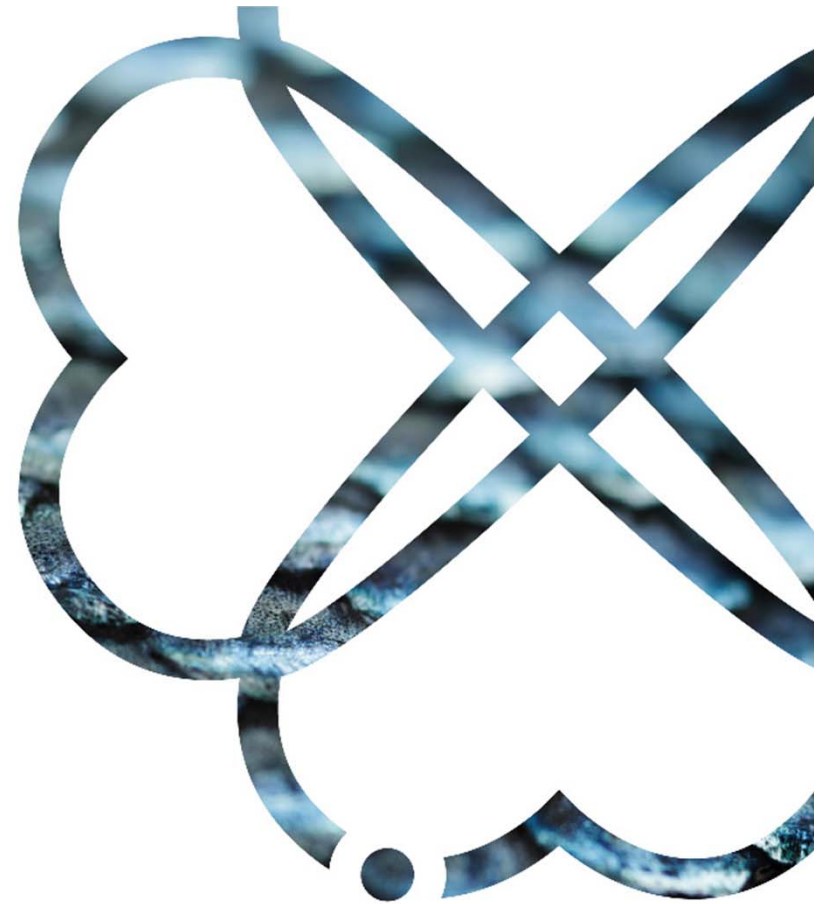


Managing Director Report 6 Months to 31 Jan 2016

23 March 2016



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 adults, infants, children and to the medical food markets.



Half Year Performance Highlights

- ✓ Total Revenue up **23.9%** driven by improved demand
- ✓ Revenue from new customers is **16%** continues positive trend
- ✓ Net Profit **\$801K** up **12.6%** on half year 2015
- ✓ Inventory managed at **\$13m** in line with revenue growth
- ✓ Operating expenses down **2.5%** as a % of revenue on previous year
- ✓ Balance sheet remains strong with no debt and cash of **\$7m**
- ✓ Interim dividend of **0.25c** declared

Half Year 2016 Results

| AUD million | 4E Reported 31 Jan 2016 | 4E Reported 31 Jan 2015 |
|-------------------|----------------------------|----------------------------|
| Revenue | \$19.7 | \$16.0 |
| Profit before tax | \$1.08 | \$0.91 |
| EBITDA | \$1.26 | \$1.14 |
| EBIT | \$1.05 | \$0.89 |
| Tax | \$0.28 | \$0.20 |
| NPAT | \$0.801 | \$0.711 |
| EPS | 0.48 cps | 0.43 cps |

• **23.9% year on year revenue growth**

• **Recovery of traditional markets and customers and encouraging growth in sales to new customers**

• **EBIT \$1.1m (PCP \$0.9m)**

• **Fixed costs managed \$2.9m (PCP \$2.8m)**

• **NPAT result \$0.8m (PCP \$0.7m)**

Balance Sheet 31 January 2016

| AUD million | Reported 31 Jan 2016 | Reported 31 July 2015 | Movement |
|------------------------------|-------------------------|--------------------------|----------|
| Cash | \$7.1 | \$9.6 | 2.5 ↓ |
| Trade Receivables | \$11.1 | \$5.5 | 5.6 ↑ |
| Inventories | \$13.1 | \$14.2 | 1.1 ↓ |
| Total Current Assets | \$31.4 | \$29.5 | 1.9 ↑ |
| PPE/Intangible Assets | \$4.8 | \$5.0 | 0.2 ↓ |
| Total Assets | \$37.9 | \$36.6 | 1.3 ↑ |
| Trade Payables | (\$7.9) | (\$6.3) | 1.6 ↑ |
| Total Current Liabilities | (\$8.5) | (\$7.0) | 1.5 ↑ |
| Total Liabilities | (\$8.6) | (\$7.2) | 1.4 ↑ |
| Net Assets | \$29.3 | \$29.4 | 0.1 ↓ |

•Cash balance strong \$7.1m

•Trade receivables reflect the increased sales activity

•A key focus has reduced Inventories

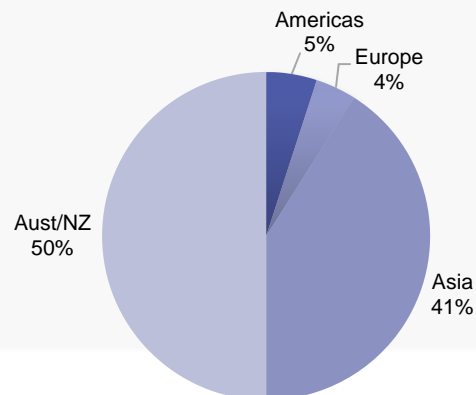
•Payables managed in line with revenue

•1H16 dividend payment of 0.25c per share

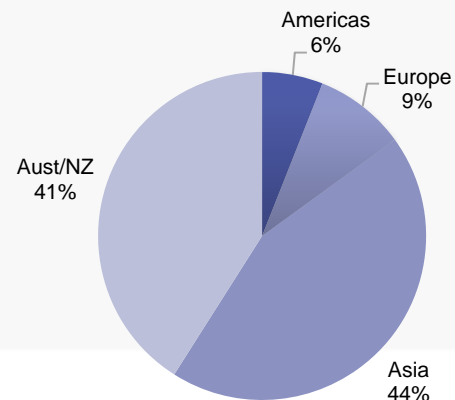
Sales by geography & product

- Continued strong presence through Oceania and Asia
- Investment in New Zealand Dairy and Infant formula is providing new opportunities
- Encapsulation technology delivers a differentiated product which delivers new customers
- Encapsulated Powders represent 98% of revenue with Oil making up 2%

1H FY 2016 Geographic



1H FY 2015 Geographic



An Update on Growth Platforms



Growth Platform

Continued focus on the infant formula market

- ♣ The Chinese infant formula market has seen a recovery with strong sales from Australia and New Zealand
- ♣ Traditional Nu-Mega customers sales are recovering, reflected in revenue
- ♣ Order patterns going forward to new and existing customers remain strong
- ♣ New European regulations requiring the inclusion of DHA in all infant formula by 2020 represents a growth opportunity for Clover

Focus on
infant
formula
customers
and market



Growth Platform

Developing new markets

- ♣ The first production run at Waikato in New Zealand is complete with production samples distributed to customers for evaluation (customer trials tend to run 6-12 months)
- ♣ Waikato provides the opportunity to manufacture unique specialist products like Clover's patented Hypoallergenic powder which has new customers interested
- ♣ Trials and product innovation have been initiated with Fast Moving Consumer Goods customers for Omega 3 products
- ♣ Clover has employed two new scientists to continue its new product development

New
products,
process and
market
development

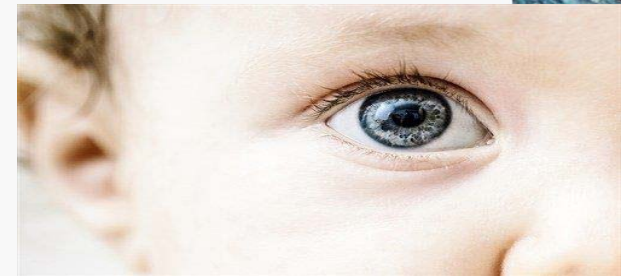


Growth Platform

Treatment for Premature babies

- ♣ The phase III clinical trial of Clover's DHA emulsion product for improving respiratory health in premature babies was due to be finalised in December 2015; at the time of reporting, the trial is still in its final stages and will be concluded when all babies recruited have left hospital care
- ♣ Clover sublicensed its Preterm product to Premneo Pharmaceuticals Pty Limited in October 2015
- ♣ Premneo is working toward establishing manufacturing capability and regulatory approval in the USA and Europe in preparation for the results release after the trial is concluded
- ♣ Clover will continue to pursue other applications of its technology into the Medical market

Development
of medical
foods
program



FY2016 Outlook & Priorities

- **Leverage the two child policy in China, grow sales in the region**
- **Develop new product applications in collaboration with customers**
- **Organic growth with emphasis on Oceania, Asia and Europe**
- **Diversify product portfolio and attract new customers**
- **Continue to improve efficiencies and reduce costs**
- **Add value through strategic acquisition and/or partnership**



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