



Ag & Vet Weekly

Monday November 25 – Friday November 29, 2019

All the news on ASX-listed agriculture and veterinary companies

- * NOV 29: ASX, AVW-44 DOWN: ABUNDANT UP 14%; SHARERoot DOWN 48%
- * FEDERAL \$2m FOR INVASIVE SPECIES CENTRE PHONE WEED ID
- * SYNLAIT \$189m BONDS TO OPEN DECEMBER 9
- * NUFARM 'SIGNIFICANT' H1 PROFIT WARNING
- * SEAFARMS: GFI FOR SEA DRAGON FUNDS
- * APIAM PAYS \$4.65m FOR GRAMPIANS ANIMAL HEALTH
- * APIAM DISTRIBUTES ZOONO DISINFECTANT IN AUSTRALIA, US
- * FOOD REVOLUTION: MORE JUICE CO JUICES, ICE TEA AT COLES
- * CLEAN SEAS, GIBSON'S CONTINUE MEDIATION
- * BUBS RELOCATES TO DANDENONG
- * SHARERoot NAME CHANGE TO OPYL, 100-TO-1 CONSOLIDATION
- * CRESO TO RAISE UP TO \$10m FOR PHARMACIELO, OPERATIONS
- * APIAM 36% OPPOSE DIRECTOR OPTIONS
- * ABUNDANT 31.5% OPPOSE TOP CAT SHARES
- * ALTHEA 22% OPPOSE 596k M-D JOSHUA FEGAN RIGHTS
- * AUSCANN, ASPEN 3-YEAR PACKAGING AGREEMENT
- * AUSTRALIAN PRIMARY HEMP, MYCELIUM MUSHROOM-HEMP DEAL
- * CANN GROUP PLEADS SCHULTZ TO ASX 41% FALL QUERY
- * SEAFARMS RELEASES 80m ESCROW OPTIONS
- * ROOTS RELEASES 18.8m CDIs, 1.3m OPTIONS FROM ESCROW
- * SYNLAIT APPOINTS MARK TOOMEY OPERATIONS DIRECTOR

MARKET REPORT

The Australian stock market was down 0.26 percent on Friday November 29, with the ASX200 down 18 points to 6,846 points. Fifteen of the AVW-44 stocks were up, 16 fell, seven traded unchanged and six were untraded.

Abundant was the best, up 0.8 cents or 14.0 percent to 6.5 cents, with 53,333 shares traded. Cannpal was up 12 percent; Ocean Grown Abalone climbed 7.1 percent; Select Harvests rose 6.9 percent; MGC and Murray Cod were up more than three percent; Auscann, Food Revolution and Synlait climbed more than two percent; A2 Milk, Althea, Costa, Fonterra and THC were up by more than one percent; with Tassal up 0.7 percent.

Shareroot led the falls, down 4.8 cents or 48.0 percent to 5.2 cents, with 5,100 shares traded. Avecho fell 25 percent; Pharmaust lost 9.1 percent; Cann Group was down 7.5 percent; Roots shed 5.3 percent; Elixinol fell 3.2 percent; Bega and Palla were down more than two percent; Apiam, Bubs, Clean Seas, Ecofibre and Nufarm fell one percent or more; with Clover, Elders and Seafarms down by less than one percent.

FEDERAL GOVERNMENT

The Federal Government says it will provide \$1.97 million to develop an artificial intelligence, mobile telephone application to identify weeds.

A media release from the Minister for Agriculture, Senator Bridget McKenzie, said that a consortium led by the Centre for Invasive Species Solutions was developing Australia's "first real-time weed identification [application]".

"Invasive weeds are a key threat to Australia's agriculture, fisheries and forestry industries and our natural resources," Senator McKenzie said. "Weeds are also a major cost for farmers, impacting significantly on agricultural production value and of course, the risks posed by weeds can be exacerbated during drought."

The media release said that the Centre for Invasive Species Solutions, located at the University of Canberra, would produce "Australia's first real-time, easy to use automated identification [application] of national, state and regional priority weeds".

"The project will adopt the latest advances in technology including artificial intelligence and smart phone accessibility to identify weeds, including seedlings, to facilitate effective early control," Senator McKenzie said. "This will be a particularly valuable tool, not only for farmers, but also for local councils, Landcare groups and natural resource management organizations."

Centre for Invasive Species Solutions chief executive officer Andreas Glanznig said the aim was to develop an application which would allow people "to point their phones at a particular plant, take a photo and the trained algorithms will then identify if it is a priority weed and provide the user with specific information on the best way to manage it".

"The most difficult aspect of this project will be to train the artificial intelligence-based software to ensure it accurately identifies priority weeds," Mr Glanznig said.

"We are partnering with weed experts from around Australia who will be taking or sharing their weed images, and working with software engineers to develop the algorithms," Mr Glanznig said.

The Centre said the project was a collaboration with the Commonwealth Scientific and Industrial Research Organisation, Atlas of Living Australia and state governments, currently including New South Wales, Queensland, South Australia and Victoria.

SYNLAIT MILK

Synlait says it will offer investors up to \$NZ200 million (\$A189.8 million) worth of bonds, with the offer expected to open December 9 and close December 13, 2019.

Earlier this month, Synlait said it was calling for expressions of interest for five-year, fixed rate bonds from institutional and retail investors (AVW: Nov 22, 2019).

The company said the bonds would mature on December 17, 2024, and would have a minimum interest rate of 3.7 percent a year, with the final interest rate to be decided following a bookbuild process expected to be completed on December 6, 2019.

Synlait was up 21 cents or 2.4 percent to \$8.86.

NUFARM

Nufarm said it expects earnings before interest, taxation, depreciation and amortization for the six months to January 31, 2020 to be "significantly lower" than the previous period.

Nufarm said that "during the course of reconciling accounts with German customers for the 2019 calendar year it [had] identified additional sales rebate claims from customers that relate to Nufarm's 2019 financial year.

"This matter was immediately investigated with our external auditors," Nufarm said.

The company said the discovery was not expected to change the 2018-'19 financial statements but would result in an adjustment for the six months to January 31, 2020.

Nufarm said that the impact on earnings before interest, taxation, depreciation and amortization (Ebitda) would be about \$9 million "pending completion of the investigation and negotiation with customers".

In March, Nufarm said that Ebitda was \$120.9 million, with a net loss of \$13.6 million.

The company said it was "undertaking an immediate review of internal control processes and procedures and will look to further strengthen these in the light of this matter".

Nufarm said that trading conditions had been "difficult" to date resulting "in lower earnings in all regions for the [three months to October 31, 2019] compared to the prior year".

The company said that inventories and lower demand in North America resulted in first quarter Ebitda of about \$20 million below the corresponding period for this region "and it is considered unlikely this will be mitigated in the second quarter".

Nufarm said that the majority of its first half year earnings were generated in the second quarter and "while it has become increasingly difficult to forecast the half year results ... the company expects first half ... [Ebitda] to be significantly lower than the prior year".

Nufarm was down five cents or one percent to \$4.95 with 2.2 million shares traded.

SEAFARMS GROUP

Seafarms says it has appointed GFI Australia as lead arranger for debt funding for its prawn aquaculture project Project Sea Dragon, but did not disclose the cost.

Seafarms said that Sea Dragon was a land-based prawn aquaculture project being developed in northern Australia capable of producing 150,000 tonnes of prawns a year.

Seafarms said that GFI would work with debt providers including "a major Australian financial institution" for the debt component and would also have the right to negotiate equity in Project Sea Dragon.

The company said the funding would support the procurement and construction of infrastructure, including the completion of the Exmouth, Western Australia build-out, rapid construction of the breeding centre at Bynoe Harbour, Northern Territory and commencing construction of the farms and ancillary infrastructure at Legune, Northern Territory.

Seafarms was down 0.05 cents or 0.6 percent to 7.9 cents with 1.1 million shares traded.

APIAM ANIMAL HEALTH

Apiam says it will pay \$4.65 million to acquire Grampians Animal Health for its mixed animal veterinary clinic and the Livestock Logic production animal consultancy.

Apiam said the Hamilton, Victoria-based Grampians Animal Health generated revenue of \$4.1 million in the year to June 30, 2019 and employed six veterinarians and a sheep consultant providing services in Victoria, South Australia and New South Wales.

Apiam managing director Dr Chris Richards said the acquisition would “significantly enhance Apiam’s operations in the Western District of Victoria and leverage our asset base and infrastructure in this region”.

“[Grampians Animal Health] also offers Apiam new skills and expertise in sheep consulting services and parasitology diagnostics that can be further expanded through our extensive network of production animal veterinarians in other regions of Australia,” Dr Richards said.

Apiam was down 0.5 cents or 1.1 percent to 44.5 cents.

APIAM ANIMAL HEALTH

Apiam says it has signed an exclusive distribution agreement with Sydney’s Zoono Group to distribute Zoono’s protection and disinfectant technology system for livestock.

Apiam said Zoono’s technology was an alternative to chemicals able to sanitize and protect livestock against pathogens including H1N1 influenza by “providing ongoing mechanical activity” and had been subject to more than 150 tests by third-party laboratories.

The company said following demonstrated pathogen reduction and production benefits in poultry, the technology would be distributed and trialed in commercial piggeries across Australia and the US.

Apiam managing director Dr Chris Richards said there was “significant potential for these types of products across our livestock customer base as producers continue to seek alternatives to antimicrobials to prevent and control disease”.

FOOD REVOLUTION GROUP

Food Revolution says it will sell nine vegetable and fruit juices at Coles supermarkets, under its newly acquired Original Juice Company brand, as well as two iced teas.

In September, Food Revolution said it would acquire the “ICONIC Australian brand” Original Juice Company Black Label fruit juice brand from US-based Kraft Heinz subsidiary Golden Circle for \$1.25 million (AVW: Sep 6, 2019).

The company said its Black Label brand would include low sugar orange juice, its existing Juice Lab would become part of the Original Juice Co brand along with Bush Tucker juice to be a sub-segment called ‘Australian Natives’.

Food Revolution said that its agreement with Coles had no guaranteed revenues or minimum volumes, but was the formal launch of its Original Juice Company brand in Australia, with the next step being sales in China.

In addition to the distribution deal, Food Revolution said the upgrade to its production facility in Mill Park, Victoria was nearing completion, with production expected to commence there in January 2020.

Food Revolution was up 0.2 cents or 2.6 percent to eight cents.

CLEAN SEAS SEAFOOD

Clean Seas says it has agreed to continue mediation with Gibson's relating to legal action against Gibson's over allegedly defective feedstock supplied to the company.

Clean Seas said that following a meeting on November 28, the two parties would reconvene on December 19.

The company said the trial remained listed for February 24, 2020.

Clean Seas said the legal action against Gibson's related to allegedly defective feeds supplied by Gibson's between December 2008 and July 2012 (AVW: Aug 30, 2019).

Clean Seas was down one cent or 1.3 percent to 76 cents.

BUBS AUSTRALIA

Bubs says that it is relocating its corporate headquarters from Sydney to its Australia Deloraine Dairy manufacturing facility in Dandenong South, Victoria.

Bubs chief executive officer Kristy-Lee Newland Carr said that "bringing our supply chain, production and personnel closer together like this as a natural progression which will help bring greater agility and scale efficiencies to our business".

"Most of our Australian based supply chain partners and customers are located in Victoria," Ms Carr said.

"In particular, our goat dairy farmers who collectively represent the largest aggregation of milking goats in Australia, are located in the country's dairy capital," Ms Carr said.

Bubs was down 1.5 cents or 1.4 percent to \$1.08 with 3.7 million shares traded.

SHAREROOT

Shareroot says it has changed its name to Opyl with an ASX code of OPL, and it will conduct a 100-to-one consolidation.

Shareroot said that all annual general meeting resolutions passed easily and it would reduce the number of shares on offer from 2,959,065,499 shares to 29,590,655 shares.

The company said the record date for the consolidation would be December 2 and it expected normal trading to resume on December 10, 2019.

Shareroot was down 4.8 cents or 48 percent to 5.2 cents.

CRESO PHARMA

Creso says it hopes to raise up to \$9,785,161 to repay the \$C3.9 million (\$A4.3 million) Pharmaciolo loan by November 30, 2019 and to fund its ongoing operations.

Creso said it hoped to raise up to \$5.5 million through the issue of up to 6,111,111 debt securities at a subscription price of 90 cents per share and a face value of \$1.00, up to 10,000 shares in a cleansing offer at an issue price of 20 cents per share to raise up to \$2,000, an additional convertible security facility to raise up to \$2.7 million, and up to \$1,585,161 through a placement of 8,299,271 shares at an issue price of 1.91 cents per share subject to shareholder approval.

The company said the offers would open on November 27, the debt note offer would close on November 28 and the cleansing offer would close on December 2, 2019.

Creso was in a suspension and last traded at 20 cents.

APIAM ANIMAL HEALTH

All resolutions to the Apiam annual general meeting were passed but with 36.2 percent dissent against managing-director Dr Chris Richards incentive shares.

The Apiam meeting results notice said that 10,967,524 votes (36.2%) opposed the issue of \$106,702 in performance rights, or 30 percent of Dr Richards' base salary, with 19,308,088 votes (63.8%) in favor.

Apiam said the approval of the employee equity incentive plan faced 12.9 percent dissent, the re-election of Michael van Blommestein as director saw 9.6 percent opposition, while the adoption of the remuneration report and ratification of the issue of ACE acquisition shares passed easily.

The company's most recent Appendix 3B new issue announcement said that Apiam had 112,904,009 shares on issue, meaning that the votes against Dr Richards' shares amounted to 9.7 percent of the company, sufficient to requisition extraordinary general meetings.

ABUNDANT PRODUCE

Abundant's annual general meeting passed all resolutions, but the issue of shares to Top Cat Consulting faced 31.5 percent opposition.

Abundant said the issue of 250,000 shares to Top Cat Consulting, which owns 19.95 percent of Abundant and is related to Abundant chief executive officer Anthony Crimmins, was passed with 11,981,037 votes (68.5%) in favor and 5,515,787 votes (31.5%) against. The company said that all other resolutions were passed with wider margins, with the remuneration report passed with more than 99 percent in favor.

According to Abundant's most recent Appendix 3B new share issue announcement it had 83,310,833 shares on offer, meaning the vote against Top Cat's shares amounted to 6.6 percent of the company, sufficient to call extraordinary general meetings.

Abundant was up 0.8 cents or 14.0 percent to 6.5 cents.

ALTHEA GROUP HOLDINGS

All resolutions to the Althea annual general meeting were passed but with 22 percent opposition to a retirement benefit to managing-director, Joshua Fegan.

Althea's meeting results notice said that 12,697,037 votes (22.01%) opposed the issue of 595,828 performance rights to Mr Fegan, with 44,998,201 votes (77.99%) in favor.

Althea said that approval of an additional 10 percent placement capacity faced 10.52 percent dissent, while the remuneration report, the re-election of Alan Boyd as director, the Althea rights plan and the granting of the 2018-'19 and 2019-'20 performance rights to Mr Fegan were passed overwhelmingly.

The company's most recent Appendix 3B new issue announcement said that Althea had 233,310,000 shares on issue, meaning that the votes against Mr Fegan's retirement rights amounted to 5.4 percent of the company, sufficient to requisition extraordinary general meetings.

Althea was up 0.5 cents or 1.3 percent to 39 cents.

AUSCANN GROUP HOLDINGS

Auscann says it has a three-year agreement with Sydney's Aspen Pharmacare Australia to package its medicinal marijuana pharmaceutical products.

Auscann said that Aspen would provide good manufacturing practice packaging services for its solid hard-shell capsules for chronic pain, manufactured by the Philadelphia, Pennsylvania-based PCI Pharma, with an option to extend the initial three-year deal.

Auscann chief executive officer Ido Kanyon said that "the contract manufacturing and packaging capabilities we have in place with Aspen Pharmacare and with PCI Pharma enable us to be highly cost-effective and agile".

Mr Kanyon said that Auscann was on track to "getting its first capsules to market," with the solid hard-shell capsules "expected to be released for clinical trials towards the end of 2019".

Auscann was up 0.5 cents or 2.6 percent to 20 cents.

AUSTRALIAN PRIMARY HEMP

Australian Primary Hemp says it has a two-year agreement with Mycelium Biotech Services to develop products which combine "the benefits of hemp and mushrooms".

Australian Primary Hemp said the collaboration with the Byron Bay, New South Wales-based Mycelium Biotech Services' Life Cykel, which would develop and co-brand "up to five new nutrition bars and a salad dressing", with co-developed product costs and profits shared equally.

Australian Primary Hemp said it would use its Australian network and Mycelium's Asia Pacific, US and European networks to distribute the products, and that both companies would explore other commercial opportunities.

Australian Primary Hemp said both companies would use the other's ingredients exclusively and it had received an initial order from Mycelium.

Australian Primary Hemp was untraded at 18 cents.

CANN GROUP

Cann Group 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 41.1 percent from 73 cents to an intraday low of 43 cents on November 25, 2019 and noted a "significant increase" in trading volumes.

Cann was down 3.5 cents or 7.5 percent to 43 cents with 3.4 million shares traded.

SEAFARMS GROUP

Seafarms says it will release 80 million unlisted options from ASX escrow on December 12, 2019, relating to the acquisition of Legune Station.

According to the company's most recent Appendix 3B new issue announcement, the options were exercisable at 10 cents each.

The Appendix 3B said that Seafarms had 1,755,668,205 shares available for trading; 249,919,097 shares held in voluntary escrow until August 7, 2021; 125,588,882 listed options exercisable at 9.7 cents by July 17, 2021; 28,355,534 listed options exercisable at 9.7 cents by July 17, 2021 held in voluntary escrow until August 7, 2021; 30,150,189 unlisted convertible notes; 35,000,000 unlisted options, exercisable at 9.7 cents; and 5,320,622 unlisted options exercisable at 6.2 cents.

Seafarms was down 0.05 cents or 0.6 percent to 7.9 cents with 1.1 million shares traded.

ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES

Roots says it will release 18,758,654 Chess depository interests and 1,281,000 options exercisable at one cent each from voluntary escrow on December 6, 2019.

Roots said the options would expire on November 30, 2022

According to its most recent Appendix 3B, Roots would have 116,667,344 Chess depository interests and 15,113,402 options available for trading, following the escrow release.

Roots was down 0.2 cents or 5.3 percent to 3.6 cents.

SYNLAIT MILK

Synlait says it has appointed Mark Toomey as director of operations, effective from December 9, 2019, following the resignation of Neil Betteridge in July this year.

Synlait said Mr Toomey had 25 years of supply chain and operations experience and had been the operations and supply chain manager for Graincorp.

The company said Mr Toomey had previously worked for Lion, Kelloggs, Toohey's Brewery, Dairy Farmers and Goodman Fielder.