



ANIMAL CONTROL PRODUCTS LIMITED

REPORT TO SHAREHOLDERS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

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Half Year Chairman's Report

Strong demand for products across all categories has led to a very pleasing half year financial performance. Total sales were \$2.3m ahead of budget, and we have a strong forward order book for the second half of the financial year.

Predator control operations in New Zealand returned to normal following two years of partial disruption caused by the Covid-19 pandemic. Department of Conservation and OSPRI bovine tuberculosis possum control operations are planned well in advance, and we were able to meet deadlines by increasing production and utilising staff overtime work.

Export sales were in line with expectations, with growth in sales to the Australian market. Strong demand for bait to achieve island eradication of rodents continues in a less restricted post-Covid environment.

Several offshore product trials were significantly delayed due to recurring Covid-19 restrictions in those markets; however, this situation has now changed, and we have recommenced work on product diversification. This involves introduction of existing and new products to export markets.

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 partnership 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 continue to take opportunities to invest in new plant and equipment to improve safety and productivity. Plans have been made and orders have been placed for new rodent block manufacturing technology.

Orillion has joined the 'Toitu Carbon Reduce' programme and has voluntarily reported emissions to MBIE in December. Reduction plans are being formulated on the basis of emissions per unit of output, given our intentions to grow production and diversify our business.

Financial Performance

As noted above, sales for the period were well ahead of budget at \$8.49m and \$4.78m for the same period last year. Strong sales together with tight monitoring and control of overhead costs, resulted in a net profit before tax of \$3.05m against a budget of \$1.36m. Overhead costs include the Chief Executive's remuneration for the six-month period of \$190,341.

Cash equivalents and short-term investments are higher than budget due to the higher than expected profits in both the current year and previous year, as well as the delay in the investment in product commercialisation. Stock levels remain at reduced levels, with delays in receipt of materials sourced from overseas.

T D Murdoch - Chairman

ANIMAL CONTROL PRODUCTS LIMITED

STATEMENT OF FINANCIAL PERFORMANCE (UNAUDITED)

FOR THE THREE MONTHS FROM 1 OCTOBER 2022 TO 31
DECEMBER 2022

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

Prior Year	Actual	Business Plan		Prior Year	Actual	Business Plan
1,888,797	3,740,450	968,000	Sales	4,784,211	8,489,945	6,182,000
<u>1,007,731</u>	<u>2,017,153</u>	<u>659,375</u>	Cost of Sales	<u>2,334,572</u>	<u>4,176,664</u>	<u>3,373,814</u>
881,066	1,723,297	308,625	GROSS MARGIN	2,449,639	4,313,281	2,808,186
			Less:			
62,939	55,567	55,568	Depreciation	120,274	109,824	109,825
<u>107,710</u>	<u>164,701</u>	<u>113,851</u>	Factory Overheads	<u>239,680</u>	<u>367,443</u>	<u>260,806</u>
710,417	1,503,029	139,206	TRADING PROFIT	2,089,685	3,836,014	2,437,555
			Less:			
236,919	317,269	315,249	Administration	552,287	641,950	626,998
<u>125,848</u>	<u>119,105</u>	<u>422,098</u>	Research & Development	<u>233,330</u>	<u>236,830</u>	<u>469,196</u>
362,767	436,374	737,347	TOTAL EXPENSES	<u>785,617</u>	<u>878,780</u>	<u>1,096,194</u>
347,650	1,066,655	(598,141)	NET OPERATING PROFIT	1,304,068	2,957,234	1,341,361
5,090	58,896	11,321	Plus Other Income	14,534	90,472	21,589
-	-	-	Gain On Disposal	-	-	-
<u>352,740</u>	<u>1,125,551</u>	<u>(586,820)</u>	NET PROFIT BEFORE INCOME TAX	<u>1,318,602</u>	<u>3,047,706</u>	<u>1,362,950</u>
98,768	299,550	(164,310)	Less Taxation	369,209	837,753	381,624
<u>\$253,972</u>	<u>\$826,001</u>	<u>\$(422,510)</u>	NET PROFIT	<u>\$949,393</u>	<u>\$2,209,953</u>	<u>\$ 981,326</u>

ANIMAL CONTROL PRODUCTS LIMITED

STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT 31 DECEMBER 2022

June 2022		Actual December 2022	Business Plan
	CURRENT ASSETS		
4,570,724	Bank of New Zealand	7,052,686	6,111,040
91,015	Prepayments & Deposits	484,941	70,008
589,675	Accounts Receivable	594,650	145,761
1,668,836	Stock on Hand	1,629,509	2,032,426
<u>6,920,350</u>		<u>9,761,886</u>	<u>8,359,335</u>
	LESS CURRENT LIABILITIES		
53,221	GST Payable	51,733	(29,887)
116,090	Tax Payable	600,374	258,125
204,965	Accounts Payable	515,306	554,083
241,122	Accrued Expenses	371,665	226,968
<u>615,398</u>		<u>1,539,078</u>	<u>1,009,289</u>
<u>6,304,952</u>	WORKING CAPITAL	<u>8,222,808</u>	<u>7,350,046</u>
3,234,590	FIXED ASSETS	3,194,487	3,082,194
482	INTANGIBLE ASSETS	0	0
860,589	NON CURRENT INVENTORY	1,208,404	1,210,589
(167,212)	DEFERRED TAX (LIABILITY) ASSET	(156,108)	(167,212)
<u>\$10,233,401</u>	NET ASSETS	<u>\$12,469,591</u>	<u>\$11,475,617</u>
	Comprising:		
	SHAREHOLDERS INVESTMENT		
100	Share Capital	100	100
1,617,486	Capital Reserves	1,617,486	1,617,486
7,666,423	Retained Earnings Brought Forward	9,242,052	9,176,702
949,392	Profit for Year (After Tax)	2,209,953	981,326
0	Dividends Paid	(600,000)	(300,000)
<u>\$10,233,401</u>	TOTAL SHAREHOLDERS INVESTMENT	<u>\$12,469,591</u>	<u>\$11,475,614</u>

ANIMAL CONTROL PRODUCTS LIMITED

STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

FOR THE THREE MONTHS
ENDED 30 SEPTEMBER
2022

FOR THE YEAR TO DATE

<u>FOR THE THREE MONTHS</u> <u>ENDED 30 SEPTEMBER</u> <u>2022</u>	CASH FLOWS FROM OPERATING ACTIVITIES	<u>FOR THE YEAR TO DATE</u>
	Cash was provided from:	
5,062,244	Receipts from Customers	8,698,521
<u>58,896</u>	Interest Received	<u>90,472</u>
5,121,140		8,788,993
	Cash was applied to:	
3,246,709	Payments to Suppliers	5,837,756
-	Interest Paid	-
(57,199)	Net GST	(28,710)
<u>226,743</u>	Net Taxation Paid	<u>357,290</u>
3,416,253		6,166,337
<u>1,704,887</u>	Net Cash Flow/(Outflow) from Operating Activities	<u>2,622,656</u>
	CASH FLOWS FROM INVESTING ACTIVITIES	
	Cash was received from:	
	Sale of Fixed Assets	
195,524	Cash was applied to:	
	Purchase of Fixed Assets	196,265
	Purchase of Intangible Assets	
<u>(195,524)</u>	Net Cash Flow/(Outflow) from Investing Activities	<u>(196,265)</u>
	CASH FLOWS FROM FINANCING ACTIVITIES	
	Cash was received from:	
<u>-</u>	Term Loan	<u>-</u>
-		-
<u>0</u>	Cash was applied to:	
0	Dividend Paid	<u>600,000</u>
	Net Cash Flow/(Outflow) from Financing Activities	<u>(600,000)</u>
1,509,363	Net Increase/(Decrease) in Cash Held	1,826,391
5,543,323	Add: Cash Held at Start of Period	5,226,295
<u>\$7,052,686</u>	BALANCE AT END OF PERIOD	<u>\$7,052,686</u>
	Represented by:	
100	Petty Cash	100
7,052,586	Bank of New Zealand	7,052,586
<u>\$7,052,686</u>		<u>\$7,052,686</u>