



**Clover Corporation Limited**

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**Clover Corporation Limited**  
**ASX Appendix 4E**  
**Preliminary final report**  
**30 June 2007**

Lodged with the ASX under Listing Rule 4.3A

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**Reporting Period** *(Appendix 4E item 1)*

The reporting period for this report is the financial year ending 30 June 2007.

The previous corresponding period is the financial year ending 30 June 2006.

## Results for Announcement to the Market

### FINANCIAL HIGHLIGHTS

- **Consolidated profit after tax** of \$635,000 for the year to 30 June 2007 (2006: \$453,000) was affected by:
  - start up losses of \$ 534,000 in the soy flour joint venture (2006: \$357,000)
  - the expensing of \$ 831,000 in research and product development costs (net of Government grant funding) (2006: \$ 525,000)
  - completion of a number of important projects regarding oil quality, product range and microencapsulation technology designed to increase the company's competitive strength and improve future profitability. (refer to the review of operations for further details)

### Appendix 4E Information

		% Change	Amount of Change \$'000		\$ \$'000
<b>Revenue</b> <i>(Appendix 4E item 2.1)</i>	<b>down</b>	<b>6.1%</b>	<b>1,145</b>	to	<b>17,664</b>
<b>Profit</b> after tax attributable to members <i>(Appendix 4E item 2.2)</i>	<b>Up</b>	<b>40.2%</b>	<b>182</b>	to	<b>635</b>
<b>Net profit</b> for the period attributable to members <i>(Appendix 4E item 2.3)</i>	<b>Up</b>	<b>40.2%</b>	<b>182</b>	to	<b>635</b>

<b>Dividends/distributions</b> <i>(Appendix 4E item 2.4)</i>	<b>Amount per security</b>	<b>Franked Amount per security</b>
Final dividend	Nil	Nil
Previous corresponding period	Nil	Nil

<b>Day/Month/Year</b>
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**Record date** for determining entitlements to dividends  
*(Appendix 4E item 2.5)*

N/A

**Dividend Payment Date**

N/A

**Additional dividend/distribution information** *(Appendix 4E item 6)*

No dividends or distributions were declared or paid during or subsequent to the year ended 30 June 2007.

**Dividend/distribution reinvestment plans** *(Appendix 4E item 7)*

There are no dividends or distribution reinvestment plans as at 30 June 2007.

**NTA Backing** *(Appendix 4E item 9)*

	<b>2007</b>	<b>2006</b>
NTA per share	13.90 cents	13.73 cents

**EPS**

	<b>2007</b>	<b>2006</b>
Basic Earnings per Share	0.38 cents	0.27 cents
Diluted Earnings per Share	0.38 cents	0.27 cents

**Explanation of Profit after tax** *(Appendix 4E item 2.6)*

For a further explanation of the financial year's operating results, please refer to the Review of Operations.

**Explanation of Net Profit** *(Appendix 4E item 2.6)*

For a further explanation of the financial year's operating results, please refer to the review of Operations.

**Explanation of Dividends** *(Appendix 4E item 2.6)*

No dividends or distributions were declared or paid during or subsequent to the year ended 30 June 2007.

**Review of Operations** *(Appendix 4E item 2.6)*

Clover Corporation Limited ("Clover") has achieved a net profit after tax attributable to members for the year ended 30<sup>th</sup> June 2007 of \$635,000 (2006: \$453,000) an increase of +40%. The results were affected by:

- Clover's share of Nu-Mega's profit after tax was \$635,000 (2006: \$525,000) despite a small reduction in the sales revenue \$16.0m (2006: \$16.4m). The reduction in sales was due to the disruption of customers operations arising from an earthquake in Indonesia in mid 2006 affecting the first half of FY07.
- The expensing of \$831,000 (2006: \$525,000) in research and development costs (net of Government grant funding). The majority of these funds were directed towards the investigation of microalgae as a source of omega-3 oil under the auspices of a Food Innovation Grant and the development of an improved microencapsulation of oil technology with Food Science Australia.
- Share of losses totalling \$534,000 in the soy flour joint venture with Future Food Ingredients Pty Limited ("FFI" is 50% owned by Clover). This loss was less than budget reflecting the increasing pace of commercial activity (loss in the first half of FY07 was \$342,000 compared to \$192,000 in the second half of the financial year). FFI is working closely with a number of food companies to develop product applications that could lead to significant sales.

FY07 was a year of reorganisation and refocus for Clover particularly in relation to its Joint Venture, Nu-Mega Ingredients Pty Ltd ("Nu-Mega" which is a 70% owned by Clover). Clover has in recent months taken a more direct involvement in its management and strategy to extend Nu-Mega's commercial and technical exposure in international markets. In order to expedite this strategy Clover is currently in negotiations with Nu-Mega's minority shareholder, Nutra-Spec Pty Ltd, to acquire its 30% interest. Clover shareholder approval is required if the transaction is to proceed. If successful, Clover will be better positioned to develop direct relationships with international food ingredient companies to market Clover's products in the US, Europe and UK.

While this strategic activity has been underway during FY07 Clover and Nu-Mega have completed a number of important projects designed to improve its strength and competitiveness, namely;

## **Review of Operations – continued** *(Appendix 4E item 2.6)*

- Oil Quality – The new oil deodorising process that was commissioned at Altona in October 2006 has significantly improved the quality of the refined tuna oil for all applications and has helped to ensure that the oil meets all the analytical parameters required by our customers.
- Product Range - Concluding the Food Innovation Grant investigating the identification of a new microalgal source of high DHA oil. Although a considerable amount of useful information was generated during the conduct of this project there is no commercial opportunity at this time
- Microencapsulation technology – An improved omega-3 oil microencapsulation technology has been developed in association with Food Science Australia. An exclusive license agreement for this technology has been finalised. The first powdered oil ingredient produced using this technology has been manufactured and is currently being commercially evaluated.

Further investigations are planned to enhance the cost effective functionality of Nu-Mega's microencapsulated powdered ingredients.

- Market Research – Participation in a syndicated project with the National Centre of Excellence in Functional Foods aimed at developing “Foods for healthy ageing”. This market segment offers significant commercial opportunities for the nutritional ingredients produced by Clover related companies.
- Communications – Nu-Mega is a foundation member of both the Omega-3 Centre in Australia and GOED (The Global Organisation for EPA and DHA Omega-3) in North America. The primary focus of both groups is to improve and enhance the positive communication of omega-3 oils to all sections of the community.
- Regulatory – During the year Nu-mega prepared a submission in support of a health claim in Australia for long chain omega-3 oils in regard to heart health. It is hoped that a general level health claim will be granted when health claims are duly allowed in Australia.

Nu-Mega has made submissions for the use of its high DHA tuna oil and microencapsulated powders in various food products in Malaysia, Canada and Mexico in support of commercial opportunities in these countries. Approval of these submissions is anticipated in FY08.

- Clinical research – Nu-Mega was involved in a number of important clinical studies during the course of the year directed towards understanding, for example, the impact of tuna oil on heart health, weight loss with exercise and brain function.

After disappointing sales in the first half of FY07 revenue improved significantly during the second half. This occurred principally as a result of increased sales in Asia. However total sales revenue remained below last year. Although infant formula still represents the major use of Nu-Mega's HiDHA tuna oil and powders there were notable successes during the year in both the food and supplement categories. In addition negotiations are well advanced concerning the supply of oil and powdered HiDHA tuna oil ingredients to a number of infant formula producers.

Future Food Ingredients Pty Ltd (“FFI”) is Clover's 50/50 Joint Venture with Austgrains Pty Ltd which was formed to commercialise a new technology to produce bland flavoured soy ingredients manufactured from non-GM soybeans. FFI, though still in its early commercialisation phase, is developing a significant sales foundation for this business.

**Review of Operations – continued** *(Appendix 4E item 2.6)*

- Customers – The customer list for FFI soy based ingredients is growing quickly with a visible example being the long term contract secured to supply Nu-Soya flour to So Natural Foods Australia Ltd for use in their UHT soy milk products. In addition to Australian sales significant export sales have now been secured in New Zealand and Asia. Sales continue to increase and the outlook for the business is positive.
- Applications – Considerable effort has been expended, both internally and through the assistance of Food Science Australia, to provide products, formulations and solutions for our customers.
- Products – FFI has expanded its product range in response to our customers needs to produce conventional and organic soybeans as flakes, grits and various grades of flour in both enzyme active and improved flavour forms. Organic certification of the Moree plant was obtained during the year.

Considerable effort has been expended during the year to improve Clover's performance and to lay the foundation for revenue and profit growth in coming years.

For more information please refer to;

[www.clovercorp.com.au](http://www.clovercorp.com.au)  
[www.nu-mega.com](http://www.nu-mega.com)  
[www.dha-in-mind.com](http://www.dha-in-mind.com)  
[www.omega-3centre.com](http://www.omega-3centre.com)  
[www.goedomega3.com](http://www.goedomega3.com)

**Consolidated Income Statement** *(Appendix 4E item 3)*  
**for the year ending 30 June 2007**

	Notes	30 June 2007 \$'000	30 June 2006 \$'000
<b>Revenue</b>			
Revenue from the sale of goods		16,469	17,292
Interest revenue	2	813	772
Other revenue	2	382	745
		17,664	18,809
<b>Expenses</b>			
Cost of goods sold	2	(10,694)	(11,415)
Administration and corporate expenses		(2,054)	(2,028)
Finance costs		(1)	(1)
Sales and marketing expenses		(2,085)	(2,635)
Research and product development		(907)	(1,075)
Other expenses		(94)	(267)
Share of net loss of associate accounted for using equity accounting	7	(534)	(357)
		(16,369)	(17,778)
<b>Profit before tax</b>		<b>1,295</b>	<b>1,031</b>
Income tax expense		(388)	(353)
<b>Profit after tax</b>		<b>907</b>	<b>678</b>
Profit attributable to minority interest		(272)	(225)
<b>Net profit attributable to members</b>		<b>635</b>	<b>453</b>

The income statement is to be read in conjunction with the notes to the financial statements set out in the notes to this report.

**Consolidated Balance Sheet** *(Appendix 4E item 4)*  
**as at 30 June 2007**

	Notes	30 June 2007 \$'000	30 June 2006 \$'000
<b>CURRENT ASSETS</b>			
Cash	3	10,960	11,016
Receivables		4,663	3,259
Inventories		3,199	3,215
Other		97	71
<b>TOTAL CURRENT ASSETS</b>		<b>18,919</b>	<b>17,561</b>
<b>NON-CURRENT ASSETS</b>			
Receivables		2,112	2,112
Investments		3,296	3,828
Plant and equipment (net)		1,920	1,765
Intangibles (net)		73	86
Deferred tax asset		47	63
<b>TOTAL NON-CURRENT ASSETS</b>		<b>7,448</b>	<b>7,854</b>
<b>TOTAL ASSETS</b>		<b>26,367</b>	<b>25,415</b>
<b>CURRENT LIABILITIES</b>			
Payables		2,161	2,246
Current tax liabilities		270	156
Provisions		168	173
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,599</b>	<b>2,575</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions		100	79
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>100</b>	<b>79</b>
<b>TOTAL LIABILITIES</b>		<b>2,699</b>	<b>2,654</b>
<b>NET ASSETS</b>		<b>23,668</b>	<b>22,761</b>
<b>EQUITY</b>			
Share Capital	5	32,920	32,920
Accumulated losses	6	(10,189)	(10,824)
Minority interests		937	665
<b>TOTAL EQUITY</b>		<b>23,668</b>	<b>22,761</b>

The balance sheet is to be read in conjunction with the notes to the financial statements set out in the notes to this report.

**Statement of Changes in Equity** *(Appendix 4E)*  
**for the year ended 30 June 2007**

<b>CONSOLIDATED</b>	<b>Issued Capital</b>	<b>Retained Profits (Accumulated Losses)</b>	<b>Minority Equity Interest</b>	<b>Total</b>
	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2005</b>	32,920	(11,277)	440	22,083
Profit attributable to members of parent entity	-	453	225	678
<b>Balance at 30 June 2006</b>	32,920	(10,824)	665	22,761
Profit attributable to members of parent entity	-	635	272	907
<b>Balance at 30 June 2007</b>	<b>32,920</b>	<b>(10,189)</b>	<b>937</b>	<b>23,668</b>

**Consolidated Cash Flow Statement** *(Appendix 4E item 5)*  
**for the year ended 30 June 2007**

	<b>30 June 2007</b> <b>\$'000</b>	<b>30 June 2006</b> <b>\$'000</b>
<b>Cash flows related to operating activities</b>		
Receipts from customers	16,812	17,101
Payments to suppliers and employees	(16,793)	(16,920)
Dividend Received	-	1
Interest received	623	605
Interest paid	(1)	(1)
Income tax paid	(256)	(14)
<b>Net cash (used in) / provided by operating activities</b>	<b>385</b>	<b>772</b>
<b>Cash flows related to investing activities</b>		
Payment for purchase of plant and equipment	(438)	(734)
Payments for patents and trademarks	(3)	-
Payment for investment in associate	-	-
Payments for other investments	-	-
<b>Net cash (used in) / provided by investing activities</b>	<b>(441)</b>	<b>(734)</b>
<b>Cash flows related to financing activities</b>		
Proceeds from issues of shares	-	-
Related party loan	-	(1,252)
Dividends paid by parent entity	-	-
<b>Net cash (used in) / provided by financing activities</b>	<b>-</b>	<b>(1,252)</b>
<b>Net increase in cash held</b>	<b>(56)</b>	<b>(1,214)</b>
Cash at the beginning of financial period	11,016	12,230
<b>Cash at the end of financial period</b>	<b>10,960</b>	<b>11,016</b>

The cash flow statement is to be read in conjunction with the notes to the financial statements set out in the notes to this report.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 30 June 2007**

**1. Basis of Preparation**

This financial report for the year ended 30 June 2007 is a general purpose financial report that has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards, 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 2007 and any public announcements made by Clover Corporation Limited and its controlled entities during the year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been applied in accordance with the Australian equivalents to International Financial Reporting Standards (AIFRS).

This financial report does not include full disclosures of the type normally included in an annual financial report.

**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 year:

	<b>30 June 2007</b>	<b>30 June 2006</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>		
Export Market Development Grant	125	150
Food Innovation Grant	76	400
Interest revenue	813	772
<b>Expenses</b>		
Cost of goods sold	10,694	11,415

**3. Contingent liabilities**

	<b>30 June 2007</b>	<b>30 June 2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Bank guarantee	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.

(b) 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 financial report.

**5. Share Capital**

	<b>30 June 2007</b>	<b>30 June 2006</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Issued and paid-up capital</b>		
165,181,696 (2005: 165,181,696) fully paid ordinary shares	<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	32,920
Shares issued during the financial period	-	-
Balance at the end of the reporting period	<u><b>32,920</b></u>	<u><b>32,920</b></u>

**6. Accumulated losses** *(Appendix 4E item 8)*

	<b>30 June 2007</b>	<b>30 June 2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Accumulated losses at the beginning of the financial period	(10,824)	(11,277)
Net profit attributable to members	635	453
Dividends paid	-	-
<b>Accumulated losses at end of the financial period</b>	<u><b>(10,189)</b></u>	<u><b>(10,824)</b></u>

**Controlled entities acquired or disposed of** *(Appendix 4E item 10)*

There were no entities acquired or disposed during the financial year ended 30 June 2007.

**Associates and Joint Venture entities** *(Appendix 4E item 11)*

**7. Details of shares and results in associates**

	<b>30 June 2007</b>	<b>30 June 2006</b>
	<b>\$000</b>	<b>\$000</b>
Future Food Ingredients Pty Limited		
- share of net assets (i)	3,378	3,824
- share of results (ii)	(534)	(357)
- loan from Clover Corporation Limited	2,112	2,112
- accrued interest	495	305
(i) Net assets of FFI	6,757	7,824
At Clover's share 50%	3,378	3,912
Adjustment for accumulated interest charged by Clover and capitalised by FFI for qualifying assets	(88)	(88)
	3,290	3,824
(ii) Net profit (loss) of FFI	(1,068)	(676)
At Clover's share 50%	(534)	(338)
Adjustment for current year interest charged by Clover and capitalised by FFI for qualifying assets	-	(19)
	(534)	(357)

Clover Corporation Limited has a 50% interest in Future Food Ingredients Pty Limited ("FFI").

Clover Corporation Limited has a 50% interest in JSR Clover Limited, a company incorporated in the United Kingdom. The share of net asset and results for JSR Clover Limited are immaterial and have not been included in this financial report.

**Other significant information** *(Appendix 4E item 12)*

Please refer to the review of operations contained in this report.

**Foreign Accounting Standards** *(Appendix 4E item 13)*

N/A

**Commentary on results**

***Earnings per share*** *(Appendix 4E item 14.1)*

Please refer to the review of operations contained in this report.

***Returns to shareholders*** *(Appendix 4E item 14.2)*

N/A

***Significant features of operating performance*** *(Appendix 4E item 14.3)*

Please refer to the review of operations contained in this report.

**Results of segments** *(Appendix 4E item 14.4)*

**Primary Reporting – Business Segments**

	Soy		Tuna Oil		Investment/ Treasury		Economic Entity	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000	2007 \$000	2006 \$000	2007 \$000	2006 \$000
<b>Revenue</b>								
External sales	-	-	16,469	17,292	-	-	16,469	17,292
Total sales revenue	-	-	16,469	17,292	-	-	16,469	17,292
Share of net profits of equity accounted associate	(534)	(357)	-	-	-	-	(534)	(357)
Other revenue	-	-	-	-	813	772	813	772
Total segment revenue	(534)	(357)	16,469	17,292	813	772	16,748	17,707
Unallocated revenue							382	745
Total revenue from ordinary activities							17,130	18,452
<b>Results</b>								
Segment result	(534)	(357)	1,295	1,103	813	772	1,574	1,518
Unallocated expenses net of unallocated revenue							(279)	(487)
Profit from ordinary activities before income tax expense							1,295	1,031
Income tax expense							(388)	(353)
<b>Net Profit</b>							907	678

***A discussion of trends in performance (Appendix 4E item 14.5)***

Please refer to the review of operations contained in this report.

***Other factors that affected results in the period or which are likely to affect results in the future (Appendix 4E item 14.6)***

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

***Audit (Appendix 4E items 15 - 17)***

This report is based on financial statements that are in the process of being audited.