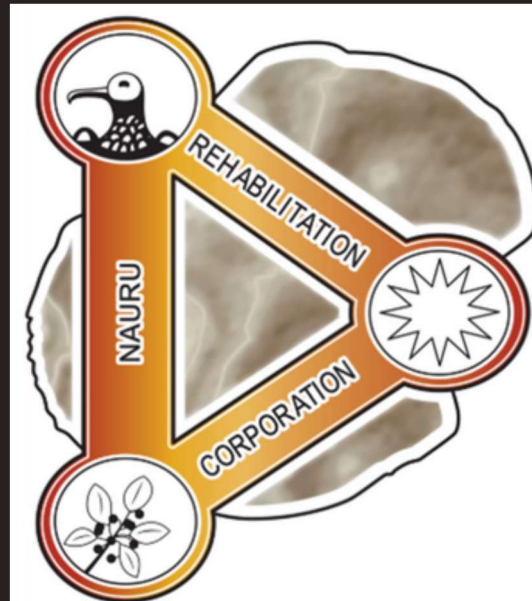


JUNE 2025



NAURU REHABILITATION CORPORATION

ANNUAL REPORT

PREPARED BY:
NAURU REHABILITATION CORPORATION

PREPARED FOR:
GOVERNMENT OF NAURU

+6745573253
info@nrc.com.nr
www.nrc.com.nr

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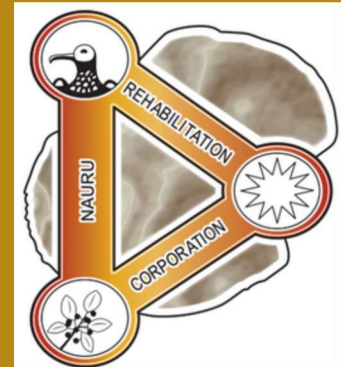
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Audit Report



About Us

Nauru Rehabilitation Corporation was established by an act of Parliament in 1997. The purpose of the corporation is to oversee, manage and implement the vision of the Government and Parliament of Nauru to rehabilitate the mined-out lands at the interior part of the island.



Restoring land, revitalising communities, and shaping a resilient future
through innovation, care, and sustainable action

www.nrc.com.nr

Our 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.

Our Mission

1

Reclaim and rehabilitate the uninhabitable land that will facilitate relevant sustainable development activities to improve the livelihood standards of the people of Nauru.

2

Establish an effective and efficient waste management system that can address waste related activities on the island through composting and recycling.



Hon. Reagan Winson Aliklik MP
Minister of Nauru Rehabilitation Corporation

FOREWORD FROM THE MINISTER

**HON. REAGAN ALIKLIK MP
MINISTER FOR NAURU
REHABILITATION CORPORATION**



Ekamowir omo ea kami memak,

Eiy wanga honour nim presentey wan Nauru Rehabilitation Corporation's (NRC) Second Annual Report and Audited Financial Statements for the year ending June 2025. This year reflects continued progress in strengthening Nauru's land rehabilitation efforts and advancing our national vision under the NSDS.

In line with the corporation's commitments under the Statement of Corporate Intent (SCI) for FY2024–25, NRC has successfully delivered the majority of its planned activities. These include the New Main Office Construction, Port Redevelopment Project, National Stadium Project, Vital Firebreak Project, Road Maintenance, and NSRUDP Land Preparation. Ngea wama major highlight of the year was the rehabilitation of another 6.4 hectares of land for the national sports stadium, demonstrating the corporation's efforts and direct contribution to our national development goals.

The only initiative that did not come to fruition was the Seawall Project in Anabar Village. Discussions between the Department of Infrastructure and NRC are ongoing, and the corporation remains committed to seeing this project progress once resources are secured. These achievements underscore NRC's vital role in restoring degraded lands, supporting infrastructure development, and strengthening environmental resilience. The corporation continues to be an essential partner in implementing the NSDS and ensuring that our land and resources are managed responsibly for future generations.

Ateng atubwa NRC Board, management, staffs mwe employees dōgin wara dedication mwe continued support bwe dōgin bitune eben bwieta Naoero.

Our Team

The management of Nauru Rehabilitation Corporation fully supports the statements made by our Minister. Our team's dedication and commitment are 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.



Dexter Brechtefeld
Chief Executive Officer



Jiuwa Ligairi
Finance Manager



Avco Bill
Operations Manager



Janette Eoaeo
Human Resources
Manager



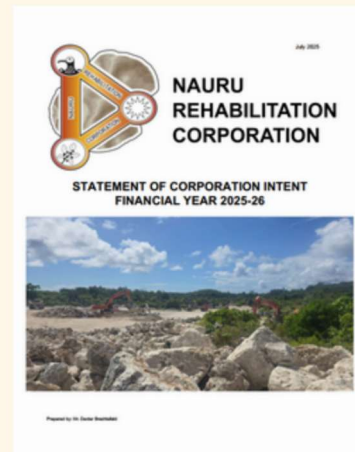
Lauren Bill
Waste & Resources
Manager

Engineering

Operational Projects Summary

In accordance with the corporation's fiscal year commitment to its vision and mission, as detailed in the Statement of Corporate Intent for FY2024-25, NRC is delighted to report that the majority of the activities outlined in the SCI have been successfully completed. These activities include:

1. New Main Office Construction
2. Port Redevelopment Project
3. National Stadium Project
4. Vital Firebreak Project
5. Road Maintenance
6. NSRUDP Land Preparation
7. Seawall Project



Unfortunately, the only initiative that did not come to fruition during the fiscal year was the Seawall Project in Anabar Village, primarily due to inadequate funding. Ongoing discussions are taking place between the Department of Infrastructure and NRC regarding this project, and NRC remains committed to fulfilling its obligations in such national initiatives.

Highlight

Highlights of the Corporation for this Financial Year. The corporation has achieved several notable milestones this financial year, including:

- Completion of the new head office at Topside
- Advancement in the Port Redevelopment Project: Aggregate Demand
- Progress on the National Stadium Project
- Finalisation of the Vital Fire Break project
- Ongoing operations in the DMA road maintenance program

Continuous development of NSRUDP project sites focused on sanitation and segregation.

New Main Office



In April 2025, His Excellency, the Honourable David Adeang MP, President of the Republic of Nauru, officially inaugurated the new Head Office of the Nauru Rehabilitation Corporation, situated in the Topside, Nibok District.

Nauru Ports Redevelopment Project



Photo Credit to Nauru Maritime and Ports Authority website

The development of the Nauru Ports Redevelopment Project showcases the Nauru Rehabilitation Corporation's ability to provide aggregates and boulders for this undertaking. All aggregate materials used in this initiative are obtained from the Nauru Rehabilitation Corporation quarry. These materials serve a variety of functions, including:

- Backfilling and raising the Northern Container Yard (NCY)
- Constructing wave breaks and stoppers
- Contributing to the concrete mix for pavement and building infrastructure

This project is financed by the Asian Development Bank (ADB) and aims to enhance Nauru's port capacity, facilitating broader economic activities in the near future.

Sports Stadium Site Project



Photo Credit to China in Nauru Facebook Page

The Sports Stadium Project stands as a key initiative of the Government of Nauru as the nation gears up to host the 2026 Micronesian Games. In 2024, under the guidance of His Excellency the Honourable David Adeang MP, President of the Republic of Nauru, along with his Minister, the Honourable Reagan Aliklik MP, Minister for Nauru Rehabilitation Corporation, crucial land-clearing operations commenced to facilitate construction.

The site was officially transferred to the Department of Sports in June 2025. With the backing of our new diplomatic partner, China, a groundbreaking ceremony signified the beginning of the main infrastructure development.

National Sustainable Resilience Urban Development Project (NSRUDP)



As a vital component of the nation's comprehensive approach outlined in the National Sustainable Development Strategy (NSDS) 2019 and the Climate-Connectivity Project, with support from the Asian Development Bank (ADB), the Nauru Rehabilitation Corporation (NRC) has been tasked with overseeing the Sanitation and Segregation Project, commonly referred to as CW-02.

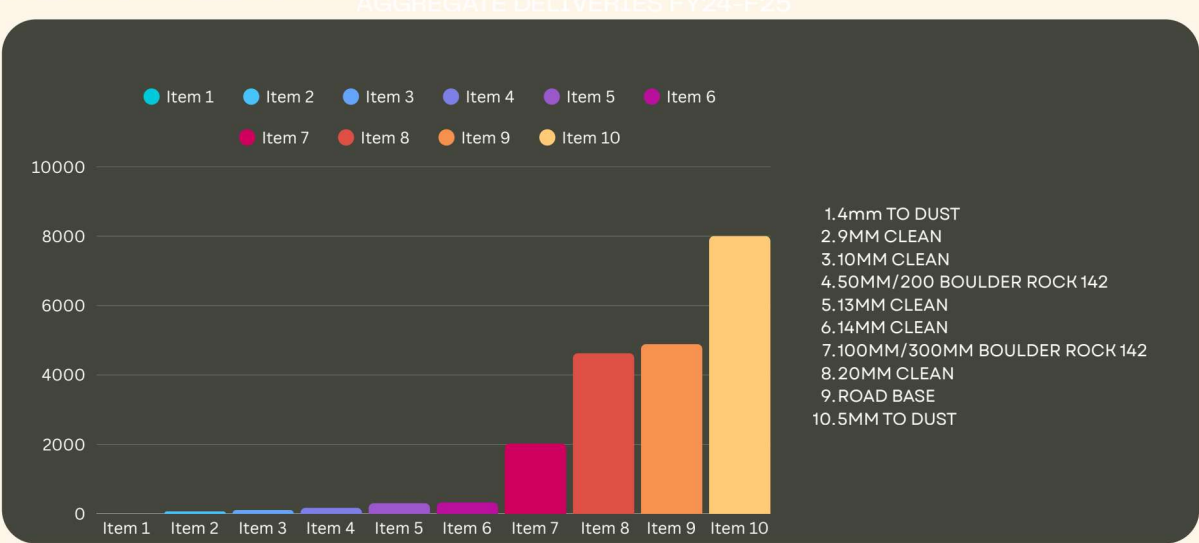
Under the leadership of the Honourable Reagan Aliklik MP, Minister for the Nauru Rehabilitation Corporation, the organisation has actively initiated efforts to rehabilitate the country's only landfill. This initiative is designed to promote recycling and reduce reliance on the landfill, ultimately prolonging the lifespan of the nation's sole waste disposal site.

Aggregate Deliveries

In this fiscal year, the engineering team continues to focus on delivering comprehensive services to a wide array of clients. This includes significant projects such as the Port Redevelopment Project, Airport Runway Resurfacing, and various local customer initiatives.

The graph below demonstrates that our most popular product is the 5mm to dust for concrete mix, followed closely by roadbase. Following these are the 20mm concrete mix, funeral crusher, and 100mm - 300mm boulders, with the additional concrete mix material of 14mm also in demand.

Products Demand Chart



5mm to dust has consistently been one of our most sought-after products in inventory. This material is extremely beneficial for concrete mixing, making it suitable for various infrastructure projects.

Rock Harvesting & Raising

As part of the corporation's annual operations, pinnacle rocks are extracted from the mining site and transported to the crushing plants for processing and rock raising in the stockpile. This process is crucial for supplying aggregate to national projects and local customers.

This activity is also the corporation's main source of revenue within its overall rehabilitation program, underpinning both operational sustainability and national development outcomes.



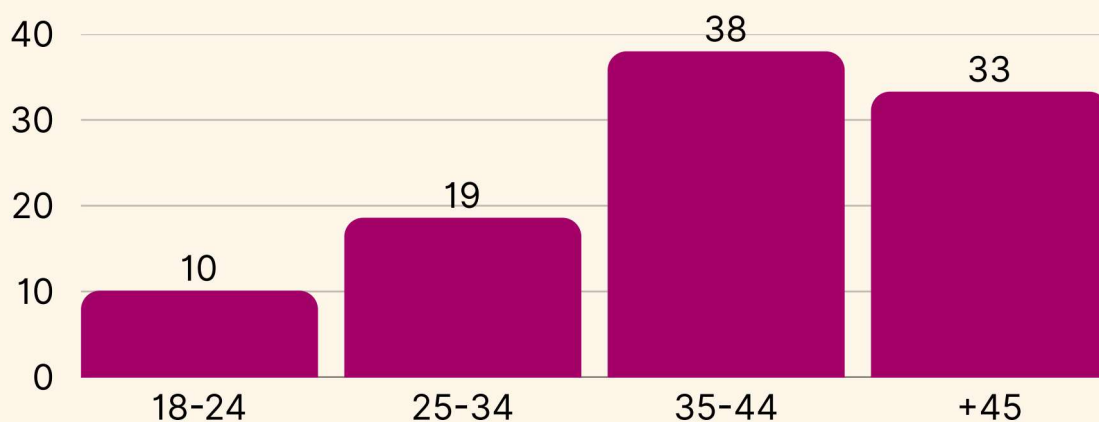
Human Resources

The Nauru Rehabilitation Corporation's workforce demonstrates a significant gender imbalance, as women make up slightly more than one-quarter of the total staff. This distribution likely reflects the company's focus on land rehabilitation, rock production, and waste management—industries that have historically drawn a largely male workforce.

Gender Distribution:

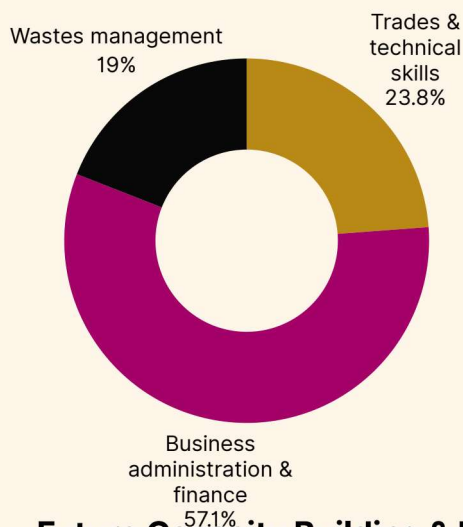


Age Group Distribution - Percentage:



Staff training programs

In the culture of the Nauru Rehabilitation Corporation, capacity building is the winning formula for a better future for Nauru. Therefore, the corporation is investing in its human resources to develop a workforce that is skilled, confident, and capable of driving the national rehabilitation program with excellence. This commitment ensures that local talent is equipped with the technical knowledge, leadership skills, and operational experience required to sustain long-term development, strengthen institutional resilience, and deliver outcomes that benefit the entire nation



Training Area Distribution

● Wastes Management	4	▼ 19%
● Trades & Technical skills	5	▼ 23.8%
● Business Administration & Finance	12	▲ 57.1%

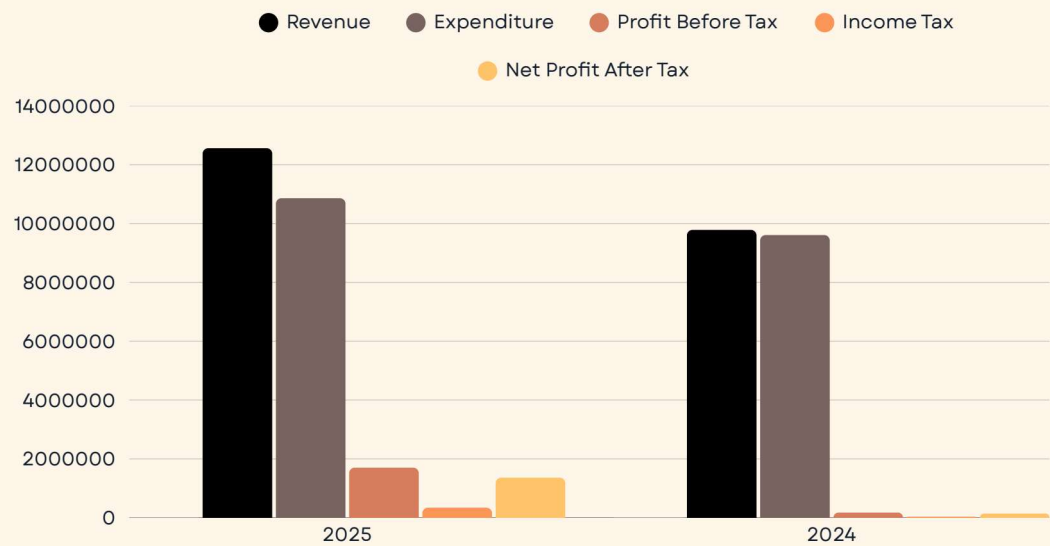
Future Capacity Building & Development Scheduled for FY2025-2026

▶ Executing Land Rehabilitation & Rock Production	Heavy equipment operators	Trainers: Hitachi, Australia
▶ Ensuring environmental restoration	Heavy equipment Mechanics	Trainers: Carptrack, Fiji
▶ Improving waste management systems	Skip & hook-arm truck operators	Trainers: JICS, Japan

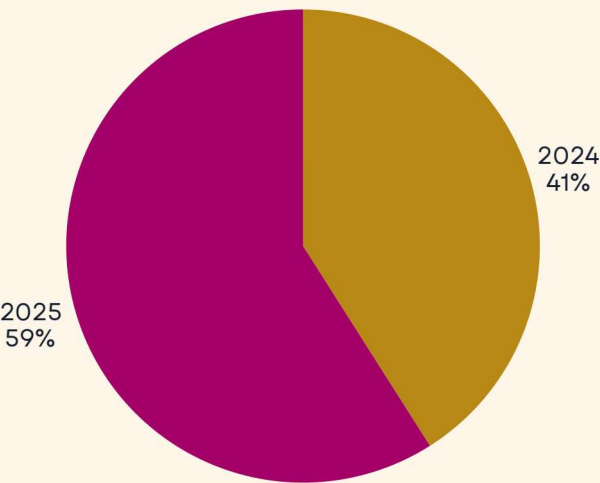
Financial

For the Year Ended June 30, 2025

- Year-on-Year Financial Performance Summary (2025 vs 2024),



- Year-on-Year Performance

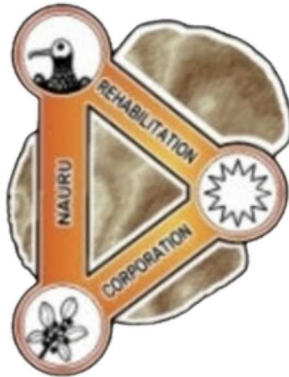


- Cash Flow Summary

Opening:	4.8M
Closing:	8M
Increase:	+3.2M

NOTE

“This year reflects strong financial management and healthy growth momentum across all core metrics.”



Nauru Rehabilitation Corporation

Financial Report FY2024-25

Financial Report For the year ended 30 June 2025



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Compilation Report

Nauru Rehabilitation Corporation For the year ended 30 June 2025

Scope

On the basis of information provided and in accordance with the service engagement agreed upon, we have compiled the financial statements of Nauru Rehabilitation Corporation for the year ended 30 June 2025. These statements have been prepared in accordance with the accounting policies described in the Notes to these financial statements.

Responsibilities

The Directors are solely responsible for the information contained in the financial statements and have determined that the Special Purpose Reporting Framework used is appropriate to meet your needs and for the purpose that the financial statements were prepared.

The financial statements were prepared exclusively for your benefit. We do not accept responsibility to any other person for the contents of the financial statements.

No Audit or Review Engagement Undertaken

Our procedures use accounting expertise to undertake the compilation of the financial statements from information you provided. Our procedures do not include verification or validation procedures. No audit or review engagement has been performed and accordingly no assurance is expressed.

Independence

We have no involvement with Nauru Rehabilitation Corporation other than for the preparation of the Financial Statements and Management Reports, supporting the preparation of the Annual Report, and offering advice based on the financial information provided.

Disclaimer

We have compiled these financial statements based on information provided which has not been subject to an audit or review engagement. Accordingly, we do not accept any responsibility for the reliability, accuracy or completeness of the compiled financial information contained in the financial statements. Nor do we accept any liability of any kind whatsoever, including liability by reason of negligence, to any person for losses incurred as a result of placing reliance on these financial statements.

Success Tax Professionals Slacks Creek
Office 7, 1-3 Noel Street, Slacks Creek, 4127, QLD Australia
Dated: 29th December 2025



Directory

Nauru Rehabilitation Corporation For the year ended 30 June 2025

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

Topside, Nibok, Nauru

NRC Workshop, Topside
Nibok District
Republic of Nauru

Registered Office

Topside, Nibok, Nauru

NRC Workshop, Topside
Nibok 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



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 28 day of DECEMBER, 2025

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 2025

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 2025.

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 2025;
- 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 2025;
- 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 2025;
- 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 2025

	2025	2024	NOTES
Revenue			
Executive Revenue	489,877	193,161	4
Engineering Revenue	10,350,293	9,212,905	5
Waste Management	1,720,295	376,811	6
Total Revenue	12,560,464	9,782,877	
Gross Revenue	12,560,464	9,782,877	
Expenses			
Administrative Expenses			
Insurance	14,165	5,085	
Directors, trustees and related party fees	47,843	41,186	7
Professional and consulting fees	356,431	376,538	8
Employment costs	2,670,219	2,360,290	9
Office Admin Expenses	487,892	1,880,295	10
Bank Fees, Interest Expenses	4,426	4,690	
Other General Expenses	17,736	20,326	11
Other Expenses - Write-off legacy balances	3,203,846	-	12
Total Administrative Expenses	6,802,558	4,688,411	
Operational Expenses			
Depreciation Expense	1,521,261	1,548,992	13
Freight & Courier	90,376	370,727	
Fuel & Oil	762,561	920,366	
Plant & Equipment / Vehicle Hire	144,072	35,557	
Repairs & Maintenance	452,518	381,326	14
Land Lease / Rental Payments	683,424	1,379,216	
Rock Royalties & Rentals	329,470	218,000	
Entertainment	65,363	53,596	
Total Operational Expenses	4,049,046	4,907,781	
Other Tax Expenses	8,109	12,352	15
Total Expenses	10,859,713	9,608,544	
Profit (Loss) Before Tax	1,700,751	174,333	
Less: Income Tax Expense			
Income Tax Expense	340,150	34,867	15
Total Less: Income Tax Expense	340,150	34,867	
Net Profit (Loss) After Tax	1,360,601	139,466	



Statement of Financial Position

Nauru Rehabilitation Corporation

As at 30 June 2025

	30 JUN 2025	30 JUN 2024	NOTES
Assets			
Current Assets			
Cash and Cash Equivalents	6,834,516	3,657,276	16
Term Deposits (over 3 months)	1,246,641	1,219,128	
Inventories	921,384	779,549	
Trade and Other Receivables	6,747,429	4,541,179	17
Prepayments & Advances	15,824	3,203,846	18
Total Current Assets	15,765,795	13,400,978	
Non-Current Assets			
Property, Plant and Equipment			
Plant and equipment	6,354,663	7,539,945	19
Motor Vehicles	225,391	364,555	20
Furniture and fittings	35,235	22,224	20
Tools and Safety Gears	74,038	159,809	20
Office Equipment	34,969	-	20
Low Value Assets	1,509	8,115	20
Total Property, Plant and Equipment	6,725,806	8,094,649	
Land & Buildings (Capital Works)	591,643	110,431	21
Total Non-Current Assets	7,317,449	8,205,080	
Total Assets	23,083,244	21,606,058	
Equity and Liabilities			
Equity	22,397,430	21,265,951	
Liabilities			
Non-Current Liabilities			
Other Non-Current Liabilities	121,885	106,856	23
Total Non-Current Liabilities	121,885	106,856	
Current Liabilities	563,928	233,252	23
Total Liabilities	685,813	340,107	
Total Equity and Liabilities	23,083,244	21,606,058	



Statement of Cash Flows - Direct Method

Nauru Rehabilitation Corporation
For the year ended 30 June 2025

	2025	2024
Operating Activities		
Cash receipts from customers	10,253,772	9,775,154
Payments to suppliers and employees	(2,481,776)	(2,157,754)
Interest received	100,441	62,734
Sales tax	2,112	-
Cash payments from other operating activities	(6,751,636)	(5,850,581)
Net Cash Flows from Operating Activities	1,122,913	1,829,552
Investing Activities		
Payment for property, plant and equipment	(48,537)	-
Other cash items from investing activities	2,461,094	(345,631)
Net Cash Flows from Investing Activities	2,412,557	(345,631)
Financing Activities		
Other cash items from financing activities	(330,717)	(10,054)
Net Cash Flows from Financing Activities	(330,717)	(10,054)
Net Cash Flows	3,204,753	1,473,866
Cash and Cash Equivalents		
Cash and cash equivalents at beginning of period	4,876,405	3,402,538
Net change in cash for period	3,204,753	1,473,866
Cash and cash equivalents at end of period	8,081,158	4,876,405



Notes to the Financial Statements

Nauru Rehabilitation Corporation For the year ended 30 June 2025

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 DD MM YYYY.

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 2025, 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.



(a) Inventories

Inventories are measured at lower of cost or net realisable value. Costs incurred in bringing such products into its present location and condition are incorporated into the inventory cost value. Net realisable value is the estimated selling price in the ordinary course of the business, less estimated costs of completion and the estimated costs necessary to make the sale.

(b) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at banks and on hand and short term deposits with a maturity of three months or less.

(c) Comparatives

Where necessary, comparative figures have been re-grouped to conform with changes in presentation in the current year. Certain amounts have been restated and appropriate disclosures have been made to clarify these adjustments and corrections.

(d) Trade and other receivables

Trade receivables are recognised at original invoice amount (inclusive of any indirect taxes) less any provision for uncollectible debts. Bad debts are written off during the period in which they become known. A specific provision is raised for any doubtful debts.

(e) Trade and other payables

Liabilities for trade payables and other amounts are carried at cost (inclusive of indirect taxes where applicable) which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the entity.

(f) Property, plant 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:

Asset Class	Depreciation Rate (per annum)
Buildings on freehold land	2.5%
Fixtures and office equipment	20%
Furniture	10%
Tools and safety gear	33.33%
Motor vehicles	13%
Excavators	14%
Rock breakers and crushers	5%
Graders, loaders, bailers, and chippers	10%
Dump trucks	7%
Compressors, generators, and tower lights	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.

(g) Impairment of non-financial assets

At each reporting date, the Corporation reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

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.

	2025
4. Executive Revenue	
43-113 - Donor Funds	380,200
43-114 - Interest Income	100,441
43-150 - Miscellaneous Income (Exec)	9,235
Total Executive Revenue	489,877

	2025
5. Engineering Revenue	
44-146 - Plant Hire	83,752
44-147 - Sale of Aggregates	1,549,692
44-148 - Sub-Contract Mining Charges	134,640
44-150 - Miscellaneous Income Engineering	76,001
49-207 - Seawall Construction Project	7,038
49-208 - Road Maintenance	3,708,695
49-209 - Land Clearing	4,790,476
Total Engineering Revenue	10,350,293

	2025
6. Waste Management Revenue	
45-144 - Waste Management Services	1,719,488
45-150 - Miscellaneous Income - Services	807
Total Waste Management Revenue	1,720,295

	2025
7. Directors, trustees and related party fees	
231 - Board Directors Remune & Sitting fee	42,700
232 - Board Meeting Expenses	5,143
Total Directors, trustees and related party fees	47,843

	2025
8. 325 - Consultant and Contractors, Legal Fees	
325 - Consultant and Contractors	356,431
Total 325 - Consultant and Contractors, Legal Fees	356,431



2025

9. Employment costs

202 - Salaries Local Staff	2,366,964
203 - Salaries - Expatriate	77,617
212 - Overtime - Local Staff	48,865
220 - Superannuation	114,812
230 - Staff Meals & Benefits	20,516
251 - Travel and Transfer - Staff	38,446
317 - Rent - Staff Accommodation	1,649
528 - Staff Specialist Training	1,350
Total Employment costs	2,670,219

2025

10. Office Admin Expenses

255 - Travel and Transfer - Business	8,400
301 - Printing & Stationery	14,490
305 - Telephone & Internet	69,645
307 - Internet Rate	15,660
313 - Office Expenses	26,848
316 - Rent - Office & Buildings	56,924
532 - Corporate Uniform	27,782
359 - Electricity & Water	263,069
392 - Custom Tariff	5,075
Total Office Admin Expenses	487,892

2025

11. Other General Expenses

456 - Subsidy and Donations	7,252
309 - Memberships & Subscriptions	10,254
310 - Advertising	230
Total Other General Expenses	17,736

12. Write-Off of Legacy Prepayments and Advances

Management has undertaken a review of all prepayment and advance accounts following the transition from the previous accounting system. This review identified several legacy balances that were no longer supported by verifiable documentation or linked to any current contractual or operational obligations.

The affected accounts—comprising NRC Staff Advances, Supplier Prepayments, and Land Lease Rental Prepaid—were determined to be outdated and not recoverable. These balances originated from transactions recorded prior to the implementation of the current accounting system and had remained unreconciled across multiple periods.

In accordance with sound financial management practice and to ensure the accuracy of the Corporation's balance sheet, the following amounts required write-off of these amounts during the financial year ended 30 June 2025. The total write-off of **\$3,203,846** was expensed as a one-time adjustment and does not represent an ongoing operational cost.

Description**Amount (AUD)**



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

This treatment reflects management's commitment to maintaining reliable and transparent financial records, consistent with applicable accounting standards and governance expectations.

13. Depreciation Schedule

Cost Account	Cost	Opening Value	Disposals	Depreciation	Closing Accum Dep	Closing Value
Furniture and Fixture	50,571	11,143	-	9,938	15,321	35,250
Land & Building	610,878	152,196	-	11,241	19,251	591,627
Low Value Assets	2,292	-	-	783	783	1,509
Motor Vehicle	1,071,481	244,035	-	38,643	846,089	225,392
Office Equipment	48,537	-	-	13,569	13,569	34,969
Plant and Equipment	21,699,928	7,533,944	-	1,396,905	15,345,265	6,354,664
Tools & Safety Gears	156,009	63,576	-	50,183	81,971	74,038
Total	23,639,697	8,004,894	-	1,521,261	16,322,248	7,317,449

2025

Depreciation

700 - Depreciation Expense	1,521,261
Total Depreciation	1,521,261

2025

14. Repairs & Maintenance

311 - R&M - Office Equipment	14,191
312 - R&M - Office Building	57,117
353 - R&M - Plant & Equipment	270,852
354 - Repairs & Maintenance - Building	110,358
Total Repairs & Maintenance	452,518

15. 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 2025, 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.



2025

Tax Expense**Other Tax Expense**

545 - Resident Withholding Tax Expense	462
540 - Foreign Tax on Interest	7,648
Over provision in previous years	-
Total Other Tax Expense	8,109

Current tax on profits for the year

Income Tax Expense	340,150
Total Current tax on profits for the year	340,150

Origination and reversal of timing differences	-
Impact of change in tax rate	-
Total Tax Expense	348,260

16. 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:

2025

Cash, cash equivalents, and term deposits

Nauru Rehabilitation Corporation - Operational Account	180
Nauru Rehabilitation Corporation - Board Account	4,917,908
Nauru Rehabilitation Corporation - Special Projects	916,428
3 Months Term Deposit	1,000,000
Total Cash, cash equivalents, and term deposits	6,834,516

2025

17. Trade and Other Receivables

Trade receivables	6,747,429
Total Trade and Other Receivables	6,747,429

18. Prepayments and Advances

During the year, management completed a detailed reconciliation of prepayment and advance accounts transferred from the legacy accounting system. Several items were identified as outdated, unsupported by documentation, and no longer recoverable.

As a result, these balances were written off as an expense during the financial year ended 30 June 2025, totalling **\$3,203,846**, comprising:

Description	Amount (AUD)
NRC Staff Advances	218,944
Supplier Prepayments	2,709,269



Land Lease Rental Prepaid	275,633
Total	3,203,846

The write-off reflects a one-time adjustment associated with the clean-up of legacy data from the former financial system and does not represent an ongoing operational cost.

See Note: **Write-Off of Legacy Prepayments and Advances**

2025

Prepayments & Advances

NRC Staff Advances	-
Land Lease Advances	15,823
Land Lease Rental Prepaid	-
Total Prepayments & Advances	15,824

19. 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:

Asset Class	Depreciation Rate (per annum)
Buildings on freehold land	2.5%
Fixtures and office equipment	20%
Furniture	10%
Tools and safety gear	33.33%
Motor vehicles	13%
Excavators	14%
Rock breakers and crushers	5%
Graders, loaders, bailers, and chippers	10%
Dump trucks	7%
Compressors, generators, and tower lights	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. 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.



These rates reflect the Corporation's assessment of the expected useful life of each category of asset and are consistent with standard Australian depreciation practices, applied to ensure systematic and rational allocation of asset costs over their economic lives.

Total Assets as at 30th June 2025 - Refer to Depreciation Schedule Report

	2025
Plant and Equipment	
Plant and Equipment	21,723,928
Less Accum Dep. Plant & Equipment	(15,369,265)
Total Plant and Equipment	6,354,663
	2025

20. All Other Fixed Assets

Motor Vehicle	
Motor Vehicle	1,071,481
Less Accum Dep. Motor Vehicles	(846,089)
Total Motor Vehicle	225,391
Furniture and Fixture	
Furniture and Fixture	50,481
Less Accum Dep. Furniture & Fixture	(15,246)
Total Furniture and Fixture	35,235
Office Equipment	
Office Equipment	48,537
Less Accumulated Depreciation on Office Equipment	(13,569)
Total Office Equipment	34,969
Tools & Safety Gears	
Tools & Safety Gears	156,009
Less Accum Dep. Tools and Safety Ge	(81,971)
Total Tools & Safety Gears	74,038
Low Value Assets	
Low Value Assets	7,161
Less Accum Dep. Low Value Assets	(5,652)
Total Low Value Assets	1,509
Total All Other Fixed Assets	371,143

21. 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.

	2025
Land & Buildings (Capital Works)	



Land & Building	1,190,084
Less Accumulated Accum Dep. Land & Building	(598,441)
Total Land & Buildings (Capital Works)	591,643

2025

22. Non-current Liabilities

Staff Leave Accruals	116,187
Rock Royalty Payable	5,697
Total Non-current Liabilities	121,885

2025

23. Current Liabilities

Trade payables	105,039
Income Tax Payable	375,017

Employer Obligations

Salaries Payable (current)	77,865
Resident Tax Withholding Payable	985
Superannuation Payable	6,973
Total Employer Obligations	85,823

Total Current Liabilities	565,880
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Depreciation Schedule

Nauru Rehabilitation Corporation

For the year ended 30 June 2025

COST ACCOUNT	EXPENSE ACCOUNT	COST	OPENING VALUE	DISPOSALS	DEPRECIATION	CLOSING ACCUM DEP	CLOSING VALUE
Furniture and Fixture		50,571.11	11,143.09	-	9,938.42	15,321.09	35,250.02
Land & Building		610,878.34	152,195.62	-	11,240.58	19,250.88	591,627.46
Low Value Assets		2,292.26	-	-	782.79	782.79	1,509.47
Motor Vehicle		1,071,481.00	244,035.00	-	38,643.46	846,089.46	225,391.54
Office Equipment		48,537.18	-	-	13,568.68	13,568.68	34,968.50
Plant and Equipment		21,699,928.47	7,533,944.49	-	1,396,904.69	15,345,264.77	6,354,663.70
Tools & Safety Gears		156,008.62	63,575.65	-	50,182.74	81,970.57	74,038.05
Total		23,639,696.98	8,004,893.85	-	1,521,261.36	16,322,248.24	7,317,448.74



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

INDEPENDENT AUDITOR'S REPORT

To:

His Excellency the President
Hon. David Ranibok Adeang, M.P. and

The Minister for Nauru Rehabilitation Corporation
Hon. Regan Winson Aliklik, M.P.

Qualified Opinion:

We have audited the financial statements of the Nauru Rehabilitation Corporation (the Corporation), which comprise the Statement of Financial Position as at 30 June 2025, the Statement of Comprehensive Income, the Statement of Cash Flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of this report, the accompanying financial statements present fairly, in all material respects, the financial position of the Nauru Rehabilitation Corporation as at 30 June 2025, and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Nauru Rehabilitation Corporation Act 1997.

Basis for Qualified Opinion:

We conducted our audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) and relevant International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report.

We are independent of the Corporation in accordance with the ethical requirements relevant to the audit of financial statements in the Republic of Nauru, and we have fulfilled our other ethical responsibilities in accordance with those requirements.

As disclosed in Note 17, no allowance for doubtful debts has been recognised in respect of Trade and Other Receivables. A significant portion of these receivables is long outstanding.

In the absence of sufficient appropriate audit evidence regarding the recoverability of these receivables, we were unable to determine whether any adjustments were necessary to:

- Trade and Other Receivables;
- Allowance for doubtful debts;
- Profit or loss for the year; and
- Equity as at 30 June 2025.

Accordingly, this matter has resulted in a Qualified Opinion.

Key Audit Matters:

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters.

Recoverability of Trade and Other Receivables

As disclosed in Note 17, Trade and Other Receivables amounted to AUD 6,747,429, representing a material proportion of the Corporation's total assets. Approximately 69% of these receivables were overdue by more than six months. Management has not recognised an allowance for doubtful debts.

The assessment of recoverability involves significant management judgement and estimation. This matter was considered a key audit matter due to the materiality of the balance, the ageing profile of receivables, and the absence of an allowance for doubtful debts.

Our audit procedures included, among others:

- Reviewing management's assessment of receivables recoverability;
- Examining supporting documentation and correspondence relating to outstanding balances; and
- Evaluating the adequacy and appropriateness of related disclosures in the financial statements.

Other Matter – Write-off of Legacy Balances:

As disclosed in Notes 12 and 18, the Corporation recognised a one-time write-off amounting to AUD 3,203,846, relating to legacy prepayments and advances arising from the transition from a previous accounting system.

This adjustment enhances the reliability and accuracy of the Statement of Financial Position and does not represent an ongoing operational expense.

Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements:

Management is responsible for:

- The preparation and fair presentation of the financial statements in accordance with IFRS and the Nauru Rehabilitation Corporation Act 1997;
- Designing, implementing, and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- Establishing and maintaining effective controls over receivables management and credit risk;
- Assessing the Corporation's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern; and
- Ensuring proper stewardship, accountability, and lawful use of public resources.

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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements;
- Obtain an understanding of internal control relevant to the audit;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management; and
- Evaluate the overall presentation, structure, and content of the financial statements.

Report on Other Legal and Regulatory Requirements:

In accordance with the Audit Act 1973, we also report that:

- The audit was conducted under the mandate of the Auditor-General of the Republic of Nauru;
- The financial statements have been prepared as required under the Nauru Rehabilitation Corporation Act 1997;
- Proper accounting records, to the extent explained in this report and the accompanying management letter, have been maintained by the Corporation; and
- The financial statements are, except for the matter giving rise to the qualified opinion, consistent with those records.

Further, nothing has come to our attention during the audit to indicate that public funds were expended other than for purposes authorised by law, except as disclosed in this report and the management letter issued separately.

Conclusion:

The financial statements of the Nauru Rehabilitation Corporation for the year ended 30 June 2025 present a generally fair view of the Corporation's financial position and financial performance. However, due to insufficient appropriate audit evidence regarding the recoverability of Trade and Other Receivables, a Qualified Opinion has been expressed.



Manoharan Nair
Auditor-General
Republic of Nauru



Date: 30 June 2025

Work with Us

Join the Nauru Rehabilitation
Corporation

Help us rebuild the foundation of our nation! Our efforts focus on restoring land and building local capacity for a more resilient future. We prioritise integrity, teamwork, and a strong commitment to serving our country.

Make a Meaningful Impact

At NRC, you will:

- Contribute to significant national projects
- Develop practical skills
- Join a dedicated team committed to Nauru's long-term growth

Your efforts will create a visible difference every single day.

Be a part of Nauru's transformation. Work with us!



Phone Number

5573253



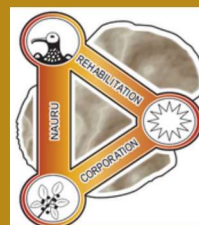
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**Nauru
Rehabilitation
Corporation**