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**MDC  
HOLDINGS LIMITED**

# **HALF YEAR REPORT**

## **31 December 2020**

# MDC Holdings Limited Half Year Financial Statements as at 31 December 2020 (Parent only; unaudited)

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## Half Yearly Financial Statements

1. The Local Government Act 2002 requires a half-yearly report be delivered to the shareholder within two months after the end of the first half of each financial year.
2. The financial statements reflect the core responsibilities of MDCH, including those relating to its subsidiaries Port Marlborough (PML) and Marlborough Airport (MAL) as follows:

## Report on Activities

	Parent actuals			Parent budget	
	Dec-20 \$ '000	Dec-19 \$ '000	Variance	Dec-20 \$ '000	Variance
Income	2,666	2,645	21	2,283	383
Operating costs	(863)	(969)	106	(990)	127
Gain/(loss) on swaps revaluation	315	129	186	-	315
<b>Profit for the year</b>	<b>2,118</b>	<b>1,805</b>	<b>313</b>	<b>1,294</b>	<b>825</b>
Add back derivative revaluation	(315)	(129)	(186)	-	(315)
<b>Profit for the year before revaluation</b>	<b>1,803</b>	<b>1,676</b>	<b>127</b>	<b>1,294</b>	<b>510</b>

MDC Holdings Limited's profit for the half year ended 31 December 2020 is \$2.19 million. Excluding the non-cash loss on derivatives yielded a profit of \$1.80 million which was higher than budget by \$510,000.

The increase in profit (excluding derivative revaluation) compared to budget and last year's actual of \$510,000 and \$127,000 respectively is due mainly to higher dividends received from port Marlborough as well as reduced interest charges in the period..

**MDC Holdings Limited (Parent)**  
**Income Statement**  
for the 6 months to 31 December 2020 (unaudited)

<i>Half Year to 31 December 2020</i>			
	<b>Notes</b>	<b>Dec-20</b>	<b>Dec-19</b>
		<b>Actual</b>	<b>Actual</b>
		<b>\$ '000</b>	<b>\$ '000</b>
<b>Income</b>			
Interest income	a	519	580
Dividend income	b	2,147	2,065
Subvention income		-	-
Financing fee income		-	-
<b>Total income</b>		<b>2,666</b>	<b>2,645</b>
<b>Expenses</b>			
Operations and maintenance	c	32	33
Employee benefits expense		34	34
Interest expense	a	797	902
Loss/(gain) on financial derivatives		(315)	(129)
<b>Total operating expenditure</b>		<b>548</b>	<b>840</b>
<b>Profit before income tax</b>		<b>2,118</b>	<b>1,805</b>
Income tax (expense)/credit		-	-
<b>Profit After income tax</b>		<b>2,118</b>	<b>1,805</b>

- a. **Interest expense and interest income:** group borrowings were \$2.4 million higher but interest expense reduced \$105,000 due to lower short-term rates.
- b. **Dividend income:** from PML is \$82,000 higher for the period.
- c. **Operations and maintenance costs:** consist of Audit fees, consultancy fees, accountancy & Insurance costs. Insurance costs have decreased marginally this year. Otherwise, admin costs remain at similar levels to last year.

**MDC Holdings Limited (Parent)**  
**Statement of Changes in Equity**  
for the 6 months to 31 December 2020 (unaudited)

<i>Half Year to 31 December 2020</i>			
	<b>Notes</b>	<b>Dec-20</b>	<b>Dec-19</b>
		<b>Actual</b>	<b>Actual</b>
		<b>\$ '000</b>	<b>\$ '000</b>
Equity at beginning of the year		9,302	10,093
Profit after income tax		2,118	1,805
Dividends	e	(2,300)	(2,300)
<b>Balance at end of the year</b>		<b>9,120</b>	<b>9,598</b>

- e. **Dividends:** an interim dividend payment of \$2.3 million was approved by the Board and paid to Council in August 2020. A final dividend payment of \$576,000 was approved by the Board in December 2020 and will be paid in February 2021. These distributions are based on the 2019-2020 result.

**MDC Holdings Limited (Parent)**  
**Statement of Financial Position**  
**as at 31 December 2020 (unaudited)**

	<i>Half Year to 31 December 2020</i>	
	Dec-20	Dec-19
	Actual	Actual
	\$ '000	\$ '000
<b>Current assets</b>		
Cash and cash equivalents	27	251
Trade and other receivables	280	93
Other financial assets - derivatives	40	6
Other financial assets - advances to MDC	2,733	2,800
<b>Total current assets</b>	<b>3,080</b>	<b>3,150</b>
<b>Non-current assets</b>		
Investment in subsidiaries	28,536	28,536
Other financial assets - derivatives	2,302	2,271
Other financial assets - advances to subsidiaries	34,035	31,635
<b>Total non-current assets</b>	<b>64,873</b>	<b>62,442</b>
<b>Total assets</b>	<b>67,953</b>	<b>65,592</b>
<b>Current liabilities</b>		
Trade and other payables	136	173
Other financial liabilities - derivatives	40	154
<b>Total current liabilities</b>	<b>176</b>	<b>327</b>
<b>Non-current liabilities</b>		
Other financial liabilities - derivatives	4,017	3,427
Other financial liabilities - advances from MDC	54,640	52,240
<b>Total non-current liabilities</b>	<b>58,657</b>	<b>55,667</b>
<b>Total liabilities</b>	<b>58,833</b>	<b>55,994</b>
<b>Net assets</b>	<b>9,120</b>	<b>9,598</b>
<b>Equity</b>		
Capital and other equity instruments	6,000	6,000
Capital reserve	2,992	2,992
Retained earnings	128	606
<b>Total equity</b>	<b>9,120</b>	<b>9,598</b>

MDC Holdings Limited (Parent)  
Cash Flow Statement  
for the 6 months to 31 December 2020 (unaudited)

	<i>Half Year to 31 December 2020</i>	
	Dec-20	Dec-19
	Actual \$ '000	Actual \$ '000
<b>Cash flows from operating activities</b>		
Interest received	511	596
Dividends received	2,147	2,065
Subvention receipt	-	228
Payments to suppliers and employees	(68)	(74)
Interest and other costs of finance paid	(799)	(937)
	<b>1,791</b>	<b>1,878</b>
<b>Cash flows from investing activities</b>		
Advances received	2,630	2,834
Advances made	(5,140)	(3,550)
	<b>(2,510)</b>	<b>(716)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	3,000	1,500
Repayment of borrowings	-	(165)
Dividends paid	(2,300)	(2,300)
	<b>700</b>	<b>(965)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(19)</b>	<b>197</b>
<b>Cash and cash equivalents at the start of the period</b>	<b>47</b>	<b>54</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>27</b>	<b>251</b>

## NOTES TO THE FINANCIAL STATEMENTS

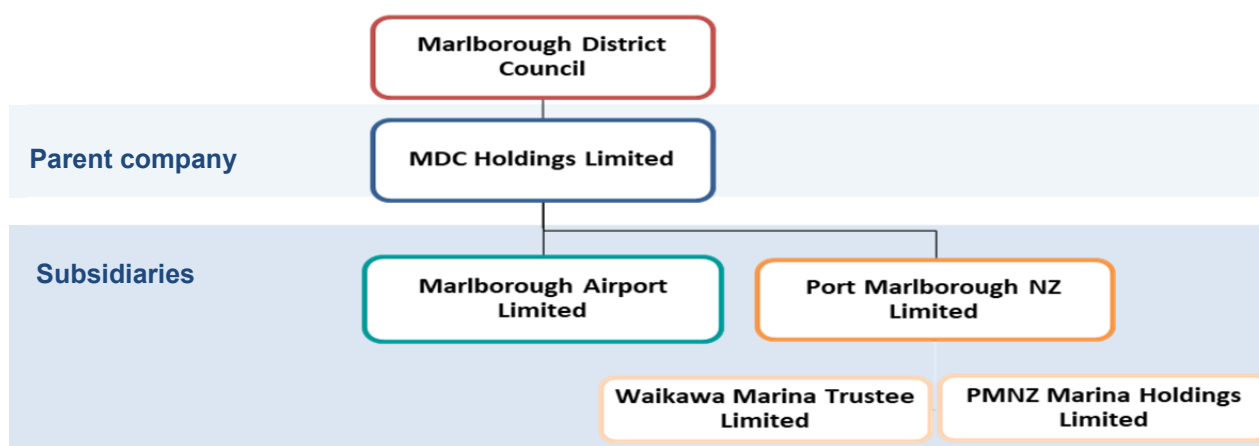
For the Half Year Ended 31 December 2020

### 1. Company information

The Financial Statements comprise the activities of MDC Holdings Limited (MDCH) for the Half Year ended 31 December 2020.

MDCH is a profit-oriented company incorporated in New Zealand and is a Council Controlled Organisation (CCO) under the Local Government Act 2002 being a wholly owned subsidiary of Marlborough District Council.

MDCH was established to act as the Holding Company for Council's main trading enterprises: Port Marlborough New Zealand Limited (PMNZL) and Marlborough Airport Limited (MAL). The Group's structure is summarised below:



The Company is a reporting entity for the purposes of the Financial Reporting Act 2013 and its financial statements comply with that Act and the Companies Act 1993.

### 2. Basis of Preparation

The condensed interim financial statements have been prepared in accordance with the New Zealand equivalents to International Financial Reporting Standards (NZIFRS) NZIAS 34 Interim Financial Reporting.

These accounts have not been consolidated and reflect the activities of the parent company only.

The unaudited financial statements for the six months to 31 December 2020 have been prepared in accordance with the Accounting Policies as stated in the financial statements for the year ended 30 June 2020.

The financial statements were authorised for issue by the Directors on 26 February 2021

### 3. New Standards adopted

No new standards have been adopted.

### 4. Significant events and transactions

There have been no significant events, transactions or changes in estimates since the last annual report.

## **5. Capital commitments**

MDCH has no capital commitments as at 31 December 2020, (June 2020: Nil)

## **6. Contingent assets and liabilities**

MDCH has no contingent assets or liabilities as at 31 December 2020, (June 2020: Nil)

## **7. Events after the reporting period**

At the time of preparation of these Financial Statements there were no post balance date events requiring disclosure (June 2020: Nil).

# Company Directory

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## Directors

R W Olliver (Chairman)  
J C Leggett  
M A Peters  
M S Wheeler  
D D Oddie  
A M Barton  
M B J Kerr (appointed 10 December 2020)

## Registered Office

Marlborough District Council  
15 Seymour Street  
Blenheim

## Company Number

814159

## Auditor

Rehan Badar of Audit New Zealand acting on behalf of the Auditor-General

## Bankers

Bank of New Zealand  
Market Street  
Blenheim  
Telephone (03) 577 2712

Westpac New Zealand Limited  
Cnr Queen and Arthur Streets  
Blenheim  
Telephone (03) 577 2477

ASB Limited  
Cnr Charles and Market Street  
Blenheim  
Telephone (03) 520 9016

## Solicitors

Minter Ellison  
125 The Terrace  
Wellington  
Telephone (04) 498 5000

## Shareholders

Marlborough District Council - 100%  
6,000,000 shares