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**MDC
HOLDINGS LIMITED**

HALF YEAR REPORT

31 December 2021

MDC Holdings Limited Half Year Financial Statements as at 31 December 2021 (Parent only; unaudited)

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 21 \$ '000	Dec 20 \$ '000	Variance	Dec-21 \$ '000	Variance
Income	2,436	2,666	(230)	2,267	170
Operating costs	(876)	(863)	13	(885)	9
Gain/(loss) on derivatives revaluation	742	315	427	0	742
Profit for the year	2,303	2,118	185	1,381	921
Add back derivative revaluation	(742)	(315)	(427)	0	(742)
Profit for the year before revaluation	1,561	1,803	(242)	1,381	179

MDC Holdings Limited's profit for the half year ended 31 December 2021 is \$2.30 million. Excluding the non-cash gain on derivatives yielded a profit of \$1.56 million which was higher than budget by \$179,000.

The increase in profit (excluding derivative revaluation) compared to budget is due mainly to higher dividends received from Port Marlborough New Zealand Limited as well as reduced interest charges in the period.

MDC Holdings Limited (Parent)
Income Statement
for the 6 months to 31 December 2021 (unaudited)

	Notes	Actuals	
		Dec 21	Dec 20
		\$ '000	\$ '000
Income			
Interest income	a	507	519
Dividend income	b	1,929	2,147
Subvention income		0	0
Financing fee income		0	0
Gain on financial derivatives		742	315
Total Income		3,179	2,981
Expenditure			
Administration costs	c	31	32
Employee benefits expense		43	34
Interest expense	a	802	797
Total operating expenditure		876	863
Profit before income tax expense		2,303	2,118
Income tax (expense)/credit			
Profit/(loss) for the year		2,303	2,118
Notes:			
<i>MDCH own finance costs (excl. fair values)</i>		295	278
<i>MDCH other costs</i>		73	66
<i>Received from PML (dividend and subvention)</i>		1,929	2,147
Net profit excluding swaps revaluation		1,561	1,803

- a. **Interest expense and interest income:** group borrowings remained at \$54,640 and interest costs were marginally higher than last year as rates started to rise.
- b. **Dividend income:** from PML is \$218,000 lower 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 2021 (unaudited)

		Actuals	
		Dec 21	Dec 20
		\$ '000	\$ '000
Equity at beginning of the year	Notes	10,581	9,302
Profit after income tax		2,303	2,118
Dividends	e	(2,500)	(2,300)
Balance at end of the year		10,384	9,120

- e. **Dividends:** an interim dividend payment of \$2.5 million was approved by the Board and paid to Council in August 2021. A final dividend payment of \$655,000 was approved by the Board in December 2021 and will be paid in February 2022. These distributions totalling \$3.16 million are based on the 2020-2021 result, excluding fair value gains.

MDC Holdings Limited (Parent)
Statement of Financial Position
as at 31 December 2021 (unaudited)

	Actuals	
	Dec 21	Dec 20
	\$ '000	\$ '000
Current assets		
Cash and cash equivalents	46	27
Trade and other receivables	260	280
Other financial assets - swaps	2	40
Other financial assets - advances to MDC	2,590	2,733
Total current assets	2,898	3,080
Non-current assets		
Investment in subsidiaries	28,536	28,536
Other financial assets - swaps	924	2,302
Other financial assets - advances to subsidiaries	34,035	34,035
Total non-current assets	63,495	64,873
Total assets	66,394	67,953
Current liabilities		
Trade and other payables	155	136
Other financial liabilities - swaps	2	40
Total current liabilities	158	176
Non-current liabilities		
Borrowings	54,640	54,640
Other financial liabilities - swaps	1,212	4,017
Total non-current liabilities	55,852	58,657
Total liabilities	56,010	58,833
Net assets	10,384	9,120
Equity		
Capital and other equity instruments	6,000	6,000
Capital reserve	2,992	2,992
Retained earnings	1,392	128
Total equity	10,384	9,120

MDC Holdings Limited (Parent)
Cash Flow Statement
for the 6 months to 31 December 2021 (unaudited)

	Actuals	
	Dec 21	Dec 20
	\$ '000	\$ '000
Cash flows from operating activities		
Interest received	494	511
Dividends received	1,929	2,147
Subvention receipts	0	0
Payments to suppliers and employees	(75)	(68)
Interest and other costs of finance paid	(784)	(799)
Net cash provided by operating activities	1,565	1,790
Cash flows from investing activities		
Advances received	2,880	2,630
Advances made	(1,929)	(5,140)
Net cash used in investing activities	951	(2,510)
Cash flows from financing activities		
Proceeds from borrowings	0	3,000
Repayment of borrowings	0	0
Dividends paid	(2,500)	(2,300)
Net cash provided by financing activities	(2,500)	700
Cash and cash equivalents:		
net increase/(decrease)	16	(20)
at the start of the period	30	47
at the end of the period	46	27

NOTES TO THE FINANCIAL STATEMENTS

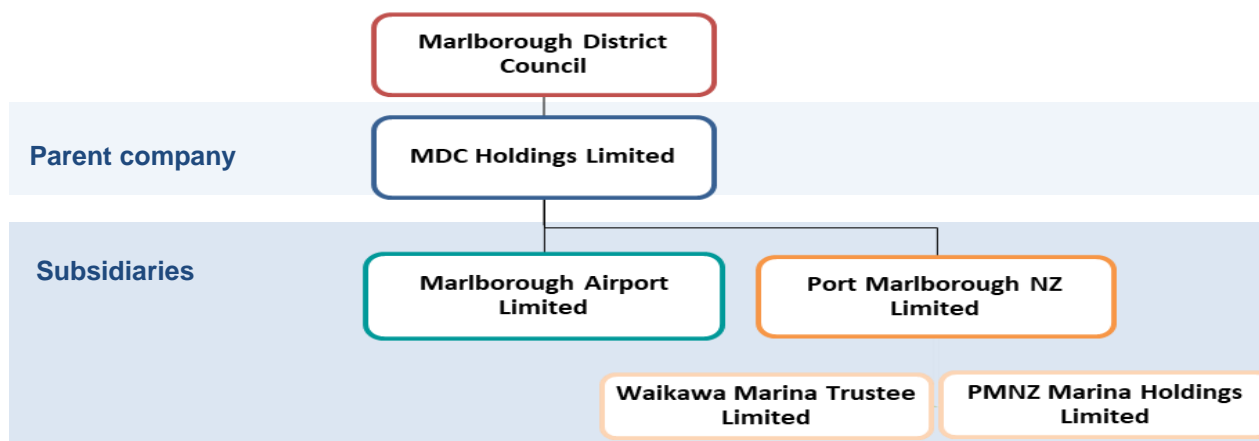
For the Half Year Ended 31 December 2021

1. Company information

The Financial Statements comprise the activities of MDC Holdings Limited (MDCH) for the Half Year ended 31 December 2021.

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 2021 have been prepared in accordance with the Accounting Policies as stated in the financial statements for the year ended 30 June 2021.

The financial statements were authorised for issue by the Directors on 28 February 2022

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 2021, (June 2021: Nil)

6. Contingent assets and liabilities

MDCH has no contingent assets or liabilities as at 31 December 2021, (June 2021: 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 2021: Nil).

Company Directory

Directors

R W Olliver (retired 13 December 2021)

J C Leggett

M A Peters

M S Wheeler

D D Oddie

A M Barton

M B J Kerr

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