



Ag & Vet Weekly

Monday September 9 – Friday September 13, 2019

All the news on ASX-listed agriculture and veterinary companies

- * **SEP 13: ASX UP, AV-40 DOWN: AVECHO UP 20%; MEMPHASYS DOWN 9%**
- * **FEDERAL GOVERNMENT: ACCC TO INVESTIGATE MURRAY DARLING**
- * **ACCC ALLOWS ELDERS AIRR TAKEOVER**
- * **37% OF ROOTS OPPOSE BLUMENTHAL, SUBURBAN, HORATIO STOCK**
- * **PHARMAUST STARTS MONEPANTEL DOG CANCER TRIAL**
- * **WERRIBEE ANIMAL HOSPITAL JOINS PHARMAUST DOG CANCER TRIAL**
- * **ABUNDANT SHORTFALL RAISES \$1m; TOTAL \$1.4m**
- * **SEAFARMS PLEADS SCHULTZ TO ASX 35% QUERY**
- * **MEMPHASYS 21m DIRECTORS INCENTIVE, IN LIEU OPTIONS EGM**
- * **LAZARD TAKES 5% OF COSTA GROUP**
- * **CEO ANTHONY CRIMMINS, TOP CAT TAKE 19.95% OF ABUNDANT**
- * **COSTA ASSET MANAGEMENT TAKES 9% OF VITALHARVEST**
- * **IAN WILTON REPLACES ELDERS CHAIRMAN MICHAEL CARROLL**
- * **BEGA APPOINTS PATRIA MANN DIRECTOR**

MARKET REPORT

The Australian stock market was up 0.21 percent on Friday September 13, with the ASX200 up 14.3 points to 6,669.2 points. Twelve of the Ag & Vet 40 stocks were up, 20 fell, five traded unchanged and three were untraded.

Avecho was the best, up 0.1 cents or 20 percent to 0.6 cents with two million shares traded. Abundant climbed 11.3 percent; Anatara was up 10 percent; Nanollose and Regeneus rose more than six percent; Synlait Milk was up five percent; Murray Cod and National Veterinary were up more than two percent; Costa rose 1.1 percent; with Ridley Corp, Clean Seas and Nufarm up by less than one percent.

Memphasys led the falls, down 0.5 cents or 9.3 percent to 4.9 cents with 6.6 million shares traded. Ocean Grown, Cannpal and Seafarms lost more than six percent; Food Revolution and Roots fell more than four percent; Auscann, Wattle Health, Ecofibre, THC and Bubs shed more than two percent; Creso, Huon and Fonterra lost more than one percent; with Tassal, Elixinol, Cann Group, A2 Milk and Select Harvests by less than one percent.

FEDERAL GOVERNMENT

The Federal Government says it has asked the Australian Competition and Consumer Commission (ACCC) to investigate Murray Darling Basin water traders and brokers. In a media release, the Federal Minister for Water Resources David Littleproud said he had written to the ACCC “to investigate the allegations brought to me by the Almond Board and other peak grower groups as soon as possible”.

“I’ve asked the ACCC to step in and use its powers of prosecution if it finds evidence Commonwealth laws have been breached,” Mr Littleproud said. “The ACCC will also refer the matters to [the Australian Securities and Investments Commission] if they identify any relevant breaches of the Corporations Act.”

Mr Littleproud said he had asked the Murray-Darling Basin Authority to investigate allegations related to water price reporting.

The Minister said he would also ask Basin Ministers to “expedite their work to improve the accuracy and transparency of water prices on state trade registers” and provide allegations to the Murray-Darling interim inspector-general Mick Keelty.

“The delivery of the Murray-Darling Basin Plan depends on an accurate and transparent water market for everyone,” Mr Littleproud said.

“Anyone operating in bad faith has no place in water markets and will not be tolerated by this Government or the community,” Mr Littleproud said.

“I want to make sure the water market is a fair and even playing field,” Minister Littleproud said.

ELDERS

Elders says the Australian Competition and Consumer Commission has allowed it to buy the wholesale buying group Australian Independent Rural Retailers (AIRR).

In July, Elders said it would acquire Australian Independent Rural Retailers for approximately \$187 million.

Today, Elders quoted ACCC deputy chair Mick Keogh who said, “the ACCC examined the proposed transaction closely, because it could give rise to vertical integration concerns”.

“Ultimately we decided that there would not be a substantial lessening of competition in any relevant market,” Mr Keogh said.

“It also appears that existing or potential new buying groups or wholesalers could expand in response to any future change in AIRR’s offering,” Mr Keogh said.

Elders said that the ACCC also considered whether the transaction could result in reduced competition in towns where Elders and independent stores supplied by AIRR are in close proximity to each other.

“The vast majority of locations impacted have other stores competing with Elders and the AIRR-supplied stores, which are likely to prevent a softening of competition,” Mr Keogh said. “In those cases where there were limited alternatives to the Elders and independent AIRR supplied store, market feedback indicated that there were alternative wholesale supply options for the relevant independent store.”

Elders said the ACCC considered Elders’ bargaining power with manufacturers or importers of rural merchandise and concluded that while Elders would be in a strong bargaining position, “suppliers still generally had other channels through which to distribute their goods, and any increase in buyer power was not likely to be substantial”.

“There is significant consolidation in the rural retail sector, given the Elders proposal and the Landmark-Ruralco deal,” Mr Keogh said.

“We will look very closely at any further consolidation,” Mr Keogh said.

Elders was unchanged at \$6.83 with 295,592 shares traded.

ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES

Roots says that up to 37.3 percent of shareholders opposed the issue of shares to director Adam Blumenthal, Suburban Holdings Pty Ltd and Horatio Street Pty Ltd.

In a notice of meeting in August, Roots said it proposed to issue Mr Blumenthal up to 4,285,714 Chess depository instruments (CDIs) and 1,428,571 options, Suburban Holdings up to 2,857,143 CDIs and 952,381 options and Horatio Street up to 1,428,572 CDIs and 476,190 options.

On Wednesday, the company said that 17,174,870 votes (62.7%) approved the issue of stock to Mr Blumenthal, with 10,213,121 votes (37.3%) against.

Roots said 17,166,944 votes (62.7%) for the issue of stock to Suburban Holdings and Horatio Street, with 10,221,047 votes (37.3%) against.

The company said that resolutions to issue performance rights to executive chairman Dr Sharon Devir, directors Boaz Wachtel and Mr Blumenthal, the ratification of the prior issue of CDIs, the issuing of shortfall options to directors Mr Wachtel, Dr Devir, Mr Blumenthal, Dafna Shalev-Flamm, Graeme Smith and Everblu Capital, of which Mr Blumenthal is the chairman, were all passed overwhelmingly.

Roots' most recent Appendix 3B new issue announcement said that Roots had 89,301,458 CDIs on issue, meaning the votes against the issue of CDIs to Mr Blumenthal, Suburban Holdings and Horatio Street amounted to 11.4 percent of the company, sufficient to call an extraordinary general meeting.

Roots fell 0.2 cents or four percent to 4.8 cents.

PHARMAUST

Pharmaust says it has begun its multi-site, efficacy trial of monepantel tablets for an undisclosed number of dogs with B-cell lymphoma.

Pharmaust said it hoped the trial would verify the earlier short-term clinical study with the "poorly palatable liquid formulation" of monepantel (BD: Jun 27, Sep 20, 2017).

Pharmaust chief scientific officer Dr Richard Mollard said the company was "excited to restart the canine trials formally testing the anti-cancer activity of monepantel in dogs with treatment naïve lymphoma".

Pharmaust was unchanged at 13.0 cents with 1.1 million shares traded.

PHARMAUST

Pharmaust says the veterinary clinic at the University of Melbourne's Werribee Animal Hospital has joined the trial of monepantel for dogs with B-cell lymphoma.

Yesterday, Pharmaust said it had begun a multi-site, trial of monepantel in an undisclosed number of dogs (BD: Sep 9, 2019, Jun 27, Sep 20, 2017).

ABUNDANT PRODUCE

In an Appendix 3B New Issue Announcement, Abundant says it has raised \$1,017,000 in a shortfall placement for a share purchase plan at six cents a share.

Last month, Abundant said the share plan had raised \$345,000 of a hoped-for \$2.5 million (AVW: Aug 23, 2019).

In July, the company said the funds would be used for operations and for further development of its Natural Health division and had been underwritten by Top Cat Consulting Services for up to \$1 million.

Abundant was up 0.6 cents or 11.3 percent to 5.9 cents.

SEAFARMS GROUP

Seafarms has told the ASX that it is not aware of any information it has not announced which, if known, could explain recent trading in its securities.

The ASX said Seafarm's share price rose 34.6 percent from 7.8 cents on September 10 to 10.5 cents on September 12, 2019, and noted a significant increase in trading volume. Seafarms fell 0.6 cents or six percent to 9.4 cents with 3.4 million shares traded.

MEMPHASYS

Memphasys shareholders will vote to grant 18,000,000 incentive options to executive chair Alison Coutts and grant directors 3,298,938 options in lieu of fees.

Memphasys said the extraordinary general meeting would vote to grant directors Andrew Goodall, Marjan Mikel and Shane Harting 1,099,646 options each in lieu of 50 percent of their \$50,000 directors fees.

The company said Ms Coutts' options would be exercisable at a 34 percent premium to the 5-day volume-weighted average price prior to the meeting and within two years.

Memphasys said the other director options would vest in 12 equal amounts over 12 months from issue, exercisable at a 34 percent premium to the 5-day volume-weighted average price prior to the meeting and within 24 months of issue.

The company said shareholders would also vote to ratify the prior issue of shares, grant shares to directors for debt repayment and for participation in the recent \$4.2 million placement (BD: July 9, 2019).

The meeting will be held at 30 Richmond Road, Homebush West, Sydney on October 21, 2019 at 11am (AEDT).

Memphasys fell 0.5 cents or 9.3 percent to 4.9 cents with 6.6 million shares traded.

COSTA GROUP

The Sydney-based Lazard Asset Management says it has become a substantial shareholder in Costa with 17,132,006 shares, or 5.34 percent of the company.

The company said between May 16 and September 5, 2019 it bought and sold shares, with the single largest purchase 7,717,835 shares for \$38,943,242 or \$5.05 a share.

Costa was up four cents or 1.1 percent to \$3.63 with 2.8 million shares traded.

ABUNDANT PRODUCE

Chief executive officer Anthony Crimmins says he has increased his substantial holding in Abundant from 6,962,615 shares (13.11%) to 16,625,498 shares (19.95%).

Mr Crimmins said that between July 30 and September 12, 2019 he, Top Retirement Fund and Top Cat Consulting bought 9,662,883 shares on-market and in Abundant's share plan at six cents a share for \$576,333 or an average of 5.96 cents a share.

Abundant said its share plan was underwritten by Top Cat for up to \$1 million.

VITALHARVEST FREEHOLD TRUST

Costa Asset Management says it has increased its substantial shareholding in Vitalharvest from 10,000,000 shares (5.41%) to 15,953,529 shares (8.62%).

The Geelong-based Costa said that between September 9 and 11, 2019 it bought 5,953,529 shares for \$5,120,016.11 or 86.0 cents a share.

Vitalharvest fell 0.5 cents or 0.6 percent to 86.0 cents.

ELDERS

Elders says Ian Wilton will replace Michael Carroll as chairman, effective from Wednesday September 11, 2019.

Elders said Mr Carroll would continue as a non-executive director.

BEGA CHEESE

Bega says it has appointed Patria Mann as a non-executive director.

Bega said Ms Mann had 16 years of experience as a board member of ASX listed companies such as Ridley Corp and Allianz Australia, was a fellow at the Australian Institute of Company Directors, and had previously been a partner at financial services firm KPMG London.

According to Ms Mann's LinkedIn profile, she held a Bachelor of Economics from the University of Sydney.

Bega was unchanged at \$4.36 with 1,084,395 shares traded.