

STATEMENT OF INTENT

AUTHORIZATION

DATE	SIGNATURE	NAME	DRAFT SOI TO SOEMAU
			APPROVED BY THE BOARD

CONFIDENTIAL

- Draft SOI to be submitted to SOEMAU
- SOEMAU undertake assessment

DATE	SIGNATURE	NAME	DRAFT SOI TO SOEMAU
			RESPONSIBLE MINISTERS
			REVIEW BY MINISTER
			REVIEW BY MINISTER



Air Kiribati
Flying our Nation Forward

- SOEMAU assessment and SOI to be reviewed by Responsible Ministers
- Comments from Responsible Ministers to be considered by Board

DATE	SIGNATURE	NAME	FINAL SOI
			APPROVED BY THE BOARD
			TO SOEMAU

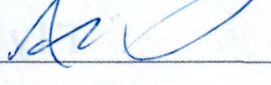
For the 3-Year Period FY2026 to FY 2028

- Final SOI submitted to SOEMAU and Responsible Ministers before commencement of Fiscal Year

AUTHORISATION

DRAFT SOI	NAME	SIGNATURE	DATE
APPROVED BY THE BOARD	Kevin Kouabu		22/04/26
TO SOEMAU			

- Draft SOI to be submitted to SOEMAU
- SOEMAU undertake assessment

DRAFT SOI	NAME	SIGNATURE	DATE
SOEMAU TO RESPONSIBLE MINISTERS	Namute Tula		20/4/26
REVIEW BY MINISTER	Dr. Tavea Tavea		20/4/26
REVIEW BY MINISTER	Alexander Tavea		20/4/26

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1. EXECUTIVE SUMMARY

Conforming to the requirements of the State-Owned Enterprise Act, 2013 (as amended), Section 19, Air Kiribati Limited hereby submits its Statement of Intent, for the period FY2026 to FY2028.

Air Kiribati Ltd was established under the Companies Ordinance of 1998 and is governed by the Civil Aviation Act. Since that time, Air Kiribati Ltd is established as a State-Owned Enterprise and is mandated under the State-Owned Enterprise Act, 2013 (as amended).

Air Kiribati Ltd operates in the aviation sector and this Statement of Intent indicates how Air Kiribati Ltd has reviewed its operating environment and the key challenges and derived the following planning period objectives, activities, performance measures and financial forecast towards achieving its principal objectives.

1. THE OBJECTIVES OF AKL

Key Objectives	
Improve Operational Safety and Compliance	
Improve Operational Safety and Compliance	A. Strengthen operational safety policies and procedures
	B. Upgrade equipment and facilities
	C. Increase safety and security awareness amongst staff
Human Resource Development	
Human Resource Development	D. Review Condition of Service
	E. Develop HR Procedures and Manual
	F. Improve Customer Service
Improve Financial Viability	
Improve Financial Viability	G. Improve operational reliability and efficiency
	H. Expand sales base to achieve external market
	I. and maximize revenue
	J. Monitoring to achieve budget targets
	K. Periodical condition Asset Report
	L. Strengthen Credit Management Procedures
	M. Enhance the integrity of Financial Reports for Cabinet to entrust payment processes back to AKL as a normal business.

2. THE NATURE AND SCOPE OF THE ACTIVITY TO BE UNDERTAKEN

AKL is committed to activities and strategic actions as detailed in the following sections and that aim to deliver the stated objectives for the planning period.

AKL will continue in the operation of core business activities provide safe, efficient, and reliable air services within the skies of Kiribati etc., towards enhancing earnings and performance and to satisfy the principal objective under section 5, SOE Act, 2013.

3. THE PERFORMANCE TARGETS AND OTHER MEASURES BY WHICH THE PERFORMANCE OF THE SOE MAY BE JUDGED IN RELATION TO ITS OBJECTIVES

The table below exhibits strategic actions that AKL will undertake for the accomplishment of objectives identified to improve AKL operations and services in the next planned years.

Strategic Actions	Measure	When
A. Strengthen Operational Safety Policies and Procedures		
1. Timely review in accordance with new rules and advice	Revised updated, approved, and signed	Bi-annual
	Circulated to concerned authorities	Bi-annual
2. Develop a scheduled annual audit plan	Develop audit plan	By Jan 26
	Audits implemented	By March 26
	CAPs submission and follow ups	Quarterly 26
	Management review meetings	Quarterly 26
3. Achieving KPI's and performance benchmarks for all safety targets	Percentage of findings	Quarterly 26
4. Enforce the use of appropriate QIF and incident/accident reporting	Percentage of MOR	Quarterly 26
	Percentage of QIF	Quarterly 26
5. Review and refine Policies and Procedures	Revised, approved, signed	Bi-annual
B. Upgrade equipment and facilities		
6. Upgrading of current Bonriki Hangar and office buildings	Acquiring Design & costing structure	By Feb 26
	Source funding	By Dec 26
7. Acquisition of GSEs, standby generator for Bonriki & Kiritimati	Acquiring costing	By Jan 26
	Source funding	By Mar 26
8. Upgrading of ICT Equipment	Acquiring costing	By Mar 25
	Source funding	By May 25
C. Increase safety and security awareness amongst staff		
9. Develop Annual Awareness Training Plan	Develop Training Plan	By Jan 26
	Plan implemented	Bi-annual
10. Review the Level of Conformance	Spot checks and inspections carried out.	Quarterly 26
D. Review of Conditions of Service		
11. CS Review	1 st Draft Reviewed presented to Board	Jan 26
	Awareness to staff	Mar 26
	Legal Review	April 26

		Final Draft presented to Board.	Aug 26
E. Develop HR Procedures and Manual			
12. Develop PMS		Revised and improved current SPA	Jan 25
13. ER Review		Submissions to HR	Aug 25
		Submissions to Board	Sept 25
		Implementation	Jan 26
14. Develop Workforce Planning		Skill gaps identified	Jan 25
		Training needs developed	Mar 25
F. Improve Customer Service			
15. Periodically Train Frontline Staff		Compulsory Training	Bi-annual
16. Effective Management of Complaints		On-going improvement of complaint database	Jan 26
		Analyse Data	Mar 26
		Review to improve complaint solutions	May 26
G. Improve operational reliability and efficiency			
17. Review Tariff		Submit new fare structure to Board	Jan 26
		Submission to SOEMAU	Feb 26
		Submission to Cabinet	Mar 26
		Implementation of new tariff	2 nd Quarter 26
18. Effective Maintenance Planning		Provide maintenance forecast for spare parts procurement planning	All year around
		Ensure in stock spare parts available for schedule planned maintenance	All year around
		Monitor compliance to manufacturers' publications	All year around
19. Reducing disruption rates		Producing reliability report	Monthly

20. Replacement of existing leased aircrafts with own aircrafts	Reduces annual mainframe lease expenses	August 2026
21. Improve stakeholder relationship	Timely payments	All Year Round
H. Expand sales bases to achieve external markets		
22. Publishing inventory on global distribution platforms	Provide available seat inventory for sales through distribution systems across the globe	Submissions made when a review is approved anytime
23. Increasing the number of accepted forms of payment	Review of E-Gate	Quarterly 26
24. Formalize ownership taking over of the 2 Embraer aircrafts, review the type of leasing of the existing Embraer to determine best leasing type for both the existing and forthcoming EMBRAER (E2)	Increased lease revenue from A\$ 140k monthly by 100% for each, the existing plane and new plane	12 Monthly reports by Dec of each year
I. Monitoring to achieve budget targets		
25. Financial and Revenue Reports	Submission of monthly reports	12 Monthly reports by Dec of each year
26. Manage cash flow for predicted AKL needs	Improved Net Cash flow by 3%	Yearly
J. Asset and Facilities Management System		
27. Develop Capitalization Policy, Asset Periodical Reporting Template	Review and update Report	Quarterly
	Department report submission	Quarterly
28. Aircraft Fleet Management	1. Disposal of Dash 8	June 2026
	2. Purchase of New Aircraft	Aug 2026
K. Strengthen Credit Management Procedures		
29. Effective Outstanding Recovery Plans & Timely Reconciliations	Reduce outstanding receivables in 20%	Jan 2026
30. Develop Effective and legally binding MoU's with historically big debtors	Consult, draft document, review and signed MoU	Mar 2026
L. Enhance the integrity of the Financial		
31. Improve Financial Management Information System (MYOB)	Unqualified opinion	2026

4. A STATEMENT OF FINANCIAL PERFORMANCE

Air Kiribati Ltd had forecasted its annual revenues based on current flight schedule implemented at the beginning of June this year, 2023 for its Domestic sector. With planned transfer of ownership of Embraer Jet Project to Air Kiribati Ltd, Embraer Jet Project forecasted statements are as shown separately below:

AIR KIRIBATI LIMITED PROJECTED FROM 2026 - 2028			
	FORECAST 2026	FORECAST 2027	FORECAST 2028
TOTAL REVENUE	\$ 16,602,191.41	\$ 14,895,224.34	\$ 15,704,607.71
TOTAL EXPENSE	\$ 19,842,621.74	\$ 17,996,148.87	\$ 19,612,553.25
OPERATING PROFITS	-\$ 3,240,430.33	-\$ 3,100,924.52	-\$ 3,907,945.53

Embraer Jet Project Forecasted Financial Performance 2026 - 2028			
Incomes	2026	2027	2028
Airframe Lease	\$ 192,000.00	\$ 307,200.00	\$ 491,520.00
Engine Lease	\$ 128,000.00	\$ 204,800.00	\$ 327,680.00
Total Incomes	\$ 320,000.00	\$ 512,000.00	\$ 819,200.00
General & Administrative Expense			
Technical Legal Assistance	\$ 168,000.00	\$ 201,600.00	\$ 241,920.00
Consultations with Lessee	\$ 39,000.00	\$ 50,700.00	\$ 65,910.00
Dues	\$ -	\$ -	\$ -
	\$ 207,000.00	\$ 252,300.00	\$ 307,830.00
Operating Incomes	\$ 113,000.00	\$ 259,700.00	\$ 511,370.00
Development Funds (90%)	\$ 101,700.00	\$ 233,730.00	\$ 460,233.00
Other Incomes			
Amortization	\$ 3,200,000.00	\$ 5,120,000.00	\$ 5,120,000.00
Other Expenses			
Depreciation	\$ 3,200,000.00	\$ 4,800,000.00	\$ 4,800,000.00
Net Incomes	\$ 11,300.00	\$ 345,970.00	\$ 371,137.00

5. A STATEMENT OF FINANCIAL POSITION

AIR KIRIBATI LIMITED

The financial position of Air Kiribati Ltd are based on the assumption that Customers prepayments are expected through Agreements with Government Ministries and negotiation of past years outstanding debts annually. As well, transition from fleet leasing to outright purchasing by government is highly considered in Domestic case. However, separate statement for Embraer Jet Project' position been prepared and reported separately as shown below.

SUMMARY PROJECTED BALANCE SHEET FOR THE YEAR 2026 - 2028				
	2026	2027	2028	
Total Current Assets	\$ 2,598,239.69	\$ 3,192,136.49	\$ 3,427,454.61	
Total Current Liabilities	\$ 2,436,744.34	\$ 1,577,388.05	\$ 1,054,511.28	
Working Capital	\$ 161,495.35	\$ 1,614,748.44	\$ 2,372,943.33	
Net Asset	\$ 17,545,675.37	\$ 14,444,750.85	\$ 10,536,805.31	
Total Equity	\$ 17,545,675.37	\$ 14,444,750.85	\$ 10,536,805.31	

Embraer Jet Project Forecasted Financial Position 2026 - 2028				
	2026	2027	2028	
Current Assets				
Receivables				
Current Liabilities				
Payables				
Dues to Pionair				
Dues to Embraer				
Dues to Pratt & Whitney				
Working Capital				
Fixed Assets				
Aircraft	\$ 70,400,000.00	\$ 65,600,000.00	\$ 60,800,000.00	
Inventory	\$ 2,469,764.00	\$ 2,469,764.00	\$ 2,469,764.00	
Investments	\$ 101,700.00	\$ 335,430.00	\$ 795,663.00	
	\$ 72,971,464.00	\$ 68,405,194.00	\$ 64,065,427.00	
Net Assets	\$ 72,971,464.00	\$ 68,405,194.00	\$ 64,065,427.00	
Represented By				
GoK Equity	\$ 73,130,164.00	\$ 68,217,924.00	\$ 63,507,020.00	
Retained Earnings	-\$ 170,000.00	-\$ 158,700.00	\$ 187,270.00	
Net Profits	\$ 11,300.00	\$ 345,970.00	\$ 371,137.00	
	\$ 72,971,464.00	\$ 68,405,194.00	\$ 64,065,427.00	

6. A STATEMENT OF ANTICIPATED BORROWING

AKL is anticipating a borrowing for the purchase of T3AKN (leased aircraft from Cortec Aviation) and other development including renovation and upgrading of both hangars at the Bonriki and Cassidy Airports, and provision of critical Ground Support Equipment (GSEs). Need

AIR KIRIBATI LIMITED

to work closely with MICT, MFED, and national Development Financing Institutions including DBK and ANZ Bank and to seek the interests of KPF and KIC, respectively.

7. THE ACCOUNTING POLICIES

The annual accounts are prepared under the historical cost convention in accordance with generally accepted accounting principles, standards, and statutory requirements in Kiribati. The principle accounting policies adopted by the Airline Company are as follows:

- Preparation is based on accruals basis.
- Depreciation method used is Straight-Line Basis being total costs divided over assets' useful life.
- Amortisation of the Aid Reserve is done annually at a rate equivalent to the depreciation rate for the fixed assets that were donated.

8. WHETHER AKL ANTICIPATES THAT IT WILL GENERATE A RETURN THAT COVERS THE COST OF CAPITAL, AND IF NOT, WHY NOT

Below is Key Financial Indicators for Domestic Fleets showing negative returns on Capital

AKL - KEY FINANCIAL INDICATORS				
		2026	2027	2028
Fixed Asset to Turnover				
	Fixed Assets	\$ 19,239,342.30	\$ 14,659,114.69	\$ 9,966,924.27
	Revenue	\$ 16,602,191.41	\$ 14,895,224.34	\$ 15,704,607.71
	Ratio	86%	102%	158%
Return on Equity (incl Aid Reserve)				
	Capital + Aid	\$ 29,578,133.63	\$ 29,578,133.63	\$ 29,578,133.63
	Net Profit	-\$ 3,240,430.33	-\$ 3,100,924.52	-\$ 3,907,945.53
	Ratio %	-11%	-10%	-13%
Debtor Days				
	Trade Debtors	\$ 1,852,669.27	\$ 2,339,098.56	\$ 2,687,378.68
	Revenue	\$ 16,602,191.41	\$ 14,895,224.34	\$ 15,704,607.71
	Debtor Days	8.96	6.37	5.84
Net Profit to Revenue				
	Revenue	\$ 16,602,191.41	\$ 14,895,224.34	\$ 15,704,607.71
	Net Profit	-\$ 3,240,430.33	-\$ 3,100,924.52	-\$ 3,907,945.53
	Ratio %	-20%	-21%	-25%
Operating Profits		-\$ 3,240,430.33	-\$ 3,100,924.52	-\$ 3,907,945.53

Since the revival of the Line Islands air services operation with a leased aircraft, Air Kiribati only received a support of lease payment of the aircraft. With a twice operation weekly, revenue is not

sufficient to cover all costs of the operation including indirect costs for staff. Return on investment is expected but believed to be disrupted in the current leasing contract for the two aircrafts: AKR & AKN. Return is anticipated in the next 5 years. It shall be noted as well that several fixed costs attached for all aircrafts whether new or old are Insurance at estimated annual premiums of \$60K USD and obligations to maintain Engines as per Aviation requirements.

9. A STATEMENT OF THE PRINCIPLES TO BE ADOPTED IN DETERMINING ANY ANNUAL DIVIDEND

AKL is yet to improve its financial performance and position earnings after tax.

10. ANY ACTIVITY WHICH AKL REQUESTS OR HAS AGREED TO BE TREATED AS A CSO

- a. AKL will continue to seek CSO supports from Government of Kiribati on the tariff.
- b. Linnix Operation operating only two flights a week will not be able to recoup the insurance, fuel, lease and maintenance costs of any aircraft operated there plus the Administration costs.

11. ANY OTHER MATTER AS AGREED BY THE RESPONSIBLE MINISTERS AND THE BOARD

The Board and Minister have agreed that AKL will propose and adopt an incremental tariff to improve revenue.

2. MANDATE AND POLICIES GOVERNING THE DEVELOPMENT OF THE STATEMENT OF INTENT

2.1 Ownership Guidelines

Air Kiribati Ltd was established under the Companies Ordinance of 1998 and is governed by the Civil Aviation Act. Since that time, Air Kiribati Ltd is established as a State-Owned Enterprise and is mandated under the State-Owned Enterprise Act, 2013 (as amended).

Air Kiribati Ltd will continue in the operation of core business activities such as scheduled domestic flights and charter flights to the Gilbert Islands and Line Islands; international air services through ACMI with Nauru Airlines; provide domestic and international ticketing through its subsidiary Kiribati Travel Agency (KTA); and general Sales Agent for Air Marshall Islands, Solomon Airlines, Nauru Airlines, Fiji Airways, and multiple connecting flights through Air Tickets International; towards enhancing earnings and performance and to satisfy the principle objective under section 5, SOE Act, 2013

The SOE Act requires specific performance accomplishments from SOEs, with its principal objective to be as successful and sustainable as a business not owned by the government. Towards this end, AKL takes on a more commercially focused orientation.

2.2 Obligations under the Kiribati Development Plan/KDP or similar

The Kiribati Development Plan aims to place SOEs on a more commercial footing including further rationalisation of SOEs to incorporate activities such as contracting out services, and for the production of annual SOIs by all SOEs and the timely completion of HYR and AR and annual audits by KAO. AKL anticipates improvements in these areas.

The KDP further requires the Implementation of sustainable infrastructure by developing and adopting a comprehensive maintenance plan for major infrastructure, including hanger and office facilities at Bonriki and Kiritimati stations.

2.3 Mandate

Area of Operation	Legal and Governance Instrument	Area of Operation	Legal and Governance Instrument
Administration	SOE At 2023 Chapter 30, Employment Act Management Policy Manual (AKL) Conditions of Service Procurement Act 2019 Income Tax Act Excise Tax Act VAT Act 2013 Revenue Administration Act International Financial Report Standard (IFRS)	Planning & Maintenance	Civil Aviation Act 2019 KCAR Rules Part 145 AMO Part 119/125 MC ICAO Annexes
Flight Operation	Civil Aviation Act 2019 KCAR Rules ICAO Annexes IATA Guidelines	Engineering	Civil Aviation Act 2019 KCAR Rules Part 145 AMO Part 119/125 MC ICAO Annexes
Ground Operation	Civil Aviation At 2019 KCAR Rules ICAO Annexes IATA Guidelines SGH Agreements	Safety, Quality, Security and Compliance	Civil Aviation Act 2019 KCAR Rules Aircraft Security At National Security Program ICAO Annexes

2.4 Purpose of the State-Owned Enterprise

AKL's future planning emphasises ongoing efficiency and performance gains by improving its facilities and equipment, customer service and stakeholders' feedback, training, and development of staff along with the ongoing monitoring and evaluation of the plan.

Vision

"To become the most reliable and leading aviation group in Kiribati by providing safe, market driven and customer focused passenger and cargo transport, and ground services by 2026".

Mission

To become the leading Aviation group in Kiribati by providing safe and reliable passenger and cargo air transport and Ground Services whose quality and price "value proposition" is always better than its competitors, To ensure being an airline of choice to its customers, employer of choice to its employees and an investment of choice to its Owners, To contribute positively to socio-economic development of Kiribati by undertaking its corporate social responsibilities and providing vital domestic and regional connectivity.

Values

- **Customer Focused**
Striving to meet the unique needs of our customers (internal and external) by tailoring each interaction to suit their needs.
- **Accountability**
Taking responsibility for individual and team actions, decisions, and results by establishing clear plans and goals and measuring our progress against them.
- **Integrity**
Practicing highest standards of ethical behaviour in all our work and maintaining credibility by ensuring our actions match our words.
- **Safety**
Living our safety philosophy by striving for zero safety incidents through proper training, work practice, risk management and adherence to safety regulations at all times.
- **Valuing Our People**
Committing to their satisfaction, development, and well-being, by treating them with respect, dignity, and fairness.

2.5 Core Business

AKL operates across 16 islands in the Gilbert Group and 3 islands in the Line Group. Both Island Groups are connected through two international airports: Bonriki International Airport in Tarawa and Cassidy International Airport in Banana, Kiritimati island.

Key Services Provided by AKL:

- International air services
- Scheduled domestic flights and charter flights to the Gilbert Islands and Line Islands
- Domestic and international ticketing via its subsidiary, Kiribati Travel Agency (KTA)
- General Sales Agent for Nauru Airlines.

Ground Handling Services: Support international carriers covering

- Baggage Handling
- Passenger Handling
- Cabin Cleaning
- Aircraft Marshalling
- Cargo Handling
- Lavatory Services
- Maintenance Support
- GSE Support
- Coordination of permits and approvals via partner/regulatory agencies.

AKL also provides several other key services. These include:

- Provides inter-island transfers for group travel.
- Provides engineering support under its Part 145 approval.

- Provides Air Cargo Handling for domestic and international flights.
- Search & Rescue and Medical Evacuation operations
- Charter flights

AKL is working on the intention of the Shareholder (Government) to officially take ownership of the 2 Embraer that will add another but significant undertaking which may involve the 'Leasing' similar to the current arrangement but to be revised.

3. PLANNING INPUTS

3.1 Profile / Overview of the Business & Assessment of Recent Results

The primary function of the Air Kiribati Limited (AKL) is to provide a reliable, efficient, and affordable air services for the people of Kiribati. There are measures to at least benchmark core activities that addresses the peoples need with the air service connectivity.

First, AKL is working to acquire at least 4 aircrafts to operate and service all the Gilbert and Line and Phoenix Island Groups. It is planned that 2 aircrafts are servicing the needs of the Gilbert Island Group, 1 aircraft servicing the need of the Line and Phoenix Island Group and 1 to remain at the hanger to provide a support to any unscheduled air services which include private charters, medevacs, search, and rescues to name a few. Also, it will be able to provide support and substitution to any defect aircraft or scheduled maintenance aircraft. GoK approved the purchase of two Twin Otters in December 2021. The first aircraft was purchased in May 2022 and the second aircraft is purchased in May 2023. Currently, 2 aircrafts are being leased from Cortec Aviation and Capstone Aviation.

Second, AKL is obligated to provide air services once a week to each 16 islands in the Gilbert Island Group, with a review of a second flight or special flights drawn from the market demand, and once a week to each 2 Line and Phoenix Island Group. A special flight is always ready to be scheduled to any islands if there is high demand evidence from a waiting list of passengers thus qualifies the call for the unscheduled flight. A combination flight for neighbouring islands is a solution to address the issue of $\leq 30\%$ passengers on the inbound and outbound legs.

Third, Spare Parts Pool and Engine are key component to the operation. Currently, AKL is struggling to acquire new engines and upgrade the only existing engine in hand to provide support for current operating fleets. There is an ongoing discussion with Pacific Turbine Aviation Shop of providing support with parts and engine. There is a great risk if the current aircrafts' engines hours are exhausted. The solution is to have one or two spare engines to allow resolve the engines hours being exhausted on both engines at one time. AKL will need to seek funding to acquire engines for the Classic Twin Otters 300, Modern Twin Otters 400, and Twin Otter 300/HG.

Fourth, Ground Support Equipment (GSE) are key component to support all ground handling support. Equipment including the Ground Power Unit, Air Starter Unit, Lavatory Vacuum, Baggage handling trolleys, and stairs are all required airside GSE expected for AKL have in hand to meet ground handling support services compliance. These are expensive equipment and AKL at present is not in a better position to provide all that is required for compliance therefore will seek internal and external assistance from GoK and Development Partners for procurement or projects that are beyond AKL's resources.

Fifth, lack of technical personnel in Flight Operations and Engineering Departments is indeed critical to current expansion of operation and number of fleets. A concern for any human factor of fatigue and error is pertinent in the ratio factor of number of flight schedules and downtimes of aircrafts. Set of 3 pairs of pilots for 1 aircraft and 1 set of B1 and B2 Engineers for 2 aircrafts should be conformed to and AKL has to be in compliance with to reduce or eliminate any critical human factor of fatigue and errors. Noting that AKL will be operating from two stations that is from the Bonriki International Airport and the Cassidy International Airport there will be a definite need to split the Engineering support team respectively and send a 1 set of Flight Operations personnel (pilots). For AKL' fully compliance to aviation' legal requirements, capital investments is essential. With current financial position, outside funding sources is necessary.

Trend below showed the last 5 years of financial performance and position of Air Kiribati Limited for Kiritimati (Linnix) and Tarawa including when the Linnix gradually ceased to operate in 2021. As evidenced, fluctuating trend of revenues and expenditures for the past 5 years. As more CSO injected in 2020, Net Profits was reported in that particular year. Likewise for Assets and Liabilities though the injection of new aircraft AKB, had boosted total assets against total liabilities shown in bar graph table 2.

Table 1: AKL' 5 YEARS PERFORMANCE TREND

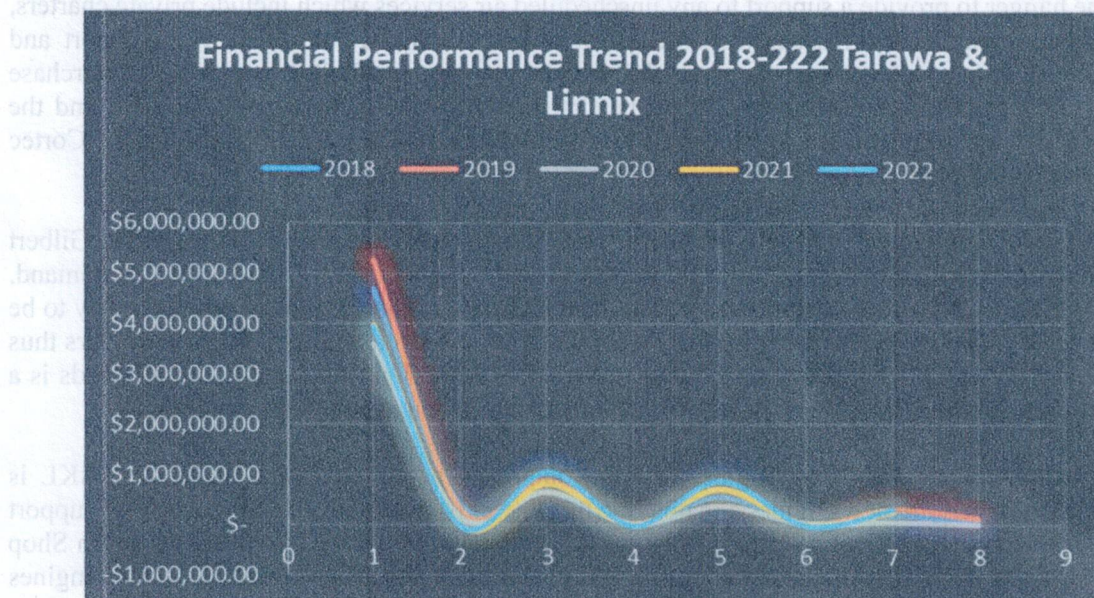
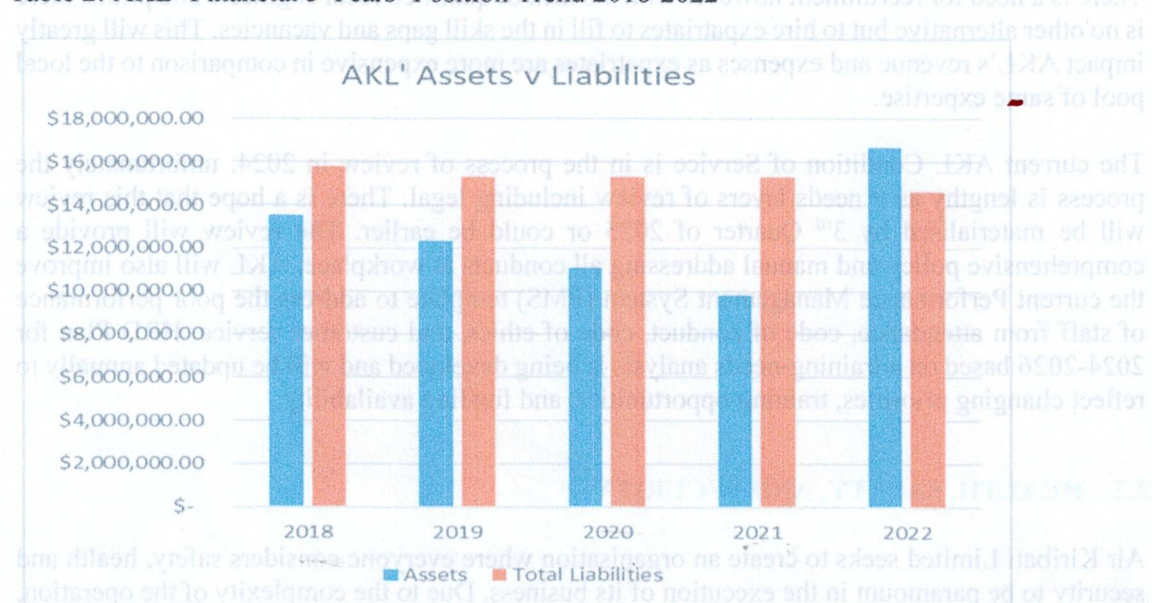


Table 2: AKL' Financial 5 Years' Position Trend 2018-2022



3.2 Current Situational analysis

3.2.1 PERSONNEL

AKL reviewed its existing operational structure in 2022 and currently employed 123 personnel.

The approved organizational structure is composed of 6 Departments and 3 Units which include the Engineering Department, Grounds and Operation Department, Flight Operations Department, and Finance Department, Commercial and Reservation Department, Human Resource Department, Quality Assurance and Security Unit, Planning Unit, and Operation and Control Center.

The newly approved organizational structure addresses the right sizing of each department and unit, job description alignment with salary scales, increase of annual leave grant from \$1,500 to \$3,000 in response to staff request again to level the benefit that Government is offering to its civil servants. All these are incentives that are envisioned to boost staff morale and productivity and lifting KPA's performance to the next level.

There is a great skill gap in the Engineering Department, Flight Operation Department, and Planning and Maintenance Unit. These are the critical arms of the Air Kiribati Limited as they provide the core business operations with equipment servicing the domestic air connectivity.

With the Vision of providing a reliable, efficient, and affordable air services, the solution of increasing the number of fleets goes in hand with the need to recruit more qualified engineers and pilots. Acquiring the latest equipment which include the Twin Otter 400series and Twin Otter 300/HG also requires qualified engineers and pilots rated to a higher and modernised equipment in comparison the Classic Twin Otter 100/200/300series.

There is a need for recruitment however with the lack of qualified local engineers and pilots, there is no other alternative but to hire expatriates to fill in the skill gaps and vacancies. This will greatly impact AKL's revenue and expenses as expatriates are more expensive in comparison to the local pool of same expertise.

The current AKL Condition of Service is in the process of review in 2024, unfortunately the process is lengthy as it needs layers of review including legal. There is a hope that this review will be materialised by 3rd Quarter of 2025 or could be earlier. The review will provide a comprehensive policy and manual addressing all conducts at workplace. AKL will also improve the current Performance Management System (PMS) template to address the poor performance of staff from attendance, code of conduct, code of ethics, and customer service. HRD Plan for 2024-2026 based on a training-needs analysis is being developed and will be updated annually to reflect changing priorities, training opportunities, and funding availability.

3.2.2 HEALTH, SAFETY, AND SECURITY

Air Kiribati Limited seeks to create an organisation where everyone considers safety, health and security to be paramount in the execution of its business. Due to the complexity of the operation, AKL Management is committed to the establishment and maintenance of a health and safe workplace for our customers, employees, and all other stakeholders, and to the safety and security of our aircraft and other support assets.

The signed policies pertaining to the health, safety and security demonstrated our commitment to comply with the regulations governing and promoting the safe and healthy working environment. Health, Safety and Security is a shared responsibility, and everyone at the AKL is expected to share our commitment to proactively avoid all accidents and incidents, which may cause personal injury, property damage and loss of any kind including aircraft.

The ongoing safety and security surveillance conducted by committed employees as well as quality check of our procedures and processes provide assurance to our customers and stakeholders that our aircraft are safe and secure for public transport. The safety and security surveillance also extended to cover inspection of the working environment, so the working environment remains fit and suitable to perform complex activities, thus, serving our purpose to provide a safe, secure, efficient and reliable air transport domestically.

3.2.3 FACILITIES

AKL current old hangar at the Bonriki International Airport has been long overdue for maintenance or upgrading. The hangar was first built in early 80's and fitted with size of aircrafts back then. With the intention of increasing the number of fleets from 2 to 5 aircrafts, the current hangar is no longer able to fit them all or provide necessary and appropriate shelter both during bad weathers and maintenance periods. There is a need to have two hangars to serve maintenance support and shelter to protect aircrafts from bad weathers and lockup at end of the day for safety.

A Civil or Structural Engineer is needed to assess the current hangar and to draft the proposal for the Repair and Improvement Plan. The plan will address the design, materials, and cost estimations for new office buildings or spaces within the hangar or adjacent to it.

There is also a need to upgrade the ICT Systems and support with the backup generator to address power outages that always affect operations during working hours especially for engineers and international checking.

3.2.4 AKL EQUIPMENT AND TECHNICAL SERVICES

AKL is preparing to establish its Ground Handling Services to the standard with compliance as an International and Domestic Handling Service Provider. This is one of the requirements to be approved as a service provider thus meeting this requirement has been an outstanding issue to date.

The GPU units proposed to be acquired are standard and can be used for all aircrafts that AKL is operating, sourcing, and other up to mid-range international scheduled aircrafts. Noting that AKL is expanding its fleets, it will greatly support the fleets of Twin Otters, while servicing other up to mid-range bigger aircrafts too.

On the other hand, the ASU will be used to support powering of jet aircrafts, which of course a benefit to AKL as it can be utilized by the Ground Handling Operation of AKL to support international operations on charged basis.

Other heavy equipment including the Pushback Tug, Baggage Tug, and Baggage Carts, Lavatory Vacuum Truck, to name a few are essential equipment also needed to replace the existing which are greatly rundown.

The great skill gaps within the Engineering Department, Flight Operations Department, and Planning and Maintenance Unit hurdles the efficiency of core technical services from time to time. There is a need to recruit more qualified personnel to fill in existing vacancies within these departments and to provide opportunities AMEs to complete their engineering programs.

A need to recruit expatriate is essential noting that there is no currently local pool of technical personnel in the field of engineering. Noting the ratio of 3 sets for one aircraft, there is a need to ensure that 9 Captains and 9 First Officers are recruited to man the operation of three aircrafts. There is an intention to run two aircrafts daily in Tarawa while one is run in Kiritimati. A rotation of crew on these aircrafts is managed to ensure they do not buzz their flying hours. There is a need to recruit 2 more local Captains and 3 more local First Officers.

With the current number of two B1 Lames and one B2 Lame, there is a need to at least recruit one more expatriate B1 Lame and two expatriate B2 Lames. This is to have each B1 and B2 Lame assigned to each operational aircraft, address the need for on duty shift, as well as addressing fatigue and other human factor issues if under stress.

There is a high pool number of student pilots graduated this year 2023 and next year 2024 thus it is not a problem for AKL to seek for expatriate pilots. Unfortunately, there are no local mechanical and electrical engineers (B1 and B2) therefore a need to recruit expatriates is highly critical.

3.2.5 LINE AND PHOENIX AGENCY

The Line and Phoenix Agency office was closed during the Covid19 Pandemic in 2021. Local permanent staff were laid off while relocated Bonriki staff are repatriated to Tarawa. These including pilots, an engineer, and the Reservation Officer.

In August 2023, AKL is to resume again its operation in the Line and Phoenix. There is a need to recruit some support and to relocate again previous staff from the Bonriki operation. To support this operation again, there is a need to secure housings or rentals for pilots, an engineer, and reservation officer including the account officer.

There are two confirmed AKL housings now being occupied by the Traffic and Operation Supervisor and mechanic. All traffic staff are local recruits. There is also one rundown vehicle formerly used by the engineer. Unfortunately, the Reservation office at the LINNIX is being rented out and will try to secure another space within the newly opened KPF complex in Ronton.

3.2.6 MARKET AND TARIFF

With the current domestic market, AKL continues to support the domestic air service demands for commercial passengers and freight runs. Over the last 6 months, AKL again embarked the schedule of servicing one island twice a week. Also, over the last two months, again reviewed the scheduling by setting an island neighbouring schedule where two close islands have the same flight on the same day. This addresses issues of shortage of Flight Operation personnels, shortage of available aircrafts, and addressing issues of $\leq 30\%$ occupancy of one or both islands by combining schedule for two neighbouring islands. These pairs including Arorae and Tamana, Nikunau and Beru, Onotoa and Tab-South, Tab-North and Nonouti, Kuria and Aranuka and Abemama, Maiana and Abaiang, Marakei, Butaritari and Makin.

The domestic tariff is controlled by government. It is pertinent that government has to support the deficit revenue that AKL should have fully generated had it given full right to set the right amount of tariff to meet all operational costs and build reserve (see table hereunder).

AIR KIRIBATI LIMITED				
PROJECTED FROM 2026 - 2028				
	FORECAST 2026	FORECAST 2027	FORECAST 2028	
TOTAL REVENUE	\$ 16,602,191.41	\$ 14,895,224.34	\$ 15,704,607.71	
TOTAL EXPENSE	\$ 19,842,621.74	\$ 17,996,148.87	\$ 19,612,553.25	
OPERATING PROFITS	-\$ 3,240,430.33	-\$ 3,100,924.52	-\$ 3,907,945.53	

The proposed budget for 2024 will be the key supporting documentation for AKL application for the CSO that should be approved for year 2024.

We are thrilled to introduce an exciting project led by Air Kiribati, to partner with Nauru Airlines Boeing 737-700 establishing a new route starting from Brisbane direct to Tarawa or via Nauru-Tarawa, and then to Kiritimati Island, before returning to Brisbane on the same route. As our primary objective, is to offer affordable airfare options to the people of Kiribati, particularly in connecting Tarawa and Kiritimati Island and open the pet fish market to the Asian countries including Australia and New Zealand for tourism in Kiritimati Island.

Air Kiribati, being a State-Owned Enterprise (SOE), places great emphasis on meeting the travel needs of our local population by providing them with a direct and cost-effective transportation solution. We believe that by offering affordable tickets on this route, we can enhance accessibility and contribute to the social and economic development of Kiribati.

Additionally, while our immediate focus lies in addressing the local demand, we recognize the revenue potential and market opportunities in the Australian sector. By exploring the Australian market, we aim to expand our reach and attract a broader customer base. This expansion not only supports the growth of Air Kiribati but also strengthens the connectivity between Kiribati and Australia.

Our ambitious plans include extending the route to include Honolulu, which will create another vital link between the Northern Pacific and the United States. This extension will provide enhanced travel options for both business and leisure travellers, opening up exciting opportunities for tourism, trade, and cultural exchange.

It is worth noting that our main competitor, Fiji Airways, has held a monopoly with 100% market share on the Kiritimati route for several years. However, with our strategic approach, competitive pricing, and commitment to customer satisfaction, we are confident in our ability to successfully establish Air Kiribati as a strong contender in this market. By offering affordable fares, superior service, and an extensive route network, we aim to provide an appealing alternative for travellers and gradually increase our market share.

In summary, our project to charter the Nauru Airlines Boeing 737-700 and operate the Brisbane-Tarawa-Kiritimati Island-Tarawa-Brisbane route is driven by the goal of providing affordable and direct flight options for the people of Kiribati. Through this initiative, we aim to enhance accessibility, maximize revenue potential, and explore the Australian market. We are excited about the future prospects of expanding our routes to include Honolulu and establishing ourselves as a trustworthy airline in the Pacific region, challenging the existing market dominance.

3.2.7 BUSINESS SYSTEM AND ADMINISTRATION

AKL has fully recovered after the Covid 19 pandemic. In 2023, AKL introduced AKB a newly purchased aircraft, and again in 2024 introduced AKC another additional purchased aircraft. These two owned aircraft positioned AKL with better leverage in its operation over the last two years. Unfortunately, in 2024 series of event with a defect and grounding of AKB, AKR, and AKC, left AKL with only one operational aircraft AKN positioned in the Line and Phoenix (Cassidy Airport).

AKL does not have a reserve account, this is critical when major engine maintenance are due and with a lack of reserve funds, most likely the aircraft are to be grounded. In September 2024, AKB is critically impacted as its engines come to zero hours and are due to shop overhaul maintenance.

The cost for this maintenance is over USD1.2million and AKL does not have the amount of money or reserve to meet this cost. AKB was first grounded in September and engines were freighted to the shop in November. The shop is delaying its completion of maintenance work on these engines until the second upfront payment is made, the amount of USD250,000.

AKL has the total of \$1.47 millions owed by government Ministries, SOEs and private sectors (as of October 2023). From the list, it stands out that 78% of debtors are government entities. The leading debtor is the Ministry of Health and Medical Services (MHMS) noting their needs to address referrals from outer islands to central hospitals including Kieiea Ataei Hospital at Tab-North, Tungaru Central Hospital in Tarawa, and the Ronton Central Hospital in Kiritimati Island; delivering drugs and other clinic support equipment to outer islands; servicing urgent medical evacuation. Unfortunately, most times when these needed air services were delivered, clearing of invoices always took a long process thus accumulated outstanding that later being disputed by MHMS. There is a discussion with MHMS on this matter for a prepay deposit to AKL to service all air services needs of MHMS against the deposit until near exhaustion and to be replenished again after agreed reconciliation.

The weekly route to Kiritimati Island operated with Nauru Airlines is ending in March 2025, but yet to be reviewed for an extension to December 2025. There is a need to make this route feasible noting that most government officials continue to take the Fiji Airways route to Kiritimati Island and vice versa. The route is not viable now with a weekly operational cost deficit that always accumulated up to three months (12weeks). The outstanding at one time accumulated to one million Australian dollar, of which 30% of the outstanding is to be payable to AKL (supporting weekly fuel and catering). This is not healthy for the business and reputation of the government of Kiribati and AKL.

AKL will be more prudent to accumulate its financial reserves. A plan of a weekly deposit the amount of USD15,000 into its USD Account will help future major engine overhaul. There is a lesson learnt from the event for AKB and noting that AKC is going

Underpinning the above status on aspects of financial management and financial reporting, AKL needs to develop capacity to provide robust and reliable financial forecasts and will work to develop such capacity in the coming months. Such forecasting is essential as the basis for key financial decisions and better overall control of the performance of AKL and of its near-future prospects.

AKL's existing management database requires update from data posting by responsible staff. AKL depends on internet network for efficient communications and sharing of data internally and to the public. The ICT unit is working hard to maintain the IT system and a good internet network.

There is also a need to develop and or train Finance Department and Planning Unit staff on asset and spare parts management. It is important that all AKL capital assets are well kept and recorded. Also, the Planning Unit plays an important role to support the maintenance or Engineering Department for all necessary spare parts needed from time to time thus contribute enhancement of the Flight Operation Department reliability and efficiency servicing the weekly flight schedules.

AKL is a member of the Association of South Pacific Airlines (ASPA). In May 2023 Annual General Meeting in Nadi Fiji, AKL is elected as the member Director to the Executive Board of Directors.

A SWOT analysis provides the following indicative assessment. The purpose is for clarity and to inform the planning period objectives, rather than to be a full and all-inclusive list.

STRENGTHS	WEAKNESSES
• Clean safety record • Local engineers and pilots • Right type of aircraft matching the geographical setting • Profitable sectors • Servicing LINIX sector • Government support	• Lack of own buildings • Inadequate revenue • Poor infrastructure • Lack of policy and procedures • Inadequate tools • Poor customer feedback and marketing instruments • Lack of policy and procedures • Poor infrastructure • Inadequate revenue • Lack of own buildings
OPPORTUNITIES	THREATS
• Customer trends • Freight services • Chartering services • Creating investment opportunities with regional airlines • Lead a business plan that addresses vulnerabilities. • Ground handling and GSE services • Government donating the existing and the forthcoming F2 (Embraer) both valued at more than \$20m	• Government influence such as unpaid charges, fire control • Bad weather • Spare parts supply chain • Competitors for international ticketing agents and ground handling services • Dependence on financial assistance for some capital projects • Dependence on CSO caused by tariff control by the shareholder • Government intervention with the AKL Finance payment functions

AKL will strive to achieve its intended targets for the next 3 years. These targets reflect a strong work commitment from the AKL board and management, but also depend (to an extent) on financial support from government and development partners.

AKL seeks to review its tariff to ensure financial security and sustainability. The current tariff is not being calculated to cover all operational costs including personnel, fleet and maintenance. The current CSO support is not also calculated to cover the deficit sales revenue yet only calculated to cover the lease terms, insurance, and a controlled and limited fund for spare parts.

3.3 Summary, Business Risks and SWOT analysis

A SWOT analysis provides the following indicative assessment. The purpose is for clarity and to inform the planning period objectives, rather than to be a full and all-inclusive list.

STRENGTHS ▪ Clean safety record ▪ Local engineers and pilots ▪ Right type of aircraft matching the geographical setting ▪ Profitable sectors ▪ Servicing LINNIX sector ▪ Government supports	WEAKNESSES ▪ Lack number of aircrafts ▪ Lack of standardized instruments and acquisition of spare parts ▪ Lack number of engineers qualified as B1 and B2 LAME ▪ Inadequate tools ▪ Poor customer feedback and marketing instruments ▪ Lack of policy and procedures guidelines for administration ▪ Poor infrastructure ▪ Inadequate revenue ▪ Lack of own buildings
OPPORTUNITIES ▪ Customer trends ▪ Freight services ▪ Chartering services ▪ Creating investment opportunities with regional airlines ▪ Lead a business plan that addresses vulnerabilities. ▪ Ground handling and GSE services ▪ Government donating the existing and the forthcoming E2 (Embraer) both valuing at more than \$90m	THREATS ▪ Government influence such as unpaid charters, fare control ▪ Bad weathers ▪ Spare parts supply chain distributors ▪ Competitors for international ticketing agents and ground handling services ▪ Dependence on financial assistance for some capital projects ▪ Dependence on CSO caused by tariff control by the Shareholder ▪ Government intervention with the AKL Finance payment functions

3.4 Leading to Specific Challenges and Focus of Planning Period

AKL will strive to achieve its intended targets for the next 3 years. These targets reflect a strong work commitment from the AKL board and management, but also depend (to an extent) on financial support from government and development partners.

AKL seeks to review its tariff to ensure financial security and sustainability. The current tariff is not being calculated to cover all operational costs including personnels, fleets and maintenance. The current CSO support is not also calculated to cover the deficit sales revenue yet only calculated to cover the lease terms, insurance, and a controlled and limited fund for spare parts.

Under KV20 Air Kiribati Limited's goal is to achieve the objective of improved connectivity and accessibility for economic infrastructure using the following strategies and performance indicators:

Strategy	Performance Indicators	Baseline	2019 Target	2023 Target	2024 Target	2028 Target
To improve air, transport infrastructure	Number of flights	40	50	90	148	156
	scheduled per					(136
	month (Domestic	(36 Dom	(42 Dom	(80 Dom	(128 Dom	Dom
	& International)	4 Int)	8 Int)	10 Int)	20 Int)	22 Int)

The domestic operation has been the key focus for the GoK to improve the air services connectivity for the people of Kiribati. AKL key instrument and with the continuous support by GoK, in December 2021, approved the purchase of two additional aircrafts (twin-otters) to current two leased aircrafts (twin-otters). The first purchased aircraft came in July 2022 and fully operational in December 2022. The second purchased aircraft is currently procured and to be received in August with the hope of in full operation in October 2023. The operation for the Gilbert Islands Group is back to its normal schedule since October 2022. In September 2023, a domestic operation for the Line and Phoenix Islands Group will start again.

The international operation was opened since August 2022 with Fiji Airways. Prior to that ad-hoc charters were organized for medical freight and other special envoys inbound and outbound. Since October 2022, the Nauru Airlines started again its Northern Pacific air service connectivity through Brisbane-Nauru-Tarawa-Majuro-Palau-Ponape. This is the additional international schedule beside Fiji Airways. In August 2023, a route to Kiritimati Island will start with Nauru Airline that will start from Brisbane-Nauru-Tarawa-Kiritimati. Eventually, the route will continue to Honolulu. There is also a plan to have a connectivity to Honolulu with a route that starts from Nauru-Tarawa-Majuro-Honolulu. This will help improve the direct connection between Tarawa and Honolulu with two option routes or schedules through Kiritimati Island and Majuro.

With these connectivity improvements, still AKL faces issues with its technical personnel including floor engineers, planners, and logistics. There is a great national shortage of aviation engineers, aviation auditors, and aviation planners. The only solution to acquire these professionals is by hiring them that comes with a hefty budget to support their employment.

4. PLANNING PERIOD OBJECTIVES

4.1 Statement to reconcile the key challenges from section 3.4 to identify planning period Objectives.

AKL's objectives for 2024-26 are developed to reflect the expectations of Government and the public for what type, scope, and quality of services are to be provided.

The mix of issues and challenges for AKL can fall broadly under the headings of:

- Improve Operational Safety and Compliance

- Human Resource Development
- Improve Financial Viability

Around these headings, AKL has identified the following planning period objectives that it considers will address the major challenges and opportunities within feasible resource allocations and constraints. AKL acknowledges that some funding support from development partners is likely to be needed to pursue the hanger and office facilities upgrades and these capital works are an important component of achieving the stated objectives.

4.2 Clear Statement of Objectives to accomplish by the end of the Planning Period

Key Objectives	
Improve Operational Safety and Compliance	
Improve Operational Safety and Compliance	A. Strengthen operational safety policies and procedures
	B. Upgrade equipment and facilities
	C. Increase safety and security awareness amongst staff
Human Resource Development	
Human Resource Development	D. Review Condition of Service
	E. Develop HR Procedures and Manual
	F. Improve Customer Service
Improve Financial Viability	
Improve Financial Viability	G. Improve operational reliability and efficiency
	H. Expand sales base to achieve external market
	I. Monitoring to achieve budget targets
	J. Periodical condition Asset Report
	K. Strengthen Credit Management Procedures
	L. Enhance the integrity of Financial Reports

5. Strategic Actions to Satisfy Objectives

5.1 Identify 1 – 5 key strategies that aim to meet each Objective and that are specific actions and tasks, clearly stating who is responsible and what resources are allocated to the tasks.

Strategic Actions	Who	Resources
A. Strengthen Operational Safety Policies and Procedures		
1. Timely review in accordance with new rules and advice	QA	AKL
2. Develop a scheduled annual audit plan	QA	AKL
3. Achieving KPI's and performance benchmarks for all safety targets	QA DE GOM AOM	AKL

	DFO	
4. Enforce the use of appropriate QIF and incident/accident reporting	QA DE GOM AOM DFO	AKL
5. Review and refine Policies and Procedures	QA DE GOM AOM DFO	AKL
B. Upgrade equipment and facilities		
6. Upgrading of current Bonriki Hangar and office buildings	CEO HRM FM	EXTERNAL FUNDING
7. Acquisition of GSEs, standby generator for Bonriki & Kiritimati	CEO, GOM, HRM FM	EXTERNAL FUNDING
8. Upgrading of outer island HF Radio	DFO GOM	EXTERNAL FUNDING
9. Upgrading of ICT Equipment	ITM HRM FM	EXTERNAL FUNDING
C. Increase safety and security awareness amongst staff		
10. Develop Annual Awareness Training Plan	QAM	AKL
11. Review the Level of Conformance	QAM	AKL
D. Review of Conditions of Service		
12. CS Review	HRM	AKL
E. Develop HR Procedures and Manual		
13. Develop PMS	HRM	AKL
14. ER Review	HRM	AKL
15. Develop Workforce Planning	HRM	AKL
F. Improve Customer Service		
16. Periodically Train Frontline Staff	HRM	AKL
17. Effective Management of Complaints	HOC GOM	
G. Improve operational reliability and efficiency		
18. Review Tariff	HOC	AKL
19. Effective Maintenance Planning	MC	AKL
20. Reducing disruption rates	HOC HOCC DE MC	AKL
21. Replacement of existing leased aircrafts with own aircrafts	CEO DE	EXTERNAL FUNDING

	QA	
22. Improve stakeholder relationship	CEO FM HRM	AKL
H. Expand sales bases to achieve external markets		
23. Publishing inventory on global distribution platforms	HOC	AKL
24. Increasing the number of accepted form of payment	HOC FM	AKL
I. Monitoring to achieve budget targets		
25. Financial and Revenue Reports	FM	AKL
26. Manage cash flow for predicted AKL needs	FM	AKL
J. Periodical asset condition report		
27. Develop the reporting template	FM	AKL
28. Disposal of Dash 8	CEO DE QA	EXTERNAL FUNDING
K. Strengthen Credit Management Procedures		
29. Timely Reconciliation of Outstanding	FM	AKL
30. Develop Effective and legally binding MoU's with historically big debtors	CEO FM	AKL
L. Enhance the integrity of AKL' Financial data		
31. Improve Financial Management Information System	FM	AKL

5.2 Support this by a concise statement linking other aspects of the “business as usual” approach identifying the other aspects of the business that contribute to earnings.

While revenue growth is feasible during the planning period, around 3% to 4%, employment costs will increase. Ground Handling Equipment & Tools will also increase by 5% as these are necessary compliance purposes for LINNIX operations. These include Ground Power Unit, Air Starter Unit, Tow Truck, backup generator, and other tools for aircraft maintenance.

The deficit revenue will continue if GoK could not be able to realise the actual operating cost of AKL and its revenue forecast. The current fare structure is indeed underrated and the only way to appreciate it is to realise the actual cost and permit real calculation on the fare structure.

AKL needs to build capital reserve under its Part 145 and 121 unfortunately, GoK is now taking that responsibility which is not most times convenient to AKL operation. The only way to meet such requirement is for AKL to charge the right operational costs to GoK and set up a reserve bank account to meet core and compliance maintenance on engines, airframe, and other necessary trainings for engineers and pilots for ratings etc. AKL will seek approval from Cabinet to take full control of the approved CSO.

6. Performance Measures

6.1 Identify 1 – 5 SMART KPI's that relate specifically to each strategy.

Strategic Actions	Measure	When
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A. Strengthen Operational Safety Policies and Procedures		
1. Timely review in accordance with new rules and advice	Revised updated, approved, and signed	Bi-annual
	Circulated to concerned authorities	Bi-annual
2. Develop a scheduled annual audit plan	Develop audit plan	By Jan 25
	Audits implemented	By March 25
	CAPs submission and follow ups	Quarterly 25
	Management review meetings	Quarterly 25
3. Achieving KPI's and performance benchmarks for all safety targets	Percentage of findings	Quarterly 25
4. Enforce the use of appropriate QIF/MOR and incident/accident reporting	Percentage of MOR	Quarterly 25
	Percentage of QIF	Quarterly 25
5. Review and refine Policies and Procedures	Revised, approved, signed.	Bi-annual
B. Upgrade equipment and facilities		
6. Upgrading of current Bonriki Hangar and office buildings	Acquiring Design & costing structure	By Feb 25
	Source funding	By Dec 25
7. Acquisition of GSEs, standby generator for Bonriki & Kiritimati	Acquiring costing	By Jan 25
	Source funding	By Mar 25
8. Upgrading of outer island HF Radio	Acquiring costing	By Jan 25
	Source funding	By Mar 25
9. Upgrading of ICT Equipment	Acquiring costing	By Mar 25
	Source funding	By May 25
C. Increase safety and security awareness amongst staff		
10. Develop Annual Awareness Training Plan	Develop Training Plan	By Jan 25
	Plan implemented	Bi-annual
11. Review the Level of Conformance	Spot checks and inspections carried out.	Quarterly 25
D. Review of Conditions of Service		
12. CS Review	1 st Draft Reviewed presented to Board	Jan 25
	Awareness to staff	Mar 25
	Legal Review	April 25

	Final Draft presented to Board.	Aug 25
E. Develop HR Procedures and Manual		
13. Develop PMS	Revised and improved current SPA	Jan 25
14. ER Review	Submissions to HR	Aug 25
	Submissions to Board	Sept 25
	Implementation	Jan 26
15. Develop Workforce Planning	Skill gaps identified	Jan 25
	Training needs developed	Mar 25
F. Improve Customer Service		
16. Periodically Train Frontline Staff	Compulsory Training	Bi-annual
17. Effective Management of Complaints	Review complaint database	Jan 25
	Analyse Data	Mar 25
	Propose new solutions	May 25
G. Improve operational reliability and efficiency		
18. Review Tariff	Submit new fare structure to Board	Jan 25
	Submission to SOEMAU	Feb 25
	Submission to Cabinet	Mar 25
	Implementation of new tariff	2 nd Quarter 25
19. Effective Maintenance Planning	Provide maintenance forecast for spare parts procurement planning	All year around
	Ensure in stock spare parts available for schedule planned maintenance	All year around
	Monitor compliance to manufacturers' publications	All year around
20. Reducing disruption rates	Producing reliability report	Monthly
21. Replacement of existing leased aircrafts with own aircrafts	Reduces annual mainframe lease expenses	August 2025
22. Improve stakeholder relationship	Timely payments	All Year Round
H. Expand sales bases to achieve external markets		

23. Publishing inventory on global distribution platforms	Provide available seat inventory for sales through distribution systems across the globe (GDS).	Jan 25
24. Increasing the number of accepted form of payment	Review of E-Gate	Quarterly 25
25. Formalize ownership taking over of the 2 Embraer aircrafts, review the type of leasing of the existing Embraer to determine best leasing type for both the existing and forthcoming EMBRAER (E2)	Increased lease revenue from A\$ 140k monthly by 100% for each, the existing plane and new plane	12 Monthly reports by Dec of each year
I. Monitoring to achieve budget targets		
26. Financial and Revenue Reports	Submission of monthly reports	12 Monthly reports by Dec of each year
27. Manage cash flow for predicted AKL needs	Improved Net Cash flow by 3%	Yearly
J. Asset and Facilities Management System		
28. Develop Capitalization Policy, Asset periodical reporting template,	Review and update Report	Quarterly
	Department report submission	Quarterly
29. Aircraft Fleet Management	3. Disposal of Dash 8	June 2025
	4. Purchase of New Aircraft	Aug 2025
K. Strengthen Credit Management Procedures		
30. Timely Reconciliation of Outstanding	Reduce outstanding receivables in 20%	Jan 25
31. Develop Effective and legally binding MoU's with historically potential debtors	Consult, draft document, review, and signed MoU	Mar 25
L. Enhance the integrity of the Financial		
32. Improve AKL' Financial Management Information System	Unqualified opinion	2025

6.2 Some strategies will take multiple years to achieve and therefore identify progress KPI's for the year ahead and each year of the Plan. Ensure KPI's include financial and non-financial measures and are consistent with the overall KPI's developed for the business

Where necessary, progress KPIs are included in the above table as some strategies are expected to take multiple years. The KPIs are consistent with overall performance measures expected for the business.

7. SUPPORT FOR GOVERNMENT POLICIES

7.1 Statement of compliance with relevant Government Policies

AKL has greatly benefited from assets provided by GoK and other donors. Although the assets are being provided as gifts or donations in kind, yet AKL is to meet all maintenance and operating costs. The increase of fleets and schedule operations also impacted on the need for more technical support personnels both in the engineering and flight operation departments. These are also compliance requirement for safety to both operators and end users.

AKL continues to prioritize the safety of its employees and customers. This enforces all regulatory compliance under Parts 145, 121 and other Aviation Authorities regulations.

All above required maintenance and operational cost and compliance requires adequate financial support. AKL is able to determine the right market or service price for consumers to pay otherwise Government decide whether to be considered a CSO.

7.2 Statement of Community Services, nature of services and financial claims for CSO support during the planning period

AKL intends to claim for the Community Services noting that GoK continues to suppress on AKL's fare structure. The table hereunder will guide on the current fare structure, breakeven at 80% occupancy and 75% occupancy.

Option 1 - Current Fare			Option 2 - Break Even @ 80% Occupancy			Option 3 - Break Even @ 75% Occupancy		
Destination:	Fare:	Expected Yearly Revenue(Net)(With 80% Occ)	Destination:	Fare:	Expected Yearly Revenue(Net)(With 80% Occ)	Destination:	Fare:	Expected Yearly Revenue(Net)(With 80% Occ)
Makin	\$127.00		Makin	\$433.00		Makin	\$442.00	
Butaritari	\$116.00		Butaritari	\$390.00		Butaritari	\$397.00	
Marakei	\$71.00		Marakei	\$123.00		Marakei	\$160.00	
Abaiang	\$62.00		Abaiang	\$92.00		Abaiang	\$94.00	
Maiana	\$60.00		Maiana	\$92.00		Maiana	\$94.00	
Abemama	\$90.00		Abemama	\$208.00		Abemama	\$212.00	
Kuria	\$93.00		Kuria	\$208.00		Kuria	\$212.00	
Aranuka	\$98.00		Aranuka	\$243.00		Aranuka	\$295.00	
Nonouti	\$144.00	\$ 12,938,454.90	Nonouti	\$519.00	\$ 700,001.64	Nonouti	\$530.00	\$ 1,087,894.61
Tab North	\$172.00		Tab North	\$692.00		Tab North	\$706.00	
Tab South	\$185.00		Tab South	\$823.00		Tab South	\$839.00	
Onotoa	\$207.00		Onotoa	\$909.00		Onotoa	\$927.00	
Beru	\$207.00		Beru	\$995.00		Beru	\$1,015.00	
Nikunau	\$218.00		Nikunau	\$1,082.00		Nikunau	\$1,103.00	
Tamana	\$241.00		Tamana	\$1,082.00		Tamana	\$1,103.00	
Arorae	\$271.00		Arorae	\$1,255.00		Arorae	\$1,280.00	

* Achieving 80% average occupancy throughout the year after a steep fare increase is an extremely unlikely scenario

7.3 Statement of Support from Government and / or Development Partners and details of contracts, obligations, and financial impact on business

AKL continues to benefit from GoK capital injection in means of additional fleets, as well as supporting funding on the leased aircrafts. Also, provision funds through the SOEMAU on leasing and maintenance funds.

7.4 Statements of Financial capacity regarding and details of any external borrowings

AKL is anticipating borrowing the amount of USD2million for the maintenance of T3-AKL. This asset is still in good condition unfortunately, after being AOG for the past 3 years, there is a great deal need to do major checks, replacement of avionics, and overall face uplift.

Also, to address major infrastructure Renovations and Improvements (R&I Plans) specifically for the existing hanger, new hanger, and office space at the Bonriki International Airport.

7.5 Statements of Financial capacity in regard to dividends, dividend policy and proposed dividends during the planning period

AKL is not yet in the position to pay its dividend with its current financial position, until such time its financial performance and position is better and improved.

7.6 Any other matters as agreed with the Responsible Ministers

The Government, through the Responsible Minister HMICT, is donating both Embraer, the one currently leased by PIONAIR and the new one to be delivered early 2025. Both planes are valued over Au\$90 million and each plane is purchased and donated by Kiribati Government and the Chinese Government. The Kiribati Government is also keen for AKL to operate those Aircrafts internationally.

In response, AKL Board of Directors and Management will;

- Formalize the Asset Transfer of the existing Embraer currently leased by PIONAIR by end September 2023
- Revise the existing Lease Agreement with the PIONAIR and the New owner of PIONAIR by end Dec 2023
- Analyze and propose new structure to determine required resources to manage this unit by end of September 2023
- Determine best type of Lease for the Embraer and propose the Board the transitioning plan by end September 2023.
- Produce plans to operate internationally by September 2025.
- To secure funds for the maintenance of the Dash-8 to be sellable (C-Check).

8. FINANCIAL FORECASTS

8.1 Air Kiribati Ltd Statement of Financial Performance for years 2026-2028: Domestic

AIR KIRIBATI LIMITED			
Projection from 2025 - 2028			
	2026	2027	2028
Income			
Ticketing Sales	\$ 7,553,564.27	\$ 7,780,171.20	\$ 8,013,576.34
Cargo Sales	\$ 2,039,805.60	\$ 2,060,203.66	\$ 2,080,805.70
Ground Handling	\$ 845,189.81	\$ 853,641.71	\$ 870,714.54
Charter	\$ 1,925,644.55	\$ 1,944,900.99	\$ 1,964,350.00
Other Income	\$ 349,100.11	\$ 349,100.11	\$ 349,100.11
Total Income	\$ 12,713,304.35	\$ 12,988,017.67	\$ 13,278,546.69
Cost of Sales			
Fuel & Cartages	\$ 2,342,686.12	\$ 2,366,112.98	\$ 2,389,774.11
Landing fees	\$ 80,980.43	\$ 85,029.45	\$ 87,580.33
Maintenance	\$ 4,470,768.30	\$ 2,404,337.10	\$ 3,797,046.00
Insurance	\$ 1,291,827.44	\$ 1,304,745.71	\$ 1,317,793.17
Engine Lease	\$ 1,034,841.53	\$ 1,045,189.94	\$ 1,055,641.84
Airframe Lease	\$ 1,127,760.55	\$ 1,139,038.15	\$ 1,150,428.53
Other DOC	\$ 44,219.64	\$ 44,661.84	\$ 45,108.46
Freight Paid	\$ 104,833.07	\$ 105,881.40	\$ 106,940.22
Subscriptions (AKB & Others)	\$ 211,107.68	\$ 213,218.76	\$ 215,350.95
Total COS	\$ 10,709,024.76	\$ 8,708,215.34	\$ 10,165,663.61
Gross Profits/(Losses)	\$ 2,004,279.59	\$ 4,279,802.34	\$ 3,112,883.08
EXPENSES			
General & Admin Exp	\$ 1,218,024.38	\$ 1,230,204.62	\$ 1,242,506.67
Marketing & Promotions	\$ 8,668.71	\$ 8,755.40	\$ 8,842.95
Employment costs	\$ 3,226,121.03	\$ 3,258,382.24	\$ 3,290,966.07
Occupancy Costs	\$ 148,472.87	\$ 149,957.60	\$ 151,457.17
Total Indirect Costs	\$ 4,601,286.99	\$ 4,647,299.86	\$ 4,693,772.86
Operating Profits/(Losses)	-\$ 2,597,007.40	-\$ 367,497.52	-\$ 1,580,889.78
Add Other Incomes			
GoK CSO	\$ 2,000,000.00	\$ -	\$ 500,000.00
PPI	\$ 285,353.91	\$ 293,914.52	\$ 302,731.96
Asset & Exchange gain	\$ 1,541.60	\$ 1,587.70	\$ 1,635.33
Embraer Lease	\$ -	\$ -	\$ -
Doubtful Debts reversed	\$ 307,096.63	\$ 316,309.53	\$ 325,798.81
Sundry Income	\$ 1,500.00	\$ 2,000.00	\$ 2,500.00
Total Other Incomes	\$ 2,595,492.14	\$ 613,811.75	\$ 1,132,666.10
Less Other Expenditures			
Nauru Charters	\$ 645,054.90	\$ 677,307.65	\$ 711,173.03
PPI	\$ 9,910.53	\$ 10,406.06	\$ 10,926.36
Jet Technical	\$ 858,521.20	\$ 901,447.26	\$ 946,519.63
Exchange Losses	\$ 246,111.27	\$ 251,033.50	\$ 256,054.17
Total Other Expenses	\$ 1,759,597.90	\$ 1,840,194.46	\$ 1,924,673.18
EBITDA	-\$ 1,761,113.16	-\$ 1,593,880.23	-\$ 2,372,896.85
Depreciation	\$ 2,772,712.09	\$ 2,800,439.21	\$ 2,828,443.60
Amortization	\$ 1,293,394.92	\$ 1,293,394.92	\$ 1,293,394.92
Net Profits/ (Losses)	-\$ 3,240,430.33	-\$ 3,100,924.52	-\$ 3,907,945.53

AIR KIRIBATI LIMITED

Embraer Jet Project			
Forecasted Financial Performance			
2026 - 2028			
Incomes	2026	2027	2028
Airframe Lease	\$ 192,000.00	\$ 307,200.00	\$ 491,520.00
Engine Lease	\$ 128,000.00	\$ 204,800.00	\$ 327,680.00
Total Incomes	\$ 320,000.00	\$ 512,000.00	\$ 819,200.00
General & Administrative Expense			
Technical Legal Assistance	\$ 168,000.00	\$ 201,600.00	\$ 241,920.00
Consultations with Lessee	\$ 39,000.00	\$ 50,700.00	\$ 65,910.00
Dues	\$ -	\$ -	\$ -
	\$ 207,000.00	\$ 252,300.00	\$ 307,830.00
Operating Incomes	\$ 113,000.00	\$ 259,700.00	\$ 511,370.00
Development Funds (90%)	\$ 101,700.00	\$ 233,730.00	\$ 460,233.00
Other Incomes			
Amortization	\$ 3,200,000.00	\$ 5,120,000.00	\$ 5,120,000.00
Other Expenses			
Depreciation	\$ 3,200,000.00	\$ 4,800,000.00	\$ 4,800,000.00
Net Incomes	\$ 11,300.00	\$ 345,970.00	\$ 371,137.00

AIR KIRIBATI LIMITED

8.2a AIR KIRIBATI LTD FINANCIAL POSITION AS AT 31/12/2026– 2028: Domestic

AIR KIRIBATI LIMITED			
3 Year Projection			
Balance Sheet 2026-2028			
	2026	2027	2028
CURRENT ASSETS			
Cash & Bank	\$ 745,570	\$ 853,038	\$ 740,076
Debtors	\$ 971,770	\$ 1,458,200	\$ 1,806,480
Other Debtors & Receivables	\$ 880,899	\$ 880,899	\$ 880,899
	\$ 2,598,240	\$ 3,192,136	\$ 3,427,455
Less: CURRENT LIABILITIES			
Trade Creditors	\$ 786,726	\$ 393,363	\$ 196,682
Sundry Creditors	\$ 1,553,310	\$ 1,087,317	\$ 761,122
Payroll Liabilities	\$ 96,708	\$ 96,708	\$ 96,708
	\$ -	\$ -	\$ -
	\$ 2,436,744	\$ 1,577,388	\$ 1,054,511
WORKING CAPITAL	\$ 161,495	\$ 1,614,748	\$ 2,372,943
add: NON CURRENT ASSETS			
Property, Plants & Equipments	\$ 19,239,342	\$ 14,659,115	\$ 9,966,924
	\$ -	\$ -	\$ -
	\$ 19,239,342	\$ 14,659,115	\$ 9,966,924
less: NON CURRENT LIABILITIES			
Long term Debt - Koil	\$ 1,855,162	\$ 1,829,112	\$ 1,803,062
NET WORTH	\$ 17,545,675	\$ 14,444,751	\$ 10,536,805
Represented by:			
Paid Up Capital	\$ 500	\$ 500	\$ 500
Shareholders contribution	\$ 29,577,634	\$ 29,577,634	\$ 29,577,634
Accumulative Profit	-\$ 12,032,458	-\$ 15,133,383	-\$ 19,041,328
Total Equity	\$ 17,545,675	\$ 14,444,751	\$ 10,536,805

8.2b AIR KIRIBATI LTD FINANCIAL POSITION AS AT 31/12/2026 – 2028: Embraer

Embraer Jet Project				
Forecasted Financial Position				
2026 - 2028				
	2026	2027	2028	
Current Assets				
Receivables				
Current Liabilities				
Payables				
Dues to Pionair				
Dues to Embraer				
Dues to Pratt & Whittney				
Working Capital				
Fixed Assets				
Aircraft	\$ 70,400,000.00	\$ 65,600,000.00	\$ 60,800,000.00	
Inventory	\$ 2,469,764.00	\$ 2,469,764.00	\$ 2,469,764.00	
Investments	\$ 101,700.00	\$ 335,430.00	\$ 795,663.00	
	\$ 72,971,464.00	\$ 68,405,194.00	\$ 64,065,427.00	
Net Assets	\$ 72,971,464.00	\$ 68,405,194.00	\$ 64,065,427.00	
Represented By				
GoK Equity	\$ 73,130,164.00	\$ 68,217,924.00	\$ 63,507,020.00	
Retained Earnings	-\$ 170,000.00	-\$ 158,700.00	\$ 187,270.00	
Net Profits	\$ 11,300.00	\$ 345,970.00	\$ 371,137.00	
	\$ 72,971,464.00	\$ 68,405,194.00	\$ 64,065,427.00	

8.3 AIR KIRIBATI LTD PROJECTED CASH FLOW FOR 2026-2028: Domestic

AIR KIRIBATI LIMITED			
3 Year Projection			
Statement of Cash Flow			
	2026	2027	2028
Cash Flow from Operating Activities			
Cash received from Customers	\$ 12,579,593.19	\$ 12,501,588.38	\$ 12,930,266.58
Cash received Agency	\$ 1,888,887.06	-\$ 1,983,386.18	-\$ 1,464,531.83
Cash Paid to Suppliers and Employees	-\$16,055,276.01	-\$12,190,523.09	-\$13,442,443.56
Net Cash from Operating	-\$ 1,586,795.76	-\$ 1,672,320.89	-\$ 1,976,708.81
Cash Flow from Investing Activities			
Purchase of Property, plant and equipment	\$ 1,699,687.37	\$ 1,779,788.40	\$ 1,863,746.82
Stock	\$ -	\$ -	\$ -
Net Cash from Investing	\$ 1,699,687.37	\$ 1,779,788.40	\$ 1,863,746.82
Cash Flow From Financing			
Provision for Income Tax Paid	\$ -	\$ -	\$ -
Provision for Dividend Paid	\$ -	\$ -	\$ -
Net Cash From Financing	\$ -	\$ -	\$ -
Net (Increase)/Decrease in Cash and Cash Equivalents	\$ 112,891.62	\$ 107,467.51	-\$ 112,961.99
Round off Difference	-\$ 0.00	\$ 0.00	\$ 0.00
Opening Cash Balance at the beginning of the year	\$ 632,678.80	\$ 745,570.42	\$ 853,037.93
Closing Cash Balance as at end of the year	\$ 745,570.42	\$ 853,037.93	\$ 740,075.93
Details of Cash and Cash Equivalents as at 31/12/25 - 31/12/28			
Air Kiribati Limited - 239877	\$ 744,245.65	\$ 851,713.16	\$ 738,751.16
AKL CXI - 816290	\$ 424.85	\$ 424.85	\$ 424.85
AKL USD - 1395065	\$ -	\$ -	\$ -
Petty Cash	\$ 899.92	\$ 899.92	\$ 899.92
	\$ 745,570.42	\$ 853,037.93	\$ 740,075.93
Reconciliation of cash flow from operating activities to net profit			
Net Profit for the year	-\$ 3,240,430.33	-\$ 3,100,924.52	-\$ 3,907,945.53
Depreciation	\$ 2,772,712.09	\$ 2,800,439.21	\$ 2,828,443.60
(Increase)/Decrease in trade and other receivables	-\$ 2,133,711.15	-\$ 4,377,022.15	-\$ 4,238,872.96
Increase/(Decrease) in trade and other payables	-\$ 985,366.36	-\$ 885,406.29	-\$ 548,926.77
GOK CSO	\$ 2,000,000.00	\$ 3,890,592.85	\$ 3,890,592.85
	-\$ 1,586,795.76	-\$ 1,672,320.89	-\$ 1,976,708.81

8.4 Air Kiribati Limited RoE%, RoA%, Current Ratio, NPAT%: Domestic

AKL - KEY FINANCIAL INDICATORS				
		2026	2027	2028
Fixed Asset to Turnover				
	Fixed Assets	\$ 19,239,342.30	\$ 14,659,114.69	\$ 9,966,924.27
	Revenue	\$ 16,602,191.41	\$ 14,895,224.34	\$ 15,704,607.71
	Ratio	86%	102%	158%
Return on Equity (incl Aid Reserve)				
	Capital + Aid	\$ 29,578,133.63	\$ 29,578,133.63	\$ 29,578,133.63
	Net Profit	-\$ 3,240,430.33	-\$ 3,100,924.52	-\$ 3,907,945.53
	Ratio %	-11%	-10%	-13%
Debtor Days				
	Trade Debtors	\$ 1,852,669.27	\$ 2,339,098.56	\$ 2,687,378.68
	Revenue	\$ 16,602,191.41	\$ 14,895,224.34	\$ 15,704,607.71
	Debtor Days	8.96	6.37	5.84
Net Profit to Revenue				
	Revenue	\$ 16,602,191.41	\$ 14,895,224.34	\$ 15,704,607.71
	Net Profit	-\$ 3,240,430.33	-\$ 3,100,924.52	-\$ 3,907,945.53
	Ratio %	-20%	-21%	-25%
Operating Profits		-\$ 3,240,430.33	-\$ 3,100,924.52	-\$ 3,907,945.53

8.5 Provide details of key assumptions that influence the above financial forecasts. Ensure Financial forecasts reflect strategies, resource allocations, revenues, costs, assets and liabilities arising from the planned actions and strategies and provide supporting reference notes and statements of explanation.

Key Assumptions identified in the financial forecasting for AKL' 2024-2026 are based on the followings;

- 1) Compliance to Safety and Aviation Act
- 2) Resumption of Linnix Operations after 3 years closure
- 3) Transition from Leasing to Ownership of Aircrafts
- 4) Inflation in the Linnix
- 5) Strengthening Credit Management Policies
- 6) Improving staffs' morale and productivity
- 7) Occupational Health & Safety strengthening
- 8) Investment in efficient machineries

CAPITAL EXPENDITURE 2024					
No.	Project Name	SOI 2026 - 2028			Donor
		2026	2027	2028	
TARAWA					
1	Dash 8 disposal	\$4,484,453			
2	T3 – AKL revival	\$6, 590,980			GoK
KIRITIMATI					
		2026	2027	2028	
1	Office	10,000	10,000	10,000	
2	Employments	220,000	220,000	220,000	
3	FINGERPRINT	5,000	0	0	
4	HUMIDIFIER	10,000			
5	GROUND SUPPORT EQUIPMENT	435,000			
6	TOOLBOX & 8 TROLLEYS FOR CARGOES HANDLING	30,000			
7	COMPRESSOR PUMP	5,000			
8	SPARE TYRES	50,000			
	Grand Total	\$7,097,469	\$230,000	230,000	
Other Projects earmarked for external financial assistance					
1	Hangar				
2	Outer Islands Radio				

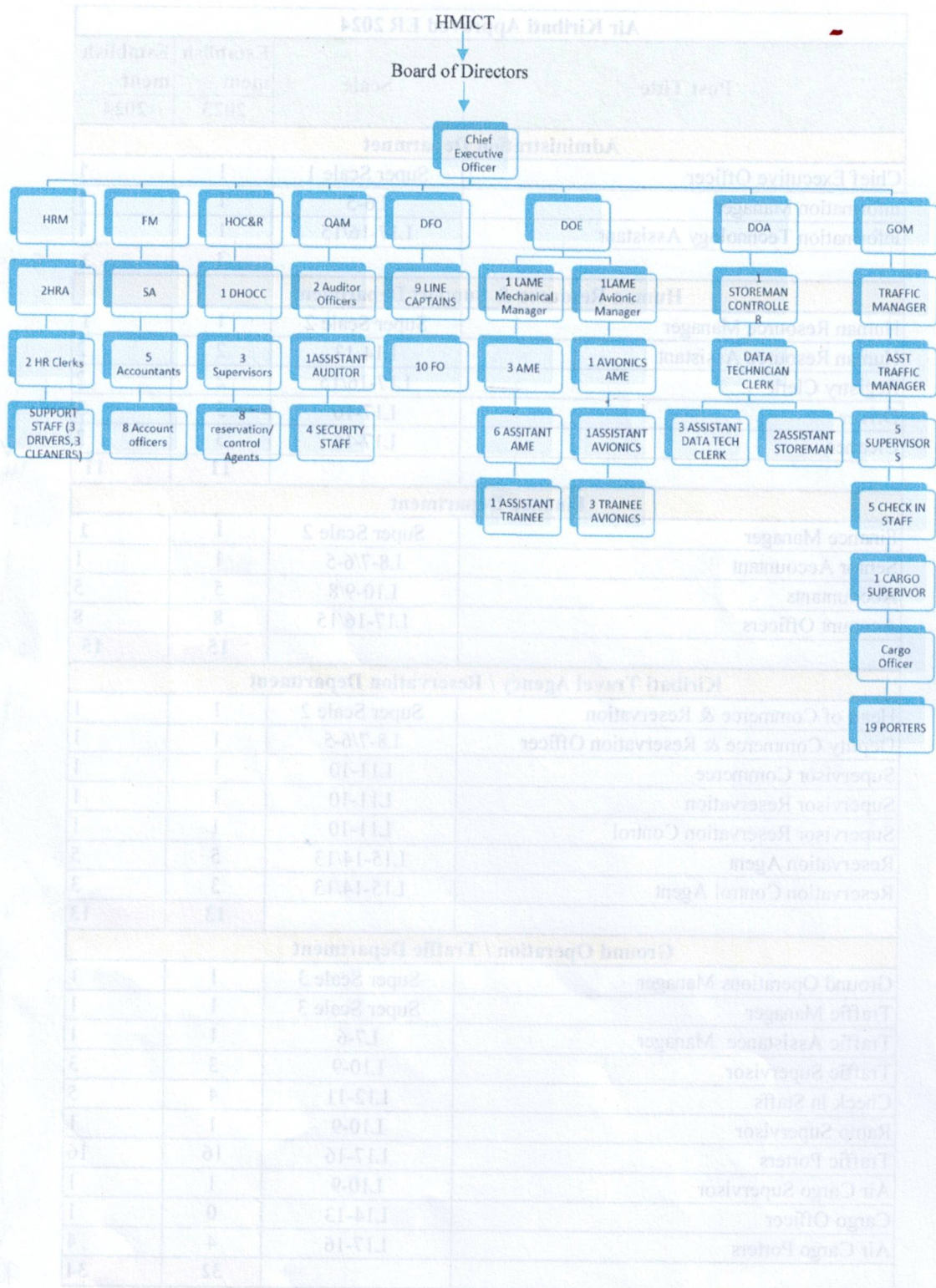
With GoK injection of aircraft fleets, revenue growth is feasible during the planning periods. The commencement of Ministry of Line & Phoenix Islands Development' operations however will add further to current employment costs, general & administration costs, and cost of sales.

8.6 Provide a statement of the accounting policies in use.

The annual accounts are prepared under the historical cost convention in accordance with generally accepted accounting principles, standards, and statutory requirements in Kiribati. The principle accounting policies adopted by the Airline Company are as follows:

- Preparation is based on accruals basis.
- Depreciation method used is Straight-Line Basis being total costs divided over assets' useful life.
- Amortisation of the Aid Reserve is done annually at a rate equivalent to the depreciation rate for the fixed assets that were donated.

Organizational Structure 2024



Approved Establishment Register 2024

Air Kiribati Approved ER 2024			
Post Title	Scale	Establishment	Establishment
		2023	2024
Administration Department			
Chief Executive Officer	Super Scale 1	1	1
Information Manager	L6-5	1	1
Information Technology Assistant	L17-16/15	1	1
		3	3
Human Resource & Support Department			
Human Resource Manager	Super Scale 2	1	1
Human Resource Assistant	L14-13	2	2
Registry Clerk	L17-16/15	2	2
Driver	L17-16	3	3
Cleaner	L17-16	3	3
		11	11
Finance Department			
Finance Manager	Super Scale 2	1	1
Senior Accountant	L8-7/6-5	1	1
Accountants	L10-9/8	5	5
Account Officers	L17-16/15	8	8
		15	15
Kiribati Travel Agency / Reservation Department			
Head of Commerce & Reservation	Super Scale 2	1	1
Deputy Commerce & Reservation Officer	L8-7/6-5	1	1
Supervisor Commerce	L11-10	1	1
Supervisor Reservation	L11-10	1	1
Supervisor Reservation Control	L11-10	1	1
Reservation Agent	L15-14/13	5	5
Reservation Control Agent	L15-14/13	3	3
		13	13
Ground Operation / Traffic Department			
Ground Operations Manager	Super Scale 3	1	1
Traffic Manager	Super Scale 3	1	1
Traffic Assistance Manager	L7-6	1	1
Traffic Supervisor	L10-9	3	3
Check In Staffs	L12-11	4	5
Ramp Supervisor	L10-9	1	1
Traffic Porters	L17-16	16	16
Air Cargo Supervisor	L10-9	1	1
Cargo Officer	L14-13	0	1
Air Cargo Porters	L17-16	4	4
		32	34

3 (6)

14 (6)

29 (6)

42 (6)

76 (+2)

Air Kiribati Approved ER 2024			
Post Title	Scale	Establishment	Establishment
		2023	2024
Quality Assurance Department			
Director of Security & Quality Assurance	Super Scale 2	1	1
Security Auditor	L9-8/7	1	1
Quality Assurance Officer	L9-8/7	1	1
Assistant Quality Auditor	L13-12/11-10	1	1
Security Staffs	L17-16	4	4
		8	8
Engineering Department			
Director of Engineering	Super Scale 2	1	1
Deputy Engineering Mechanical	Super Scale 3	1	1
Avionics Manger	Super Scale 3	1	1
Air Craft Maintenance Engineer	L10-9/8	3	3
Avionics AME	L10-9/8	1	1
Asisstant AME	L13/12	6	6
Assistant Avionics AME	L13/12	1	1
AME Trainee	L15/14	1	2
Trainee Avionics	L15/14	2	3
		17	19
Maintenance and Planning Department			
Director of Airworthness	Super Scale 2	1	1
Data Technical Clerk	L14-1	1	1
Assistant Data Technical Clerk	L17-16	2	2
Storeman Controller	L13-12	1	1
Assistant Storeman	L17-16	1	2
		6	7
Operation Control Center Department			
Head Operation Control Center (Captain)	Super Scale 3	1	1
Despatch Officer	L14-13/12	2	2
Flight Watch Officer	L15-14/13	2	2
		5	5
Flight Operation Department			
Director Flight Operations (Captain)	Super Scale 2	1	1
Check and Trainer Captain (Captain)	Super Scale 3	1	1
Line Captains	Super Scale 3	6	6
First Officers	L11-10/9-8	8	9
		16	17
TOTAL		126	132

84 (e)

103 (12)

110 (11)

115 (6)

132 10

Approved Salary Scale

SALARY LEVEL	Annual Salary	General Officer and Technical	
Executive Level		L14-1	\$ 11,068.20
Super Scale 1	\$ 42,000.00	L14-2	\$ 10,810.80
Super Scale 2	\$ 32,000.00	L14-3	\$ 10,553.40
Super Scale 3	\$ 28,000.00	L14-4	\$ 10,296.00
L3	\$ 20,849.40	L15-1	\$ 10,038.60
L4	\$ 20,206.56	L15-2	\$ 9,781.20
L5	\$ 19,819.80	L15-3	\$ 9,523.80
L6	\$ 19,434.36	*L15-4	\$ 9,266.40
Senior Management/Technical		*L16-1	\$ 9,009.00
L7-1	\$ 18,532.80	*L16-2	\$ 8,751.60
L7-2	\$ 18,147.36	*L16-3	\$ 8,494.20
L8-1	\$ 17,760.60	*L17-1	\$ 8,236.80
L8-2	\$ 17,375.16	*L17-2	\$ 7,979.40
L9-1	\$ 16,988.40	*L17-3	\$ 7,722.00
L9-2	\$ 16,602.96	Casual/Temporary	
Mid Management/Technical		L18	\$ 7,722.00
L10-1	\$ 15,830.76		
L10-2	\$ 15,444.00		
L10-3	\$ 15,058.56		
L11-1	\$ 14,671.80		
L11-2	\$ 14,286.36		
L11-3	\$ 13,899.60		
L12-1	\$ 13,514.16		
L12-2	\$ 13,127.40		
L12-3	\$ 12,741.96		
L13-1	\$ 12,355.20		
L13-2	\$ 11,969.76		
L13-3	\$ 11,583.00		