

**Clover Corporation Limited**

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**TO: ASX ANNOUNCEMENT PLATFORM 1900 999 279**

**PAGES: 3 (Three)**

**FROM: Andrew Fairfull**

**DATE: 9 May 2003**

**RE: SHAREHOLDER UPDATE FROM CHAIRMAN**

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Following is a copy of a Shareholder Update Letter from the Chairman of Clover Corporation Limited. This letter will be mailed out to shareholders during the next few days by the Company's share registrar.

Yours faithfully

A handwritten signature in black ink, appearing to read "A. Fairfull", with a horizontal line extending to the right.

Andrew Fairfull  
Company Secretary

**Clover Corporation Limited**

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5 May 2003

*Dear Fellow Shareholder*

*At last November's Annual General Meeting shareholders were advised of a number of major changes that were designed to reverse the performance of Clover Corporation Limited (Clover). Amongst those changes the two most important were the reorganization of Clover's corporate structure in order to reduce operating costs and as a consequence lower the on-going cash burn of the company and secondly the formation of the joint venture company, Nu-Mega Ingredients Pty Ltd (Nu-Mega Ingredients) which was established to provide Clover with the management expertise to capitalize on the research and development work undertaken by Clover over the past five years.*

*I am pleased to advise that the changes put in place late last year have produced the results that your Board of Directors had planned. On the 6<sup>th</sup> March 2003, Clover announced its half year result, a profit of \$292,000. This positive result compared favourably with last year's loss for the same period of \$2,513,000. The result for the six months included a profit from the newly formed Nu-Mega Ingredients, as well as licence fees received from US based company Martek Biosciences Corporation. It was particularly pleasing to see the cash burn rate reversed to show a positive cash flow for the period. More recently Clover lodged its 3<sup>rd</sup> quarter cash flow report to the ASX, the result being a positive cash flow of \$891,000 for the quarter.*

*Nu-Mega Ingredients which is 70% owned by Clover commenced operations in November 2002. During the first five months of trading ie; from November 2002 to March 2003, the company recorded sales of \$4,678,575 and a profit before tax of \$716,949.*

*During this very short period of time the highly focused management team at Nu-Mega Ingredients has continued the development of Omega3 DHA enriched foods with both major local and international food companies. The most significant being the continued success of George Weston's Omega3 DHA enriched Tip Top UP™ bread in Australia, in infant formulas throughout Australia, New Zealand and Asia and in drinking yogurt products in Saudi Arabia. More recent product launches have included Omega3 DHA enhanced smallgoods from Hans Continental Smallgoods and Omega3 enriched fish products from Birds Eye in Australia and Warburtons who have also launched an Omega3 DHA bread in the United Kingdom.*

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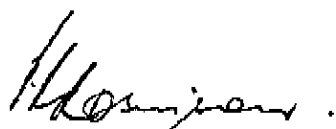
*Over the last six months a number of new research papers on the effect of Omega3 DHA on depression, heart disease, Alzheimer's Disease and Attention-Deficit Hyperactivity Disorder have been added to the 20,000 plus papers previously published on the subject. All studies have shown the importance of Omega3 DHA in diet and this has prompted additional interest from food companies seeking to enter the functional food market, this market is estimated to be in excess of \$50 billion worldwide.*

*In March of this year the International Nutritional Company of Denmark awarded a \$4 million per annum contract to Nu-Mega Ingredients to supply Omega3 DHA encapsulated powder for inclusion in their infant product for the South East Asian market. In addition to this a number of new products will be released to the market over the next 4 to 6 months which will add further impetus to Omega3DHA awareness and its importance in the daily diet.*

*Also in March the American Oil Chemists Society awarded Clover and its collaborative partner Food Science Australia (CSIRO) their 2003 Corporate Achievement Award in recognition of the technological, commercial and perishable impact of our joint research in oil microencapsulation technology over the last five years. This prestigious award will add further weight to the marketing effort in the USA.*

*Some shareholders may have recently seen a television report regarding mercury levels in fish claiming that mercury may cause harmful effects in pregnant women. Clover has reported to ANSFA and the TGA Authorities that Clover tuna oils are free from mercury contamination and other heavy metals and pesticides and can be used and recommended with confidence. Added to this shareholders should also note that Clover/Nu-Mega Ingredients products are not affected by the much publicized Pan Pharmaceuticals recall.*

*Although a great deal has been achieved over a relatively short time span your Directors and the management team at Nu-Mega Ingredients still have a great deal of work to do to fully exploit the technology which will enable Clover to realize its full potential. Based on the foregoing I am now confident that a solid foundation has been laid on which we can build our business future.*



Peter Robinson

Chairman

Clover Corporation Limited