

Clover Annual General Meeting

28 November 2006

Managing Director's Report

Dr Ian Brown



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Introduction to Dr Ian Brown



- More than 25 years experience internationally in the food ingredients & nutrition industry.
- Integral to the discovery, development & commercialization the resistant starch ingredient Hi-maize[®].
- Research collaborations with Wollongong & Flinders Universities (Australia), and with Colorado & Penn State Universities (USA).
- Positions on the Industry Advisory Board of NCEFF & the Steering Committee of the Omega-3 Centre.

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Consumers are interested in their health



Top 10 Food Trends -

1. Kids at Risk – how do we improve the health of our children.
2. 100 Calorie Cut-Offs – control our calorie intake.
3. Phytochemicals, Finally! – antioxidants are paving the way.
4. Multi-Benefits – foods should provide multiple nutritional benefits.
5. Healthy Fats – understand which fats are healthier.
6. Mature Matters – foods designed for an aging population.
7. Glycemic, Gluten, and Grains.
8. Natural Solutions – associated with fresh & wholesome.
9. Boosting Performance – we need extra energy.
10. Fun Favorites – healthy versions of favorite foods.

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Consumers want to see immediate impact on their health benefits, including...

- Better quality & length of life.
- Control energy levels.
- Reduced weight gains / obesity.
- Control mood swings.
- Appetite control.
- Cognitive performance -
 - improved concentration.
- Proper blood sugar management –
 - Reduced metabolic syndrome and NIDDM.
- Reduce CVD.
- Improved sports performance.
- Reduced incidence of cancer.



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Overview of Clover Corporation

Clover is focused on the provision of specialty nutritional ingredients & supplements.

Controlled entities:

- **Nu-Mega Lipids Pty Ltd**
 - Clover (100%)
 - » Tuna oil
- **Nu-Mega Ingredients Pty Ltd**
 - Clover : NutraSpec (70% : 30%)
 - » Omega-3 liquid & powdered ingredients.

Subsidiaries of Nu-Mega Ingredients Pty. Ltd.

Nu-Mega Ingredients Limited.
Nu-Mega Ingredients Ltd.

- Clover Healthcare Limited
- Clover Corporation PLC

Associated entities:

- **Future Food Ingredients Pty Ltd**
 - Clover : Austgrains (50% : 50%)
 - » Debittered soy flour (Nu-Soya™)
- **JSR Clover**
 - Clover : JSR (50% : 50%)
 - » Omega-3 for animal feeds.



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Overview of Clover

- Secured renewable 5 year contract with StarKist for crude tuna oil.
- Renewed contract with Murray Goulburn to produce encapsulated products using Clover technology.
- Finalized technology license with Food Science Australia for new microencapsulation technology.
- Commissioned new deodouriser to improve oil quality.
- Food Innovation Grant for obtaining oil from microalgae.
- NCEFF “Foods for Healthy Aging” project.
- Clinical research program.
- Investigating strategic alliances &/or partnerships.



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Clover support nutritional & clinical research

	Health Parameter	Test Subjects
Heart	Atrial fibrillation Hypertrophy Cholesterol Platelet aggregation Dose-response index	Human Mice Human Human Human
Inflammation	Periodontitis Exercise	Rat Human
Weight Control	In relation to Type II diabetes	Human
Eye	Glaucoma	Rat
Mood / Mental	Neurological development in preterm infants Bipolar disorder ADHA Alzheimers disease	Infants Children Children Rat



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Overview of Nu-Mega

- **Product range includes refined oil and encapsulated powdered products.**
- **Also responsible for marketing & sales of Nu-Soya.**
 - A number of important changes in staff are underway.
- **Market focus – beverages, etc.,.**
- **Major focus on applications research in the area of beverages, etc.,.**
- **Steady growth in line with market growth in Australia & Asia, however there was limited growth in Europe & USA.**
- **Plant & processes have been audited by a number of potential multinational customers. Negotiations & product approval processes are underway.**
- **Involvement in a number of new industry based organisations – Omega-3 Centre (Australia) and GOED (USA).**



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Future Food Ingredients

- Development year in FY2006/07. Move to profitability in FY2007/08.
- Nu-Mega is responsible for applications, sales & marketing.
- Disappointment at the slow start for this business.
- Finalized the commissioning of the Moree plant.
- Introducing business & sales specialists.
- So Natural contract.
 - Exclusive ingredient supplier.
- Expanding product range;
 - Soy products.
 - Nu-Soya™.
 - Enzyme active soy flour.
 - Specialty premixes & concentrates.
 - Low GI (wholemeal, whole grain & white variants)



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Where are we going

- **High omega-3 oils**
 - Improved quality.
 - New sources.
- **Powdered omega-3 ingredients**
 - Improved stability / increased range of applications
- **Soy**
 - Move to profitability during 2007.
 - Expand range of applications.
- **Specialty grains / specialized markets.**
- **Expand our range of nutritional ingredients beyond marine oils and soy.**
- **Exploring new clinical applications for our ingredients.**
- **Strategic alliances/partnerships.**



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