



Ag & Vet Weekly

Tuesday January 28 – Friday January 31, 2020

All the news on ASX-listed agriculture and veterinary companies

- * JAN 31: ASX UP, AVW-45 DOWN: PHARMAUST UP 21%; ELIXINOL DOWN 14.5%
- * DAIRY PLAN: ONE NATIONAL BODY, ALL SERVICES, SINGLE LEVY
- * NANOLLOSE, GRASIM COLLABORATE ON TREE-FREE FIBRES
- * SYNLAIT INCREASES BASE MILK PRICE 4% TO \$7.01/kgMS
- * TASFOODS RECEIPTS UP 27% TO \$49.5m
- * BUBS H1 RECEIPTS UP 60% TO \$26m
- * CLEAN SEAS H1 RECEIPTS UP 17% TO \$25m
- * THC RECEIPTS UP 83% TO \$4.7m
- * PHARMAUST H1 RECEIPTS DOWN 5.6% TO \$1.9m
- * MURRAY COD H1 RECEIPTS UP 12% TO \$1.8m
- * OCEAN GROWN ABALONE H1 RECEIPTS UP 4% TO \$1.5m
- * NANOLLOSE HAS LESS THAN TWO QUARTERS CASH
- * REGENEUS HAS 1 QUARTER CASH
- * MGC HAS LESS THAN 1 QUARTER CASH
- * CANN GROUP CUTS STAFF 25%, COSTS BY \$7m, MILDURA FACILITY
- * ROOTS REQUESTS CAPITAL RAISING TRADING HALT
- * CRESO SELLS MORE THAN 100,000 CANNAQIX PACKS
- * ECOFIBRE APPOINTS DAVID NEU ANANDA CEO

MARKET REPORT

The Australian stock market was up 0.13 percent on Friday January 31, with the ASX200 up 8.8 points to 7017.2 points. 15 of the AVW-45 stocks were up, 19 fell, eight traded unchanged and three were untraded.

Pharmaust was the best, up 1.9 cents or 20.9 percent to 11 cents, with 440,814 shares traded. Food Revolution and Tasfoods climbed four percent or more; AP Hemp, Cannpal, Ecofibre and Terragen were up more than three percent; Clean Seas, Costa Group and Elders were up two percent or more; with Althea, Apiam, Bega, Select Harvests and THC up by more than one percent.

Elixinol led the falls, down 13 cents or 14.4 percent to 77 cents, with 2,630,401 shares traded. Anatara fell 13.8 percent; Bubs lost 12.9 percent; Opyl was down 11.8 percent; Abundant fell 10.5 percent; Regeneus shed 6.3 percent; Cann Group and Creso lost more than five percent; Wide Open fell four percent; MGC and Palla were down two percent or more; A2 Milk, Auscann, Memphasys, Nanollose, Ridley and Seafarms shed more than one percent; with Clover and Nufarm down by less than one percent.

AUSTRALIAN DAIRY PLAN COMMITTEE, NEW SOUTH WALES FARMERS

The Australian Dairy Plan Committee joint transition team (JTT) has proposed a national organization responsible for providing all industry services, funded by a single levy.

A report by the JTT to the Committee says that the model, known as Newco B, would be responsible for policy, advocacy and marketing and would be the mandated research and development corporation for the Australian dairy industry.

The report said that there would be a one-off investment to establish Newco B and “one levy for farmers and the integrated services will be funded from that levy [and] processors will be members and contribute financially”.

The report said that there would be capacity for other membership categories, such as for people and organizations that form the wider dairy business community.

The report, titled ‘A new national organization for the Australian dairy industry’, is described as a “report by the joint transition team to the Australian Dairy Plan Committee, January 2020” and is available at: <https://www.dairyplan.com.au/>.

The report said the JTT was formed in September by the Australian Dairy Plan Committee, comprising the chairs of the four peak dairy organizations - Australian Dairy Farmers, Dairy Australia, Australian Dairy Products Federation and Gardiner Foundation - with former Victoria Premier and Treasurer John Brumby as the independent chair.

The Report said the JTT was designed “to develop options and a recommendation for a new, transformative structure for the national industry” and followed consultation with more than 1,500 industry participants from across the dairy supply chain.

It said it was “an industry-driven and owned initiative”.

The report said the model would have “the capability to develop and advocate evidence-based policy with authority and influence [and] the evidence used would not only be technical, but include evidence of the priorities of dairy businesses”.

The JTT said “analysis confirmed the view expressed by industry participants that the current industry institutional arrangements are no longer fit for purpose for today or suitable to take the industry forward”.

The report said that integrated services would be provided across the dairy value chain at the national and regional levels; Newco B would have a regional presence through its offices, providing one national brand and a clear line-of-sight for regional dairy businesses, including farmers, processors and other local businesses and organizations.

The report said that performance and the implementation of effective systems and processes would be assured by a project management office and a national forum would provide for collaborative discussion of the major issues and opportunities for the industry.

“The company will provide one point of contact for all dairy businesses, governments, domestic [and] export customers, the media and the public,” the report said.

The JTT proposed a nine-member board, with directors paid at market rates and limited to three terms of three years.

The report said the company would receive the statutory Dairy Services Levy, with one organization accountable to members and investors.

“These characteristics represent a transformative change for the Australian dairy industry,” the report said.

In a media release, New South Wales Farmers said it recognized the work by the joint transition team, the problems with the industry and the need for change.

“We strongly support the need for change and that the dairy industry must get the right structures in place to be sustainable and profitable,” NSW Farmers Dairy Committee Chair Colin Thompson said.

Mr Thompson said his committee would consider the recommendations and gauge member feedback.

NANOLLOSE

Nanollose says it will work with Grasim Industries, part of the India-based Aditya Birla Group, to develop and commercialize its tree-free fibres.

Nanollose said the up to three-year agreement would see both companies contribute materials and services, share knowledge and intellectual property related to microbial cellulose and its conversion into fibre, for the commercialization of fibres including its Nullarbor and Nufolium.

The company said fibre would be produced on Grasim's pilot spinning line at the tonne scale and new intellectual property would be jointly owned.

Nanollose said it would aim to enter into a subsequent agreement for the production of tree-free fibres from microbial cellulose on a commercial scale once pilot scale production has been achieved.

Nanollose chairman Wayne Best told Biotech Daily that financial terms would be "determined in a separate agreement once successful scale-up has been achieved".

Nanollose was down 0.1 cent or 1.4 percent to 7.3 cents.

SYNLAIT MILK

Synlait says it has increased its forecast base milk price for the 2019 and 2020 season from \$NZ7.00 (\$A6.78) to \$NZ7.25 (\$A7.01) per kilogram of milk solids.

Synlait said it believed global dairy prices would remain about the same for the remainder of the milk season, with the next milk price announcement in late May 2020.

Synlait chief executive officer Leon Clement said "Synlait increased its forecast milk price to \$7.25 for the current season on the back of higher than expected commodity prices at the end of 2019, which we believe will hold in the medium term as supply and demand continue to be evenly matched".

Synlait was unchanged at \$8.52.

TASFOODS

Tasfoods says that receipts from customers for its dairy and poultry products increased 26.8 percent to \$49,531,000 for the year to December 31, 2019.

Tasfoods said receipts from customers increased 48.9 percent to \$15,831,000 for the three months to December 31, 2019.

The company said it had \$1,442,000 in cash and cash equivalents at December 31, 2019 and expected to spend \$17,026,000 for the three months to March 31, 2020.

Tasfoods was up 0.5 cents or four percent to 13 cents.

BUBS AUSTRALIA

Bubs says that receipts from customers for its goat milk products for the six months to December 31, 2019 increased 60.0 percent to \$26,012,000.

Bubs said receipts from customers increased 45.2 percent to \$13,322,000 for the three months to December 31, 2019.

The company said it had \$39,130,000 in cash and cash equivalents at December 31, 2019 and expected to spend \$26,043,000 for the three months to March 31, 2020.

Bubs was down 12 cents or 12.9 percent to 81 cents with 25,144,638 shares traded.

CLEAN SEAS SEAFOOD

Clean Seas says that receipts from customers for its Yellowtail Kingfish increased 16.8 percent to \$24,578,000 for the six months to December 31, 2019.

Clean Seas said receipts from customers increased 16.2 percent to \$12,600,000 for the three months to December 31, 2019.

The company said it had \$9,343,000 in cash and cash equivalents at December 31, 2019 and expected to spend \$17,550,000 for the three months to March 31, 2020.

Clean Seas was up 1.5 cents or 2.1 percent to 73.5 cents.

THC GLOBAL (FORMERLY THE HYDROPONICS COMPANY)

THC says that receipts from hydroponics equipment customers for the year to December 31, 2019 were up 82.7 percent to \$4,727,000

THC said receipts from customers increased 188.9 percent to \$1,869,000 for the three months to December 31, 2019.

The company said it had \$3,555,000 in cash and cash equivalents at December 31, 2019 and expected to spend \$1,936,000 for the three months to March 31, 2020.

THC was up 0.5 cents or 1.3 percent to 38 cents.

PHARMAUST

Pharmaust says receipts from customers for the six months to December 31, 2019 fell 5.6 percent to \$1,804,000, compared to the previous corresponding period.

Pharmaust said that receipts, primarily from its Epichem medicinal chemistry division, for the three months to December 31 decreased 11.4 percent to \$710,000.

The company said it had \$2,922,000 in cash and cash equivalents at December 31 with an expected expenditure for the three months to March 31, 2019 of \$1,500,000.

Pharmaust was up 1.9 cents or 20.9 percent to 11 cents.

MURRAY COD AUSTRALIA

Murray Cod says that receipts from customers for its cod increased 11.6 percent to \$1,777,000 for the six months to December 31, 2019.

Murray Cod said receipts from customers increased 10.25 percent to \$1,065,000 for the three months to December 31, 2019.

The company said it had a net cash burn of \$1,260,000 for the three months to December 31 and \$14,536,000 in cash and cash equivalents at December 31, 2019.

Murray Cod was unchanged at 15 cents.

OCEAN GROWN ABALONE

Ocean Grown Abalone says receipts from customers for its abalone sea snail products increased 3.7 percent to \$1,505,000 for the six months to December 31, 2019.

Ocean Grown said it had had a net cash burn of \$100,000 for the three months to December 31, 2019 with \$4,034,000 in cash and cash equivalents.

Ocean Grown Abalone was unchanged at 13 cents.

NANOLLOSE

Nanollose says its net operating cash burn for the three months to December 31, 2019 was \$15,000, with cash at the end of the quarter of \$585,000.

Nanollose said it expected to spend \$384,000 in the three months to March 31, 2020.

Ag & Vet Weekly contacted Nanollose regarding the apparent deficit of less than two quarters of cash, but at the time of publication had not received a response.

REGENEUS

Regeneus says its estimated cash burn for the three months to March 31, 2020 would be \$880,000, with cash at the end of the quarter of \$818,000.

Regeneus said its net cash burn for the three months to December 31, 2019 was \$402,000, it would continue to cut costs and anticipated to spend \$250,000 a month.

The company said it had completed a \$5.5 million placement in the December quarter and received a \$50,000 Federal Government research grant (AVW: Nov 22, 2019).

Regeneus was down 0.5 cents or 6.3 percent to 7.5 cents.

MGC PHARMACEUTICALS

MGC says its net operating cash burn for the three months to December 31, 2019 was \$2,805,000, with cash at the end of the quarter of \$1,022,000.

MGC said it expected to spend \$1,606,000 in the three months to March 31, 2020.

MGC said receipts from customers for its marijuana products increased one percent to \$888,000 for the six months to December 31, 2019.

The company said it had received the first payment of a \$25,000 Federal grant.

MGC was down 0.1 cents or 2.9 percent to 3.4 cents with 3,328,040 shares traded.

CANN GROUP

Cann Group says it has reduced staff by 25 percent, eliminated \$7 million in annualized costs and will proceed with the first stage of its Mildura marijuana facility.

In November, Cann Group said it would adopt a staged approach to its Mildura facilities rather than build them as a single stage development (BD: Nov 22, 2019).

Today, the company said the first stage of construction would include stage 1A for a capacity of 12,500 kilograms (kgs) of cannabis dry flower and stage 1B for a capacity of 25,000 kgs, with a potential capacity of 70,000 kgs of dry marijuana flower.

Cann Group said it expected plant material in the facility by January 2021 and the first harvest was targeted by April 2021, subject to funding and approvals.

The company said it would require between \$65 million and \$75 million to complete stage 1A and expected to finalize funding by April 2020, involving both debt and equity.

Cann Group said construction of stage 1B was expected to be funded by working capital and debt and Aurora Cannabis had said it would not participate in any new funding.

Cann Group was down seven cents or 5.2 percent to \$1.29 with 1,435,080 shares traded.

ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES

Roots has requested a trading halt "pending an announcement in relation to a capital raising".

Trading will resume on February 3, 2020 or on an earlier announcement.

Roots last traded at 3.7 cents.

CRESO PHARMA

Creso says it has sold more than 100,000 packs of its hemp-oil derived Cannqix lozenges since its launch in April 2018, with more than \$1 million in revenue for 2019.

Creso said the Cannqix line was comprised of lozenges designed to relieve stress and chronic pain and was sold in Australia, New Zealand, Brazil, Switzerland, the UK, the Netherlands and Germany, with upcoming product launches in South Africa and Latin America.

Creso was down one cent or 5.7 percent to 16.5 cents.

ECOFIBRE

Ecofibre says it has appointed former executive chairman David Neu as chief executive officer of its US marijuana food additives business Ananda Health.

Ecofibre said the appointment was effective immediately.

Ecofibre said Mr Neu was previously president of Amerisourcebergen Drug Corp and Good Neighbor Pharmacy, director of the National Association of Chain Drug Stores and chairman of the Health Distribution Alliance.

The company said Mr Neu was currently a director of the People's Portfolio, chair of the University of Southern California School of Pharmacy executive committee and co-founder of the Sidney Kimmel Cancer Centre-based Neu Centre for Supportive Medicine and Cancer Survivorship.

Ecofibre was up 11 cents or 3.8 percent to \$3.04.