



ANIMAL CONTROL PRODUCTS LIMITED
REPORT TO SHAREHOLDERS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

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Half Year Chairman's Report

The first half of the financial year produced a satisfactory result despite operating in the wake of Covid-19 disruptions. Total sales of \$3.68m were generated which was well above budget, but significantly below the previous year's \$5.65m of sales. Last year's sales were boosted by strong demand for bait products to tackle rodent irruptions generated by beech tree masting.

Covid-19 has not significantly affected our performance to date. During the 'lockdown' periods earlier in 2020, Orillion operated as an essential service, and this was followed by a period of strong sales in all market sectors. We were able to meet demand thanks to the efforts made by our dedicated team of manufacturing staff often working overtime. Several predator control operations utilising Orillion bait were deferred by our customers for a range of reasons in the first half of the financial year, however we are hopeful that they will be undertaken during 2021. We remain concerned that a new entrant to 1080 bait manufacture lacks focus on health and safety and bait quality, risking the 'social license to operate' for this essential predator control tool.

Our collaborative work with others continued strongly in the first half of the year. We were very pleased to see the ongoing success of ZIP (Zero Invasive Predators) in their eradication efforts on the West Coast of the South Island utilising Orillion bait and bird repellent products. We continue to develop new products with ZIP.

The collaborative work with Manaaki Whenua Landcare Research to develop rat selective toxin products continues. Much of this involves international input, which was slowed to some extent by Covid-19. Bait development, field trials and formulation work continue. Other emerging product and market development projects were also undertaken during the first half of the year, although this is a necessarily a long and meticulous process when developing toxic bait products.

Our network of international collaborators continues to grow founded on existing business projects, but this is now opening doors to new export opportunities which is important as we continue to diversify our business. Orillion bait products are also routinely used for island eradication projects mainly in the Southern Hemisphere.

Health and Safety remains an ongoing and major focus for Orillion. New processing equipment was commissioned during the period and we continue to investigate opportunities to further enhance worker safety.

We commenced measuring our greenhouse gas emissions in the previous financial year, and we now analyse these on a monthly basis. The emissions for the first six months of the year were 71 tonnes of carbon, compared to 101 tonnes in the same period the previous year. (Note that any direct comparison needs to take different production levels and product mix into account.)

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Financial Performance

As noted above, sales for the period were well ahead of budget at \$3.675m, and this together with tight monitoring and control of overhead costs, resulted in a net profit of \$565,000k against a budget of \$32,000k. Overhead costs include the Chief Executive's remuneration for the six month period of \$141,000.

Cash equivalents and short term investments are higher than budget due to the better than expected profit in 2020 and the better than budgeted profit year to date. Stock levels remain at reduced levels, orders have been placed for raw material purchases of approximately \$700,000 for future delivery.

T. Murdoch - Chairman

ANIMAL CONTROL PRODUCTS LIMITED
Statement of Financial Performance (Unaudited)
**FOR THE THREE MONTHS FROM
1 OCTOBER 2020 TO 31 DECEMBER 2020**
**FOR THE SIX MONTHS ENDED
31 DECEMBER 2020**

Prior Year	Actual	Business Plan		Prior Year	Actual	Business Plan
2,071,326	872,633	325,000	Sales	5,653,779	3,675,031	2,505,500
1,125,572	529,198	298,997	Cost of Sales	3,020,543	1,904,848	1,501,622
945,754	343,435	26,003	GROSS MARGIN	2,633,236	1,770,183	1,003,878
			Less:			
65,780	57,935	57,935	Depreciation	124,998	113,857	113,857
129,038	118,047	90,837	Factory Overheads	279,673	271,542	193,346
750,936	167,453	(122,769)	TRADING PROFIT	2,228,565	1,384,784	696,675
			Less:			
-	-	-	Amortisation	-	-	-
-	-	-	Depreciation	-	-	-
-	-	-	Interest	-	-	-
260,634	250,248	259,251	Administration	527,583	522,819	516,489
36,067	44,174	118,560	Research & Development	94,919	85,260	157,120
296,701	294,422	377,811	TOTAL EXPENSES	622,502	608,079	673,609
454,235	(126,969)	(500,580)	NET OPERATING PROFIT	1,606,063	776,705	23,066
16,155	2,308	10,599	Plus Other Income	33,265	7,982	21,424
-	-	-	Gain On Disposal			
470,390	(124,661)	(489,981)	NET PROFIT BEFORE INCOME TAX	1,639,328	784,687	44,490
131,741	(34,904)	(137,193)	Less Taxation	459,012	219,713	12,458
\$338,649	\$(89,757)	\$(352,788)	NET PROFIT	\$1,180,316	\$564,974	\$32,032

ANIMAL CONTROL PRODUCTS LIMITED
Statement of Financial Position (Unaudited)
AS AT 31 DECEMBER 2020

December 2019		Actual 2019	Business Plan
	CURRENT ASSETS		
500	Petty Cash	500	500
4,154,618	Bank of New Zealand	2,929,286	2,084,486
85,081	Prepayments & Deposits	75,754	60,000
150,346	Accounts Receivable	179,578	107,050
842,689	Stock on Hand	1,487,201	1,947,109
-	Tax Receivable	17,303	81,542
<u>5,233,234</u>		<u>4,689,622</u>	<u>4,280,687</u>
	LESS CURRENT LIABILITIES		
47,770	GST Payable	18,932	(111,469)
150,078	Tax Payable	-	-
175,153	Accounts Payable	107,167	471,563
<u>701,503</u>	Accrued Expenses	<u>555,028</u>	<u>197,077</u>
1,074,504		681,127	557,171
<u>4,158,730</u>	WORKING CAPITAL	<u>4,008,495</u>	<u>3,723,516</u>
3,199,653	FIXED ASSETS	3,378,429	3,393,417
2,134	INTANGIBLE ASSETS	1,307	2,133
751,480	NON CURRENT INVENTORY	733,967	1,101,480
(321,880)	DEFERRED TAX LIABILITY	(165,100)	81,068
-	LONG TERM LOAN	-	-
<u>\$7,790,117</u>	NET ASSETS	<u>\$7,957,098</u>	<u>\$8,301,614</u>
	Comprising:		
	SHAREHOLDERS INVESTMENT		
100	Share Capital	100	100
1,617,486	Capital Reserves	1,617,486	1,617,486
6,242,215	Retained Earnings Brought Forward	7,034,538	6,701,996
1,180,316	Profit for Year (After Tax)	564,974	32,032
(1,250,000)	Dividends Paid	(1,260,000)	(50,000)
<u>\$7,790,117</u>	TOTAL SHAREHOLDERS INVESTMENT	<u>\$7,957,098</u>	<u>\$8,301,614</u>

ANIMAL CONTROL PRODUCTS LIMITED

Statement of Cash Flows (Unaudited)

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

FOR THE THREE
MONTHS ENDED 31
DECEMBER 2020

FOR THE YEAR TO DATE

CASH FLOWS FROM OPERATING ACTIVITIES

	Cash was provided from:	
1,088,953	Receipts from Customers	2,961,152
2,308	Interest Received	7,982
1,011,261		2,969,134
	Cash was applied to:	
994,526	Payments to Suppliers	3,439,896
-	Interest Paid	-
(204,448)	Net GST	111,913
229,621	Net Taxation Paid	593,157
1,019,699		4,144,966
(8,438)	Net Cash Flow/(Outflow) from Operating Activities	(1,175,832)

CASH FLOWS FROM INVESTING ACTIVITIES

-	Cash was received from:	
	Sale of Fixed Assets	
	Cash was applied to:	
31,014	Purchase of Fixed Assets	88,736
-	Purchase of Intangible Assets	
(31,014)	Net Cash Flow/(Outflow) from Investing Activities	(88,736)

CASH FLOWS FROM FINANCING ACTIVITIES

	Cash was received from:	
-	Term Loan	-
-		-
1,260,000	Cash was applied to:	
	Dividend Paid	1,260,000
(1,260,000)	Net Cash Flow/(Outflow) from Financing Activities	(1,260,000)
(1,299,452)	Net Increase/(Decrease) in Cash Held	(2,524,568)
4,299,238	Add: Cash Held at Start of Period	5,454,354
\$2,929,786	BALANCE AT END OF PERIOD	\$2,929,786
	Represented by:	
500	Petty Cash	500
2,929,286	Bank of New Zealand	2,929,286
\$2,929,786		\$2,929,786

