASSETS</b>			
Receivables		2,284	859
Investments accounted for using the equity method	7	4,066	4,181
Investments in listed entities		9	9
Property, plant and equipment		1,921	1,430
Intangibles		102	101
Deferred tax assets		65	37
<b>TOTAL NON-CURRENT ASSETS</b>		<b>8,447</b>	<b>6,617</b>
<b>TOTAL ASSETS</b>		<b>25,987</b>	<b>24,452</b>
<b>CURRENT LIABILITIES</b>			
Payables		3,566	2,405
Current tax payables		(330)	(210)
Provisions		146	142
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,382</b>	<b>2,337</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions		39	32
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>39</b>	<b>32</b>
<b>TOTAL LIABILITIES</b>		<b>3,421</b>	<b>2,369</b>
<b>NET ASSETS</b>		<b>22,566</b>	<b>22,083</b>
<b>EQUITY</b>			
Contributed equity	5	32,920	32,920
Accumulated losses	6	(10,816)	(11,277)
Parent entity interest		22,104	21,643
Minority interest		462	440
<b>TOTAL EQUITY</b>		<b>22,566</b>	<b>22,083</b>

The above balance sheet should be read in conjunction with the accompanying notes.

**CLOVER CORPORATION LIMITED**  
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**CONSOLIDATED CASH FLOW STATEMENT**  
**For the half-year ended 31 December 2005**

	<b>Half-year ended 31 Dec 2005 \$'000</b>	<b>Half-year ended 31 Dec 2004 \$'000</b>
<b>Cash flows related to operating activities</b>		
Receipts from customers	6,089	7,688
Payments to suppliers and employees	(5,689)	(7,783)
Interest received	289	465
Borrowing costs paid	-	(2)
Income tax paid	(179)	(249)
<b>Net cash provided by operating activities</b>	<b>510</b>	<b>119</b>
<b>Cash flows related to investing activities</b>		
Payment for purchases of plant and equipment	(601)	(17)
Payments for patents and trademarks	(9)	(6)
Payment for investment in listed securities	-	-
Loan to associate	-	(844)
Payments for investment in associate	-	(2,855)
<b>Net cash used in investing activities</b>	<b>(610)</b>	<b>(3,722)</b>
<b>Cash flows related to financing activities</b>		
Proceeds from issues of shares	-	3,926
Dividends paid by parent entity	-	(1,652)
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>2,274</b>
<b>Net decrease in cash held</b>	<b>(100)</b>	<b>(1,329)</b>
Cash at beginning of period	12,230	13,803
<b>Cash at end of period</b>	<b>12,130</b>	<b>12,474</b>

The above cash flow statement should be read in conjunction with the accompanying notes.

**CLOVER CORPORATION LIMITED**  
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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the half-year ended 31 December 2005**

	<b>Half-year ended 31 Dec 2005 \$'000</b>	<b>Half-year ended 31 Dec 2004 \$'000</b>
Total equity at the beginning of the half-year	22,083	21,572
Net profit for the half-year	<u>483</u>	<u>511</u>
Total equity at the end of the half-year	<u><u>22,566</u></u>	<u><u>22,083</u></u>

The above Statement of Changes Equity should be read in conjunction with the accompanying notes.

**CLOVER CORPORATION LIMITED**  
**ABN: 85 003 622 866**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the half-year ended 31 December 2005**

**1. (a) Basis of preparation**

This financial report for the half-year ended 31 December 2005 is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 134: Interim Financial Reporting, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2005 and any public announcements made by Clover Corporation Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the entities in the economic entity and are consistent with those applied in the 30 June 2005 annual report and the corresponding interim reporting period unless otherwise stated.

The half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the income statement, balance sheet and cash flow statement of Clover Corporation Limited and its controlled entities as the full financial report.

**(b) Australian Equivalents to International Financial Reporting Standards**

This is our first financial report prepared in accordance with the Australian Equivalents to International Financial Reporting Standards (AIFRS). AASB 1: First time adoption of Australian equivalents to International Financial Reporting Standards has been applied in preparing our interim financial report. The financial report until 30 June 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain aspects from AIFRS. When preparing this financial report we have amended certain accounting and valuation methods applied in the previous AGAAP financial statements to comply with AIFRS. The comparative figures have been restated to reflect these adjustments. The financial impact of the change is as follows:

Start up costs capitalised were being amortised over 20 years under previous AGAAP. Under AIFRS start up costs have been expensed. Accordingly, the written balance of start up costs at 1 July 2004 of \$146,000 (representing cost of \$154,000 and accumulated amortisation of \$8,000) have been taken to accumulated losses. The comparatives in respect of profit for the year ended 30 June 2005 will be \$7,000 higher than reported in that period.

**2. Profit before income tax expense**

Profit before income tax expense includes the following items of income and expense which, together with other disclosures in this report are relevant in explaining the financial performance for the half-year:

	<b>Half-year ended 31 Dec 2005 \$'000</b>	<b>Half-year ended 31 Dec 2004 \$'000</b>
<b>Revenue</b>		
Export market development grant	-	150
Interest revenue	328	465
<b>Expenses</b>		
Cost of good sold	(3,546)	(4,660)
Depreciation and amortisation expenses	(114)	(323)

**CLOVER CORPORATION LIMITED**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the half-year ended 31 December 2005**

**3. Contingent liabilities**

	<b>Half-year ended 31 Dec 2005 \$'000</b>	<b>Half-year ended 31 Dec 2004 \$'000</b>
Bank guarantee (a)	350	350

(a) Clover Corporation Limited has provided a limited cross guarantee to its controlled entity Nu-Mega Ingredients Pty Limited, which is secured by a floating charge on its assets. There are no other contingent liabilities.

**4. Events subsequent to reporting date**

No events have occurred subsequent to balance date which would materially affect the half-year financial report.

**5. Contributed equity**

	<b>Half-year ended 31 Dec 2005 \$'000</b>	<b>Half-year ended 31 Dec 2004 \$'000</b>
<b>Issued and paid-up capital</b>		
165,181,696 (2004: 165,181,696) ordinary shares, fully paid	<b>32,920</b>	<b>32,920</b>
<b>Movements in ordinary share capital:</b>		
Balance at the beginning of the reporting period	32,920	28,994
Shares issued resulting from share options exercised during the period	-	3,926
Balance at the end of the reporting period	<b>32,920</b>	<b>32,920</b>

**6. Accumulated losses**

	<b>Half-year ended 31 Dec 2005 \$'000</b>	<b>Half-year ended 31 Dec 2004 \$'000</b>
Accumulated losses at the beginning of the period	(11,277)	(10,247)
Adjustment to opening balance on adoption of AIFRS:		
write of formation costs	-	(146)
Net profit attributable to members	461	444
Final dividend paid	-	(1,652)
<b>Accumulated losses at end of the financial period</b>	<b>(10,816)</b>	<b>(11,601)</b>

**CLOVER CORPORATION LIMITED**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the half-year ended 31 December 2005**

**7. Associates**

**Details of shares and results in associates:**

	Interest in Associates	31 December 2005 \$000	31 December 2004 \$000
a) JSR Clover Limited	50%		
- share of net assets		-	-
- share of results		-	-
b) Future Food Ingredients Pty Limited	50%		
- share of net assets		4,066	4,181
- share of net loss		(115)	(45)
- loan from Clover Corporation Ltd		2,112	960

The working capital loan from Clover Corporation is charged 9% interest per annum and is payable when Future Food Ingredients Pty Ltd has the surplus cash flows.

**8. Segment information**

**Primary Reporting – Business Segments**

	DHA product refinement, development and supply		Investment / Treasury / Other		Economic Entity	
	2005 \$000	2004 \$000	2005 \$000	2004 \$000	2005 \$000	2004 \$000
<b>Revenue</b>						
Sales revenue	7,032	6,945	-	-	7,032	6,945
Other revenue	68	150	381	574	449	724
Total segment revenue	7,100	7,095	381	574	7,481	7,669
Total revenue consolidated					7,481	7,669
<b>Results</b>						
Segment result	90	185	381	574	471	759
Unallocated expenses net of unallocated revenue					43	(315)
Profit before income tax expense					514	561
Income tax expense					(31)	(50)
Profit for the half-year					483	511

**CLOVER CORPORATION LIMITED**  
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**DIRECTORS' DECLARATION**  
**For the half year ended 31 December 2005**

The directors declare that the financial statements and notes, as set out in this financial report:

- (a) comply with Accounting Standards, Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2005 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the directors' opinion:

- (a) the financial statements comply with the Corporations Act 2001; and
- (b) there are reasonable grounds to believe that Clover Corporation Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

**Peter R Robinson**  
Director

Sydney

Dated: 27 February 2006

## INDEPENDENT REVIEW REPORT TO THE MEMBERS OF CLOVER CORPORATION LIMITED

### Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe the half-year financial report of Clover Corporation Limited:

- (a) does not give a true and fair view, as required by the Corporations Act 2001 in Australia, of the financial position of the Clover Corporation Group (define below) at 31 December 2005 and of its performance for the half-year ended on that date; and
- (b) is not presented in accordance with the Corporations Act 2001, Accounting Standard AASB 134: Interim Financial Reporting and other mandatory financial reporting requirements in Australia, and the Corporation Regulations 2001.

### Scope

#### The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, Statement of changes in equity, accompanying notes to the financial statements, and the directors' declaration for the Clover Corporation Group (the consolidated entity), for the half-year ended 31 December 2005. The consolidated entity comprises both Clover Corporation Limited (the company) and the entities it controlled during that half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for accounting policies and accounting estimates inherent in the financial report.

#### Review approach

We conducted an independent review in order for the company to lodge the financial report with the Australian Securities and Investments Commission / Australian Stock Exchange Limited. Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly, in accordance with the Corporations Act 2001, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the consolidated entity's financial position, and its performance as represented by the results of its operations and cash flows.

#### Sydney

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We formed our statement on the basis of the review procedures performed, which included:

- (a) inquiries of company personnel, and
- (b) analytical procedures applied to data.

When this review report is included in a document containing information in addition to the financial report, our procedures include reading the other information to determine whether it contains any material inconsistencies with the financial report.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

While we consider the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of decisions made by directors or management.

*Lawler Partners*

**Lawler Partners**  
Chartered Accountants



**Jeffrey J Abela**  
Partner

Sydney

Dated: 28 February 2006

**CLOVER CORPORATION LIMITED**  
**ABN: 85 003 622 866**

**SUPPLEMENTARY APPENDIX 4D INFORMATION**

**Additional dividend / distribution information**

There were no dividends and or distributions declared and or paid by Clover Corporation Limited during or subsequent to the half year period ended 31 December 2005.

**Dividend or distribution reinvestment plan**

There are no dividends or distribution reinvestment plans as at 31 December 2005.

**NTA Backing**

	<b>Half-year ended 31 Dec 2005</b>	<b>Half-year ended 31 Dec 2004</b>
Net tangible asset backing per ordinary share	<u>13.66 cents</u>	<u>13.12 cents</u>

**Controlled entities acquired or disposed off**

There were no entities acquired or disposed off during the half-year period ended 31 December 2005.

**Details of shares and results in associates**

	<b>31 December 2005 \$000</b>	<b>31 December 2004 \$000</b>
a) JSR Clover Limited		
- share of net assets	-	-
- share of results	-	-
Clover Corporation Limited has a 50% interest in JSR Clover Limited.		
b) Future Food Ingredients Pty Limited		
- share of net assets	4,066	4,181
- share of net loss	(115)	(45)

Clover Corporation Limited has a 50% interest in Future Food Ingredients Pty Limited.