



2021 – 2023

STATEMENT OF CORPORATE OBJECTIVE AND COMPANY BUSINESS PLAN

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1. CEO's FORWARD

Airlines are extraordinarily complex businesses. The profit margin in good times seldom exceeds 5% for a few exceptional airlines. The mandatory cost of ensuring safety, fuel and staffing is high. The market is subject to a wide variety of constraints including the economy and Government legislation such as travel restrictions etc.

In November 2019 we were looking forward to a year of growth in the Brisbane – Munda – Brisbane market, the arrival of the new leased A320 as well as the arrival of the first Twin Otter X2HG aircraft. The measles outbreak in Samoa in October 2019 affected the Solomon Islands with travel restrictions being imposed in December. This was followed by COVID-19 travel restrictions in January. No airline could have envisaged the impact the pandemic would have on the travel industry which has also affected all business houses in the Solomon Islands. The closing of borders has had dramatic impact on the economy leading to a 50% reduction in domestic passenger numbers.

Solomon Airlines acted immediately on being advised that all international flights would cease on 27 March. Every cost saving initiative possible was put in place. Measures included the reduction of staff coupled with an initial 50% salary reduction, the renegotiation of many contracts and working with creditors to keep them onside whilst we found money to pay them and entering the international charter market.

Because of the significant uncertainty facing the travel industry in the coming years, the aim for 2021 is simply to survive. Assuming the airline survives the ongoing travel restrictions, it will be well positioned to grow from 2022 onwards. Examples of the turmoil in the Airline industry include Korean Air purchasing Asiana Airlines, the closing of Air Asia – Japan, the talks between Japan Airlines and All Nippon about a possible merger, Norwegian Air is on the brink of insolvency, Jet Airways closed etc.

If we are to remain afloat it is vital, we adopt and exercise a “survival at all costs” mentality with strict control over costs across all functions and vigorously pursuing charter work with the Airbus A320. This is reflected in our strategic plans.

Solomon Airlines is extremely grateful for the support received from the Solomon Islands Government which has allowed our continued operations, albeit at reduced levels and this support has gone a long way to ensure we continue to provide an economic lifeline to the Nation.

The Pacific regional Infrastructure Facility (PRIF) analysed aviation in the South Pacific post Covid-19 and have made several recommendations, one of which is to find a regional solution to post COVID-19 problems. IOS Partners have a team of highly experienced airline consultants who published a significant report on aviation in the Solomon Islands and highlighted numerous deficiencies. The team is now working on developing a strategy for Solomon Airlines which will be completed early in 2021.

An additional challenge for the Solomon Islands aviation industry is the recent resignation of two key staff members from CAASI.

As stated in the past Statement of Corporate Objectives, Solomon Airlines will continue to focus on safe operations, looking after its people, clients, suppliers and shareholders. We will also refine and improve processes, eliminate wastage, and ensure that all assets are used to their fullest whilst seeking new business.

2. CORPORATE (Including Human Resources, Admin and Legal)

2.1 Organization Restructure

On 27th March 2020, the Solomon Islands Government suspended all Solomon Airlines Ltd scheduled international operations due to the impact of the COVID-19 Pandemic. In addition, the airline was forced to scale down scheduled domestic flights. As a result, many staff were stood down immediately and in October 2020 some sixty (60) staff members were retrenched following guidance from the Department of Labour. This decision has been challenged and may now end up with the Trades Dispute Panel.

The retrenchment process considered the requirement for ongoing operations at a reduced level of activity whilst retaining sufficient trained staff to be able to ramp up operations as and when COVID-19 travel restrictions are lifted. The current staff complement includes many who work on a rotational basis of 2 weeks on 2 weeks off or 1 month on 1 month off. This ensures that a quick return to normal business can be accomplished without significant retraining.

The following steps are planned for 2021:

- a. Update the airline's business strategy taking the latest COVID-19 information and restrictions into account
- b. Identify strengths and weaknesses in current organizational structure and adjust as required – end January 2021
- c. Reconsider the distribution of work throughout the airline and relationships between the various functions and departments and adjust as required
- d. Prepare to adjust plans as circumstances change

2.2 Reporting

In accordance with the provisions of the State-Owned Enterprises Act of 2007, the airline will provide to the Honorable Minister of Finance of Treasury: -

- a. A Statement of Corporate Objectives – due no later than 30 November 2021/22/23
- b. An Annual Report – submitted to Minister of Finance and Treasury on completion of audit and signing off by the Auditor General 2021/22/23
- c. A Half Yearly Report – within two months following end of the first half of the financial year i.e. by end of August, each year 2021/22/23

2.3 Meetings

2.3.1 Board of Directors Meeting

The Board of Directors of Solomon Airlines Ltd has planned to meet on the last Wednesday of each month.

At each Board meeting, the Chief Executive Officer is required to provide a detailed presentation on the status of the airline together with progress made against planned activities and important relevant matters arising.

2.3.2 Executive Committee (EXCO)

In the past, EXCO met a day prior to the board meeting and in October 2020 changed to daily conference calling between senior management due to the ever-changing

environment brought about by the pandemic. Daily calls will continue until no longer necessary.

2.3.3 Civil Aviation Authority of Solomon Islands (CAASI)

Regular briefings will continue as and when required.

2.3.4 Annual General Meeting (AGM)

It is planned to conduct the annual general meeting of shareholders and the Board during the last quarter of 2021/22/23.

2.4 Graduate Trainee Program

Due to the impact of the pandemic which resulted in the retrenchment of some sixty (60) staff members, the airline will not be engaging any additional staff and the graduate trainee program will be placed on hold and reviewed late 2021.

2.5 Remuneration

All staff of Solomon Airlines agreed to a 20% salary cut from October 2020. No CPI increase is planned for 2021. The position will be reviewed during the preparation of the 2022 business plan.

2.6 Staff Appraisals

Staff appraisals are directly linked to this Business Plan in terms of training, succession planning and budgets. KPI's will be agreed to by respective individual staff members and management in January 2021 for formal annual appraisal in October 2021 prior to the drafting of the Statement of Corporate Objectives 2022 and the 2020 – 23 Company Business Plan. This will provide a review of succession planning process and drafting of definitive training needs and analysis together with budgetary provisions. Mid-term appraisal reviews will be conducted in July/August 2021 followed up with annual appraisals in October 2021.

2.7 Community Service Obligations

As the National Carrier and a State-Owned Enterprise, the Airline is required to provide regular service to some 24 provincial airports. Many of these are not profitable in their own right in spite of revised scheduling and diversions as appropriate. SIG continues to provide financial support by way of annual CSO contribution towards cost of servicing unprofitable routes. This funding follows on submission of a CSO application required to be submitted for consideration to the Economic Reform Unit in November of each year.

In this regard, many provincial airstrips have not been properly maintained for many years resulting in far higher than budgeted maintenance due to poor runway conditions reinforcing the airlines need for CSO funding.

2.8 Property

2.8.1 Leases

- a. Eighteen (18) property leases approved have been for renewal by the Ministry of Lands, Housing and Survey now (MLHS) and are awaiting document processing. All other property leases have been finalized.
- b. Solomon Islands Airport Corporation Ltd (SIACL)

- c. Five (5) of the above properties will be transferred to the newly formed State-Owned Enterprise, SIACL during the plan period as part of formally uniting all leases surrounding the Henderson airport.

2.9 2023 South Pacific Games Roadworks Project

Road expansion from Town Ground to White River (upgrade from two lanes to four lanes) will have minor effect on the Tandai property parcel no. 191-006-3 and 191-006-43. A Memorandum of Understanding was signed between the Solomon Islands Government represented by the Ministry of Infrastructure Development together with the Ministry of Lands, Housing and Survey and Solomon Airlines Ltd.

The road upgrade will result in the fence of both parcel numbers moved inward to the property. Replacement of the fence will be at the cost of MID. The total impacted fencing area for both parcel numbers amounts to 164.249m² with a total calculated compensation of SBD\$49,274.40. The MID road project is about to go for online tender in November 2020 with roadworks to commence in 2021.

2.10 Legal Cases

2.10.1 Debt Recovery

Recovering of debts has been too slow over past years. The Company delegated its Legal Department to focus on recovering debts from internal and external customers in order to assist the Debt Officers in Finance Department. A total of SBD\$362,521.70 has been recovered to date. Remaining debts will be addressed during the plan period.

2.10.2 Trade Dispute Panel

There is one (1) outstanding TDP case. We will be applying for a hearing in 2021.

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3. IT / Management Information Services

The IT/MIS Department strives to anticipate the technological needs of the Company by looking beyond traditional services and systems, to provide innovative services and comprehensive support to our staff (Both in-country and offshore offices). We are committed to providing proactive and informed planning for the needs of Solomon Airlines. The yet to be developed and anticipated IT Steering Committee will facilitate the implementation of the plan through communication with the various organizational functions and departments to identify technology needs, ensure efficient planning and encourage the strategic use of information technology resources. Data governance will support more accurate and timely reporting, which in turn, will help enable more efficient and strategic decision-making. The IT Department will be better equipped to support more function with greater collaboration and strengthen the delivery of IT services to the organization.

The planning and development process for the Information Technology Services' Strategic Plan was intentionally a collaborative effort with all IT personnel. The ideas on how to improve from where we are today to the vision for our future included thoughtful input from across the IT staff who participated in an exercise to identify strengths, weaknesses, opportunities and threats, including analysing and collating the data from these activities to develop the framework for the IT Strategic Plan 2021 -2023.

The strategic plan is designed around two major areas aligned with the broader Company's strategic plan endorsed by the Board. Our dedication to the promotion of the Company's goals will be visible to the Company by our increasing coordination, communication, and collaboration of technology initiatives across the organization.

Strategic Priority 1:

Attract & Retain Facilitate Organizational Effectiveness, Efficiency, and Innovation

Strategic Priority 2:

Educate, Advance, Research, Enable Innovative, Research and Educate Enable Digital workplace, Organize, and Engage Modernize Information technology and Business Systems

3.1 Facilitate Organizational Effectiveness, Efficiency, and Innovation

The IT Department is optimistic and will develop operations and infrastructure to provide top class information technology, analytics, and digital services to support and enable the organization to fulfil its vision.

Ensure resiliency by enhancing planning and infrastructure designs to reduce the impact of a disaster on technology resources.

- Further, develop the information technology, governance model.
- Enhance our security processes, protections, and awareness programs
- Foster and develop a skilled and dedicated information technology workforce.
- Create an agile information technology infrastructure to meet the current and future needs of the Company.
- Modernize key enterprise applications and services to ensure they are user-friendly, robust, secure, and reliable.
- Deliver a comprehensive customer service experience; actively engage with campus to deliver meaningful services and support

- Automate organizational processes and seamless integration.

3.2 Enable Innovations

- Deliver innovative and effective technologies, resources, and services to enhance productivity
- Enhance and expand online solutions and databases to provide better accessibility to important operational data
- Provide technology and support to enrich the work environment
- Investigate and implement emerging technologies to enhance work effectiveness and productivity
- Provide integration and support for the utilization of predictive analytics to foster a better understanding and optimized decision making.

3.3 Modernize Information and Business Systems

Provide modern, flexible, and integrated business information systems to support a complex, growing Company and increase operational effectiveness while continuously improving quality.

- Improve the efficiency and effectiveness of the Company operating units through business process reengineering.
- Provide support for the establishment of company-wide data management, data analytics and enterprise reporting programs.

3.4 Key Metrics

a. Engagement

Data documenting our engagement with stakeholders demonstrating increased communication, collaboration, and knowledge-sharing with IT serving as a trusted strategic partner.

b. Alignment:

Tracking utilization of IT Governance through the IT Steering Committee for collaboration, alignment, and prioritization of technology initiatives for better capacity and capability management.

c. Infrastructure

Optimizing the use of cloud services and vendor partnerships to provide improved resiliency and availability of critical technology systems and infrastructure.

d. Information Security

Implementing an effective security program through a principled and measured approach to reduce information security risk while championing a sustainable and effective security culture in the Company

e. Meaningful Services

Surveying data collected from staff to assess the delivery of IT services that meet the organizational needs and enhance and support innovation and research initiatives.

3.5 Objectives and Outcome

	KEY OUTCOME	PROPOSED STRATEGIC ACTION	TARGETS	BUDGET (SBD)
<i>Setting the Foundation in Digital Transformation</i>				
1	Communication Tools	Flysolomons.com.sb email users to be migrated to a cost-effective robust and scalable email service, in the cloud. Add more employees without email addresses for optimal engagement		\$15,000.00
2	PaaS - Platform as a Service	Venture into Platform as a Service (cloud computing) and develop applications to automate processes and workflows. Seamless access to operational information via any device at any time, optimizing productivity anywhere and anytime.		\$25,000.00
3	VMware One (300 Users)	Securing and managing all company approved applications on all company computers. Centralized management and provisioning of applications and services.		\$25,000.00
<i>Setting the Foundation in Cybersecurity</i>				
	Asset Management - Hardware/Software	Develop policy, procedures, asset inventory, automated workflows to manage the entire lifecycle of IT assets (both hardware and software)		\$10,000.00
5	Configuration & Change Management	Develop policy, procedures and processes that protect unauthorized modifications to technology assets, ensuring trust and integrity		\$20,000.00
6	Service Continuity	Develop policy and procedures, techniques and best working practice, to ensure business continuity in unforeseen disasters and pandemics.		\$200,000.00
7	Vulnerability Management	Develop policies, procedures and practices to manage hardware and software vulnerabilities to ensure all assets are patched on time.		\$80,000.00
8	Risk Management	Intergrade CSSA risk management metrics and processes, which should be in the fore-front of any development		\$20,000.00
9	Controls Management	Ensure that access to critical information is restricted. Policies and procedures should be implemented and best practice techniques.		\$20,000.00
10	Training & Awareness	IT staff training and employees training will be done every quarter. To all staff, including Provinces and offshore offices.		\$10,000.00
<i>Hardware Equipment's</i>				
11	NAS & Data Storage (4)	Part of "Service Continuity" – Item #6 above		
12	Laptops	Replacement of old or faulty laptops		TBC

13	Desktop Computer Sets (Nuke)	Replacement of old or faulty computers		TBC
14	Video Conference Monitor	Replacement for HO projector, the project LAMP is showing signs of running out. An LCD screen will be acquired instead		\$20,000.00
15	Servers	Replacement server for BNE, HO and Point Cruz – given if commercial team went down to Point Cruz		TBC
16	Standalone UPS			\$24,000.00
17	Electronic Door System	Replacement of the current electronic door system and adding cargo and domestic.		\$50,000.00
	Peripherals	External Hard drives, USB sticks etc.		\$10,000.00
18	CCTV Systems			\$50,000.00
19	Network Hardware's			TBC
Software & Licenses				
21	OS - Windows 10 - (200)	Acquire genuine copies of OS		\$200,000.00
22	MS Office 365 (300)	Acquire genuine copies of MS-Office 365		\$30,000.00
23	Endpoint Security (Kaspersky)	Antivirus solution		\$42,000.00
24	Helpdesk Support	Automated helpdesk system (e.g. Freshdesk, Zoho Desk etc.)		\$10,000.00
25	Remote Support	Licensed Remote support software (e.g. TeamViewer, Zoho Assist etc.)		\$10,000.00
26	IT Software Utilities Licenses	Essential licensed software utilities (e.g. Acrobat, Hard Disk Utilities etc.)		\$20,000.00
Staffing Requirements				
1	Research & Development Software Programmer	A multi-talented software engineer who is dedicated for R&D and Software programming, automating workflows and processes		\$100,00.00
2	IT Support & Customer Services	Helpdesk support needs to be improved, and another person is required to assist in computer troubleshooting, leaving other roles to focus on their job description		\$60,000.00

4. CORPORATE SAFETY, SECURITY AND AUDIT ADMINISTRATION (CSSA)

The Corporate Safety, Security and Audit department is hard pressed to ensure that the COVID-19 enforced changes in the business remain safe. Whilst many departments have lost staff, all staff in the CSSA department are still employed to ensure that this essential function is managed efficiently.

4.1 Annual 2021 Audit Plan for Operational Areas

Ref No:	Operational Area	2021											
		J	F	M	A	M	J	J	A	S	O	N	D
1	Aircraft Operating Certificate (AOC) Organization – Organisation ~ Part 119/121/125												
2	Flight Operations												
3	1. International ~ 119/121 + Flight IATA Operational Safety Audit (IOSA)												
4	2. Domestic ~ 119/125/121												
5	Cabin Crew Operations												
6	1. International ~ 119/121 + Cabin (IOSA)												
7	2. Domestic ~ 119/121												
8	Flight Dispatch – Dispatch ~ IOSA												
9	Maintenance Control ~ Part 119/121 Maintenance ~ IOSA												
10	Ground Handling ~ Ground Operations IOSA												
11	Cargo ~ Cargo Operations + Regulated Air Cargo Agent (RACA) Part 109												
12	Security ~ Security Operations + Part 108												
13	Contracted Service Providers:												
14	• MEMIKO												
15	• Heston												
16	• Training Simulators												
17	• Training Facilities / Providers												
18	Contracted Service Providers @ International Ports												
19	• Brisbane												
20	• Tarawa												
21	• Nadi												
22	• Vila												
23	• Honiara												
24	Solomon Airlines Maintenance Control - Part 119/121												
25	Solomon Airlines Maintenance Organisation - Part 145 Base												
26	Solomon Airlines Maintenance Organisation - Part 145 Line												
27	Follow-up audits												
		J	F	M	A	M	J	J	A	S	O	N	D

Ref No.	Audit Modules	2021				2022				Notes & Comments
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
1	Aircraft Operational Certificate (AOC) Organisation – Organisation ~ Part 119/121/125									
	1. Management & Control									
	2. Documentation & Records									
	3. Safety Management									
	4. Emergency Response									
2	Flight Operations									
3	International ~ 119/121 + Flight (IOSA)									
	1. Management & Control									
	2. Training & Qualification									
	3. Line Operations									
	4. Operations Engineering Specifications									
4	Domestic ~ 119/125/121									
	1. Management & Control									
	2. Training & Qualification									
	3. Line Operations									
	4. Operations Engineering Specifications									
5	Cabin Crew Operations									

6	International ~ 119/121 + Cabin (IOSA)								
	1. Management & Control								
	2. Training & Qualification								
	3. Line Operations								
	4. Cabin Systems & Equipment								
7	Domestic ~ 119/121								
	1. Management & Control								
	2. Training & Qualification								
	3. Line Operations								
	4. Cabin Systems & Equipment								
8	Flight Dispatch – Dispatch ~ IOSA								
	1. Management & Control								
	2. Training & Qualification								
	3. Line Operations								
	4. Operational Control Requirements & Specifications								
9	Maintenance Control ~ Part 119/121 Maintenance ~IOSA								
	1. Management & Control								
	2. Maintenance Control								
	3. Technical Records								
	4. Maintenance Organizations								
10	Ground Handling ~ Ground Operations IOSA								
	1. Management & Control								
	2. Training & Qualification								
	3. Ground Handling Operations								
	4. Special Aircraft Ground Handling Operations								
11	Cargo ~ Cargo Operations + RACA Part 109								
	1. Management & Control								
	2. Training & Qualification								
	3. Acceptance & Handling								
	4. RACA Specific items (Part 108 / Part 109)								
12	Security ~ Security Operations + Part 108								
	1. Management & Control								
	2. Training & Qualification								
	3. Security Operations								
	4. Security Threat & Contingency Management								
	Contracted Service Providers:								
13	• MEMKO								
14	• Heston MRO Pty Ltd								
15	• Training Simulators								
16	• Training Facilities / Providers								
	Contracted Service Providers @ International Ports								
17	• BNE - Brisbane								
	○ MNT – Heston MRO Pty Ltd								
	○ GRH – Menzies								
	○ CGO – Loaders & Packers								
	○ Fuel Ops - Caltex								
18	• TRW - Tarawa								
	○ GRH – Air Kiribati								
	○ CGO – Air Kiribati								
	○ Fuel Ops – KOIL								
19	• NAN - Nadi								
	○ GRH – ATS								
	○ CGO – ATS								
	○ Fuel Ops – JUHI (Pacific Energy)								
20	• VLI – Port Vila								
	○ GRH – NF								
	○ CGO – NF								
	○ Fuel Ops – Pacific Energy								
21	• HIR – Honiara								
	○ GRH - IE								
	○ CGO - IE								
	○ Fuel Ops – South Pacific Oil								
22	Solomon Airlines Maintenance Control - Part 119/121								
	1. Management & Control								
	2. Maintenance Control								
	3. Technical Records								
	4. Maintenance Organizations								

23	Solomon Airlines Maintenance Organisation - Part 145 Base								
	1. Maintenance Organisation Manual								
	2. Personnel Requirements								
	3. Facility Requirements								
	4. Equipment, Tools & Materials								
	5. Maintenance Control Procedures								
	6. Authorization Procedures								
	7. Continued Compliance								
	8. Records								
	9. Occurrence Reporting								
	10. Continued Airworthiness								
	11. Aircraft Undergoing Maintenance								
	12. Products & Parts Suppliers								
	13. Hangar Equipment								
	14. Internal Quality Assurance								
24	Solomon Airlines Maintenance Organisation - Part 145 Line								
	1. Personnel Requirements - Authorisations								
	2. Equipment, Tools & Materials								
	3. Transit Certification Procedures								
	4. Records								
25	Follow-up audits								
	1								

4.2 Audits

Thirty (30) audits to be conducted from 2021 to 2022. Minimum days per audit is 3 days:

- Regulatory Audits
- Service Providers Audit
- IOSA – IOSA Standards and Recommended Practices (ISARPS) All disciplines
- Maintenance Q/A 145, IE /ATS/AMSA
- Publications – MEMKO
- OUTPORT Inspections /Station Audits – Local
- Codeshare Partners
- ST Aerospace
- SP Oil
- Heritage
- Alpha catering
- Menzies
- Shell co (Australia)
- Fuel Supplier Nan, VLI
- Cargo GSA BNE Packers and Loaders

Audits will cover the following ports – Brisbane, Melbourne, Nadi, Fiji, Vila and Auckland.

From January 2021 to February 2021, all corrective actions for the IOSA Audit to finalised.

Consultancy – for external Auditor providers

FDA Programme

- A320
- DHC8
- Staff Training

4.3 Recurrent Training for Auditors

Due to change of auditing systems:

- Management Skills
- Lead Auditors recertification ISO 2015 (SouthPac Aerospace- BNE)

4.4 New International Aviation Transport Association (IATA) Publications

- Dangerous Goods (DG) 2021 ISSUE, Airport Handling Manual, IGOM, Cargo Perishable, Live Animals Carriage: AUD5000.00
- IATA Posters

4.5 Security

Aviation Security (AVSEC) ID cards Renewals

Position Upgrade and reporting line to CEO

5. GROUND OPERATIONS

Ground Operations is responsible for everything that happens with the aircraft whilst on the ground. This includes passenger check-in and boarding, baggage acceptance and sorting, the loading and unloading of baggage and cargo on the aircraft, receipt and dispatch of the aircraft, catering, cleaning, refuelling, toilet and water servicing, and much more.

Ground Operations covers not only Solomon Airlines flights domestically and internationally, but also all other carriers that operate through the Solomon Islands. These prior to COVID-19 included Air Niugini, Virgin Australia, Fiji Airways, Nauru Airlines, and any adhoc or itinerant flights that come through the Solomon Islands.

At this stage, we are unsure which airlines will resume services to the Solomon Islands, and when.

5.1 Ground Handling

Ground Handling can be an extremely good profit centre for the Company, but it relies very heavily on Ground Servicing Equipment (GSE) and staff. The biggest challenge we currently face is the age and condition of our existing GSE. Other challenges include staffing issues, and the condition of the facilities.

5.1.1 GSE

- a. Firstly, we aim to replace several pieces of equipment. This is an ongoing project that commenced Q3 2019, with the purchase of two second-hand belt loaders from Australia at the cost of \$23,000 AUD each.
- b. A significant example of issues we face with the equipment is the handling of wheelchair-bound passengers. We have a Disabled Person Lifter (DPL) which was originally provided by Pacific Blue, then purchased by us when they shut down. This unit works well on the Boeing 737's but does not reach the higher doorway of the Airbus A320 that we operate. As a result, we use the DPL to lift the passenger into the catering truck, then wheel them through the catering truck and onto the aircraft that way. There have been numerous occasions when we have had to carry passengers up and down the stairs due to the catering truck being broken. We also do not have any kind of DPL in Munda.
- c. Through New Zealand's Volunteer Services Abroad program, at minimal cost to the company a mechanic was acquired. This retired mechanic worked with our two GSE mechanics, training, motivating, and assisting them with the servicing, repairing, and maintenance of the equipment. He was also in the process of assisting them to develop a robust preventative maintenance program which is designed to improve the reliability of the equipment. For too long, the equipment has only been looked at when it was broken. We are trying to avoid that by pre-planning and staying ahead of the maintenance requirements. Despite the volunteer having a 2-year contract with us, he was sent back to New Zealand in February 2020 due to Covid-19.

5.1.2 Staff

Staff training and attitude is a huge part of ground handling. Some of the areas our staff need to be trained in include recognising Dangerous Goods, Customer Service, Aircraft weight and Balance, Load Control, Safety, Security, Reservations systems, Ticketing, Sales, Check-in systems, Airport Driving, GSE use, Baggage Handling, and many more. Because we

handle other airlines, our staff must not only do our own internal training, but they also do the training required by the airlines that we handle.

5.1.3 Facilities

Our operating environment is managed by the Ministry of Communication and Aviation, who look after all the airports and facilities in the Solomon Islands. Unfortunately, the travelling public do not realise this, so the airline gets the blame for things like the International Check-in area being extremely hot, due to none of the fans working, or no toilet paper and detergent in the toilets. These are just minor things that could easily and cheaply be fixed, but no-one at MCA seems to have the motivation to do it. Other simple things like general tidying of the counters, painting, and such like, we as the airline have offered to do ourselves, but MCA have rejected our offer, as it is their responsibility, however, then it never gets done.

The terminals are one thing, and they are easily fixed. However, the greater issue is the condition of the domestic runways. Due to lack of maintenance, we have shut down numerous airports, and continue to do so on a regular basis. One problem is that MCA have issued the maintenance contracts for some airports in the provinces to people who live in Honiara. The grass does not get cut because the contractor isn't there to do the work. We stop flying because the grass is too long, rendering it is unsafe. The net result of that is that the contractor cannot fly back there to fix what should never have been a problem in the first place.

Other issues are poor design (lack of drainage) and potholes due to lack of maintenance. The wear and tear on the aircraft due to potholes is excessive, which increases our maintenance costs and aircraft downtime. We also cancel a lot more flights than we should have to due to poor drainage. Some runways need less than 5mm of rain to render them unusable.

5.1.4 Catering

All of our catering is sourced from professional airline catering companies in Brisbane, Nadi, or a local hotel here in Honiara.

The high-lift catering truck that delivers catering to the aircraft is in dire need of replacement. It breaks down regularly, meaning that all the heavy catering carts must be carried by hand up and down the stairs. This is not only an OH&S issue for the staff, but it also takes time, causing delays to our scheduled flights.

The catering department also handle the aircraft interior cleaning. We would like to furnish them with better equipment and training to enable them to do a better job of keeping the aircraft clean. It is well known that first impressions last, and it is important to project a good image by having our aircraft clean and presentable.

5.1.5 Operations Control Centre

The Operations Control Centre (OCC) project was started in 2017 and has been running operationally since late 2018. It is staffed by a group of highly qualified and experienced individuals. The main function of the OCC is to collate and disseminate data. By having the OCC as a central point for the flow of information, the decision makers in the OCC are in the best possible position to make operational decisions that will be in the best interests of

the company and our passengers. Making smarter decisions based on having all the information on hand saves the company a significant amount of money through minimised disruptions and quicker recovery.

The OCC also tracks the aircraft in flight, so management know where the aircraft are at all times, with the exception being the Dash 8. This is an important tool for safety, and also for monitoring of flights to be ahead of things if there are turn backs or diversions.

The OCC isn't running as efficiently as it should be due to some limitations with the software program that we are using, and also the lack of an effective radio communications system. We have budgeted to install a new comms system to sit on each desk which will enable to operator to monitor multiple channels. This will enable them to talk to the aircraft, refuellers, ground handlers, and transport vehicles.

The issues with the software are being worked through with the provider.

5.2 Strategic Objectives for 2020 – 2021

Key Strategic Outcome	Proposed Action Plan	Performance Target	Budget
Replace Conveyor Belt Loaders	Source 2 suitable new / used belt loaders	Q3 2019 - COMPLETED	AUD \$60,000 (cost \$46,000)
Replace Pallet Loader	Source a suitable used JCPL	Q2 2021	AUD \$200,000
Replace Catering Truck	Source a suitable used Catering Truck	Q3 2021	AUD \$120,000
Replace Baggage Tugs	Source 2 suitable new / used baggage tugs	Q1 2021, Q3 2021	AUD \$40,000 each
Acquire 2 Passenger Aid Units	Source two appropriate new / used PAU's for HIR and MUA	Q4 2021	AUD \$30,000 each
Acquire Communications Equipment for OCC	Source appropriate comms equipment for the OCC	Q1 2021	AUD \$20,000
Upgrade Airport Facilities	Continue working with MCA trying to get facilities improved	Q1 2021	AUD \$12,000

6. INTERNATIONAL FLIGHT OPERATIONS

6.1 Budget

2020 was significantly affected by the Covid-19 pandemic. As a small company, Solomon Airlines Limited (SAL) has continued to operate and this in itself is a great milestone. Numerous charters have been completed to places as far off as China well out of our standard area of operation. These achievements could not have been possible without the commitment and dedication of the staff and our regulator CAASI.

We have implemented many operational changes to the way we do things in a safety conscious manner. SAL's aim for 2021-2023 is to focus on the airline becoming a proactive operational charter, cargo and passenger airline organization.

2021-2023 challenges will be met with open minds and lateral thinking proposals to maintain our business for the coming years.

6.2 Financial Management

MFO fiscal management is limited to training costs. The simulator training expenses are relatively fixed costs as these are regulatory requirements that must be met.

6.3 Cargo

12 Cargo Seat-packs were purchased allowing the transport of Cargo on Passenger Seats together with passengers in the main cabin. Cargo is flown between Brisbane and Honiara every Friday.

6.4 Competition

Competition is unknown at this stage however Virgin have indicated services to Honiara will commence in 2021.

6.5 Regulatory Issues

All operations will be managed in accordance with the regulations.

The IOSA audit will be carried out remotely.

6.6 Operational Issues

It will be essential to work with all parties to restore Munda as an alternate airport for Honiara. This will require having fuel available in Munda along with all the required lighting. Some of the lighting was removed due to a dispute between MCA and the landowners making Munda unsuitable for night operations. South Pacific Oil remove the refuelling facility after COVID-19 shut down international operations.

7. DOMESTIC FLIGHT OPERATIONS

7.6 Flight Administration Manual (FAM)

The FAM will be reviewed and updated in accordance with manual amendment policies and procedures as per exposition. The next review is due on 31st May 2021.

7.7 Staffing

A total of 21 pilots have been engaged to operate our scale down domestic schedule and fleet and as such is satisfactory to fill our current requirements due to COVID 19 pandemic.

We will however be reviewing further recruitment of Solomon Islander pilots which is on-hold due to COVID 19 until further advised and in particular if plans to upgrade two (2) of our National pilots to the International A320 operation come to fruition.

7.8 Proficiency Flight Checks

7.8.1 DHC-Simulator (SIM) Planning

Simulator training for the Dash 8 flight crew is required to be carried out six (6) monthly. Two (2) crew are required to undergo intensive two (2) four (4) hour simulations over two days each programmed training session.

In this regard Dash 8 SIM slots for 2020 have all been cancelled because of COVID 19 and dates for further SIM training will be reviewed pending COVID 19.

However, when SIM training resumes, the following will be the cost for a total of 10 slots per annum.

7.8.2 Estimated Cost

Travel - BNE/ MEL/BNE x28 Pax @ AUD \$400= \$11,200

Duty Travel Allowance - 28 x 5 Nights x AUD \$90= \$12,600

Accommodation - MEL 28 x 2 nights x AUD \$150 P/N= \$8,400

BNE 20 x 1-night x AUD \$150 P/N= \$3,000

SIM Charge - 20 DAYS x 4 HRS x AUD \$1,000 P/check= AUD\$ 80,000

Estimated Cost per Annum AUD \$115,200.00 (SBD \$670,000.00)

SIM training will focus on Line Orientation Flight Training (LOFT) on each of the first day of slotted sessions followed by base training on day 2.

a) Check and Training/Instructor Pilots (C + T)

Minimum numbers of Check and Training Captains and Instructor Captains required to cover all contingencies are as follows:

	<u>Twin Otter</u>	<u>Dash 8</u>
Check + Training Captains	2	2
Instructors	2	2

Currently we have C+T Pilots	1	Nil
Current Instructors	1	2
Current expatriate C+T pilots (NB. Nil expat in country due to COVID 19)	1 Twin otter	2 Dash 8

There is a need to maintain the minimum levels and this plan provides for identifying and training candidates from within our ranks of Solomon Islander Pilots.

b) Instructional Technique Training Course

This course, acceptable to the Director of Civil Aviation Authority of Solomon Islands (CAASI), to assist the Airline develop their own crew with the necessary instructional skills to become Flight Instructors. This is an important part in becoming Flight Examiners once all other requirements have been met.

Training consists of 4-5 days of classroom training with an Instructor approved by CAASI and a Flight test by CAASI FOI. The individual crew will be given a CAT D Instructor rating as per CAR 61.305 (d). Training is planned to be undertaken in quarter 1 2021.

7.8.3 Air Transport Pilots Licence (ATPL)

The Civil Aviation Act of 2008, states that is mandatory for all Twin Otter and Dash 8 captains to hold an Airline Transport Pilot Licence ATPL. In March 2018, Solomon Airlines Ltd introduced an ATPL study assistance scheme open to those pilots seeking to acquire the higher category license necessary not only to command an aircraft but essential if aspiring to upgrade to the Dash 8 endorsement and then proceeding on to first officer on the Airbus A320. All current Captains are now ATPL holders whilst our current First Officer holds Frozen ATPL i.e., they have all passed subjects for an ATPL license and are awaiting the flying experience and a flight test to upgrade to a full ATPL. It is worthwhile noting persons wishing to join the domestic flight operations team will only be considered if they hold a current ATPL License or a passed in all ATPL subjects.

To gain an ATPL a Pilot must undertake 100 of night hours flying. Part of the NZ government's project to upgrade the Munda airstrip has been to install lighting. This would have been of immense benefit to improving Airline efficiency through far more effective scheduling and Aircraft utilization. It would have also assisted local pilots to achieve the required night flying experience. The final hurdle was to install Obstacle Lights early in 2020. The airport was approved for night flying around the time that COVID-19 stuck so no night flying took place. Landowners removed these obstruction lights in August 2020 due to a dispute over not being paid for the trees which had been felled in the approach areas of the runways.

7.9 Aircraft Fuel (see also International Flight Operations Munda)

Maintaining stocks of fuel on site a provincial Airport is quite expensive. In order to ensure trouble free operations SAL is required to have free operations SAL is required to have fuel stored at the following locations:

AIRPORT	INCIDENTIAL \$ EXPENSE PER DRUM	DRUMS REQUIRED PA.	ADDITIONAL TOTAL EXPENSE
MUNDA	SBD \$380	800	SBD \$304,000.00
GIZO	SBD \$380	3600	SBD \$1,368,000.00
KIRA KIRA	SBD \$400	400	SBD \$160,000.00
SANTA CRUZ	SBD \$450	300	SBD \$135,000.00
LOM LOM	SBD \$500	150	SBD \$75,000.00
			TOTAL: SBD \$2,042,000.00

- Incidental expenses include the deposit on drum/ part refund of deposit, freight of drums to/ from destination.

These figures highlight further added value with the introduction of the re- lifted Twin Otter (DHC-6X2 HG) (available through Ikhana featuring increased gross take-off weight and allowing for extra fuel carried together with extra passengers and cargo.

Munda

Once South Pacific Oil provide a refuelling facility at Munda further cost savings will be generated. It was expected this would be in place in 2020 but was deferred due to COVID-19 and cancellation of International services to Munda.

7.10 Domestic Flight Operations Scheduling

It is essential SAL ensures:

- 100% pilot roster coverage on al scheduled domestic flights
- Flight schedules are based on frequency and yield whenever possible
- Development of community Service Obligations analysis.

This is in line with and contributes towards the Airline's On Time Performance (OTP) targets.

The plan provides for:

Ensuring that the pilot's roster adequately caters for the schedule. This can only be achieved by liaising with Operations Control Centre. Extra flights and charters are to be confirmed with crew availability. Domestic fleet captain must be involved with new schedules to ensure all time intervals are correct and crew usage and duty hours are kept to appropriate levels.

Currently, Solomon Airlines is operating on a scale down domestic schedule due to the effect of COVID 19and whenever possible is not scheduling weekend services. Little will change in this regard until mid to late 2021

7.11 Lighting of Munda Airstrip

At time of preparation of SAL's SCO & Business Plan 2021-23, the three (3) obstacle lights removed by disgruntled landowners have yet to be re-installed. We will continue to actively pursue this work being carried out in 2021. Benefits include:

- More effective scheduling particularly better connectivity with international operations
- Ability to enable Domestic Pilots to meet the requirement of 100 hours night flying in order to complete their ATPL
- Munda becomes an alternate Airstrip for Domestic Operations during poor Weather conditions.

7.12 Cockpit Resource Management (CRM)

CRM is a vital factor in airlines mechanism of risk management of accidents and incidents. As the majority of these issues can directly be attributed to human error, it is important relationships and skills in handling all types of situations and aircraft crew's knowledge and responsibilities are well versed. There is a worldwide emphasis of CRM training (initial and recurrences).

CRM training for all crew is due in October 2021. Training for new flight crew will be conducted as and when required.

7.13 Condition of Domestic Airstrips

Now of some serious concern in terms of safety, significant increase in maintenance costs and increasing number of cancelations due to weather. A separate special project detailing condition of the various provincial airstrips, supported by photos, is being prepared for submission to the respective authorities and stakeholders in early 2021.

8. ENGINEERING

Aircraft Maintenance – Company Business Plan 2021 to 2023

8.11 Hangar improvements

Further hangar improvements will be deferred until:

- The Airline's financial position improves
- The lease over the hangar property is transferred to SIACL.

8.12 Scheduled Maintenance – On Time Performance

The target for on time release to line of flights following scheduled maintenance is 85%.

In order to maintain this target or above, the Maintenance Section will further continue to fine tune aircraft maintenance scheduling and staff rosters.

8.13 Maintenance – Organization Control Manuals

The plan requires all Maintenance Authorisation Approval (MAA) personnel have a thorough understanding and compliance with CAASI Act of 2008 insofar as it is related to the maintenance function (namely parts 43, 119, 125, 135 and 145) and as contained within the provisions of the maintenance organisation control manual.

8.14 Personnel

Current staffing is comprised of:

Aircraft Maintenance Manager	1	
Foreman		1
Stores Officers	4	
LAME – Avionics		2
AME – Avionics	2	
LAME – Engine-Airframe (Dash 8 included & foreman excluded)	4	
AME – Engine-Airframe	9	
Apprentice		3

Training and upskilling are the main priority for 2021. We will provide for online training until international borders reopen.

8.15 Aircraft Maintenance and Parts Tracking

In order to provide real time information on aircraft and component maintenance requirements, inventory control and flight-hours information for both aircraft and flight crew, the Airline has introduced Envision (maintenance program) to replace Takeflite and CAMP:

Takeflite Programme	Twin Otter and Islander
CAMP Programme	Dash 8
TRAX Programme	Airbus through MEMKO

8.16 Manuals

Hangar aircraft Library needs renewal. New manual hard copies as well conditioned room. A system of manual monitoring and manual updating to keep current.

8.17 Tools and Equipment

- Require new storage shelves for parts removed from Aircraft
- Require new aircraft stands
- Require one more twin otter engine removal/installation crane
- Require new environmentally safe waste oil container

9. CONTINUING AIRWORTHINESS AND MAINTENANCE ORGANISATION (CAMO)

9.1 Staffing

The Department currently has five (5) permanent and one (1) Contract consultant staff member.

Staff in the Department include;

- Continuing Airworthiness Managers (CAM) x 2 – A320 and Domestic
- Fleet Technical Engineer (FTE),
- Technical Records Administrator and,
- Maintenance Planner

The A320 CAMO/Fleet Technical Management (FTM) is contracted out to MEMKO, who's based in Melbourne, Victoria, Australia. The Continuing Airworthiness Manager-A320 works closely with MEMKO to ensure that all Continuing Airworthiness requirements under the CAASI regulations are complied with for the Airbus A320-211 aircraft, H4-SID.

9.2 Services and Function

All services and functions provided by the Continuing Airworthiness Management Organization include but are not limited to the following:

- Maintenance Data Entry
- Technical Records & Document Control
- Maintenance Planning and Scheduling
- Fleet Technical Management
- Continuing Airworthiness Requirements

All the above functions are also carried out by MEMKO for and on behalf of the Solomon Airlines for the Airbus A320 H4-SID. Additionally, MEMKO also carries out the Inventory and Stock Management for Solomon Airlines in association with Heston MRO, who are the contracted Civil Aviation Rules (CAR) Part 145 maintenance provider.

9.3 Strategic Objectives for 2021

Key Strategic Outcome	Proposed Action Plan	Performance Target	Budget
E-IOSA Audit	Preparation for IOSA Audit.	Q4 2020	BAU
Induction of new DHC6 aircraft	Carry out induction of new DHC6 aircraft onto Ops Spec and Envision.	Q1 2021	BAU
Maintenance Done on Time	Ensure that all Maintenance Planning and Maintenance is done on time	Q1 2021	BAU
Staff Training	Ensure staff training to be done on time.	Q1 2021	AUD\$10,000

Tracking Equipment	Install tracking equipment on all company aircraft	Q4 2020, Q1 2021	USD\$10,000
Review of CAME document.	CAME document to be reviewed to reflect new CAASI AC's, dept. re-structures and IOSA requirements. This may include the development of an Operating Procedures Manual to document day to day procedures.	Q1 2021	BAU
Procs and Docs Manual Development	Procs and Docs manual to be developed in conjunction with Envision specific processes.	Q1 2021	BAU
Reliability Programme	Implementation of the Reliability Programme for the Domestic Fleet.	Q4 2020	BAU

9.4 Training and Development

Training and development are a huge and essential part of the Department. In order to fully comply with regulations and ensure competencies in the roles, all staff are expected to be trained, both initial and recurrent to ensure the roles and responsibilities are fully understood. The training is also for personal and human development; especially for local Solomon Islanders and it is the responsibility of the airline to ensure that this is a continuous basis.

At the present time, the expatriate positions in the Department is that of the two CAMs. However, a 5-year training program has been put into place whereby the current FTE is the understudy to the CAM-Domestic. An annual review of the training program and the assessment of the performance of the CAMO staff will be conducted to appraise and review performance.

Additional training/courses that will be required by all staff within the Department is provided in the table below:

Table 1 – Proposed Training Schedule

Course/ Training	Applicability	Method	Source	Cost/Candidate	Proposed Date
SMS	All staff	In-house	Solomon Airlines		Mar 2021
Human Factors	All staff	In-house	Solomon Airlines		Mar 2021
Dangerous Goods Awareness	All Staff	In-house	Solomon Airlines		Mar 2021
Microsoft Office Apps	All Staff	External	Datec SI	SBD\$500 per applicant	Jun 2021
Airline Management	CAM-Dom	External		SBD\$20,000 ++	TBC
Aviation Internal Auditor	CAM-Dom	External	IATA – Nadi Fiji	SBD\$1,550	TBC
Maintenance Programmes, Aircraft Reliability & Aircraft Leasing	FTE & MP x 4	Online	Outcomy	US\$1,200	Mar 2021
Weight & Balance	CAM-Dom & FTE	External	MEMKO or Fleet Aeronautics	AU\$1,500 ++	Jun 2021
Secondment Engagement	FTE & MP	Airline Overseas	Fiji Airways, Air Niugini, PNG Air, Skytrans	TBD	2021 (Open)
Effective Communication	All Staff	External	SINU - Ranadi	SBD\$800	TBC
Project management	CAM-Domestic, FTE & TRO	External	SINU – Ranadi	SBD\$1,800	TBC
Leadership Skills for Supervisors	CAM-Domestic, FTE & TRO	External	USP Lawson Tama	SBD\$1,250	TBC
Business English for Workplace Communication	All Staff	External	USP Lawson Tama	SBD\$1,250	TBC
Business Writing that Works	All Staff	External	USP Lawson Tama	SBD\$1,850	TBC
Leadership Skills for Supervisors	CAM-Domestic, FTE & TRO	External	USP Lawson Tama	SBD\$1,250	TBC
Management Course Training	CAM-Domestic, FTE & TRO	External	SINU – Ranadi	SBD\$1,800	TBC
Organisation culture	All Staff	External	Henderson, Honiara	SBD\$640	TBC
Responsibility	All Staff	External	Henderson, Honiara	SBD\$640	TBC
Commitment	All Staff	External	Henderson, Honiara	SBD\$640	TBC
Time management	All Staff	External	Henderson, Honiara	SBD\$640	TBC
Building Effective Team	CAM-Domestic, FTE & TRO	External	SBEC	SBD\$300	TBC
Initial and Re-current Envision Training	All Staff	External	Rusada	TBC	TBC

9.5 Improvement and Strategy

- Complete electronic scanning and archiving of all old maintenance and technical records.
- Review of Procedures Manual to comply with CAASI Rules and IOSA Requirements.
- Implementation of initial and re-current training for the new computer system (Envision) for all CAMO and maintenance provider staff.
- Implement reliability engineering for all removed components and identify for improvement and monitoring in Envision.
- Implementation of a comprehensive central technical documentation register for all technical literature in Envision.

9.6 COVID-19 Effects

- The financial effects of COVID-19 has meant that the department has had to make some major cut-backs with respect to finances, specifically staff working hours and salaries.

- One position, the Data Entry Clerk, has been made redundant and the responsibilities shared amongst the other remaining positions in the department.
- Two staff members went on leave without pay for 4 months and were recalled in June 2019 on rotational basis (2 weeks on – 2 weeks off basis). This rotational arrangement will continue and will be assessed every month if still suitable.
- All working staff have taken a permanent 20% salary cut effective from June 2019.

9.7 Budget and Financials

Most of the Department's expenses and costs are in the staff salary and relatively minor costs relating to equipment and furniture. Moving forward into 2020 and beyond, costs and expenses will also be training, maintenance programs, contracts and agreements (Department will hold for and on behalf of the Airline) and the ongoing costs as a result of the implementation of Envision as the new Maintenance Software System.

The overheads and operation expenses/ costs are included in the Maintenance 145 Budget as the Department work location is in the precinct of the Maintenance Hangar.

9.8 Salary and Expenses

The majority of the expenses for the Department will be the payment of salaries and the company contributions to the National Provident Fund (NPF). There has been some savings, from the resignation of the former MCA and the restructure of the CAMO department for the 2 CAM's to absorb the responsibilities of the MCA position.

Expenses and costs expected to be incurred will include;

- Training (Exposure/Attachment)
- Replacement computers, UPS and laptop and necessary software
- Furniture
- Telephone and Internet costs
- Stationery (Paper, Pens and other consumables)
- School fees (Contract Officers only)

9.9 Maintenance Programs and Schedules

A number of Maintenance program/ schedules/ checks are going to be planned for the Domestic aircraft. Additionally, there will be cost for the engine programs both under the Pacific Turbine Brisbane (PTB) Contract and that of the PW120A engines in the Vector Contract.

DHC8-100 Aircraft Checks

Check Type and Period	2021	2022	2023
Dash 8-102 'L' Check (Every 50 Hours or 12 Days)	37	37	37
Dash 8-102 'A1' Check (Every 500 Hours or 6 Months)	3	3	3
Dash 8-102 'A2' Check (Every 1,000 Hours or 12 Months)	1	2	1
Dash 8-102 'A3' Check (Every 1,500 Hours or 18 Months)	1	1	1
Dash 8-102 'A4' Check (Every 2,000 Hours or 24 Months)	0	1	1
Dash 8-102 'A5' Check (Every 2,500 Hours or 30 Months)	1	0	0
Dash 8-102 'A6' Check (Every 3,000 Hours or 36 Months)	1	0	0

Dash 8-102 'A9' Check (Every 4,500 Hours or 54 Months)	0	1	0
Dash 8-102 '1C' Check (Every 5,000 Hours or 60 Months)	0	1	0
Dash 8-102 '2C' Check (Every 10,000 Hours or 120 Months)	0	0	0
Dash 8-102 '3C' Check (Every 15,000 Hours or 180 Months)	0	0	0
Dash 8-102 '4C' Check (Every 20,000 Hours or 180 Months)	0	0	0
Dash 8-102 '6C' Check (Every 30,000 Hours or 240 Months)	0	0	0

DHC6-300 Aircraft Checks

Check Type and Period	2021	2022	2023
DHC6-300 Twin Otter 'EMMA' Checks (Every 125 Hours)	20*	20*	20*
Fuselage Life Limit	0	0	1
Wings Life Limit	1**	0	0
Landing Gear Overhaul	2	0	0
External & Interior Refurbishment + Corrosion & Paint work	0	0	0
Engine Overhaul	5	1	TBC

*per aircraft. Have to multiply by 3 for all Twin Otter aircraft.

**Ikhana life extension fee to be paid, no physical work required.

Dash 8 (PW120A) Engine Planned Shop Visit Events

- PW120A ESN 121323 (H4-SOL RHS)
 - Hot Section Inspection (HSI) – Feb 2022 (est. US\$ 650,000.00)
- PW120A ESN 121216 (H4-SOL LHS)
 - HSI – May 2022 (est. US\$ 650,000.00)

Note: Cost of all Shop Visit maintenance is covered under the PBH Agreement with Vector Aerospace.

9.1 DHC6-300 Twin Otter (PT6A-27) Engine Planned Shop Visit Events & Fuel Nozzles

- PT6A-27 ESN PG0003 (H4-FSI LHS) – Overhaul Event – Apr 2021
- PT6A-27 ESN 50506 (H4-FSI RHS) – Overhaul Event – Jul 2021
- PT6A-27 ESN 52381 (H4-NNP LHS) – Overhaul Event – May 2021
- PT6A-27 ESN 41966 (H4-NNP RHS) – Overhaul Event – Nov 2021 (LLP: 1st Hub & Impeller due time expire)
- PT6A-27 ESN PG0181 (H4-OTA LHS) – Overhaul Event – Apr 2021 (LLP: 1st Hub due time expire)
- PT6A-27 ESN 42738 (H4-OTA RHS) – Overhaul Event – Mar 2022 (LLP: PT Disk due time expire)
- PT6A-27 Fuel Nozzles – Restoration @ 375FH Intervals

Note: Cost of all Shop Visit maintenance is covered under the Power by the Hour (PBH) Agreement with Pacific Turbine Brisbane (PTB) except for the engines on H4-FSI, which are covered by the Rental Agreement between Solomon Airlines and Hevilift.

DHC6-300 Twin Otter Main Landing Gear Planned Shop Visits

	Main Landing Gear (MLG)		Nose Landing Gear (NLG)
	Left Hand (LH)	Right Hand (RH)	
H4-NNP	1/10/2028	1/09/2028	O/C
H4-OTA	1/03/2030	1/05/2021	O/C
H4-FSI	1/09/2021	1/09/2030	O/C

Dash 8 HSD 14SF-7 Propeller Assembly Planned Shop Visit Events

Propeller Assembly Component	2021	2022	2023
Propeller Hub	0	0	0
Propeller Actuator	0	0	0
Propeller Transfer Tube	0	0	0
Propeller Blades	0	0	0
Propeller Control Unit (PCU)	0	0	0

Dash 8 Landing Gear Planned Shop Visit Events.

There are a number of planned removals for some of the major components. These are provided hereunder:

NLG Parts

- i) Drag Strut Assembly – Apr 2021
- ii) Shock Strut – Oct 2021
- iii) Shock Strut Piston – Oct 2021
- iv) Trailing Arm – Oct 2021
- v) Axle – Dec 2023

MLG LH Parts

- i) Drag Strut Assembly – Jul 2021
- ii) Shock Strut – Sept 2021
- iii) Piston – Sept 2021
- iv) Yoke Assy – May 2022
- v) Upper Torque Link – Jun 2022

MLG RH Parts

- i) Strut-to-Yoke Pin – Jan 2021
- ii) Drag Strut Assembly – Jun 2021
- iii) Shock Strut – Jun 2021
- iv) Piston – Sept 2021
- v) Yoke Assembly – Mar 2022

Dash 8 Auxiliary Power Unit (APU) Planned Shop Visit Events

Propeller Assembly Component	2021	2022	2023
Compressor Wheel	0	0	1
Turbine Wheel	0	1	0

APU shop visit planned for Feb 2022, for Turbine Wheel replacement and the Sept 2023 for Compressor Wheel replacement.

DHC6-300 Twin Otter (Hartzell) Propeller Planned Shop Visit Events

- Propeller SN BUA24484 (H4-FSI LHS) – Jun 2022
- Propeller SN BUA24008 (H4-FSI RHS) – May 2021
- Propeller SN BUA20932 (H4-NNP LHS) – May 2021
- Propeller SN BUA25824 (H4-NNP RHS) – Aug 2021
- Propeller SN BUA28209 (H4-OTA LHS) – Jul 2021
- Propeller SN BUA20928 (H4-OTA RHS) – Jan 2021

Major Modifications (or proposed) or Ancillary Work:

There are a couple of modifications and proposed work for 2021. These are:

- Tracplus Satellite Communications on Dash 8 aircraft
- Tracplus Satellite Communications on Twin Otter aircraft x 3
- Additional GPS installations in Dash 8 aircraft
- Standardization of GPS Installations on DHC6 fleet.
- Automatic Dependent Surveillance Broadcasting (ADS-B) Out Capability on the domestic fleet (funded by the World Bank).

9.10 Contracts and Agreements

A number of Contracts and Agreements will be reviewed. These are the ones that the Department is also responsible for administering or assist in administering. These include but are not limited to;

- Pacific Turbine Brisbane Contract (PT6A Engines and Parts)
- Vector/Standard Aero Contract (PW120A Engines)
- Fokker Services (Abacus Program)
- Rusada (Envision Maintenance Software–CAMO/FTM & Stores/Inventory Management)

9.11 Annual Subscriptions/ Radio License & Spectrum Costs/ C of A Renewals

Costs of annual subscriptions for a number of suppliers and vendors are due for payment and are valid for each year. Annual costs are also required for aircraft radio station and spectrum licenses and, the CAASI C of A Renewals.

a) Annual Subscriptions

- Bombardier Navigator (DHC8-102)
- ATP Navigator (Twin Otter DHC6-300), including Pratt & Whitney Canada (PWC)

- UTC Aerospace Systems (components that are used on the DHC8-102 and the Twin Otter DHC6-300 like the propellers, APU, Aircon system packs, etc)
 - Hartzell Propellers (Twin Otter DHC6-300)
 - Jeppesen GPS Updates (DHC8-102 and DHC6-300 aircraft)
 - Envision CAMO and Inventory Fees
 - Tracplus Usage fees for airtime and communications
 - Standard Aero Engine Condition Trend Monitoring (ECTM) – for PT6A engines (provided by CAMP)
- b) Radio Station License Costs
- DHC8-102 = 3
 - Twin Otter DHC6-300 x 3 aircraft x 3 years = 9
- c) CAASI Certificate of Airworthiness (CoA) Renewal Fees
- DHC8-102 = 3
 - Twin Otter DHC6-300 x 3 aircraft x 3 years = 9
- d) CAASI Manual/ Document Review and Approval Fees
- DHC6 MEL = 3
 - DHC6 Maintenance Program = 3
- e) CAASI Concession Review and Approval Fees
- DHC8-102 = 12
 - Twin Otter DHC6-300 x 3 aircraft x 4 Annual Fees x 3 years = 36

10. COMMERCIAL

10.1 Website Redesign SBD300k (AU\$50k)

Tender our website + redesign due to challenges with slow service delivery, issues with site going down during standard airline-targeted bot attacks, and complexity of code behind the website as it has aged, limiting our development capability to improve time on site, conversion and reduce bounce rate, all key to channel shift and reducing channel cost. Excluding Direct channel data (due to bot attacks), traffic for Q1 2020 increased 30% vs. prior year largely driven by Organic search traffic (high intent channel), however bounce rate increased by 19%, and search conversion decreased 31%. Awareness is improved but the ability of our website to move a greater share to search is limited by its current design. The desire is to support our recovery post COVID with a refreshed look in line with our new brand guidelines that increase the metrics and offset above cost through channel shift.

10.2 Replace Payment Gateway SBD500k (EUR\$50k)

Move away from WindCave (Payment Express) which does not allow conversion tracking capability on online sales – crucial to support digital marketing efforts, limited currency capability and alternate payment method acceptance. Moving to an Amadeus or alternate solution in line with the website re-design will allow for us to cater more effectively more other markets (including SBD), increase performance of digital marketing efforts to target those who make bookings vs. just search flights and improve the customer user journey.

10.3 Marketing Recovery budget allowance (Based on revenue budget)

Prior to COVID, the Marketing budget was lifted with the support of the CEO to 1.5% of budgeted revenue, to ensure that we could increase our marketing efforts to ensure an 'always on' digital marketing ecosystem, sufficient to capture new prospects in core markets, rather than simply protecting our brand. This is pivotal to growth. The average 'always on' marketing budget throughout the industry is 3%, increasing to 6% for major brand exercises such as rebrands.

In light of COVID, competition will be heightened, particularly with other Pacific Islands and niches such as diving, surfing etc. which will increase the overall cost with Google for related terms. In addition, there is an opportunity for brand activation and the launch of our new 'Solomons Holidays' package platform for website to be activated prior to flights resuming.

Based on original 2020 budget, this will require a temporary increase in budget as follows:

- Year 1 - Increase to 2% of budgeted revenue
- Year 2 - Increase to 1.75% of budgeted revenue
- Year 3 – Return to 1.5% of budgeted revenue

10.4 New Brand Guidelines implementation SBD50k

New brand guidelines were created at the start of 2020 prior to COVID suspensions based on data, insights and Google testing, to lift the brand and increase overall performance of the airline on the global stage through a more modern, culturally connected and consistent brand profile. This project will allow for the redesign of the collateral and customer experience, through both 1) new and redesigned templates, and 2) minor replacement of current items and signage where organic replacement is not possible. Emerging post COVID with a refreshed brand will be crucial to capture new business, increase website traffic but also ensure our identity and global positioning is consistent throughout customer journey.

10.5 Website capability improvements SBD\$200k (EUR\$21k)

Additional Amadeus functionality to support increased bookings including cross-site conversion tracking, which allows our airline to re-target passengers who book as opposed to currently, which only allows re-targeting for people who search. People able to better target digital marketing spend towards those who have a similar profile to those who actually book will allow for improvement in conversion rate on digital marketing spend. The agreement for cross-site tracking is EUR\$15k annually, which prior to commitment is being evaluated for a 12-month period to ensure there is return on the requirement investment.

Separately, the ability to activate 'on hold' bookings to encourage Solomon Islands based customers to book their flight online and then pay through the Honiara Sales Office, will remove a step in the current purchase process, reduce time spent in our Sales Office and increase online adoption and website familiarity. In combination with acceptance of SBD through a new payment gateway solution, this will increase flexibility and use of our website, reduce call and visitor volumes and reducing channel cost for GDS bookings. Activating this feature would be EUR\$6k, based on the existing website interface.

10.6 Solomons Holidays project (commission-based agreement)

In partnership with Bedbank, based in Fiji, we have entered into an agreement to develop www.solomonsholidays.com, Solomon Airlines online holidays solution which will be integrated with Solomon Airlines but independently hosted, including the development of a new customer-facing website, email and social communications platform exclusive to the brand with operations and fulfillment undertaken through Bedbank. Through an ongoing agreement, Bedbank will receive a commission from each hotel purchase through our website and will be responsible for the contracting and servicing of all products within the Solomon Islands and across our network, including Fiji, Vanuatu, Brisbane and other ports. As part of the partnership, sales will be fulfilled through online purchase and call centre.

10.7 Cargo

Flying cargo from Brisbane to Honiara has provided a lifeline for the Solomon Islands and has generated significant income for the airline over the past year. Work with our Freight Forwarder (Pak Fresh) will continue as this market grows.

11. BUDGETS

The Budget process has been exceptionally complicated by the lack of clarity in respect to the travel restrictions for 2021. In April 2020, everyone believed that normal operations would be restored within 3 to 4 months. By June this was 9 months and by November it seems that it will take until the end of 2021 before there is any normality in travel. The only common agreement amongst airline executives around the world is that no one knows when some form of normal travel will return.

Solomon Airlines 2021-24 Budget Assumptions

Summary of Assumptions

Background

As in prior years we are using a series of linked Excel spread sheets (58 different files) to produce the budget forecast. The model has always served a number of purposes. The prime 2 purposes being to give Management and stakeholders an expectation of the future financial direction of the business and secondly to provide the base data for input to the Greentree accounting system for the budget – which in turn allows the comparison of actual numbers to budget.

The COVID-19 virus has brought great uncertainty to the aviation industry. This year's budget/forecast is therefore not like prior years. The 2021 model is now a 4 year forecast (previously 3) and contains detailed monthly forecasts for 24 months (previously 12 months)

Given the greater detail in this model, the assumptions behind the model are more extensive than before. These key assumptions will help anyone using the budget model to understand the outcome. These assumptions are listed below, with further detail available in the detailed assumptions list. As in prior years we will be updating the model and forecast, in particular after Q1 2021 results.

Staffing:

When the travel restrictions were imposed on 27 March 2020, all staff took a 50% pay effective from 1 April 2020. Given the greater clarity about the effects of COVID-19 on the travel industry, the policy for staff (and this also applies to consultants paid on a regular basis) is as follows:

1. Approximately 20% of staff in Honiara were made redundant in September 2020 due to the ongoing effects of the COVID-19 pandemic which has resulted in a significantly reduced operation now and for at least the next 2 years. It is assumed that some, but not all retrenched staff will be reengaged as the business returns to pre-Covid levels. Appendix 1 shows the budgeted staff numbers for 2021 and 2022.
2. A permanent decrease in all staff salaries of 20% effective from April 2020 has been implemented. As all staff took at least a 50% pay cut in April, the difference from 50% to the agreed 80% started being repaid in 2020 and will be completed in 2021. The consultants who were affected by the 50% pay cut will also be reimbursed. The total outstanding cash from this exercise amounts to SBD5.74m.
3. In addition to the downsizing of the staff complement in Honiara, a number of staff have been put on rotation in 2020 (2 weeks on and 2 weeks unpaid leave off). The model assumes that by 1 Jan 2022 all staff on rotation will be returned to full time work. Having staff on rotation ensures that the people remain current in their jobs and when the travel restrictions are eventually lifted, the Company will be able to resume increased operations quickly.

4. Overtime was effectively banned from March 2020. While staff still work overtime they are paid by time in lieu. It is assumed that situation will continue for 2021 year (except for places where this is not practical like outposts) but that from 1 Jan 2022 overtime will resume based on post COVID-19 salary levels (which means that overtime cost is 20% less post Covid due to reduction in staff wages)
5. There will be no COLA (Cost of Living Adjustment) increase in 2021. For 2022 and subsequent years a COLA of 2% is assumed
6. All other allowances (housing, shift, dirty etc.) continue in 2021 and later years on Pre-COVID-19 levels. For clarity, the 20% reduction applies only to base salary and not to allowances.
7. Two part time staff members were retrenched in Brisbane and one Captain elected to retire.

Domestic Operations – Market and Airfares

In 2019 over 93,000 passengers (pax) were carried domestically. For 2020, pax carried will be of the order of 56,000 based on the decline experienced to November 2020. In the period March 2020 to November 2020 pax numbers have decreased 44.75% when compared with 2019.

Assumptions for the Domestic market are

Year	Pax Nos as % of Pre-COVID-19 Run Rate
2021	60.0%
2022	80.0%
2023	87.5%
2024	92.5%

It is not expected that the domestic market will return to Pre-COVID-19 levels until 2025

At the same time, experience gained in 2020 has shown that the fall in pax numbers is not exactly matched by a fall in aircraft hours. Providing a service to the public often means running at lower load factors. Aircraft hour assumptions are

Year	Aircraft Hours as % of Pre-COVID-19 Run Rate
2021	70.0%
2022	90.0%
2023	100.0%
2024	100.0%

Domestic airfares will increase 4% in 2021 (Feb 2021 increase) and again by the same amount in 2022 (Feb). Thereafter increases of 1.5% p.a. are assumed.

Domestic Operations – Aircraft Type and Checks

As indicated in previous forecasts Solomon Airlines have commenced the replacement of the Twin Otter (DHC6-300) fleet with the X2HG variant of the Twin Otter (High gross weight aircraft). The forecast assumes:

1. First X2HG to arrive in Solomon's in Q1 2020 and to be operational by Q2 2020
2. This aircraft will be financed via loan from JICA/SIG which funded the remaining \$US 4.6m balance due (\$US 5.8m purchase price) over a 10-year term at a 3% interest rate. There is no residual value.

3. The second X2HG (formerly H4-SID) is scheduled to arrive mid-2023. Twin Otter H4-OTA will be retired from service in early 2023 as it runs out of life. H4-OTA hull will be re-lifed for the 3rd X2HG. The \$US 5.8m purchase price will be funded via JICA/SIG on same terms as first aircraft. An option to lease the aircraft exists if this finance is not available.
4. The 3rd X2 will arrive in 2025 (post the model forecast period) however H4-NNP will be retired from service at end of Q3 2024 as it runs out of life and the hull used for a 4th X2HG assuming the business grows enough to support the extra aircraft.
5. The residual values for the hulls, engines, props, landing gears and other components for both OTA and NNP are assumed to realize \$US 1.35m (the expected Written Down Value of the aircraft at the end of 2024 based on a 13.5% p.a. depreciation rate).
6. The Dash 8 is due for a C Check in Q3 2022. It is assumed that the check will take 8 weeks and cost \$US750, 000. In line with Accounting Standards and Policy this cost is expensed in the year it is incurred.
7. No replacement aircraft will be cross hired for the Dash 8 C Check, the X2HG and Twin Otters will fly additional hours to cover for the downtime on the Dash 8.
8. Hourly maintenance costs for the Dash 8 and Twin Otter are in line with prior years. The X2HG has a higher budgeted engine cost than the Twin Otter (It is possible due to our good relationship with Pacific Turbine that we will be able to reduce this cost under a PBH (Power by the Hour) plan), but a lower airframe cost given the aircraft will be under warranty for the forecast period.

International Operations – Markets and Airfares

This is obviously the area where it is the most difficult to budget/forecast as international flight operations are dependent upon Government policy in countries other than the Solomon's as well as SIG policy. The much-touted vaccine is unlikely to deliver the long-awaited solution for at least 12 months. It has been stated by several Governments that quarantine will be required until the 'herd immunity' has been established.

Basically there have been no international passenger movements since April 2020 (save some diplomatic re-positioning's). Since April 2020 the A320 has been used in the main to carry freight between Brisbane and Honiara on a weekly basis (this includes carrying freight in the cabin in seat packs) and has also been available for charter. Numerous charters have been carried out. Most have been for repatriation purposes. The other charters included freight and flying essential personnel. These charters and freight flights are expected to continue through 2021 and 2022.

The Australian Government is seeking to reestablish airlinks in the South Pacific partially to ensure a basic level of service to Honiara for its consular and diplomatic staff and families. Solomon Airlines have entered into an agreement to provide a bimonthly service which the Australian Government will underwrite. On present indications, the freight and limited pax income that is being received will be greater than underwritten amount, however for the period Jan to June 2021 this program provides a level of certainty and may allow additional flights to be added.

Although Virgin has made application to the ACCC for Alliance to fly its bi-weekly services to Honiara, it is assumed that Virgin will not re-enter the BNE-HIR market, either in its own right or through a 3rd party such as Alliance Airlines in the forecast period as the pax number will simply not support profitable operations. It is further assumed that the code share with Qantas will not re-commence until Q1 of 2022.

The International service levels forecast is as follows: (all numbers return services per week)

Route	Jan-Jun 21	Jul-Dec 21	Jan-Jun 22	Jul-Dec 22	2023	2024
Bne-Hir	1	2	2	3	3	4
Bne-Mua	0	0	0	1	1	1
Hir-Vli-Nan	0	0	0	1	1	1
Hir-Nan	0	0	0	0	0	1

Note: All 2021 services are predominately freight, with only 5,500 pax budgeted for 2021 on BNE-HIR-BNE route. No scheduled services to TRW are expected.

Pre-COVID-19 the BNE-HIR-BNE market size was approx. 52,000 pax p.a. Virgin held approx. 25% of the market. The budget and forecast assumes that in 2023 the market will be 67% of pre-COVID-19 improving to 85% of pre-COVID-19 numbers in 2024.

For 2022 the pax flown assumption for the Brisbane market is 17,700 pax (approx. 1/3rd of the pre-Covid market)

No airfare increases are assumed in 2021 and 2022 and only minimal (1% p.a.) for 2023 and 2024 for the Brisbane route. This may not be realistic as numerous Airline executives believe that airfares will rise substantially.

International Operations – Aircraft and Checks

The current Airbus, MSN 2445, is due a C Check (small check only) in October 2021. The cost of the check is budgeted at \$US500k (initial quotes have been received from Singapore). Nauru Airlines will be cross hired for the 3 weeks duration of the check.

In relation to MSN 2445 we now have experience with the aircraft which has confirmed the fuel burn figures used in previous forecasts. As the hours flown are not high (nor the time we have had the aircraft very long) it is too early to make a judgement on the maintenance costs which have been left at the same level as previous budgets.

Fuel

The standard assumption used in prior forecasts has again been used in this forecast – i.e. the November 2020 fuel price has been assumed as the price that will apply for 2021. Fuel prices have been volatile again in 2020, but post COVID-19 are significantly less than pre-COVID-19.

In addition, negotiations with South Pacific Oil in 2020 have proved fruitful and have seen a reduction in domestic and international fuel prices ex Honiara. These reductions are reflected in the 2021-24 assumptions.

If fuel prices were to increase substantially the airline would need to respond with airfare increases and/or fuel surcharges. Present indications are that the oil market will remain subdued.

Capital Budget

Even though revenue decreased so significantly in 2020 and it may seem at odds with reality to be considering capital spend however there were a number of essential projects that were in progress or under consideration pre-COVID-19 which must be completed for various reasons.

The capital budget is included in Appendix 2. Where possible, expenditure has been delayed until 2022 or later, although given the poor state of some old equipment (JCPL, tugs and catering truck) the replacement decision may have to be bought forward.

Amadeus/Reservations Systems

The project to extract the Amadeus reservation system from a sub-host within Qantas to our own system direct with Amadeus has been completed. As part of this the costs paid to Amadeus (\$SBD 3.18m) have been capitalized in 2020 and are amortized over 5 years.

The agreement with Amadeus includes a minimum monthly fee in the event that pax numbers (international and domestic) are less than 6,400 in a month. For the first 9 months of 2021 pax numbers are budgeted at less than this rate, but not by a large margin. SBD116k cost is included in 2021 to meet the minimum fee.

CSO/SIG

CSO (Community Service Obligation) revenue of \$SBD 6m is assumed in each year of the forecast period. This amount is based on \$SBD60/pax using Pre-COVID-19 pax numbers. In reality the effect post COVID-19 is that fixed costs are spread over less passengers, increasing the cost per pax of running marginal or loss-making services.

The rationale for the CSO as it has operated over the past 7 or more years is to compensate Solomon Airlines for providing aviation services where there is not a commercial reason to do so. Operations to major domestic ports can produce commercial returns, but smaller ports with poor infrastructure (airstrips) are never likely to be economic.

The Covid 19 pandemic has effectively made the whole airline uneconomic – Solomon Airlines is not alone in facing this situation, major carriers all over the world are facing the same questions as we are at Solomon Airlines.

Based on the assumptions used in this forecast the Airline will need support in 2021 totalling \$SBD 28m and a further \$SBD 4m in 2022. These numbers have been calculated and budgeted by reference to the cash position at the end of each quarter with a subsidy/grant (called Covid 19 Subsidy) included as Revenue. This subsidy is in effect a payment to keep the airline operating and intact while the effects of Covid 19 work through the health, regulatory and financial systems as they affect aviation with the view that once aviation returns to some sort of normality Solomon Airlines will be ready to service the needs of the Solomon Islands as only a locally based carrier can.

To highlight the impact of the Covid 19 Subsidy the Short Form P&L (Appendix 6) shows the Subsidy as other income (non-operational). The Monthly P&L (Appendix 3) shows the Subsidy (which is included in the Revenue in this report) at the foot of the P&L. This allows the user to see the monthly result without the subsidy by deducting the subsidy from the calculated profit/ (loss)

Please see results comments for cash flow support from the Solomon Islands Government.

Opening Balance Sheet

The September 2020 management accounts balance sheet is used as a proxy for the Jan 1 2021 balance sheet in the forecast. Sept 2020 has been amended to take into account a loan payment received in Oct 2020 from SIG (required to give clearer indication of cash position).

When the Q1 2021 re-forecast of the budget is done the actual Balance Sheet at 31/12/2020 will be used.

Results and Comments

Appendix 3 (Forecast Monthly P&L 2021 and 2022), Appendix 4 (Forecast Cash Flow, Monthly for 2021 and 2022 and yearly for 2023 and 2024), Appendix 5 (Forecast Balance Sheet, Monthly for 2021 and 2022 and yearly for 2023 and 2024) and Appendix 6 (Short Form P&L 2021-24) are attached.

The results are summarized in the table below (all in \$SBD, \$m)

	2021	2022	2023	2024
Dom Pax	58,543	79,430	83,238	89,754
Intl Pax	5,225	22,728	39,660	54,152
Revenue	143.232	219.280	249.848	303.450
EBITDA	(26.544)	9.749	20.104	31.966
Depn/Amort	10.204	10.933	12.582	12.761
Interest	2.321	1.732	2.384	2.570
Non-Op Subsidy	28.00	4.00	-	-
Profit/(Loss) before Tax	(11.069)	1.084	5.139	16.635

As expected by most airlines around the world, the result for 2021 will be a loss and is forecast to be of the same magnitude as 2020. (Circa \$SBD 40m) before the Covid 19 subsidy. 2022 shows a recovery with a positive EBITDA and small profit (\$SBD 1.1m). Included in the profit is a \$SBD 6.25m cost for the C Check on the Dash 8, a cost that occurs only once every 3 years

The cash shortfalls in 2021 and 2022 are funded by

1. Increase in creditors - \$SBD 2m (2021)
2. Covid 19 Subsidy from SIG (\$SBD 28m in 2021 and \$SBD 4m in 2022).
3. Tickets purchased, not flown (Unearned Revenue or UER). UER has fallen in line with reduced pax sales post COVID-19. As the market improves, we can expect passengers to buy tickets in advance of use. Over 2021 and 2022 this effect is assumed to increase UER by \$SBD 10.05m and bring UER back into line with its pre-COVID-19 level (circa \$SBD 40m)

Thereafter profits and stronger EBITDA numbers are recorded as the international market recovers.

The flexibility within the Excel model will allow for constant updating of the model as assumptions are re-visited and revised and new information comes to light.

Appendix 1 – Staff Histogram

Solomon Airlines Ltd												
Staff Histogram												
Version 1 - Produced Nov-2020 - 80% rate Scenario 1, Covid19												
	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
A320 Cabin Crew	9	9	9	9	9	9	9	9	9	9	9	9
A320 Pilots	8	8	7	7	7	7	8	8	8	8	8	8
A320 support	1	1	1	1	1	1	1	1	1	1	1	1
Accounting	21	21	21	21	21	21	21	21	21	21	21	21
Administration	11	11	11	11	11	11	11	11	11	11	11	11
Auki	2	2	2	2	2	2	2	2	2	2	2	2
Brisbane	7	7	7	7	7	7	7	7	7	7	7	7
Cargo	10	10	10	10	10	10	10	10	10	10	10	10
DHC6 Crew	14	14	14	14	14	14	14	14	14	14	14	14
DHC8 Crew (Inc FA's)	7	7	7	7	7	7	7	7	7	7	7	7
Gizo	4	4	4	4	4	4	4	4	4	4	4	4
IT	4	4	4	4	4	4	4	4	4	4	4	4
Kira Kira	3	3	3	3	3	3	3	3	3	3	3	3
Marketing - Corporate	25	25	25	25	25	25	25	25	25	25	25	25
Mtce Control	4	4	4	4	4	4	4	4	4	4	4	4
Munda	3	3	3	3	3	3	3	3	3	3	3	3
Nadi Office	2	2	2	2	2	2	2	2	2	2	2	2
Ops - Admin	1	1	1	1	1	1	1	1	1	1	1	1
Ops - Airport	38	38	38	38	38	38	38	38	38	38	38	38
Ops - Engineering	25	25	25	25	25	25	25	25	25	25	25	25
Safety and Audit	7	7	7	7	7	7	7	7	7	7	7	7
Sales - HIR	7	7	7	7	7	7	7	7	7	7	7	7
Santa Cruz	3	3	3	3	3	3	3	3	3	3	3	3
VIP (Belama)	0	0	0	0	0	0	0	0	0	0	0	0
Total	216	216	215	215	215	215	216	216	216	216	216	216
Note: Total includes staff on rotation												
DHC8 Contract Crew	0	0	0	0	0	0	0	0	0	0	0	0
Note: DHC8 Check and Training done by contract pilot as separate budget												
Solomon Airlines Ltd												
Staff Histogram												
Version 1 - Produced Nov-2020 - 80% rate Scenario 1, Covid19												
	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
A320 Cabin Crew	14	14	14	17	17	17	17	17	17	17	17	17
A320 Pilots	8	8	8	8	8	8	8	8	8	8	8	8
A320 support	1	1	1	1	1	1	1.5	1.5	1.5	1.5	1.5	1.5
Accounting	21	21	21	21	21	21	21	21	21	21	21	21
Administration	11	11	11	11	11	11	11	11	11	11	11	11
Auki	2	2	2	2	2	2	2	2	2	2	2	2
Brisbane	7	7	7	7	7	7	7	7	7	7	7	7
Cargo	10	10	10	10	10	10	10	10	10	10	10	10
DHC6 Crew	16	16	16	17	17	18	18	18	18	18	18	18
DHC8 Crew (Inc FA's)	8	8	8	8	8	8	8	8	8	8	8	8
Gizo	4	4	4	4	4	4	4	4	4	4	4	4
IT	5	5	6	6	6	6	6	6	6	6	6	6
Kira Kira	3	3	3	3	3	3	3	3	3	3	3	3
Marketing - Corporate	25	25	25	25	25	25	25	25	25	25	25	25
Mtce Control	4	4	4	4	4	4	4	4	4	4	4	4
Munda	3	3	3	3	3	3	3	3	3	3	3	3
Nadi Office	2	2	2	2	2	2	2	2	2	2	2	2
Ops - Admin	1	1	1	1	1	1	1	1	1	1	1	1
Ops - Airport	40	40	40	42	42	42	46	46	46	46	46	46
Ops - Engineering	28	28	28	28	28	28	28	28	28	28	28	28
Safety and Audit	7	7	7	7	7	7	7	7	7	7	7	7
Sales - HIR	7	7	7	7	7	7	7	7	7	7	7	7
Santa Cruz	3	3	3	3	3	3	3	3	3	3	3	3
VIP (Belama)	-	-	-	-	-	4	4	4	4	4	4	4
Total	230.0	230.0	231.0	237.0	237.0	242.0	246.5	246.5	246.5	246.5	246.5	246.5
DHC8 Contract Crew	2	2	2	2	2	2	2	2	2	2	2	2

Appendix 2 – Capital Expenditure

Summary - Capital Expenditure	2021	2021	2021		2021	2022	2023	2024
SOLOMON AIRLINES LTD	Cost	Cost	Cost		Cost	Cost	Cost	
Budget 2021-2024	\$S	\$AUD	\$US		Converted \$S	Converted \$S	Converted \$S	Converted \$S
Engineering - Aircraft Upgrades	-	-	-		-	-	-	-
Engineering - Tools and Plant and Equipment	-	40,000	125,000		1,276,961	70,588	-	-
Engineering - Spares	-	-	-		-	-	-	-
Engineering - Major Component Mtce	-	-	-		-	-	-	-
Ops Airport	-	502,000	-		1,176,471	1,235,294	335,000	967,647
IT	280,500	279,650	-		1,925,500	1,000,000	1,000,000	1,000,000
Gizo/Munda	-	-	-		-	780,000	-	-
Buildings, incl Staff Houses, Hangars	-	-	-		-	-	-	-
General Plant and Equipment	120,000	-	-		120,000	300,000	1,000,000	1,200,000
Motor Vehicles	-	-	-		-	450,000	200,000	200,000
Aircraft Purchases	-	-	-		48,333,333	-	48,333,333	-
Total Tangible Assets	400,500	821,650	125,000		52,832,265	3,835,882	50,868,333	3,367,647
Funded by Bank Loans	38,333,333				38,333,333		48,333,333	-
Intangible Assets (IOSA etc)	-	145,000	-		176,471	176,471	1,649,510	941,176
Amount Funded from Cash Flow	(37,932,833)	966,650	125,000		14,675,402	4,012,353	4,184,510	4,308,824

Appendix 3 – Forecast Monthly P&L 2021

BUDGETED PROFIT AND LOSS ACCOUNT													
Version 1 - Produced Nov-2020 - 80% rate Scenario 1, Covid19													
SOLOMON AIRLINES LTD	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Total
2021 BUDGET PROFIT AND LOSS													
SSBD:\$US	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.1200
SSBD:\$A	0.170	0.170	0.170	0.170	0.170	0.170	0.170	0.170	0.170	0.170	0.170	0.170	0.1700
AIRCRAFT FLIGHT HOURS													
DHC6	297.0	251.5	265.5	237.5	237.5	185.0	215.0	201.0	201.0	201.0	201.0	215.0	2,708
X2	-	-	-	122.5	122.5	122.5	140.0	122.5	122.5	122.5	122.5	140.0	1,138
DHC8	108.5	70.0	73.5	73.5	73.5	77.0	87.5	84.0	77.0	77.0	84.0	112.0	998
A320	30.4	30.4	36.0	30.4	30.4	36.0	52.8	52.8	64.0	30.4	52.8	64.0	510
TOTAL HOURS	435.9	351.9	375.0	463.9	463.9	420.5	495.3	460.3	464.5	430.9	460.3	531.0	5,353
SUMMARY													
REVENUE	12,849,698	10,004,624	10,703,684	10,357,611	10,341,276	16,267,955	12,417,369	10,527,580	27,498,652	14,180,666	14,788,499	21,294,315	171,231,928
FUEL	1,422,264	1,152,025	1,251,614	1,385,074	1,385,074	1,356,001	1,666,468	1,588,744	1,670,869	1,557,304	1,588,744	1,890,072	17,914,255
AIRCRAFT R&M and SPARES	2,565,597	2,171,102	2,300,542	2,491,252	2,464,737	2,423,305	2,843,914	2,733,193	2,825,012	6,579,546	2,733,193	3,147,059	35,278,451
AIR NAV, LANDING & HANDLING ETC	528,924	525,395	570,212	527,748	329,172	369,284	494,325	494,325	575,725	494,325	493,149	576,902	5,979,486
AIRCRAFT OPERATING LEASE & HIRE	1,625,000	1,625,000	1,625,000	1,625,000	1,625,000	1,625,000	1,625,000	1,625,000	1,625,000	2,281,663	1,625,000	1,625,000	20,156,663
CATERING	163,546	158,063	177,032	168,284	168,306	176,320	195,489	188,841	218,153	209,050	224,909	242,519	2,290,511
DEPRECIATION	661,478	661,790	662,090	824,149	825,654	829,209	838,537	850,091	857,187	859,614	856,718	850,211	9,576,728
INSURANCE	499,875	560,639	560,639	560,639	560,639	560,639	560,639	560,639	560,639	560,639	560,639	560,639	6,666,904
SALARIES	-	-	-	-	-	-	-	-	-	-	-	-	-
AIRCREW - DOMESTIC	750,082	750,082	750,082	750,694	750,694	750,694	750,694	750,694	750,694	750,694	750,694	750,694	9,006,489
AIRCREW - INTERNATIONAL	895,362	895,362	802,009	805,109	805,109	805,109	898,462	898,462	898,462	898,462	898,462	898,462	10,398,832
ENGINEERING	795,820	795,820	795,820	783,676	783,771	789,777	789,777	789,777	789,824	789,824	789,824	789,824	9,483,531
MGMT & ADMIN	1,999,672	1,999,672	2,027,907	1,956,025	1,962,025	1,990,260	1,965,699	1,965,699	1,993,934	1,965,699	1,965,699	1,993,934	23,786,222
AMADEUS AMORTIZATION	52,312	52,312	52,312	52,312	52,312	52,312	52,312	52,312	52,312	52,312	52,312	52,312	627,738
A320 START UP AMORTIZATION	-	-	-	-	-	-	-	-	-	-	-	-	-
BASE COSTS - OPS	700,937	696,837	698,937	698,237	698,937	698,237	702,110	702,110	701,410	705,018	704,318	705,018	8,412,102
BASE COSTS - INTL BASES	509,690	509,690	509,690	509,690	509,690	509,690	509,690	509,690	509,690	509,690	509,690	509,690	6,116,285
BASE COSTS - BELAMA LOUNGE & VIP	664	499	1,504	1,621	1,626	1,652	3,682	3,200	5,212	5,354	7,010	7,536	39,560
BASE COSTS - DOMESTIC OUTPORTS	134,219	123,547	123,547	123,547	123,547	123,547	123,547	123,547	123,547	123,547	123,547	123,547	1,493,236
RPT COSTS	299,309	296,410	298,756	298,047	298,027	298,805	300,767	298,704	298,974	302,784	313,573	328,825	3,632,982
INT & B/CHARGES	154,167	144,977	148,314	234,449	232,313	220,197	217,760	210,419	198,481	195,578	183,757	180,540	2,320,951
ADMINISTRATION	606,706	606,706	606,706	708,906	708,906	708,906	811,106	811,106	811,106	913,306	913,306	913,306	9,120,073
TOTAL EXPENSES	14,365,624	13,725,927	13,962,711	14,504,458	14,285,537	14,288,943	15,349,976	15,156,552	15,466,231	19,754,408	15,294,543	16,146,089	182,301,000
PROFIT	(1,515,927)	(3,721,303)	(3,259,028)	(4,146,847)	(3,944,262)	1,979,012	(2,932,607)	(4,628,972)	12,032,421	(5,573,743)	(506,043)	5,148,226	(11,069,072)
Covid 19 Subsidy (info only)	-	-	-	-	-	5,500,000	-	-	16,000,000	-	-	6,500,000	28,000,000

Appendix 3 – Forecast Monthly P&L – 2022

BUDGETED PROFIT AND LOSS ACCOUNT													
Version 1 - Produced Nov-2020 - 80% rate Scenario 1, Covid19													
SOLOMON AIRLINES LTD	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Total
2022 BUDGET PROFIT AND LOSS													
-													
-													
AIRCRAFT FLIGHT HOURS													
DHC6	302.0	225.5	239.0	239.0	239.0	239.0	279.5	221.0	302.0	302.0	248.0	257.0	3,093
X2	180.0	162.0	171.0	180.0	180.0	180.0	180.0	189.0	207.0	207.0	171.0	198.0	2,205
DHC8	139.5	90.0	94.5	94.5	94.5	99.0	112.5	108.0	-	-	108.0	144.0	1,085
A320	52.8	52.8	64.0	52.8	52.8	64.0	106.8	106.8	113.8	106.8	106.8	113.8	994
TOTAL HOURS	674.3	530.3	568.5	566.3	566.3	582.0	678.8	624.8	622.8	615.8	633.8	712.8	7,377
SUMMARY													
REVENUE	18,588,005	14,350,613	16,989,315	15,906,810	15,890,684	17,278,982	19,463,631	16,324,128	20,348,758	22,183,679	22,571,106	23,384,072	223,279,784
FUEL	2,212,601	1,794,164	1,977,352	1,878,876	1,878,876	2,016,665	2,688,508	2,569,606	2,367,425	2,268,389	2,586,421	2,861,612	27,100,493
AIRCRAFT R&M and SPARES	3,564,371	2,940,838	3,177,525	3,063,205	3,087,847	3,279,681	4,068,808	3,869,365	9,829,979	3,488,052	3,908,273	4,342,219	48,620,163
AIR NAV, LANDING & HANDLING ETC	717,771	714,241	800,347	716,594	717,771	799,170	1,130,509	1,130,509	1,197,624	1,130,509	1,129,332	1,198,801	11,383,178
AIRCRAFT OPERATING LEASE & HIRE	1,625,000	1,625,000	1,625,000	1,625,000	1,625,000	1,625,000	1,625,000	1,625,000	1,625,000	1,625,000	1,625,000	1,625,000	19,500,000
CATERING	209,314	189,803	225,288	220,302	220,496	232,042	420,364	400,398	410,300	460,367	468,386	503,600	3,960,659
DEPRECIATION	851,114	852,016	848,798	847,317	854,593	856,537	865,111	868,639	869,542	872,710	839,540	879,030	10,304,949
INSURANCE	560,639	560,639	560,639	560,639	560,639	560,639	560,639	560,639	560,639	560,639	560,639	560,639	6,727,668
SALARIES													-
AIRCREW - DOMESTIC	985,221	985,221	985,221	988,471	988,471	1,019,228	1,019,228	1,019,228	1,019,228	1,019,228	1,019,228	1,019,228	12,067,201
AIRCREW - INTERNATIONAL	944,750	944,750	944,750	962,016	962,016	962,016	962,016	962,016	962,016	962,016	962,016	962,016	11,492,388
ENGINEERING	870,724	870,724	872,172	859,382	859,560	859,560	860,270	859,479	859,567	859,567	859,915	854,027	10,344,951
MGMT & ADMIN	2,059,730	2,059,730	2,091,986	2,008,104	2,014,104	2,042,339	2,045,513	2,045,513	2,073,748	2,045,513	2,045,513	2,073,748	24,605,539
AMADEUS AMORTIZATION	52,312	52,312	52,312	52,312	52,312	52,312	52,312	52,312	52,312	52,312	52,312	52,312	627,738
A320 START UP AMORTIZATION	-	-	-	-	-	-	-	-	-	-	-	-	-
BASE COSTS - OPS	768,354	764,254	766,354	778,350	779,050	778,350	799,729	799,729	799,029	799,729	799,029	799,729	9,431,682
BASE COSTS - INTL BASES	513,581	513,581	513,581	513,581	513,581	513,581	527,026	527,026	527,026	527,026	527,026	527,026	6,243,639
BASE COSTS - BELAMA LOUNGE & VIP	6,639	4,990	7,519	8,104	8,129	26,842	42,785	41,099	42,859	47,746	47,424	49,537	333,672
BASE COSTS - DOMESTIC OUTPORTS	141,858	141,858	141,858	141,858	141,858	141,858	141,858	141,858	141,858	141,858	141,858	141,858	1,702,291
RPT COSTS	391,283	347,903	383,021	374,206	373,977	384,949	413,873	382,221	380,061	404,565	415,993	441,731	4,693,784
INT & B/CHARGES	172,957	153,248	157,604	150,389	150,725	143,699	143,780	140,287	133,547	133,239	126,693	126,281	1,732,448
ADMINISTRATION	943,662	943,662	943,662	943,662	943,662	943,662	943,662	943,662	943,662	943,662	943,662	943,662	11,323,942
TOTAL EXPENSES	17,591,878	16,458,932	17,074,987	16,692,366	16,732,664	17,238,129	19,310,988	18,938,583	24,795,421	18,342,126	19,058,258	19,962,054	222,196,386
PROFIT	996,127	(2,108,318)	(85,671)	(785,556)	(841,980)	40,853	152,643	(2,614,455)	(4,446,663)	3,841,553	3,512,848	3,422,018	1,083,398
Covid 19 Subsidy (info only)		-	-	-	-	-	-	-	4,000,000	-	-	-	4,000,000

Appendix 4 – Forecast Cash Flow – 2021

Solomon Airlines Ltd														
CASHFLOW PROJECTIONS - YEAR 2021 - 2024														
Version 1 - Produced Nov-2020 - 80% rate Scenario 1, Covid19														
	\$SBD:\$US \$SBD:\$A	0.17 0.12	0.17 0.12	0.17 0.12	0.17 0.12	0.17 0.12	0.17 0.12	0.17 0.12	0.17 0.12	0.17 0.12	0.17 0.12	0.17 0.12	0.17 0.12	
		Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Total
Profit From Operations	-	1,515,927	- 3,721,303	- 3,259,028	- 4,146,847	- 3,944,262	1,979,012	- 2,932,607	- 4,628,972	12,032,421	- 5,573,743	- 506,043	5,148,226	- 11,069,072
Add: Non Cash Items														
Depreciation		661,478	661,790	662,090	824,149	825,654	829,209	838,537	850,091	857,187	859,614	856,718	850,211	9,576,728
Amortization - Components		142,533	99,801	103,686	101,225	101,225	105,109	116,764	112,879	105,109	105,109	112,879	143,957	1,350,276
Amortization - A320 Start Up		-	-	-	-	-	-	-	-	-	-	-	-	-
Amortization - Amadeus Install		52,312	52,312	52,312	52,312	52,312	52,312	52,312	52,312	52,312	52,312	52,312	52,312	627,738
Loss on Sale		-	-	-	-	-	-	-	-	-	-	-	-	-
Provision for Engine Repairs		-	-	-	-	-	-	-	-	-	-	-	-	-
Total - Non Cash Items		856,323	813,903	818,087	977,685	979,190	986,630	1,007,612	1,015,281	1,014,608	1,017,035	1,021,909	1,046,479	11,554,742
Total Cash Generated	-	659,603	- 2,907,401	- 2,440,940	- 3,169,162	- 2,965,072	- 2,965,642	- 1,924,995	- 3,613,691	- 13,047,030	- 4,556,708	- 515,865	- 6,194,705	- 485,671
Less: Capital Payments														
Principal Loan Repayments		498,929	508,119	949,473	1,233,487	1,235,624	1,247,740	1,250,177	1,257,518	1,269,456	1,272,359	1,284,180	1,287,397	13,294,459
Less: Capital Expenditure														
Spares Purchase (incl A320)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amadeus Install	-	-	-	581,315	-	-	-	-	-	-	-	-	-	581,315
A320 Purchase/Finance Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vector PBH Reserve	334,542	215,833	226,625	226,625	226,625	226,625	237,417	269,792	259,000	237,417	237,417	259,000	345,333	3,075,625
DHC8 Engines (Overhaul/Hot sect)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X2 Deposits/Return AKL Deposit	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X2 Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fixed Assets - Other Departments	10,000	37,353	48,333,333	36,000	113,765	180,588	426,667	1,119,353	1,386,471	851,559	291,176	36,000	10,000	4,498,931
A320 Spares Heston	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A320 Introduction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure and Loans		843,470	761,305	50,126,747	1,573,877	1,642,837	1,911,824	2,639,321	2,902,989	2,358,431	1,800,952	1,579,180	1,642,730	69,783,664
Add: Capital Inflows														
Loan Funds BSP/Sky/ANZ/Heston/SIG	-	-	38,333,333	-	-	-	-	-	-	-	-	-	-	38,333,333
A320 Sale Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SIG Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Engine Events - Vector Funded	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X2 Deposit Paid 2019 used 2020	-	-	9,166,667	-	-	-	-	-	-	-	-	-	-	9,166,667
Total Inflows	-	-	47,500,000	-	-	-	-	-	-	-	-	-	-	47,500,000
Other Outflows														
CSO Timing Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2020 Staff/Contractor Entitlements	1,148,332	1,148,332	1,148,332	1,148,332	1,148,332	1,148,332	-	-	-	-	-	-	-	-
Creditor Payments Timing and UER	-	-	-	-	-	1,000,000	1,000,000	-	-	-	815,501	926,221	1,056,202	4,797,925
Total Other		1,148,332	1,148,332	1,148,332	1,148,332	148,332	1,000,000	-	-	-	815,501	926,221	1,056,202	4,797,925
Net Cash Flow	-	2,651,406	- 4,817,038	- 6,216,020	- 5,891,371	- 4,756,241	2,053,818	- 4,564,316	- 6,516,679	10,688,598	- 5,542,158	- 137,094	5,608,177	- 17,000,069
Opening Bank Balance		18,992,686	16,341,280	11,524,242	5,308,222	583,149	5,339,390	3,285,572	7,849,888	14,366,568	3,677,970	9,220,128	9,357,222	
Closing Bank Balance		16,341,280	11,524,242	5,308,222	583,149	5,339,390	3,285,572	7,849,888	14,366,568	3,677,970	9,220,128	9,357,222	3,749,045	

Appendix 4 – Forecast Cash Flow – 2022-24

Solomon Airlines Ltd															
CASHFLOW PROJECTIONS - YEAR 2021 - 2024															
Version 1 - Produced Nov-2020 - 80% rate Scenario 1, Covid19															
\$SBD:\$US	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0		0.12	0.12
\$SBD:\$A	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0		0.17	0.17
	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Total	2023	2024
Profit From Operations	996,127	- 2,108,318	- 85,671	- 785,556	- 841,980	40,853	152,643	- 2,614,455	- 4,446,663	3,841,553	3,512,848	3,422,018	1,083,398	5,139,062	16,634,730
Add: Non Cash Items															
Depreciation	851,114	852,016	848,798	847,317	854,593	856,537	865,111	868,639	869,542	872,710	839,540	879,030	10,304,949	11,953,896	12,132,945
Amortization - Components	176,941	122,000	126,995	124,533	124,533	129,528	144,512	139,517	19,645	19,645	139,517	179,474	1,446,839	2,022,851	3,926,444
Amortization - A320 Start Up	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amortization - Amadeus Install	52,312	52,312	52,312	52,312	52,312	52,312	52,312	52,312	52,312	52,312	52,312	52,312	627,738	627,738	627,738
Loss on Sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision for Engine Repairs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total - Non Cash Items	1,080,366	1,026,328	1,028,104	1,024,162	1,031,437	1,038,376	1,061,935	1,060,468	941,499	944,667	1,031,369	1,110,816	12,379,526	14,604,485	16,687,127
Total Cash Generated	2,076,493	- 1,081,991	942,432	238,606	189,458	1,079,229	1,214,578	- 1,553,987	- 3,505,164	4,786,220	4,544,217	4,532,834	13,462,924	19,743,547	33,321,857
Less: Capital Payments															
Principal Loan Repayments	1,294,979	1,314,689	765,641	772,857	772,520	779,546	779,465	782,958	789,698	790,006	767,884	439,828	10,050,072	6,656,220	7,879,154
Less: Capital Expenditure															
Spares Purchase (incl A320)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amadeus Install	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A320 Purchase/Finance Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vector PBH Reserve	430,125	277,500	291,375	291,375	291,375	305,250	346,875	333,000	-	-	333,000	444,000	3,343,875	3,206,667	3,437,917
DHC8 Engines (Overhaul/Hot sect)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,344,500
X2 Deposits/Return AKL Deposit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X2 Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	48,333,333	0
Fixed Assets - Other Departments	108,333	108,333	278,922	108,333	873,039	358,333	1,028,922	438,333	108,333	208,333	108,333	108,333	3,835,882	2,710,000	3,014,706
A320 Spares Heston	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A320 Introduction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure and Loans	1,833,438	1,700,523	1,335,938	1,172,565	1,936,934	1,443,129	2,155,262	1,554,292	898,031	998,339	1,209,217	992,161	17,229,830	60,906,220	26,676,276
Add: Capital Inflows															
Loan Funds BSP/Sky/ANZ/Heston/SIG	-	-	-	-	-	-	-	-	-	-	-	-	-	48,333,333	-
A320 Sale Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SIG Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Engine Events - Vector Funded	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,344,500
X2 Deposit Paid 2019 used 2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Inflows	-	-	-	-	-	-	-	-	-	-	-	-	-	48,333,333	12,344,500
Other Outflows															
CSO Timing Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2020 Staff/Contractor Entitlements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Creditor Payments Timing and UER	- 1,291,845	- 950,661	- 1,278,138	- 1,212,860	- 1,211,302	- 1,304,451	-	-	-	-	-	-	- 7,249,256	-	-
Total Other	- 1,291,845	- 950,661	- 1,278,138	- 1,212,860	- 1,211,302	- 1,304,451	-	-	-	-	-	-	- 7,249,256	-	-
Net Cash Flow	1,534,900	- 1,831,853	884,632	278,901	536,175	940,551	940,684	3,108,279	4,403,196	3,787,880	3,335,000	3,540,673	3,482,350	7,170,661	18,990,080
Opening Bank Balance	- 3,749,045	- 2,214,144	- 4,045,997	- 3,161,365	- 2,882,464	- 3,418,639	- 2,478,088	- 3,418,773	- 6,527,052	- 10,930,247	- 7,142,367	- 3,807,367	-	- 266,694	- 6,903,967
Closing Bank Balance	- 2,214,144	- 4,045,997	- 3,161,365	- 2,882,464	- 3,418,639	- 2,478,088	- 3,418,773	- 6,527,052	- 10,930,247	- 7,142,367	- 3,807,367	- 266,694	-	6,903,967	25,894,047

Appendix 5 – Forecast Balance Sheet – 2021

Solomon Airlines Ltd Unaudited BALANCE SHEET AS AT 31 DECEMBER Version 1 - Produced Nov-2020 - 80% rate Scenario 1, Covid19													
	31-Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
	\$\$												
CURRENT ASSETS													
CASH AT BANK/(OVERDRAFT)	18,992,686	16,341,280	11,524,242	5,308,222	-583,149	-5,339,390	-3,285,572	-7,849,888	-14,366,568	-3,677,970	-9,220,128	-9,357,222	-3,749,045
RECEIVABLES	6,381,525	6,381,525	6,381,525	6,381,525	6,381,525	6,381,525	6,381,525	6,381,525	6,381,525	6,381,525	6,381,525	6,381,525	6,381,525
SUNDY DEBTORS & DEPOSITS	24,071,341	24,071,341	24,071,341	14,904,674	14,904,674	14,904,674	14,904,674	14,904,674	14,904,674	14,904,674	14,904,674	14,904,674	14,904,674
DHC8 ENGINE ESCROW ACCOUNT	-	-	-	-	-	-	-	-	-	-	-	-	-
INVENTORY	5,869,073	5,869,073	5,869,073	5,869,073	5,869,073	5,869,073	5,869,073	5,869,073	5,869,073	5,869,073	5,869,073	5,869,073	5,869,073
ASSETS HELD for RESALE	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CURRENT ASSETS	55,314,625	52,663,219	47,846,181	32,463,495	26,572,123	21,815,882	23,869,701	19,305,384	12,788,705	23,477,303	17,935,144	17,798,051	23,406,228
NON-CURRENT ASSETS													
PROPERTY PLANT & EQUIPMENT	88,850,518	88,056,506	87,332,268	134,935,826	134,124,217	133,377,927	132,870,275	133,034,327	133,457,828	133,347,090	132,673,543	131,739,946	130,755,779
OTHERS (INCL A320 START UP and A	2,325,260	2,272,948	2,220,637	2,749,640	2,697,329	2,645,017	2,592,706	2,540,394	2,488,083	2,435,771	2,383,460	2,331,148	2,278,837
DEPOSITS	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NON-CURRENT ASSETS	91,175,778	90,329,455	89,552,905	137,685,466	136,821,546	136,022,944	135,462,981	135,574,722	135,945,911	135,782,861	135,057,003	134,071,094	133,034,615
TOTAL ASSETS	146,490,403	142,992,674	137,399,086	170,148,961	163,393,669	157,838,826	159,332,681	154,880,106	148,734,615	159,260,164	152,992,147	151,869,145	156,440,843
CURRENT LIABILITIES													
TRADE CREDITORS	38,677,524	38,677,524	38,677,524	38,677,524	38,677,524	39,177,524	39,677,524	39,677,524	39,677,524	39,677,524	39,677,524	39,677,524	39,677,524
OTHER CREDITORS & ACCRUALS	46,184,337	46,184,337	46,184,337	46,184,337	46,184,337	46,684,337	47,184,337	47,184,337	47,184,337	47,184,337	47,184,337	47,184,337	47,184,337
BANK LOAN - CURRENT	6,870,940	6,870,940	6,870,940	6,870,940	6,870,940	6,870,940	6,870,940	8,470,936	8,470,936	8,470,936	8,470,936	8,470,936	8,470,936
VENDOR FINANCE - HEVILIFT	-	-	-	-	-	-	-	-	-	-	-	-	-
ENGINE PBH - VECTOR	(123,692)	(458,234)	(674,067)	(900,692)	(1,127,317)	(1,353,942)	(1,591,359)	(1,861,150)	(2,120,150)	(2,357,567)	(2,594,984)	(2,853,984)	(3,199,317)
LEASE LIABILITY	2,460,554	2,460,554	2,460,554	2,460,554	2,460,554	2,460,554	2,460,554	2,460,554	2,460,554	2,460,554	2,460,554	2,460,554	2,460,554
SKY LEASING IMPROVEMENTS ARR	-	-	-	-	-	-	-	-	-	-	-	-	-
SIG LOAN	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
IRD - WITHOLDING TAX	0	0	0	0	0	0	0	0	0	0	0	0	0
UNEARNED REVENUE	31,878,398	31,878,398	31,878,398	31,878,398	31,878,398	31,878,398	31,878,398	31,878,398	31,878,398	31,878,398	32,693,899	33,620,120	34,676,323
PROVISIONS	32,676,347	31,528,015	30,379,682	29,231,350	28,083,017	26,934,685	26,934,685	26,934,685	26,934,685	26,934,685	26,934,685	26,934,685	26,934,685
TOTAL CURRENT LIABILITIES	173,624,408	172,141,534	170,777,368	169,402,411	168,027,453	167,652,496	168,415,079	169,745,284	169,486,284	169,248,867	169,826,951	170,494,173	171,205,042
NON-CURRENT LIABILITIES													
BANK LOAN - NON CURRENT	9,239,837	8,740,908	8,232,789	45,616,649	44,383,162	43,147,538	41,899,798	39,049,625	37,792,107	36,522,651	35,250,292	33,966,112	32,678,715
AAR - SPARES	-	-	-	-	-	-	-	-	-	-	-	-	-
SKY LEASING IMPROVEMENTS ARR	-	-	-	-	-	-	-	-	-	-	-	-	-
IRD - WITHOLDING TAX	-	-	-	-	-	-	-	-	-	-	-	-	-
LEASE LIABILITY	2,953,068	2,953,068	2,953,068	2,953,068	2,953,068	2,953,068	2,953,068	2,953,068	2,953,068	2,953,068	2,953,068	2,953,068	2,953,068
DEFERRED INCOME TAX LIABILITY	12,850,692	12,850,692	12,850,692	12,850,692	12,850,692	12,850,692	12,850,692	12,850,692	12,850,692	12,850,692	12,850,692	12,850,692	12,850,692
EMPLOYEE PROVISIONS	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL NON-CURRENT LIABILITIES	25,043,597	24,544,668	24,036,549	61,420,409	60,186,922	58,951,298	57,703,558	54,853,385	53,595,867	52,326,411	51,054,052	49,769,872	48,482,475
TOTAL LIABILITIES	198,668,005	196,686,202	194,813,918	230,822,820	228,214,375	226,603,794	226,118,637	224,598,669	223,082,151	221,575,278	220,881,004	220,264,045	219,687,517
NET ASSETS	-52,177,602	-53,693,529	-57,414,832	-60,673,859	-64,820,706	-68,764,968	-66,785,956	-69,718,563	-74,347,535	-62,315,114	-67,888,856	-68,394,900	-63,246,674
SHAREHOLDERS' EQUITY													
SHARE CAPITAL	78,809,801	78,809,801	78,809,801	78,809,801	78,809,801	78,809,801	78,809,801	78,809,801	78,809,801	78,809,801	78,809,801	78,809,801	78,809,801
RESERVES	31,837,283	31,837,283	31,837,283	31,837,283	31,837,283	31,837,283	31,837,283	31,837,283	31,837,283	31,837,283	31,837,283	31,837,283	31,837,283
CURRENT YEAR PROFIT	-	-1,515,927	-5,237,230	-8,496,257	-12,643,104	-16,587,366	-14,608,354	-17,540,961	-22,169,933	-10,137,512	-15,711,254	-16,217,298	-11,069,072
RETAINED PROFITS	-162,824,686	-162,824,686	-162,824,686	-162,824,686	-162,824,686	-162,824,686	-162,824,686	-162,824,686	-162,824,686	-162,824,686	-162,824,686	-162,824,686	-162,824,686
TOTAL SHAREHOLDERS' EQUITY	-52,177,602	-53,693,529	-57,414,832	-60,673,859	-64,820,706	-68,764,968	-66,785,956	-69,718,563	-74,347,535	-62,315,114	-67,888,856	-68,394,900	-63,246,674

Appendix 5 – Forecast Balance Sheet – 2022-24

Solomon Airlines Ltd														
BALANCE SHEET AS AT 31 DECEMBER														
Version 1 - Produced Nov-2020 - 80% rate Scenario 1, Covid19														
	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	31-Dec-23	31-Dec-24
CURRENT ASSETS														
CASH AT BANK/(OVERDRAFT)	-2,214,144	-4,045,997	-3,161,365	-2,882,464	-3,418,639	-2,478,088	-3,418,773	-6,527,052	-10,930,247	-7,142,367	-3,807,367	-266,694	3,903,967	11,894,047
RECEIVABLES	6,381,525	6,381,525	6,381,525	6,381,525	6,381,525	6,381,525	6,381,525	6,381,525	6,381,525	6,381,525	6,381,525	6,381,525	6,381,525	6,381,525
SUNDY DEBTORS & DEPOSITS	14,904,674	14,904,674	14,904,674	14,904,674	14,904,674	14,904,674	14,904,674	14,904,674	14,904,674	14,904,674	14,904,674	14,904,674	14,904,674	14,904,674
DHC8 ENGINE ESCROW ACCOUNT	-	-	-	-	-	-	-	-	-	-	-	-	-	-
INVENTORY	5,869,073	5,869,073	5,869,073	5,869,073	5,869,073	5,869,073	5,869,073	5,869,073	5,869,073	5,869,073	5,869,073	5,869,073	5,869,073	5,869,073
ASSETS HELD FOR RESALE	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CURRENT ASSETS	24,941,128	23,109,275	23,993,908	24,272,808	23,736,633	24,677,184	23,736,500	20,628,221	16,225,025	20,012,905	23,347,905	26,888,578	31,059,239	39,049,320
NON-CURRENT ASSETS														
PROPERTY PLANT & EQUIPMENT	129,836,057	128,970,374	128,273,504	127,409,986	127,303,900	126,676,169	126,695,467	126,125,644	125,344,790	124,660,768	123,790,044	122,839,873	159,906,459	159,206,277
OTHERS (INCL A320 START UP and Amc)	2,226,525	2,174,214	2,121,902	2,069,591	2,017,279	1,964,968	1,912,656	1,860,345	1,808,033	1,755,722	1,703,410	1,651,099	1,023,360	395,622
DEPOSITS	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NON-CURRENT ASSETS	132,062,582	131,144,588	130,395,406	129,479,577	129,321,179	128,641,136	128,608,123	127,985,989	127,152,823	126,416,490	125,493,454	124,490,972	160,929,820	159,601,899
TOTAL ASSETS	157,003,710	154,253,863	154,389,313	153,752,385	153,057,813	153,318,320	152,344,623	148,614,209	143,377,848	146,429,395	148,841,360	151,379,550	191,989,059	198,651,219
CURRENT LIABILITIES														
TRADE CREDITORS	39,677,524	39,677,524	39,677,524	39,677,524	39,677,524	39,677,524	39,677,524	39,677,524	39,677,524	39,677,524	39,677,524	39,677,524	38,177,524	32,677,524
OTHER CREDITORS & ACCRUALS	47,184,337	47,184,337	47,184,337	47,184,337	47,184,337	47,184,337	47,184,337	47,184,337	47,184,337	47,184,337	47,184,337	47,184,337	45,684,337	40,184,337
BANK LOAN - CURRENT	8,470,936	8,470,936	8,470,936	8,470,936	8,470,936	8,470,936	8,470,936	8,470,936	8,470,936	8,470,936	8,470,936	8,470,936	8,470,936	8,470,936
VENDOR FINANCE - HEVILIFT	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ENGINE PBH - VECTOR	(3,629,442)	(3,906,942)	(4,198,317)	(4,489,692)	(4,781,067)	(5,086,317)	(5,433,192)	(5,766,192)	(5,766,192)	(5,766,192)	(6,099,192)	(6,543,192)	(9,749,859)	(843,275)
LEASE LIABILITY	2,460,554	2,460,554	2,460,554	2,460,554	2,460,554	2,460,554	2,460,554	2,460,554	2,460,554	2,460,554	2,460,554	2,460,554	2,460,554	2,460,554
SKY LEASING IMPROVEMENTS ARREA	-	-	-	-	-	-	-	-	-	-	-	-	-	(0)
SIG LOAN	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
IRD - WITHOLDING TAX	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UNEARNED REVENUE	35,968,168	36,918,828	38,196,966	39,409,826	40,621,127	41,925,579	41,925,579	41,925,579	41,925,579	41,925,579	41,925,579	41,925,579	41,925,579	41,925,579
PROVISIONS	26,934,685	26,934,685	26,934,685	26,934,685	26,934,685	26,934,685	26,934,685	26,934,685	26,934,685	26,934,685	26,934,685	26,934,685	26,934,685	26,934,685
TOTAL CURRENT LIABILITIES	172,066,762	172,739,922	173,726,685	174,648,170	175,568,096	176,567,298	176,220,423	175,887,423	175,887,423	175,887,423	175,554,423	175,110,423	168,903,756	166,810,339
NON-CURRENT LIABILITIES														
BANK LOAN - NON CURRENT	31,383,736	30,069,047	29,303,405	28,530,548	27,758,029	26,978,482	26,199,017	25,416,059	24,626,360	23,836,354	23,068,471	22,628,643	64,305,756	56,426,603
AAR - SPARES	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SKY LEASING IMPROVEMENTS ARREA	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IRD - WITHOLDING TAX	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LEASE LIABILITY	2,953,068	2,953,068	2,953,068	2,953,068	2,953,068	2,953,068	2,953,068	2,953,068	2,953,068	2,953,068	2,953,068	2,953,068	2,953,068	2,953,068
DEFERRED INCOME TAX LIABILITY	12,850,692	12,850,692	12,850,692	12,850,692	12,850,692	12,850,692	12,850,692	12,850,692	12,850,692	12,850,692	12,850,692	12,850,692	12,850,692	12,850,692
EMPLOYEE PROVISIONS	-	-	-	-	-	-	-	-	-	-	-	-	0	0
TOTAL NON-CURRENT LIABILITIES	47,187,496	45,872,807	45,107,165	44,334,308	43,561,789	42,782,242	42,002,777	41,219,819	40,430,120	39,640,114	38,872,231	38,432,403	80,109,516	72,230,363
TOTAL LIABILITIES	219,254,257	218,612,729	218,833,850	218,982,478	219,129,885	219,349,540	218,223,200	217,107,241	216,317,543	215,527,537	214,426,653	213,542,825	249,013,272	239,040,702
NET ASSETS	-62,250,547	-64,358,865	-64,444,537	-65,230,093	-66,072,072	-66,031,220	-65,878,577	-68,493,032	-72,939,695	-69,098,142	-65,585,294	-62,163,276	-57,024,213	-40,389,483
SHAREHOLDERS' EQUITY														
SHARE CAPITAL	78,809,801	78,809,801	78,809,801	78,809,801	78,809,801	78,809,801	78,809,801	78,809,801	78,809,801	78,809,801	78,809,801	78,809,801	78,809,801	78,809,801
RESERVES	31,837,283	31,837,283	31,837,283	31,837,283	31,837,283	31,837,283	31,837,283	31,837,283	31,837,283	31,837,283	31,837,283	31,837,283	31,837,283	31,837,283
CURRENT YEAR PROFIT	996,127	-1,112,192	-1,197,863	-1,983,419	-2,825,399	-2,784,546	-2,631,903	-5,246,358	-9,693,021	-5,851,468	-2,338,620	1,083,398	5,139,062	16,634,730
RETAINED PROFITS	-173,893,758	-173,893,758	-173,893,758	-173,893,758	-173,893,758	-173,893,758	-173,893,758	-173,893,758	-173,893,758	-173,893,758	-173,893,758	-173,893,758	-172,810,360	-167,671,297
TOTAL SHAREHOLDERS' EQUITY	-62,250,547	-64,358,865	-64,444,537	-65,230,093	-66,072,072	-66,031,220	-65,878,577	-68,493,032	-72,939,695	-69,098,142	-65,585,294	-62,163,276	-57,024,213	-40,389,483

Appendix 6-Short Form P&L 2021 - 2024

Solomon Airlines Ltd					
BUDGETED PROFIT AND LOSS ACCOUNT					
2021-2024					
LEASED/OWNED A320 - Owned Dash (x1) - MSN 2445 Lease V1 Produced Nov 2020					
YEAR		2021	2022	2023	2024
\$SBD:\$A		0.1700	0.1700	0.1700	0.1700
\$SBD:\$US		0.1200	0.1200	0.1200	0.1200
AIRCRAFT FLIGHT HOURS		5,353	7,377	8,508	9,148
Total Rev Pax - Intl (incl QF Code Share)		5,225	22,726	39,660	54,152
Total Pax - Domestic		58,453	79,430	83,238	89,754
SUMMARY		\$SBD	\$SBD	\$SBD	\$SBD
REVENUE		143,231,928	219,279,784	249,848,494	303,450,136
OPERATING COSTS					
FUEL		17,914,255	27,100,493	32,635,953	42,953,855
AIRCRAFT REP & MAIN		35,278,451	48,620,163	52,138,834	68,260,211
AIR NAV, LANDING & HANDLING ETC		5,979,486	11,383,178	15,777,900	22,107,551
CATERING		2,290,511	3,960,659	5,622,864	8,422,609
TOTAL OPERATING COSTS		61,462,703	91,064,494	106,175,551	141,744,226
SALARIES					
AIRCREW - DOMESTIC		9,006,489	12,067,201	12,485,827	12,747,132
AIRCREW - INTERNATIONAL		10,398,832	11,492,388	11,811,649	12,087,530
ENGINEERING		9,483,531	10,344,951	10,978,797	11,767,964
BASE COSTS - OPS		8,412,102	9,431,682	10,091,900	10,589,034
BASE COSTS - INTL BASES		6,116,285	6,243,639	6,379,985	6,467,596
BASE COSTS - BELAMA LOUNGE		39,560	333,672	598,066	837,787
BASE COSTS - DOMESTIC OUTPORTS		1,493,236	1,702,291	1,778,892	1,852,417
RPT COSTS		3,632,982	4,693,784	5,242,532	5,751,953
DIRECT LABOUR & COSTS		48,583,018	56,309,608	59,367,648	62,101,412
GROSS MARGIN		33,186,207	71,905,682	84,305,295	99,604,499
FIXED COSTS					
AIRCRAFT OPERATING LEASE & HIRE		20,156,663	19,500,000	19,500,000	20,538,250
INSURANCE		6,666,904	6,727,668	7,165,380	7,715,035
TOTAL FIXED COSTS		26,823,566	26,227,668	26,665,380	28,253,285
OVERHEAD					
MGMT & ADMIN - SALARIES		23,786,222	24,605,539	25,854,179	26,973,229
ADMINISTRATION		9,120,073	11,323,942	11,681,252	12,412,406
TOTAL OVERHEAD		32,906,295	35,929,481	37,535,432	39,385,635
EBITDA		(26,543,654)	9,748,533	20,104,483	31,965,579
DEPRECIATION & AMORTIZATION		10,204,467	10,932,687	12,581,634	12,760,683
GRANTS and SUBSIDIES - Non Operational		28,000,000	4,000,000	-	-
EBIT		(8,748,120)	2,815,846	7,522,849	19,204,896
INTEREST		2,320,951	1,732,448	2,383,787	2,570,165
NET PROFIT BEFORE TAX		(11,069,072)	1,083,398	5,139,062	16,634,730
TAX		-	-	-	-
NET PROFIT AFTER TAX		(11,069,072)	1,083,398	5,139,062	16,634,730
RETAINED EARNINGS BOUGHT FORWARD		(162,824,686)	(173,893,758)	(172,810,360)	(167,671,297)
RETAINED EARNINGS CARRIED FORWARD		(173,893,758)	(172,810,360)	(167,671,297)	(151,036,567)