



Inframax Construction Limited

Half Annual Report

For the six months ended 31 December 2020





Inframax Construction Limited

("Inframax" or "the Company")

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**INFRAMAX CONSTRUCTION LIMITED
CHAIRMAN'S REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020**

The first six months of the 2020/21 financial year have been extremely challenging with several delays in getting contracts started. While Inframax has been successful in winning a considerable amount of tendered work, there have been delays in getting contract documentation and consents in place by outside agencies. This has impacted efficient delivery of work.

The above delays have meant that senior managers have had to find smaller jobs to fill in for these delayed starts, labour and plant utilisation being negatively affected. In the current tight labour market, it has also been difficult finding skilled staff to work in roading and infrastructure businesses which is also constraining business activity. This labour and workflow dynamic is increasing the cost of operating and prices are now being increased to counter this market environment.

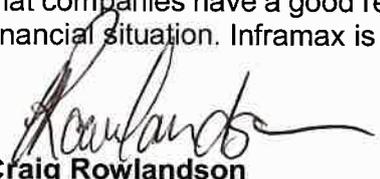
Summary of financial results (\$,000)		
Six months to 31 December (unaudited)	2020	2019
Revenue	14,135	15,298
EBITDA	1,177	443
Net cash inflow/(outflow) from operating and investing activities	(320)	(1,005)
Total Assets	19,480	19,940
Total Equity	11,407	10,088
Equity Percentage	59%	51%

All Inframax staff are to be commended on the financial results for this six-month period. While revenue was down 7.6% on the corresponding period in 2019, EBITDA increased by \$713,000 (153%) on the previous year. Over the twelve-month period ending 31 December 2020, equity has increased by \$1.319m. Inframax has continued to pay down debt as per its banking covenants.

Inframax almost has a full order book of work for the next six months and has already secured circa \$6m of construction work for the 2021/22 year. Combined with the work on our Maintenance contracts, the company is well positioned to provide job security to its staff.

A tightening of the housing market with fewer places to buy and rising rents has meant that attracting staff to King Country and Taranaki is being constrained by availability of rental accommodation and houses to purchase. This is becoming an issue that can only be addressed if more houses are built.

All companies are still facing the uncertainty of Covid-19 and the economic repercussions which might eventuate if New Zealand were to enter another Level 4 lockdown. During these times it is important that companies have a good relationship with their bankers and are continually updating them on their financial situation. Inframax is doing exactly that.


Craig Rowlandson
Chairman
Inframax Construction Limited



**INFRAMAX CONSTRUCTION LIMITED
STATEMENT OF PERFORMANCE MEASURES
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020**

	Statement of Intent 2021		Statement of Intent 2020	
	Achieved – six months to Dec 20	Full Year Target	Achieved - six months to Dec 19	Full Year Target
The Statement of Intent states the Company will endeavour to exceed the targets of the Projected Business Plan. The results achieved compare with performance criteria in the Statement of Intent as follows:				
PERFORMANCE MEASURES				
Equity Ratio	59%	55%	51%	54%
Current Ratio	Positive	Positive	Negative	Positive
Revenue	\$14m	\$29m	\$15m	\$43m
Bank Covenants	Unconditionally met	Unconditionally met	Met as agreed with ASB	Unconditionally met
Earnings before Interest, Taxation, Depreciation & Amortisation	\$1.2m	\$1.6m	\$0.5m	\$3.6m
The Equity Ratio is the Shareholders' Funds expressed as a percentage of Total Assets.				
NON-FINANCIAL PERFORMANCE MEASURES				
Lost Time Injury Frequency Rate Calculated as the number of lost time injuries per million hours worked.	Zero	Zero	7.82	Zero
Accident Compensation Days (from latest data available 30 September 2020)	174	200	49	195
ISO 9001 Accreditation	Standard Achieved	Standard Achieved	Standard Achieved	Standard Achieved
Environmental Consent Compliance Assessed level of environmental consents by Waikato Regional Council:				
Non-compliant	-		-	
Partially compliant	2		-	
Highly compliant	5	All	7	All
Fully compliant	-		-	
Not assessed	2		-	
Support of local events in operating area Number of local events within operational areas where the Company provided complimentary goods, services or financial support.	9	12	6	12