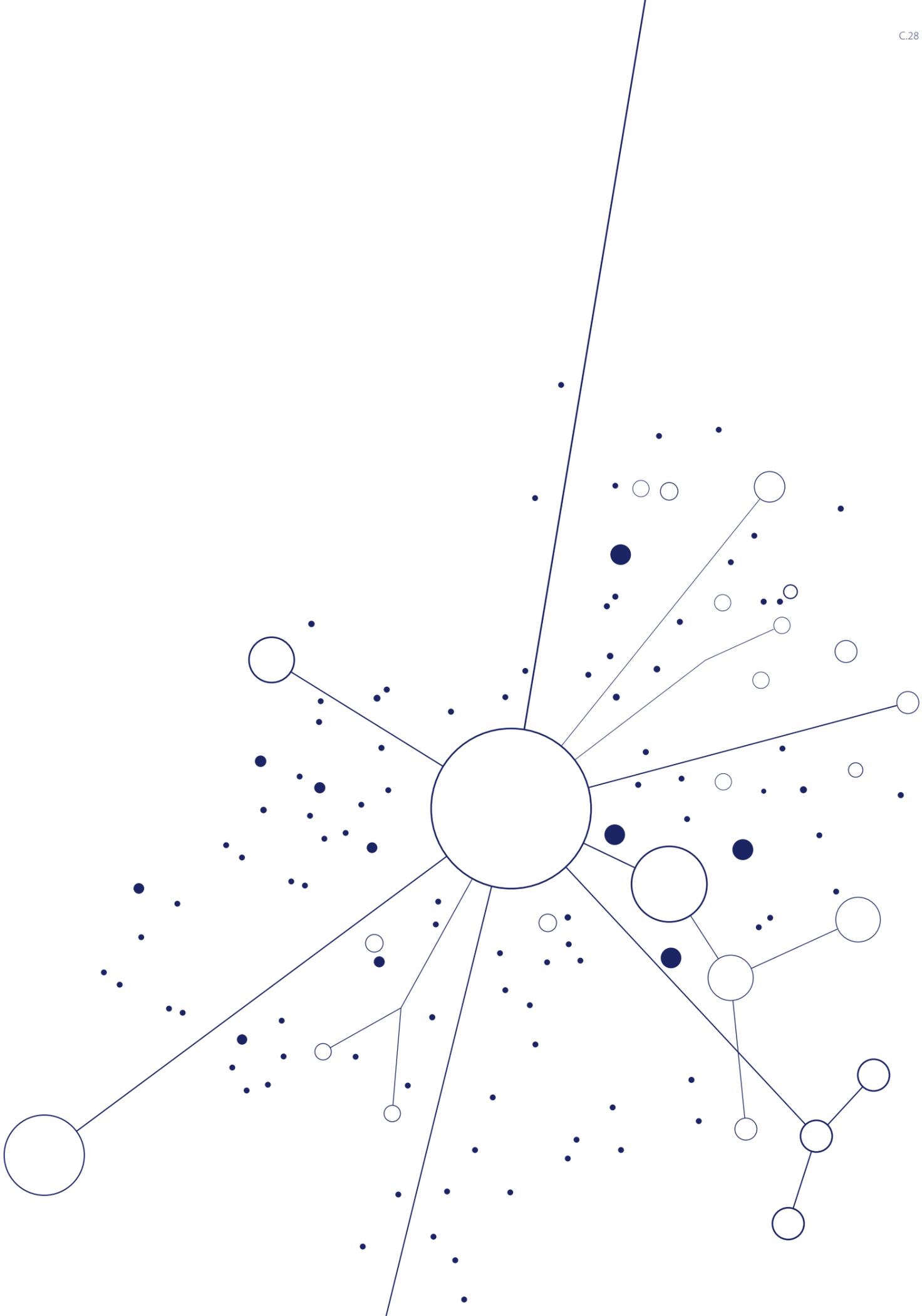


Half Year Report

31 December 2020



We deliver property intelligence to help government, business and the public make better decisions. This is essential for New Zealand's prosperity and wellbeing.

CONTENTS

Chair and Chief Executive Report	1	Financial statements	6
Strategic highlights	2	Notes to the financial statements	10
Our business	4	Key performance indicators	13
		Directory	14

Chair and Chief Executive Report

A strong half year result from a better than expected trading environment

Introduction

We are pleased to present the half year to 31 December 2020 report, reflecting a strong performance as a consequence of a better than expected trading environment. Against most economists' predictions, a slowdown of the property market during the period did not materialise. However, we have continued to take a cautious approach during the first half of the year and explored initiatives to improve our business and to be ready to respond to future COVID-19 driven events.

With the New Zealand property market activity the highest in many years, people are hungry for property information and intelligence. QV's property experts have been in high demand and we have continued to provide data supported by experienced professionals' insights from across New Zealand and New South Wales in this difficult environment. QV is trusted to provide property information to our local and central government and business customers, as well as to the public so that they can make more informed decisions. We are ideally placed, due to our trusted brand and independence, to become a key collaborator and facilitator, connecting property intelligence particularly through the return of QV.co.nz to QV ownership from CoreLogic.

Financial performance

We are pleased with the performance of the Group for the six month period to 31 December 2020. The Group achieved an EBITDA of \$3.4m compared to the Statement of Corporate Intent budget of \$1.2m. QV core operations were strong, in particular the consultancy side of the business which is reflective of the very strong residential property market during the reporting period. The result was, however, down on last years' half year EBITDA of \$4.7m. This was predominantly due to the phasing of revenue from long term rating valuation contracts and some Councils delaying their rating valuations due to COVID-19.

Of note is the tight management of our cost base and in particular the shifting of QV's financial services from an external provider to a fully in house finance team. This and other cost optimisation projects have resulted in a lowering of expenses by \$1.5m on the same period for last year. This is a significant achievement given the environment.

Financial position

At the start of the financial year, COVID-19 created a highly uncertain economic outlook. To place the Group in the best position to withstand any economic downturn, we deferred capital expenditure and reduced operating costs. This, combined with revenues driven by the unexpectedly buoyant property market, resulted in our balance sheet strengthening. Over the period net assets increased to \$12.5m compared to \$10.4m at the end of the prior comparative period.

The strong profit for the period and the deferral of capital expenditure resulted in our good cash position. Working capital strengthened to 208% at 31 December 2020 against the prior year comparative of 191%.



Gregory Fortuin

Gregory Fortuin
Chair



Jacquie Barker

Jacquie Barker
CEO



Delivering against our strategy

QV's core business is focused on delivering property intelligence to help government, business and the public make better decisions. Property is New Zealand's biggest asset class. Robust and equitable property intelligence drives our national and regional economies and contributes to areas such as rates and taxation, construction and infrastructure planning, as well as disaster planning and environmental protection.

We are committed to being commercially successful, enabling ongoing investment in our technology and people, while delivering sustainable returns to our shareholder and New Zealand. The Board is pleased with our progress against this strategy for the first half of the year.

Embarking on a Digital Journey

We launched a new corporate website in September 2020, which is the start of our external digital journey. Our well recognised URL, QV.co.nz, will become our primary channel for all of our customers in the future and will provide the platform for the delivery of our core business as well as new opportunities.

Our external digital strategy, which includes social media, will help cement QV's position as expert professionals, being recognised for our property expertise alongside providing unique information, insights and easy access to services in real time. Helping people make better decisions using property information is at the core of QV's strategy.

Supporting the health, safety and wellbeing of our people

Our people are our greatest asset and continue to be a key focus. As a result, we have recently revitalised QV's safety & wellbeing agenda through our 'LiveWell' programme. This programme of work co-ordinates all of our initiatives and resources relating to health, wellness and safety to assist our people to stay safe and live well, both personally and professionally. 'LiveWell' is particularly important for us in the current COVID-19 recovery period, incorporates lessons learnt from previous pandemic responses and places us well for future events.

Improved financial systems and governance framework

We have made significant improvements to our financial systems and governance framework. We continue to focus on improving our internal controls and compliance in line with public entity best practice.

We have completed the transition from our external financial services provider to a fully in house QV finance team. This has resulted in significant financial savings, as well as providing the business with greater transparency and faster insights into our financial performance. This improved insight and mentoring by skilled people throughout the business will enable us to continue to improve our performance against key financial benchmarks.

Darroch Property Services Growth

We have been successful in the growth of our property services business in the last six months. We have increased our geographical reach of services with the awarding of a South Island contract for property services for Waka Kotahi. Property services is a future focus area for us, with the services aligned to our core business and a further example of the success of the amalgamation of the Darroch business into QV.



We are New Zealand's property experts

We employ and develop **240** property specialists, including more valuers than anyone in New Zealand



Our core customers

While most New Zealanders benefit from our property data and intelligence, our core customers are:

Central government, including departments and other SOEs and Crown entities	Local government, including city, district and regional Councils across New Zealand and NSW, Australia	Business, including banking/insurance, property, construction and education
---	--	---

Our scope of activities

Market valuations & property consultancy Specialist property valuations and property consultancy for the residential, commercial and rural sectors	Rating valuations Rating solutions provided for 89% of the New Zealand Councils and 17% in NSW, Australia	Asset valuations Independent, specialist asset valuations for financial reporting purposes	Property management Property portfolio management for private and public sector organisations	Property intelligence Property data supported by experienced property professionals' insights available through digital channels
--	---	--	---	--

Our approach

Partnering We are trusted by our customers and the wider sector to facilitate accessible and comprehensive property data and intelligence	Pushing boundaries We are continually pushing boundaries to deliver more across our existing operations and to solve customer challenges	Operating responsibly We are committed to being commercially successful, enabling ongoing investment in our technology and people, while delivering sustainable returns to our shareholder and New Zealand
---	--	--

Property intelligence and tools
Providing market intelligence, data analytics, tools and customised solutions

QV Costbuilder	SalesDirect	Database Management
-----------------------	--------------------	----------------------------

Financial statements

For the six months ended 31 December 2020

Condensed consolidated statement of comprehensive income

For the six months ended 31 December 2020

		6 months Dec 2020 (unaudited) \$NZ'000	6 months Dec 2019 (unaudited) \$NZ'000	12 months Jun 2020 (audited) \$NZ'000
	Notes			
Revenue				
Trading revenue	2	18,206	21,072	36,847
Interest revenue		1	6	20
Other revenue		54	-	54
Total revenue		18,261	21,078	36,921
Total operating costs and other expenses	3	14,858	16,404	30,699
Earnings before interest, taxation, depreciation and amortisation (EBITDA)		3,403	4,674	6,222
Finance and interest		12	86	60
Depreciation and amortisation		1,121	1,094	2,181
Profit/(Loss) before taxation		2,270	3,494	3,981
Income tax expense/(benefit)		621	1,017	1,109
Profit/(Loss) for the year net of tax, attributable to owners of the Group		1,649	2,477	2,872
Other comprehensive income				
Items that may be subsequently reclassified to profit/(loss):				
Translation of foreign operations		(10)	(18)	22
Other comprehensive income for the year net of tax		(10)	(18)	22
Total comprehensive income for the year, attributable to owners of the Group		1,639	2,459	2,894

Condensed consolidated statement of financial position

As at 31 December 2020

	6 months Dec 2020 (unaudited) \$NZ'000	6 months Dec 2019 (unaudited) \$NZ'000	12 months Jun 2020 (audited) \$NZ'000
Current assets			
Cash and cash equivalents	5,242	2,525	2,700
Trade and other receivables	3,709	4,405	4,822
Contract assets	3,349	4,446	2,364
Total current assets	12,300	11,376	9,886
Non-current assets			
Property and equipment assets	107	166	121
Goodwill	659	659	659
Intangible assets	5,785	6,637	6,413
Right-of-use assets	2,852	3,554	3,255
Total non-current assets	9,403	11,016	10,448
Total assets	21,703	22,392	20,334
Current liabilities			
Contract liabilities	1,281	1,129	1,870
Trade and other payables	1,424	1,305	1,670
Employment entitlements	2,551	2,049	2,110
Provisions	78	50	78
Taxation payable	101	575	66
Lease liabilities	453	702	669
Total current liabilities	5,888	5,810	6,463
Non-current liabilities			
Borrowings	-	2,490	-
Employment entitlements	121	145	122
Provisions	118	258	118
Lease liabilities	2,220	2,881	2,395
Deferred taxation	868	394	387
Total non-current liabilities	3,327	6,168	3,022
Total liabilities	9,215	11,978	9,485
Net assets	12,488	10,414	10,849
Equity			
Issued capital	4,600	4,600	4,600
Foreign currency translation reserve	269	207	279
Retained earnings	7,619	5,607	5,970
Total equity	12,488	10,414	10,849

For and on behalf of the Board who authorised the issue of these financial statements on 24 February 2021.



Gregory Fortuin – Director



Paula Jackson – Director

Condensed consolidated statement of changes in equity

For the six months ended 31 December 2020

	Issued Capital NZ\$'000	Retained earnings NZ\$'000	Foreign Currency Translation Reserve NZ\$'000	Total Shareholder's Funds NZ\$'000
Balance as at 30 June 2019 (audited)	4,600	3,370	225	8,195
Profit/(Loss) for the period net of tax	-	2,477	-	2,477
Other comprehensive income, net of tax	-	-	(18)	(18)
Total comprehensive income for the period	-	2,477	(18)	2,459
Payment of dividends	-	(240)	-	(240)
Balance as at 31 December 2019 (unaudited)	4,600	5,607	207	10,414
Profit/(Loss) for the period net of tax	-	395	-	395
Transfer	-	(32)	32	-
Other comprehensive income, net of tax	-	-	40	40
Total comprehensive income for the period	-	363	72	435
Payment of dividends	-	-	-	-
Balance as at 30 June 2020 (audited)	4,600	5,970	279	10,849
Profit/(Loss) for the period net of tax	-	1,649	-	1,649
Other comprehensive income, net of tax	-	-	(10)	(10)
Total comprehensive income for the period	-	1,649	(10)	1,639
Dividends declared	-	-	-	-
Balance as at 31 December 2020 (unaudited)	4,600	7,619	269	12,488

Condensed consolidated statement of cash flows

For the six months ended 31 December 2020

	6 months Dec 2020 (unaudited) \$NZ'000	6 months Dec 2019 (unaudited) \$NZ'000	12 months Jun 2020 (audited) \$NZ'000
Cash flows from operating activities			
Cash was provided from:			
Revenues from operations	19,128	18,595	36,421
Interest received	1	6	20
	19,129	18,601	36,441
Cash was applied to:			
Payments to employees and suppliers	16,486	16,575	31,079
Interest paid	-	86	60
Net GST paid/(received)	(349)	(365)	42
Income tax paid/(received)	48	516	207
	16,185	16,812	31,388
Net cash flows from operating activities	2,944	1,789	5,053
Cash flows from investing activities			
Cash was provided from:			
Proceeds from sale of property and equipment assets	-	-	19
	-	-	19
Cash was applied to:			
Purchase of property and equipment assets & intangible assets	58	565	546
	58	565	546
Net cash flows from investing activities	(58)	(565)	(527)
Cash flows from financing activities			
Cash was provided from:			
Draw down of loan advance	-	710	-
	-	710	-
Cash was applied to:			
Repayment of loan advance	-	-	1,780
Dividends paid	-	240	240
Repayment of leasing liabilities	344	400	1,055
	344	640	3,075
Net cash flows from financing activities	(344)	70	(3,075)
Net increase (decrease) in cash and cash equivalents	2,542	1,294	1,451
Cash and cash equivalents opening position	2,700	1,249	1,249
Cash and cash equivalents as at balance date	5,242	2,543	2,700

Notes to and forming part of the condensed consolidated financial statements

For the six months ended 31 December 2020

1. Summary of accounting policies

Reporting entity

Quotable Value Limited is a State-Owned Enterprise in terms of the State-Owned Enterprises Act 1986. It is incorporated and domiciled in New Zealand and is wholly owned by the Crown.

The Group comprises Quotable Value Limited, which is registered under the Companies Act 1993, and Quotable Value Australia Pty Limited, which is registered and domiciled in Australia and is registered under the Corporations Act 2001.

The principal activity of the Group is the provision of property valuations and data. The Group is a for profit entity for the purposes of complying with generally accepted accounting practice (GAAP).

Statement of compliance

These unaudited condensed consolidated interim financial statements as at and for the six months ended 31 December 2020 have been prepared in accordance with, and comply with, Generally Accepted Accounting Practice in New Zealand (NZ GAAP) and *NZ IAS 34 Interim Financial Reporting*. These interim financial statements should be read in conjunction with the Annual Report for the year ended 30 June 2020.

The information is presented in thousands of New Zealand dollars unless otherwise stated. The financial information contained in this report has not been audited.

Basis of measurement

The accounting policies set out in the Annual Report for the year ended 30 June 2020 have been applied consistently to all periods presented in these unaudited condensed consolidated interim financial statements.

Accounting judgements and estimates

In preparing these financial statements, the Group has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The judgements and estimates used in the preparation of these interim financial statements are consistent with those used in the Annual Report for the year ended 30 June 2020.

Impact of standards issued but not yet applied by the entity

There are no new standards, amendments or interpretations that have been issued and are effective that are expected to have a significant impact on the Group.

2. Trading revenue

	6 months Dec 2020 (unaudited) \$NZ'000	6 months Dec 2019 (unaudited) \$NZ'000	12 months Jun 2020 (audited) \$NZ'000
Rating services	10,885	13,875	22,649
Consultancy services	6,162	5,726	11,491
Other	1,159	1,471	2,707
Total trading revenue	18,206	21,072	36,847

COVID-19 impact

The main impact of COVID-19 has been a delay in some Councils triennial valuation services. This led to lower revenues which were somewhat offset by consultancy services in the exceptionally buoyant property market.

3. Operating costs and other expenses

	6 months Dec 2020 (unaudited) \$NZ'000	6 months Dec 2019 (unaudited) \$NZ'000	12 months Jun 2020 (audited) \$NZ'000
Administration expenses	361	537	971
Accounting, legal and consulting	218	788	1,169
Marketing expenses	55	79	279
Occupancy expenses	272	368	350
Operating expenses	1,893	2,212	4,216
Other expenses	1,117	1,199	2,153
Personnel expenses	10,942	11,221	21,561
Total operating costs and other expenses	14,858	16,404	30,699

4. Related party information

a) Related party transactions with entities related to key management personnel and Directors

	6 months Dec 2020 (unaudited) \$NZ'000	6 months Dec 2019 (unaudited) \$NZ'000	12 months Jun 2020 (audited) \$NZ'000	
Agribusiness NZ	Director's fees	10	12	23
Alex Skinner Limited	Director's fees	10	3	14
Burton Partners	Director's fees	11	9	19
Driller Holdings Pty Limited	Director's fees	-	2	4
Kim Wallace Limited	Director's fees	-	18	27
Marcon Holdings Limited	Director's fees	10	15	26
Mr G Fortuin	Director's fees	20	21	-
Multorum Limited	Director's fees	10	3	15
PJ Consulting Limited	Director's fees	13	10	23
Suzanne Maree Limited	Director's fees	10	-	-

All the transactions are related to director's fees and there are no other transactions with entities related to key management personnel or directors. In line with the NZ government COVID-19 initiative, directors' fees were reduced by 20% for the 6 months to 31 October 2020. There are no guarantees to or from any related parties.

b) Other related party

Other related parties are materially consistent with those disclosed in the Annual Report for the year ended 30 June 2020, noting Darroch was amalgamated into Quotable Value Limited on 1 November 2019.

c) Share ownership

Quotable Value Limited Group is a State-Owned Enterprise, all shares are owned by the Crown.

5. Other disclosures

a) Contingent assets and liabilities

There were no material changes in contingent assets or liabilities for the Group during the period.

Bonds

The Group has performance bonds for contracts undertaken in Australia together with rental bonds on properties occupied. The table below details the values associated with the Group for these bonds:

	6 months Dec 2020 (unaudited) \$NZ'000	6 months Jun 2020 (audited) \$NZ'000	12 months Jun 2019 (audited) \$NZ'000
Rental bonds	187	161	156
Contract performance bonds	636	629	1,140
Total bond value	822	790	1,296

Professional indemnity claims

The Group is not currently subject to any quantified or unquantified professional indemnity claims.

Holidays Act 2003

In 2019 the Group identified issues with the calculation of leave entitlements for New Zealand employees under the Holidays Act 2003 (the Act). During the previous year the Group instructed its payroll service provider to determine the amount of leave underpaid in the prior 6 years. Remediation work has been completed and the Group is compliant with the Act. The Group has determined a holiday pay underpayment of NZ\$130,000 which was provided for in the 2020 financial accounts. During the six months ending December 2020, the Group paid NZ\$44,000 of this underpayment to people currently employed by QV. The remaining provision at balance date is NZ\$86,000.

Capital commitments

An information technology project has commenced during the period and capital commitments for the Group at 31 December 2020 are NZ\$81,700.

Events occurring after balance date

There are no material events that occurred subsequent to balance date requiring adjustment to or disclosure in these unaudited condensed consolidated financial statements.

Key performance indicators

For the six months ended 31 December 2020

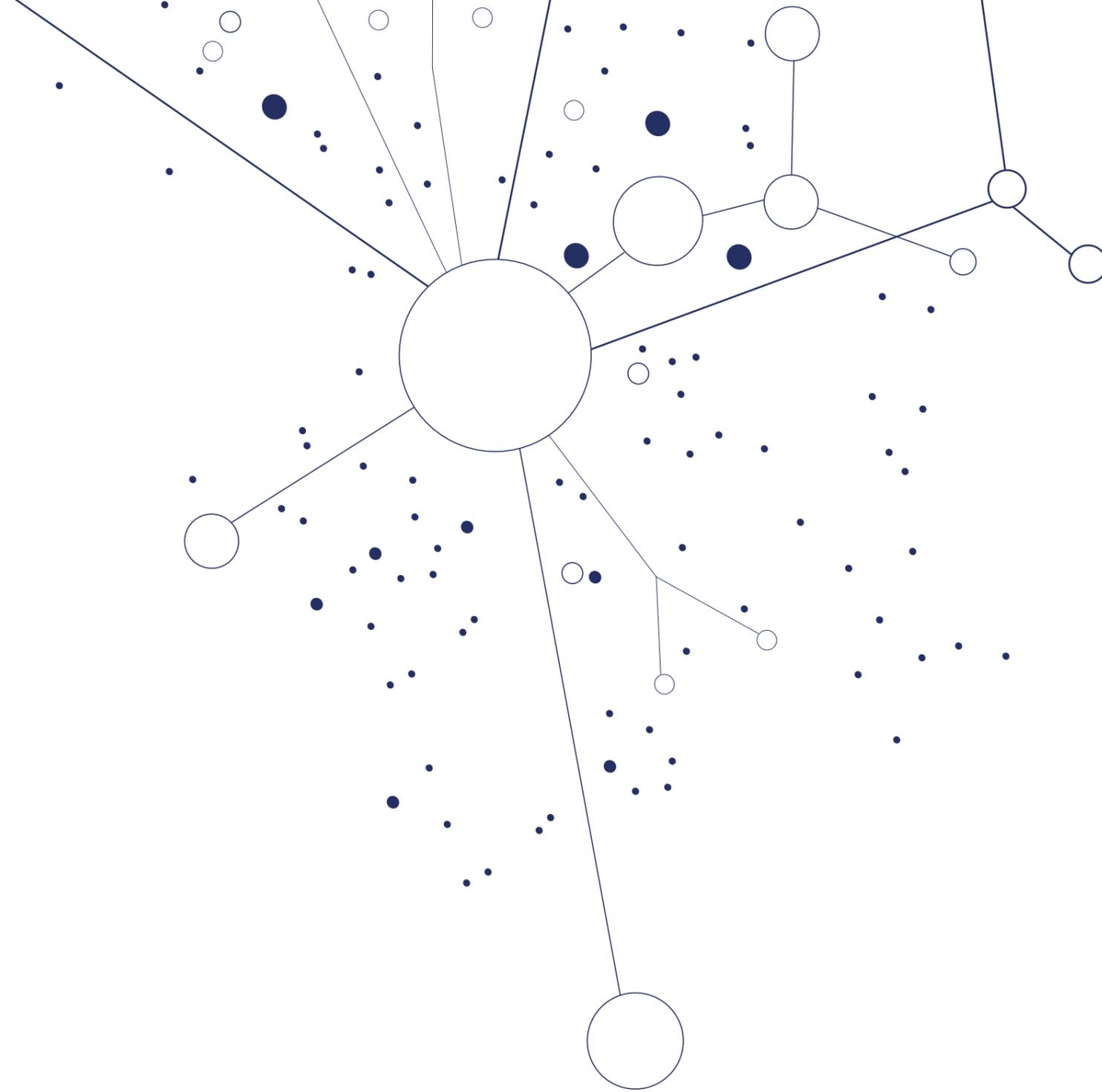
	6 months Dec 2020 Actual	6 months Dec 2020 SCI Target	6 months Dec 2019 Actual	12 months Jun 2020 Actual
Specified financial performance				
Gross margin	36.39%	30.92%	43.80%	64.97%
Profit/(loss) after tax, impairment and amortisation before capital gains & dividends (\$NZ'000)	1,649	(90)	2,477	2,872
Profit after taxation and impairment/revenue	9.03%	(0.56%)	11.76%	7.79%
EBIT/tangible assets	25.19%	(0.19%)	50.37%	52.61%
Interest cover (EBITDA/interest)	284	15	45	103
Shareholder return	7.83%	(2.75%)	18.60%	13.82%
Dividend yield	-	-	1.80%	1.15%
Dividend payout	-	-	29.98%	8.36%
Operating margin (EBITDA/Revenue)	18.69%	7.12%	22.15%	16.83%
Current ratio	208.90%	145.77%	191.02%	152.96%
Net debt/net debt + equity ratio (maximum 30%) gearing ratio ¹	(72.34%)	(28.99%)	25.41%	(33.13%)
Return on equity	14.05%	(0.85%)	26.63%	30.39%
Return on capital employed (EBIT/ave debt + equity)	18.28%	(0.19%)	26.57%	34.25%

¹ Excludes lease liabilities. The negative ratio arises when cash exceeds debt.

Directory

For the six months ended 31 December 2020

Gregory Fortuin	Director (Chair)
Paula Jackson	Director (Deputy Chair)
Conor English	Director
Joanne Conroy	Director
Hon. Mark Burton	Director
Alex Skinner	Director
Mads Moller	Director
Suzanne Tindal	Director
Jacque Barker	Chief Executive Officer
Gary Obbes	Chief Financial Officer
Brendon Bodger	General Manager, Business Development and Partnering
Rochelle Clancy	Chief People Officer
Melanie Lewis	Chief Operating Officer
Neil Cran	Chief Technology Officer
Registered Office	QV House, 22 Nevis Street, Petone
Postal Address	Private Bag 39818, Wellington Mail Centre, Lower Hutt 5045
Telephone	0800 786 822
Website	QV.co.nz
Auditor	Audit New Zealand on behalf of the Controller and Auditor-General
Banker	Westpac Banking Corporation
Solicitor	DLA Piper NZ
Insurance Broker	Marsh Limited



QV.co.nz