



What matters most...

QV ANNUAL REPORT 2007 – 2008





Over the past 18 months we have witnessed radical change – and a pace of change never seen before. With change comes challenge, and few people, if any, have been unaffected. The critical factor for QV is how we respond to the change and meet the new challenges.

We recognised the need early to anticipate, understand and take the necessary initiatives to meet our clients' changing needs. As a result of this strategy, today we are positioned to continue taking the lead in our markets.

We strive to set a new standard by providing the most accurate, accessible, intelligent property data available to support our clients' decisions.

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"What matters most...

is assurance. We need to be confident we're making the right decisions."

"We focused our rental property portfolio on inner-city apartments. It's worked well and our current capital and cash flow levels are allowing us to consider further investment options. We're looking at a couple of townhouses and are also investigating the viability of a small retail store. What we need right now is detailed information. We are making some big calls here and we need to be confident we are making the best decisions for our lifestyle and our investments."





## The QV Solution

QV has the credibility, the people and the tools to provide clients with access to independent, accurate information and advice.

### qv.co.nz

Online, we provide instant access to information and sophisticated tools at [qv.co.nz](http://qv.co.nz). You can get an instant estimate of the value of a property and see what it has previously been sold for, review what houses are selling for, study the demographic profile of an area, even check the potential hazards information or request services from a professional valuer, all without leaving your desk.

### Investment planning

QV Insider can help plan and manage multiple properties within a single, streamlined system. With instant access to advanced area analysis, as well as a range of property-specific reports, QV Insider will give you the investor's edge.

### Professional advice

In an uncertain property market there are real benefits in talking to someone who really knows the market, in learning more about any specific issues that may affect a property sale or purchase and in understanding how the value of the property may change over time. When it's necessary to dig deeper into property-related questions, there are QV and Darroch Valuations people to help.

"What matters most...

is apportioning rates fairly and having a transparent process for our ratepayers."

"Construction, drainage, roading, asset management or even checking on the trees in a park, the council's role in the community is incredibly diverse. Ratepayer confidence and support make our work much easier. They need to know exactly where their money is going, so fairness and transparency must be at the heart of our job. Therefore, I need to have total confidence in my service providers and in the quality of information I receive."





## The QV Solution

At QV, we also see ourselves as an integral part of the community, providing specialist services that contribute to decisions that can directly affect the daily lives of the people in the community.

### Transparent rating values

QV Rating enables more transparency to ratepayers by allowing free online access to all new rating values in a local authority for a designated period. Ratepayers check how their rating value compares with others in the area so they can have confidence their council is apportioning rates fairly.

### Ease and efficiency

QV provides a customised database management service (QIVS) as a shared service to councils, enabling them to efficiently manage their infrastructure costs. Our SalesDirect tool eliminates the manual handling of sales notices, which in turn has resulted in maximum efficiency and accuracy for councils. By driving efficiency, councils can minimise the rates' burden.

### Specialist business partners

Through Darroch Valuations, we offer a specialised, independent and extremely credible resource that is supported by comprehensive research data – from asset valuations for financial reporting through to advice to support council decision-making.

"What matters most...

is risk management throughout the entire mortgage life cycle."



"If people come to my bank looking for finance to make a positive move, I want to help them, but obviously we need some certainty. We need to check that the property value will cover our equity level. But more than that, we also need to understand the actual value of their assets. To help me eliminate the risk, I need to evaluate many influencing factors, and that means I need relevant, reliable, accurate information."





## The QV Solution

In the same way that lenders can tailor their loan packages to best meet the requirements of their clients, QV tailors its services to lenders. By working in partnership with banks, we ensure we can best meet lenders' specific needs at different points in the mortgage life cycle.

### Data

PropertyIQ offers the most comprehensive property database in New Zealand, providing banks with information to analyse a range of queries covering matters from individual properties to targeted segments in the market.

### Specialised tools

A number of QV's clients now experience the benefit of customised portals, which offer them maximum ease and allow them more control in the valuation process. Our advanced technology in our E-Valuer product enables the banks to obtain instant estimates of residential property values.

### Valuations

Independent market valuations and consultancy advice on a spectrum of property-related matters are offered through our QV and Darroch Valuations brands. Whether the bank's clients are upgrading to their next home, investing in rental property or assessing their commercial opportunities, we have the expertise throughout New Zealand.

## PropertyIQ > QV enters a joint venture to deliver customised intelligence to support financial and property decisions

PropertyIQ provides unique, in-depth intelligence to financial institutions, central and local government, the real estate market and direct to homeowners, buyers and sellers.

Backed by the knowledge and experience of QV, RP Data and First American CoreLogic and using intellectual property developed in New Zealand and overseas, PropertyIQ customises solutions that meet clients' specific decision-making needs, minimising risk and maximising the potential of their property decisions.

The vision of this complementary partnership is to work closer with clients to provide deeper, more individually relevant data and more tailored analytics.

PropertyIQ is an indispensable business partner in property and finance-related decisions.



INSIGHT  
DRIVES  
ADVANTAGE

INSIGHT DRIVES  
ADVANTAGE



## Message from the Chair

**I am pleased to report that Quotable Value has performed well ahead of target in 2007 – 2008 with a pre-tax surplus of \$18.019 million.**

The establishment of a joint venture with RP Data has been responsible for delivering the major proportion of this surplus. In addition to the financial benefits, the joint venture is delivering new intellectual property and technology to the New Zealand market. The healthy surplus masks the challenges associated with a volatile trading environment over the last 12 months.

The market has shifted dramatically over the reporting period and we have witnessed many changes. Investment companies have crashed and the property market in general has slowed considerably. Environmental factors and consequential market dynamics have resulted in breakeven trading results. However, the Company has managed to focus on clients, develop new strategies and reorganise and position itself for the future.

An ongoing core strategy for the Company is to diversify its products in order to provide a wider range of solutions to a broader market. During the year, the Company took a further, decisive step to increase QV's presence in the commercial and industrial valuation markets, with a major acquisition in West Auckland. Darroch West Auckland commenced late in the year and has transitioned extremely well.

The public profile of QV continues to be strong. Brand value was a recognised component of QV's online value when establishing the new joint venture. QV is now positioned as a leader in all of its key market segments. The mass appraisal rating market remains a key component of QV's core business. Importantly, the Company also holds significant market share in residential and rural valuations while increasing its presence in commercial and industrial markets through the Darroch brand.

### RETURN ON AVERAGE SHAREHOLDERS' FUNDS

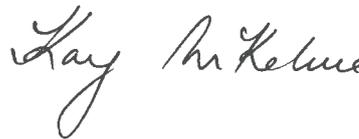
2007 – 2008		120.03		
2006 – 2007		18.99		
PERCENTAGE	0	50	100	150

QV has demonstrated the flexibility to respond to the rapidly changing needs of our clients as the turmoil in the financial sector continues to create demand for new services. The new joint venture with RP Data is focused on the introduction of new technology and services to this sector.

The Board has worked closely with senior management to build strategic focus and this has translated into a business focused on the provision of solutions to the problems our clients are facing. Developing a greater understanding of our clients, a deeper set of property data and a process of total involvement whenever property decisions are made form the new platform on which the Company's future is now based.

On behalf of the Board, I would like to thank all the people of QV for their dedication and commitment over the past year. We would also like to specifically thank the Chief Executive, Bill Osborne, for his continued efforts to develop the Company and the people within it. Despite a challenging trading environment, the culture of growth and innovation continues to emerge.

I would also like to thank my fellow Directors. Their contribution and professionalism allow the business to focus on delivering good commercial returns. The 2007 – 2008 financial year has been characterised by realising past value creation and repositioning for the future. We look forward to working with management to deliver future profitability by staying ahead of the competition and changing client requirements.



KAY MCKELVIE CHAIR

## Darroch Valuations > Providing relevant, useful information



### Client Focused

At Darroch, we pride ourselves on our client focus. This attitude was demonstrated in a recent project for an international company looking to invest in a major New Zealand airport. It involved a challenging asset-valuation exercise and future development forecast.

Our performance is best summarised by their assessment, which noted that we "far exceeded their expectations, especially given the timeframe".



### Advanced Technology

Exciting new technology developed for Darroch clients now delivers a lot more relevant information in user-friendly formats. This technology simplifies clients' information resources and eliminates potential confusion in reports. Our tools mean we can now provide analyses that suit the unique requirements of any financial scenario and minimise risk.



### Nationwide Network

Darroch Valuations continues the focus on servicing client requirements through a broader network of offices throughout New Zealand. Expansion has continued in the past year with two new offices in West Auckland (Henderson and Kumeu) and one new office in Wellington. It is a structure that is dedicated to meeting the needs of a changing and challenging market today and in the future.

## QV > Diversifying to meet client needs



### Customisation

As client needs have diversified in a changing market, QV has met these needs through its own diversification programme, launching new products and solutions tailored to unique requirements. One size no longer fits all.

Our clients, Vero and GE Money, now benefit from customised valuation solutions and online portals, which allow them to order and manage their valuation requirements in partnership with QV.



### Innovative Tools

More than 70% of all councils now receive sales notices from SalesDirect electronically. Some councils are getting in excess of 85% of their sales through the same technology. The benefits are enormous to both councils and QV. We have seen significant improvements in accuracy and time savings in correcting errors. SalesDirect also delivers a transparent process, allowing all parties to track and verify transactions. This solution is free to councils and lawyers and supports our corporate social responsibility.



### Client Solutions

QV has undergone significant organisational restructuring to reinforce a stronger client focus. The introduction of our Customer Solutions group is an important strategic initiative that has allowed us to further develop our overall understanding of clients and their specific needs. The dedicated research and development team will continue to deliver innovative solutions to those clients.

## Message from the Chief Executive

**I am pleased to report a very strong result for the year. QV has realised some of its brand value and has demonstrated an ability to refocus in response to the unique dynamics of a rapidly changing market.**

Property markets have seen dramatic change through the past 12 months. The market eased over the 2007 calendar year, but the slowdown has accelerated during the first half of 2008. The collapse of global financial markets and the collapse of many of New Zealand's largest investment companies have had a profound impact on our operating environment. Margins suffered under the burden of a large fixed-cost structure. This has resulted in a tougher trading environment and reduced trading performance over the past 12 months.

QV's response has been to audit and re-think the ways we create value for our clients. A new vision, strategy and structure have been implemented to carry the business forward. Driven by a deeper understanding of our clients and built on a solid foundation of property knowledge, the business is focused on total involvement wherever decisions about property are made.

This strategy has seen us enter into a new joint venture with RP Data to enable QV to bring new intellectual property and technology-based solutions to the New Zealand market. The business will combine new products and services developed by First American CoreLogic (a USA-based property information provider and shareholder in RP Data) with QV's brand value and client base. These new services will assist the financial sector to a significant degree.

### NET SURPLUS AFTER TAXATION

2007 - 2008						17.956
2006 - 2007						1.560
MILLION \$	0	5.0	10.0	15.0	20.0	

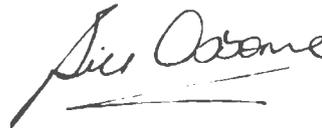
The new joint venture with RP Data has meant transferring all the assets and people from QV Online to the new company, PropertyIQ. I am pleased to report that the transfer occurred effectively with all personnel embracing the new business model and working hard to maintain existing client relationships.

Our Darroch brand has expanded into West Auckland, increasing our presence in the commercial and industrial markets. Darroch operations continue to provide good commercial returns and, most importantly, create new capability across the Company.

Australian operations are currently improving trading operations through initiatives to improve profitability. A new technology platform was introduced to QV Australia to enhance service quality in the rating and taxation markets.

The ongoing development of our people and the next generation of leaders is critical and as such there has been a strong focus on developing new leaders for future positions within the Company. We are a professional services business and our people are our strength. I am very proud of the commitment demonstrated by QV people as they are the key reason our business will continue to prosper and grow.

Finally, I would like to pay tribute to the Directors of QV. Their vision, leadership and encouragement continue to inspire. On behalf of the people of QV, I would like to thank them for their valued guidance and initiative.



**BILL OSBORNE** CHIEF EXECUTIVE