



ANIMAL CONTROL PRODUCTS LIMITED
REPORT TO SHAREHOLDERS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

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Half Year Chairman's Report

The first half of the financial year has been broadly as expected, with sales ahead of budget but at a lower level than the previous year. This was expected, as the previous year represented unusual demand across all sectors compared to the normal sales cycles. Total sales of \$6.3m were achieved against a budget of \$5.2m and last year's level of \$8.5m.

Predator control operations in New Zealand continued to create steady demand, together with exports of a diverse range of products. We have seen increased interest and demand for development of bespoke pest and predator control products in many island situations across the world. Orillion draws on our many years of experience in formulating quality bait products to be attractive and effective in controlling a wide range of vertebrate pests.

We continue to see steady growth of sales to the Australian market. We have also developed a number of strong relationships to manufacture rodent control products for international companies under their own label. We have reconfigured our rodent manufacturing facilities and installed new sophisticated plant and equipment to increase our capacity and to produce new product formats.

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 significant project to develop rat selective toxin products continues to advance, with pending purchase of the intellectual property from Manaaki Whenua Landcare Research, and formation of Pest Control Innovations Ltd, being a dedicated and wholly owned subsidiary of Orillion to lead commercialisation of the technology. Our strong relationship and involvement of Manaaki Whenua will continue under this new structure.

Financial Performance

Note that the budget comparison is the consolidated budget including the Pest Control Innovations Ltd budget.

As noted above, sales for the period were \$6.3m, this compares to the budget of \$5.2m. Considering the results to date there is an expectation that our \$13m sales budget for the year will be achieved.

The gross profit of \$2.65m is ahead of budget by \$161k. Increased direct costs for packaging and freight relating to a large export order lowered our gross profit margin. Factory overheads were largely in line with budget, although externally sourced laboratory services to generate data for new product registrations increased costs.

Research and development expenditure relating to the rat selective toxin development is running below budget due to timing of expenditure.

The net profit before tax for the six months was \$1.3m compared to a budgeted profit of \$0.9m. It is expected that the profit for the year will be broadly in-line with the full year budget.

A handwritten signature in black ink, appearing to be 'T D Murdoch', written in a cursive style.

T D Murdoch - Chairman

ANIMAL CONTROL PRODUCTS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE (UNAUDITED)

FOR THE THREE MONTHS FROM 1 OCTOBER 2023 TO 31 DECEMBER 2023

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

Prior Year	Actual	Business Plan		Prior Year	Actual	Business Plan
3,740,450	3,523,327	1,782,000	Sales	8,489,945	6,267,409	5,243,000
<u>2,017,153</u>	<u>1,902,060</u>	<u>1,000,821</u>	Cost of Sales	<u>4,176,664</u>	<u>3,612,884</u>	<u>2,749,002</u>
1,723,297	1,621,267	781,179	GROSS MARGIN	4,313,281	2,654,525	2,493,998
			Less:			
37,094	81,689	81,689	Depreciation	91,351	151,156	151,156
<u>164,700</u>	<u>188,648</u>	<u>136,961</u>	Factory Overheads	<u>367,442</u>	<u>357,011</u>	<u>297,299</u>
1,521,503	1,350,930	562,529	TRADING PROFIT	3,854,488	2,146,358	2,045,543
			Less:			
-	-	-	Amortisation	-	-	-
-	-	-	Depreciation	-	-	-
-	-	-	Interest	-	-	-
317,269	330,713	423,909	Administration	641,949	728,562	867,818
<u>119,105</u>	<u>144,314</u>	<u>290,132</u>	Research & Development	<u>236,830</u>	<u>306,355</u>	<u>405,264</u>
436,374	475,027	714,041	TOTAL EXPENSES	878,779	1,034,917	1,273,082
1,085,129	875,903	(151,512)	NET OPERATING PROFIT	2,975,709	1,111,441	772,461
58,896	87,150	70,240	Plus Other Income	90,472	179,812	152,966
-	-	-	Gain On Disposal	-	-	-
<u>1,144,025</u>	<u>963,053</u>	<u>(81,272)</u>	NET PROFIT BEFORE INCOME TAX	3,066,181	1,291,253	925,427
			Less Taxation	837,753	345,372	259,121
320,327	269,655	(22,755)	NET PROFIT	<u>\$2,228,428</u>	<u>\$945,881</u>	<u>\$ 666,306</u>
<u>\$823,698</u>	<u>\$693,398</u>	<u>\$(58,517)</u>				

ANIMAL CONTROL PRODUCTS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT 31 DECEMBER 2023

December 2022		Actual December 2023	Business Plan
	CURRENT ASSETS		
7,052,686	Bank of New Zealand	1,199,339	6,965,581
0	Term Deposits	4,100,000	0
484,941	Prepayments & Deposits	904,936	69,000
594,650	Accounts Receivable	1,506,388	100,803
1,629,509	Stock on Hand	2,693,460	2,988,108
<u>9,761,886</u>		<u>10,404,223</u>	<u>10,123,592</u>
	LESS CURRENT LIABILITIES		
51,733	GST Payable	32,110	8,616
600,374	Tax Payable	85,346	(77,479)
515,306	Accounts Payable	481,876	330,745
371,665	Accrued Expenses & Income in Advance	446,042	308,245
<u>1,539,078</u>		<u>1,045,374</u>	<u>570,127</u>
<u>8,222,808</u>	WORKING CAPITAL	<u>9,358,849</u>	<u>9,553,465</u>
3,194,487	FIXED ASSETS	4,013,537	4,626,732
1,208,404	NON CURRENT INVENTORY	1,165,397	1,208,404
(156,108)	DEFERRED TAX (LIABILITY) ASSET	(140,095)	(156,109)
<u>\$12,469,591</u>	NET ASSETS	<u>\$14,397,688</u>	<u>\$15,232,492</u>
	Comprising:		
	SHAREHOLDERS INVESTMENT		
100	Share Capital	100	100
1,617,486	Capital Reserves	1,617,486	1,617,486
9,242,052	Retained Earnings at beginning of the year	13,984,221	14,098,600
2,209,953	Net Profit after Tax for the period	945,881	666,306
(600,000)	Dividends Paid	(2,150,000)	(1,150,000)
<u>\$12,469,591</u>	TOTAL SHAREHOLDERS INVESTMENT	<u>\$14,397,688</u>	<u>\$15,232,492</u>

ANIMAL CONTROL PRODUCTS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

<u>FOR THE THREE MONTHS</u> <u>ENDED 31 DECEMBER 2023</u>		<u>FOR THE YEAR TO DATE</u>
	CASH FLOWS FROM OPERATING ACTIVITIES	
	Cash was provided from:	
1,607,984	Receipts from Customers	5,485,659
87,150	Interest Received	179,812
<u>1,695,134</u>		<u>5,665,471</u>
	Cash was applied to:	
3,174,486	Payments to Suppliers	5,874,670
-	Interest Paid	-
114,334	Net GST	242,291
234,911	Net Taxation Paid	374,675
<u>3,523,731</u>		<u>6,491,636</u>
<u>(1,828,597)</u>	Net Cash Flow/(Outflow) from Operating Activities	<u>(826,165)</u>
	CASH FLOWS FROM INVESTING ACTIVITIES	
	Cash was received from:	
0	Term Deposits Maturities	1,000,000
	Sale of Fixed Assets	
	Cash was applied to:	
232,542	Purchase of Fixed Assets	459,973
	Purchase of Intangible Assets	
<u>(232,542)</u>	Net Cash Flow/(Outflow) from Investing Activities	<u>540,027</u>
	CASH FLOWS FROM FINANCING ACTIVITIES	
	Cash was received from:	
-	Term Loan	-
	Cash was applied to:	
0	Dividends Paid	2,150,000
<u>0</u>	Net Cash Flow/(Outflow) from Financing Activities	<u>(2,150,000)</u>
(2,061,139)	Net Increase/(Decrease) in Cash Held	(2,436,138)
3,260,578	Add: Cash Held at Start of Period	3,635,577
<u>\$1,199,439</u>	BALANCE AT END OF PERIOD	<u>\$1,199,439</u>
	Represented by:	
100	Petty Cash	100
1,199,339	Bank of New Zealand	1,199,339
<u>\$1,199,439</u>		<u>\$1,199,439</u>