



# ANIMAL CONTROL PRODUCTS LIMITED REPORT TO SHAREHOLDERS FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

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## Half Year Chairman's Report

The first half of the financial year produced a very pleasing result with sales and net profit exceeding budget. Total sales of \$4.78m were generated which was well ahead of the previous year's sales level of \$3.68m. Sales were strong in all market sectors including both private operators and to the Department of Conservation. Export sales were boosted by the Australian mouse plague that has since abated.

Covid-19 has not significantly affected our performance to date, although rising input costs for some materials and delays in inwards and outwards freight movements proved challenging. Several offshore product trials were significantly delayed due to recurring Covid-19 restrictions in those markets, and this situation remains as we commence the second half of the financial year. This has and will continue to delay our product diversification and export growth particularly where field trials and in-market visits are required.

Predator control operations in New Zealand largely continued as planned, although the situation remains uncertain given the arrival of Covid-19 variants. Several projects at our Whanganui manufacturing site were also delayed as a direct result of Covid-19. Suppliers have been unable to visit the site or to provide adequate service given huge demand from other customers in the manufacturing sector for many new plant and equipment items. Availability of the items has also been constrained.

Island eradication projects in many different parts of the world continue to provide a steady stream of workflow and enquiry to utilise our proven 'Pestoff 20R' bait formulation. Successes in this area are viewed as a pinnacle of ecological restoration given that rodents are responsible for and capable of the extinction of endemic bird and insect species. Due to the track record of Pestoff 20R, it is viewed as a bait of choice.

Our collaborative work with others continued in New Zealand. We have ongoing project work with Zero Invasive Predators (ZIP), the Department of Conservation and others across a range of innovative projects with a focus on quality and precision baiting.

The close partnering with Manaaki Whenua Landcare Research to develop rat selective toxin products is advancing, with a focus on New Zealand and export markets.

Health and Safety remains an ongoing major focus for Orillion. We continuously investigate opportunities to further enhance worker safety. This includes a proactive but pragmatic approach to the Covid-19 pandemic. We have been designated an essential service during the pandemic, and consequently we have introduced processes and altered some facilities at our Whanganui manufacturing site to minimise risk to staff and others on site.

### Financial Performance

As noted above, sales for the period were well ahead of budget at \$4.78m, and this together with tight monitoring and control of overhead costs, resulted in a net profit after tax of \$949k against a budget of \$300k. Overhead costs include the Chief Executive's remuneration for the six-month period of \$186,635.

Cash equivalents and short-term investments are higher than budget due to the better than expected profit and the delays in the investment in product commercialisation, stock replenishment and fixed asset upgrades. These investments have been delayed due to supply chain delays or the inability to travel both internationally and, during the recent lockdowns, domestically. The delays in these areas account for approximately \$875k, the bulk of which are committed orders.

T. Murdoch - Chairman

## Statement of Financial Performance (Unaudited)

FOR THE THREE MONTHS FROM  
1 OCTOBER 2021 TO 31 DECEMBER 2021FOR THE SIX MONTHS ENDED  
31 DECEMBER 2021

Prior Year	Actual	Business Plan		Prior Year	Actual	Business Plan
872,633	1,888,797	1,075,000	Sales	3,675,031	4,784,211	3,212,000
529,197	1,007,731	719,903	Cost of Sales	1,914,302	2,334,572	1,957,020
343,436	881,066	355,097	<b>GROSS MARGIN</b>	1,760,729	2,449,639	1,254,980
57,935	62,939	62,939	Less:			
118,047	107,710	104,795	Depreciation	113,857	120,274	120,274
			Factory Overheads	271,542	239,680	216,547
167,454	710,417	187,363	<b>TRADING PROFIT</b>	1,375,330	2,089,685	918,159
250,247	236,919	259,831	Less:			
44,174	125,848	38,560	Administration	531,940	552,288	514,662
			Research & Development	85,260	233,330	77,120
294,421	362,767	298,391	<b>TOTAL EXPENSES</b>	617,200	785,618	591,782
(126,967)	347,650	(111,028)	<b>NET OPERATING PROFIT</b>	758,130	1,304,067	326,377
2,308	3,721	1,016	Plus Other Income	7,982	14,534	2,180
(124,659)	351,371	(110,012)	<b>NET PROFIT BEFORE INCOME TAX</b>	766,112	1,318,601	328,557
(34,904)	98,768	(72,808)	Less Taxation	219,713	369,209	28,991
<u>\$(89,755)</u>	<u>\$252,603</u>	<u>\$(37,204)</u>	<b>NET PROFIT</b>	<u>\$546,399</u>	<u>\$949,392</u>	<u>\$ 299,566</u>

**ANIMAL CONTROL PRODUCTS LIMITED**

**Statement of Financial Position (Unaudited)**

**AS AT 31 DECEMBER 2021**

<b>December 2020</b>		<b>Actual Dec 2021</b>	<b>Business Plan</b>
	<b>CURRENT ASSETS</b>		
500	Petty Cash	100	500
2,929,286	Bank of New Zealand	4,570,724	2,495,351
75,754	Prepayments & Deposits	75,754	91,015
179,579	Accounts Receivable	590,836	289,770
1,487,201	Stock on Hand	1,668,829	1,971,296
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4,672,320		6,921,504	4,821,915
	<b>LESS CURRENT LIABILITIES</b>		
18,932	GST Payable	53,211	(106,967)
(44,670)	Tax Payable	117,249	(44,009)
107,167	Accounts Payable	204,965	595,457
555,028	Accrued Expenses	241,122	241,666
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636,457		616,557	686,147
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4,035,863	<b>WORKING CAPITAL</b>	6,304,947	3,723,516
3,378,429	<b>FIXED ASSETS</b>	3,324,590	3,597,646
1,307	<b>INTANGIBLE ASSETS</b>	482	1,307
733,967	<b>NON CURRENT INVENTORY</b>	860,589	1,608,149
	<b>INVESTMENTS</b>		
	<b>- DR8 LP</b>	-	225,000
(165,100)	<b>DEFERRED TAX LIABILITY</b>	(167,212)	(165,100)
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<u>\$7,984,466</u>	<b>NET ASSETS</b>	<u>\$10,233,396</u>	<u>\$8,862,770</u>
	Comprising:		
	<b>SHAREHOLDERS INVESTMENT</b>		
100	Share Capital	100	100
1,617,486	Capital Reserves	1,617,486	1,617,486
7,080,481	Retained Earnings Brought Forward	7,666,418	6,945,618
546,399	Profit for Year (After Tax)	949,392	299,566
(1,260,000)	Dividends Paid	-	-
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<u>7,984,466</u>	<b>TOTAL SHAREHOLDERS INVESTMENT</b>	<u>\$10,233,396</u>	<u>\$8,862,770</u>

ANIMAL CONTROL PRODUCTS LIMITED

Statement of Cash Flows (Unaudited)

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

FOR THE THREE  
MONTHS ENDED 31  
DECEMBER 2021

FOR THE YEAR TO DATE

**CASH FLOWS FROM OPERATING ACTIVITIES**

	Cash was provided from:	
1,824,2653	Receipts from Customers	5,091,296
<u>3,721</u>	Interest Received	<u>14,534</u>
1,827,986		5,105,830
	Cash was applied to:	
1,275,419	Payments to Suppliers	3,892,846
(2,701)	Net GST	47,541
<u>243,233</u>	Net Taxation Paid	<u>632,739</u>
1,515,951		4,573,127
<u>312,035</u>	<b>Net Cash Flow/(Outflow) from Operating Activities</b>	<u>532,703</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

	Cash was received from:	
-	Sale of Fixed Assets	
	Cash was applied to:	
64,187	Purchase of Fixed Assets	114,664
-	Purchase of Intangible Assets	
<u>(64,187)</u>	<b>Net Cash Flow/(Outflow) from Investing Activities</b>	<u>(114,664)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

	Cash was applied to:	
-	Dividend Paid	-
<u>-</u>	<b>Net Cash Flow/(Outflow) from Financing Activities</b>	<u>-</u>

247,848	Net Increase/(Decrease) in Cash Held	418,039
4,322,976	Add: Cash Held at Start of Period	4,152,785
<u>\$4,570,824</u>	<b>BALANCE AT END OF PERIOD</b>	<u>\$4,570,824</u>

	Represented by:	
100	Petty Cash	100
<u>4,570,724</u>	Bank of New Zealand	<u>4,570,724</u>
<u>\$4,570,824</u>		<u>\$4,570,824</u>