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**MDC
HOLDINGS LIMITED**

HALF YEAR REPORT

31 December 2022

MDC Holdings Limited Half Year Financial Statements as at 31 December 2022 (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 22	Dec 21	<i>Variance</i>	Dec-22	
	\$ '000	\$ '000		\$ '000	<i>Variance</i>
Income	2,843	2,436	406	2,681	162
Operating costs	(1,497)	(876)	(621)	(953)	(544)
Gain/(loss) on derivatives revaluation	357	742	(385)	0	357
Profit for the year	1,703	2,303	<i>(600)</i>	1,728	<i>(25)</i>
Remove derivative revaluation	(357)	(742)	385	0	0
Profit for the year before revaluation	1,345	1,561	<i>(215)</i>	1,728	<i>(382)</i>

MDC Holdings Limited's profit for the half year ended 31 December 2022 was \$1.70 million. Excluding the non-cash gain on derivatives yielded a profit of \$1.35 million which was lower than budget by \$382,000.

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

MDC Holdings Limited (Parent)
Income Statement
for the 6 months to 31 December 2022 (unaudited)

	Notes	Actuals		Variance
		Dec 22	Dec 21	
		\$ '000	\$ '000	
Income				
Interest income	a	1,063	507	556
Dividend income	b	1,780	1,929	(149)
Subvention income		0	0	0
Financing fee income		0	0	0
Gain on financial derivatives		357	742	(385)
Total Income		3,200	3,179	21
Expenditure				
Administration costs		37	31	6
Employee benefits expense		38	43	(5)
Interest expense	a	1,422	802	620
Total operating expenditure		1,497	876	621
Profit before income tax expense		1,703	2,303	(600)
Income tax (expense)/credit				
Profit/(loss) for the year		1,703	2,303	(600)
Notes:				
MDCH own finance costs (excl. fair values)		399	295	103
MDCH other costs		75	73	1
Received from PML (dividend and subvention)		1,780	1,929	(149)
Net profit excluding swaps revaluation		1,345	1,561	(215)

- a. **Interest expense and interest income:** Group borrowings increased from \$54.6 Million to \$73.95 million during the period. The average interest rate for the group increased by approximately 45% due to movements in floating rates.
- b. **Dividend income:** The final dividend received from PMNZL for 2021/2022 was \$149,000 lower than the previous years. A further interim dividend is expected in June 2023.

MDC Holdings Limited (Parent)
Statement of Changes in Equity
for the 6 months to 31 December 2022 (unaudited)

	Notes	Actuals			Forecast			Budget		
		Dec 22	Dec 21	Variance	Jun-23	Jun-23	Variance	Jun-23	Jun-23	Variance
		\$ '000	\$ '000		\$ '000	\$ '000		\$ '000	\$ '000	
Equity at beginning of the year		12,304	10,581	1,723	12,304	11,167	1,137	12,304	11,167	1,137
Profit after income tax		1,703	2,303	(600)	3,323	3,455	(132)	3,323	3,455	(132)
Dividends	C	(2,500)	(2,500)	0	(3,308)	(2,999)	309	(3,308)	(2,999)	309
Balance at end of the year		11,506	10,384		12,319	11,624	695	12,319	11,624	695
<i>Shareholders funds to total assets (June 2022 target >7%)</i>		13%	16%		12%	11%		12%	11%	
<i>Return after tax (excluding swap revaluations) on opening shareholder funds (June 2022 target > 12%)</i>		11%	15%		24%	31%		24%	31%	

- c. Dividends:** An interim dividend payment of \$2.5 million was approved by the Board and paid to Council in August 2022. A final dividend payment of \$808,000 was approved by the Board in December 2022 and will be paid in February 2023. These distributions totalling \$3.31 million are based on the 2021-2022 result, excluding fair value gains.

MDC Holdings Limited (Parent)
Statement of Financial Position
as at 31 December 2022 (unaudited)

	Actuals	
	Dec 22	Dec 21
	\$ '000	\$ '000
Current assets		
Cash and cash equivalents	52	46
Trade and other receivables	332	260
Other financial assets - swaps	32	2
Other financial assets - advances to MDC	2,715	2,590
Total current assets	3,132	2,898
Non-current assets		
Investment in subsidiaries	28,536	28,536
Other financial assets - swaps	1,661	924
Other financial assets - advances to subsidiaries	53,340	34,035
Total non-current assets	83,538	63,495
Total assets	86,670	66,394
Current liabilities		
Trade and other payables	421	155
Other financial liabilities - swaps	32	2
Total current liabilities	453	158
Non-current liabilities		
Borrowings	73,945	54,640
Other financial liabilities - swaps	765	1,212
Total non-current liabilities	74,710	55,852
Total liabilities	75,163	56,010
Net assets	11,506	10,384
Equity		
Capital and other equity instruments	6,000	6,000
Capital reserve	2,992	2,992
Retained earnings	2,514	1,392
Total equity	11,506	10,384
Notes:		
<i>MDCH own borrowing</i>	<i>20,605</i>	<i>20,605</i>
<i>MDCH own swaps</i>	<i>(897)</i>	<i>288</i>

MDC Holdings Limited (Parent)
Cash Flow Statement
for the 6 months to 31 December 2022 (unaudited)

	Actuals	
	Dec 22	Dec 21
	\$ '000	\$ '000
Cash flows from operating activities		
Interest received	883	494
Dividends received	1,780	1,929
Subvention receipts	204	0
Payments to suppliers and employees	(89)	(195)
Interest and other costs of finance paid	(1,244)	(664)
Net cash provided by operating activities	1,534	1,565
Cash flows from investing activities		
Advances received	2,930	2,880
Advances made	(8,600)	(1,929)
Net cash used in investing activities	(5,670)	951
Cash flows from financing activities		
Proceeds from borrowings	6,630	0
Repayment of borrowings	0	0
Dividends paid	(2,500)	(2,500)
Net cash provided by financing activities	4,130	(2,500)
Cash and cash equivalents:		
net increase/(decrease)	(6)	16
at the start of the period	58	30
at the end of the period	52	46
Note:		
<i>MDCH own interest cashflows</i>	<i>(361)</i>	<i>(170)</i>

NOTES TO THE FINANCIAL STATEMENTS

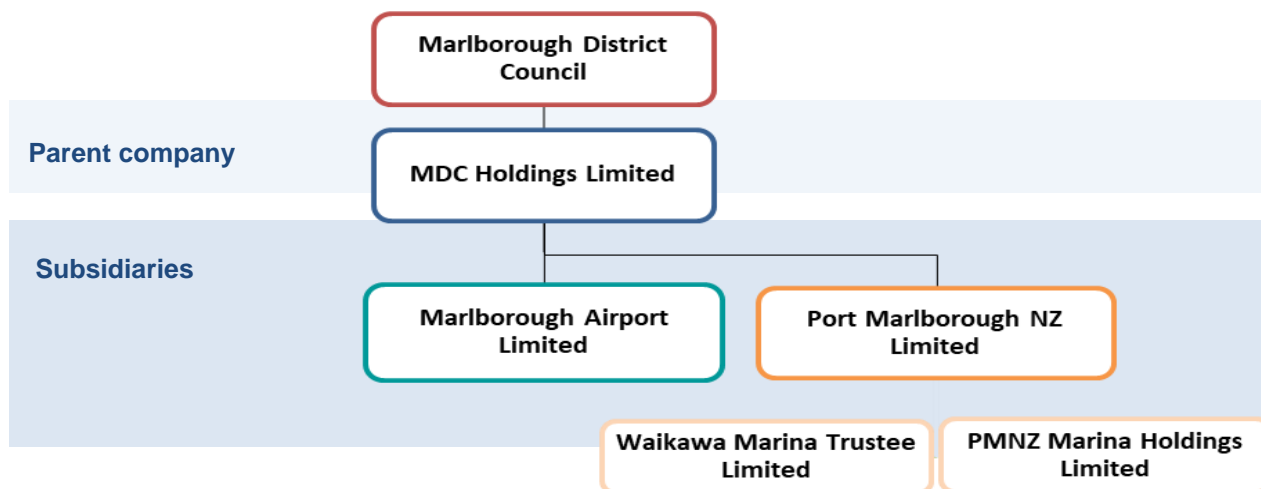
For the Half Year Ended 31 December 2022

1. Company information

The Financial Statements comprise the activities of MDC Holdings Limited (MDCH) for the Half Year ended 31 December 2022.

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 2022 have been prepared in accordance with the Accounting Policies as stated in the financial statements for the year ended 30 June 2022.

The financial statements were authorised for issue by the Directors on 27 February 2023

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 2022, (June 2022: Nil)

6. Contingent assets and liabilities

MDCH has no contingent assets or liabilities as at 31 December 2022, (June 2022: 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 2022: Nil).

Company Directory

Directors

M B J Kerr (Chairperson)

J C Leggett

M A Peters

M S Wheeler

D D Oddie

A M Barton

M Peters (Retired 14 October 2022)

J Leggett (Retired 14 October 2022)

D Oddie (Retired 14 October 2022)

Registered Office

Marlborough District Council

15 Seymour Street

Blenheim

Company Number

814159

Auditor

Julian Tan 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

Solicitors

Minter Ellison

125 The Terrace

Wellington

Telephone (04) 498 5000

Shareholders

Marlborough District Council - 100%

6,000,000 shares