

NAURU REHABILITATION CORPORATION

ANNUAL REPORT

FY2024



JUNE 2024

Prepared by
**NAURU
REHABILITATION
CORPORATION**

Prepared for
NAURU GOVERNMENT

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FOREWORD FROM THE MINISTER

HON. REAGAN ALIKLIK MP

MINISTER FOR NAURU REHABILITATION CORPORATION



Ekamowir Omo ea kami memak,

It is my great honor to introduce the Nauru Rehabilitation Corporation's (NRC) first Annual Report and Audited Financial Statements for the year ending June 2024. This is a landmark achievement for NRC and a crucial step in supporting Nauru's broader vision for sustainable development under the National Sustainable Development Strategy (NSDS).

NRC has played a pivotal role in advancing our national goals for land rehabilitation, environmental restoration, and economic resilience. By aligning its efforts with the NSDS, the corporation is contributing meaningfully to Nauru's journey toward a sustainable and prosperous future. This report serves not only as a record of the corporation's financial performance but as a reflection of the progress we are making in achieving Nauru's Sustainable Development Goals (SDGs).

Over the past year, NRC has demonstrated strong leadership and dedication in transforming Nauru's degraded lands into valuable resources, driving positive outcomes for both our environment and our people. This Annual Report showcases the corporation's strategic initiatives, which align with our national priorities for land rehabilitation, renewable energy integration, and sustainable economic growth. It is clear that NRC's efforts are making a tangible difference, ensuring that our land can be utilized and sustained for the benefit of future generations.

The NSDS sets out a roadmap for Nauru's development, focusing on building resilience, fostering inclusive growth, and protecting our natural resources. NRC has been a key partner in realizing these ambitions by rehabilitating our land, providing opportunities for economic diversification, and creating pathways for greater environmental sustainability. Their work is helping us lay the foundations for a more resilient and self-sufficient Nauru.

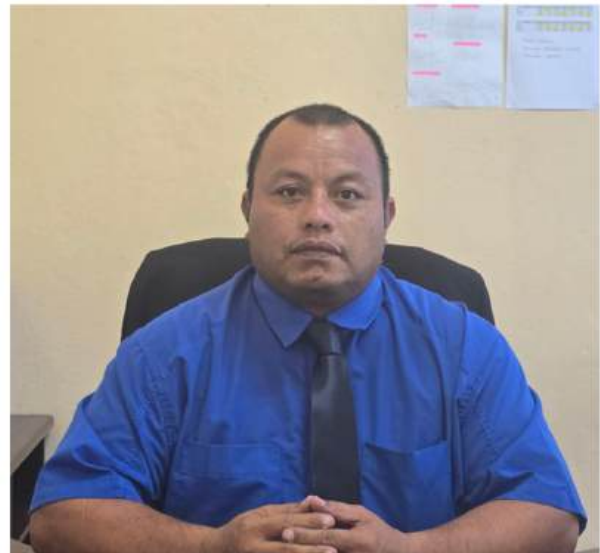
As we present this first Annual Report and the audited financial statements, I would like to express my gratitude to the NRC leadership, its hardworking team, and the corporation's partners for their unwavering commitment to our shared goals. The achievements detailed in this report are a testament to the corporation's dedication to Nauru's sustainable development and to the principles of transparency and accountability.

Looking ahead, NRC will continue to be a critical contributor to Nauru's sustainable future, and I have every confidence that it will play an even greater role in realizing the NSDS vision. Together, we are building a brighter, more prosperous, and sustainable future for all Nauruans.

Mwa tubwa memak dögin wamie continued support bwe dagit emugör ñgane agaganado.

MESSAGE FROM THE CHAIRMAN

BERT BRECHTEFELD
CHAIRMAN



Ekamowir Omo,

It is with great pride and a sense of accomplishment that I present to you the Nauru Rehabilitation Corporation's (NRC) first Annual Report and Audited Financial Statements for the fiscal year ending November 2024. This marks a significant milestone in the corporation's journey and reflects our commitment to transparency, accountability, and long-term sustainability.

This inaugural report outlines the corporation's key initiatives, including the strides we have taken in our operations towards environmental stewardship, and community engagement. We are focused on restoring Nauru's land and enhancing its value for generations to come, in alignment with our vision for economic and social development.

I would like to extend my heartfelt thanks to our dedicated team, our partners, the Government of Nauru, and all stakeholders who have supported us in this endeavor. As we continue on this journey, we remain steadfast in our commitment to achieving meaningful progress, ensuring transparency, and delivering tangible results for the people of Nauru.

Mwa tubwa kor dogin wami trust mwe partnership. Mwa look forward to wami continuing support in our work to building a sustainable and prosperous future for Nauru.

Mwa Tubwa kor,

BOARD OF DIRECTORS

Message from Our Board of Directors



From left to Right: Director Amos Aingimea, Director Stephen Adire, Vice Chairman Peter Dongobir, Director Troy Harris, Director Syd Namaduk

We are pleased to present the first Annual Report and Audited Financial Statement of the Nauru Rehabilitation Corporation (NRC) for the fiscal year ending 30th June 2024. This report reflects our commitment to transparency, accountability, and sustainable development in Nauru.

Over the past year, we have made significant contribution in assisting our management team in reforming the corporation's overall functions through policy and advice, improving the services we are rendering to the Government and the people of Nauru and our partners.

Through our contribution, we have been able to help reform the corporation financial system and push for the auditing of the corporation's finances. Financial audit affirms responsible management of resources, with investments directed towards impactful projects.

We recognize the challenges ahead and remain dedicated to strengthening our partnerships, and exploring innovative strategies for sustainable growth. We appreciate the support of our stakeholders and community members, which is vital to our mission.

Together, we look forward to continuing our efforts towards a sustainable future for Nauru.

MESSAGE FROM THE CEO

DEXTER BRECHTEFELD
CHIEF EXECUTIVE OFFICER



Ekamowir Omo,

It is with immense pride and gratitude that I present to you the Nauru Rehabilitation Corporation's (NRC) first Annual Report and Audited Financial Statements for the fiscal year ending 30th June 2024. This report marks a significant milestone in the corporation's history and speaks to the dedication, hard work, and vision of the entire NRC team.

Over the past year, we have faced many challenges, but through our collective efforts we have been able to drive meaningful change across the organization. This inaugural report is not just a financial record but a testament to the resilience, innovation, and commitment that have defined our journey.

The management team has been instrumental in implementing a number of strategic initiatives aimed at improving our operations, governance, and enhancing the corporation's capacity to fulfill its core activities. Through their leadership, we have seen significant improvements in our operational efficiency, project execution, and the overall impact of our efforts.

I am proud of what our management team has accomplished in such a short time. Their focus on transparency, accountability, and innovation has brought about a positive shift in the corporation's culture and performance. We have strengthened our governance practices, streamlined processes, and ensured that every effort is geared toward creating long-term value for our stakeholders and the people of Nauru.

As we reflect on the achievements of the past year, I would like to express my deepest appreciation to the entire NRC team. Your dedication and hard work have laid the foundation for a brighter future for the corporation and for Nauru. I would also like to thank our partners, and the Government of Nauru for their ongoing trust and support.

We are excited to build on this momentum in the coming years and continue delivering sustainable, impactful results. Together, we are making great strides toward a more resilient and prosperous future for our nation.

Mwa Tubwa kor,



COMPANY OVERVIEW

VISION

To rehabilitate the mined-out phosphate lands at the interior part of the island and establish an effective waste management system that can reduce, reuse and recycle the increasing volume of waste on the island by 2030.

MISSION

Our mission is to:

- Reclaim and rehabilitate the uninhabitable land that will facilitate relevant sustainable development activities to improve the livelihood standards of the people of Nauru.
- Establish an effective and efficient waste management system that can address waste related activities on the island through composting and recycling.

MANAGEMENT TEAM

Message from Our Management Team



Mr. Creedence Halstead

ENGINEERING MANAGER

Officer in-charge of the Planning, Projects, Crushing Plant and Workshop



Mr. Jiuwa Ligairi

FINANCE MANAGER

Officer in-charge of the Finance, Procurement & Stores



Mr. Doubug Adire

SERVICES MANAGER

Officer in-charge of the Landfill Operations, Rubbish Collection & Dumpsite Control

The management of Nauru Rehabilitation Corporation fully supports the statements made by our Minister, Chairman, Board of Directors, and CEO. Our dedicated team is aligned with the corporation's vision to assist the Government and the people of Nauru, reflecting our collective commitment to the National Sustainable Development Strategy (NSDS).

We strive to cultivate a collaborative working environment where innovation and best practices thrive, enabling us to support one another and enhance our effectiveness. Our aim is to deliver high-quality services to all partners and stakeholders. We extend our heartfelt gratitude for their continued support and partnership in our mission. Together, we can contribute to a sustainable and prosperous future for Nauru.

OPERATIONAL HIGHLIGHTS

- * Rock Production & Aggregate Supply to the Nauru Port Redevelopment Project Contractor
- * Seawall Construction during the State of National Disaster Emergency
- * Stadium Project road access
- * Providing Assistance to the Australia and Nauru National Emergency Services UXO Team
- * Profitable Year of Operations



Aggregate Sales



Major Projects

PERFORMANCE OVERVIEW

ROCK PRODUCTION

* The 2023-24 financial year presented significant challenges for the corporation due to various setbacks in its operations. However, after making a few adjustments to the corporation's tactical plan, production picked up by a staggering 7,091 tons by the end of the fiscal year

7,691TN

Increase in production



AGGREGATES SUPPLIED

1282%



* From a maximum supply of 600 tons against CHEC demand in January 2024, the corporation resumed the public supply of aggregate in April 2024, as production had increased drastically, providing sufficient materials for both national and private projects, closing the fiscal year in June 2024 with an impressive 7,691 tons..

FY2023-24 PROJECTS

PROJECTS COMPLETED IN FY2023-24

- Seawall Projects, various locations completed
- Land Clearing Works, Government & Communities
- Road Access to the Stadium Project
- UXO Equipment Assistance

FUTURE PROJECTS PLANNED IN FY2024-25

- Seawall at Anabar Village
- Road Maintenance Projects, new locations (Aiwo)
- Sports Stadium - Next Phase - Clearing and Leveling Works
- Nauru Sustainable Resilience Urban Development Project (NSRUDP) - Segregation Facility
- Airport Runway Resurfacing



SEAWALL PROJECTS

The Seawall Project is an emergency response to the adverse weather conditions on Nauru

As part of the ongoing threat posed by climate change and its adverse effect on our tiny island, Nauru Rehabilitation Corporation (NRC) has been actively working in collaboration with the Government in constructing seawalls in affected areas to protect critical infrastructure and life. This effort has been in place since 2014, after the surge of 3 meter waves causing massive erosion on the coastline and advancing 50 meters inland, damaging and inundating houses, that triggered home evacuation.



By constructing and reinforcing seawalls, NRC helps safeguard vital infrastructure, homes, and community spaces from damage caused by extreme weather. These efforts are crucial in mitigating the effects of climate change, enhancing the island's resilience to environmental challenges. NRC's contribution not only ensures the protection of vulnerable coastal regions but also plays a key role in Nauru's long-term sustainability and adaptation to a changing climate.

These efforts will also continue in the long foreseeable future of the country, given its geographical position, small land mass and high vulnerability to any disaster posed by climate change and disaster risk management. NRC is always on standby for such response whenever needed, the corporation is working in collaboration with the Department of Infrastructure and National Emergency Services to ensure that relevant mitigation measures are in place.

YAREN SEAWALL



National Emergency Response

In response to an extreme weather condition on 14th November 2023, the Government of Nauru declared a National Emergency that was crucial to address the immediate threats posed by climate change in sea level rise, with surging waves that endangered coastal communities. The emergency response measures included the rapid mobilization of resources and the initiation of a seawall construction project in the Yaren district. The project is fully funded by the Government of Nauru.

Source: The Government of the Republic of Nauru Facebook Page - His Excellency President David Adeang - National Address 14 November 2023

In addition to the seawall construction in Yaren district, the Nauru Government swiftly responded to the same issue facing Boe district as well. Boe district is also located on the south-western coast of the island and adjacent to Yaren. Recognizing the urgent need for protective measures, the government has tasked the Nauru Rehabilitation Corporation (NRC) with the responsibility to construct a seawall in that part of the island as well.

Source: Same address of His Excellency President David Adeang - National Address 14 November 2023

BOE SEAWALL



LAND CLEARING PROJECTS

Nauru Rehabilitation Corporation (NRC) continues to undertake land clearing work supporting relevant community and Government projects on the island relating to private and public building infrastructure, roads, and other essential facilities.

By catering to both local communities and government needs, NRC has created multiple streams of income, which not only sustains the corporation financially but also funds future rehabilitation efforts. Revenues generated from these operations are key to NRC's ability to continue its land restoration and development projects.

Through these operations, NRC has established itself as a crucial contributor helping to rebuild the island's natural and infrastructural resources, revitalizing the landscape, and creating a long-term foundation for development and community well-being across Nauru



Nauru Rehabilitation Corporation performed various other Land Clearing projects throughout the island, including the following:

LAND CLEARING COMMUNITY & GOVT



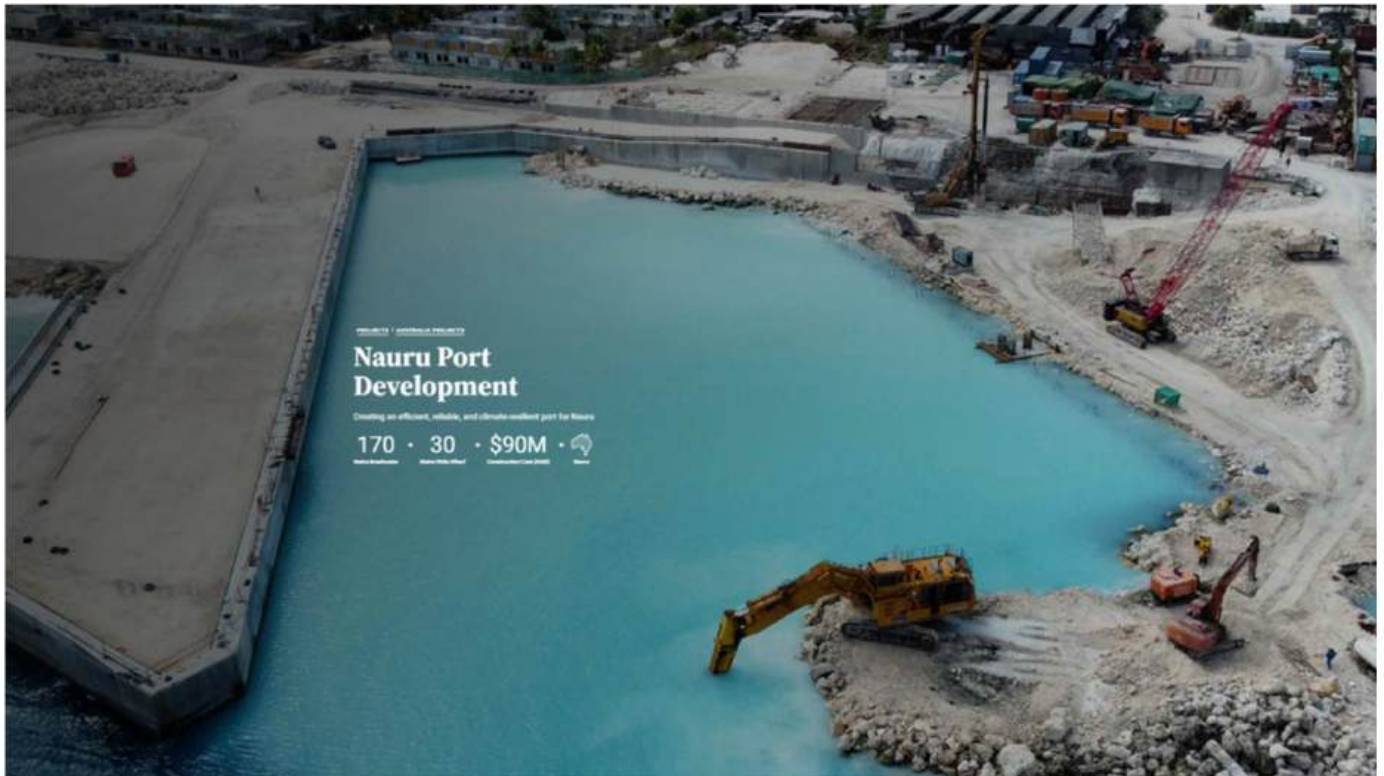
At the beginning of this fiscal year, we were faced with multiple outstanding jobs that had remained unattended. However, as we have been able to streamline our processes and enhance our operational efficiency, that number has steadily decreased. The team's dedication and the implementation of new strategies have allowed us to gain momentum, enabling us to address these issues more effectively. We are committed to maintaining this forward trajectory and ensuring that we meet our operational goals in a timely manner.



NAURU PORT REDEVELOPMENT PROJECT



One of the major projects that the Nauru Rehabilitation Corporation (NRC) is contributing to is the Nauru Port Redevelopment Project. NRC is one of the Implementing Agency (IA) to this project for the supplying of rocks and crusher aggregate materials. These materials are crucial for the development of the port's infrastructure, including wave breakers, container yards, roads and other relevant building infrastructures. NRC's provision of these materials is very crucial for the project, as Nauru aims to enhance its maritime capabilities and boost economic growth. NRC is working hand-in-hand with the Nauru Maritime & Port Authority (NMPA) and the China Harbour Engineering Company (CHEC) in ensuring this project is a success. Part of the ongoing plan is for NRC to complete all the project demand by December 2024.



Nauru Port Development
Creating an efficient, reliable, and climate-resilient port for Nauru
170 • 30 • \$90M •

SPORTS STADIUM PROJECT

Key Highlights

- Surveying and Mapping of the Project Site
- Completion of the 10km access road
- Connecting topside to Sports Stadium
- Connecting Sports Stadium to Meneng Hillside Road (Disabled School)
- Commencement of the land clearing project

Image: Surveying the Sports Stadium Site and Access



The new Nauru Sports Stadium Project set to be built up at Meneng topside for the 2026 Micronesian Games which will be hosted by Nauru. NRC has successfully completed the access road and is actively working on land clearing to prepare the site for construction.



Image: Land clearing in progress

Image: Land clearing in progress



OTHER ACTIVITIES

UXO Support

In May 2024, the Australian Defense Force, with government approval, launched the 'Rendered Safe Operation' in Nauru to address unexploded ordnance (UXO) at the Topside. The operation involved the Australian Defense Force, allied forces, and the National Emergency Services. They requested assistance from the Nauru Rehabilitation Corporation (NRC), through the National Emergency Services and the Australian High Commissioner, to provide the site and equipment needed for lifting heavy barrier bags.

Image: Explosive Protection Barrier



In conclusion, the successful outcome of the operation serves as a testament to the critical contributions made by the Nauru Rehabilitation Corporation (NRC). While NRC may not always receive the recognition it deserves, the support provided—through essential materials, equipment, and sites for the unexploded ordnance (UXO) team—was instrumental in ensuring the operation's success.

Image: UXO Disposal Site



Throughout the UXO Rendered Safe Operations, the Nauru Rehabilitation Corporation (NRC) had to temporarily pause certain aspects of its operations to dedicate resources and personnel to assist in the safe transfer of unexploded ordnance (UXO) from the primary site to the designated disposal site. This commitment highlights NRC's dedication to ensuring the safety and well-being of the Nauruan community.

NRC would like to extend its heartfelt thanks to the Government of Australia and the Office of the Australian High Commissioner in Nauru for their invaluable support during these operations. Their assistance was crucial in facilitating the safe disposal of the UXO, thereby contributing to the overall safety of our community.

FUTURE PROJECTS PLANNED IN FY2024-25



Seawall at Anabar Village

As part of the Government Initiative, a plan between NRC and the Department of Infrastructure in constructing a seawall at Anabar Village is set for the next Financial Year 2024-25.



Road Maintenance Projects

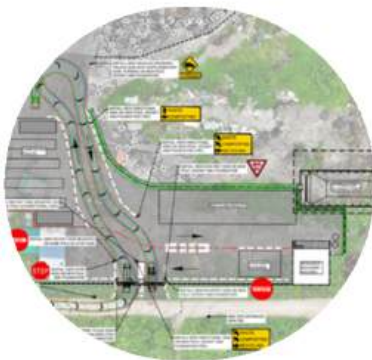
There is a project to upgrade the ring main road in Nauru that is to be funded by Japan and NRC is still waiting for update from the Department of Transport.



Sports Stadium

The land clearing project for the Micronesian Games 2026 - Sport Stadium is already underway, and expected to be completed sometimes early 2025.

Major Projects



Nauru Sustainable Resilience Urban Development Project

Nauru Sustainable Resilience Urban Development Project (NSRUDP) - Segregation Facility funded by ADB.



Airport Runway Resurfacing

Nauru Runway Resurfacing Project - funded by the Government of Australia to upgrade the Nauru Airstrip.

SUSTAINABLE WASTE MANAGEMENT



On waste management in Nauru, NRC managed and operate the only landfill site on the island. As part of the corporation commitment to sustainable land management use, it continues to focus on implementing effective strategies to manage waste, reduce pollution, and protect the island's fragile ecosystem. By promoting recycling initiatives, improving waste disposal infrastructure, and raising community awareness, the corporation aims to minimize environmental damages while encouraging a culture of sustainability. Through these efforts, the corporation will not only supports a cleaner, healthier Nauru but also contributes to the island's long-term environmental and social resilience.

VOLUME OF WASTE GENERATED IN A YEAR



71,928.7m³

The total waste dumped at the landfill this year in volume

25,894mT

Estimated tonnage of Mixed Waste from Industrial, Business and Residential

OUR PARTNERS

JAPAN INTERNATIONAL COOPERATION SYSTEM



NRC is grateful to receive donor assistance from the Japan International Cooperation System (JICS) during FY2023-24, which comprises crucial equipment for enhancing our recycling capabilities.

The donation includes a ZW180-5B Front-End Loader along with necessary parts and a ZX300 Excavator with attachments.



\$1.03m

New Assets Donated by JICS in
FY2023-24



As part of the corporation's ongoing efforts, recycling remains a significant challenge in fully implementing sustainable practices on the island, primarily due to limited resources and restricted avenues for exportation. However, the corporation wishes to express its heartfelt gratitude to the Japan International Cooperation System (JICS) for their generous donation of essential recycling equipment to (NRC). This support is invaluable as it enhances our capacity to improve recycling initiatives and contribute positively to the environment and community.

HUMAN RESOURCE

NRC takes pride in its diverse and inclusive workforce, where employees work collaboratively to drive the organization's objectives forward.

Staffing in FY2023-24

In the fiscal year 2023-24, NRC maintained a total active staff of 140 individuals. This dedicated workforce played a crucial role in advancing the corporation's mission of rehabilitating Nauru's lands and contributing to the island's sustainable development.



Staff Demographics at Nauru Rehabilitation Corporation

Gender



68%



32%

NRC is dedicated to fostering a workplace that prioritizes equality and inclusivity. With a workforce comprising 68% male and 32% female employees, NRC is committed to creating an environment where everyone, regardless of gender, background, or role, has the opportunity to thrive and contribute meaningfully to the organization's success.

HR HIGHLIGHTS

Nauru Rehabilitation Corporation remains committed to enhancing staff skills, investing over \$30,000 in training programs during FY2023-24.

New Strategic Training Programs

In FY2023-24, NRC progressed targeted training programs designed to align employee skills with the organization's long-term goals. These programs are focussed on key areas such as environmental rehabilitation, project management, administration, and safety training. By partnering with international training organizations and local educational institutions, NRC continued to provide high-quality learning experiences tailored to its operational needs.

Staff Training Areas Supported in FY2023-24



\$31K

Total funds paid for staff training



121

Total number of individual staff training courses provided in FY2023-24



\$10K

Health and Safety Training provided

NRC recognizes the importance of upskilling its workforce to meet evolving challenges and ensure sustainable development in its operations. With a commitment to excellence, NRC is implementing a comprehensive human resource plan to enhance the skills and competencies of its employees.

In FY2023-24, NRC invested over \$31,000 in staff training funds in various areas including project management, administration, and engineering as well as progressing first aid training.

NRC plans to increase further staff training activities in FY2024-25 and continue to enhance skills of its workforce.

SOCIAL RESPONSIBILITY



SUPPORTING COMMUNITY AND ENVIRONMENTAL PRESERVATION

During the fiscal year 2023-24, the NRC made significant strides in advancing social programs and championing corporate social responsibility (CSR) initiatives on the island. While fulfilling its core mandate of land rehabilitation, NRC actively collaborated with local communities to ensure its projects aligned with their needs and priorities.

Through its comprehensive rehabilitation and waste management programs, NRC focused on restoring and rehabing lands, addressing eroding coastlines, and supporting the community with essential waste management services.

FINANCIAL STATEMENTS

* INCOME STATEMENTS

For the reporting period, Nauru Rehabilitation Corporation recorded total revenues of \$9.8 million, primarily derived from its project management & service-related activities.

Total expenses amounted to approximately \$9.6 million, reflecting operational costs, maintenance of fixed assets, and personnel expenses.

The Corporation achieved a modest net profit of \$174,000, indicating effective cost management and financial stability. This surplus supports its continued mission of land rehabilitation, ensuring sustainability while maintaining a balanced financial position despite high infrastructure-related expenditures.

Revenue **\$9.8M**

Expenses **\$9.6M**

Profit **\$174K**

* BALANCE SHEET

The Nauru Rehabilitation Corporation's balance sheet reflects an asset-heavy structure, underpinned by substantial investments in fixed assets and equipment.

As of the reporting period, the total valuation of these assets exceeds \$8 million net of depreciation, from an original total valuation of \$21.5 million.

The majority of these assets are tied to land rehabilitation machinery, and plant equipment necessary for restoring the island's lands following extensive phosphate mining.

The Corporation will continue investing in modern machinery and land development equipment to advance its mandate of rehabilitating mined-out areas. These investments are vital to restoring degraded lands and ensuring their long-term usability for future generations.

Assets **\$21.6M**

Liabilities **\$340K**

COMPANY FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

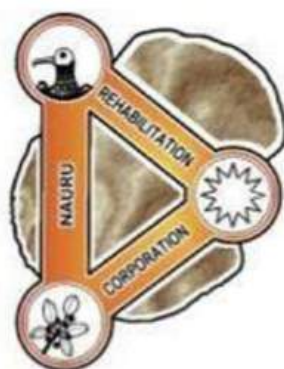
- DIRECTORS REPORT
- APPROVAL OF THE FINANCIAL REPORT
- STATEMENT OF COMPREHENSIVE INCOME (PROFITS AND LOSSES)
- STATEMENT OF FINANCIAL POSITION
- STATEMENT OF CASH FLOWS

NOTES TO FINANCIAL STATEMENTS ACCOUNTS

- BASIS OF PREPARATION & GOING CONCERN
- DETAILS TO THE FINANCIAL REPORT

INDEPENDENT AUDITOR'S REPORT

- AUDITOR'S REPORT



Nauru Rehabilitation Corporation

Financial Report FY2023-24

Financial Report For the year ended 30 June 2024



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Directory

Nauru Rehabilitation Corporation

For the year ended 30 June 2024

Nature of Business

NRC has the mandatory obligation of Nauru Parliament to implement, initiate and coordinate the rehabilitation and development of the mined out lands of Nauru. NRC is also managing the only dumpsite in Nauru where industrial, commercial and household waste are managed.

Address

Postal Address

Level 1, Civic Centre
Aiwo District
Republic of Nauru

Registered Office

Physical Address

Level 1, Civic Centre
Aiwo District
Republic of Nauru

Directors

1. Mr. Bert Brechtefeld - Chairman
2. Mr. Peter Dongobir - Vice Chairman
3. Mr. Syd Namaduk - Director
4. Mr. Stephen Adire - Director
5. Mr. Amos Aingimea - Director
6. Mr. Troy Harris - Director

Shareholders

The Republic of Nauru

Accountants

Success Tax Professionals Slacks Creek
Office 7, 1-3 Noel Street, Slacks Creek, 4127, QLD Australia

Auditor

The Auditor General of the Republic of Nauru
Nauru Audit Office
Civic Centre, Aiwo District
Republic of Nauru

Bankers

Bendigo Bank Australia



Director Report

Nauru Rehabilitation Corporation

For the year ended 30 June 2024

In accordance with the Nauru Rehabilitation Corporation Act 1997, the directors herewith submit the Statement of Financial Position of the Nauru Rehabilitation Corporation ("the Corporation") as at 30 June 2024, the related Statement of Comprehensive Income, and the Statement of Cash Flows for the year then ended and report as follows:

Cabinet

The Minister for Nauru Rehabilitation Corporation at the date of this report is Hon. Reagan Aliklik, MP.

Directors

1. Mr. Bert Brechtefeld - Chairman
2. Mr. Peter Dongobir - Vice Chairman
3. Mr. Syd Namaduk - Director
4. Mr. Stephen Adire - Director
5. Mr. Amos Aingimea - Director
6. Mr. Troy Harris - Director

Results

The operating profit for the year was \$174,333. The income tax expense for the year was \$34,867, resulting in a net profit after tax of \$139,466.

Bad and Doubtful Debts

Prior to the completion of the Corporation's financial statements, the directors took reasonable steps to ascertain that action has been taken in relation to writing off of bad debts and the making of a allowance for doubtful debts. In the opinion of the directors, an adequate allowance has been made for doubtful debts.

As at the date of this report, the directors are not aware of any circumstances, which would render the amount written off for bad debts, or the allowance for doubtful debts in the Corporation, inadequate to any substantial extent.

None-Current Assets

Prior to the completion of the financial statements of the Corporation, the directors took reasonable steps to ascertain whether any non-current assets were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Corporation. Where necessary, these assets have been written down or adequate allowance has been made to bring the values of such assets to an amount that they might be expected to realise.

As at the date of this report, the directors are not aware of any circumstances, which would render the values attributed to non-current assets in the Corporation's financial statements misleading.

Unusual Transactions

In the opinion of the directors, the results of the operations of Nauru Rehabilitation Corporation during the financial year was not substantially affected by any item, transaction or event of a material and unusual nature, nor has there arisen between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the management, to affect substantially the results of the operations of the Corporation in the current financial year, other than those reflected in the financial statements.

Events Subsequent To Balance Date

No matters or circumstances have 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.



As at the date of this report:

- no charge on the assets of the Corporation has been given since the end of the financial year to secure the liabilities of any other person;
- no contingent liabilities have arisen since the end of the financial year for which the Corporation could become liable; and
- no contingent liabilities or other liabilities of the Corporation have become or are likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Corporation, will or may substantially affect the ability of the corporation to meet its obligations as and when they fall due.

As at the date of this report, the directors are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the Corporation's financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the Corporation misleading or inappropriate.

For and on behalf of Nauru Rehabilitation Corporation

Dated this 20 day of November 2024

A handwritten signature in blue ink, appearing to read 'B. Brechtefeld', is written over a horizontal line.

Mr Bert Brechtefeld
CHAIRMAN

For and on behalf of the Directors.



Approval of Financial Report

Nauru Rehabilitation Corporation For the year ended 30 June 2024

The Directors are pleased to present the approved financial report including the historical financial statements of Nauru Rehabilitation Corporation for the year ended 30 June 2024.

In the opinion of the Directors:

- the accompanying statement of comprehensive income of the Corporation is drawn up so as to give a true and fair view of the results of the Corporation for the year ended 30 June 2024;
- the accompanying statement of financial position of the Corporation is drawn up so as to give a true and fair view of the state of affairs of the Corporation as at 30 June 2024;
- at the date of this statement there are reasonable grounds to believe the Corporation will be able to pay its debts as and when they fall due; and
- the accompanying statement of cash flows of the Corporation is drawn up so as to give a true and fair view of the cash flows of the Corporation for the year ended 30 June 2024;
- all related party transactions have been adequately recorded in the books of the Corporation.

Mr Bert Brechtefeld
CHAIRMAN
APPROVED

For and on behalf of the Directors.

Mr Dexter Brechtefeld
CHIEF EXECUTIVE OFFICER
Date



Statement of Comprehensive Income

Nauru Rehabilitation Corporation

For the year ended 30 June 2024

2024 NOTES

Revenue

| | | |
|----------------------|------------------|---|
| Executive Revenue | 193,161 | 4 |
| Engineering Revenue | 9,212,905 | 5 |
| Waste Management | 376,811 | 6 |
| Total Revenue | 9,782,877 | |

Gross Profit

9,782,877

Expenses

Administrative Expenses

| | | |
|--|------------------|----|
| Insurance | 5,085 | |
| Directors, trustees and related party fees | 41,186 | 7 |
| Professional and consulting fees | 376,538 | 8 |
| Employment costs | 2,360,290 | 9 |
| Office Admin Expenses | 1,880,295 | 10 |
| Bank Fees, Interest Expenses | 4,690 | |
| Other General Expenses | 20,326 | 11 |
| Total Administrative Expenses | 4,688,411 | |

Operational Expenses

| | | |
|-----------------------------------|------------------|----|
| Depreciation Expense | 1,548,992 | 12 |
| Freight & Courier | 370,727 | |
| Fuel & Oil | 920,366 | |
| Plant & Equipment / Vehicle Hire | 35,557 | |
| Repairs & Maintenance | 381,326 | 13 |
| Land Lease / Rental Payments | 1,379,216 | |
| Rock Royalties & Rentals | 218,000 | |
| Entertainment | 53,596 | |
| Total Operational Expenses | 4,907,781 | |

| | | |
|-----------------------|------------------|----|
| | 12,352 | |
| Other Tax Expenses | 9,608,544 | 14 |
| Total Expenses | | |

Profit (Loss) Before Tax

174,333

Less: Income Tax Expense

| | | |
|---------------------------------------|---------------|----|
| Income Tax Expense | 34,867 | 14 |
| Total Less: Income Tax Expense | 34,867 | |

Net Profit (Loss) After Tax

139,466

Statement of Comprehensive Income

Nauru Rehabilitation Corporation

For the year ended 30 June 2024

2024 NOTES

Revenue

| | | |
|----------------------|------------------|---|
| Executive Revenue | 193,161 | 4 |
| Engineering Revenue | 9,212,905 | 5 |
| Waste Management | 376,811 | 6 |
| Total Revenue | 9,782,877 | |

Gross Profit

9,782,877

Expenses

Administrative Expenses

| | | |
|--|------------------|----|
| Insurance | 5,085 | |
| Directors, trustees and related party fees | 41,186 | 7 |
| Professional and consulting fees | 376,538 | 8 |
| Employment costs | 2,360,290 | 9 |
| Office Admin Expenses | 1,880,295 | 10 |
| Bank Fees, Interest Expenses | 4,690 | |
| Other General Expenses | 20,326 | 11 |
| Total Administrative Expenses | 4,688,411 | |

Operational Expenses

| | | |
|-----------------------------------|------------------|----|
| Depreciation Expense | 1,548,992 | 12 |
| Freight & Courier | 370,727 | |
| Fuel & Oil | 920,366 | |
| Plant & Equipment / Vehicle Hire | 35,557 | |
| Repairs & Maintenance | 381,326 | 13 |
| Land Lease / Rental Payments | 1,379,216 | |
| Rock Royalties & Rentals | 218,000 | |
| Entertainment | 53,596 | |
| Total Operational Expenses | 4,907,781 | |

12,352

Other Tax Expenses **9,608,544** 14

Total Expenses

Profit (Loss) Before Tax

174,333

Less: Income Tax Expense

| | | |
|---------------------------------------|---------------|----|
| Income Tax Expense | 34,867 | 14 |
| Total Less: Income Tax Expense | 34,867 | |

Net Profit (Loss) After Tax

139,466



Statement of Financial Position

Nauru Rehabilitation Corporation

As at 30 June 2024

30 JUN 2024 NOTES

Assets

Current Assets

| | | |
|-------------------------------|-------------------|----|
| Cash and Cash Equivalents | 3,657,276 | 15 |
| Term Deposits (over 3 months) | 1,219,128 | |
| Inventories | 779,549 | |
| Trade and Other Receivables | 4,541,179 | 16 |
| Prepayments & Advances | 3,203,846 | 17 |
| Total Current Assets | 13,400,978 | |

Non-Current Assets

Property, Plant and Equipment

| | | |
|------------------------|-----------|----|
| Plant and equipment | 7,539,945 | 18 |
| Motor Vehicles | 364,555 | 19 |
| Furniture and fittings | 22,224 | 19 |
| Tools and Safety Gears | 159,809 | 19 |
| Low Value Assets | 8,115 | 19 |

Total Property, Plant and Equipment **8,094,649**

| | | |
|----------------------------------|------------------|----|
| Land & Buildings (Capital Works) | 110,431 | 20 |
| Total Non-Current Assets | 8,205,080 | |

21,606,058

Total Assets

Equity and Liabilities

| | | |
|--------|------------|--|
| Equity | 21,265,951 | |
|--------|------------|--|

Liabilities

| | | |
|--------------------------|----------------|----|
| Non-Current Liabilities | 106,856 | 21 |
| Current Liabilities | 233,252 | 22 |
| Total Liabilities | 340,107 | |

Total Equity and Liabilities **21,606,058**



Statement of Cash Flows - Direct Method

Nauru Rehabilitation Corporation

For the year ended 30 June 2024

2024

Operating Activities

| | |
|---|------------------|
| Cash receipts from customers | 9,775,154 |
| Payments to suppliers and employees | (2,157,754) |
| Interest received | 62,734 |
| Cash payments from other operating activities | (5,850,581) |
| Net Cash Flows from Operating Activities | 1,829,552 |

Investing Activities

| | |
|---|------------------|
| Other cash items from investing activities | (345,631) |
| Net Cash Flows from Investing Activities | (345,631) |

Financing Activities

| | |
|---|-----------------|
| Other cash items from financing activities | (10,054) |
| Net Cash Flows from Financing Activities | (10,054) |

| | |
|-----------------------|------------------|
| Net Cash Flows | 1,473,866 |
|-----------------------|------------------|

Cash and Cash Equivalents

| | |
|--|-----------|
| Cash and cash equivalents at beginning of period | 3,402,538 |
| Net change in cash for period | 1,473,866 |
| Cash and cash equivalents at end of period | 4,876,405 |



Notes to the Financial Statements

Nauru Rehabilitation Corporation For the year ended 30 June 2024

1. Corporate information

Nauru Rehabilitation Corporation ("the Corporation") is a public entity established under the Nauru Rehabilitation Act 1997, incorporated and domiciled in the Republic of Nauru with its registered office at Aiwo District, Nauru. The principal activity of the Corporation during the financial year was CHEC Project, Land Clearing, and National Stadium. The financial statements were authorised for issue by the Minister for Nauru Rehabilitation Corporation on the **4th April 2025**.

2. Basis of preparation

Statement of compliance

The Financial Statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and the requirements of Nauru Rehabilitation Corporation Act 1997.

Basis of accounting

The Financial Statements have been prepared on a historical cost basis and on the assumption of going concern. The Financial Statements are presented in Australian dollars and all values are rounded to the nearest dollar, except when otherwise indicated.

Going Concern

The financial statements have been prepared on a going concern basis. We consider the application of this principle appropriate as we believe that the Corporation has adequate funds to meet its liabilities as they fall due over the next twelve months.

3. Significant accounting judgements, estimates and assumptions

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 a material adjustments to the carrying amount of the asset or liability affected in future periods.

Judgements

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:

Impairment of accounts receivable

Impairment of accounts receivable is assessed at an individual account level as well as on a collective level. At collective level, all debtors in the 120 days category (excluding those covered by a specific impairment provisions and those covered by collateral) are estimated to have been impaired and are accordingly provided for.

Impairment of property, plant and equipment and intangible assets

The Corporation assesses whether there are any indicators of impairment of all property, plant and equipment and intangible assets at each reporting date. Property, plant and equipment are tested for impairment when there are indicators that the carrying amount may not be recoverable, a reasonable provision for impairment is created. For the year ended 30 June 2024, no additional provision for impairment has been made as the Corporation believes that no indicators for impairment exist.

Provision for stock obsolescence

Provision for stock obsolescence is assessed and raised on a specific basis based on a review of inventories. Inventories considered obsolete or un-serviceable are written off in the period in which they are identified.



Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized in Statement of Comprehensive Income immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in the Statement of Comprehensive Income, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(h) Employee benefits

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

The cost of sick leave is met as it emerges and, as unused annual entitlements lapse, no provision is made in the financial statements for any unused entitlements.

(i) Provisions

Provisions are recognised when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Corporation expects some or all of the a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expenses relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to that liability.

(j) Revenue recognition

Revenue is recognised when the significant risks and rewards of ownership have passed to the buyer and can be reliably measured and collectability of the related receivables is reasonably assured. Risk and rewards are considered to have passed to buyers when goods and services are delivered to customers.

Sale of waste management services or sale of rocks is recognised at point of sale. Allowance is not made for the amount of prepaid revenue received as no refund would be issued if the goods and services were not consumed.

Donor funding consist of fuel subsidy received from the Government of the Republic of Nauru and grants received from international agencies and foreign government donors.

(k) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

The net carrying amount of deferred tax assets is reviewed in each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in statement of comprehensive income.



Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realised or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

Tax-effect accounting is applied whereby income tax expense in the statement of comprehensive income is matched with the accounting profit after allowing for permanent differences. To the extent timing differences occur between the time items are recognised in the accounts and till when items are taken into account in determining taxable income, the net related taxation benefit or liability, calculated at current rates, is disclosed as a future income tax benefit or provision for deferred income tax. The future income tax benefit relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised.

2024

4. Executive Revenue

| | |
|--------------------------------------|----------------|
| 43-103 - Income on Sale of Assets | 500 |
| 43-113 - Donor Funds | 127,600 |
| 43-114 - Interest Income | 62,734 |
| 43-150 - Miscellaneous Income (Exec) | 2,327 |
| Total Executive Revenue | 193,161 |

2024

5. Engineering Revenue

| | |
|---|------------------|
| 44-147 - Sale of Aggregates | 1,882,323 |
| 44-150 - Miscellaneous Income Engineering | 170,717 |
| 44-189 - New Port Project | 4,920,252 |
| 49-207 - Seawall Construction Project | 859,920 |
| 49-208 - Road Maintenance | 949,548 |
| 49-209 - Land Clearing | 430,146 |
| Total Engineering Revenue | 9,212,905 |

2024

6. Waste Management Revenue

| | |
|--|----------------|
| 45-144 - Waste Management Services | 376,691 |
| 45-150 - Miscellaneous Income - Services | 120 |
| Total Waste Management Revenue | 376,811 |

2024

7. Directors, trustees and related party fees

| | |
|---|---------------|
| 231 - Board Directors Remune & Sitting fee | 25,000 |
| 232 - Board Meeting Expenses | 16,186 |
| Total Directors, trustees and related party fees | 41,186 |

2024

8. 325 - Consultant and Contractors, Legal Fees

| | |
|----------------------------------|---------|
| 325 - Consultant and Contractors | 366,538 |
|----------------------------------|---------|



| | |
|---|----------------|
| 399 - Legal Expenses | 10,000 |
| Total 325 - Consultant and Contractors, Legal Fees | 376,538 |

2024

9. Employment costs

| | |
|-----------------------------------|------------------|
| 202 - Salaries Local Staff | 2,072,429 |
| 203 - Salaries - Expatriate | 26,479 |
| 212 - Overtime- LocalStaff | 3,044 |
| 220 - Superannuation | 124,194 |
| 230 - Staff Meals & Benefits | 32,538 |
| 251 - Travel and Transfer - Staff | 31,192 |
| 317 - Rent - Staff Accommodation | 29,418 |
| 528 - Staff Specialist Training | 40,781 |
| Other Employer Expenses | 214 |
| Total Employment costs | 2,360,290 |

2024

10. Office Admin Expenses

| | |
|--------------------------------------|------------------|
| 255 - Travel and Transfer - Business | 20,832 |
| 301 - Printing & Stationery | 38,927 |
| 305 - Telephone & Internet | 170,162 |
| 313 - Office Expenses | 1,323,575 |
| 316 - Rent - Office & Buildings | 91,800 |
| 352 - Corporate Uniform | 9,656 |
| 359 - Electricity & Water | 224,498 |
| 392 - Custom Tariff | 645 |
| 406 - Public Education & Awareness | 200 |
| Total Office Admin Expenses | 1,880,295 |

2024

11. Other General Expenses

| | |
|-------------------------------------|---------------|
| 456 - Subsidy and Donations | 18,940 |
| 309 - Memberships & Subscriptions | 1,386 |
| Total Other General Expenses | 20,326 |

12. Depreciation of Property, Plants and Equipment

| | |
|-----------------------------------|-------------|
| Plants and Equipment Depreciation | \$1,455,646 |
| Motor Vehicle Depreciation | \$36,560 |
| Tools & SafetyGears Depreciation | \$31,785 |
| Furniture & Fittings Depreciation | \$2,691 |
| Low Value Assets Depreciation | \$4,869 |



| | |
|---|-------------|
| Land and Buildings Capital Works - Depreciation | \$17,439 |
| Overall Total | \$1,548,992 |

2024

Depreciation Expense

| | |
|-----------------------------------|------------------|
| 700 - Depreciation Expense | 1,548,992 |
| Total Depreciation Expense | 1,548,992 |

2024

13. Repairs & Maintenance

| | |
|--|----------------|
| 311 - R&M - Office Equipment | 3,669 |
| 312 - R&M - Office Building | 35,828 |
| 353 - R&M - Plant & Equipment | 296,070 |
| 354 - Repairs & Maintenance - Building | 45,760 |
| Total Repairs & Maintenance | 381,326 |

14. Tax Expense

The tax expense reported in these financial statements is determined in accordance with the tax laws and regulations of the Republic of Nauru as applicable on 30 June 2024, incorporating all relevant provisions, rates, and guidelines under Nauruan tax legislation at that date.

Except for Account 540, Foreign Tax on Interest, which reflects tax withheld on interest from NRC's 3-month and 5-month term deposits held with an Australian bank, with tax on interest earnings applied under Australian tax laws.

2024

Tax Expense

| | |
|--|---------------|
| Other Tax Expense | |
| 545 - Resident Withholding Tax Expense | 8,033 |
| 540 - Foreign Tax on Interest | 4,319 |
| Over provision in previous years | - |
| Total Other Tax Expense | 12,352 |
| Current tax on profits for the year | |
| Income Tax Expense | 34,867 |
| Total Current tax on profits for the year | 34,867 |
| | - |
| Origination and reversal of timing differences | - |
| Impact of change in tax rate | 47,219 |
| Total Tax Expense | |

15. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and at banks. Cash and cash equivalents included in the Statement of Cash Flows and the Statement of Financial Position, comprise the following:



2024

Cash, cash equivalents, and term deposits

| | |
|--|------------------|
| Nauru Rehabilitation Corporation - Operational Account | 50 |
| Nauru Rehabilitation Corporation - Board Account | 2,321,362 |
| Nauru Rehabilitation Corporation - Special Projects | 1,200,623 |
| 3 Months Term Deposit | 135,242 |
| Total Cash, cash equivalents, and term deposits | 3,657,276 |

2024

16. Trade and Other Receivables

| | |
|--|------------------|
| Trade receivables | 4,541,179 |
| Total Trade and Other Receivables | 4,541,179 |

2024

17. Prepayments & Advances

| | |
|---|------------------|
| NRC Staff Advances | 218,944 |
| Supplier Prepayments | 2,709,269 |
| Land Lease Rental Prepaid | 275,633 |
| Total Prepayments & Advances | 3,203,846 |

18. Property, Plants and Equipment

All property, plant and equipment are shown at cost less accumulated depreciation. Costs include expenditure that is directly attributable to acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably. The carrying amount of a replaced part is de-recognized. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives using the following rates:

- Building on freehold land 2.5%
- Furniture, fittings and office equipment - 33.33%
- Motor vehicles - 13%
- Excavators - 14%
- Graders & Loaders, Bailer, Chippers - 10%
- Dump Trucks - 7%
- Low cost assets 33%

Gains and losses on disposal of property, plant and equipment are taken into account in determining the results for the year.

Capital work in progress is not depreciated. If there is an indication that there has been a significant change in the depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

Total Assets as at 30th June 2024



| Plant & Equipment | Original Purchase Value (in AUD) | Accumulated Depreciation to 30th June 2023 | Opening Value 1st July 2023 | Depreciation FY2023-24 | Closing Value 30 June 2024 |
|--------------------------|----------------------------------|--|-----------------------------|------------------------|----------------------------|
| EXCAVATORS | 8,197,867 | 6,323,668 | 1,874,199 | 688,626 | 1,185,572 |
| DUMP TRUCKS | 2,355,000 | 1,383,333 | 971,667 | 157,000 | 814,667 |
| GRADERS & LOADERS | 2,692,947 | 1,680,028 | 1,012,920 | 178,695 | 834,225 |
| CRUSHER | 5,922,730 | 2,295,070 | 3,627,659 | 296,136 | 3,331,523 |
| GENSET AND TOWER LIGHTS | 129,300 | 60,340 | 68,960 | 8,620 | 60,340 |
| COMPRESSORS | 566,554 | 223,621 | 342,934 | 37,770 | 305,163 |
| ROCK BREAKERS | 1,327,001 | 386,170 | 940,831 | 66,350 | 874,481 |
| OTHER (WASTE MANAGEMENT) | 320,906 | 164,485 | 156,421 | 22,447 | 133,973 |
| Totals | 21,512,305 | 12,516,715 | 8,995,590 | 1,455,645 | 7,539,945 |

2024

Plant and Equipment

| | |
|-----------------------------------|------------------|
| Plant and Equipment | 21,512,305 |
| Less Accum Dep. Plant & Equipment | (13,972,360) |
| Total Plant and Equipment | 7,539,945 |

2024

19. All Other Fixed Assets

| | |
|---------------------------------------|----------------|
| Motor Vehicle | |
| Motor Vehicle | 1,172,001 |
| Less Accum Dep. Motor Vehicles | (807,446) |
| Total Motor Vehicle | 364,555 |
| Furniture and Fixture | |
| Furniture and Fixture | 27,607 |
| Less Accum Dep. Furniture & Fixture | (5,383) |
| Total Furniture and Fixture | 22,224 |
| Tools & Safety Gears | |
| Tools & Safety Gears | 191,597 |
| Less Accum Dep. Tools and Safety Ge | (31,788) |
| Total Tools & Safety Gears | 159,809 |
| Low Value Assets | |
| Low Value Assets | 12,984 |
| Less Accum Dep. Low Value Assets | (4,869) |
| Total Low Value Assets | 8,115 |
| Total All Other Fixed Assets | 554,704 |



20. Land & Buildings (Capital Works)

Land and Buildings capital works depreciation is provided on a straight-line basis over 40 years (2.5% depreciation rates). Depreciation methods, useful lives and residual values are reviewed at each financial yearend and adjusted if appropriate.

2024

Land & Buildings (Capital Works)

| | |
|---|----------------|
| Land & Building | 697,557 |
| Less Accumulated Accum Dep. Land & Building | (587,125) |
| Total Land & Buildings (Capital Works) | 110,431 |

2024

21. Non-current Liabilities

| | |
|--------------------------------------|----------------|
| Staff Leave Accruals | 106,856 |
| Total Non-current Liabilities | 106,856 |

2024

22. Current Liabilities

| | |
|-----------------------------------|----------------|
| Trade payables | 157,222 |
| Income Tax Payable | 34,867 |
| Employer Obligations | |
| Salaries Payable(current) | 36,643 |
| Resident Tax Withholding Payable | 985 |
| Superannuation Payable | 3,534 |
| Total Employer Obligations | 41,162 |
| Total Current Liabilities | 233,252 |



**DEPARTMENT OF AUDIT
CIVIC CENTRE
REPUBLIC OF NAURU
Phone : 5573109**

**INDEPENDENT AUDITOR'S REPORT (Revised)
On the Audit of the Financial Statements for the Year Ended 30 June 2024**

To: The Board of Directors and Stakeholders of Nauru Rehabilitation Corporation

Report on the Financial Statements

We have audited the financial statements of **Nauru Rehabilitation Corporation** ("the Corporation") for the year ended 30 June 2024. These financial statements comprise the balance sheet as at 30 June 2024, the income and expenditure statement, the statement of changes in equity, the cash flow statement for the year then ended, and the accompanying notes, including a summary of significant accounting policies.

Disclaimer of Opinion

Due to the matters described in the **Basis for Disclaimer of Opinion** section below, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the accompanying financial statements of the Corporation for the year ended 30 June 2024.

Basis for Disclaimer of Opinion

The Corporation undertook a substantial reconstruction of its financial reporting records after more than two decades without audited financial statements. During this transition, NRC migrated from the MYOB accounting system to Xero, and developed its FY2023–24 accounts using verified cash balances and a combination of MYOB data and physical stocktakes.

Despite significant and commendable efforts by management, we were unable to verify the **opening balances** with sufficient accuracy. The prior accounting system (MYOB) lacked external audit verification, and reconciliations for legacy balances were not possible due to missing historical documentation. These limitations materially affect the reliability of the financial position as at 1 July 2023, which in turn impacts the auditability of transactions and balances throughout the reporting period.

Further, while additional documentation was subsequently provided and reviewed, especially regarding revenue transactions and asset valuations, the audit was initially hindered by delays in access to legacy records and limitations in the internal control environment, particularly around payment approvals, documentation, and segregation of duties. Although NRC has since provided clarifications and adopted recommendations to strengthen internal processes, these improvements are prospective and did not fully mitigate the audit limitations in the reporting year.

Therefore, we were unable to obtain sufficient and appropriate audit evidence to determine whether the financial statements as a whole are free from material misstatement.

Emphasis of Matter – Acknowledgment of Management’s Progress

We draw attention to the Corporation’s significant progress in financial governance, including:

- Full reconciliation of FY2023–24 bank accounts.
- Transition to the Xero accounting platform, enabling improved audit trails and reporting.
- Implementation of an asset register supported by physical stocktakes and documentation.
- Adjustments to revenue and tax calculations based on post-audit internal reviews.
- Acceptance and planned implementation of audit recommendations to strengthen controls and governance.

These initiatives represent substantial improvements in NRC’s financial management environment and provide a stronger foundation for future financial reporting and auditability.

Our opinion is not modified in respect of this matter.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), and for the internal controls necessary to ensure the statements are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Corporation’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Corporation’s financial statements in accordance with International Standards on Auditing (ISA) and to issue an auditor’s report. However, due to the matters described in the **Basis for Disclaimer of Opinion**, we were unable to obtain sufficient appropriate audit evidence to express an opinion.

We conducted our audit to the extent practicable, which included:

- Review of management-prepared reconciliations and confirmations.
- Evaluation of accounting estimates, assumptions, and internal controls.
- Assessment of documentation supporting revenues, expenditures, and asset valuations.

Despite these procedures, the historical data limitations and lack of opening balance verification prevented us from forming an audit opinion.

Conclusion and Future Recommendations

Although a Disclaimer of Opinion has been issued for the 2024 financial statements, we acknowledge and commend NRC's proactive approach to address historical weaknesses. The revised financial records, reconciliations, and adoption of audit recommendations suggest a clear path toward more reliable and auditable future reporting.

We encourage management to continue:

- Formalizing internal control procedures.
- Conducting annual reconciliations.
- Implementing an Audit Committee and internal audit function.
- Ensuring complete and timely documentation for all financial transactions.

We remain available to provide further assistance and look forward to working collaboratively on future audits.



Manoharan Nair
Auditor General
Republic of Nauru



Date: 12/05/2025

FUTURE OUTLOOK

FUTURE PLAN

Nauru Rehabilitation Corporation (NRC) is committed to advancing sustainable development and environmental restoration. In the upcoming fiscal year, NRC plans to expand land rehabilitation efforts,

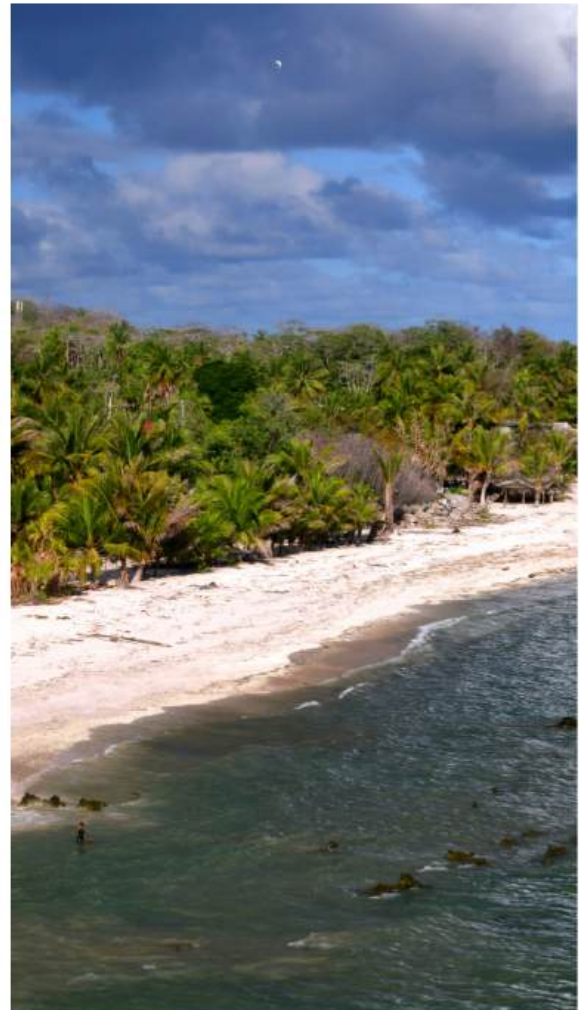
Governance improvements will include enhanced monitoring, reporting, and updated policies to ensure accountability and transparency aiming to position NRC as a leader in environmental rehabilitation while supporting economic and social programs for Nauru.

NRC is dedicated to driving sustainable development and promoting environmental restoration to secure a better future for Nauru. In the coming fiscal year, NRC plans to scale up its land rehabilitation efforts

REHABILITATION

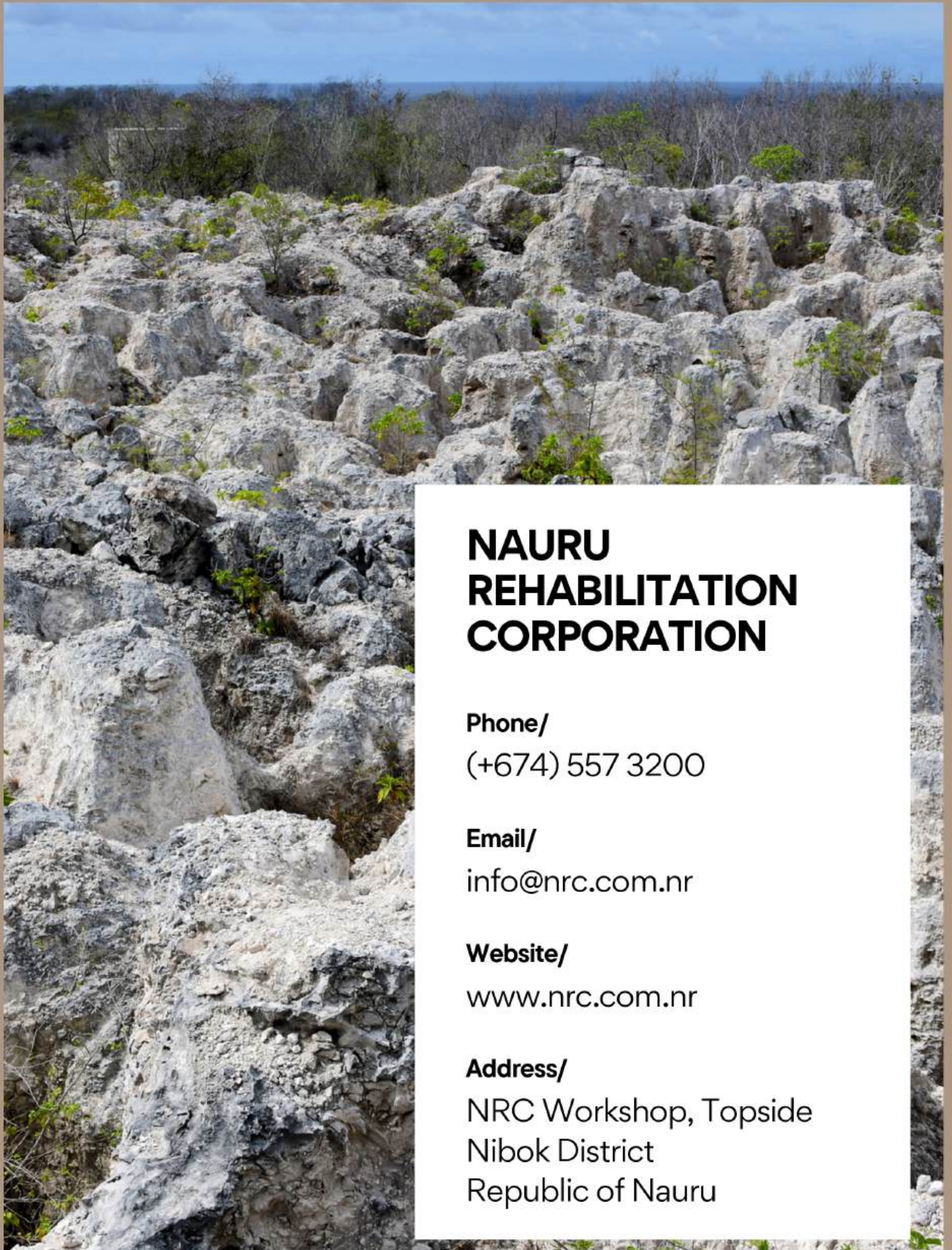
Nauru's phosphate mining activities left approximately 80% of the island's land scarred and unusable, with jagged limestone pinnacles dominating the landscape.

NRC plays a pivotal role in addressing the environmental and ecological damage caused by decades of phosphate mining on the island.



Established with the mandate to restore Nauru's degraded lands, NRC is at the forefront of efforts to transform barren and unusable areas into productive, sustainable environments that support the nation's long-term development.

CONTACT US



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