



Ag & Vet Weekly

Monday November 11 – Friday November 15, 2019

All the news on ASX-listed agriculture and veterinary companies

- * NOV 15: ASX, AVW-44 UP: AP HEMP UP 11%; CANN GLOBAL DOWN 5.6%
- * PALLA RETAIL RIGHTS RAISES \$10.1m, TOTAL \$30.7m
- * FEDERAL \$3.6m FOR NATIVE PLANTS TRAINING CENTRE
- * ELDERS REVENUE UP 4% TO \$1.7b, PROFIT DOWN 4% TO \$69m
- * RIDLEY: STAFF CUTS, RESTRUCTURE TO SAVE \$5m
- * ECOFIBRE HEMP 'REDUCES OPIOID USE FOR CHRONIC PAIN'
- * BUBS \$2.5m 2-YEAR VIETNAM GOAT MILK DEAL
- * CRESO TERMINATES SALE TO PHARMACIELO
- * WIDE OPEN AGRICULTURE TO LAUNCH DIRTY CLEAN FOODS IN WA
- * SYNLAIT: APRIL 29 & 30 SUPREME COURT DATE CONFIRMED
- * ELDERS \$1m, 166k CEO RIGHTS AGM
- * ANATARA 46% OPPOSE DR RAMSDALE RIGHTS; 10% CAPACITY FAILS
- * ALTHEA TO SUPPLY MARIJUANA FOR ADVANCED CANCER SYMPTOMS
- * ALTHEA UK MARIJUANA LICENCE; NIMBUS GERMAN DISTRIBUTOR
- * THC SOUTHPORT MARIJUANA MANUFACTURE PERMIT
- * ELIXINOL PLEADS SCHULTZ, JAPAN ISSUE TO ASX 17% FALL QUERY
- * MGC \$25k FEDERAL GRANT; LONDON LISTING
- * LAZARD TAKES 7.5% OF COSTA GROUP
- * PERPETUAL TAKES 7.6% OF COSTA
- * PERPETUAL TAKES 5% OF ELDERS
- * OCEAN GROWN RELEASES 20m SHARES FROM ESCROW
- * BEGA: PETE FINDLAY CFO, COLIN GRIFFIN GENERAL-MANAGER
- * A2 MILK CHIEF MARKETING OFFICER SUSAN MASSASSO RESIGNS
- * WIDE OPEN AGRICULTURE APPOINTS ELIZABETH BRENNAN DIRECTOR
- * FONTERRA: HEAD OF PERSONNEL DEBORAH CAPILL RESIGNS
- * INDUSTRY HOLDS MELBOURNE MARCH MEDICAL MARIJUANA MEETING

MARKET REPORT

The Australian stock market was up 0.87 percent on Friday November 15, with the ASX200 up 58.6 points to 6,793.7 points. Sixteen of the AVW-44 stocks were up, 12 fell, 10 traded unchanged and six were untraded.

Australian Primary Hemp was the best, up two cents or 11.1 percent to 20 cents, with 298,737 shares traded; Elixinol was up 6.4 percent; Seafarms climbed 5.1 percent; Nufarm rose 4.2 percent; Costa, Ecofibre, Fonterra and Ocean Grown Abalone were up more than three percent; Abundant, Bega, Bubs, Elders, Synlait and Tassal climbed more than one percent; with Huon and Ridley up by less than one percent.

Cann Global led the falls, down 0.1 cents or 5.6 percent to 1.7 cents, with 13,027,673 shares traded. Memphasys and Regeneus fell more than four percent; THC and Tasfoods lost more than three percent; Althea, Auscann, Clean Seas, Clover and Select Harvests were down more than one percent; with National Veterinary and Palla down by less than one percent.

PALLA PHARMA

Palla says its two-for-five entitlement offer at 70 cents a share has raised \$10.1 million, taking the total raised in its underwritten \$31.1 million capital raise to \$30.7 million. Last month, Palla said the institutional placement raised \$8.4 million, the institutional rights offer raised \$12.2 million and it expected to raise a further \$10.1 million in its retail entitlement offer, in the underwritten \$31.1 million capital raise (BD: Oct 17, Oct 21, 2019). Palla said the shortfall shares would be allocated to Morgans Corporate and Shaw and Partners as the underwriters and lead managers to the offer. Palla was down 0.5 cents or 0.6 percent to 85 cents.

FEDERAL GOVERNMENT

The Federal Government says it will provide \$3.6 million to the Australian Research Council for the growing of native Australian crops, foods and ingredients.

A media release from Federal Minister for Education Dan Tehan said the Australian Research Council's new Training Centre for Uniquely Australian Foods would be administered by the University of Queensland at its Coopers Plains campus.

The Government said researchers at the Centre would conduct sensory, nutritional and toxicological studies, with a focus on commercializing native herbs, spices, fruits and nuts, as well as Kakadu plum, wattle seeds, native honey and native seaweed, and would also help showcase native Australian cuisine to the world.

Mr Tehan said the research would "give Australians a better understanding of our unique native foods and their benefits, leading to new products, new uses, new business opportunities and new jobs."

The media release said the University of Queensland would collaborate with five participating organisations, including Australian Native Food, Botanicals, Kindred Spirits Foundation, Karen Shelldon Catering, Beeinventive and Venus Shell Systems, for a total of \$5.8 million in cash and in-kind support.

The Government said the centre would have Indigenous partner organizations and an Indigenous governance group to oversee the application of traditional knowledge to branded products.

ELDERS

Elders says revenue for the 12 months to September 30, 2019 was up 4.0 percent to \$1,677,347,000, with net profit after tax down 3.7 percent to \$68.9 million.

In last year's annual report, Elders reported an annual sales revenue of \$1,613,278,000.

Elders said the revenue was mainly from the sale of its rural products, including seeds, fertilizers, agricultural chemicals, animal health products and general rural merchandise.

The company said that diluted earnings per share of 60.7 cents at September 30, 2018 was down 7.6 percent to 56.1 cents at September 30, 2019.

The company said that a final dividend of 9.0 cents per share remained constant compared to last year and would be paid on December 13, for holders on the record date of November 19, 2019.

Elders said that net tangible asset backing per share was up 87.2 percent from 86 cents at September 30, 2018 to \$1.61 at September 30, 2019.

The company said it had cash and cash equivalents of \$7.3 million at September 30, 2019, compared to \$11.6 million at September 30, 2018.

Elders chief executive officer Mark Allison, said that "while customers in many parts of eastern Australia were facing tough conditions, the [2018-'19 financial year] result highlighted the benefits of Elders' multifaceted diversification".

In a separate announcement, Elders said it had acquired 100 percent of the issued shares in AIRR (Australian Independent Rural Retailers) Holdings, and as part of the arrangement Elders had issued 13,050,001 new Elders shares and provided cash of \$78,662,500 to AIRR shareholders.

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

Elders was up 10 cents or 1.5 percent to \$6.60.

RIDLEY CORP

Ridley says it will significantly reduce its amount of staff, following a review of its operations and organizational structures and a subsequent internal restructure plan.

Ridley said the plan was designed to save \$5 million in annual costs from the company, as well as simplify the reporting structure and improve customer alignment, and would be implemented in November 2019, with the cost of the restructure, estimated to be about \$3 million, to be realized by June 30, 2020.

Ridley chief executive officer Quinton Hildebrand said "the new structure will remove a number of layers in certain parts of the organization, will provide clear lines of accountability and will facilitate a more proactive relationship with our customers."

The company chairman Dr Gary Weiss said that "to maintain our customer value proposition and facilitate growth in all of our markets, it is essential to have a competitive cost structure from which to leverage Ridley's nutritional expertise, merchandising capability and production know how".

Earlier this year, Ridley said it had formally withdrawn a statement from its 2019 annual report that said two of its salmon feed trials were proceeding well, as the statement could not be "statistically substantiated" (AVW: Nov 1, 2019).

The company said that the construction of its new feed mill in Wellsford, Bendigo was on target for completion by June 30, 2020, with the company paying a one-off cost of about \$6 million for "asset impairments and write downs".

In September, Ridley said it would close its Murray Bridge feed mill, incurring a \$6.1 million restructuring cost but expecting to save a \$1.5 million a year (AVW: Sep 23, 2019).

Ridley was up five or 0.4 percent to \$1.17.

ECOFIBRE

Ecofibre says that 50 of 97 patients with chronic pain, in an eight-week trial of hemp extract Anada, reduced their opioid use.

Ecofibre said the study, published in the Journal of Postgraduate Medical and Hospital Practice, assessed patients who had been using opioids for more than a year to manage chronic pain.

The company said 50 of the 94 patients that added Anada hemp to their treatment regimen reduced their use of opioids while three patients did not complete the study, and 94 percent of participants reported improvements in sleep, pain and mood.

Ecofibre said most participants used a low 30mg daily dose of its hemp derived cannabidiol (CBD) and that Anada was well tolerated and had an “excellent safety profile”. Ecofibre’s Anada Health chief science officer Dr Alex Capano said that “outside of survey studies, this has been the largest study on the use of CBD to reduce the use of opioids in the treatment of chronic pain”.

Ecofibre chief executive officer Eric Wang said the intention was “not to create another pharmaceutical drug, but rather to continue building the data needed by regulators, doctors, pharmacists and consumers to help educate themselves.”

Ecofibre was up 12 cents or 3.6 percent or \$3.50.

BUBS AUSTRALIA

Bubs says it has a two-year deal to sell its goat milk infant formula and other baby food products in Vietnam for an estimated \$2.5 million in revenue.

Bubs said it had an agreement with the Hanoi-based Viet Nam TVV Service and Trading Company to sell its products through the TVV-owned Bibo Mart, Vietnam’s largest “moth and baby” retail chain, by December 2019, and that the agreement would be an entry point into the Vietnamese infant nutritionals market, worth an annual \$2.2 billion and had been growing at an average 7.7 percent a year.

The company said it expected revenue from the deal to be \$1 million in the first year and \$1.5 million in the second year, and said the agreement could be terminated if these minimum sales targets were not met.

Bubs said it had won the 2019 Premier’s New South Wales exporter to Asia award, bestowed by the Export Council of Australia and New South Wales Government.

Bubs was up two cents or 1.8 percent to \$1.11 with 1.4 million shares traded.

CRESO PHARMA

Creso says its acquisition by the Vancouver, British Columbia-based Pharmaciolo has been terminated, following a BDO Corporate Finance independent expert’s report.

Creso said that on November 1, 2019, it received a supplementary independent expert report from BDO which said that the share scheme was “neither fair nor reasonable and not in the best interests of Creso Pharma shareholders”.

Earlier this year, the company said it had one quarter of cash, but expected to be acquired by Pharmaciolo for \$122 million, and receive a \$C3,500,000 loan, repayable by December 31 or within four months if the scheme was not approved (BD: Jun 7; Jul 25, 2019).

Last week, Creso said it had agreed with Pharmaciolo to terminate the acquisition and would be required to repay the outstanding amounts from the advanced loan by November 30, 2019, it was “pursuing various fundraising initiatives” and would remain in a suspension to finalize the terms of the fundraising on or by November 15, 2019.

Creso last traded at 20 cents.

WIDE OPEN AGRICULTURE

Wide Open Agriculture says it has begun the campaign to sell its 'Dirty Clean Food' regenerative beef and lamb brand to supermarkets and retailers in Western Australia. Wide Open said it would launch its products at a Perth event, hosted by Tony Howell, the executive chef at the Yallingup, Western Australia-based restaurant Cape Lodge.

The company said it would showcase food supplied by its partners at the event, including Blackwood Valley Beef, Parron Dorper Lamb and Black Point Beef, as well as present the Dirty Clean Food packaging design.

Wide Open managing director Dr Ben Cole said he was "excited about the opportunity to offer our product lines to Western Australia's leading supermarkets and retailers."

Wide Open Agriculture was untraded at 15 cents.

SYNLAIT MILK

Synlait says the Supreme Court in Wellington has set the hearing dates for the case surrounding its New Zealand-based Pokeno land on April 29 to 30, 2020.

Synlait said the land's covenants were originally removed by the Wellington High Court, but had been reinstated by the Court of Appeal in May 2019.

The company said the hearing was expected to run for two days.

Synlait was up nine cents or 1.1 percent to \$8.70.

ELDERS

Elders will vote to grant 166,000 performance rights to its chief executive officer, Mark Allison as part of his remuneration packaged, valued at \$1,040,820 or \$6.27 per share. Elders said upon vesting of the performance rights, Mr Allison would acquire fully paid ordinary shares, one per each vested performance right.

The company said the annual general meeting would also vote on the remuneration report, the re-election of director Ian Wilton and the approval of financial assistance relating to the acquisition of AIRR (Australian Independent Rural Retailers) Holdings.

The meeting will be held at the City Room, Adelaide Convention Centre, North Terrace, Adelaide, on December 12, 2019 at 10am (ACDT).

ANATARA LIFESCIENCES

Anatara's annual general meeting rejected the enhanced placement capacity and saw 45.19 percent opposition to performance rights for director Dr Tracie Ramsdale.

Anatara said it had proposed to grant non-executive director Dr Ramsdale \$21,896 in performance rights for her role as interim chief executive officer between May 17, 2018 and January 7, 2019, but the resolution was opposed by 10,102,104 votes (45.19%) and supported by 12,253,364 votes (54.81%) in favor.

Anatara said the 10 percent placement capacity required a 75 percent majority and was rejected with 8,011,119 votes (32.68%) against and 16,502,169 votes (67.32%) in favour. The company said the remuneration report passed easily and director Dr David Brookes was elected unopposed.

The company's most recent Appendix 3B new issue announcement said that Anatara had 49,562,693 shares on issue, meaning the votes against Dr Ramsdale's performance rights amounted to 20.4 percent of the company, sufficient to requisition extraordinary general meetings under the Corporations Act 2001.

Anatara was unchanged at 21.5 cents.

ALTHEA GROUP HOLDINGS

Althea says it will supply two medical marijuana products to the University of Newcastle for an up-to 600-patient trial of marijuana for “advanced cancer symptoms”.

Althea said that the University’s Australian Centre for Cannabinoid Clinical and Research Excellence would conduct the open-label, prospective clinical trial of an undisclosed number of different marijuana medicines.

The company said there was no guaranteed minimum or maximum quality of products to be purchased.

Althea was down 0.5 cents or 1.1 percent to 46.5 cents.

ALTHEA GROUP HOLDINGS

Althea says it has a UK licence from the UK Care Quality Commission to supply marijuana and Nimbus Health GmbH will sell its medical marijuana products in Germany.

Althea said the licence from the UK Care Quality Commission would allow it to supply its Bristol-based My Access Clinics site for domiciliary care, meaning prescribers would be available for home care services.

The company said it currently had about 100 patients on its waiting list and expected further prescribers following the licence.

Althea said that Frankfurt’s pharmaceutical wholesaler Nimbus would sell and distribute its medical marijuana products under the Althea brand name through the Nimbus network, with access to about 25 percent of Germany’s medical marijuana patients.

The company said that the first shipment would arrive in Germany “early in the first half of 2020”, subject to approvals from Germany’s Federal Institute for Drugs and Medical Devices and Australia’s Office of Drug Control.

The company said chief executive officer Josh Fegan would relocate to London next year to scale up Althea’s UK business and coordinate the company’s expansion into Germany.

Althea said that it would develop a localized version of its Concierge marijuana prescription platform and its Medicinal Education in Cannabinoids learning portal for the German market, to provide “medical education for healthcare professionals and streamline the process”.

THC GLOBAL GROUP (FORMERLY HYDROPONICS GROUP)

THC says the Federal Office of Drug Control has been granted a manufacturing permit for its Southport, Gold Coast, Queensland manufacturing facility.

THC said the manufacturing permit allowed the company to “accept medicinal cannabis plant material from any Australian licenced and permitted cultivator, including from the company’s own cultivation facilities, and to immediately commence production of Australian medicinal cannabis medicines”.

THC chief executive officer Ken Charteris said that the permit was “a major milestone for THC Global, ... with [the company] now able to operate the largest pharmaceutical bio-floral extraction facility in the southern hemisphere”.

The company said it was fully licenced and permitted for medicinal marijuana production at the Southport facility.

THC was down 1.5 cents or 3.6 percent to 40.5 cents.

ELIXINOL GLOBAL

Elixinol 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 the company's share price fell 22 cents or 17.3 percent from \$1.275 on November 13 to \$1.055 on November 14, 2019 and noted a "significant increase" in the trading volume.

Elixinol said that on October 23, 2019 it announced non-compliance of its Japan subsidiary Japan but was unable to confirm that the price change was related to this matter (BD: Oct 23, 2019).

Earlier this month, Biotech Daily reported that the 18 companies claiming to be medical marijuana companies fell 29.4 percent in October, down 42.3 percent from the July 31 high of \$1,913 million to \$1,103 million (BD: Nov 1, 2019).

Elixinol was up 6.5 cents or 6.4 percent to \$1.08 with 2.3 million shares traded.

MGC PHARMACEUTICALS

MGC says it has received \$25,000 of a \$50,000 Federal Government grant for its 50-patient phase IIb Cognicann trial and hopes to list on the London Stock Exchange.

MGC said the double-blind, placebo-controlled trial would be conducted in collaboration with the Perth-based University of Notre Dame and assess symptoms associated with dementia and Alzheimer's disease.

In the same announcement, the company said it had "positioned itself to be one of the first companies utilizing cannabis for medicinal purposes to list on the [London Stock Exchange], or any major exchange in the UK".

In August, MGC said it had raised \$4.75 million in a placement at four cents a share to list on the London Stock Exchange and it had appointed Cannacord Genuity as its equity capital markets advisor to lead its planned dual listing on the London Stock Exchange by 2020 (BD: August 21, 2019).

Today, the company said that to prepare for its London listing it would release 10.3 million shares held in voluntary escrow relating to the reverse takeover of Erin Resources in 2012.

MGC said it would have 1,366,710,986 shares on issue.

MGC was unchanged at 3.6 cents with 2.5 million shares traded.

COSTA GROUP HOLDINGS

Lazard Asset Management Pacific Co says it has increased its holding in Costa Group from 20,722,724 shares (6.46%) to 27,056,404 shares (7.52%).

The Sydney-based Lazard said that it bought and sold shares between September 16 and November 11, 2019, with the single largest purchase on November 11 of 4,948,967 shares for \$10,887,727.40 or \$2.20 a share.

Costa was up 10 cents or 3.8 percent to \$2.75 with 2.8 million shares traded.

COSTA GROUP HOLDINGS

The Sydney-based Perpetual says it has increased its substantial shareholder in Costa from 16,556,971 shares (5.16%) to 27,266,038 shares (7.58%).

Perpetual said it bought shares between November 5 and 11, 2019, with the single largest purchase of 981,663 shares for \$2,159,659 or \$2.20 a share on November 11.

ELDERS

The Sydney-based Perpetual says it has become a substantial shareholder in Elders with 7,430,576 shares or 5.25 percent of the company.

Perpetual said it bought shares between August 16 and November 7, 2019, with the single largest purchase of 699,867 shares for \$4,198,649 or \$6.00 a share on October 29.

OCEAN GROWN ABALONE

Ocean Grown says 19,752,567 shares have been released from escrow due to the end of a restriction period.

According to the company's most recent Appendix 3B new issue announcement, Ocean Grown has 174,438,026 shares available for trading after the release.

Ocean Grown was up 0.5 cents or 3.2 percent to 16 cents.

BEGA CHEESE

Bega says Pete Findlay has replaced Colin Griffin as chief financial officer, effective as of November 11, 2019.

Bega said Mr Griffin would move to executive general manager of its contract manufacturing business.

The company said Mr Findlay had 20 years' of experience in finance and operational roles, and had previously held chief financial officer roles in manufacturing, retail, informational technology and distribution.

Bega said that Mr Findlay held a Bachelor of Business from Melbourne's Deakin University.

Bega was up five cents or 1.3 percent to \$3.93.

THE A2 MILK COMPANY

A2 Milk says its chief marketing officer Susan Massasso has resigned, effective from the end of February 2020, but will remain on the leadership team until the end of June.

A2 Milk said it had begun searching for a new chief marketing officer.

A2 Milk was unchanged at \$12.0 with 3.1 million shares traded.

WIDE OPEN AGRICULTURE

Wide Open Agriculture says it has appointed Elizabeth Brennan as non-executive director, with director and founder Han Schut retiring.

Wide Open Agriculture said Ms Brennan had marketing, distribution and export experience, and had worked in marketing roles at Moora Citrus, Bravo Apples, Family Tree Farms and Fruitico.

Ms Brennan's LinkedIn page said she held a Bachelor of Business from the Perth-based Edith Cowan University.

The company said Mr Schut had retired to "allow the addition of new marketing and distribution skills at the board level" but would continue as an independent advisor to the board's audit and risk committee.

FONTERRA

Fonterra says its head of personnel Deborah Capill has resigned and will leave the company during February 2020.

Fonterra said the search for a new head of personnel was expected to begin shortly. Fonterra was up 11 cents or 3.0 percent to \$3.76.

MEDICINAL CANNABIS INDUSTRY AUSTRALIA

Medicinal Cannabis Industry Australia says it will hold a medical marijuana meeting, titled Acannabis, in Melbourne on March 3 and 4, 2020.

The industry association said the conference would discuss patient and doctor opportunities, the barriers to the use of medical marijuana and the ways to build confidence in cannabis as a medicine.

The industry said that early bird tickets were on-sale from November 11 to December 20, 2019 at <https://www.acannabis.com.au/>.

Medicinal Cannabis Industry Australia chair Peter Crock said the conference would offer a "platform to gain a deep understanding of ground-breaking research, an inside perspective on global trends and a unique opportunity for the agri-tech and med-tech sector to have the conversations required to leverage our advantages".