Scanpower Limited

Statement of Corporate Intent

For the Financial Year Ending 31 March 2026

Introduction

Welcome to the Statement of Corporate Intent of Scanpower Limited for the financial year ending 31 March 2026.

Scanpower Limited is an electricity lines company supplying power to customers in the Northern Tararua District, including the towns of Woodville, Dannevirke, Norsewood and out east to Wimbledon. Shares in the company are owned by the Scanpower Customer Trust on behalf of customers connected to our network.

As required by the Energy Companies Act 1992, this document has been prepared and submitted to the company's shareholders (the Trustees of the Scanpower Customer Trust) for their comment and approval. It contains both mandatory and discretionary information, including:

Mandatory Information

- A statement of the company's objectives.
- A description of the nature and scope of business activities that will be undertaken.
- The ratio of shareholders' funds to total assets.
- A statement of accounting policies.
- Performance measures by which the performance of the company may be judged.
- An estimate of any distributions that are intended to be made to shareholders / customers.
- A description of reporting protocols, including monthly / half yearly / annual reporting.
- Procedures for the acquisition of shares in any company or other organisation.
- Details of any planned transactions with related parties or shareholding local authorities.

Discretionary Information

- A summary of the company's long-term asset management plan and scheduled network asset renewal / replacement activity.
- An explanation of the company's approach to tree and vegetation management on the network, with expenditure forecasts.
- An analysis of budgeted operating expenditure.
- A description of social and community initiatives the company intends to support or undertake.

The Statement of Corporate Intent is published on an annual basis, and the next one will be published by 30 April 2026 in respect of the financial year ending 31 March 2027.

Further information about Scanpower can be found at the disclosures section of our company website at http://www.scanpower.co.nz/disclosures including:

- Our asset management plan covering the ten-year period 2025 to 2035.
- Recent annual reports and audited financial statements.
- Annual schedule of network charges.
- Annual regulatory information disclosures.

Company Objectives

Scanpower's primary objective is to run a successful, profitable and sustainable business for the benefit of our shareholder and consumers. We strive to do this by providing our customers with access to a reliable, resilient, safe, and cost-effective electricity distribution network, whilst also using our innovation and skills to develop and support new business and employment opportunities within our local communities. Correspondingly our high-level objectives and associated performance metrics are as follows:

Objective	Performance Metrics
To deliver a reliable and safe supply of electricity to our customers.	• SAIDI (minutes loss of supply per customer) • SAIFI (supply interruptions per customer) • NZS 7901:2014 approved public safety management system in place. • Ratio of asset renewals to depreciation. • Planned asset renewals completed to plan. • Vegetation management work completed to plan.
To manage organisational health and safety risks effectively and protect staff from harm.	• Disabling Injury Frequency Rate per 200,000 work hours.
To provide cost effective electricity distribution services to our customers.	• Average cents per delivered kWh. • Periodic benchmarking to neighbouring lines companies
To earn a commercially appropriate rate of return on our network assets.	• % return on assets. • Net earnings.
To generate additional earnings from other commercial activities.	• Revenue from unregulated activities. • % of total revenue derived from unregulated activities.
To deliver financial benefit to our community via the network discount.	• Discount per customer paid. • Discount per customer declared.
To add value to our region through our operating practices and community initiatives.	• Value of annual sponsorships / donations. • Programme of planned sponsorships completed effectively.

Nature and Scope of Business Activities

Scanpower's primary business activity is the ownership and operation of an electricity distribution network. This comprises numerous assets including overhead power lines, underground cables, transformers, switchgear, voltage regulators and peripheral communications and load control systems.

The company's network connects to the national electricity transmission grid operated by Transpower at two locations (Woodville and Dannevirke substations) and distributes electricity, on behalf of electricity retailers, to customer installations over a geographic area of ~2,500 square kilometres in the Northern Tararua district of New Zealand.

Key characteristics of Scanpower's electricity network are summarised below.

Measure	Value	Industry Median
Customer Connections (ICPs)	6,791	33,883
Connection Density (ICPs per circuit km)	6.5	9.6
Energy Density delivered (kWh per ICP)	11,433	14,314
Demand Density (kW per circuit km)	16.0	35.4
Total System Length	1,050	3,976
Value of Regulatory Asset Base ($'000)	57,126	285,678

In addition to the core network business, Scanpower has three other trading / operating divisions:

- Power Line Contracting Division.
- Treesmart (specialist utility arborist business).
- Property Investment Division.

Revenues for these businesses for the financial year ending 31 March 2024 were as follows:

Measure	Annual Revenue	% of Total Revenue
Power Line Contracting	$17,109,000	58%
Treesmart	$1,255,000	4%
Property Rental Income	$1,477,000	5%

The Power Line Contracting Division is dedicated to providing power line construction and maintenance services to a range of customers throughout the Lower and Central North Island, with depots / offices in Feilding, Otaki and Mangatainoka. Key customers include:

- Powerco.
- Electra.
- The Rural Connectivity Group.
- Private property developers / new subdivisions.

The Power Line Contracting division employs 30 staff of a company total of 69.

Treesmart is a specialist utility arborist business and was originally established by Scanpower in 2008 to meet the Network Division's requirements in terms of tree / vegetation clearance around power lines. This was motivated by a shortage of suitably competent contractors in the local market and a desire to keep tree related operating costs down as low as possible. Key customers include:

- Scanpower Network Division.
- Powerco.
- Palmerston North City Council.
- Horizons Regional Council.

Treesmart has a team of 13 staff. Whilst relatively small, it is strategically important to the Network business and provides valuable resources / services on an 'on call' basis.

The Property Investment Division holds and operates the portfolio of commercial buildings that Scanpower owns at Oringi Business Park. The company purchased the site in 2008 following the closure of the former Oringi Freezing Works and has since developed it into a range of commercial properties leased to third party tenants. These include:

- Hall's Group.
- Wools of New Zealand.
- The True Honey Company.
- Downer / Tararua Alliance.
- Windsor Energy.

As at 31 March 2024 Scanpower's Investment Property was valued at $17,100,000 representing 18% of total assets and generated rental income of $1,477,000. The Property Division is managed by 2 staff members working under the management of the CEO.

For the coming financial year to 31 March 2026 Scanpower will continue to operate the four business activities described above. The company will also continue to investigate potential business opportunities associated with complementary energy technologies such as solar, energy storage and other distributed generation opportunities.

Any major diversification into areas of new business will be subject to consultation with Trustee Shareholders.

Capital Structure and Ratio of Shareholders' Funds to Total Assets

Scanpower Limited has issued and paid up capital (as at date of vesting) of $7,500,000 comprising 7,500,000 Ordinary Shares ($1 each). It is not intended or expected that this structure will change during the coming period.

The ratio of Shareholders' Funds to Total Assets as at 31 March 2024 was as follows:

Description	Value
Shareholders' Funds	$64,704,000
Total Assets	$94,000,000
Equity Ratio (Shareholders' Funds to Total Assets)	68.8%

Statement of Accounting Policies (per Annual Report for Year Ending 31 March 2024)

A full Statement of Accounting Policies is provided in Appendix One.

Forecast Financial Performance and Performance Measures

Provided below are a forecast Earnings Statement, Statement of Financial Position, Summary of Key Financial Metrics and Performance Measures for the three-year period through to 31 March 2028.

Forecast Earnings Statement

	Year End 31/3/26	Year End 31/3/27	Year End 31/3/28
Network Division Profit	$4,851,686	$4,997,237	$5,147,154
Contracting Division Profit	$607,086	$667,795	$734,574
Property & Investments Division Profit	$1,256,310	$1,281,437	$1,307,065
Treesmart Division Profit	$544,439	$555,328	$566,434
Less: Corporate Division Overhead Costs	-$3,559,901	-$3,737,896	-$3,924,791
Profit before Discount and Tax	**$3,699,620**	**$3,763,901**	**$3,830,436**
Network Customer Discount	$1,800,000	$1,800,000	$1,800,000
Profit before Tax	**$1,899,620**	**$1,963,901**	**$2,030,436**
Tax at 28%	$531,894	$549,892	$568,522
Net Profit After Tax	**$1,367,726**	**$1,414,009**	**$1,461,914**
Dividend	$135,000	$135,000	$135,000
Transferred to Retained Earnings	**$1,232,726**	**$1,279,009**	**$1,326,914**

Forecast Statement of Financial Position

	Year End 31/3/26	Year End 31/3/27	Year End 31/3/28
Assets			
Current Assets			
Cash and Cash Equivalents	$50,000	$50,000	$50,000
Debtors and Other Receivables	$2,850,000	$3,000,000	$3,100,000
Contract Assets	$500,000	$700,000	$900,000
Inventories	$1,000,000	$950,000	$900,000
Total Current Assets	**$4,400,000**	**$4,700,000**	**$4,950,000**
Non-Current Assets			
Capital Work in Progress	$200,000	$200,000	$200,000
Property, Plant & Equipment	$75,512,000	$78,895,000	$81,813,000
Intangible Assets	$800,000	$730,000	$660,000
Investment Properties	$17,200,000	$17,400,000	$17,600,000
Total Non-Current Assets	**$93,712,000**	**$97,225,000**	**$100,273,000**
Total Assets	**$98,112,000**	**$101,925,000**	**$105,223,000**
Liabilities			
Current Liabilities			
Borrowings	$0	$0	$0
Creditors and Other Payables	$1,900,000	$2,090,000	$2,200,000
Contract Liabilities	$375,000	$525,000	$675,000
Employee Benefits	$725,000	$750,000	$775,000
Liabilities for Current Tax	$440,000	$500,000	$545,000
Total Current Liabilities	**$3,440,000**	**$3,865,000**	**$4,195,000**
Non-Current Liabilities			
Borrowings	$12,500,000	$12,500,000	$12,500,000
Deferred taxation	$12,200,000	$12,810,000	$13,651,000
Total Non-Current Liabilities	**$24,700,000**	**$25,310,000**	**$26,151,000**
Total Liabilities	**$28,140,000**	**$29,175,000**	**$30,346,000**
Net Assets	**$69,972,000**	**$72,750,000**	**$74,877,000**
Equity			
Issued Capital	$7,500,000	$7,500,000	$7,500,000
Retained Earnings	$32,472,000	$33,750,000	$35,077,000
Reserves	$30,000,000	$31,500,000	$32,300,000
Total Equity	**$69,972,000**	**$72,750,000**	**$74,877,000**

Summary of Forecast Key Financial Metrics and Performance Measures

Forecast Financial Metrics

Financial Metric	31/3/26	31/3/27	31/3/28
Gross Earnings *(Profit Before Interest, Discount and Tax)*	$4,449,096	$4,723,900	$4,790,437
Tax Payable *(at the company tax rate of 28%)*	$531,894	$549,892	$568,522
Interest Paid	$750,000	$750,000	$750,000
Total Discounts Paid *(budgeted amount, exclusive of GST)*	$1,800,000	$1,800,000	$1,800,000
Net Earnings *(Profit after Interest, Discount and Tax)*	$1,367,727	$1,414,008	$1,461,914
Net Assets / Shareholders' Equity	$69,972,000	$72,750,000	$74,877,000
Total Assets	$98,112,000	$101,925,000	$105,223,000
Return on Assets *(Gross earnings / Shareholders' Equity)*	6.36%	6.49%	6.40%
Equity Ratio *(Shareholders' Funds / Total Assets)*	71.32%	71.38%	71.16%

Health and Safety Performance

Performance Metric	31/3/26	31/3/27	31/3/28
Disabling Injury Frequency Rate *(Per 200,000 work hours)*	5.1	4.6	4.1

Network Reliability and Asset Management Performance

Performance Metric	31/3/26	31/3/27	31/3/28
Minutes Loss of Supply Per Customer *(SAIDI Class B & C)*	132	126	119
Annual Interruptions per Customer *(SAIFI Class B & C)*	1.17	1.11	1.05
Public Safety Management System in Place *(NZS 7091:2014 compliant)*	Achieved / Not Achieved	Achieved / Not Achieved	Achieved / Not Achieved
Asset Renewal Rate *(Network capex / depreciation)*	>115%	>115%	>115%
Network Asset Capital Works Complete *(as per Asset Management Plan)*	Achieved / Not Achieved	Achieved / Not Achieved	Achieved / Not Achieved
Value of Tree Clearance Completed) *(as per Asset Management Plan)*	$724,500	$738,990	$753,770

Network Pricing Performance

Performance Metric	31/3/26	31/3/27	31/3/28
Network Revenue per kWh *(cents per kWh, net of transmission costs)*	12.11	12.72	13.4

Non-regulated Revenue Performance

Performance Metric	31/3/26	31/3/27	31/3/28
Total Non-regulated Revenue *(Contracting+Treesmart+Property Revenue)*	$17,045,725	$21,465,000	$21,785,000
Non-Regulated Revenue Ratio *(total non-regulated revenue / total revenue)*	>50%	>51%	>52%

Customer Discount Performance

Performance Metric	31/3/26	31/3/27	31/3/28
Discount Paid per Customer *(Per standard residential and commercial customers)*	$350	$350	$350

Social and Community Performance

Performance Metric	31/3/26	31/3/27	31/3/28
Budgeted Sponsorships and Donations *(per annual operating budgets)*	$50,000	$55,000	$60,000
Community Activities Completed to Plan *(planned initiatives completed)*	Achieved / Not Achieved	Achieved / Not Achieved	Achieved / Not Achieved

Dividends and Discounts

Annual Dividend

Scanpower Limited will pay an annual dividend to the Scanpower Customer Trust, subject to the requirements and procedures laid down in the Companies Act 1993. The purpose of the dividend is to fund the running of the Trust, including such costs as:

- Trustee remuneration and expenses.
- Secretarial costs.
- ETNZ membership fees.
- Conference related costs.
- Audit fees.
- Insurance.
- Trustee election costs.
- Ownership review preparation costs.
- Other general operating costs.

The dividend will be set based on consultation between the Directors of Scanpower Limited and the Trustees of the Scanpower Customer Trust and confirmed / approved at the annual general meeting of Scanpower Limited.

The forecast dividend for the financial year ending 31 March 2026 is $135,000.

Annual Customer Discount

The Trustees of the Scanpower Customer Trust have an expectation that Scanpower Limited will provide an annual network discount to customers with electricity supplies connected to the company's network.

The Board of Directors will set the value of annual network discounts in advance of the financial year in which they will be paid and post notice in the company's annual Schedule of Network Charges. The value and structure of annual discounts will be decided by the Board of Directors.

The details of the annual discount to be paid during the financial year 1 April 2025 to 31 March 2026 are as follows:

Customer Category	Discount
All residential customers (D1)	$350.00
Non-residential customers (<4,000 kWh consumption per year)	$26.17
Non-residential customers (<50,000 kWh consumption per year)	$350.00
Non-residential customers (<100,000 kWh consumption per year)	$465.17
Non-residential customers (<250,000 kWh consumption per year)	$814.04
Non-residential customers (<1,000,000 kWh consumption per year)	$1,744.36
Non-residential customers (>1,000,000 kWh consumption per year)	$2,822.59

Reporting Requirements

To enable the Trustees of the Scanpower Customer Trust to assess the value of their shareholding in Scanpower Limited, the company will provide all information normally available to shareholders and any other information required by relevant legislation. The table below summarises reporting requirements for the coming year.

Report / Document	Timing	Next Due Date
Monthly Summary Report and Board Minutes	Within one week of each scheduled board meeting	14 April 2025
Annual Report and Audited Financial Statements (2025 FY)	Within four months of the end of each financial year	31 July 2025
Half Year Accounts and Interim Report (2026 FY)	Within three months of the first half of the financial year	31 December 2025
Draft Annual Statement of Corporate Intent (2027 FY)	Within one month of the start of each new financial year	30 April 2026

The Half Year Accounts and Interim Report will contain a Statement of Financial Performance, a Statement of Financial Position, a cash flow statement and a report providing the Chief Executive's commentary on the six-month period.

The Annual Report will contain a full audited set of financial statements, a statement of performance against key objectives and a report from the Chairman and Chief Executive.

Procedures for the Acquisition of Shares in any Company or Other Organisation

The Directors will only consider the acquisition of shares in other companies or organisations where such acquisition is consistent with the long term commercial and operational objectives of Scanpower Limited. The Directors will consider an acquisition of shares in the following circumstances:

i) To better manage risk in the best interest of Scanpower Limited and its shareholders; and

ii) Where, in the Directors opinion, the acquisition is in the best interests of Scanpower Limited in terms of creating wealth or potential wealth for the shareholders; and

iii) Under other circumstances which, in the opinion of the Directors, are in the best interests of Scanpower Limited.

The Directors will not authorise the acquisition of shares in any other company or organisation without the prior written consent of the majority of the Trustees.

Details of any Planned Transactions with Related Parties or Shareholding Local Authorities.

Scanpower Limited does not intend to enter into any transactions that require disclosure under Section 39, Clause (2)(i) of the Energy Companies Act 1992.

Procedure for Acquisition or Disposal of Major Assets

The Directors will not authorise the acquisition or disposal of assets (by a transaction or series of related transactions) if the value of the assets is greater than $1,000,000 without the prior written consent of the majority of Trustees.

This requirement does not apply to routine capital expenditure associated with the replacement or upgrade of electricity distribution assets held within Scanpower's network business (i.e. the annual network capital expenditure budget as disclosed in the Asset Management Plan).

Asset Management and Network Asset Replacement Expenditure

On an annual basis Scanpower Limited prepares and publishes an Asset Management Plan. The purpose of this plan is to document the strategies, resources, operating expenditure and capital expenditure that the company intends to employ in the management of its electricity distribution assets.

Each Asset Management Plan covers a timeframe of ten years. The most recent plan was published on 31 March 2025 and relates to the period 1 April 2025 to 31 March 2035. It is publicly available via the Information Disclosures section of the company website (www.scanpower.co.nz) and is the best resource for parties with an interest in understanding Scanpower Limited's asset management practices and associated expenditure.

Planned network capital expenditure over the current planning horizon of the Asset Management Plan is summarised in the table below.

Capital Expenditure	31/03/2026	31/03/2027	31/03/2028	31/03/2029	31/03/2030
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Customer Connections	25	26	26	27	27
System Growth	90	26	26	27	27
Asset replacement and Renewal	1,453	1,844	1,881	1,919	1,913
Asset Relocations	-	-	-	-	-
Reliability, Safety and Environmental	-	-	-	-	-
- Quality of Supply	738	-	-	-	-
- Legislative and regulatory	148	-	-	-	-
- Other reliability, safety, and environment	75	-	-	-	-
Non-Network Assets	925	362	401	398	384
Total Capital Expenditure on Assets	**3,454**	**2,258**	**2,334**	**2,371**	**2,351**

Capital Expenditure	31/03/2031	31/03/2032	31/03/2033	31/03/2034	31/03/2035
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Customer Connections	28	28	29	29	30
System Growth	28	28	29	29	30
Asset replacement and Renewal	1,929	1,967	2,007	2,047	2,088
Asset Relocations	-	-	-	-	-
Reliability, Safety and Environmental	-	-	-	-	-
- Quality of Supply	-	-	-	-	-
- Legislative and regulatory	-	-	-	-	-
- Other reliability, safety, and environment	-	-	-	-	-
Non-Network Assets	226	175	178	182	185
Total Capital Expenditure on Assets	**2,211**	**2,198**	**2,243**	**2,287**	**2,333**

The capital expenditure forecast has been prepared on the basis of the assumptions detailed in the Asset Management Plan, the most significant of which are:

- Over the coming ten year horizon we are providing for a steady and ongoing increase in electricity demand of up to 50% on current levels. This is as a result of ongoing decarbonisation initiatives, electrification of industrial processes and growth in electric vehicle ownership / use.

- Steady but modest growth in the number of customer connections on the network, particularly in the residential sector.

Having completed the construction of our first 33kV-capable feeder into Dannevirke last year, we will build further capacity into the town through the installation of four sets of voltage regulators at strategic locations on the network. Doing so will allow us to defer the significant capital costs associated with construction of a full blown subtransmission system.

In regard to specific network asset renewal / replacement expenditure, the details by asset type are shown in the table below.

Asset Category	31/03/2026	31/03/2027	31/03/2028	31/03/2029	31/03/2030
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Poles	583	595	606	618	631
Transformers	127	365	373	380	500
Switchgear	226	231	235	240	82
Air break switches	-	117	120	122	124
HV fuses	-	9	9	10	16
Overhead 11kV conductor	-	-	-	-	-
Overhead 400v conductor	-	-	-	-	-
Underground 11kv cable	-	-	-	-	-
Underground 400v cable	-	-	-	-	-
Unplanned renewals	517	527	538	549	560
Total Asset Renewal and Replacement	**1,453**	**1,844**	**1,881**	**1,919**	**1,913**

Asset Category	31/03/2031	31/03/2032	31/03/2033	31/03/2034	31/03/2035
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Poles	643	656	669	683	696
Transformers	568	579	591	602	614
Switchgear	-	-	-	-	-
Air break switches	127	130	132	135	138
HV fuses	20	20	21	21	22
Overhead 11kV conductor	-	-	-	-	-
Overhead 400v conductor	-	-	-	-	-
Underground 11kv cable	-	-	-	-	-
Underground 400v cable	-	-	-	-	-
Unplanned renewals	571	582	594	606	618
Total Asset Renewal and Replacement	**1,929**	**1,967**	**2,007**	**2,047**	**2,088**

In making asset renewal / replacement decisions, Scanpower uses a risk based approach and takes into account factors such as:

- Asset age relative to expected useful life.
- Condition, based on assessments / inspections.
- Criticality; the customer impact and public safety consequences of an asset failing in service.

Unplanned renewals are asset replacements that occur due to unexpected failure (usually as a result of foreign interference such as car vs pole events and similar).

Tree / Vegetation Management Activity

Scanpower maintains a proactive programme of tree trimming and felling in and around power lines on the network, in line with the requirements of the Electricity (Hazards from Trees) Regulations 2003. Forecast expenditure on vegetation management per the Asset Management Plan and annual regulatory information disclosures (Schedule 11b) is shown in the table below.

Operating Expenditure Category	31/03/2026	31/03/2027	31/03/2028	31/03/2029	31/03/2030
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Vegetation Management	725	739	754	769	784

Operating Expenditure Category	31/03/2031	31/03/2032	31/03/2033	31/03/2034	31/03/2035
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Vegetation Management	800	816	832	849	866

Vegetation management activity on the network is undertaken by Treesmart, a wholly owned trading division of Scanpower Limited. The above budget is based on:

- One utility arborist crew of three men working on the network on a full-time basis.
- Treesmart providing all related project management, traffic management and customer liaison work.
- Treesmart being available on call for emergency / outage response on a full-time basis.

Operating Expenditure

Forecast operating expenditure (as per the Asset Management Plan and Information Disclosure Schedule 11b) is provided in the table below. It should be noted that this is expenditure specific to Scanpower's electricity distribution business and excludes items that relate to the company's non-regulated activities such as contracting and property investment.

Operating Expenditure Category	31/03/2026	31/03/2027	31/03/2028	31/03/2029	31/03/2030
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Service interruptions and emergencies	386	394	402	410	418
Vegetation management	725	739	754	769	784
Routine and corrective maintenance	242	246	251	256	261
Asset replacement and renewals	436	445	454	463	472
System operations and network support	1,245	1,270	1,295	1,321	1,347
Business Support	1,967	2,007	2,047	2,088	2,130
Total Operating Expenditure	**5,001**	**5,101**	**5,203**	**5,307**	**5,413**

Operating Expenditure Category	31/03/2031	31/03/2032	31/03/2033	31/03/2034	31/03/2035
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Service interruptions and emergencies	426	435	444	453	462
Vegetation management	800	816	832	849	866
Routine and corrective maintenance	267	272	277	283	289
Asset replacement and renewals	482	491	501	511	521
System operations and network support	1,374	1,402	1,430	1,459	1,488
Business Support	2,172	2,216	2,260	2,305	2,351
Total Operating Expenditure	**5,521**	**5,632**	**5,745**	**5,859**	**5,977**

Actual audited operating expenditure data for the financial year ending 31 March 2025 will be publicly available as per the Electricity Distribution Information Disclosure Determination 2012 will be available by 31 August 2025.

Community Initiatives and Support

Scanpower will continue to maintain an active programme of community initiatives and support including the following events / organisations:

- Dannevirke Community Vehicle Trust.
- Palmerston North Rescue Helicopter Trust.
- Sport Manawatu Tararua Sports Awards.
- Dannevirke Ross Shield Team.
- Dannevirke Craft and Garden Expo.
- Radio Woodville.
- Radio Dannevirke.
- Dannevirke Theatre Company.
- CACTUS youth development programme.
- School diaries throughout the District.

- Dannevirke High School prize giving and golf day.
- Dannevirke Golf Club
- Dannevirke Bowls Club.
- Library quiz nights.
- Woodville Christmas Lights.
- Dannevirke Christmas Lights.
- Wai Splash Pool.
- Lindauer Gallery Artist in Residence programme.
- Woodville Motocross Grand Prix.
- Kumeroa Sheep Dog Trials.
- Dannevirke A&P Association.
- BAMS Boxing and Fitness.

The majority of these events / organisations provide Scanpower with reciprocal advertising opportunities as part of any funding arrangement.

Environmental Management

Scanpower strives to minimise the impact of the company's operations on the environment, and to promote sustainability and environmental awareness within the organisation. Having completed a two-year project to measure and analyse the carbon footprint of our business activities, we will now seek to identify reduction / mitigation initiatives that are viable on a commercial basis.

Appendix One – Statement of Accounting Policies

REPORTING ENTITY

Scanpower Limited is 100% owned by the Scanpower Customer Trust. The financial statements presented are for Scanpower Limited. The Company is registered under the Companies Act 1993 and is an energy company in terms of the Energy Companies Act 1992.

The Company is designated as a for-profit entity for financial reporting purposes.

The financial statements of Scanpower Limited for the year ended 31 March 2024 were authorised for issue in accordance with a resolution of the Board of Directors on 27 June 2024.

BASIS OF PREPARATION

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice (GAAP). The financial statements comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') and other New Zealand accounting standards and authorities notices that are applicable to entities that apply NZ IFRS Reduced Disclosure Regime (NZ IFRS RDR).

The company is eligible and has elected to report in accordance with Tier 2 for-profit accounting standards, NZ IFRS RDR, on the basis that the company has no public accountability and is not a large, for-profit, public sector entity. The company has elected to report in accordance with NZ IFRS RDR and has applied disclosure concessions.

The accounts have been prepared on a going concern basis.

The financial statements have been prepared on a historical cost basis modified by the revaluation of network assets, land and buildings and investment properties.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($'000).

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Business combinations

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. The excess of the cost of acquisition over fair value of the identifiable net assets acquired is recorded as goodwill.

If the cost of acquisition is less than the fair value of the net assets of the business acquired, the difference is recognised directly in the income statement.

Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units that are expected to benefit from the business combination in which the goodwill arose.

Revenue

Revenue from contracts with customers

Network lines revenue

Line revenue relates to the provision of electricity distribution services and includes pass-through revenue and recoverable cost revenue. Customers are charged through a mix of fixed charges which are recognised on a straight-line basis and variable charges which are recognised based on the volume of distribution services provided.

Consistent with NZ IFRS 15 this revenue is recognised over time at the fair value of services provided based on an output method as the service is delivered to match the pattern of consumption. Pass through and recoverable costs include transmission costs, statutory levies and utility rates.

The Company pays a discount to eligible consumers connected to its network each year. The discount is paid to consumers via their retailer in the financial year.

The electricity line revenue recognised is net of the discount to be paid to consumers. A contract liability (included in trade and other payables) is recognised for the any discount payable to consumers in relation to electricity distribution made and unpaid at the end of the reporting period.

Capital contributions

Customer contribution revenue relates to contributions received from customers towards the costs of reticulating electricity to new subdivisions, constructing uneconomic lines and relocating existing lines. The revenue recognised is the fair value of the asset being constructed. Revenue is recognised over time as a result of there being no alternative use to the asset without significant economic losses and the Company having a right to payment for performance completed to date.

Contracting revenue

Contracting revenue relates to revenue from electrical contracting services provided to third parties and is recognised as the fair value of the service provided or asset being constructed. Where an asset is being constructed for a third party, revenue is recognised over time as a result of control of the asset transferring to the customer over the time. For electrical services revenue is recognised at a point in time when the performance obligation is satisfied.

Treesmart revenue

Revenue for tree trimming services is recognised at a point in time when the service is consumed by the customer. Once the service has been performed the customer has obtained control of that service.

Variable consideration

If the consideration in a contract includes a variable amount, Scanpower estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for assets being constructed include variable considerations such as penalties.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If Scanpower performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which Scanpower has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before Scanpower transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier).

Other Revenue

Rental income

Rental income from investment property is recognised in the Statement of Comprehensive Income as it falls due.

Interest income

Interest income is recognised using the effective interest method.

Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Goods and Services Tax

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cashflow in the statement of cash flows.

Income Tax

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantively enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary difference or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

Current and deferred tax is recognised against the profit or loss for the period, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Debtors and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. A provision for impairment of receivables is established when there is no objective evidence that the Company will not be able to collect all amounts due according to the original term of the receivables. The amount of the provision is the difference between the assets carrying amount and the present value of the estimated future cash flows, discounted using the effective interest method.

The carrying amount of an impaired receivable is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. When the receivable is uncollectible, it is written off against the allowance account. Overdue receivables that have been renegotiated are classified as current (i.e. not past due).

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off during the year that they are identified.

Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of activities less the estimated costs necessary to make the sale.

Property, Plant and Equipment

Property, plant and equipment consists of network distribution assets (land, buildings and fixtures) the Oringi site land and buildings, plant and equipment, motor vehicles, computer hardware and other fixtures.

Property, Plant and Equipment is shown at cost or valuation, less accumulated depreciation and impairment losses. Initial cost includes the purchase consideration and those costs directly attributable to bringing the asset to the location and condition necessary for its intended use. These costs include, where appropriate, site preparation costs, installation costs, borrowing costs and the cost of obtaining initial resource consents. Costs cease to be capitalised when substantially all the activities necessary to bring an asset to the location and condition for its intended use are complete.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the company and the cost of the item can be measured reliably. In most instances, an item of property, plant and equipment is recognised at cost. Where an asset is acquired at no cost, or nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are included in the statement of comprehensive income. When revalued assets are disposed, the amounts included in the asset revaluation reserve in respect of those assets are transferred to retained earnings.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefit or service potential associated with the item will flow to the company and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the asset to their estimated residual values over their useful lives. The useful lives of major classes of assets have been estimated as follows (in years):

Lines – wood	45
Lines – concrete	60
Lines – underground	45
Transformers	45
Substations	45
Air break switches	35
Customer connections	45
Circuit breakers	45
Sectionalisers	40
Ring main units	40
Voltage regulators	45
Fuses	35
Reclosers	40
Non-standard assets	15 to 60
Buildings and fixtures	10 to 50
Motor vehicles	3 to 15
Plant and equipment	3 to 25
Computer equipment	3 to 5
Oringi site buildings	50

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

Revaluation

Operational land and buildings are valued on a three yearly valuation cycle. The Network Distribution assets are revalued on an annual basis by PricewaterhouseCoopers. If there is a significant impairment or upwards movement in the Network asset values, the Board will make a decision on the treatment of the movement. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value.

Operational land and buildings

Fair value is determined from market-based evidence by an independent valuer. The most recent valuation was performed by Mr. C Southgate B.AG.COM.MNZIPIM ANZIV, of the firm Tararua Ruahine Valuations, Dannevirke, and the valuation is effective as at 31 March 2022.

Network Distribution assets

The electricity distribution network is measured at fair value. Consistent with NZ IAS 16, and in the absence of specific market evidence of relevance to Scanpower's network assets, PwC has used the DCF methodology as the primary basis for determining the fair value of the Assets, based on the forecast cash flows associated with the Assets.

Accounting for revaluations

Scanpower Limited accounts for revaluation of property, plant and equipment on an individual asset basis.

The results of revaluing are credited or debited to an asset revaluation reserve for the individual asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the statement of comprehensive income. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the statement of comprehensive income will be recognised first in the statement of comprehensive income up to the amount previously expensed, and then credited to the revaluation reserve for the individual asset.

Intangible Assets

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of identifiable assets, liabilities and contingent liabilities acquired, and is recognised as an asset.

Goodwill is not amortised but instead separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. An impairment loss recognised for goodwill is not reversed in any subsequent period.

Software acquisition

Acquired computer software licenses are capitalised on a basis of the cost incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred.

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. The useful lives of major classes of intangible assets have been estimated as follows:

Computer software	3 to 10 years

Impairment of Property, Plant & Equipment and Intangibles

The carrying amounts of the assets, other than inventory and investment property, are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists for an asset, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss (if any).

Where the asset does not generate cash flows that are independent of other assets, Scanpower Limited estimates the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The recoverable amounts are the higher of fair value (less costs to sell) or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Goodwill is tested for impairment annually, and whenever there is an indication that it may be impaired. An impairment of goodwill is not subsequently reversed.

If a revalued asset is determined to be impaired, then the impairment is firstly applied against the revaluation reserve related to that asset, with any remaining impairment loss expensed in profit or loss. If the impairment loss is subsequently reversed, the reversal is firstly applied to profit or loss to the extent of previously expensed impairment losses relating to that asset, with any further increase taken to the revaluation reserve.

For assets which are not revalued, an impairment loss is expensed immediately in profit or loss. If an impairment loss is subsequently reversed, the carrying value of the asset is stated at not more than what its carrying value would have been had the earlier impairment not occurred.

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the statement of comprehensive income. For assets not carried at a revalued amount, the total impairment loss is recognised in the statement of comprehensive income.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the statement of comprehensive income, a reversal of the impairment loss is also recognised in the statement of comprehensive income.

For assets not carried at a revalued amount (other than goodwill) the reversal of an impairment loss is recognised in the statement of comprehensive income.

Investment property

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs. After initial recognition, the Company measures all investment property at fair value as determined annually by an independent valuer. Gains or losses arising from a change in the fair value of investment property are recognised in the statement of comprehensive income.

Leases

The company leases vehicles, buildings and computer equipment. Rental contracts are typically made for fixed periods of 4 to 10 years but may have extension options as described below.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the company:
• where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, and
• makes adjustments specific to the lease, e.g. term, country, currency and security.
• references the interest rate payable on drawing down on the CARL facility with the bank.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:
• the amount of the initial measurement of lease liability
• any lease payments made at or before the commencement date less any lease incentives received
• any initial direct costs, and
• restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise of printers.

Employee benefits

Short term benefits

Employee benefits are measured at nominal values based on accrued entitlements at current rate of pay. Benefits include salaries and wages accrued to balance date, annual leave earned, but not yet taken at balance date, retiring and long service entitlements expected to be settled within 12 months. The Company recognises a liability and an expense for bonuses where contractually obliged.

Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Provisions

Scanpower Limited recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

Borrowings

Borrowings are initially recognised at fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Critical Accounting Estimates and Assumptions

In preparing these financial statements Scanpower Limited has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual result. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

Network Distribution assets

Electricity distribution network valuation - Scanpower Limited owns and operates an extensive integrated electricity distribution network in the Tararua area, comprising large numbers of individual network asset components. Scanpower Limited values its electricity distribution network on a discounted cash flow basis. Scanpower Limited has adopted assumptions and estimates in its discounted cash flow valuation, including the amounts and timing of future cash flows and the relevant discount rate. For more information refer to the property, plant and equipment note.

Goodwill

Determining whether there has been impairment in relation to goodwill requires an assessment of the value in use of the cash generating assets with which the goodwill is associated. This is undertaken by estimating the future cashflows expected to arise and using a suitable discount rate to estimate the present value of the future cash flows.

Changes in accounting policies

There were no changes in accounting policies during 2024.

Appendix Two – Corporate Governance Statement

1. Role of the Board

The Board is responsible for the overall corporate governance of Scanpower Limited. The Board guides and monitors the business and affairs of Scanpower on behalf of the shareholder, the Scanpower Customer Trust, to whom it is primarily accountable.

The Board's primary objective is to satisfy the shareholder's wish of enhancing value to all persons and companies connected to the Scanpower Network through a commitment to customer service and regional prosperity. Customer service is measured in terms of both financial benefit by way of discount, and by Scanpower's ability to deliver excellence in its electricity distribution system and in the security and reliability of that system. Regional prosperity is measured in terms of Scanpower's role in leading and/or supporting initiatives for economic development in its community.

The Board also aims to ensure that Scanpower is a good employer and corporate citizen.

2. Board Responsibilities

The Board acts on behalf of and is accountable to the shareholders. The Board seeks to identify the expectations of the shareholders, who represent persons and companies connected to the Scanpower Network, as well as other legislative and ethical expectations and obligations. In addition, the Board ensures that areas of significant business risk are identified by management and that arrangements are in place to adequately manage these risks.

To this end, the Board will:

i) set the strategic direction of the Company in consultation with management, having particular regard to rate of return expectations, financial policy, and a review of performance against strategic objectives.

ii) maintain an understanding of the electricity industry, and continue to monitor industry reform, security of supply, industry governance and Government intervention in order to identify the impact on Scanpower's business.

iii) monitor and understand the expectations and needs of the communities within Scanpower's electricity network area.

iv) remain informed about Company affairs in order to exercise judgement about management and procedures.

v) identify risks and manage those risks by ensuring that the Company has implemented comprehensive systems of internal control together with appropriate monitoring of compliance activities.

vi) approve and foster a corporate culture which requires management and every employee to demonstrate the highest level of ethical behaviour.

vii) appoint, review the performance of, and set the remuneration of the Chief Executive Officer.

viii) approve transactions relating to major items or programmes of capital expenditure that is above the delegated authority of management.

ix) approve operating budgets and review performance against these budgets, and monitor corrective actions put in place by management as they arise.

x) ensure the preparation of the Statement of Corporate Intent, and Interim and Annual reports.

xi) enhance relationships with all stakeholders.

3. Delegation

The Board delegates the day-to-day responsibility for the operation and administration of Scanpower, including management of human resources and the implementation of the risk management strategy set by the Board, to the Chief Executive Officer.

The Chief Executive Officer is responsible for ensuring Scanpower achieves its business objectives and values. The Board ensures that the Chief Executive Officer, and through him / her, the senior management are appropriately qualified, experienced and remunerated to discharge their responsibilities.

4. Codes and Standards

All Directors, executives and staff of Scanpower are expected to act with integrity and to promote and enhance the Company's reputation with its various stakeholders. Behavioural standards and accountabilities, including the use of confidential information, trade practices, health, safety and environmental management are set out in a range of formal codes, policies and procedures. These are subject to regular review to ensure they remain current and appropriate.

5. Conflicts of Interest

All Directors and senior managers are required to disclose any specific or general interests which could be in conflict with their obligations to Scanpower.

6. Board Review

The Board will undertake a self-assessment of its performance and the performance of individual Directors on at least a biennial basis. The results of this review will be made available to the Scanpower Customer Trust.

7. Appointment and Reappointment of Directors

The Trustees of the Scanpower Customer Trust are responsible for the appointment of Directors. In accordance with the Company constitution, the number of Directors shall not fall below three, nor be greater than six.

In accordance with clause 21.2 of the constitution, upon appointment each Director shall serve for a term of three years. At the end of this term, a Director may stand for reappointment. Per clause 21.3 of the constitution, a Director having served a term of office of a total of nine years shall not be eligible for reappointment unless the prior majority consent of all shareholder Trustees is granted.

When a Director is approaching the expiration of their term of appointment (typically occurring in July), the Trustees require that Director to make notification of whether they intend to seek reappointment or retire at that time. Such notification should be made 8 months in advance of the expiration of their term (typically in December). Should that Director wish to be considered for a further term of three years, the Chairperson of the Board of Directors will provide a full written assessment of that Director's performance within five months of the expiration of their term of appointment (typically in February). The purpose of this is process is to ensure that the Trustees have adequate time to consider the reappointment or to appoint a new Director.

8. Meetings

The Board meets on a monthly basis (with the exception of December) to review, monitor and initiate action in respect of the strategic direction, financial performance and compliance of the Company and its subsidiaries. Scanpower's business plan details matters which require Board consideration including long-term strategic direction, operating and capital budgeting, statutory and risk management.

In addition to the scheduled meetings, the Board may meet on an ad hoc basis to consider specific opportunities as and when they arise, and other matters of importance to the Company. Annually the Board takes the opportunity to debate and review its long-term strategic direction.

9. Committees

The Directors of Scanpower have decided to take a 'whole of board' approach to resourcing committees, including:

- Audit Committee
- Risk Management Committee
- Health and Safety Committee

Correspondingly these topics are standing agenda items for all scheduled board meetings. One Director will attend each company health and safety committee meeting held during the year and the Board will share this duty on a rotational basis.

Remuneration related matters will also be handled on a 'whole of board' basis.

10. Risk Management

The Board puts considerable emphasis on risk management, given the critical nature of this aspect of the Company's operations, and continually monitors the operational and financial aspects of the Company's activities and the Company's exposure to risk. "Risk Management and Compliance" is a permanent item on the agenda of the monthly meeting of Directors.

An annual review of the level and appropriateness of the Company's insurance cover supports the Board's risk management process.

To fulfill its responsibility, management maintains appropriate accounting records and systems of internal control. These are reviewed and reported on annually by external auditors.

11. Directors' Fees

Fees for Directors are based on the nature of their work and responsibilities. Independent advice, including industry remuneration surveys, may be obtained from time to time on the level and structure of Directors' fees. The Board will make recommendations to the Scanpower Customer Trust at the Annual General Meeting on any proposed changes to Directors' Fees in accordance with this independent advice.

12. Interaction Between the Board and Trust

The Board shall ensure that the Trustees are informed of all major developments affecting the Company's state of affairs. Each year, a Statement of Corporate Intent is developed between the Board and the Trust.

This statement details the Company's intent with respect to:

i) Corporate strategy

ii) Strategic development

iii) Scanpower's operating environment

iv) Financial performance

v) Corporate governance

Information is also communicated to the Trust in the Annual Report, Interim Report and via the provision of monthly agendas and summary Board minutes.