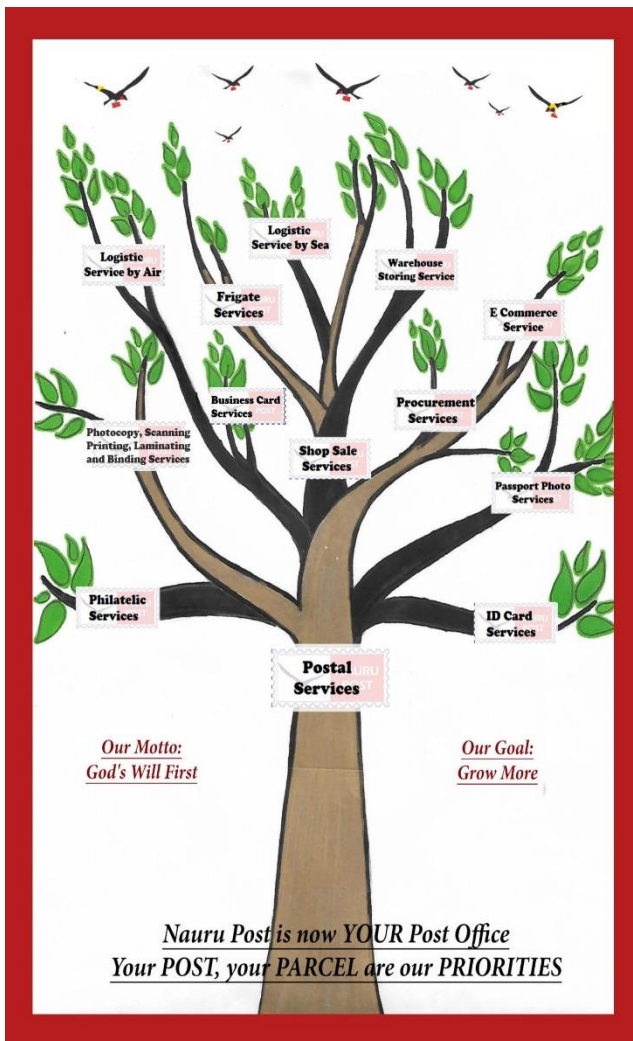
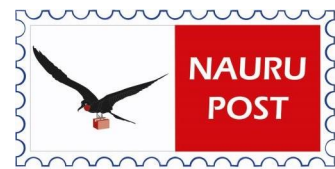




**Naoero Postal Services Corporation
(Nauru Post)**

**Report to Parliament for the period:
1 July 2020 to 30 June 2021**

Your Post, Your Parcel are our priorities



This diagram, used in 2020, represents NPSC and its various services. Whilst Postal Services provided the main trunk on which other services have grown, logistics was strengthened in 2020-2021 and is now the core of the services provided today.

NOTE: The logo used for Nauru Post throughout this report is a new design introduced in March 2020 to coincide with the Corporation's 2nd anniversary – showing a Frigate bird carrying a parcel. This is intended to emphasise that the primary focus of Nauru Post is on the moving of goods (large and small) into and, as needed, away from Nauru.



Naoero Postal Services Corporation is a wholly owned Corporation of the Government of Nauru

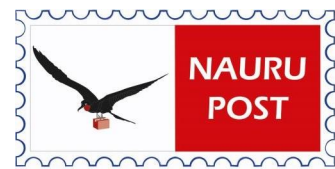
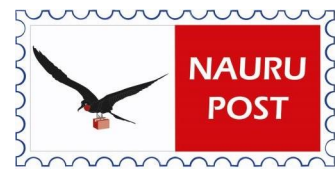


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INTRODUCTION

Nauru Post (the trading name of the Naoero Postal Services Corporation) began its operation in March 2018, following the passage of the *Naoero Postal Services Corporation Act* in January 2018. This is the third report of the Corporation - the Annual Report for the period 1 July 2020 to 30 June 2021.

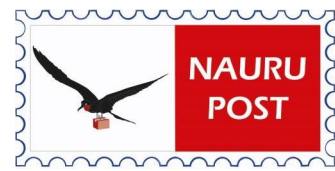
This year was marked by the surges of the COVID pandemic across the world and the ongoing impact that this provided to transport operations and logistics services, not only between Australia and Nauru, but to global supply chains throughout the world.

The year commenced well for the Corporation as it was assigned the ownership of Eigigu Holdings Cargo Transport Services (EHCTS) by the Nauru Government from 1 July 2020. EHCTS would be renamed as the Nauru Post Logistics Services (NPLS) later in the year as the consolidation was completed.

Whilst the Corporation and EHCTS/NPLS kept separate books of accounts for most of the accounting period 2020-2021, these accounts have been consolidated in this report to give a full accounting of the consolidated Corporation's performance for the year.

As a consequence, the Notes to the Accounts for this year have been extended to ensure that all matters of interest are adequately reported.

Nauru Post is changing. Its ambition is to be the principal and preferred logistics supplier to the nation. Postal services are but just one small part of this total operation and the Corporation can now look to exercising its capabilities in providing a broad spectrum of services, including sea and air freight, for the nation.



FOREWORDS

The Responsible and Accountable Ministers



His Excellency Hon. Lionel Rouwen Aingimea, MP
President & Minister for the
Naoero Postal Services Corporation (Nauru Post)



The Hon Richard-Hyde Menke, MP
Deputy Minister for the
Naoero Postal Services Corporation (Nauru Post)

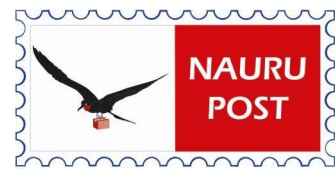
It is a pleasure for us to acknowledge the achievements of the Corporation in 2020-2021 set out in this report and to accept the Operating Profit of \$517,784 and the \$200,000 Dividend to Government; a significant outcome.

As described elsewhere, the logistics functions of the Corporation were strengthened by the Government's decision to transfer EHCTS to the control of the Corporation. This provided a new focus for the Executive team and the Board of NPSC and will require their oversight of important structural and policy matters in regard to the staff and operation of the business.

Efforts were continued to eliminate Nauru's accumulated "debts in arrears" with both the Universal Postal Union (UPU) and an allied regional body, the Asian Pacific Postal Union (APPU). In recognition of these liabilities, we have occasioned a precautionary path forward by setting aside \$1million in the accounts for unforeseen developments in this area.

In support of our partner posts in Asia Pacific, Nauru has been leading a drive from the region to enable the Pacific islands to gain adequate representation on the important organs of the Universal Post Union, its Council of Administration (CA) and the Postal Operations Council (POC). These bodies set the policies and the operating guidelines for the world posts and looking back, it is disappointing to note that the Pacific islands have not been represented on these bodies since Nauru joined the UPU in 1969, soon after the declaration of independence of the Republic. Nauru has forwarded proposals to waive its debts in arrears (brought about by a flawed system) and, on behalf of all the Pacific island countries, to gain representation amongst the forty or so members that make up the CA and POC within the UPU, for consideration by the 27th UPU Congress, now scheduled for August 2021.

Our thanks are extended to the staff, the CEO and the Board of the Corporation for working with us and for bringing to life the vision and policies of our Government.



The Board and the CEO



Mr Alvin (Frederick) Harris
Chairman of the Board
Naoero Postal Services Corporation (Nauru Post)
Republic of Nauru



Mr Sasikumar Paravanoor
Chief Executive Officer (CEO)
Naoero Postal Services Corporation (Nauru Post)
Republic of Nauru



Mr Aaron Cain



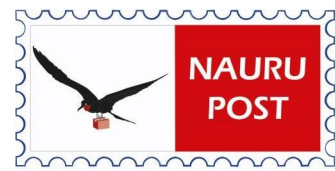
Ms Favae Herman

It was a challenging year for the Corporation as we came to terms with the impact of absorbing EHCTS into the Corporation. Fortunately, the pandemic left us with a little breathing space to address the local issues but complicated the overall picture in disrupting transport arrangements with shippers and with Nauru Airlines.

During 2020-2021 it was necessary to focus on ensuring that controls were built into the business and during the coming year we will ensure that common practices and policies are adopted across the organisation in the areas of staff conditions, pay scales, delegations and accounting practices. Together, we will further rationalise and focus the work of the Board more on strategies and policies which will allow the CEO to manage the business on a day-to-day basis.

Whilst regular meetings of the Board and the CEO occurred throughout this year, we aim to streamline this practice and adopt a scheme of monthly meetings, geared to matters which are taking more prominence as emphasis is being drawn towards our obligations under the *Corporations Act 1972*, the *Naoero Postal Services Corporations Act 2018*, and the *Public Enterprises Act 2019*.

It has been the focus of the Board and the CEO to move the Corporation to becoming the prominent and preferred logistics supplier to the government, businesses and the people of Nauru, and we thank the staff in joining us on this mission.



EXECUTIVE SUMMARY

On behalf of the Board of the Corporation, I am pleased to present the enclosed report.

The year, like the previous year, continued to challenge our staff as COVID 19 dominated the world news and as the delta variant emerged and caused another round of surges across the world. Transport routes were again disrupted and earlier plans to have reinstated the supply pathways were once more set aside.

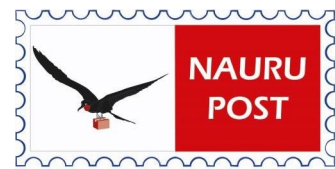
The first half of the year was notable for the transfer of EHCTS to the Corporation; the appointment of our representative in Brisbane; the CEO's attendance at the APPU on-line meeting; the release of the Day of the Tribe stamp; the receipt of two motorbikes donated by the UPU and the restructuring of our sea shipping services from Brisbane. As the calendar year drew to a close, the Corporation arranged a charter flight from Brisbane to assist customers in bringing home various cargos that were time critical for Christmas and it also arranged a poster competition for children with the theme *"75th Anniversary of the Return of Our People from Chuuk"*.

The second half of the year also provided significant events including: the launch of the Nauru Postal Delivery system; the payment of a \$200,000 dividend to Government and \$71,895 as an interim tax payment to the Revenue Office; the naming of Mr Zac Temaki as *"Employee of the Year"*; the introduction of *'Superlife'* to provide for superannuation provisions and benefits for staff and a new postcode "NRU70" for 'Business Supply'. The Annual Report for 2019-2020 was submitted to Government and tabled in May and EHCTS was renamed as Nauru Post Logistics Services (NPLS).

The Board wishes to extend its thanks to the Governments of Australia and the Republic of China (Taiwan) who have provided significant donor funding in the year. Australia has provided \$50,000 to retain a postal consultant until end February 2022 and Taiwan has given \$60,000 to fund the "Post Eat" project. Whilst this project has been carried over to the subsequent year (2021-2022), its purpose is to provide scope for the Corporation's delivery staff to deliver food, thereby extending its community service capabilities.

As the pandemic has produced some significant idle times with Nauru airlines staff, we were fortunate during the year in assisting the airline to deploy 6 staff to the Corporation to help in various ways, including a focus on customer service and improvements.

At several times during the year to coincide with celebrations (eg World Post Day, 3rd Anniversary of the Corporation and Easter), Nauru Post offered discounts at its Post Shop for its range of goods. The sale of goods has also been aided by the 3 EFTPOS machines that were installed by Bendigo Bank in October to permit debit card transactions as an alternative to cash. In many countries around the world, cash is no longer the predominant means of payment, having been taken over by card transactions and direct deposits and transfers into bank accounts. The pandemic has also sparked a major decline in cash transactions, cards and EFTPOS now being the preferred payment method by many commercial enterprises at the retail level.



In late May 2021, the Board agreed to proceed with a “*Tissue Paper Project*” which would provide scope to create a sustainable business in Nauru that may have significant export potential. This project arose from the President’s call for “*Desperate Imagination*” as to areas which might offer new business directions and contribute to self-sustainability.

The organisation of the Corporation at 30 June 2021 is shown at **Appendix 1** and further comment on the events of the year above is available at **Appendix 2**.

I have presented the Financial Report with my co-Directors in this Annual Report 2020-2021 on pages 16-36, and a summary of the outcomes is provided below:

FINANCIAL OUTCOME

Naoero Postal Services Corporation

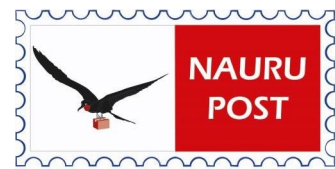
Indicator	1 July 2020 to 30 June 2021 ¹ (12 months’ trading)	1 July 2019 to 30 June 2020 (12 months’ trading)
Income	\$6,816,849	\$2,275,961
Net Expenses	\$6,299,065	\$1,893,245
Net Profit/Loss (before tax)	\$517,784	\$359,474
Profit after Tax	\$414,227	\$287,580
Assets	\$4,018,341	\$2,488,978
Liabilities	\$3,047,453	\$2,119,192
Shareholder’s Funds (Owner’s Equity)	\$970,888	\$369,786

This is a most welcome result, as we have met all expenses for the year and returned a significant profit, permitting the Government to be paid a substantial dividend of \$200,000 and business tax of \$103,557 for the year, allowing \$214,227 to be carried over to retained earnings. This is also after setting aside \$1 million to meet any unforeseen development in areas such as UPU debts in arrears, which are yet to be fully realised as contingent liabilities.

My thanks for all these achievements are directed to the CEO, Mr Paravanoor, his Executive team and their staff. Without their commitment to changing the face of the Corporation, none of the above would have been possible. Our acknowledgement of the support we have been given throughout the year is shown in **Appendix 4**.

Mr Alvin (Frederick) Harris
Chairman of the Board
Naoero Postal Services Corporation

¹ These figures are not comparable with those of the previous year because of the consolidation of NPLS accounts into NPSC for 2020-2021.



SERVICES AND FUTURE PLANS

POST OFFICE AND POST SHOP

The Post Office provides a range of postal services to our community – for letters, packets and parcels to destinations throughout the world. The office also provides an array of other ancillary services including passport photos, laminating and identity cards for businesses and special events. It sells a variety of stationery goods for the home, school and the office. The Post Shop also sells locally produced items including garlands and woven bags as well as souvenirs produced for special occasions and annual celebrations.

During 2020-2021 we have started to explore the potential of Post Shops being located in other areas/districts of Nauru beyond the primary centre of the central post office in the Civic Centre, Aiwo. This looks promising and we intend to look at other locations on the island suitable for a Post Shop. By having a small number of other locations we may be able to offer our services to the community in a more sustainable way, but the business recorded at these new locations must enable the Shop to be considered a viable opportunity. We expect that if all goes to plan, we will have several additional Post Shops in the coming year, 2021-2022.

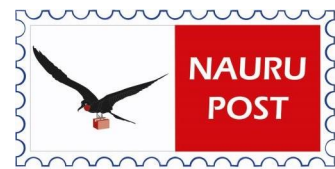
During the year we continued to use the IPS and POS platforms and both are beginning to show efficiencies. The IPS platform is now being used in international postal services to transmit data (known as EAD) ahead of a postal item's arrival in a destination country, allowing customs to review the item before its loading to aircraft on the outbound journey. As more of the world's posts and customs authorities work in tandem to ensure the pre-clearance of most items, greater efficiencies will develop in transmission times in the international Postal Service. But the corollary of this is also true, in that items without this data may be refused entry and returned to the country of origin. Therefore, there is a requirement that postal documents are completed correctly and legibly



In October Bendigo Bank installed 3 EFTPOS machines to permit and record debit transactions by debit cards in the Civic Centre Post Shop. In due course, as this method of payment becomes more familiar to our customers, it is likely to become the principal payment method used at our Post Shops for both personal and business purchases.

This photo shows the enthusiastic Post Shop team at Civic Centre with the EFTPOS terminals, known as EFTop at Nauru Post.

This move may herald other changes for the way that cash is used on Nauru, as most industrialised countries are replacing cash with card transactions, both debit and credit card transactions being permitted. This new initiative deserved some in-store promotion, so we settled on a layout on the next page which would highlight the benefits quickly – there being no fees for the use of these terminals when the transaction threshold is met.



A banner announcing the availability of the service for transactions amounting to more than \$20 was used in promoting the service. It is available for a range of debit cards and payment wallets (eg Apple Pay and Google Pay).

We intend to use these terminals in conjunction with our POS systems to maintain a far better record of our transactions. This initiative will also help us to reduce the amount of cash that needs to be held in our existing and any of our future Post Shops and will assist when in general use to limit the security issues surrounding the movement of cash between a Post Shop and the bank.

2020-2021 was also the year in which the UPU donated two motorbikes to Nauru for use by its postal operator.

Ownership of these bikes was passed to the Chairman by the Deputy Minister in September 2020. The following photograph was taken at the time the keys were passed to the Chairman by the Deputy Minister.



These bikes will assist Nauru Post to build its delivery capability – a direction which it considers important in the evolution of its services, using both the freight and postal channels into Nauru.

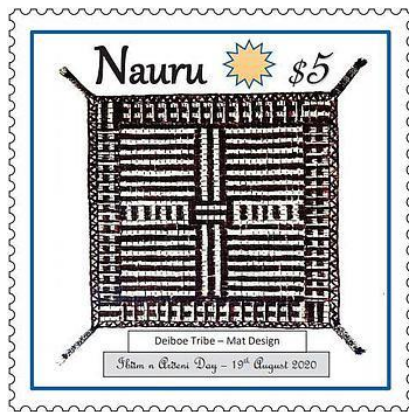
As the Corporation extends the role it is offering with the movement of goods into Nauru through these channels, timely receipt following customs clearance and delivery will become increasingly important to local customers. They want their goods delivered as quickly as is possible. The Corporation is placing customer service and customer satisfaction as major key performance indicators (KPIs) in going forward with the evolution of its Statement of Corporate Intent (SCI).

With a quick review of the Financial Statements it will be found that the postal service (parcels, letters and Express items) to and from Nauru is just a tiny part of the overall revenue generated by the Corporation. However, the sales from the Civic Centre Post Shop this year were significant - the trading account of the Post Office and its bulk supplies to businesses and Government produced sales of \$6.6m with a gross profit of \$1.4m.

The international recognition afforded to Nauru Post and its membership of the world postal network is of immense value. It permits us to talk with customers, nations, postal operators and suppliers with a high level of confidence that we will fulfil our obligations. It is for this reason also that we are seeking to remove the extraordinary and unconscionable organisational “debts in arrears” that were assigned to Nauru at the global and regional level by flawed systems that took no account of our size as a nation and our small population.

PHILATELIC ITEMS

There was only one stamp produced during 2020-21 marking what is commonly known as the Day of the Tribe (Aroeni Day, 19 August). The stamp is shown below alongside a photo showing the handover of the stamp and first day cover to the Minister for Internal Affairs by the Deputy Minister, the Hon Richard-Hyde Menke MP:

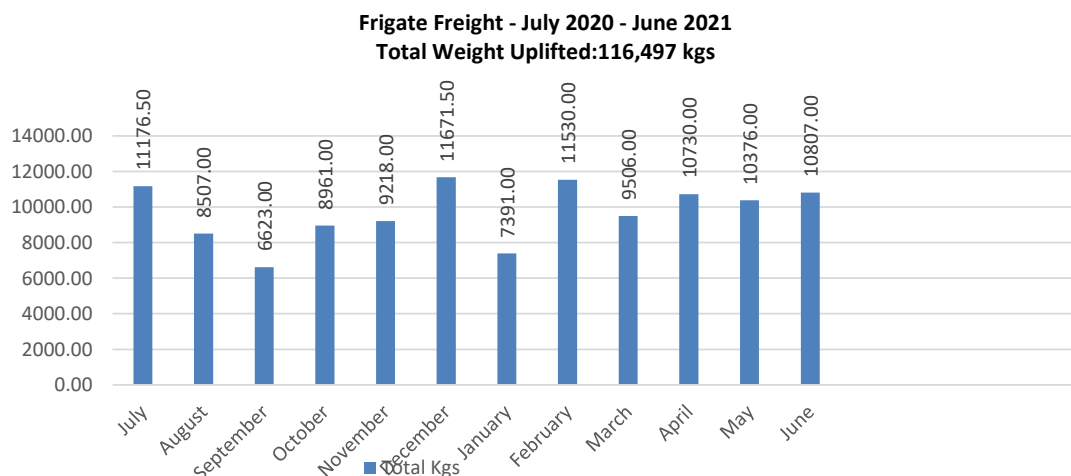


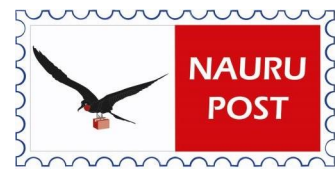
Whilst the pandemic rages and there is little demand for postal items being sent from Nauru with stamps, Nauru Post will seek to limit the stamp issues per year. It will also seek to put its efforts behind building philatelic capability with its own website and with the UPU's WNS website (**World Numbering System for Philatelic issues by the Posts**). The aim will be to link the websites to enable purchases to be made.

As time permits, we would envisage building the platform to enable the purchase via our website of any stamp or philatelic item that Nauru Post still holds available for sale, as the WNS is limited to stamps produced in the period post 2000.

FRIGATE FREIGHT SERVICES

The use of the Frigate air freight service has continued to climb since the service was introduced in 2018-2019 with this year showing an increase in weight consigned (116,497kgs) of 46% on the figure of the previous year (79,855kgs). Details are set out in the table below showing total weight air freighted by month using Pak Fresh Handling in Brisbane as the loading/handling agent:





Significant developments followed the merging of EHCTS with Nauru Post commencing on 1 July 2020. Whilst space was at a premium at the post office, it was obvious with the increases in the weights of Frigate air items arriving each month (averaging approx. 10,000 kgs/month) that the Corporation needed to relocate this operation. In October 2020 the Frigate service office was moved to the EHCTS building in Denig.

This also allowed the Corporation to rationalise the organisation structure and to place the Frigate service amongst similar operations carried out by EHCTS and to consider the formation of a Logistics division incorporating the Frigate air and sea services.

Changes were also made to the sea freight operations which commenced in October 2019. In September 2020 the Corporation decided to work with Swire Shipping, Nauru Shipping Line and Vanguard Logistics for Sea Freight. As of the 5 October 2020 it implemented these changes by appointing Vanguard Logistics Services as its freight forwarder, withdrawing this right and function from Pak Fresh Handling which from this date only provides air freight loadings for the Corporation.

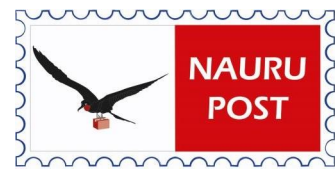
From the date of the appointment of Vanguard logistics and the shipping lines, the Corporation has moved the following numbers of 20'containers to Nauru:

Vessel Name	No of containers	Arrived Month
KOKOPO Cheif 27	5	October
KIWAI CHIEF 004N	14	December
KIWAI CHIEF 003N	7	January
Micronesia Pride 005N	5	January
Micronesia Pride 006N	2	February
KOKOPO CHEIF 030N	3	March
Captine Wallis V371	5	May
PAPA MAU 009N	5	June
PAPA MAU V010N	5	June
TOTAL	51	

The Frigate services by sea and air have won over our customer base in Nauru and there can be no doubt of the support and confidence we have been provided during these difficult months whilst the COVID pandemic is being played out around the world. These services lend themselves to an easy horizontal integration with the services offered by EHCTS.

WAREHOUSING SERVICES

The warehouse team are still working with dated equipment and replacements will soon be needed. They have re-organised the warehouse stock and assisted the Corporation to work with the new directions of the Frigate freight service. The warehouse team are responsible for the handling and transport of mails between the airport and post office and for the transport to the EHCTS office in Denig, of freight arriving by air, and cargo and freight arriving by sea.



As mentioned in the Auditor's report, the existing equipment (forklifts and trucks) used by the warehouse team has not yet been transferred to the Corporation and he has highlighted that this matter is yet to be resolved with the Nauru Government.

With the assignment of EHCTS to the Corporation, it became obvious that this operation would be best organisationally positioned alongside EHCTS and Frigate operations, as these are the major importing arms of goods into Nauru.

NAURU POST PTY LTD

With the appointment of Nauru Post's representative in Brisbane, Ms Paye has principally been acting on behalf of the Corporation with air freight being consigned via Pak Fresh Handling into Nauru on Nauru Airlines. Her role has been to act as the agent for fixing blockages and problems at the local level (where they occur) and in integrating the operations of Treannah Enterprise with that of Pak Fresh Handling.

Whilst she also has a role as a Director of Nauru Post Pty Ltd (Australia), nothing substantive with this subsidiary has occurred in the period 2020-2021, with the Corporation more focussed on matters at home and in restructuring the business.

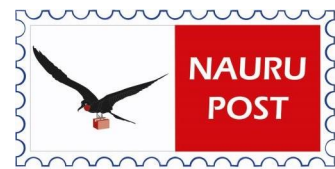
NAURU POST LOGISTICS SERVICES

As the organisation chart now shows (**Appendix 1**), the Logistics Division was a natural outcome of aligning the various functions together following the introduction of EHCTS into the Corporation. EHCTS was renamed as **Nauru Post Logistics Services** in May 2021 and this was an important step in recognising the merging of the EHCTS, Frigate freight and warehouse operations in Nauru under the guidance of the Corporation. Whilst the accounts were primarily kept separate for EHCTS and Nauru Post during 2020-2021, in recognition of the new Corporation structure with its 3 pillars and separate Post and Freight operations, the Corporation accounts have been consolidated for this report and shall remain consolidated hereafter.

FINANCIAL SERVICES

Nauru Post does not offer any financial services at present, although its predecessor as a Government Department offered a postal money order service.

Now that the Government has authorised a move in this direction, Nauru Post is exploring how it may restore this capability and how it may be considered for financial support in enabling it to participate in the UPU's Financial Inclusion Programme (FITAF), alongside other Pacific countries such as Tonga and Kiribati.



ORGANISATION AND STAFF

ORGANISATION CHART

An organisation chart at 30 June 2021 is shown at **Appendix 1**. This chart shows the 3 main pillars of the business reporting through the Deputy CEO and CEO to the Board. The pillars are:

- Postal Operations and Post Shop
- Accounting and Central Services (Accounting, HR and Sales and Marketing) often called “*Corporate Services*”
- Nauru Post Logistics Services (including Frigate freight)

GENDER AND ETHNICITY

At the end of June 2021 46 staff were engaged by the Corporation and their gender and ethnic backgrounds are:

Particulars	No.	Percentage
Male	36	78.26%
Female	10	21.74%
Nauruan	40	86.95%
Expatriate	6	13.05%

With a large share of the work of the Post and Central/Corporate Services being office, administrative and shop/retail work, it is in these areas that over time we may see a larger proportion of female staff.

STAFF TRAINING

The Corporation recognises the importance of staff training, not only for the purposes of understanding job requirements and techniques that may be used by staff in the performance and development of their daily tasks, but also in maintaining the safety of our staff and the customers we serve. We also recognise the importance of skilled staff for the conduct of our business and it is important that those skills are shared amongst our teams so that in the event of an absence, work can be taken up by others.

We are also committed to the development of our people and we will use training and external courses wherever possible to expand staff skills and capabilities. Fortunately, with the scope and power of the internet and the isolation enforced by the COVID pandemic, significant efforts by various parties including the UPU, APPU and the Asian Pacific Postal College (APPC) have been invested in on-line training programmes that are now available at affordable costs which do not entail international travel.

At **Appendix 3** a listing of the courses and training undertaken by staff during 2020-2021 is presented.

COMMUNITY INVOLVEMENT

As part of its service role, during 2020-2021 the Corporation sought to build community appeal through initiatives like discounts applicable to goods available from Post Shops, competitions for children, and prizes associated with sales from Post Shops.

As examples of the initiatives undertaken in this year, Nauru Post:

- offered discounts for the sale of goods on each of World Post day, the 3rd Anniversary Celebrations of the Corporation and Easter;
- ran a poster competition for children aged 7 to 12 years on the theme: *"75th Anniversary of the Return of Our People from Chuuk"*;
- introduced a range of prizes for a prize draw from those who spent over \$100 on products from Nauru Post leading to Christmas 2020; and
- arranged the supply and sale of eggs sourced from the Correctional Division in Nauru.

Several photos are enclosed below showing the two winners of the poster competition, Corby Adun and Aquilanze Olsson.



Winners of the 'Return from Chuuk' Poster Competition

Of special note in regard to the Corporation building its community profile are the arranging of the special charter flight from Brisbane, Australia to bring home time-sensitive Christmas cargos; the donation of a Hyundai Tucson vehicle to the Nauru Police Force and the presentation of 25 coconut huskers via the President to the President of the Marshall Islands.



FINANCIAL REPORTS

NAOERO POSTAL SERVICES CORPORATION YEAR ENDING 30 JUNE 2021 ANNUAL FINANCIAL REPORT

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**NAOERO POSTAL SERVICES CORPORATION
REPUBLIC OF NAURU**

Central Pacific

Telephone : +674 5573189

E-mail: info@naurupost.nr

BOARD OF DIRECTORS:

1. Mr Alvin (Frederick) Harris (Chairman)
2. Mr Aaron Cain
3. Ms Favae Herman

CHIEF EXECUTIVE OFFICER

Mr Sasikumar Paravanoor

SECRETARY TO THE BOARD

Mr Sasikumar Paravanoor (Phone: +674 5573365)

Email: sasikumar.paravanoor.ceo@naurupost.nr

AUDITORS

Auditor General, REPUBLIC OF NAURU

BANKERS

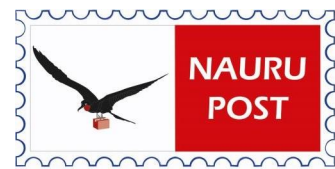
1. Bendigo Bank
2. Commonwealth Bank of Australia

POSTAL ADDRESS

Nauru Post Office
Civic Centre
AIWO
NRU68
REPUBLIC OF NAURU

NAOERO POSTAL SERVICES CORPORATION

Civic Centre, REPUBLIC OF NAURU



STATEMENT BY MR ALVIN (FREDERICK) HARRIS CHAIRMAN OF THE BOARD OF DIRECTORS

On behalf of the Board of Directors of the Naoero Postal Services Corporation, I hereby submit the statement of consolidated, comprehensive income, expenditure, changes in equity, financial position and other related statements of the Corporation in respect of the year ending 30 June 2021.

The Naoero Postal Services Corporation (NPSC) came in to existence upon Cabinet constituting a Board for the Corporation, as required under the *NPSC Act*, in March 2018. During the current year (2020-21), consequent to a cabinet decision, the shares owned by Eigigu Holding Corporation in Eigigu Holding Cargo Transport Service (EHCTS) were transferred to NPSC, hence, EHCTS has become an integral part of NPSC and is now fully owned by NPSC. The company has been renamed as Nauru Post Logistics Services and separate accounts have been maintained to monitor the operations of this Division. The accounts for NPLS were consolidated into the NPSC accounts. The annual financial report attached to this statement presents the consolidated Annual Financial Statements for the Corporation.

The following are the Board of Directors of the Corporation as at 30 June 2021. They became members of the Board from the date of their appointment shown beside their name:-

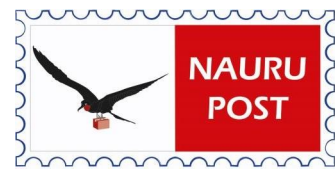
Mr Alvin (Frederick) Harris – Chairman	22 April 2020
Mr Aaron Cain – Director	9 October 2019
Ms Favae Herman – Director	1 March 2018

As Chairman of the Board of Directors, I take pleasure in announcing that the activities of the Corporation resulted in a gross profit of \$517,784 for the financial year 2020-21. This year also was a promising year for the Corporation as sustainable growth was recorded and business activities were expanded. Out of the gross profit, dividend and business tax were paid to the Government of Nauru; details are provided in the paragraphs which follow:

Principal activities

The principal activities of the Corporation are to provide postal services for the Republic, to provide related commercial services as it considers appropriate, to extend logistics services to the government and people of Nauru and to make recommendations and advise the Minister(s) on matters connected with its functions.

Trading results



During 2020-21, the Corporation succeeded in expanding its trading activities which led to a remarkable annual result. In addition to its normal postal operations, the Corporation expanded its business activities to embrace both air and sea freight under the Frigate and Logistics services. The management of the government warehouse and the procurement and supply of goods under contract is also undertaken by NPSC. The net earnings from trading activities during the year 2020-21 was \$1,399,543.

Going concern

The statements of account have been prepared on a going concern basis. The directors have no reason to believe that any factors will adversely affect the Corporation's ability to use its assets and to meet its obligations in the ordinary course of business.

Dividends:

The Directors declared and paid an interim dividend of \$200,000 to the Government of Nauru (GON) on 03 March 2021. As required by law, a further sum of \$103,556 has been allocated to pay Business Tax for the year. Thus, the total dividend and tax payments to GON were \$303,556 for the financial year 2020-21.

Reserves:

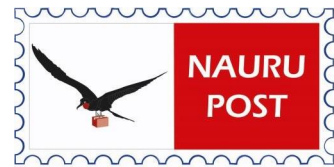
The directors recommend that, after paying the interim dividend and business tax, the balance of profit amounting to \$214,227 shall be retained by the Corporation

No other significant matter or circumstances has affected the business of the Corporation after this reporting period which would significantly affect the operation of the Corporation, the results of those operations or the activities of the Corporation in future financial years.

Other circumstances:

As at the date of this report:

- no change on the assets of the company has arisen since the end of the financial year to the date of this report, except the receipt of several assets and vehicles from EHCTS to facilitate operations of the logistics services. Further, the Corporation is required to arrive at a decision about the ownership of some of the vehicles provided by the Government for the operations of the warehouse; and
- no contingent liability has arisen since the end of the financial year on 30 June 2021. However, to be prudent, \$1 million has been allocated in reserve to meet any emergency requirement to pay a contingent liability.



Auditor:

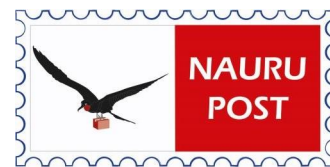
Pursuant to Sections 137 and 138 of the *Corporations Act 1972*, and Section 17 of the *Naoero Postal Services Corporation Act 2018*, the Directors resolve to re-appoint the Auditor General, GON as Auditor of the Corporation for the ensuing financial year as required under Secs 17 (1) and (2) of the *NPSC Act*.

Signed for and on behalf of the Board and in accordance with a resolution of the Directors.

A handwritten signature in black ink, consisting of a stylized 'G' followed by a horizontal line, is written over a dotted line.

CHAIRMAN

Dated: 31st day of December 2021



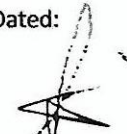
NAOERO POSTAL SERVICES CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
BALANCESHEET

(Amount in AU\$)

Particulars	NOTES	2020-21
Assets		
Cash & Cash equivalents	18	1,811,211
Trade & Other receivables	19	1,317,048
Advance/Loan payments		150,898
Security Deposit		10,000
Inventory	20	460,059
Non-Current Assets		
Property, Plant & Equipment & Vehicles	Anx-A	269,125
TOTAL ASSETS		4,018,341
LIABILITIES AND EQUITY:		
CURRENT LIABILITY		
Trade & Other payables	21	2,404,850
Employee entitlements	22	90,772
Revenue received in advance		549,431
Short term loan		-
Software liability		2,400
TOTAL CURRENT LIABILITIES		3,047,453
SHAREHOLDERS EQUITY:		
Share Capital		1
Capital investment		408,287
Retained earnings		562,600
Total		970,888
Total Liabilities and Equity		4,018,341

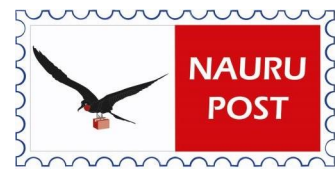
Signed for and on behalf of the board and in accordance with a resolution of the Directors

Dated:


Mr. Alvin Harris
Chairman


Mr. Sasikumar Paravanoor
Chief Executive Officer

The above statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements



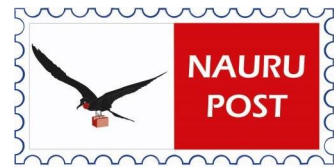
NAOERO POSTAL SERVICES CORPORATION

CONSOLIDATED STATEMENT OF PROFIT & LOSS ACCOUNT

YEAR ENDING 30 JUNE 2021

Particulars	Notes	2020-21 (\$AU)
Revenue:		
Operating revenue	23	5,417,306
Other revenue	Annex B	1,399,543
Total Revenue		6,816,849
Expenses:		
Post and UPU related	25	30,295
Administration	26	452,524
Salary & other	31	869,770
Auditor's remuneration		6,340
Depreciation	Annex A	86,658
Travelling		4,085
Repairs & maintenance	29	263,011
Services/security fee		469,730
Rental	28	689,160
Other expenses	27	26,018
Freight and shipping related	30	2,312,058
Utilities	32	89,417
UPU charges payable		1,000,000
Total Expenses		6,299,065
Operating Profit		517,784
Less: Tax payable on profit		103,557
Profit for the year		414,227
Less: Interim Dividend paid		200,000
Net balance carried forward to Balance Sheet		214,227

The above statement of comprehensive income is to be read in conjunction with the notes to and forming part of the Financial Statements.



Annexure A

NAOERO POSTAL SERVICES CORPORATION
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

DETAILS OF FIXED ASSETS AS AT 30 JUNE 2021

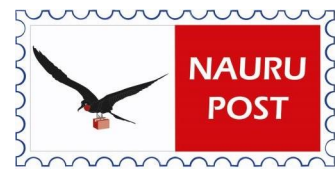
Particulars	Cost of items	Depreciation up to 30.6.2020	Value as at 30.6.2020	Approved depreciation rate (%)	Depreciation for 2020-21	Total depreciation to date	Written Down Value (WDV) as at 30.6.2021
Total Furniture & Fittings	71,910	6,010	65,900	20	7,997	14,007	57,903
Office Equipment	78,842	18,841	60,001	33	26,278	45,119	33,723
Additions during the year	26,045	-	26,045	33	7,527	7,527	18,518
Total Office Equipment	104,887	18,841	86,046	33	33,805	52,646	52,241
Vehicles	224,282	20,445	203,837	20	44,856	65,301	158,981
Total	401,079	45,296	355,783		86,658	131,954	269,125

Annexure B

NAOERO POSTAL SERVICES CORPORATION
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

TRADING ACCOUNT : YEAR ENDING 30 JUNE 2021
(Amounts in Australian Dollars)

Particulars	Amount	Total	Particulars	Amount	Total
Opening Stock		254,203	Closing stock		365,038
Purchase Accounts:			Sales:		
Purchases	5,326,350	5,326,350	Sales	6,615,058	6,615,058
Totals		5,580,553			6,980,096
GROSS PROFIT			\$1,399,543		



NAOERO POSTAL SERVICES CORPORATION CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDING 30 JUNE 2021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information:

Naoero Postal Services Corporation (NPSC) is a public entity, incorporated through an Act of Parliament under the *Nauru Corporations Act 1972* by the *Naoero Postal Services Corporations Act 2018*. It is domiciled in Nauru and its registered office is at Civic Centre, Aiwo. Its business and the business of its subsidiaries are located at various locations in Nauru and in Australia.

The Consolidated Financial Statements of the Corporation for the year 2020-21 comprise the Corporation (trading as Nauru Post and Nauru Post Logistics Services) and its subsidiaries.

The principal activities of the Corporation were extended by the integration of EHCTS, later renamed as Nauru Post Logistics Services (NPLS). NPLS provides logistics services to the Government and people of Nauru, which involves planning and procuring various items and moving the same from overseas to Nauru.

The Consolidated Financial Statements of the Corporation were authorised for issue by the Corporation's Chairman on 6 November 2021.

2. Basis of the preparation of the Financial Statements:

The financial reports have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and the requirements of the *Nauru Corporations Act* (as amended).

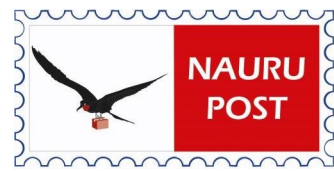
The financial statements are prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The statements are presented in Australian Dollars, being the business functional and presentation currency. All values are rounded to the nearest dollar, except where otherwise indicated.

3. Going concern:

The financial statements have been prepared on a going concern basis which contemplates continuity of business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Corporation has a positive net cash and equivalents sum at 30 June 2021 of \$1,811,211. However, there is a significant amount of debts (liabilities) owed this financial year, whereas few were accumulated over the previous financial year.

4. Subsidiaries:

Subsidiaries are all entities over which the Corporation has the power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanying a shareholding of 100% voting rights. Subsidiaries are fully consolidated from the date of which control is transferred to the Corporation.



5. Judgements:

The preparation of the Corporation's Financial Statements requires management to make judgements, estimates and assumptions that affect reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require material adjustments to the carryover amounts of assets or liabilities affected into future periods.

In applying the Corporation's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

6. Revenue:

Revenue is recognised at the fair value of consideration received or receivable for goods and services provided in the ordinary course of the Corporation's activities, to the extent that it is probable that the economic benefits will flow to the Corporation and the amount can be reliably measured. The Corporation recognises revenue when the amount of revenue can be reliably measured; when it is possible that the future economic benefits will flow to the entity; and specific criteria have been met for each of the Corporation's activities.

7. Inventories:

Inventories are measured at the lower of 'cost' or 'net realisable value'. Costs incurred in bringing products into their present location and condition are incorporated into the inventory cost values. Net realizable value is the estimated selling prices in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to achieve sales.

8. Cash and cash equivalents:

Cash and cash equivalents in the Statement of Financial Position comprise cash at various bank accounts. There was nil cash on hand as at 30 June 2021. All cash received up to and including 30 June 2021 was deposited in to the relevant bank accounts.

9. Comparatives:

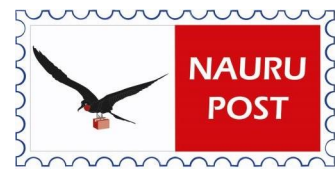
Comparative figures, as required under International Standard of Accounting Standards, have not been provided in the Financial Statements due to the merger of new entities into the Corporation, which affects and voids the overall comparisons. Management has decided to incorporate comparative figures from next financial year.

10. Trade and other receivables:

Trade receivables are recognised at original invoice amount less any provision for uncollectable debts. No bad debts or doubtful debts exist as at 30 June 2021.

11. Trade and other payables:

Liabilities for trade payables and other amounts are carried at cost, which is the fair value of the consideration to be paid in the future of goods and services received, whether or not the goods and services have been billed to the Corporation.

**12. Business tax payable:**

Provision has been made to pay the applicable business income tax on consolidated net profit for the year. The Corporation earned a gross profit of \$517,784 during the year and accordingly, a sum of \$103,557 has been provided to pay tax to the Government of Nauru.

13. Assets:

All assets are carried at cost less, wherever applicable, any accumulated depreciation. Some assets, particularly vehicles handed over by the Government to manage the warehouse have not been considered as assets of the Corporation. They still remain as Government Assets. They will be considered as assets of the Corporation once a mutual agreement with the Government has been reached on the handover of these assets.

The depreciable amount of all assets, including equipment, is depreciated over the useful lives of all the assets to the Corporation on a straight line basis, commencing from the time an asset is first held ready for use.

Fixed Assets are depreciated over their estimated useful lives using the following rates:

Furniture and Fittings (fixtures):	20%
Office Equipment:	33.33%
Motor Vehicles:	20%

There are no capital works in progress.

14. Employee benefits:

Provision is made for the Corporation's liability to employees for annual and special leave on the basis of statutory contractual requirements.

15. Provisions:

Provisions are recognised when the Corporation has a legal or a constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions recognised represent the best estimate of the amounts required to settle the obligations at the reporting date.

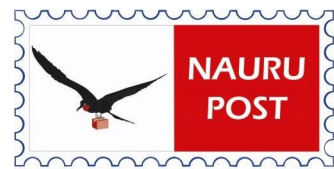
16. Contingent liabilities:

Contingent liabilities are not reflected in the statements as they are not considered as legitimate debts at this point of time. However, a sum of \$1 million has been allocated to meet any unforeseen claim. These prospective contingent liabilities are still subject to negotiation and are likely to be set aside by the Universal Postal Union (UPU) and the Asian-Pacific Postal Union (APPU).

17. Interim dividend:

During the year, a sum of \$200,000 was paid to the Government of Nauru as an interim dividend on 3 March 2021.

18. Continued (on the following page):**NAOERO POSTAL SERVICES CORPORATION**



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

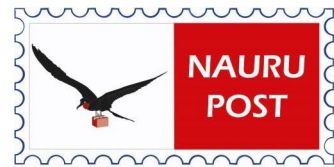
NOTES	Particulars	Amount (AU\$)
18	<u>Cash & cash equivalents (as at 30 June 2021):</u>	
	Cash at Bendigo Bank	1,801,256
	Cash at Commonwealth Bank	9,955
	Total	1,811,211
19	<u>Trade & Receivables (as at 30 June 2021):</u>	
	Trade receivables	261,009
	Receivables from related parties	1,056,039
	Total	1,317,048
20	<u>Inventory (as at 30 June 2021):</u>	
	Inventory held for sales	365,038
	Inventory - stamps held	95,021
	Total	460,059
21	<u>Trade & other payables (as at 30 June 2021):</u>	
	Trade payables	502,204
	Owing to related parties	769,089
	Rent payable	30,000
	UPU Charges - Reserve for contingent liabilities	1,000,000
	Business tax payable	103,557
	Total	2,404,850
22	<u>Employee Entitlements (as at 30 June 2021):</u>	
	Leave salary	38,759
	Superannuation	52,013
	Total	90,772
	REVENUES:	
23	<u>Operating Revenue (Y/E 30 June 2021):</u>	
	Terminal dues	16,033
	Postal income	7,323
	Donations/sponsorship	67,380
	Delivery and hiring charges	191,650
	Frigage/Freight services	1,749,472
	Handling fees	319,006
	Hiring charges	29,325
	Quarantine fees	1,100
	Storage fees	1,004,029
	Commissions	1,316,276
	Agency & other fees	107,789
	Security fees	477,420
	Printing services	8,353
	Rental fees	9,300
	Landing fee/Port fees	32,500
	Documentation fees	1,260
	Other Charges	79,091
	Total	5,417,306
24	<u>Other Revenue (Y/E 30 June 2021):</u>	
	Trading income	1,399,543
	Total	1,399,543
	Total Revenue	6,816,849

NAOERO POSTAL SERVICES CORPORATION



**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDING 30 JUNE 2021**

NOTES	Particulars	Amount (AU\$)
	EXPENSES:	
25	<u>Post and UPU Related (Y/E 30 June):</u>	
	UPU mandatory charges-annual fees	18,463
	UPU Co-operative fees	1,236
	Carriage of mails	1,669
	Philatelic expenses	8,927
	Total	30,295
26	<u>Administration (Y/E 30 June):</u>	
	Printing & Stationery	18,574
	Communication	65,083
	Advertising	140
	Bank fees	6,631
	Entertainment/Celebrations	5,966
	Donations	136,592
	Customs/Handling charges	72,316
	Consultancy expenses	36,000
	Board meetings	34,620
	Cargo charges	900
	Duties & taxes	223
	Office expenses	9,091
	Fuel	66,388
	Total	452,524
27	<u>Other Expenses (Y/E 30 June):</u>	
	Burial expenses	1,500
	Donations	6,400
	Misc expenses	16,328
	Quarantine charges	1,790
	Total	26,018
28	<u>Rent Expenses (Y/E 30 June):</u>	
	Rent	596,100
	Vehicle rent expenses	93,060
	Total	689,160
	Rental expenses includes payments for operating leases for land and for various other properties in Nauru. The Corporation does not have any commitment under non-cancellable operating lease agreements with various landowners as at 30.6.2021.	
29	<u>Repairs & Maintenance (Y/E 30 June):</u>	
	R&M office	233,763
	R&M vehicles	29,248
	Total	263,011



NAOERO POSTAL SERVICES CORPORATION

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

NOTES	Particulars	Amount (AU\$)
30	Shipping Related Expenses (Y/E 30 June):	
	Hiring charges	208,066
	Barge charges	400
	Port handling fees/Documentation	10,646
	Crew expenses	50
	Container charges	9,629
	Causeway ramp fees	12,500
	Container handling fees	3,800
	Container laydown charges	39,741
	Container maintenance charges	1,000
	Freight charges	2,026,225
	Total	2,312,058
31	Salary & Wages:	
	Annual leave encashment	19,352
	Ex-Gratia payment	7,000
	Expat Salaries	86,851
	Local salaries	686,992
	Bonuses	10,200
	Final entitlements	3,854
	Retrenchment costs	10,656
	Superannuation	42,715
	Wages	2,150
	Total	869,770
	Utilities:	
	Electricity	66,301
	Water	23,116
	Total	89,417

Interim Dividend:

Based on the anticipated profit for the year 2020-21, a sum of \$200,000 has been paid to GON on 3 March 2021 towards interim dividend @ \$100,000 each from NPSC and NPLS.

Related Parties:

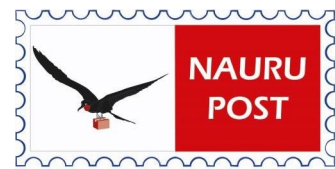
Identity of related parties:

The Corporation has a related party relationship with the Government of Nauru and its various Ministries and departments, its heads of departments, directors and officers and certain State owned enterprises. The government of the Republic of Nauru is a related party by virtue of its shareholding.

Directors:

Directors at the date of the report are:

Mr. Alvin Harris, Chairman
Ms Favae Herman, Director
Mr. Aaron Cain, Director



NAOERO POSTAL SERVICES CORPORATION
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
YEAR ENDING 30 JUNE 2021

Particulars	Amount (AU\$)
-------------	---------------

Chief Executive Officer:

Mr Sasikumar Paravanoor has been appointed as the Chief Executive Officer of the Corporation. He has been looking after the day to day affairs in consultation with his Deputy and the Executive team, Chairman, Board of Directors and Ministers responsible and accountable for NPSC.

Directors' Remuneration:

Board sitting fees	32,400
Non-executive allowances and benefits	27,808
Other benefits	990
Bonuses	300
Total	61,498

Transactions with Key Management Personnel:

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Corporation, directly or indirectly, including any Director (executive or otherwise) of the Corporation.

Key Management Compensation:

Salaries	58,522
Allowances	600
Other benefits (including internet data and telephone calls)	5,520
Total	64,642

Amounts Receivable from Related Parties (Internal transfers are not recorded here):

Government of Republic of Nauru	343,088
Eigigu Holdings Corporation	7,788
NPRT	2,250
NRC	85
NUC	40
Port Authority	10,000
RONPHOS	306
NFMRA	7,551
Total	371,107

Accounts Payable to Related Parties:

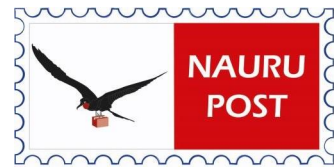
Nauru Airlines	5,626
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Transactions with Related Parties:

Nauru Utilities Corporation:	
Utilities costs incurred	89,417

Contingent Liabilities:

Contingent liabilities are not reflected in the statements as they are not considered as legitimate debts as they are yet to be brought to account. These are subject to negotiation and are likely to be waived or set aside by the Universal Postal Union (UPU) and the Asian-Pacific Postal Union (APPU). However, a sum of \$1 million has been provided as a reserve, out of the Corporation's total revenue to meet with the prospective payment of any unforeseen claims against what may be considered as contingent liabilities.



NAOERO POSTAL SERVICES CORPORATION

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
YEAR ENDING 30 JUNE 2021

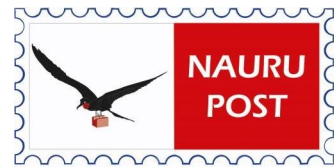
Particulars	Amount (AU\$)
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Events after the Reporting Period:

Deferred revenue has been considered as Sales Revenue in subsequent periods. No other matter or circumstance has arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Corporation, the results of those operations, or the state of affairs of the Corporation in future financial years.

Approval of Financial Statements:

The Financial Statements of the Corporation for the financial year ending 30 June 2021 were authorised for issue in accordance with a resolution of the Directors on the 28 November 2021.



DIRECTORS' DECLARATION

The directors of the Naoero Postal Services Corporation declare that:

1. The financial statements and notes present fairly the Corporation's financial position as at 30 June 2021 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and
2. In the directors' opinion there are reasonable grounds to believe that the Corporation will be able to pay its debts as and when they become due and payable.

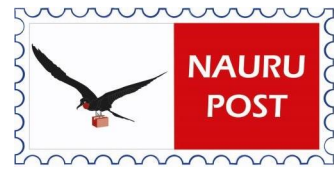
This declaration is made in accordance with a resolution of the Board of Directors.

Chairman:  Mr Alvin (Frederick) Harris

Director:  Mr. Aaron Cain

Director:  Ms. Favae Herman

Dated this 31st day of December 2021



*Audit Certificate
Naoero Postal Services Corporation 2020-2021*



**DEPARTMENT OF AUDIT
Civic Centre, Aiwo District
REPUBLIC OF NAURU**

**AUDIT CERTIFICATE OF THE AUDITOR GENERAL ON THE
CONSOLIDATED ANNUAL ACCOUNTS OF NAOERO POSTAL SERVICES
CORPORATION FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2021**

1. I certify that I have examined the consolidated Revenue and Profit & Loss Account for the year 2020-21 and Balance Sheet as at 30th June 2021 of Nauru Postal Service Corporation annexed to this certificate under Naoero Postal Services Corporation Act 2018 Part-3, Sec.17(1) , Sec.(17)(3)(i).
2. In my opinion, subject to the observations made in the attached Audit Report and report to the management, to the best of my knowledge and belief, the consolidated Revenue and Profit & Loss Accounts presents fairly the results of operations of the Corporation for the financial year ended 30th June 2021 and the Balance Sheet, the financial position of the Corporation as at 30th June 2021.



Manoharan Nair
**MANOHARAN NAIR
AUDITOR GENERAL**

29 December 2021
Republic of Nauru



**DEPARTMENT OF AUDIT
Civic Centre
REPUBLIC OF NAURU
Phone : 5573109**

INDEPENDENT AUDITORS REPORT:

AUDIT REPORT OF THE AUDITOR GENERAL ON THE ANNUAL ACCOUNTS OF NAOERO POSTAL SERVICES CORPORATION AND GROUP OF COMPANIES.

Report on the Consolidated Financial Statements:

We have audited the consolidated financial statements of Naoero Postal Services Corporation and group of companies, which comprise the consolidated statement of financial position as at 30 June 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on page 6 to 16.

Responsibilities of the Company Directors

The management of NPSC and group of companies is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the accrual basis of accounting and for such internal controls as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

It is our responsibility to express an independent opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards of Auditing. Those standards required that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's



internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Qualified Opinion

- 1) The opening balances at the beginning of prior period were qualified. Opening balances of the group companies were brought into the books by historical adjustments to open retained earnings, total net effect of which amounted to \$.386,873 (total retained earnings including NPSC is \$408,287). We were unable to satisfy ourselves as to these balances by alternative audit procedures. Any misstatement of these balances would have affected the results for the year ended 30 June 2021. On this basis, the opening retained earnings at the beginning of the 30 June 2021 financial period has been qualified.
- 2) Due to the nature and timing of the auditing procedures, we were not able to observe the counting of physical verification of inventories at the beginning and end of the financial year. There has been no enduring data available on inventories held by the Corporation, other than a statement of stock count held on 30.6.21. We were unable to satisfy ourselves by alternative means concerning the inventory quantities held at 30 June 2021.
- 3) Although it has been provided in the previous years that there is a contingent liability but no details have been provided as to when and on what basis \$1 million was allocated against the same.
- 4) We were unable to obtain independent confirmation of receivables including amounts owned by the related parties and disclosed in Note 19. No assessment for impairment was undertaken by management to ascertain recoverability of significantly aged receivables potentially impaired. Non recognition of any impairment would overstate valuation of receivables on the financial statements. On this basis we have qualified receivables reported in the financial statements at \$1,317,048.

Qualified Opinion:

In our opinion, except for the possible effects of the matters described in the Basis of Qualified Opinion paragraphs, the consolidated financial statements give a true and fair view of the financial position of NPSC and group of companies, as at 30 June 2021 and of its financial performance, its changes in equity and its cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements:

We have obtained all the information and explanations which, to be best of our knowledge and belief, were necessary for the purpose of our audit and in compliance with the NPSC Act, Audit Act 1973 and Nauru Corporations Act 1972.



In our Opinion,

- 1) proper books of accounts have been kept by NPSC and Group of company, so far as it appears from our examination of those books;
- 2) the consolidated financial statements are in agreement with the books of accounts; and
- 3) to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the NPSC Act and Nauru Corporation Act 1972, in the manner so required.

Manoharan C.

Manoharan Nair
Auditor General

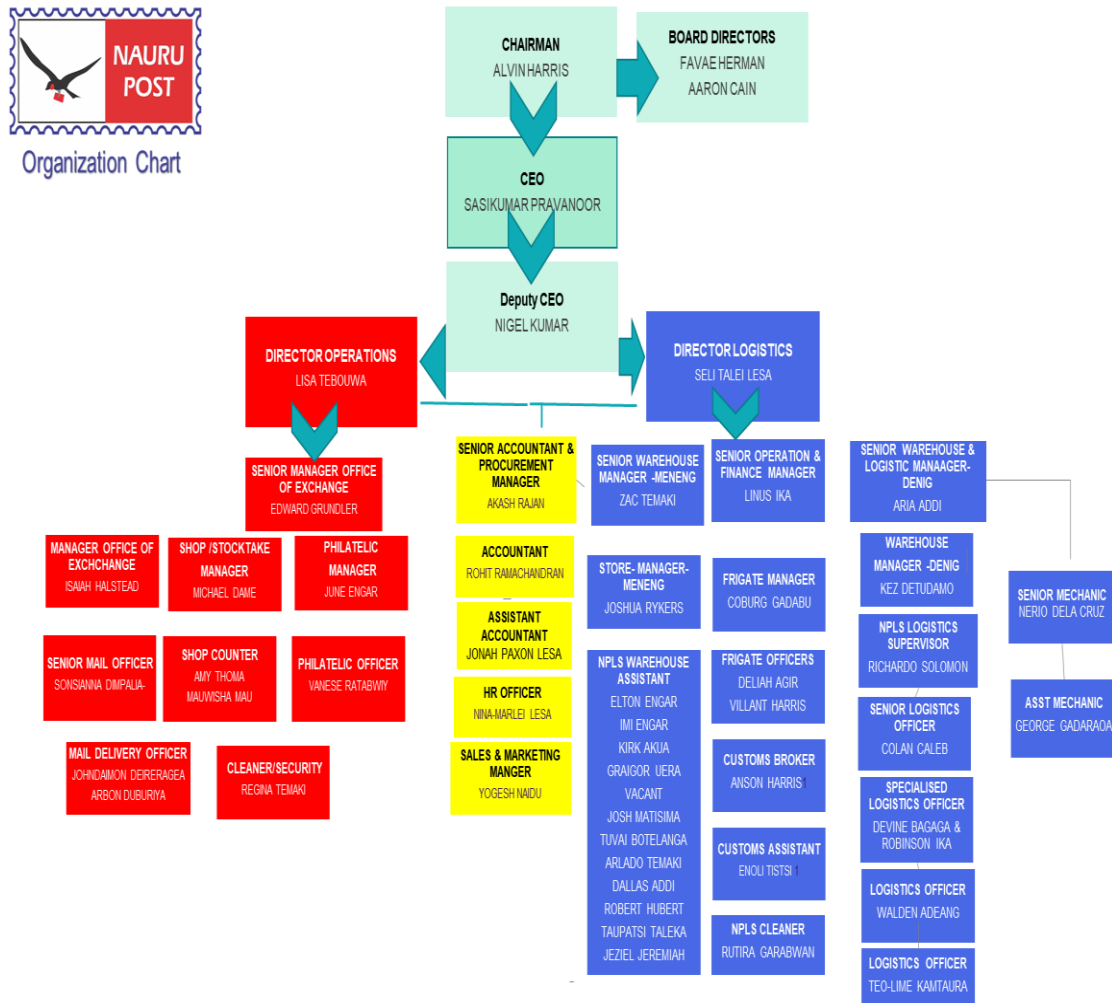


Dated : 29th December 2021

APPENDICES

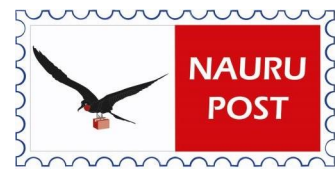
Appendix 1

NAURU POST – ORGANISATION CHART – 30 June 2021



This organisation chart shows the three main pillars of the Corporation responding to the Senior Executives (CEO, Deputy CEO) and the Board. The pillars (Divisions) of the business are:

	The core Postal Operations and Post Shops (reporting to the Director, Operations)
	The Corporation's Accounting and Central Services team for Human Relations and Sales and Marketing (reporting to the Senior Accountant)
	The NPSL team (reporting to the Director Logistics)



Appendix 2

NAURU POST **2020-2021 CALENDAR OF EVENTS**

In the following report, items have been classified according to the following list of categories (the abbreviated index to the category below is shown in bold at the end of each event):

- CCF** Changes to Charges or Fees
- GSR** Government/Stakeholder Relations
- IT** Introduction of New or Changes to Systems or Processes
- IR** International Relations ((UPU, APPU, other countries)
- OS** Organisational Structure
- P/BSD** Product/Business or Sales Development
- ST** Staff Training and Rewards

1 July 2020 – Cabinet approves the transfer of ownership of EHCTS to Nauru Post so that all logistics services in Nauru would be handled by Nauru Post from this date (OS, P/BSD).

1 July 2020 – Nauru Post appoints *Ms Marcia Paye* as the representative of Nauru Post in Brisbane to assist people sending packages through the Frigate service (OS).

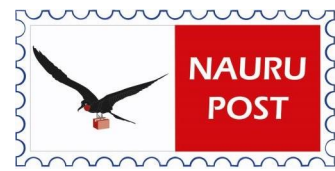
2 July 2020 – Nauru Post starts procurement of water and noodles from Vedan Enterprise Corporation, Taiwan (P/BSD).

22 July 2020 – CEO attends APPU EC meeting online. This meeting was held by virtual means due to the COVID 19 pandemic. 32 countries are members of the APPU and they and their designated postal operators are invited to join this meeting. The meetings are also attended by accepted observers, including our advisor, *Christopher Grosser*. The two main proposals that were brought by Nauru to the attention of the members are the proposals that are being taken to the UPU Congress in 2021 – a proposal to waive completely Nauru’s UPU “debts in arrears” and a second proposal directed to giving a voice to the Pacific island nations by reserving one seat on each of the Council of Administration and the Postal Operations Council for these nations (IR).

10 August 2020 – Nauru Post engages six Nauru Airlines’ staff as part of Nauru Airlines’ deployment program occasioned by the pandemic and the grounding of flights (OS, GSR).

19 August 2020 – Nauru Post releases a commemorative first day cover with stamp to mark ‘Aroeni Day’ (P/BSD).

19 September 2020 – UPU donates two motorbikes for local delivery. On this day these bikes were officially handed over by the Minister, the Hon Richard-Hyde Menke MP, to the Chairman (IR).



30 September 2020 – Nauru Post decides to work with Swire Shipping, Nauru Shipping Line and Vanguard Logistics for sea freight. The rate agreed is A\$9,900 for FCL cargo and A\$460/cu.m (CBM) as LCL cargo.

1 October 2020 –Frigate service office moves to the EHCTS Building in Denig District.

2 October 2020 - 3 EFTPOS machines are installed by Bendigo Bank at Nauru Post to permit and record payment by debit card instead of the handling of cash transactions (IT).

5 October 2020 – Nauru Post engages Vanguard Logistics Services as the freight forwarder in Brisbane to handle sea freight and the booking of cargo through Swire Shipping and Nauru Shipping Line. As from this date the former sea freight shipping service of Pak Fresh Handling is discontinued and Pak Fresh Handling will provide only air freight services going forward (IT).

9 October 2020 – Nauru Post celebrates World Postal Day and sells all items with 5% discount (CCF).

9 October 2020 – Australia provides direct funding towards assisting Nauru Post to engage a consultant to improve postal operations (IR, GSR).

1 November 2020 – 25 coconut huskers are donated by the President, HE Hon Lionel Rouwen Aingemia MP, to the President of the Marshall Islands (IR).

11 December 2020 – Nauru Post organises a poster competition for children aged 7 to 12 years. The theme is the “75th Anniversary of *Our people return from Chuuk*”. The eventual winners were **Corby Adun and** Aquilanze Olsson (GSR).

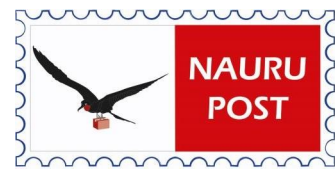
20 December 2020 – Nauru Post arranges a charter flight from Brisbane, Australia to assist customers in bringing home their various cargos for Christmas celebrations (GSR).

31 December 2020 – Nauru Post introduces the following prizes for winners who spent over \$100 on products from Nauru Post during the celebration period leading to Christmas 2020:

- 1.) Honda “Postie bike”
- 2.) Falcon flatscreen TV 50”
- 3.) Modyl split airconditioner
- 4.) Double door refrigerator
- 5.) Electric scooter
- 6.) Realme C3 mobile phone

The winners were: Ashley Jeremiah, KK Akua, Felicity Canon, Daigu Engar, Lusina Cain and Ivan Detenamo (GSR).

31 December 2020 – Nauru Post discontinues sea freight services with Neptune Shipping Line (OS, P/BSD).



27 January 2021 – His Excellency, Hon Lionel Rouwen Aingemia MP and Deputy Minister, the Hon Richard-Hyde Menke MP, launch the Nauru Postal Delivery System software for the Nauru Post Frigate service and ‘account and procurement’ management (IT).

4 February 2021 – Republic of China (Taiwan) provides direct funding towards assisting Nauru Post to introduce the ‘Post Eat’ project (IR, P/BSD).

5 February 2021 – Agreement reached with the Correctional Division of the Justice Department to supply and sell eggs (Petamo), farmed by the Correctional Division in Nauru (GSR, P/BSD).

4 March 2021 – Dividend of \$200,000 presented to the Government for 2020/2021 as part of the celebrations of the 3rd Anniversary of Nauru Post. The dividend payment was presented by the President to the Minister for Finance, the Hon Martin Hunt MP. On this day, a further payment of \$71,895 was also made to the Revenue Office towards Nauru Posts’s liability for Business income tax (GSR).

5 March 2021 – As part of the 3rd Anniversary Celebrations Nauru Post sells all products with 10% discount (CCF).

5 March 2021 – Nauru Post names and awards Mr Zac Temaki, Warehouse Manager, as ‘Employee of the Year’ for 2020 (ST).

28 March 2021 – Nauru Post implements ‘Superlife’ – this encompasses a superannuation provision of a staff member’s contribution of 5% from their salary and an equivalent matching employer contribution of 5% from Nauru Post, to provide for the welfare of Nauru Post staff in their retirement (GSR, IT).

1 April 2021 – As part of the Easter Celebrations, Nauru Post sells various products with 15% discount (CCF).

2 April 2021 – Nauru Post introduces new postcode NRU70 for ‘Business Supply’. NRU68 is to be used exclusively for the Frigate service and as a postal identifier (GSR, IT).

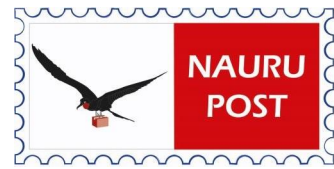
1 May 2021 – Bio-metric clock installed at Nauru Post office for recording attendance (IT).

1 May 2021 – Portion 264 at Denig District handed over to Eigigu Holdings Corporation (GSR).

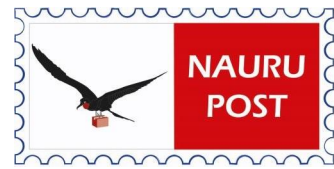
3 May 2021 – Nauru Post decides to donate Hyundai Tucson vehicle to Nauru Police Force (GSR).

3 May 2021 – EHCTS name changed to Nauru Post Logistics Services (NPLS). NPLS will continue to provide all logistics services in Nauru to the Government, public enterprises, private businesses and to the people of Nauru (OS).

27 May 2021 – The Minister, the Hon Richard-Hyde Menke MP, tables the Audited Annual Financial Report of the Naoero Postal Services Corporation for the financial year 2019-2020 to Parliament (GSR).



30 May 2021 – Naoero Postal Services Corporation decides to invest in a “Tissue Paper Project” by purchasing all the necessary equipment required for the Project. It is part of the project list resulting from the “*Desperate Imagination*” initiative conceived by the President to explore and find new business directions within Nauru which could contribute to self-sustainability (P/BSD).



Appendix 3

STAFF TRAINING UNDERTAKEN DURING 2020-2021

Lisa Tebouwa – Director of Operations

- **November 2020** - *“Strengthening the Supply Chain to be a Leader in E-Commerce”*
- **December 2020** - *“Setting Service Standards”*
- **March 2021** - APPU: *“Quality Management for Service -Excellence”*
- **May 2021** - *“Transformation of Postal Organisations”*

Seli Talei Lesa – Director of Logistics

- **November 2020** - *“Operations Management”*
- **November 2020** - Wilson Security – *“First Aid Training”*
- **June 2021** - *“Improving SOE Governance in Nauru – An ADB TA”*

Edward Grundler - Senior Manager Office of Exchange

- **March 2021** - APPU - *“Last Mail Delivery & Fulfilment”*
- **May 2021** - APPU - *“The online Strategy Formulation & Execution Course”*

Michael Dame – Stocktake Manager

- **March 2021** - APPU - *“Setting Service Standards”*

June Engar – Philatelic Manager

- **March 2021** - USP - *“Basic Computer”* and Wilson Security - *“First Aid”*

Nina-Marlei Lesa – HR Officer

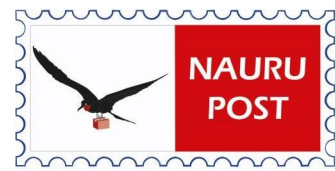
- **March 2021** - USP - *“Customer Service & Basic Computer”*

Valiant Harris – Frigate Assistant

- **November 2020** - Wilson Security *“First Aid Training”*

Zac Temaki, Joshua Rykers, Kez Detudamo, Richardo Solomon and Seli Lesa - Warehouse and Logistics

- **April 2021** - Training by Canstruct in the following areas:
 - ◆ *Operations for both air and sea freightt.*
 - ◆ *Receiving and Dispatching.*
 - ◆ *Safety operations in the warehouse (Forklift 2.5 tonne).*
 - ◆ *Labelling pallets in the warehouse.*
 - ◆ *Safe storage of dangerous goods.*
 - ◆ *Safety operations on Heavy Machinery.*
 - ◆ *Keeping the warehouse in and out clean.*



Appendix 4

ACKNOWLEDGEMENTS

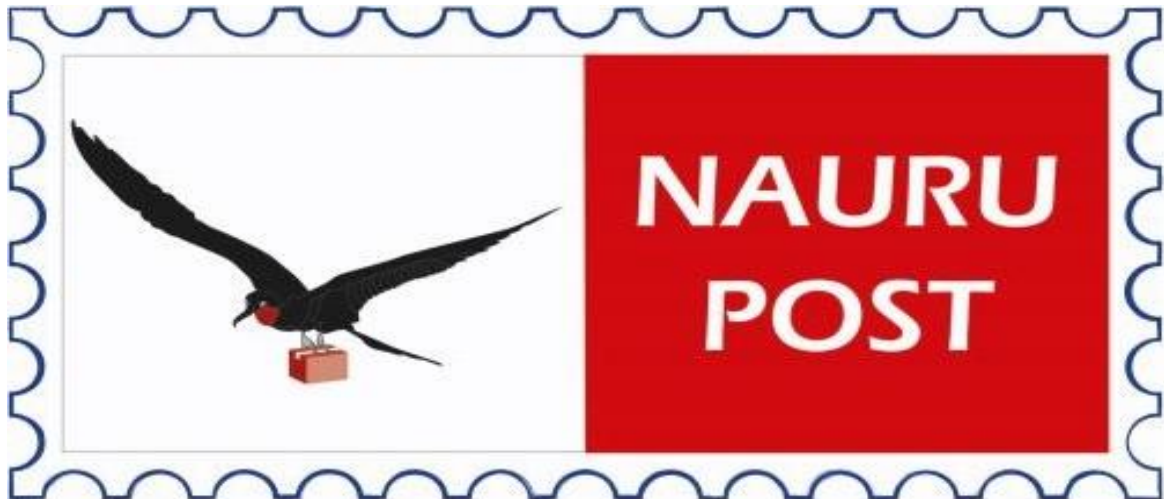
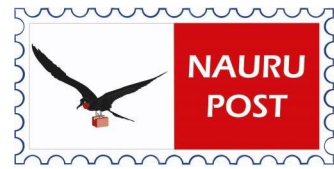
The following support and contributions throughout our financial year 2020/2021 were greeted with our heartfelt thanks and appreciation:

1. Firstly, our appreciation is extended to our staff - the staff of Nauru Post and Nauru Post Logistics Services who continued to work during this difficult year to ensure that those items sent to Nauru addressees are carefully managed, handled and are delivered safely to the right addressee.
2. Secondly, our thanks are extended to His Excellency the President, Ministers, and government members for having continued confidence in our abilities, aiding Nauru Post to grow and to enhance its operations so that it can offer improved and extended services to our customers and to our nation. Principal in our thanks is the Education ministry, which continues its support by awarding major orders through Nauru Post, permitting our ordering, supply and warehousing capabilities to be fully tested.
3. Our thanks are extended to the UPU Director General, *Mr Bishar Hussein*, and to the UPU International Bureau management team for their continued support and assistance leading to the further donation of two motorbikes during the year.
4. Our thanks are extended to the APPU General Secretary, *Mr Hongliang Lin*, the management and staff of the APPU Bureau and the Asian Pacific Postal College for their continued support and guidance and for providing training to Nauru Post staff.
5. Significant donations and contributions were made by the following parties for the purposes noted, and our appreciation is duly and thankfully given:
 - The Republic of China (Taiwan) provided the sum of A\$60,000 for the 'Post Eat' project.
 - The Australian Government has continued its financial support of A\$50,000, so that we could retain the services of a postal consultant, a former Australia Post executive with extensive experience internationally and within Australia, *Mr Christopher Grosser*.
6. Our thanks and appreciation are extended to the people with whom we worked closely throughout the year:
 - the staff of the companies that provide our transport services and solutions - Nauru Shipping Line, Nauru Airlines, Australia Post, and Qantas;
 - our many suppliers from around the world: including Australia, Taiwan, India, Japan and the UAE;



- our service providers - Nauru Port, Digicel, Bendigo Bank, Nauru Customs and Quarantine Department;
 - our representative in Australia, *Marcia Paye*, our agent in Australia (Treannah Enterprise) and freight forwarders Pak Fresh Handling and Vanguard Logistics;
 - our Postal Delivery Management system developers - Socius India; and
 - our many collaborators and partners in the postal world from Asia Pacific and beyond.
7. We extend a special thanks to those Nauru Airline staff who are working with Nauru Post to improve the efficiency of our customer service.
8. Our thanks are extended for the valued contributions from our consultants, *Mr Christopher Grosser* (Australia) and *Mr Andrew Liunamel* from Vanuatu Post.

Last but not the least, we extend our heartfelt thanks to the various Government Departments, Nauru's Public Enterprises, our valued customers and to the people of Nauru.



NAURU POST – *The solution for your procurement*

OUR MOTTO is GOD'S WILL FIRST.

NAURU POST IS NOW *YOUR POST OFFICE*.

***YOUR POST, YOUR PARCEL* – these are our priorities**



Naoero Postal Services Corporation is a wholly owned Corporation of the Government of Nauru