ANNUAL REPORT 2025

MARCH 27, 2026

SOLOMON ISLANDS ELECTRICITY AUTHORITY TRADING AS SOLOMON POWER

Our Vision

Energising our nation.

Our Mission

To provide a safe, reliable, affordable and accessible supply of electricity to the Solomon Islands

Our Values

Respect for our customers and our people
Improvement through change and innovation
Meeting our service quality commitments
Care for the environment
Individual responsibility for our actions
Honesty and Trust
Teamwork

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Letter to the Ministers

Date 27th March 2026

The Honourable Jimson Tanagada, MP
Acting Minister of Mines, Energy and Rural Electrification
P O Box G37
Honiara
Solomon Islands

&

The Honourable Rexon Annex Ramofafia, MP
Minister of Finance and Treasury
PO Box G26
Honiara
Solomon Islands

Dear Honourable Ministers,

SOLOMON ISLANDS ELECTRICITY AUTHORITY (Trading as Solomon Power) ANNUAL REPORT 2025

On behalf of the Board of Directors of Solomon Power, I have the honour to submit to you both the Authority's Annual Report, in accordance with section 25 (I) of the Electricity Act, Cap 128, and section 14 (1) (a) (b) of the State Owned Enterprises Act 2007.

The report incorporates audited Statement of Accounts and the major developments, activities and achievements of the Authority for the financial period.

On behalf of Solomon Power, I thank you both for your on-going understanding and cooperation and look forward to your continuing support.

Yours faithfully,

David K.C. Quan, O.B.E
Chairman

2025 Highlights

- **Renewable Energy**
  - Commissioned the newly built 2 MW solar farm, increasing total PV generation capacity on the Honiara grid to 3 MW.
  - Commissioned the 220 kW grid-connected rooftop solar system at Solomon Power Ranadi Office.
  - Progressed the Seghe and Taro solar hybrid battery storage upgrade projects, with procurement completed.
  - Supported the Tina River Hydropower Project, including Power Purchasing Agreement amendment processes and transmission system procurement.
  - Procured replacement components for the 1 MW Henderson Solar Farm.
  - Completed a Grid Integration Study to assess high-renewable penetration impacts on the Honiara grid.
  - Acquired 10.028 hectares of land at Mamara to support future grid-connected solar development.
  - Identified and assessed additional PV development sites in Tenaru and Noro.
  - Five existing outstations conversion to hybrid systems: continued battery testing of four hybrid replacement generation systems for at Kirakira, Tulagi, Malu'u and Munda. At Lata, civil works completed.
  - Progressed civil works for Solar Hybrid Generation Systems at Sasamunga and Vonunu.
  - Completed civil and building works for Solar Hybrid Generation Systems at Baolo, Bina, Dala and Visale.
  - Closed tendering for ADB-funded SIREP projects, covering major solar, BESS and hybrid system developments.
  - Continued detailed design work to synchronise the Buala Hydro Plant with the existing diesel generator, with completion expected in mid-2026.
  - Continued work on rooftop solar initiatives and supported work on Independent Power Producers and Public–Private Partnership (PPP).

- **Accessibility**
  - Commissioned one network extension in Honiara, with two additional extensions completed and awaiting commissioning in early 2026.
  - Completed transformer installations and upgrades across Honiara, Noro and Auki to support load growth and new customer connections.
  - Undertook network extension works in the Corona and GPPOL areas, and provided support to road upgrade works in West Honiara.
  - Delivered distribution works including conduit installation, asset relocation, HV and LV line construction, and transformer installations at key facilities such as the Comprehensive Medical Centre, MID Head Office and the Naha Birthing Centre.
  - Relocated HV lines and installed conduits to support Lata Airport works.
  - Energised 1,777 installations nationwide, increasing the customer base by 6.5 percent.
  - Implemented the second phase of the Electrification Access Program (EAP) in Buala, processing 158 household applications against a target of 200 for newly extended sites.

- **Reliability**
  - Completed manufacturing of the 33 kV switchgear under the Old Lungga Electrical Upgrade Project.
  - Upgraded distribution assets and carried out proactive network maintenance, including transformer upgrades in Honiara, Noro and Auki; LV ABC reconductoring and load transfers in the Henderson and Ten Dollar Beach areas; HV and LV line repairs across Honiara; vegetation management on the 33 kV, 11 kV and LV networks; and underground cable fault repairs.
  - Completed major planned maintenance on Honiara generators L7, L8 and H2, and delivered corrective maintenance on generators in Auki, Buala, Kirakira, Lata and Tulagi.
  - Installed, tested and commissioned new generators in Seghe, Munda, Noro and Tulagi, and purchased 5 MW of GRS generators to support reliable supply for Honiara City.
  - Four refurbished Cummins generators procured in 2024 were delivered, installed, tested, and commissioned into operations at Honiara Power Station.
  - Completed compression tests to support major overhaul planning for Gizo gensets.
  - Constructed a backup network link to safeguard White River substation customers during decommissioning of the old network.
  - Achieved soft commissioning of the SCADA Master Station Project.
  - Commissioned the Ranadi HQ electrical room project.
  - Completed major relocation works to support the LMCP road upgrade project.
  - System reliability improved compared to 2024, with reductions in SAIDI and SAIFI, while CAIDI increased due to fewer but longer outages; overall performance remained similar to other Pacific Island countries.

- **Safety**
  - Strengthened HSSE performance through OHS inductions, community electrical safety awareness, safety campaigns and risk assessments across Outstations.

- Deployed health monitoring equipment to five sites;
- Delivered staff wellbeing initiatives including NCD screenings, Pinktober activities, mammogram and PSA testing.
- Emergency evacuation drills in Munda and Gizo.

- **Affordability**
  - Cost of Service Study & Tariff Review through Ministry of Mines & Energy and Rural Electrification.
  - Established operating and capital expenditure for the next three years that will support reduction in non-fuel tariff
  - Fuel displacement as a result of 2MW & 220Kw rooftop
  - Prioritise Renewable Energy Projects including support to Tina Hydro Project that will enable displacement of Fuel
  - Continued with Fuel Hedging activities

- **People**
  - Key leadership roles were filled during the year, including the appointment of the Chief Executive Officer, Chief Engineer, Chief Information Communication and Technology Officer, and General Manager Customer Services.
  - Workforce capability was strengthened through extensive training and development, with 98 staff attending in-house trainings, 27 employees undertaking part-time long-term academic and professional programs, 4 employees on full-time studies, 34 staff participating in short-term workshops.
  - SP continued to build future talent pipelines, recruiting 4 Graduate Trainees and engaging 8 student attachés across engineering and electrical programs.

- **Community Support**
  - Reinforced Solomon Power's role as a key national stakeholder through active participation in community initiatives, national events and social development programs.
  - Supported SIG with streetlighting initiatives, including installations along the main Honiara road through the Ministry of Infrastructure; JICA-funded solar streetlights through the Ministry of Foreign Affairs and the Ministry of Mines and Energy; solar streetlights for Honiara and selected provincial headquarters through the Ministry of Police; and provision of 25 solar streetlights to the Seventh-day Adventist Mission

- **Other**
  - Replaced 80 outdated domestic meters with digital units, upgraded 62 commercial and industrial meters in Honiara to smart meters, and completed provincial meter surveys in Buala and Tulagi.
  - Enhanced communication systems across operational sites to strengthen coverage, reliability and efficiency.
  - Completed a detailed assessment of the organisation's software and collaboration tools, producing a technical and cost requirements report.
  - Successfully conducted Disaster Recovery (DR) and Business Continuity Plan (BCP) tests on network servers and the Exchange Mail server.
  - Implemented a digital platform to support efficient and secure Board meeting management.

Plans for 2026

- Renewable Energy
  - Commissioning of four (4) hybrid replacement generation systems for the existing Outstations at Kirakira, Tulagi, Malu'u, and Munda.
  - Progress Mechanical and Electrical installations of Solar Hybrid Generation Systems at Baolo, Bina, Dala, Tingoa and Visale. WB & SP funded with total capacity of 1.086MW
  - **Progress with the Solomon Islands Renewable Energy Development Project, including the Henderson Flight 1 (1 MW) grid-connected solar plant, the Honiara Substation BESS (9 MW / 24 MWh), the Ambu Solar Hybrid system (1.5 MW solar PV and 1.0 MW / 4 MWh BESS), and rooftop solar PV installations for Su'u National Secondary School and Ruavatu Community High School.**
  - Commission Seghe and Taro Solar Hybrid Battery Storage Upgrade projects.
  - **Continue with procurement and implementation of Tina Hydro Development Project Component 3 – Transmission Line**

- Accessibility
  - Commissioning of five (5) network Extensions in Honiara and in the provinces
  - Completion of the 200 household installations under the EAP program in Buala Outstation is anticipated in the first quarter of 2026, followed by final inspection, commissioning, and official closure of the second phase of the program.
  - Continue to strengthen the new connections process.
  - Tina Hydro Development Project - Community Benefit Sharing Program Household connections

- Reliability
  - Commissioning of a Data Centre, Control Centre, and Call Centre Building at Lungga Power Station
  - Commissioning of Honiara SCADA Master Station project & Protection upgrade project
  - Commissioning of the GRS Generator relocation project.
  - Continuous support to the road upgrade works in Western Honiara (LMCB)
  - Progress with civil, building works and 33kV switch gear installation to the Old Lungga Electrical Upgrade Project.
  - **Progress the contract to purchase Diesel Generator for Lungga.**
  - Support roadworks at Auki.

- Affordability
  - Continue with 2026 Planned Network Extension project to connect more customers
  - **Implementation of new tariff based on Cost of Services Study & Tariff Review**
  - Continue to ensure solar and hydro plants are working to ensure displacement of fuel

- Safety
  - Ensure contractors Site Safety Rule and industrial best safety practise at all project sites.
  - Continue with safety awareness in communities and schools.

- People
  - Continue to support the country's workforce training with Graduate Trainee and work placement attachments
  - Continue with training plan for existing workforce
  - Continue with consultations with Staff Association
  - Support Health and Toolbox sessions for staff

- Other
  - Billing Software Upgrade Project
  - Archiving software implementation
  - Implementation of the Business Development Unit plans for Electrical Retail Unit

About Solomon Islands Electricity Authority (trading as Solomon Power)

Who we are
Solomon Islands Electricity Authority (SIEA) trading as Solomon Power is a State Owned Enterprise.

Our objectives
Under Section 4 of the State Owned Enterprises Act, the principal objective of the Company is 'operate as a successful business', and to this end, be:
- As profitable and efficient as comparable businesses that are not owned by the Crown.
- A good employer.
- An organisation that exhibits a sense of social responsibility by having regard to the interests of the community in which it operates.

To meet these objectives, SP strives to

Be as profitable and efficient as comparable businesses by:
- Within the Electricity and State Owned Enterprises Acts, installing, operating and maintaining electricity supply systems that meet the needs of connected customers.
- Developing and implementing capital investment plans, to improve electricity system performance and increase the network coverage of agreed areas.
- Seeking to recover efficient costs of the service provision.
- Improving the efficiency of services, whilst improving asset reliability and availability.

Be a good employer by
- Maintaining a well-qualified and motivated staff.
- Adopting HR policies that treat employees fairly and properly in all aspects of recruitment, retention and employment.
- Promoting a high level of safety throughout the organisation.

Act in a socially responsible manner by
- Building effective relationships with landowners, customer groups and interest groups that are affected by our activities.
- Improving environmental reporting and performance on issues that are caused by our electricity supply activities.
- Incorporating sustainability into our business activities, and working to improve sustainable outcomes in terms of resource management.

Nature and scope of our activities
SP's principal commercial activities, as defined under the Electricity Act, are the
- Generation and distribution of electrical supply to connected customers in approved areas,
- Operation, maintenance and development of assets that are necessary to achieve these outcomes on a long term, sustainable basis,
- Approved expansion of services to increased areas of operation.

Other regulatory functions
The Company is also mandated by the Electricity Act to perform the following regulatory functions:
- Be responsible for the registration of Electrical Contractors.
- Ensure that industries and contractors comply with the Electricity Act and the AS/NZS Wiring Standards, by inspecting all electrical installations before connecting to SP mains.
- Be responsible for the licensing of standby generators, Independent Power Producers (IPPs) and Cogeneration of power.

Members of the Board

Executive Management

Senior Management

Chairman's letter

The year 2025 marked a period of strengthened governance and steady progress for Solomon Power as the organisation continued implementing the 2022–2027 Strategic Plan and delivering on key Government policy priorities for the energy sector. Throughout the year, the Board maintained active oversight of operational performance, financial sustainability, and strategic investment decisions to ensure alignment with national energy objectives and the statutory obligations of a State-Owned Enterprise.

A key achievement was the commissioning of the 2 MW solar farm and the 220 kW rooftop solar system at Ranadi, which together represent an important step toward diversifying the national energy mix and reducing long-term reliance on diesel generation. The Board also continued its oversight of the Tina River Hydropower Project, including progress on Power Purchase Agreement amendments, transmission system procurement and associated preparatory works. Together, these renewable energy investments form the foundation for the nation's long-term transition toward cleaner, more sustainable and more affordable electricity supply. The Board further supported preparatory work for future Independent Power Producer and Public–Private Partnership opportunities, which will be central to expanding grid-connected renewable capacity in the coming years.

Financial performance remained stable despite the implementation of an 8.3 percent reduction in the non-fuel tariff, which resulted in approximately $63 million in foregone revenue to support households and businesses. Solomon Power recorded a net profit of $42.4 million and continued to invest significantly in essential infrastructure upgrades across generation, distribution, and renewable energy systems.

The Board also oversaw meaningful progress in national electricity sector reform. Solomon Power worked closely with Government and development partners on the tariff review, cost-of-service design, and the establishment of the Electricity Commission of the Solomon Islands as an independent regulator—an important step toward improved transparency and long-term sector governance.

On behalf of the Board, I acknowledge the leadership of the Chief Executive Officer and the dedication of all staff who worked diligently to maintain service delivery and advance key projects. I also thank the Minister of Mines, Energy and Rural Electrification and the Minister of Finance and Treasury for their continued support to the Board and Management of Solomon Power during the year. I would also like to acknowledge the support from the development partners—Australia, the Asian Development Bank, Japan, New Zealand and the World Bank—which has supported national progress toward the goal of 100 percent renewable energy for Honiara by 2030 and 100 percent access to electricity for the whole country by 2050.

As we look ahead to 2026, the Board remains committed to strong governance, prudent oversight, and ensuring Solomon Power continues to deliver accessible, reliable, affordable, safe and sustainable electricity for the people of the Solomon Islands.

May God Bless Solomon Islands from shore to shore.

David K.C. Quan, O.B.E
Chairman

Chief Executive Officer's letter

In 2025, Solomon Power focused on stabilising operations, strengthening system performance, and improving service delivery during a year marked by both challenges and important progress. Our teams worked across the country to maintain reliability, advance renewable energy development, and support customer growth, while ensuring that operational decisions remained aligned with the 2022–2027 Strategic Plan and key Government policy priorities for the electricity sector.

A major operational milestone was the successful commissioning and integration of the 2 MW solar farm and the 220 kW rooftop solar system at Ranadi, which required detailed planning, system readiness work, and coordination across multiple technical teams. We also progressed hybrid system upgrades in Seghe, Taro, Sasamunga, Vonunu, Baolo, Bina, Dala, and Visale, and advanced design and procurement for future renewable projects, including the Honiara BESS and upcoming IPP-led solar developments.

Across the network, we delivered significant upgrades including transformer installations in Honiara, Noro, and Auki; HV and LV line repairs; reconductoring to address low-voltage issues; and vegetation management across the 33 kV, 11 kV, and LV networks. Outstations recorded strong progress, with corrective maintenance on key units, installation of new generators, and diagnostic testing to support long-term overhaul planning. Several long-outstanding projects were completed, improving reliability for communities and businesses.

Affordability remained a central commitment. At the start of the year, we implemented an 8.3 percent reduction in the non-fuel tariff, foregoing approximately $63 million in revenue to ease cost pressures on households and businesses. Despite this, Solomon Power recorded a net profit of $42.4 million. During the year, we also worked closely with the Ministry of Mines, Energy and Rural Electrification on the comprehensive Tariff Study and Cost-of-Service Review, which establishes the operating and capital expenditure requirements for the next three years and will underpin a more transparent, equitable and sustainable tariff framework for the sector.

Customer growth continued steadily, with 1,205 new installations energised and total customers reaching 29,741. Our accessibility efforts remained strong through the Electricity Access Program and OBA initiatives, supporting households in newly connected communities.

Regulatory compliance and sector reform advanced meaningfully. We issued 75 licenses, introduced a new licensing approach for generators of 50 kW and above, and worked closely with Government and development partners on the tariff review and cost-of-service design. Engagement under the UK-funded Green Cities Infrastructure and Energy Programme supported the establishment of the Electricity Commission of the Solomon Islands, marking a major transition toward independent regulation.

Our people remain central to our progress. With 325 permanent staff, we continued to invest in training, leadership development, and fair employment practices. In 2025, we also undertook a strategic review to assess progress under the 2022–2027 Strategic Plan and refine priorities for the remaining period.

I thank the Chairman and the Board of Directors for their guidance and oversight throughout the year. I also acknowledge the Minister of Mines, Energy and Rural Electrification and the Minister of Finance and Treasury and their Permanent Secretaries and staff for their continued support. I would also like to thank our development partners and our customers for their ongoing trust and patronage.

We are also grateful for the support of our suppliers, contractors, service providers, provincial governments and the communities in which we operate, whose cooperation enabled us to maintain operations and deliver key projects across the country.

We look forward to continuing this work in 2026.

God Bless Solomon Islands, God Bless Solomon Power.

Delilah Homelo
Chief Executive Officer

Report on Operations

Honiara Generation

Year 2025 was another challenging year for the Honiara Generation Team. Early in the year, an unplanned outage on an 11 kV circuit breaker at Lungga—caused by external interference—resulted in a total power interruption across the Honiara network for more than six hours.

Maintaining adequate available capacity from our Honiara-based generation fleet also remained a key challenge due to the ageing fleet. Ongoing restoration work for generators that entered service in 2024 continued to affect reliability and capacity. A notable achievement was the L8 major overhaul, which commenced in the final quarter of 2024 and was successfully commissioned in the first quarter of 2025. In addition, the unavailability of H1 and H2 during the first half of 2025 created further operational pressure. With support from Hastings, H2 was restored to service; however, H1 remained under service through 2025.

To strengthen our maintenance planning, ABB technical engineers completed condition assessments of the L7 and L8 alternators. These assessments provided detailed health information that will support future overhaul planning and risk management of the Honiara generation fleet. Following the arrival of critical spare parts, mid-life maintenance on L7 was also completed and the unit was commissioned in the third quarter of 2025.

Reliable and efficient electricity supply remains our highest priority in meeting customer expectations and demand. This priority underpinned our decision to proceed with the outright purchase of the hired emergency generators from GRS at the end of the hire period. The four refurbished Cummins generators procured in 2024 were delivered, installed, tested, and commissioned into operations at Honiara Power Station. The acquisition of the GRS units also provided additional operational flexibility, ensuring that standby capacity is available when required and supporting continuity of supply during maintenance periods as part of ongoing business continuity planning.

At the old power station, we continued to face challenges with the accuracy and consistency of generation statistics, driven largely by ageing metering equipment. To address this, the replacement of the old kWh meters across the station was completed and commissioned, improving the quality and accuracy of the data to help improve data reporting.

In parallel with these major works, all available gensets were maintained on weekly and monthly schedules throughout the year to support longevity and stable operation. We also delivered important enabling infrastructure upgrades, including the old power station crane upgrade and the workshop crane replacement, both of which were completed and commissioned. The water system upgrade for Lungga generators commenced and remains in progress, with completion targeted for 2026. These improvements represent significant continuous enhancements by the Generation Department to improve system safety, efficiency, and reliability.

By the end of 2025, all generators at Lungga and Honiara Power Stations were operational, with the exception of L9 at Lungga and H1 at Honiara Power Station. The 1 MW Henderson Solar Farm also experienced disruptions in plant performance due to outdated parts; the required components have been procured and full operation is expected in 2026.

Addressing ageing assets through targeted maintenance and upgrade projects remains essential to sustaining the long-term reliability and efficiency of our generation system, reducing the risk of unexpected failures, minimising operational disruption, and strengthening power stability for our customers.

Transmission & Distribution

The Distribution Department continued to deliver essential system operations and maintenance activities across Honiara and the Outstations throughout 2025. The team undertook a wide range of works to strengthen network capacity, support infrastructure development, and address load and voltage issues across key locations to improve service reliability for customers.

During the year, the team supported major infrastructure upgrades that required the relocation of existing distribution assets and the installation of new conduits along key routes linking White River Substation, Honiara Power Station, and the Honiara City Council area. Several new transformers were installed to meet growing demand, including a 300 kVA unit at Bishops Dale, a new RMU and 750 kVA transformer at the Comprehensive Medical Centre, new transformers at Okea, a 50 kVA transformer also at Okea, and a new transformer at the MID Head Office. Additional works included the construction of six spans of HV line and installation of a new transformer for the Naha Birthing Centre, as well as 28 LV extensions totalling 64 spans.

Major maintenance activities were also undertaken to address voltage and load constraints across the network. These included the installation of a 1 MVA transformer at Szetu Henderson, upgrading the Skyline transformer from 100 kVA to 200 kVA, and upgrading the Aviation transformer from 100 kVA to 300 kVA. The team replaced and relocated the 500 kVA Solgreen pad-mount transformer with a 200 kVA pole-mounted unit, and replaced faulty transformers at National Fisheries and Vavaya Ridge. A total of 87 HV and LV line and pole repairs, relocations, and upgrades were completed during the year.

To address low-voltage issues, 16 spans of LV ABC line at Henderson and Ten-Dollar Beach were reconducted and upgraded from 25 mm² to 95 mm². An additional eight spans of 95 mm² LV ABC were constructed to transfer load between transformers and improve voltage stability. Vegetation management was carried out throughout the year across the 33 kV transmission line, 11 kV distribution network, and 415 V LV network to reduce outage risks. The team also responded to various 11 kV underground cable faults caused by excavation works and natural deterioration of joints and terminations.

At the Outstations, key works included the relocation of two spans of HV line and removal of two flying stays in Lata to meet aviation clearance requirements. Two sets of 150 mm² conduits were also laid across the airfield in preparation for potential future relocation of the HV underground cable. Engagement in other Outstations was limited during 2025 due to logistical constraints and project sequencing, with additional activities planned for 2026.

Outstations

Outstations The Outstations Department continued to maintain generation and distribution systems across all sites in 2025, ensuring operations remained aligned with performance expectations despite ageing assets and logistical challenges. The team focused on targeted maintenance, infrastructure upgrades, and strengthening spare-parts readiness to improve reliability and reduce unplanned outages.

Key achievements included corrective maintenance across Kirakira (K3, K4, K5), Lata (LT4), Auki (AK3), Buala (BL4), Tulagi (TG1), ML3, and N3, restoring each unit to stable operation. New generators were installed and commissioned at Seghe, Munda, Noro, and Tulagi (TG4), improving redundancy and supporting continuity of supply. Compression tests on Gizo units (GZ1, GZ2, GZ3) informed overhaul planning, with GZ2 identified for major works, while Lata LT5 underwent a top overhaul. Network constraints at Noro were also resolved with support from the Distribution team.

Across all Outstations, generator availability averaged around 75 percent, reflecting the combined impact of planned and unplanned outages. Improvement efforts remain focused on lifting availability toward the Pacific Power Association benchmark of 90 to 95 percent through strengthened spare-parts inventory, replacement of ageing units, and infrastructure upgrades aligned with international power station standards. Renewable energy integration also progressed, with the Seghe and Taro Solar Hybrid Battery Storage Upgrade projects on track for completion in early 2026.

Regulatory

The Regulatory Department continued to fulfil its role in overseeing electrical safety and compliance across the electricity industry in 2025. The department ensured that electrical installations met AS/NZS 3000 Wiring Standards and supported licensed electricians and contractors through regular updates, inspections, and compliance checks on new and existing installations.

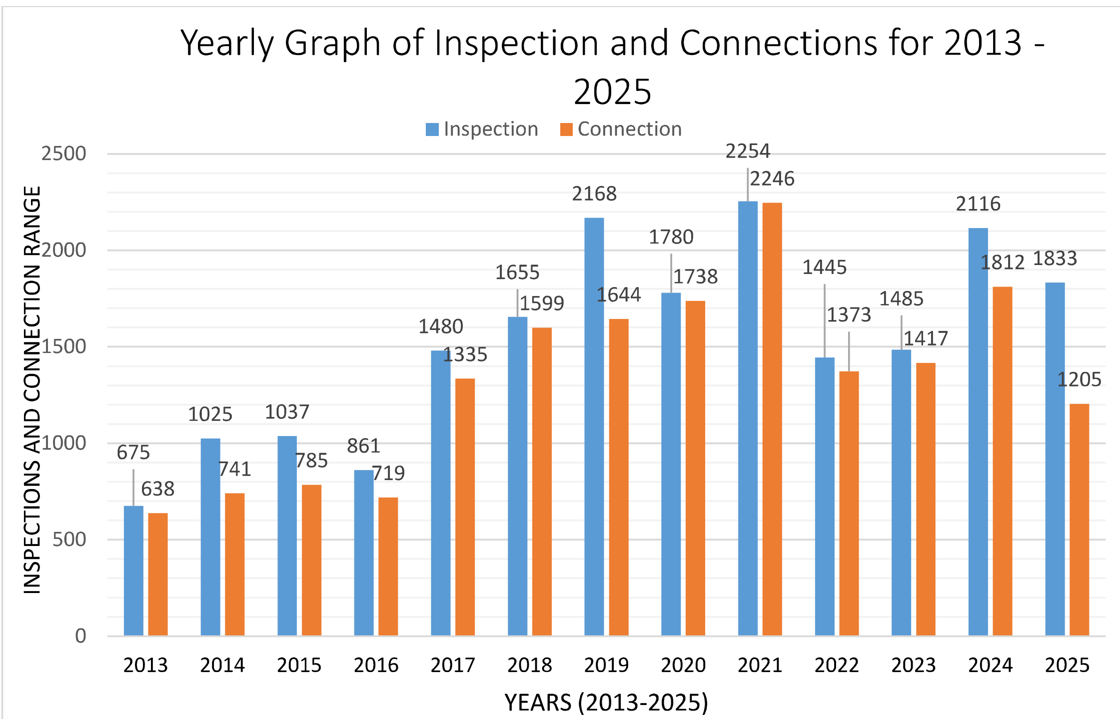
A key function of the department is the licensing of Grade A and Grade B electricians under Regulation 52 of the Solomon Islands Electricity Act. The interim licensing framework established in 2018, following the memorandum of understanding between Solomon Power and Energy Skills Australia, remained in effect. Under this arrangement, both theory and practical assessments were conducted throughout the year. By the end of 2025, a total of 75 licenses had been issued, comprising 14 licenses for electricians from Solomon Power, corporate organisations, and government ministries, and 61 licenses for electricians from private contractor companies. License renewals continued to be processed annually.

Testing of new and used energy meters also progressed during the year, with 1,417 meters tested. This represented a decrease compared with 2024 due to a technical issue with the Meter Test Bench affecting three-phase meter testing during the first two quarters. Full functionality was restored in the third and fourth quarters. Meter testing was carried out for customer installations ready for inspection and for accuracy verification of used meters upon request.

Licensing of private generators rated at 50 kW and above continued, supported by a new approach involving mass surveys of diesel generators within the power grid. By year-end, 57 licenses had been issued, while an additional 23 generators below 50 kW were inspected and issued with safety compliance certificates.

A total of 1,205 installations were energised during the year, compared with 1,812 in 2024. These figures reflect normal customer energisations only, as a further 200 customers under the pilot Electricity Access Program funded by Solomon Power are scheduled for energisation in early 2026.

Solomon Power continued to work closely with the Ministry of Mines, Energy and Rural Electrification (MMERE) and sector partners on ongoing energy sector reforms, including the transition of regulatory functions from Solomon Power to MMERE and the establishment of an independent regulatory agency.



Control Centre

Solomon Power's System Reliability in Honiara is measured using the internationally accepted performance indicators as follows:

The System Average Interruption Duration Index (SAIDI)
SAIDI defines the average interruption duration per customer served per year.
SAIDI = (Sum of Customer Interruption Durations / Total number of Customers served)

For Honiara, 2025 SAIDI is 252.37 minutes, compared to 302.67 minutes in 2024, a decrease of 50.3 interruption minutes.

The System Average Interruption Frequency Index (SAIFI)
SAIFI defines the average number of times a customer's service is interrupted during a year for longer than 2 seconds. A customer interruption is defined as one interruption to a customer.
SAIFI = (Total number of customer interruptions/Total number of customers served)

For Honiara, this was measured to be 1.36 times in 2025, compared to 2.49 times in 2024, a decrease of 1.13 times.

The Customer Average Interruption Duration Index (CAIDI)
This is a measure of the average number of times (minutes) that a customer is without power per interruption.

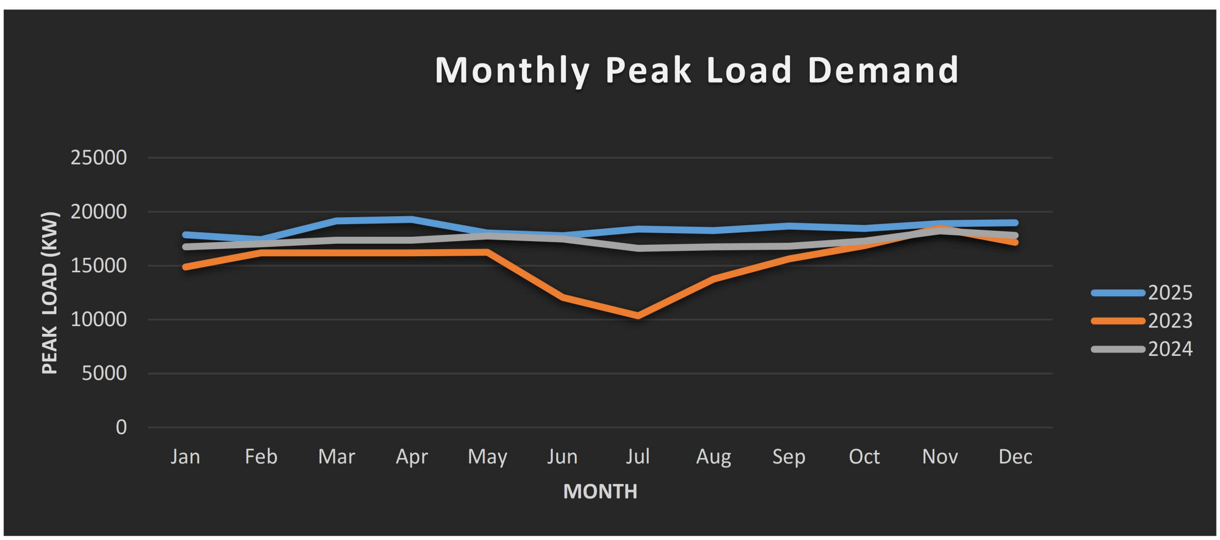
For Honiara, this was measured to be 166.11 minutes per interruption, compared to 123.66 minutes in 2024.

Energy Produced

Energy produced in 2025 compared with 2017, 2018, 2019 2020, 2021, 2022 ,2023 and 2024 is shown in the table below. Lungga and Honiara operations produced 102.51 GWh (86.9%), Outstations produced 12.67 GWh (10.7%) and Henderson and Ranadi solar produced 2.82 GWh (2.4%).

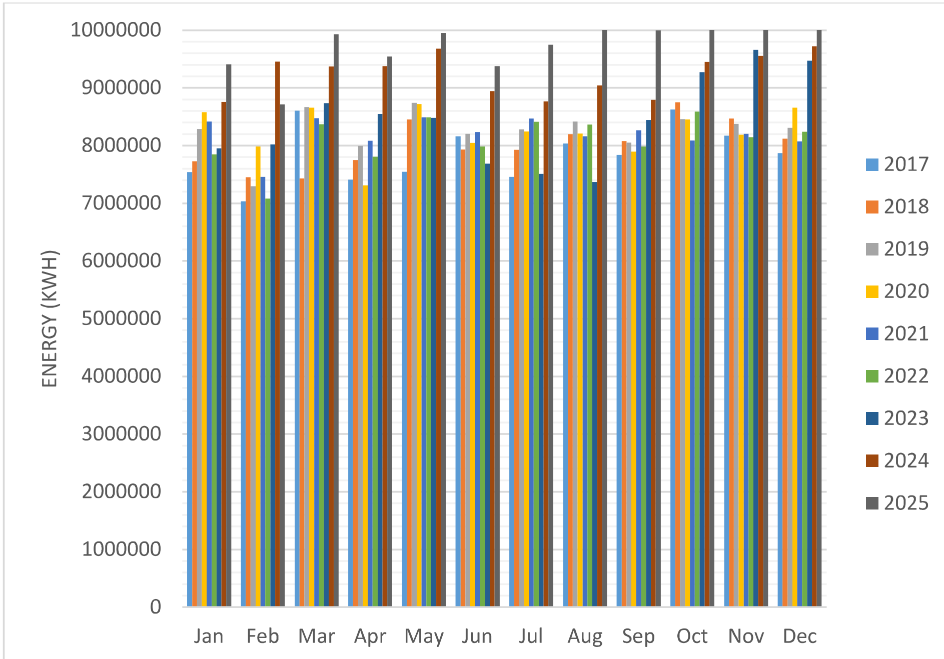
Station	2017	2018	2019	2020	2021	2022	2023	2024	2025
Lungga	80.73	81.75	83.04	83.74	83.46	81.96	86.7	96.1	101.10
Honiara	1.65	2.46	2.8	1.85	1.52	2.4	1.99	1.63	1.41
Outstations	9.73	11.17	11.77	11.96	11.67	11.6	11.39	12.24	12.67
Henderson Solar (1 MW + 2MW)	1.19	0.89	1.47	1.4	1.3	1.35	1.08	0.93	2.68
Ranadi Solar (Car Park + Rooft Top)	0.042	0.015	Not Available	Not Available	Not Available	Not Available	Not Available	0.02	0.14
Total	93.34	96.29	99.08	98.95	97.95	97.31	101.16	110.92	118

The demand for electricity in Honiara in 2025 peaked at 19,296 kilowatts compared to previous peak load of 18,547 kilowatts in 2023. Generally, there's growth of demand for electricity in 2025 compared to 2023 and 2024.

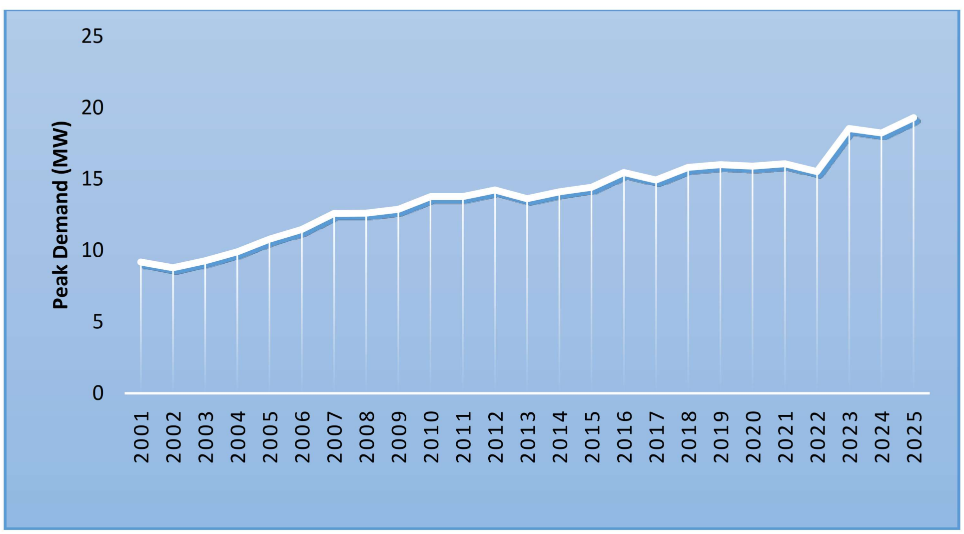


Generation Statistics

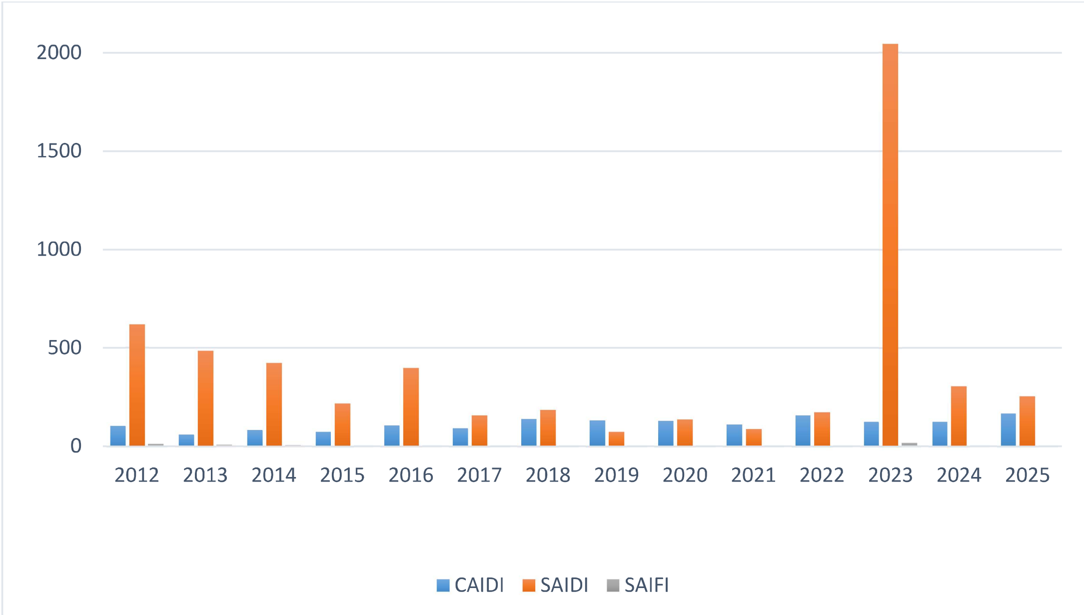
The energy produced by all stations in 2017 to 2025 is shown in the histogram below:



Honiara Peak Demand from 2001 to 2025 is shown in the graph below:



System Performance Indicators for Honiara from 2012 to 2025 are shown in the graph below:



Capital Works Division

In 2025, the Capital Works Division managed 46 active sub-capital infrastructure projects, with five additional projects in planning and procurement, representing a total portfolio value of $1.22 billion.

Key achievements included:

Completed and Commissioned Works

- 11 kV/415 V network extensions at Stoneville
- 2 MW Solar Farm at Henderson Fighter
- 220 kW rooftop solar at Solomon Power Head Office
- Ten subprojects under the LMCP road upgrade program
- Joint Bay works under JIGA Phase 2
- Tulagi Generator Shed
- Lata Minor Civil and Building Works
- Genelite Generator Project
- LMCP Component 8: Line Diversion 01 – HONF01 White River Link

Contracts Signed

- Stoneville, TNK, and Corona network extensions
- LMCP Components 1, 2, 4, 5, 8, 10, and 11 (conduits, cable pulling, RMU pads, joint bays, transformer plinths, and line diversions)

Projects Approved and Awaiting Tender

- Renewable Energy Development Project: – Henderson Fighter 1 (1 MW solar) – Honiara Substation BESS (9 MW/24 MWh) – Ambu Solar Hybrid (1.5 MW solar, 1.0 MW/4 MWh BESS) – Solar PV rooftop systems for Su'u National Secondary School and Ruavatu CHS
- Network extensions for Venga and Graciosa Bay (Lata)

Solar Hybrid Construction and Commissioning in Progress

Munda (1 MW), Malu'u (140 kW), Kirakira (320 kW), Lata (270 kW), Sasamunga (240 kW), Hauhui, Vonunu (135 kW), Visale (220 kW), Bina (441 kW), Dala (562 kW), Tingoa (220 kW), Baolo (100 kW), Tulagi.

Special Projects & Planning Division

Planning

In 2025, the Special Projects and Planning Division advanced key strategic initiatives, providing technical support across divisions and strengthening collaboration with external stakeholders. These efforts supported Solomon Power's long-term objectives in renewable energy development, network expansion, and infrastructure planning.

Network Development Plans
The five-year Network Development Plans for Honiara and all Outstations were updated as part of the 2025 review program. The revised plans align with Solomon Power's Strategic Capital Expenditure Budget and the SIEA five-year tariff period, supporting demand forecasting, grid expansion, accessibility planning, and business case development for an anticipated SBD 1 billion investment program.

GIS Updates
GIS field audits in Honiara progressed to their final quarterly updates, incorporating real-time cloud-based data collection for network extensions and ageing asset identification. The team also updated the Honiara grid single-line diagram with the Engineering Division to improve switching coordination, asset identification, and network modelling. These updates strengthen DigSILENT modelling and maintain an accurate organisational data book.

Network Extensions, Upgrades and Constraints
Approved network extensions were constructed following material delivery in 2025, while business cases for new sites were advanced for the 2026 Board-approved SBD 3 million capex program. As of 2025, 69 extensions valued at SBD 156.6 million have been approved, with 57 completed and energised and nine in progress.

Board Paper Date	Value (SBD Millions)	Number of Extensions	Completed but still to be Energized	Completed, Commissioned & Energized	In Progress	Not Started	Potential Customers
May-16	$15.10	7	0	7	0	0	576
May-17	$23.00	10	0	10	0	0	1162
Jan-18	$14.80	5	0	5	0	0	746
Nov-18	$24.10	9	0	9	0	0	1613
Oct-19	$19.60	9	0	9	0	0	2171
Nov-20	$14.50	12	0	10	0	2	1602
Mar-22	$13.20	9	0	7	0	2	1016
Oct-23	$10.00	3	3	0	0	0	641
Apr-24	$12.30	2	0	0	0	2	287
Nov-25	$10.00	3	0	0	0	3	519
Totals	**$156.60**	**69**	**0**	**57**	**0**	**9**	**10,046**

The team also addressed key grid constraints, including the Noro–Munda underground cabling project, 33 kV redundancy planning for Honiara, and asset reallocations in Honiara and Auki. Several projects will continue into 2026.

To improve generation reliability, the team supported procurement of 2 × 5.6 MW generating units for the Old Lungga Powerhouse. A supplier was identified in 2025. Procurement and installation are scheduled for 2026–2028, with commissioning expected in 2029.

Asset Management
Under Phase 1 of the Asset Management Framework, the team implemented key components with Entura, including fault and incident reporting, risk assessment, delivery chain heat mapping, and asset class management plans.

Engineering staff completed training on condition- and risk-based assessment techniques, enabling transformer condition assessments. Phase 1 will continue in 2026, with Phase 2 planning underway.

Solar Farms and Hybrid Systems
Three potential grid-connected PV sites in Honiara were assessed in alignment with the Renewable Energy Roadmap and SIG policy. Land acquisition progressed at Mamara (10.028 ha) and Tenaru (14.73 ha), supported by technical feasibility studies. A grid integration study with PRDC assessed the impact of high VRE penetration on system stability, informing future renewable additions of up to 21 MW solar and 9 MW/24 MWh BESS by 2030. Similar assessments were completed for two sites in Noro, with land discussions to resume in 2026. The team also supported Capital Works in delivering solar hybrid projects across the provinces.

Special Projects

Power Purchase Agreement (PPA) Obligations – Tina Hydropower Limited
Throughout 2025, Solomon Power continued progressing amendments to the PPA and EPC Contracts for the Tina River Hydropower Development Project, as required under the March 2024 PPA Settlement Agreement. SIEA, THL, SIG through the TRHDP Project Office, and Hyundai Engineering worked through the amendment process with the aim of finalising the changes before year-end. Several commercial matters remained under discussion at year-end, and the parties continued working through the amendment process. Completion of the PPA and EPC amendments is required before subsequent financing and approval steps can proceed, and Solomon Power remains engaged in progressing these matters in early 2026.

Tina River Hydropower Transmission System – Component 3
The internal PMU achieved substantial progress on Component 3 during 2025. Procurement for both the FIDIC Engineer and Infrastructure Works Contracts advanced, with key milestones reached from mid to late 2025. Environmental and Social Safeguard documentation was finalised and resubmitted to ADB and the World Bank, and SIEA confirmed adoption of the CESMPs for implementation. Compensation for non-asset inventory along the transmission easement progressed as planned, with disbursements scheduled case-by-case in Q1 2026 under the Abbreviated Resettlement Action Plan. Legal proceedings concerning the Lungga easement remained before the Court in 2025. As an interim measure, Solomon Power adjusted certain design elements to minimise impacts while awaiting the Court's determination.

Community Benefit Sharing Project (CBSP) Phase 2 – Rural Electrification
CBSP Phase 2 experienced delays due to World Bank clearance requirements, financial management processes, and land grievance claims. Following ESMP approval in Q2 2025, SIEA, the Project Office, and the World Bank agreed to a revised implementation plan focusing on four goods and four works activities. Goods contracts were resolved under a Force Account approach, with reimbursement submissions lodged in Q4. Procurement for works associated with the Ado/Belaha and Tina network extensions progressed, and first works execution is scheduled for Q1 2026.

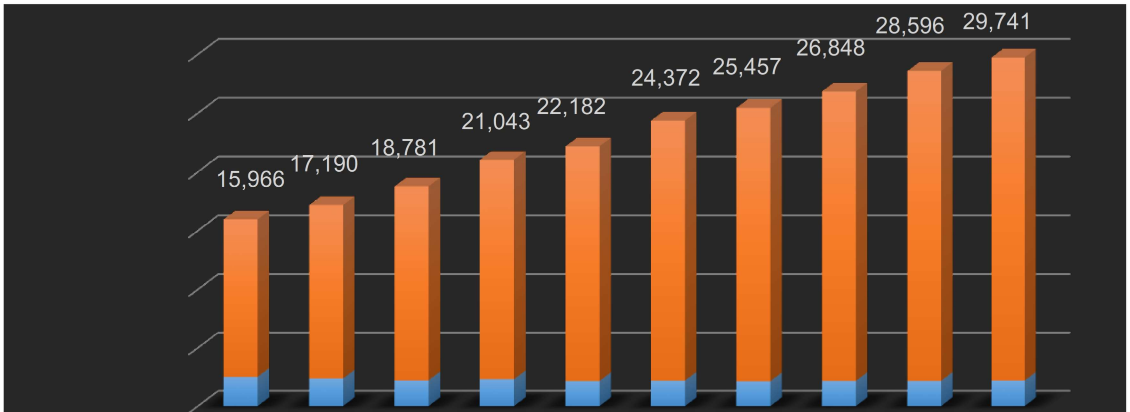
Public Private Partnership (PPP) and Independent Power Producer (IPP)
Engagement with SIG's PPP Unit and interested IPPs continued throughout 2025, particularly for the proposed Mamara and Tenaru grid-connected solar projects. The absence of a national PPP/IPP framework remains a challenge, although progress has been made through consultations on the draft Electricity Act. Discussions with MOFT's PPP Unit continued, and SIEA is preparing the next action plan to commence competitive procurement for utility-scale solar IPPs in 2026.

Energy Access Program (EAP)
The pilot Energy Access Program, launched in 2024, was successfully completed in early 2025 with 500 household connections across Auki, Gizo, and Noro/Munda. Following a positive evaluation, an additional SBD 2 million was approved for 200 household connections in Buala. Due to goods lead-time delays, implementation shifted to late Q4, with completion and commissioning expected in Q1 2026.

Business Development Unit (BDU)
In 2025, the Business Development Unit advanced initiatives under the 2022–2027 Strategic Plan. The feasibility study for commercialisation of fibre assets confirmed long-term potential but was deferred pending future fibre upgrades. A feasibility study for a 1 MW rooftop solar pilot was completed and endorsed by the Board, with preparatory activities scheduled for 2026. Research into off-grid solar solutions for low-income households continued, with a business case planned for 2026. The year marked a transition from feasibility work to structured pilot implementation.

Customer Services Division

The Customer Services Division continued to serve as Solomon Power's primary interface with customers across Honiara and the eleven Outstations, supporting enquiries, new connections, account management, metering, and fault reporting. These services contribute directly to Solomon Power's vision of making electricity affordable and accessible nationwide in line with the national objective to energise the country by 2050.



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Prepaid	13,444	14,817	16,565	18,730	20,022	22,179	23,311	24,676	26,423	27,542
Postpaid	2,522	2,373	2,216	2,313	2,160	2,193	2,146	2,172	2,173	2,199

As at 31 December 2025, Solomon Power had 29,741 registered customers, an increase from 28,596 in 2024 and 26,848 in 2023. A total of 5,139 customers were registered under the OBA scheme, with the slight decrease from 2024 due to 22 OBA accounts being upgraded to normal connections. Across all tariff categories, 77.5 percent of customers were on domestic tariffs and 22.5 percent on commercial and industrial tariffs.

TOTAL CUSTOMERS COUNT BY LOCATION DECEMBER 2025			
	KILOWATT	CASHPOWER	TOTAL
Honiara	1,671	20,776	22,447
Auki	137	1,852	1,989
Gizo	90	1,162	1,252
Noro	82	891	973
Munda	31	778	809
Tulagi	34	249	283
Kirakira	36	296	332
Buala	37	276	313
Lata	39	299	338
Malu'u	15	412	427
Taro	20	421	441
Seghe	7	130	137
	2,199	**27,542**	**29,741**

CUSTOMER CATEGORY BY TARIFF	
Domestic	23,035
Commercial	6,670
Industrial	36

For post-paid customers, 76 percent were commercial and industrial, while 82 percent of prepaid customers were domestic.

To support prepaid customers, Solomon Power maintained partnerships with ADS Ltd, Bank South Pacific, Bred Bank, Pan Oceanic Bank, Solomon Postal Corporation (Ezi Pei), and Solomon Telekom (M-Selen). Iumi Cash ceased operations in June 2025. Mobile top-up transactions increased by 7.7 percent, rising from 732,471 in 2024 to 788,671 in 2025, with 69 percent of all cashpower purchases made through these digital vendors.

Customer Services continued to support network extension activities in Honiara and the Outstations, complemented by community awareness programs in Buala and Okea. New connection processing remained a key focus area, with departments tracking applications monthly, monitoring delays, and maintaining standard timeframe targets throughout the year.

The Call Centre (166 and 167) operated 24 hours a day, seven days a week, and received an average of 5,225 calls per month, supporting fault reporting and customer enquiries. Customer engagement remained a priority, with regular updates provided through Facebook, print media, email, radio, and the corporate website.

Revenue protection activities focused on metering accuracy and loss reduction. Meter surveys were conducted across four billing cycles in Honiara, with more than 3,000 installations inspected, while Outstations continued random checks. Revenue recovery measures included applying average billing to faulty or bypassed meters and resolving illegal connections. Additional initiatives included targeted inspections of high-risk commercial customers, verification of Government and major accounts, and systematic meter checks across Honiara and the provinces.

Non-technical loss reduction efforts included replacing outdated domestic meters, upgrading commercial and industrial meters to EDMI or smart meters, and completing provincial surveys. The first phase of investigations into electricity theft in a designated commercial area was completed, with expanded investigations planned for 2026.

Solomon Power also strengthened its role as a national stakeholder through active participation in community initiatives, trade fairs, cultural events, youth and sports programs, and faith-based and business association activities, reinforcing its commitment to social and economic development across the Solomon Islands.

Finance Division

Solomon Power maintained a solid financial position in 2025 while progressing major infrastructure, network reliability, and renewable energy initiatives across the country. The organisation continued to apply disciplined financial management, strong cashflow oversight, and prudent capital allocation to support operational and strategic priorities.

Operating Results
Total operating income for 2025 was $599.1 million (2024: $653.3 million). Electricity sales were $573.2 million (2024: $637.7 million), reflecting the application of the 8 percent non-fuel tariff reduction. Other operating income increased to $13.5 million (2024: $6.8 million). Total expenses were $559.3 million (2024: $601.1 million). Profit before tax was $42.4 million (2024: $56.2 million). Cash and cash equivalents at year-end were $313.9 million (2024: $309.4 million).

Capital Investment
Capital expenditure totalled $198.9 million (2024: $208.5 million), supporting network extensions, generation and system reliability improvements, renewable energy integration, and upgrades to corporate and operational infrastructure. Property, plant and equipment increased to $1.60 billion (2024: $1.55 billion).

Borrowings and Liquidity
Borrowings from the Solomon Islands Government decreased to $12.3 million (2024: $15.3 million). Current assets were $434.4 million against current liabilities of $89.6 million. Government bond holdings increased to $70.4 million (2024: $42.1 million).

Dividend
A dividend of $3.0 million was declared and paid for the 2025 financial year in line with the Board-approved dividend policy.

Outlook

In 2026, Solomon Power will continue to maintain a strong financial position while supporting major capital and renewable energy projects, network expansion, and digital transformation initiatives. The organisation will also support the Government's policy direction on the anticipated reduction of the non-fuel tariff in 2026, ensuring alignment with national affordability objectives while sustaining long-term financial viability.

Information, Communication and Technology Division

The Information, Communication and Technology Division continued to support Solomon Power's daily operations, digital transformation initiatives, and business continuity preparedness. ICT maintained and improved the organisation's full suite of business applications and communication networks across 32 physical sites, including offices, power stations, solar farms, and all eleven Outstations. The Division also managed 200 terabytes of corporate storage and 45 servers across two on-shore and one off-shore data centre environments.

Throughout 2025, the Division attended to an average of 109 support tickets per month and continued reviewing core network devices in preparation for future end-of-support requirements. Monthly tariff updates were facilitated in the system, and several key projects were delivered during the year.

Starlink connectivity was successfully procured and installed at selected solar farms, powerhouses, and office locations, improving coverage, reliability, and cost efficiency. The EDMI system interface, which enables automated transfer of smart meter readings into the billing system and reduces manual intervention, was upgraded. Technical components of the CDPro solution were completed, with successful pre-live testing through the ANZ payment gateway; this solution will allow customers with visa debit or credit cards to settle their bill payments through Solomon Power's online payment portal. Consultation on Microsoft 365 SharePoint was finalised, providing a comprehensive technical assessment for future implementation.

The Division also completed consultation for the USP-to-USE migration project for the billing system, receiving the scope of work and implementation plan for Phase 1. Procurement for the long-shelved archiving software was completed in December, enabling implementation to begin in early 2026. Website hosting capacity was upgraded to support the upcoming online new connection application form, and procurement for Gravity Forms was completed to enable PDF generation, notifications, and security features for the new service.

ICT extended the OnBoard Board Management System licence for two years following a review of security and value for money. The Division also completed the upgrade of all laptops and desktops to Windows 11, removing security risks associated with Windows 10 end-of-support in October 2025.

Cybersecurity remained a priority. ICT continued staff awareness programs in Honiara and the provinces, conducted compromise assessments with Sophos, and undertook advanced training to administer the Managed Detection and Response service. Disaster Recovery and Business Continuity Plan tests were successfully carried out in November and December between the Ranadi primary site and Lungga secondary site. Network connectivity between the two sites was upgraded from 1 Gbps to 10 Gbps, significantly improving data transfer rates and strengthening DR and BCP readiness.

The Division also supported the Engineering team in resolving communication issues at the Henderson Solar Farm and continued cost-saving initiatives by reviewing subscriptions and eliminating unused communication devices, including satellite phones that were no longer required.

Two key positions were successfully filled during the year: the Chief ICT Officer and the Manager ICT. The Division also continued to invest in staff development, supporting online and overseas technical training, including Veeam Backup and Replication training and postgraduate studies in Information Systems.

Corporate Services Division

The Corporate Services Division continued to strengthen the organisation's capability and culture in 2025, providing essential support across Human Resources, Business Administration, Health, Safety, Security & Environment, Lands, Buildings and Fleet, and Internal Audit. The Division remained focused on developing our people, improving workplace wellbeing, and ensuring that Solomon Power has the systems, leadership, and infrastructure needed to deliver reliable services nationwide.

Key Highlights in 2025

- Three senior executives were formally appointed during the year, including the Chief Executive Officer, Chief Engineer, and Chief Information Communication and Technology Officer.
- The Graduate Trainee Program was reinstated, with four Graduate Engineers (three electrical, one mechanical) joining the organisation for a two-year development pathway.
- Solomon Power held its second Opening Program in February, bringing staff together to align on organisational priorities for the year.
- Work-life balance initiatives were strengthened through the appointment of a Health and Sports Committee, with weekly staff sports activities introduced across the organisation.
- Major civil works commenced under the Honiara Power Station Upgrade Project, including Genelite Generator works, GRS Generator works, and the Flood Protection Wall.

1. Business Administration

Solomon Power employed 325 permanent staff at the end of 2025, a slight increase from 324 in 2024. Staffing levels across divisions and locations remained stable, supporting operations in Honiara and all Outstations.

During the year, normal workforce movements occurred across the organisation, including resignations, retirements, and a small number of staff terminations arising from breaches of company policies. These actions reflect Solomon Power's commitment to maintaining professional standards, accountability, and a safe and respectful workplace.

The graph below (Figure 1) shows the number of permanent employees by divisions at the end of 2025, compared to the end of 2024.

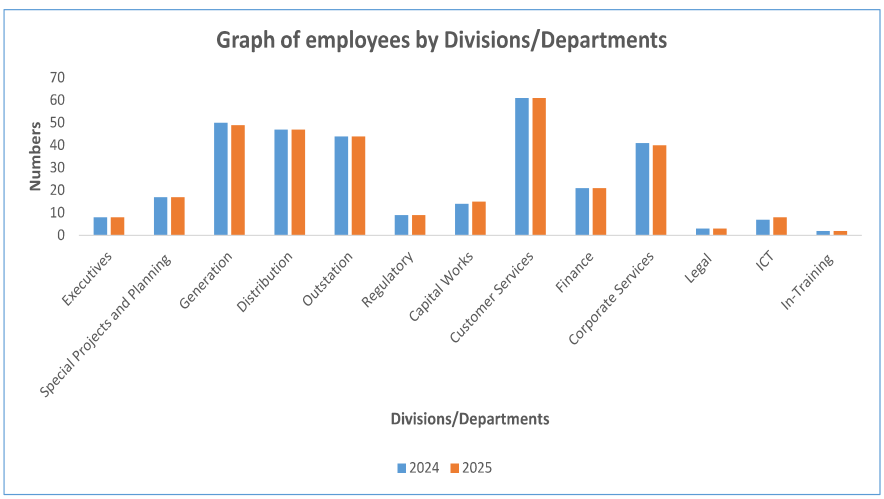


Figure 1: Employee Numbers by Divisions

The graph below (Figure 2) shows the number of permanent employees by locations at the end of 2025, compared to the end of 2024.

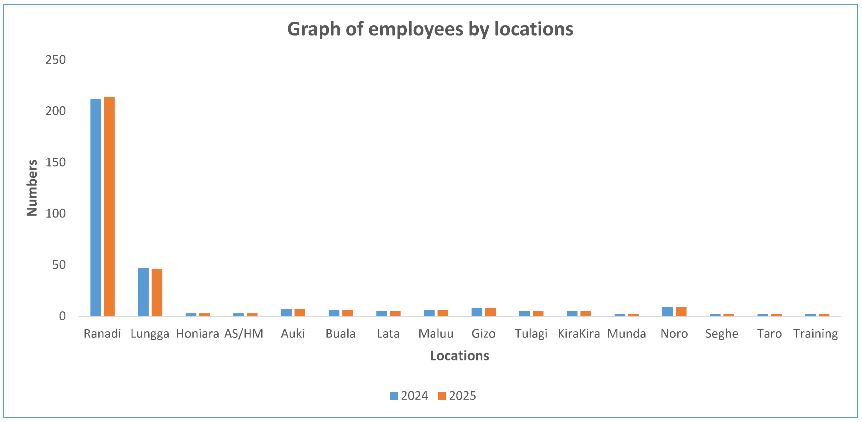


Figure 2: Employee numbers by location

(1) Human Resources Department

i. <u>Training and Development</u>

Solomon Power continued to strengthen the capability of its workforce in 2025 through a comprehensive range of training and development programs. A total of 165 staff engagements were recorded across all training categories, reflecting the organisation's commitment to building a skilled and future-ready workforce.

In-House Training

A total of 98 staff participated in in-house training programs delivered by internal and external providers. These programs covered operational, technical, safety, and corporate skills essential to supporting reliable electricity services.

Long-Term Study (Part-Time)

27 employees undertook part-time long-term academic and professional studies, including MBAs, accounting, engineering, project management, and renewable energy qualifications. These programs support leadership development and technical specialisation.

Long-Term Study (Full-Time)

Four employees were released to undertake full-time studies in engineering, information technology, entrepreneurship, and automotive engineering, contributing to the organisation's long-term succession planning and technical depth.

Short-Term Workshops and Seminars

34 staff attended short-term workshops and professional development programs, including governance, gender inclusion, energy transition, ICT, accounting, and safety. Two staff attended overseas seminars, including the Pacific Power Association Annual Conference.

Graduate and Student Development

Solomon Power reinstated its Graduate Trainee Program, recruiting four Graduate Engineers in 2025. The organisation also supported eight student attachments, providing practical experience in engineering and technical fields.

Training Focus Areas

Across all programs in 2025:

- 70% of training activities were technical, supporting engineering, electrical systems, ICT, safety, and renewable energy capability.
- 20% focused on leadership and management development, including governance, supervisory skills, and professional qualifications.

- 10% covered corporate and compliance skills, supporting organisational performance.

This balanced approach ensures Solomon Power continues to build the technical expertise, leadership capability, and workforce resilience required to deliver reliable, affordable, and sustainable electricity services for the people of Solomon Islands.

Total Investments: Solomon Power spent $1,784,758.55 in Training and Development in 2025. In 2024, it spend about $1,824,354.94.

ii. <u>Performance Management</u>

At the beginning of each year, every Division and Department sets clear operational and corporate targets aligned to Solomon Power's annual work plan. In 2025, all Divisions achieved performance scores above 90 percent against the targets they set, reflecting disciplined planning, steady progress on work programmes, and consistent delivery across the organisation.

(2) Health, Safety, Security and Environment (HSSE)

In 2025, Solomon Power continued to strengthen its health, safety, security and environmental practices across all operational sites. The organisation remained focused on preventing workplace incidents, improving safety awareness, and ensuring compliance with national regulations and internal standards.

Two staff injuries were recorded during the year, both involving electric shock incidents affecting line mechanics in August and December. A total of 19 Lost Work Days resulted from these incidents. Each case was fully investigated, corrective actions were implemented, and lessons learned were shared across relevant teams to prevent recurrence.

During the year, the HSSE team investigated eleven incidents involving staff, contractors, assets, and members of the public. These included electrical safety incidents, fuel-related events, theft and vandalism, and vehicle-related occurrences. All investigations were completed in accordance with Solomon Power's incident management procedures, with appropriate mitigation measures put in place.

A range of proactive HSSE initiatives were delivered throughout 2025, including:

- Safety inspections at power stations, solar farms, and network sites across Honiara and the Outstations
- Occupational health inductions for new employees
- Community electrical safety awareness sessions in Malango Ward
- Emergency evacuation drills in Munda and Gizo
- Fire protection checks and firefighting demonstrations at operational sites
- Health and wellness initiatives, including NCD screenings, mammogram and PSA testing, and ongoing blood pressure and sugar monitoring
- Participation in national climate change risk and vulnerability workshops
- Regular toolbox meetings and risk assessments during field operations

These activities reflect Solomon Power's commitment to maintaining a safe workplace, protecting the public, and ensuring that environmental and security risks are effectively managed.

Across the year, Solomon Power recorded a Lost Time Injury Frequency Rate (LTIFR) of 5.90 and an Injury Severity Rate (SR) of 6, based on 643,633.80 hours worked. These indicators continue to guide the organisation's focus on improving safety performance and reducing workplace risks.

SP injury Records table and graph for 2025

2025	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Cum.
Lost Time Injuries (LTI's)	0	0	0	0	0	0	0	1	0	0	0	1	2
Lost Work Days (LWD's)	0	0	0	0	0	0	0	4	0	0	0	15	19
LTI Frequency Rate (LTIFR)	0	0	0	0	0	0	0	15	0	0	0	60	5.90
Injury Severity Rate (SR)	0	0	0	0	0	0	0	4	0	0	0	4	6
Hours Worked	39,043.23	48,544.5	49,490.25	72,539.00	52,202.90	48,713.68	48,785.25	53,496.90	52,758.50	76,363.42	52,072.87	49,623.30	643,633.80

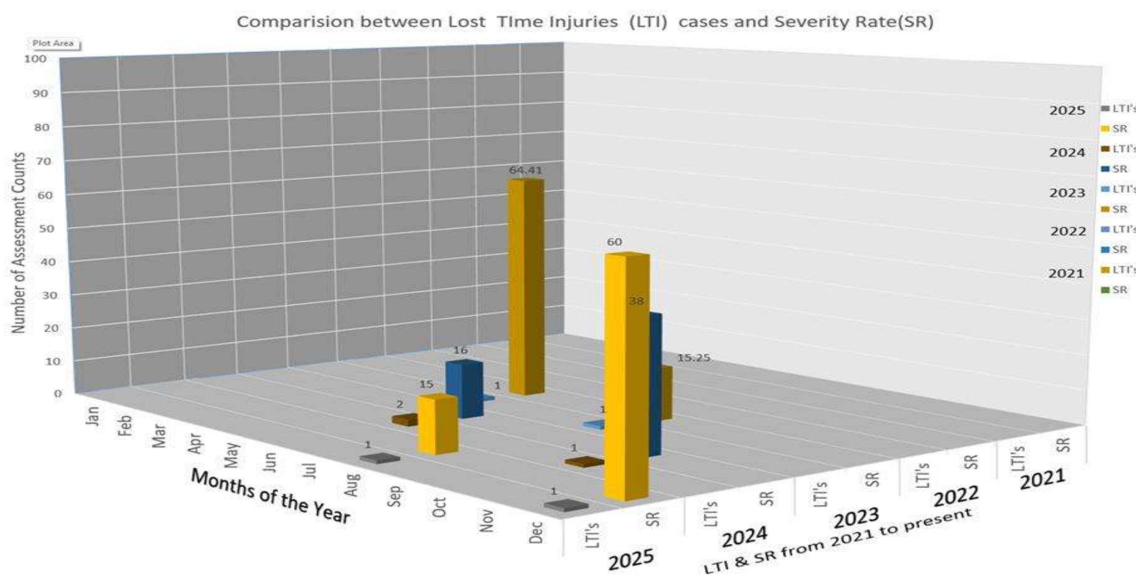
Injury Benchmarking from 2021 to 2025

SP Standard (reasonable adaptation)

Lost Time Injury = Number of occurrences in the period

Frequency Rate (LTIFR) (Target – 1.99) = $\frac{\text{Number of Lost Time Injuries in the period}}{\text{Number of hours worked in the period}} \times 200{,}000$

Injury Severity Rate (SR) = $\frac{\text{Number of lost work days in the period}}{\text{Number of hours worked in the period}} \times 200{,}000$



Graph 1: Shows continuous comparison between Lost Time Injury (LTI's) cases and their respective Injury Severity Rates (SR) from January 2021 to 31st December 2025.

Note: In August 2025, an electric shock incident resulted in 4 Lost Work Days. In December, another electric shock incident happened which resulted in 15 Lost Work Days.

(3) Lands, Buildings & Fleet

Land

The tender for Solomon Power's land renewals program was awarded in December 2025. Contract signing and implementation are scheduled for the first quarter of 2026. This work supports the long-term security of operational sites and future infrastructure development.

Corporate Building Projects

The 2024 Housing Redevelopment Project progressed well, with construction commencing in late December 2024. All six staff houses were completed in the second quarter of 2025, improving accommodation standards for operational staff and supporting workforce wellbeing.

Honiara Power Station Upgrade

Several key infrastructure upgrades were advanced during the year to strengthen the resilience and operational capacity of the Honiara Power Station:

- **Genelite Generator Relocation:** Civil works to accommodate the relocation of standby Genelite generators were completed in June 2025.
- **GRS Generator Relocation:** Civil works for the relocation of GRS standby generators commenced in October 2025 and are scheduled for completion in the second quarter of 2026.
- **Flood Protection Wall:** Construction of a flood protection wall began in December 2025 and will be completed in the first quarter of 2026. This initiative enhances the site's resilience to extreme weather and flooding.

Fleet

As at December 2025, Solomon Power managed a fleet of 99 vehicles, an increase from 89 in December 2024. The fleet supports operational activities across Honiara and the Outstations. Seven vehicles are scheduled for disposal through tender in 2026 as part of the organisation's fleet renewal and asset management program.

(4) Internal Audit

In 2025, the Internal Audit function continued to provide independent assurance over Solomon Power's governance, risk management, and internal control systems. A series of planned audit reviews were undertaken across operational, financial, and compliance areas, with most projects completed as scheduled.

During the year, Internal Audit completed reviews of telephone and mobile phone management, HSSE compliance, fleet management, outstation fuel controls, meter management, customer registration, and organisational risk culture. These audits provided valuable insights and recommendations to strengthen processes, improve accountability, and support continuous improvement across the organisation.

The Cybercrime Audit, which was planned for 2025, was deferred to 2026 due to procurement constraints. The Project Management Audit, originally scheduled for December 2025, has been combined with the Procurement Audit and will be completed in early 2026 to ensure a more comprehensive review.

Internal Audit continues to play a key role in supporting effective governance and ensuring that Solomon Power maintains strong internal controls and risk management practices.

Legal Division

The Legal Division provides legal support across all areas of Solomon Power's operations, including contracts, land matters, public safety, regulatory compliance, and employment relations. The Division plays a key role in mitigating legal risks by reviewing legal documents, monitoring compliance, managing disputes, representing the organisation in legal proceedings, and providing timely legal advice to support decision-making.

During 2025, the Legal Division managed a range of matters arising from Solomon Power's operational activities:

- Legal proceedings relating to the Lungga transmission line easement remained before the Court in 2025. Solomon Power continued to participate in the process in accordance with legal requirements, and the matter is expected to progress further in 2026
- Debt recovery actions were undertaken to address outstanding customer arrears, with encouraging outcomes.
- Activities to detect and enforce against unlawful electricity use and meter tampering continued throughout the year, in line with the Electricity Act.
- The Division continued to manage land-related claims associated with network extension works, including matters currently before the appropriate authorities. These processes remain ongoing and will continue into 2026.
- Several incidents involving damage to network assets were reviewed during the year. Appropriate follow-up actions were taken in accordance with internal procedures and applicable laws.
- Compliance and conduct matters were addressed through refresher training and disciplinary investigations, supporting adherence to Solomon Power's internal policies.
- A contract review policy was implemented in 2025 to strengthen procurement processes, and work commenced on a contract management framework to further enhance project delivery and value-for-money outcomes.
- The Electricity (Amendment) Act 2023 came into effect on 7 October 2025, introducing changes to the tariff-setting process. Solomon Power participated in stakeholder consultations during the drafting of the Electricity (Amendment) Bill 2025, which will establish an independent regulator.

Through these activities, the Legal Division continues to support strong governance, reduce legal exposure, and ensure Solomon Power operates in compliance with applicable laws and regulatory requirements.

Corporate Governance Practices

Role of the Board

As required by Section 6 (4) of the State-Owned Enterprises Action 2007, the Board is responsible for charting the Company's strategic direction, for the setting of objectives, policy guidelines, goals management, and for monitoring the achievement of these matters.

The Board is also responsible for reviewing the Business Plan, Corporate Plan and Statement of Corporate Objectives, and approves the Operating and Capital Budgets each year. The Board also reviews matters of a major or unusual nature, which are not in the ordinary course of business.

Composition of the Board as at 31st December 2025

The Board Directors, appointed under the State-Owned Enterprises Regulation 2010, (Part 2, Prescribed Process of Appointment of Directors) are as follows:

Name	Position	Appointment	Term	Status
Mr David K.C. Quan, M.B.E	Chairman	20 February 2021	3 years	Extend
Ms Muriel Ha'apue-Dakamae	Director	17 December 2018	3 years	Extend
Mr James Apaniai	Director	17 December 2018	3 years	Extend
Ms Lilly Lomulo	Director	22 June 2022	3 years	Extend
Mr James Habu	Director	22 June 2022	3 years	Extend

Directors' Duties

The role and duties of the Directors are defined in regulations 17 to 27 of the State-Owned Enterprise Regulations, 2010. A key responsibility of the Directors is to achieve the principal objective of the Authority as stated in Section 5 of the SOE Act.
The principal objective of every State-Owned Enterprise shall be to operate as a successful business and, to this end, to be:

a. As profitable and efficient as comparable businesses that are not owned by the Crown or established as statutory bodies by an Act of Parliament;
b. A good employer; and,
c. An organisation that exhibits a sense of social responsibility by having regard to the interests of the community in which it operates.

Statutory Duties of the Board

In addition to the above duties, the Board of Directors of SP collectively and individually have agreed on the fulfilment of the following duties towards the company:

- When exercising powers or performing duties, Directors must act in good faith and in what the Director believes to the best interests of the State-Owned Enterprise. A Director of a State-Owned Enterprise, when exercising a power as Director, must exercise that power for a proper purpose.
- A Director of a State-Owned Enterprise must not:
  a) agree to the business of the State-Owned Enterprise being carried out on or in a manner likely to create a substantial risk of serious loss to the State-Owned Enterprises creditors or; and
  b) Cause or allow the business of a State-Owned Enterprise to be carried out on or in a manner likely to create substantial risk of loss to the State-Owned Enterprise creditors.
- A Director must not agree to the State-Owned Enterprise incurring an obligation unless the Director believes at the time, on reasonable grounds, that the State-Owned Enterprise will be able to perform the obligation when it is required to do so.
- A Director of a State-Owned Enterprise, when exercising powers or performing duties, must exercise the care, diligence, and skills that a reasonable Director would exercise in the same circumstances.
- Another controlling measure imposed on Directors is the requirement to enter any conflict of interest in an Interests Register.

Fiduciary Duties of Directors

The Directors of SP also owe the following duties to the company. These fiduciary duties form the code of ethics of SP. A fiduciary relation imposes an obligation of utmost good faith on Directors by putting the interests of the Company first, and the SP

Directors have pledged to uphold this principle at all times. The fiduciary duties of the Directors include the following:

- To act in good faith in the best interest of the Company.
- To exercise powers for a proper purpose.
- To retain discretion.
- To avoid conflicts of interest.

Board Meetings
The Board held 18 meetings during the financial year, which ended 31 December 2025. Of these, six (6) were scheduled meetings and the rest extra-ordinary meetings. The regular business of the Board covers corporate governance, financial performances and risk management, business investment and strategic matters.

Board Committees
There are three Board Sub-committees, Audit Finance Governance and Risk, Technical, and Human Resources, that are responsible for deliberating detailed issues and making suitable recommendations to the Board. The Sub-committees meet as and when required.

Board Secretary
Mrs Natalie Kairi

Audit, Finance, Governance & Risk Sub-committee
Membership:
January – December 2025

1. Muriel Ha'apue-Dakamae – Chairlady
2. David K.C. Quan, M.B.E. – Member
3. James Apaniai – Member
4. Lilly Lomulo – Member
5. James Habu – Member

Number of meetings: 3

HR Sub-Committee
Membership:
January – December 2025

1. Lilly Lomulo – Chairlady
2. David K.C. Quan, O.B.E. – Member
3. Muriel Ha'apue-Dakamae – Member
4. James Apaniai – Member
5. James Habu – Member

Number of meetings: 3

Technical Sub-Committee
Membership:
January – December 2025

1. James Habu – Chairman
2. David K.C. Quan, O.B.E. – Member
3. Muriel Ha'apue-Dakamae – Member
4. James Apaniai – Member
5. Lilly Lomulo – Member

Number of meetings: 3

Solomon Islands Electricity Authority trading as SOLOMON POWER

Financial Statements

For the year ended 31 December 2025

Contents

Directors' Report

In accordance with a resolution of the Board of Directors, the Directors herewith submit the statement of financial position of Solomon Islands Electricity Authority ("SIEA" or "the Authority"), trading as Solomon Power, as at 31 December 2025 and the related statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended on that date and report as follows:

1. Directors

The Directors who were in office at the date of this report and at any time during the financial year and up until the date the financial statements were authorised for issue were as follows:

David K.C. Quan O.B.E - Chairman
James Apaniai
James Habu
Lilly Lomulo
Muriel Ha'apue-Dakamae

2. State of affairs

In complying with the *Electricity Act* (Cap 128) 1969 and the *State Owned Enterprises Act* of 2007, the Directors hereby submit the financial statements of SIEA consisting of the statement of financial position as at 31 December 2025, statement of comprehensive income, statement of changes in equity and statement of cash flows of SIEA for the year then ended.

3. Principal activities

The principal activities of SIEA during the course of the financial year were the generation, distribution and sale of electricity in the Solomon Islands as governed by the *Electricity Act* (Cap 128) 1969.

There were no significant changes in the nature of the activities of the Authority during the year.

4. Results of the operations

The total comprehensive income for the year was $42,428,709 (2024: $56,211,727).

5. Dividends

The Directors have declared and paid a dividend of $3,000,000 for the financial year ended 2025 (2024: $3,000,000).

6. Going concern

The Directors believe that the Authority will be able to continue to operate for at least 12 months from the date of this report.

7. Assets

The Directors took reasonable steps before the Authority's financial statements were made out to ascertain that the assets of the Authority were shown in the accounting records at a value equal to or below the value that would be expected to be realised in the ordinary course of business.

At the date of this report, the Directors were not aware of any circumstances which would render the values attributable to the assets in the financial statements misleading.

8. Transfer from asset revaluation reserves to retained earnings

During the year, there were no transfers from the asset revaluation reserve to retained earnings (2024: $171,883) as no assets were de-recognised.

Directors' Report

9. Bad and doubtful debts

The Directors took reasonable steps before the Authority's financial statements were made out to ascertain that all known bad debts were written off and adequate allowance was made for expected credit loss.

At the date of this report, the Directors are not aware of any circumstances which would render the amount written off for bad debts, or the amount of the allowance for expected credit loss, inadequate to any substantial extent.

10. Directors' benefits

No Director of the Authority has, since the last financial year, received or become entitled to receive any benefit (other than benefits included in the amount of consultancy fees and Directors fees and expenses or shown in the financial statements under related party note) by reason of a contract made with the Authority or a related corporation with the Director or with a firm of which he/she is a member or with a company in which a Director has a substantial financial interest.

11. Unusual transactions

The results of the Authority's operations during the financial year have not, in the opinion of the Directors been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the financial statements.

12. Events subsequent to balance date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

13. Other circumstances

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements which render amounts stated in the financial statements misleading.

Signed in accordance with a resolution of the Directors:

David K.C. Quan, O.B.E.	Muriel Ha'apue-Dakame
Chairman	Director

Dated at Honiara this 26th day of March 2026.

Solomon Islands
Office of the Auditor-General

Independent Auditor's Report to the Members of Solomon Islands Electricity Authority Trading as Solomon Power

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of Solomon Islands Electricity Authority (the Authority) which comprise the Statement of Financial Position as at 31st December 2025, and the Statements of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes, comprising material accounting policies and other explanatory information as set out in notes 1 to 30.

In my opinion the accompanying financial statements give a true and fair view of the financial position of the Authority as at 31st December 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAI). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Authority in accordance with International Organization of Supreme Audit Institutions (INTOSAI) Code of Ethics, and the ethical requirements that are relevant to my audit of the financial statements and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Directors' report, but does not include the financial statements and my auditors' report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of management and those charged with governance for the Financial Statements

Management are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with

Independent Auditor's Report continued

International Standards of Supreme Audit Institutions (ISSAI) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAI, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditors' report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Other Legal and Regulatory Requirements

I have obtained all the information and explanations which, to the best of my knowledge and belief, are necessary for the purposes of my audit.

In my opinion:

i) proper books of account have been kept by the Authority, sufficient to enable financial statements to be prepared, so far as it appears from my examination of those books; and

ii) to the best of my knowledge and according to the information and explanations given to us, the financial statements give the information required by the Electricity Act (Cap. 128) State Owned Enterprises Act, 2007 and Public Finance and Audit Act (Cap. 120) in the manner so required; and

iii) the Authority complied with the requirements of the State-Owned Enterprises Act, 2007, which requires the audited financial statements submitted to the Minister within three months of the financial year to which the financial statements relate.

David Dennis
Auditor General
26 March 2026

Office of the Auditor General
Honiara, Solomon Islands

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	Notes	2025 $	2024 $
OPERATING INCOME			
Electricity sales	5	573,180,673	637,680,702
Amortisation of deferred income		7,123,366	8,824,592
Other operating income	6	13,476,429	6,827,194
Reversal of credit impairment		5,284,176	-
TOTAL OPERATING INCOME		**599,064,644**	**653,332,488**
EXPENSES			
Generation and distribution expenses	7	(313,166,800)	(345,839,821)
Administrative expenses	8	(74,222,122)	(77,210,042)
Operating expenses	9	(28,869,048)	(32,819,099)
Depreciation and amortisation	16	(140,581,796)	(142,130,396)
Depreciation of right-of-use assets	17	(1,638,131)	(2,473,684)
Inventory and asset write-off		(792,747)	(622,343)
TOTAL EXPENSES		**(559,270,644)**	**(601,095,385)**
PROFIT FROM OPERATIONS		**39,794,000**	**52,237,103**
Finance income	11	3,795,971	5,052,392
Finance costs	11	(1,161,262)	(1,077,768)
NET FINANCE INCOME		**2,634,709**	**3,974,624**
PROFIT BEFORE TAX		**42,428,709**	**56,211,727**
Income tax	3(g)	-	-
PROFIT FOR THE YEAR		**42,428,709**	**56,211,727**
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**42,428,709**	**56,211,727**

Statement of Financial Position

As at 31 December 2025

	Notes	2025 $	2024 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	12	313,909,394	309,385,459
Inventories	13	62,163,888	63,378,896
Trade and other receivables	14	42,870,519	58,162,709
Prepayments	15	15,458,935	15,880,829
TOTAL CURRENT ASSETS		**434,402,736**	**446,807,893**
NON-CURRENT ASSETS			
Property, plant and equipment	16	1,604,703,928	1,546,501,695
Right-of-use assets	17	5,449,247	6,449,885
Government bonds	18	70,357,143	42,142,857
TOTAL NON-CURRENT ASSETS		**1,680,510,318**	**1,595,094,437**
TOTAL ASSETS		**2,114,913,054**	**2,041,902,330**
LIABILITIES			
CURRENT LIABILITIES			
Deferred income	19	9,847,355	8,824,592
Trade and other payables	20	71,274,772	50,697,282
Lease liabilities	17	1,114,980	1,387,422
Borrowings from SIG	21	2,802,313	2,802,313
Employee benefits	22	4,602,879	3,514,423
TOTAL CURRENT LIABILITIES		**89,642,299**	**67,226,032**
NON-CURRENT LIABILITIES			
Deferred income	19	147,719,741	132,605,206
Lease liabilities	17	877,806	1,615,398
Borrowings from SIG	21	9,538,666	12,480,077
Employee benefits	22	19,349,128	19,618,912
TOTAL NON-CURRENT LIABILITIES		**177,485,341**	**166,319,593**
TOTAL LIABILITIES		**267,127,640**	**233,545,625**
NET ASSETS		**1,847,785,414**	**1,808,356,705**
EQUITY			
Contributed capital	23	246,933,170	246,933,170
Asset revaluation reserve		648,351,665	648,351,665
Accumulated profit		952,500,579	913,071,870
TOTAL EQUITY		**1,847,785,414**	**1,808,356,705**

Signed for and on behalf of the Board of Directors:

Director

Director

Statement of Changes in Equity

For the year ended 31 December 2025

	Note	Contributed capital $	Asset revaluation reserve $	Accumulated profit $	Total equity $
BALANCE AT 1 JANUARY 2024		**246,933,170**	**648,523,548**	**859,688,260**	**1,755,144,978**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR					
Profit for the year		-	-	56,211,727	56,211,727
Disposal of revalued property, plant and equipment		-	(171,883)	171,883	-
TRANSACTION WITH OWNERS OF SIEA DIRECTLY RECOGNISED IN EQUITY					
Dividend declared and paid during the year		-	-	(3,000,000)	(3,000,000)
BALANCE AT 31 DECEMBER 2024		**246,933,170**	**648,351,665**	**913,071,870**	**1,808,356,705**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR					
Profit for the year		-	-	42,428,709	42,428,709
TRANSACTION WITH OWNERS OF SIEA DIRECTLY RECOGNISED IN EQUITY					
Dividend declared and paid during the year		-	-	(3,000,000)	(3,000,000)
BALANCE AT 31 DECEMBER 2025		**246,933,170**	**648,351,665**	**952,500,579**	**1,847,785,414**

Statement of Cash Flows

For the year ended 31 December 2025

	Notes	2025 $	2024 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		606,074,736	654,898,223
Cash payments to suppliers and employees		(393,052,458)	(444,273,846)
Interest income	11	3,795,971	5,264,655
Interest expense	11	(774,466)	(1,077,768)
NET CASH FROM OPERATING ACTIVITIES		**216,043,783**	**214,811,264**
CASH FLOWS FROM INVESTING ACTIVITES			
Receipt on Government bonds		-	71,428,572
Investment in Government bonds		(28,214,286)	-
Reimbursement from SIG		-	298,141
Acquisition of property, plant and equipment	16	(198,874,859)	(208,540,940)
Proceeds from sale of property, plant and equipment		284,368	-
NET CASH USED IN INVESTING ACTIVITIES		**(226,804,777)**	**(136,814,227)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(3,000,000)	(3,000,000)
Repayment of SIG Borrowings	21	(2,941,411)	(2,802,782)
Borrowing from SIG		-	2,679,722
Cash receipts from donor grants		23,260,664	8,651,054
Payment for lease liability	17	(2,034,324)	(2,503,907)
NET CASH FROM FINANCING ACTIVITIES		**15,284,929**	**3,024,087**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**4,523,935**	**81,021,124**
Cash and cash equivalents at beginning of the year		309,385,459	228,364,335
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	12	**313,909,394**	**309,385,459**

The notes on pages 40 to 73 are an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2025

Note 1 Reporting entity

Solomon Islands Electricity Authority (SIEA or the Authority) is a state owned enterprise established under the *Electricity Act* (Cap 128) 1969 and is domiciled in Solomon Islands. SIEA's registered office and principal place of business is at the Ranadi Complex, Solomon Islands. There is no subsidiary companies.

The principal activities of SIEA during the course of the financial year were the generation, distribution and sale of electricity in the Solomon Islands. SIEA is the owner and operator of the Solomon Island Government's owned electricity supply systems.

Note 2 Basis of preparation

a) Statement of compliance

The financial statements have been prepared in accordance with the *Electricity Act* (Cap 128) 1969 and the *State Owned Enterprises Act* of 2007, and in accordance with accepted reporting principles. The financial statements comply with International Financial Reporting Standards (IFRS) Accounting Standards as issued by International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the SIEA's Board of Directors on [date].

b) Basis of measurement

The financial statements have been prepared on the historical cost basis, unless otherwise stated.

c) Functional and presentation currency

The financial statements are presented in Solomon Islands Dollars ("SBD"), which is SIEA's functional currency. All amounts have been rounded to the nearest dollar, unless otherwise indicated.

d) Use of judgements and estimates

The preparation of the financial statements in conformity with IFRS accounting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 3(a) - Revenue;
- Note 3(c) - Impairment of non-derivative financial assets and non-financial assets;
- Note 3(e)(iv) - Revaluation of property, plant and equipment;
- Note 3(f) - Employee benefits; and
- Note 3(k) - Leases.

Notes to the Financial Statements

For the year ended 31 December 2025

Note 3 Material accounting policies

SIEA has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

a) Revenue

Under IFRS 15, revenue is recognised by the Authority when or as it satisfies a performance obligation by transferring a service to a customer, either at a point in time (when) or over time (as). For the generation, distribution and sales of electricity, the customer simultaneously receives and consumes the benefits provided as the Authority renders the service. This has resulted in revenue from sale of electricity being recognised over time. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. SIEA recognises revenue when it transfers control over a product or service to a customer.

Nature and timing of satisfaction of performance obligations and significant payment terms

There is an implied contract between a customer and the Authority for the purchase, delivery and sale of electricity. This represents a promise to transfer a series of distinct goods that are substantially the same and that have the same pattern of transfer to the customer. The customer obtains control of the good (electricity) when delivered and consumed by them over time.

Invoices are issued monthly and are usually payable within 30 days thus there is no significant financing component.

Contract with customers permit quantities of electricity consumed to be estimated based on previous months' average consumption in the event the Authority could not conduct the monthly meter readings.

Revenue including upfront fees is recognised net of GST and discount over time and the progress is determined based on kilowatts (units) consumed. This provides a faithful depiction of the transfer of the good as the customer simultaneously receives and consumes the benefits provided by the Authority's performance of the electricity revenue contract.

The transaction price is determined based on approved tariffs at the time the service had been rendered and units of kilowatts consumed by the customers. The transaction price includes the non-refundable upfront fees as it is not considered to be a significant material right. The transaction price is considered to be variable due to the following:

- tiered-pricing for domestic, commercial and industrial customers; and
- estimate of unbilled electricity supplied to 'domestic' customers.

The variable consideration is included in the transaction price only to the extent that it is 'highly probable' that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved. For Solomon Power however the considerations are constrained because it is calculated based on actual units consumed during the period, thus consideration for the period is known.

b) Financial instruments

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Authority becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) - debt investment; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Authority changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Note 3 Material accounting policies (continued)

b) Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Authority may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income (OCI). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition. the Authority may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost under the effective interest method. The gross carrying amount is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition. gains and losses accumulated in OCI are reclassified to profit or loss. These include short-term investments (term deposits).

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. The Authority's equity investments (if any) would relate to investments in listed securities.

Financial liabilities - classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost under the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Notes to the Financial Statements

For the year ended 31 December 2025

Note 3 Material accounting policies (continued)

b) Financial instruments (continued)

iii. Derecognition

Financial assets

SIEA derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire. or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which SIEA neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

SIEA enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

SIEA derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. SIEA also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when. and only when, SIEA currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

c) Impairment

i. Non-derivative financial assets

Financial instruments

SIEA recognises loss allowances for expected credit losses (ECL) on financial assets measured at amortised cost.

SIEA measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12 month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables is always measured at an amount equal to lifetime ECL as it does not include significant financing component. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Authority considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Authority's historical experience and informed credit assessment and including forward-looking information.

SIEA assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. SIEA considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to SIEA in full, without recourse by the Authority to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Note 3 Material accounting policies (continued)

c) Impairment (continued)

i. Non-derivative financial assets (continued)

SIEA considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Authority considers this to be Baa3 or higher per rating agency Moody's or BBB or higher per rating agency Standards & Poor's. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which SIEA is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. They are measured as follows: the present value of all cash shortfalls (i.e. the difference between the cash flows owed to the Authority in accordance with the contract and the cash flows that SIEA expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Authority assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when SIEA determines that the debtor does not have assets or sources of income or adequate customer deposits that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Authority's procedures for recovery of amounts due.

Notes to the Financial Statements

For the year ended 31 December 2025

Note 3 Material accounting policies (continued)

c) Impairment (continued)

ii. Non-financial assets

At each reporting date, SIEA reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are largely independent from other assets, the Authority estimates the recoverable amount of the cash generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax 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.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase through OCI.

d) Inventories

Inventory is recorded at the lower of cost and net realisable value after due consideration for excess and obsolete items. The cost of inventories is based on a weighted average basis and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Notes to the Financial Statements

For the year ended 31 December 2025

Note 3 Material accounting policies (continued)

e) Property, plant and equipment

i. Recognition and measurement

Property, plant and equipment are initially recognised at cost less accumulated depreciation and impairment losses. Cost is determined by including all costs directly associated with bringing the assets to their location and condition for their intended use. The recognition threshold is $5,000.

Purchased items including software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have materially different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within other income/other expenses in statement of comprehensive income. When revalued assets are sold, any related amount included in the asset revaluation reserve is transferred to retained earnings.

Certain easements may have been donated by the Crown. These are recognised at cost ($nil) plus any direct cost associated with putting the easement in place.

ii. Subsequent expenditure

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to SIEA and its cost can be measured reliably. The costs of the day-to-day servicing and maintenance of property, plant and equipment are recognised in profit or loss as incurred.

iii. Depreciation

Depreciation is based on either the cost or revalued amount of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation of property, plant and equipment is calculated using the straight-line method to write down the cost or revalued amount of property, plant and equipment to its estimated residual value over its estimated useful life.

The standard estimated useful lives and depreciation rates for SIEA asset classes are as follows:

Land - leasehold	amortised over the term of the lease
Buildings - operational including power stations	20 to 30 years
Buildings - non-operational	15 to 50 years
Generators	10 to 40 years
Plant & equipment	10 to 25 years
Distribution network	20 to 60 years
Furniture & equipment	5 years
Furniture & equipment - information technology	3 to 5 years
Motor vehicles	5 years
Tools	3 to 5 years

The useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Note 3 Material accounting policies (continued)

e) Property, plant and equipment (continued)

iv. Revaluation of property, plant and equipment

Land, buildings, generators and plants are shown at fair value, based on valuations by external independent valuers, less subsequent depreciation of assets. The fair values are recognised in the financial statements of SIEA and are reviewed at the end of each reporting period to ensure that the carrying value of assets is not materially different to their fair values.

The primary valuation methodologies used in valuing land and buildings are the direct comparison and income capitalisation approaches cross checked with cost approach. These methodologies use market derived assumptions, including rents, capitalisation and terminal rates, and discount rates obtained from analysed transactions. The adopted methodologies are considered to provide the best estimate of value.

The Directors propose to have such asset revaluations every three or five years.

Electricity infrastructure assets are valued on an optimised depreciated replacement cost (ODRC) approach. The ODRC valuation of electricity assets is generally considered to represent the minimum cost of replacing or replicating the service potential embodied in the network with modern equivalent assets in the most efficient way possible from an engineering perspective, given the service requirements, the age and condition of the existing assets and replacement in the normal course of business.

Any revaluation increase arising on the revaluation of assets is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in profit or loss, in which case the increase is credited to the profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of assets is charged as an expense in statement of comprehensive income to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued assets is charged to profit or loss. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus remaining in the asset revaluation reserve, is transferred directly to retained earnings.

v. Capital work in progress

Capital work in progress is recorded at cost. Cost is determined by including all costs directly associated with bringing the assets to their location and condition. Finance costs incurred during the period of time that is required to complete and prepare the asset for its intended use are capitalised as part of the total cost for capital work in progress. The finance costs capitalised are based on the Authority's weighted average cost of borrowing. Assets are transferred from capital work in progress to property, plant and equipment as they become operational and available for its intended use.

Notes to the Financial Statements

For the year ended 31 December 2025

Note 3 Material accounting policies (continued)

f) Employee benefits

Provision is made for benefits accruing to employees when it is probable that settlement will be required, and they are capable of being measured reliably.

i. Short-term employee benefits

Short-term benefits comprise of accrued salaries and wages, bonus, annual leave, and entitlement to Solomon Islands National Provident Fund are expenses as the related service is provided.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the rate expected to apply at the time of settlement.

ii. Long-term employee benefits

An early retirement scheme is a long-term benefit provided by SIEA to its employees.

Provisions made in respect of employee benefits that are not expected to be settled within 12 months are measured at the present value of the estimated cash flows to be made by SIEA in respect of future benefits that employees have earned in return for their services in the current and prior periods.

For each future year the amounts of entitlements expected to be paid on termination of employment have been determined by making a projection of each employee based on their current salary, age and service, as well as assumed rates of death, disablement, retirement, resignation and rates of inflation. The resulting cash flows have then been converted to a present value by discounting from the expected date of payment to the valuation date at the assumed discount rate to determine the total liability.

g) Income tax

Under the *Electricity Act* (Cap 128) 1969, SIEA is exempt from income tax.

h) Foreign currency transactions

Transactions denominated in a foreign currency that are not hedged are converted at the prevalent exchange rate at the date of the transaction. Foreign currency receivables and payables at balance date are translated at exchange rates prevailing at balance sheet date. Exchange differences arising on the translation or settlement of accounts payable and receivable in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

i) Grants

An unconditional grant related to an asset is recognised in the statement of profit or loss and other comprehensive income as other income when the grant becomes receivable.

Other grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and SIEA will comply with the conditions associated with the grant and are then recognised in statement of profit or loss and other comprehensive income as other income on a systematic basis over the useful life of the asset. Grants that compensate SIEA for expenses incurred are recognised in profit or loss as other operating income in the same periods in which the expenses are recognised.

j) Provisions

SIEA recognises provisions when there is a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. The amount recognised is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation at reporting date. Where a provision is measuring the cash flows estimated to settle the present obligation, its carrying amount is the present value of these cash flows.

Notes to the Financial Statements

For the year ended 31 December 2025

Note 3 Material accounting policies (continued)

k) Leases

At inception of contract, SIEA assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, SIEA assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified;
- SIEA has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- SIEA has the right to direct the use of the asset. SIEA has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, SIEA has the right to direct the use of the asset if either:
  - SIEA has the right to operate the asset; or
  - SIEA designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, SIEA allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, SIEA has elected not to separate non-lease components and account for the leases and non-lease components as a single lease.

i. As a lessee

SIEA recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, SIEA's incremental borrowing rate. Generally, SIEA uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- the exercise price under a purchase option that SIEA is reasonably certain to exercise, lease payments in an optional renewal period if SIEA is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless SIEA is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured where there is a change in future lease payments arising from a change in an index or rate, if there is a change in SIEA's estimate of the amount expected to be payable under a residual value guarantee, or if SIEA changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Note 3 Material accounting policies (continued)

k) Leases (continued)

Short-term leases and leases of low-value assets

SIEA has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, temporary staff residences and leases of low-value assets, including IT equipment. SIEA recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii. As a lessor

When SIEA acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, SIEA makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, SIEA considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When SIEA is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which SIEA applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, SIEA applies IFRS 15 to allocate the consideration in the contract.

l) Accounting standard issued but not yet effective

A number of new accounting standards are effective for annual reporting periods beginning after 1 January 2025 and earlier application is permitted. However, the SIEA has not early adopted the following new or amended accounting standards in preparing these financial statements.

i. IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 *Presentation of Financial Statements* and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

The SIEA is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the SIEA's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The SIEA is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as 'other'.

ii. Other accounting standards

The following new and amended accounting standards are not expected to have a significant impact on the SIEA's financial statements.

- *Lack of Exchangeability (Amendments to IAS 21)*
- *Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)*
- *IFRS 19 Subsidiaries without Public Accountability: Disclosures - effective 1 January 2027*

The SIEA has not performed a preliminary assessment of the potential impact of adoption of the above new and upcoming standards and interpretations on these financial statements.

Note 4 Financial risk management

SIEA has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- interest rate risk

This note presents information about SIEA's exposure to each of the above risks and SIEA's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of SIEA's risk management framework. SIEA's risk management policies are established to identify and analyse the risks faced by SIEA, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and SIEA's activities. SIEA, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

SIEA's Board oversees how management monitors compliance with SIEA's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by SIEA. The Board is assisted in their oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and processes, the result of which is reported to the Board.

The above risks are limited by SIEA's financial management policies and procedures as described below:

i. Credit risk

Credit risk is the risk of financial loss to SIEA if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from SIEA's receivables from customers, investment in debt securities, and cash and call deposits.

SIEA's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of SIEA's customer base, including the default risk of the industry as these factors may have an influence on credit risk.

The carrying amount of financial assets represents the maximum credit exposure.

Note 4 Financial risk management (continued)

i. Credit risk (continued)

Expected credit loss assessment

Trade receivables

SIEA uses a provision matrix to determine the lifetime expected credit losses. It is based on the SIEA's historical observed default rates and is adjusted by a forward-looking estimate that includes the probability of a worsening economic environment within the next year. At each reporting date, the Authority updates the observed default history and forward-looking estimates.

SIEA uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a large number of balances.

Loss rates are calculated using a ‘roll rate’ method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

Kilowatt debtors:

	Weighted average loss rates %	Gross carrying amounts $	Loss allowance $	Credit impaired
2025				
Current - 30 days past due	23.3%	19,008,458	4,438,337	No
30 - 59 days past due	53.7%	3,967,543	2,129,331	No
60 - 89 days past due	99.5%	1,012,017	1,007,173	No
90 or more days in past due	100.0%	7,893,449	7,893,449	Yes
		31,881,467	**15,468,290**	
2024				
Current - 30 days past due	22.0%	23,320,090	5,123,914	No
30 - 59 days past due	33.9%	8,127,977	2,752,215	No
60 - 89 days past due	50.7%	4,093,066	2,073,449	No
90 or more days in past due	58.2%	17,782,498	10,352,558	Yes
		53,323,631	**20,302,136**	

Notes to the Financial Statements

For the year ended 31 December 2025

Note 4 Financial risk management (continued)

i. Credit risk (continued)

Cash power debtors:

	Weighted average loss rates %	Gross carrying amounts $	Loss allowance $	Credit impaired
2025				
Current - 30 days past due	54.4%	43,814	23,841	No
30 - 59 days past due	76.5%	2,646	2,024	No
60 - 89 days past due	99.2%	2,630	2,609	No
90 or more days in past due	100.0%	4,352,198	4,352,198	Yes
		4,401,288	**4,380,672**	
2024				
Current - 30 days past due	56.0%	71,015	39,793	No
30 - 59 days past due	75.5%	24,302	18,349	No
60 - 89 days past due	0.0%	-	-	No
90 or more days in past due	100.0%	4,780,702	4,780,702	Yes
		4,876,019	**4,838,844**	

Loss rates are based on actual credit loss experienced over the past three years.

The movement in the allowance for impairment in respect of trade receivables and other receivables during the year is disclosed in Note 14.

Impairment on other receivables from Solomon Islands Government and state-owned entities has been measured on the 12 month expected loss basis, and the resulted impairment losses is not considered material by management on reporting date.

Cash and cash equivalents

SIEA held cash and cash equivalents of $313,909,394 at 31 December 2025 (2024: $309,385,459). The cash is held with different banks, whose ratings ranged from Aa3 to Caa1 based on Moody's credit ratings.

SIEA uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for debt securities. Impairment on cash and cash equivalents has been measured on the 12 month expected loss basis and reflects the short maturities of the exposures.

Accordingly, due to short maturities, the Authority did not recognise an impairment allowance against cash and cash equivalents as at 31 December 2025 (2024: $nil).

Debt investment securities

SIEA held debt investment securities of $70,357,143 at 31 December 2025 (2024: $42,142,857). The debt investment securities are held with institutions which are rated Aa3 to B3 based on Moody's credit ratings. In relation to debt investment securities held with these institutions, the Authority monitors changes in credit risk by tracking published external credit ratings but when external credit ratings are not available or published, SIEA monitors changes in credit risk by reviewing available press and regulatory information.

Impairment on debt investment securities held with banks and Solomon Islands Government has been measured on the 12 month expected loss basis.

The Authority did not recognise an impairment allowance against debt securities as at 31 December 2025 (2024: $nil).

Notes to the Financial Statements

For the year ended 31 December 2025

Note 4 Financial risk management (continued)

ii. Liquidity risk

Liquidity risk is the risk that SIEA will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. SIEA's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to SIEA's reputation.

SIEA ensures that it has sufficient cash on hand to meet operational expenses including the servicing of financial obligations but this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities:

31 December 2025	Carrying amount $	6 months or less $	6 - 12 months $	Greater than 1 year $	Total $
FINANCIAL LIABILITIES					
Trade, other payables and customer deposits	67,129,852	67,129,852	-	-	67,129,852
Solomon Islands Government loan	12,340,979	1,647,976	1,619,953	10,285,593	13,553,522
Lease liability	1,992,786	719,654	300,662	4,349,720	5,370,036
	81,463,617	**69,497,482**	**1,920,615**	**14,635,313**	**86,053,410**

31 December 2024	Carrying amount $	6 months or less $	6 - 12 months $	Greater than 1 year $	Total $
FINANCIAL LIABILITIES					
Trade, other payables and customer deposits	47,079,069	47,079,069	-	-	47,079,069
Solomon Islands Government loan	15,282,390	1,706,804	1,678,781	13,638,802	17,024,387
Lease liability	3,002,820	919,425	746,370	4,185,012	5,850,807
	65,364,279	**49,705,298**	**2,425,151**	**17,823,814**	**69,954,263**

Notes to the Financial Statements

For the year ended 31 December 2025

Note 4 Financial risk management (continued)

iii. Market risk

Market risk is the risk that changes in market prices, such as fuel prices, foreign exchange rates and interest rates will affect SIEA's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Fuel price risk

SIEA is subject to a monthly tariff review. The tariff is based on the Electricity Tariff (Base Tariff and Tariff Adjustments) Regulations 2021 which is adjusted every month for the Honiara Consumer Price Index (CPI), the Producers Price Index (PPI, USA), the exchange rate between the US$ and SBD and the fuel price movements. Fuel costs of $238 million (2024: $257 million) comprises 42.41% (2024: 42.66%) of the expenditure of SIEA, so movements in fuel prices are critical to the profitability of SIEA. The monthly tariff review however considers the fuel price movements, the CPI, PPI and exchange rate changes, therefore there is a natural hedge against market movements.

A change of 100 basis points (bp) in fuel pricing at the reporting date would have increased/(decreased) profit or loss by amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

		Profit or loss
	100bp decrease $'000	**100bp increase $'000**
Revenue	577,400	628,300
Expenditure	(536,632)	(584,232)
NET PROFIT	**40,768**	**44,068**

iv. Interest rate risk

Interest rate risk is the risk that a change in interest rates will impact net interest costs and borrowings.

SIEA has invested in debt securities and has interest-bearing borrowing from the Solomon Islands Government. These are at a fixed interest rate during the term of the instruments.

Given the fixed nature of interest rates described above, the Authority has a high level of certainty over the impact on cash flows arising from interest income and interest expenses. Accordingly, SIEA does not require simulations to be performed over impact on net profits arising from changes in interest rates.

Furthermore, for those financial assets and financial liabilities which are not carried at fair value, their carrying amount is considered a reasonable approximation of fair value.

v. Currency risk

The Authority is exposed to currency risk to the extent that there is a mismatch between the currencies in which purchases, and borrowings are denominated and the respective functional currencies. The Authority does not have significant exposure to currency risk.

Notes to the Financial Statements

For the year ended 31 December 2025

Note 5 Revenue

	2025 $	2024 $
REVENUE FROM CONTRACTS WITH CUSTOMERS		
Kilowatt sales	387,529,381	447,418,254
Cash power sales	184,185,246	189,226,418
Sales works	1,466,046	1,036,030
	573,180,673	**637,680,702**
OTHER REVENUE		
Amortisation of deferred income	7,123,366	8,824,592
Stale cheques	185,802	35,597
Other income	13,290,627	6,791,597
Reversal of credit impairment	5,284,176	-
TOTAL REVENUE	**599,064,644**	**653,332,488**

Note 6 Other operating income

	2025 $	2024 $
Other	13,290,627	6,791,597
Stale cheques	185,802	35,597
TOTAL OTHER OPERATING INCOME	**13,476,429**	**6,827,194**

Note 7 Generation and distribution expenses

	Notes	2025 $	2024 $
Fuel		237,680,535	256,874,220
Lubricating oil		3,940,927	2,510,424
Other		4,502,250	4,539,200
Personnel	10	46,905,371	43,985,717
Repairs and maintenance		20,137,717	37,930,260
TOTAL GENERATION AND DISTRIBUTION EXPENSES		**313,166,800**	**345,839,821**

Notes to the Financial Statements

For the year ended 31 December 2025

Note 8 Administrative expenses

	Notes	2025 $	2024 $
Advertising		380,261	535,533
Bank fees		204,527	190,680
Computer bureau charges		2,937,113	2,036,888
Consultancy fees		4,645,791	4,916,354
Directors fees and expenses		353,732	631,270
Electricity		5,250,290	5,584,543
Electricity rebate		5,925,165	6,930,741
Freight		419,262	784,740
Insurance		3,161,003	3,506,406
Personnel	10	32,871,050	32,491,201
Printing and stationery		1,591,740	2,344,970
Professional fees		415,645	560,389
Property expenses		8,583,180	7,769,572
Telecommunications		2,923,411	3,747,583
Travel and accommodation		2,209,438	3,003,291
Impairment loss on trade receivables		-	2,175,881
Tax penalties		2,350,514	-
TOTAL ADMINISTRATIVE EXPENSES		**74,222,122**	**77,210,042**

Note 9 Operating expenses

	Notes	2025 $	2024 $
Customs handling charges		500,917	764,968
Personnel	10	21,079,979	22,653,915
Repairs and maintenance		2,935,814	4,078,644
Vehicle costs		4,352,338	5,321,572
TOTAL OPERATING EXPENSES		**28,869,048**	**32,819,099**

Notes to the Financial Statements

For the year ended 31 December 2025

Note 10 Personnel expenses

	2025 $	2024 $
Salaries and wages	59,969,517	58,046,299
National Provident Fund	3,841,439	3,632,591
Retirement benefit expense	3,437,662	3,892,513
Others	33,607,782	33,559,430
TOTAL PERSONNEL EXPENSES	**100,856,400**	**99,130,833**

Personnel expenses classed by function is as follows:

	2025 $	2024 $
Generation and distribution	46,905,371	43,985,717
Administrative	32,871,050	32,491,201
Operating expenses	21,079,979	22,653,915
	100,856,400	**99,130,833**

Average number of employees during the year was 325 (2024: 321).

Note 11 Net finance income

	2025 $	2024 $
FINANCE INCOME		
Interest received	3,753,071	4,924,152
Foreign exchange gain	42,900	128,240
TOTAL FINANCE INCOME	**3,795,971**	**5,052,392**
FINANCE COSTS		
Interest expense	(774,466)	(724,217)
Interest on lease liability	(386,796)	(353,551)
TOTAL FINANCE COSTS	**(1,161,262)**	**(1,077,768)**
TOTAL NET FINANCE INCOME	**2,634,709**	**3,974,624**

Notes to the Financial Statements

For the year ended 31 December 2025

Note 12 Cash and cash equivalents

For the purpose of cash and cash equivalents in the statement of financial position and in the statement of cash flows comprises of below:

	2025 $	2024 $
Short-term deposits	24,392,973	44,381,439
Cash on hand	45,000	45,000
Cash at bank	289,471,421	264,959,020
TOTAL CASH AND CASH EQUIVALENTS	**313,909,394**	**309,385,459**

The short-term deposits amounting to $24,392,973 (2024: $44,381,439) are invested with ANZ Banking Group Ltd - Solomon Islands Branch at a rate of 0.05%. These deposits have terms of between on-call and three months. Accordingly, these short-term deposits have been considered as cash and cash equivalents for the purpose of the statement of cash flows.

Note 13 Inventories

	2025 $	2024 $
Electrical and mechanical	63,334,591	63,848,670
Provision for inventory	(1,170,703)	(469,774)
TOTAL INVENTORIES	**62,163,888**	**63,378,896**

Note 14 Trade and other receivables

	2025 $	2024 $
Trade receivables - kilowatt	31,881,467	53,323,631
Allowance for impairment - kilowatt	(15,468,290)	(20,302,136)
Trade receivables - cash power	4,401,289	4,876,019
Allowance for impairment - cash power	(4,380,672)	(4,838,844)
Staff advances	(794,299)	184,392
Allowance for impairment - staff advances	(35,433)	(37,732)
Unread meters	16,548,039	17,537,557
Solomon Island Government	-	3,728,250
Other debtors	10,907,487	3,974,827
Allowance for impairment - staff imprest	(189,069)	(283,255)
TOTAL TRADE AND OTHER RECEIVABLES	**42,870,519**	**58,162,709**

Allowance for impairment	2025 $	2024 $
Balance at the beginning of the year	25,461,967	23,303,905
Impairment (reversed)/recognised	(5,388,503)	2,158,062
BALANCE AT 31 DECEMBER	**20,073,464**	**25,461,967**

Notes to the Financial Statements

For the year ended 31 December 2025

Note 15 Prepayments

	2025 $	2024 $
Bond deposits	465,110	476,610
Insurance	941,360	1,072,857
Inventories	5,555,507	5,606,908
Prepaid rental	1,397,409	1,354,416
Subscriptions	737,660	1,523,260
Overhaul equipment	5,286,155	5,530,926
Others	1,075,734	315,852
TOTAL PREPAYMENTS	**15,458,935**	**15,880,829**

Notes to the Financial Statements

For the year ended 31 December 2025

Note 16 Property, plant and equipment

	Land	Buildings	Generators	Plant & equipment	Distribution network	Furniture & equipment	Motor vehicles	Tools	Work in progress	Total
	$	$	$	$	$	$	$	$	$	$
BALANCE AT 1 JANUARY 2024	**106,286,298**	**195,926,332**	**244,082,155**	**112,210,644**	**502,329,422**	**44,435,879**	**39,787,124**	**16,959,797**	**405,540,424**	**1,667,558,075**
Additions	-	-	-	-	-	6,730	-	-	208,534,210	208,540,940
Disposals	-	(632,247)	(94,770)	-	-	(3,957,634)	(3,487,013)	(4,698,088)	-	(12,869,752)
Work in progress capitalised	36,045,755	8,059,900	21,758,557	16,941,630	38,462,642	1,936,889	5,377,118	709,719	(129,292,210)	-
BALANCE AT 31 DECEMBER 2024	**142,332,053**	**203,353,985**	**265,745,942**	**129,152,274**	**540,792,064**	**42,421,864**	**41,677,229**	**12,971,428**	**484,782,424**	**1,863,229,263**
Additions	-	-	-	-	-	-	-	-	198,874,859	198,874,859
Disposals	-	-	-	-	-	(722,133)	(1,608,055)	(147,994)	-	(2,478,182)
Work in progress capitalised	15,978,504	11,130,024	33,796,659	26,483,389	17,682,985	2,010,043	6,652,798	1,815,300	(115,549,702)	-
BALANCE AT 31 DECEMBER 2025	**158,310,557**	**214,484,009**	**299,542,601**	**155,635,663**	**558,475,049**	**43,709,774**	**46,721,972**	**14,638,734**	**568,107,581**	**2,059,625,940**

Notes to the Financial Statements

For the year ended 31 December 2025

Note 16 Property, plant and equipment (continued)

	Land	Buildings	Generators	Plant & equipment	Distribution network	Furniture & equipment	Motor vehicles	Tools	Work in progress	Total
	$	$	$	$	$	$	$	$	$	$
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES										
BALANCE AT 1 JANUARY 2024	**26,615,394**	**20,398,671**	**32,039,057**	**6,950,619**	**24,466,083**	**34,809,915**	**27,265,170**	**14,301,354**	**-**	**186,846,263**
Depreciation	-	10,799,441	61,630,766	11,136,132	35,370,187	3,966,442	5,163,248	1,214,310	-	129,280,526
Amortisation of leasehold land	12,849,870	-	-	-	-	-	-	-	-	12,849,870
Depreciation on disposed assets	-	(131,297)	(94,770)	-	-	(3,852,546)	(3,478,246)	(4,692,232)	-	(12,249,091)
BALANCE AT 31 DECEMBER 2024	**39,465,264**	**31,066,815**	**93,575,053**	**18,086,751**	**59,836,270**	**34,923,811**	**28,950,172**	**10,823,432**	**-**	**316,727,568**
Depreciation	-	11,128,051	57,836,800	12,359,151	36,075,858	3,230,240	5,679,972	975,458	-	127,285,530
Amortisation of leasehold land	13,296,266	-	-	-	-	-	-	-	-	13,296,266
Depreciation on disposed assets	-	-	-	-	-	(712,305)	(1,527,055)	(147,992)	-	(2,387,352)
BALANCE AT 31 DECEMBER 2025	**52,761,530**	**42,194,866**	**151,411,853**	**30,445,902**	**95,912,128**	**37,441,746**	**33,103,089**	**11,650,898**	**-**	**454,922,012**
CARRYING AMOUNTS										
AT 31 DECEMBER 2024	**102,866,789**	**172,287,170**	**172,170,889**	**111,065,523**	**480,955,794**	**7,498,053**	**12,727,057**	**2,147,996**	**484,782,424**	**1,546,501,695**
AT 31 DECEMBER 2025	**105,549,027**	**172,289,143**	**148,130,748**	**125,189,761**	**462,562,921**	**6,268,028**	**13,618,883**	**2,987,836**	**568,107,581**	**1,604,703,928**

Notes to the Financial Statements

For the year ended 31 December 2025

Note 16 Property, plant and equipment (continued)

SIEA has a policy to revalue infrastructure and property assets every 5 years. The land and buildings asset classes were revalued in 2021, and the revaluation for generators and the distribution network was completed in 2023 by Assured Valuation Pty Ltd. SIEA is of the opinion that there has been no material change in the carrying values of land, building , generators and distribution networks since the last revaluations as the assets assets are appropriately maintained.

The revaluation of buildings using the replacement cost method involved the application of certain unobservable inputs. These included the standard cost per square metre, benchmarked against the rates issued by the Honiara Town Council. Additional, a depreciation rate was applied based on the physical inspection of the buildings, their condition and the estimated cost of materials required to restore them to their original state, reflecting current market prices.

In 2024, management undertook a fixed asset verification of its vehicles, ICT equipment, furniture & fixtures and tools to ascertain their existence and values. The exercise resulted in a disposal of $69,421, which was the book value of assets not in existence or no longer operational.

	2025	**2024**
	$	**$**
Perpetual Estate Land	19,841,962	19,841,962
Fixed Term Estate	85,707,065	83,024,827
	105,549,027	**102,866,789**

Notes to the Financial Statements

For the year ended 31 December 2025

Note 17 Leases

As a lessee

Property, plant and equipment comprise owned and leased assets that do not meet the definition of investment property.

	2025 $	2024 $
Property, plant and equipment owned	1,604,703,928	1,546,501,695
Right-of-use assets	5,449,247	6,449,885
TOTAL ASSETS	**1,610,153,175**	**1,552,951,580**

SIEA leases various assets including land and buildings. Information about leases for which SIEA is a lessee is presented below:

a) Right-of-use assets	Land $	Buildings $	Total $
2025			
Balance at 1 January	4,216,132	2,233,753	6,449,885
Additions to right-of-use assets	340,816	296,677	637,493
Depreciation charge for the year	(115,745)	(1,522,386)	(1,638,131)
BALANCE AT 31 DECEMBER	**4,441,203**	**1,008,044**	**5,449,247**
2024			
Balance at 1 January	4,302,664	1,655,233	5,957,897
Additions to right-of-use assets	373	2,965,299	2,965,672
Depreciation charge for the year	(86,905)	(2,386,779)	(2,473,684)
BALANCE AT 31 DECEMBER	**4,216,132**	**2,233,753**	**6,449,885**

b) Lease liabilities	2025 $	2024 $
Current	1,114,980	1,387,422
Non-current	877,806	1,615,398
TOTAL LEASE LIABILITIES	**1,992,786**	**3,002,820**

c) Amounts recognised in profit or loss	2025 $	2024 $
Interest on lease liabilities	386,796	353,551
Expenses relating to short-term leases	2,065,325	26,586
	2,452,121	**380,137**

d) Amounts recognised in statement of cash flows	2025 $	2024 $
Total cash outflow for leases	2,034,324	2,503,907

Notes to the Financial Statements

For the year ended 31 December 2025

Note 18 Government bonds

Government Bonds	Principal amount $	2025 $	2024 $
2018 Bond	30,000,000	12,857,143	17,142,857
2023 Bond	20,000,000	-	10,000,000
2023 Bond	15,000,000	7,500,000	15,000,000
2025 Bond	50,000,000	50,000,000	-
	115,000,000	**70,357,143**	**42,142,857**

On 1 December 2018 SIEA purchased Domestic Development Bonds with a face value of $30M from the Solomon Islands Government. The bonds have an interest rate of 5% per annum which is to be paid semi-annually. The bonds have a maturity date of 1 December 2028.

On 18 October 2023 SIEA purchased a SIG Private placement Bond with a face value of $20M from the Solomon Islands Government. The bonds have an interest rate of 2.25% per annum which is to be paid semi-annually. The bonds have a maturity date of 24 October 2025.

On 8 December 2023 SIEA purchased Domestic Development Bonds with a face value of $15M from the Solomon Islands Government. The bonds have an interest rate of 3% per annum which is to be paid semi-annually. The bonds have a maturity date of 27 December 2026.

On 31 October 2025 SIEA purchased Domestic Development Bonds with a face value of $50M from the Solomon Islands Government. The bonds have an interest rate of 5% per annum which is to be paid semi-annually. The bonds have a maturity date of 30 October 2030.

Note 19 Deferred income

	2025 $	2024 $
Balance at 1 January	141,429,798	141,603,336
Additional deferred income	23,260,664	8,651,054
Deferred income recognised during the year	(7,123,366)	(8,824,592)
BALANCE AT 31 DECEMBER	**157,567,096**	**141,429,798**

The deferred income is shown on the statement of financial position as follows:

	2025 $	2024 $
Current	9,847,355	8,824,592
Non-current	147,719,741	132,605,206
TOTAL DEFERRED INCOME	**157,567,096**	**141,429,798**

In 2007, the Government of Japan entered into an agreement with Solomon Islands Government to fund the construction of Lungga Generator and Power Station on behalf of SIEA. The funding of these capital works is a non-reciprocal grant. The value of the capital works was approximately $48 million and has been accounted for by SIEA as a non-current asset with a corresponding amount taken to deferred income. The deferred income is being amortised to the statement of comprehensive income over the life of the power station.

In 2014, a grant of approximately $3.2 million was received from the Japanese International Corporation Agency (JICA) to fund a 50 kW solar grid at the Ranadi Headquarters in Honiara. The value of the capital works has been accounted for by SIEA as a non-current asset with a corresponding amount taken to deferred income. The deferred income is being amortised to the statement of comprehensive income over the life of the solar grid.

Notes to the Financial Statements

For the year ended 31 December 2025

Note 19 Deferred income (continued)

In 2013, a grant of approximately $3.058 million was received from the World Bank through the Solomon Islands Sustainable Energy Project (SISEP) to fund the installation of a 33kV underground power cable from Lungga Power Station to Ranadi Substation. This project was completed in May 2015 and the value of the capital works has been accounted for by SIEA as a non-current asset with a corresponding amount taken to deferred income. The deferred income is being amortised to the statement of comprehensive income over the life of the underground power cable.

In 2013, a grant of approximately $1.493 million was received from the World Bank through the Solomon Islands Sustainable Energy Project (SISEP) to fund the installation of 11kV switchgear in Honiara Power Station. This project was completed in January 2015 and the value of the capital works has been accounted for by SIEA as a non-current asset with a corresponding amount taken to deferred income. The deferred income is being amortised to the statement of comprehensive income over the life of the equipment.

In 2013, a grant of approximately $0.839 million was received from the World Bank through the Solomon Islands Sustainable Energy Project (SISEP) to fund the installation of cooling radiators at the Lungga Power Station. This project was completed in June 2015 and the value of the capital works has been accounted for by SIEA as a non-current asset with a corresponding amount taken to deferred income. The deferred income is being amortised to the statement of comprehensive income over the life of the radiators.

In 2015, a grant of approximately $0.765 million was received from the Asian Development Bank to fund the construction of a Coconut Oil Conditioning Unit in Auki. The value of the capital works has been accounted for by SIEA as a non-current asset with a corresponding amount taken to deferred income. The deferred income is being amortised to the statement of comprehensive income over the life of the unit.

In 2015, a grant of approximately $1.015 million was received from the Asian Development Bank to fund the procurement of a Generator Set in Auki. The value of the capital works has been accounted for by SIEA as a non-current asset with a corresponding amount taken to deferred income. The deferred income is being amortised to the statement of comprehensive income over the life of the generator.

In 2015, a grant of approximately $0.867 million was received from the Asian Development Bank to fund the procurement of 11kV and 415V Distribution Equipment for the Auki Power Generation and Distribution Pilot Project. The value of the capital works has been accounted for by SIEA as a non-current asset with a corresponding amount taken to deferred income. The deferred income is being amortised to the statement of comprehensive income over the life of the equipment.

In 2016, a grant of approximately $32.5 million was received from the United Arab Emirates Pacific Partnership Fund and the Ministry of Finance and Treasury of the Government of New Zealand to fund a 1000 kW grid connect solar farm at Henderson in Honiara. The value of the capital works has been accounted for by SIEA as a non-current asset with a corresponding amount taken to deferred income. The deferred income is being amortised to the statement of comprehensive income over the life of the solar grid.

In 2016, a grant of approximately $1.627 million was received from the Italian Ministry for the Environment, Land and Sea to fund simulation software to enable SIEA to carry out electricity network planning together with the necessary training and consulting services. The deferred income will be amortised to statement of comprehensive income over the life of the project once the full amount of the grant has been utilised and capitalised to the Fixed Asset register.

In 2017, ($1.465 million), 2018 ($3.888 million), 2019 ($9.902 million) and 2020 ($1.596 million) grants were received from the Global Partnership on Output-Based Aid to subsidise the cost of providing electricity to low-income households. The deferred income is being amortised to the statement of comprehensive income over the life of the project.

In 2017, ($0.306 million), 2018 ($5.476 million), 2019 ($37.731 million), 2020 ($6.639 million) and 2024 ($0.17 million) grants were received from the Asian Development Bank (ADB) to fund the construction of five grid connected solar power plants in an effort to increase the supply of reliable, clean electricity. The deferred income will be amortised to the statement of comprehensive income over the life of the project once the full amount of the grant (approximately $67 million) has been utilised and the asset capitalised to the Fixed Asset register.

In 2018, ($9.778 million) and 2019 ($9.125 million) was received from the New Zealand Ministry of Foreign Affairs and Trade to expand the access to affordable, reliable and clean energy in rural areas of the Solomon Islands. The deferred income will be amortised to the statement of comprehensive income over the life of the project once the full amount of the grant has been utilised and capitalised to the Fixed Asset register.

Notes to the Financial Statements

For the year ended 31 December 2025

Note 19 Deferred income (continued)

In 2018, grants totalling approximately $10.516 million were received from the World Bank through the Solomon Islands Sustainable Energy Project (SISEP) to fund construction of power substations and the installation of transformers at Ranadi, Kola'a Ridge and for the relocation of the 11kV feeder 12 from Lungga Power Station to East Honiara Substation. The projects have been partially completed and where applicable the value of the capital works has been accounted for by SIEA as a non-current asset with a corresponding amount taken to deferred income. The deferred income is being amortised to the statement of comprehensive income over the life of the substations, transformers and the feeder.

In 2019, ($0.387 million), 2020 ($15.8 million), 2022 ($2.4 million), 2023 ($10.44 million) and 2024 ($8.48 million) and 2025 ($23.26 million) grants were received from the World Bank through the Solomon Islands Electricity Access and Renewable Energy Expansion Project (SIEAREEP) to fund construction of renewable energy hybrid mini-grids, electricity connections in low income areas, grid-connected solar power and the enabling of environment and project management. Total expected grant for the project is around $113.296 million. The deferred income will be amortised to the statement of comprehensive income upon subsequent completion of the specific projects. The capitalisation of the completed project will also be made into the Fixed Asset register. In 2025, capitalisation of two funded projects has started, $17.93 million for the 2MW solar farm project while $2.52 million for the Head office rooftop solar project. Both grant funds will be amortised for the next 20 years, matching the useful life of the assets.

In 2021, Solomon Power and the Solomon Islands Government signed a collaboration agreement for the implementation of the rural electrification component under the community benefit sharing project. The funding under the collaboration agreement is to assist Solomon Power to construct transmission lines, house wiring and bring electricity to landowners who have provided their land and resources towards Tina River Hydro Project. In 2021, construction works up to $4.179 million has been incurred and accumulated by Solomon Power under deferred income.

In 2023, $1.27 million was also booked under the deferred income to fully reflect the $5.45 million that was received from the World Bank as funding towards this project. Amortisation of the deferred income has commenced in the current year.

Note 20 Trade and other payables

	2025	2024
	$	$
Trade creditors	858,976	206,695
Other payables and accruals	58,313,389	39,577,168
Contractual liabilities	4,144,920	3,618,213
Consumer deposits	7,957,487	7,295,206
TOTAL TRADE AND OTHER PAYABLES	**71,274,772**	**50,697,282**

Notes to the Financial Statements

For the year ended 31 December 2025

Note 21 Solomon Islands Government loan agreement

Under an agreement signed with the Solomon Islands Government in June 2014, SIEA has been granted a loan facility of up to $81,883,440 to assist in the financing of the Solomon Islands Sustainable Energy Project (SISEP), at an interest rate of 4% per annum. Under the terms of the agreement the funds have been made available by the Government in a timely manner to facilitate the implementation of SISEP and will be repaid by SIEA over 28 semi-annual payments of principal and interest which commenced from December 2015. The SISEP facility closed on 31st March 2019. To date the following principal amounts have been borrowed and repaid under this loan agreement.

	2025 $	2024 $
Balance at 1 January	15,282,390	15,405,450
Principal repayments	(2,941,411)	(2,802,782)
Borrowing	-	2,679,722
BALANCE AT 31 DECEMBER	**12,340,979**	**15,282,390**

Analysis of borrowings expected to be settled within one year and more than one year:

	2025 $	2024 $
Current	2,802,313	2,802,313
Non-current	9,538,666	12,480,077
TOTAL BORROWINGS FROM SIG	**12,340,979**	**15,282,390**

Note 22 Employee benefits

	2025 $	2024 $
Current	4,602,879	3,514,423
Non-current	19,349,128	19,618,912
TOTAL EMPLOYEE BENEFITS	**23,952,007**	**23,133,335**

Movement is made up of the following:	2025 $	2024 $
Opening balance	23,133,335	22,495,923
Provisions made during the year	7,163,495	6,295,967
Provisions utilised during the year	(6,344,823)	(5,658,555)
CLOSING BALANCE	**23,952,007**	**23,133,335**

Note 23 Contributed capital

	2025 $	2024 $
Contributed capital	246,933,170	246,933,170

Contributed capital represents the Solomon Islands Government's equity contributions to SIEA. This is not in the form of shares.

Notes to the Financial Statements

For the year ended 31 December 2025

Note 24 Commitments

SIEA undertakes capital works and purchases assets according to an approved budget when management considers that sufficient funds are available. Capital commitments as at 31 December 2025 amounted to $1,410,000,000 (2024: $1,229,000,000). These commitments are in relation to property, plant and equipment.

	2025 $	2024 $
Less than 1 year	556,000,000	326,000,000
Between 1 year and 5 years	854,000,000	903,000,000
	1,410,000,000	**1,229,000,000**

Note 25 Related parties

a) *Directors*

The Directors in office during the financial year were as follows:

Name
David K.C. Quan O.B.E - Chairman
James Apaniai
James Habu
Lilly Lomulo
Muriel Ha'apue-Dakamae

Directors' fees and expenses are disclosed in Note 8.

SIEA's transactions with Directors were at arm's length.

b) *Identity of related parties*

SIEA being a state-owned entity is the sole provider of electricity in Solomon Islands. As a result, Government of Solomon Islands and other government-related entities are its related parties. Other related parties include Directors and key management personnel of SIEA.

c) *Transactions with key management personnel*

i. Key management personnel compensation

Key management personnel comprises of the Chief Executive Officer, Chief Financial Officer, Chief Engineer, Deputy Chief Engineer, General Manager Corporate Services, General Manager Customer Services, Manager Finance, Manager Regulatory, Manager Land & Buildings, Manager Generation and Outstations, Manager Distribution, Manager Occupational Health Safety, Manager Business Administration, Power Generation Lead Engineer, General Manager Special Projects, Chief Information & Communications Technology Officer, Manager Projects, Manager Construction, Manager Planning, Manager Contracts, Manager Management Accounting, Legal Counsel, OBA Program Manager and the Directors as listed in Note 25(a).

In addition to their salaries, SIEA also provides non-cash benefits to key management personnel and their total compensation comprised of the following:

	2025 $	2024 $
Short-term employee benefits	14,588,861	13,734,169

Notes to the Financial Statements

For the year ended 31 December 2025

Note 25 Related parties (continued)

d) Amounts receivable from related parties

Included in trade receivables are the following amounts receivable from related entities:

	2025 $	2024 $
Central Bank of Solomon Islands	858	140,453
Central Provincial Government	(2,849)	125,740
Choiseul Provincial Government	68,387	36,684
Commodity Export Marketing Authority	25,767	40,098
Guadalcanal Provincial Government	44,967	60,770
Home Finance Corporation	-	33,581
Honiara City Council	108,203	1,052,302
Makira/Ulawa Provincial Government	27,019	74,522
Malaita Provincial Government	233,540	939,842
Provincial Hospital	240,944	1,268,675
Solomon Airlines Limited	100,951	324,007
Solomon Islands Broadcasting Corporation	128,059	245,048
Solomon Islands Government	7,843,871	22,357,100
Solomon Islands National University	524,372	545,713
Solomon Islands Postal Corporation	52,777	54,379
Solomon Islands Water Authority	284,182	210,867
Temotu Provincial Government	45,946	67,678
Western Provincial Government	28,296	170,827
Isabel Provincial Government	34,485	287,645
Solomon Islands Ports Authority	67,738	942,298
Solomon Islands Visitor Bureau	1,573	394
	9,859,086	**28,978,623**

Receivables for the Solomon Islands Water Authority includes the trade receivables - kilowatt that relates to this organisation.

Note 26 Contingencies

Litigation is a common occurrence in the industry due to the nature of the business undertaken. The Authority has formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Authority makes adjustments to account for any adverse effects which the claims may have on its financial standing. Based on the Authority's legal counsel, the claims against the Authority does not have meritorious grounds and management assessed the claims have reasonable prospects of being struck out. As a result, management believes that its defence in Court or arbitration has reasonable prospects of success. Management also does not consider a reliable estimate can be made at this stage in the event the Authority is not successful though it is considered for this event to occur is remote.

The contingent liability for the authority as at 31 December 2025 is in the respect of a guarantee placed on its leased Generators.

	2025 $	2024 $
Details and estimates of maximum amounts of contingent liabilities are as follows:		
Guarantees and endorsements	-	-

Notes to the Financial Statements

For the year ended 31 December 2025

Note 27 Measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Authority has access at that date. When available, the Authority measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Authority uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of relevant observable inputs and maximising the use of unobservable inputs.

The different levels have been defined as follows:

The fair value of generators and distribution assets were determined by external, independent valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the assets being valued. The independent valuers provide the fair value of the Authority's generation and distribution asset every 3 - 5 years. The fair value measurement for generation and distribution asset has been categorised as a Level 2 and Level 3 fair value respectively based on the inputs to the valuation technique used.

The following table shows the valuation technique used in measuring the fair value of investment properties, as well as significant unobservable inputs used.

Valuation technique	Asset	Significant	Inter-relationship
Cost to capacity approach	Generator & solar panels	Premium for customs duty, taxes and remote locations costs Ancillary property and equipment Depreciation rate applied.	The estimated fair value would increase (decrease) if: - Premium for customs duty, taxes and remote locations rate were higher (lower); and - Ancillary property and equipment were lower (higher). - Depreciation rates were lower (higher).
Indexation approach	Distribution assets and hydro	Depreciation rate applied.	The estimated fair value would increase (decrease) if: - Depreciation rates were lower (higher).

Note 28 Capital management

SIEA's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

In order to maintain or adjust the capital structure, SIEA may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Notes to the Financial Statements

For the year ended 31 December 2025

Note 29 World Bank Financing

a) Financial support received

SIEA has received financial support from the World Bank's International Development Association (IDA) on the Solomon Islands Sustainable Energy Project (SISEP) since July 2008 to improve operational efficiency, system reliability and financial sustainability of SIEA. However, this funding closed on the 31st March 2019. Further, the World Bank, through a multi donor trust fund, has also extended financial support on the Output-Based Aid (OBA) programme since August 2016, for increasing access to electricity services in low-income areas of Solomon Islands. In addition to the SISEP and OBA programmes, the World Bank through the IDA has provided further support under the Solomon Islands Electricity Access and Renewable Energy Expansion Project (SIEAREEP) since October 2018. SIEAREEP's objective is to increase access to grid supplied electricity and increase renewable energy generation in the Solomon Islands.

b) Grants

SIEA has received total grants of USD16,111,086 from these programmes since their commencement (2024: USD14,071,755). The 2025 balance consists of the following funds, IDA H9130 - USD1,948,784, IDA H4150 - USD3,834,859, TF A2923 - USD2,193,565, IDA 3270 - USD4,255,858.75, TF A7425 - USD2,941,551.72 and TF A718 - USD936,467.37.

c) Credit funds

SIEA has received total credits of USD312,120 from these programmes since their commencement (2024: USD6,238,061). The 2025 balance consists of the following fund, IDA 62500 - USD312,120. The credit funds are interest-bearing loans that are required to be repaid and are shown in the current and non-current liabilities as they are drawn down.

d) Use of the proceeds

The proceeds of the World Bank grants and credits have been utilised in accordance with their intended purpose as specified in their respective agreements.

A summary of the transactions that took place during the year is as follows:	**2025 USD**	**2024 USD**
DESIGNATED ACCOUNT		
Balance at 1 January	323,833	615,565
Receipts	1,879	346,504
Expenditure	(161,240)	(638,236)
BALANCE AT 31 DECEMBER	**164,472**	**323,833**
GRANTS		
IDA D3270	131,930	335,976
TF A7425	1,907,401	580,807
TF A7418	-	102,256
BALANCE AT 31 DECEMBER	**2,039,331**	**1,019,039**
CREDIT FUNDS IDA 53790		
Balance at 1 January	1,448,728	1,781,643
Principal repayments	(332,915)	(332,915)
BALANCE AT 31 DECEMBER	**1,115,813**	**1,448,728**

Notes to the Financial Statements

For the year ended 31 December 2025

Note 29 World Bank Financing (continued)

e) Project financial report	2025 USD	2024 USD	Cumulative (PTD) USD
BALANCE AT 1 JANUARY	**323,833**	**615,565**	**-**
SOURCE OF FUNDS			
IDA H4150	-	-	3,834,859
IDA H9130	-	-	1,948,784
TF A2923	-	-	2,193,565
IDA 62500	-	312,120	312,120
IDA D3270	131,930	335,976	4,255,859
TF A7425	1,907,401	580,807	2,941,552
TF A7418	-	102,256	936,467
IDA 53790	-	-	5,925,941
Bank refund	1,842	-	1,842
TOTAL SOURCE OF FUNDS	**2,041,173**	**1,331,159**	**22,350,989**
TOTAL AVAILABLE	**2,365,006**	**1,946,724**	**22,350,989**
USE OF FUNDS			
Component A	1,907,401	574,035	8,104,398
Component B	-	-	2,641,072
Component C	152,513	1,042,048	10,603,160
Component D	140,507	6,722	815,630
Component E	113	86	16,473
TOTAL USES OF FUNDS	**2,200,534**	**1,622,891**	**22,180,733**
NET DIFFERENCE	**164,472**	**323,833**	**170,256**
Exchange loss	-	-	5,784
CLOSING BALANCE	**164,472**	**323,833**	**164,472**

Note 30 Subsequent events

Late February 2026, escalating geopolitical tensions in the Middle East have contributed to increased volatility and upward pressure on global oil prices, with ongoing risk of supply disruption. As a price taker, SIEA remains exposed to fluctuations in fuel prices and supply interruptions. Sustained increases in fuel costs are expected to place upward pressure on electricity tariffs, which may affect customer affordability, consumption patterns, and revenue performance.

Management has implemented mitigation measures, including maintaining adequate fuel stock levels, discussing with alternative suppliers to diversify supply, and closely monitoring logistics and shipment schedules. SIEA is also working with the Solomon Islands Government (SIG) to explore relief measures, including Goods and Sales tax relief on fuel, to mitigate the impact of rising fuel costs and support tariff stability.