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அரசாங்க மரக் கூட்டுத்தாபனம்
STATE TIMBER CORPORATION

2023
වාර්ෂික වාර්තාව
ஆண்டறிக்கை
ANNUAL REPORT

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REAL LEADERSHIP OF THE TIMBER INDUSTRY THAT WON CONSUMBER TRUST

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வனஜீவராசிகள் மற்றும் வன வளங்கள் பாதுகாப்பு அமைச்சு
MINISTRY OF WILDLIFE AND FOREST RESOURCES CONSERVATION

STATE TIMBER CORPORATION

ANNUAL REPORT 2023

True Leadership for Timber Market

1968 - 2023

Continuing the journey of 55 years.
State Timber Corporation.

Our future as a heart winning organization.

Vision

To be the nation's leader in providing most trusted and best quality timber and timber based products.

Mission

To produce timber and timber based products for our customers through the knowledge and skills gained over the time and to contribute to the national and environmental demands of Sri Lanka.

OUR STORY

The State Timber Corporation is a state owned business organization which was established by the Gazette Notification No.14796 of 04.04.1968. It was incorporated by Hon. Minister of Lands, Irrigation and Power under the provisions of State Industrial Corporation Act No.49 of 1957 and thereafter by the Gazette Notifications No.14879 of 07.11.1969, No.178/10 of 05.02.1982, No.1190/7 of 26.06.2001 and No.1538/7 of 25.02.2008. The initial capital of the Corporation was Rs.2.5 million.

State Timber Corporation endeavor to produce the highest quality timber products with the best possible service. From elegant residences to luxurious villas, from executive suites to exotic dwelling, our specialty wood adds a touch of class to everywhere. Our distinctive range of house hold furniture, office furniture, logs and sawn timber from precious Sri Lankan woods comfort and delight the senses of our valuable customers. As a reputed state owned organization, State Timber Corporation offers a wide range of top-class wooden products, which are assuredly durable. All our items are produced at modern atmosphere using high-tech machineries with state-of-the-art technology.

With over 55 years of combined experience, State Timber Corporation's Furniture has become an automatic choice of hotel operators, government institutes, interior designers, architects & individual customers all of whom specify quality furnishings. From stunning "front of house" signature chairs to exclusive bedroom ranges, STC will never compromise on quality, yet can still meet demanding budgets and challenging timescales. Or furniture is engineered to withstand the rigours of the market place and is constructed using quality timbers, complemented by rated fabrics.

How we assure the quality of our products?

- Raw material we use are well matured timber, harvest from sustainable forest plantation.
- We use graded timber which is free from sap & lot of other defects.
- Well-seasoned and preserved timber.
- Sophisticated machineries for production process.
- Quality and certified other materials.
- Modern methods & techniques of assembling and finishing.

Other than the product quality, STC provide a free estimating and measuring service for all aspects of our work. We assure to supply a range of top quality furniture, manufactured to our own specification with stunning results. We constantly improve not only our collections, but also our services and working environment for customers.

WHAT WE DO

We provide sustainable materials to build homes and workplaces

We protect and enhance environment through applying SFM strategies

We offer wide range of modern & traditional household furniture & office furniture

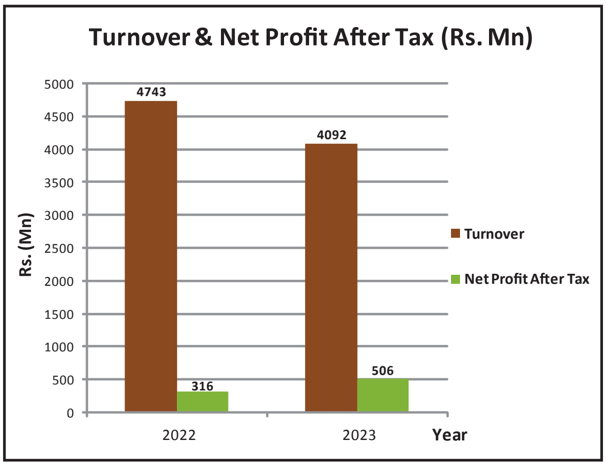
Providing Goods & Services to customers for a long time as a financially stable organization

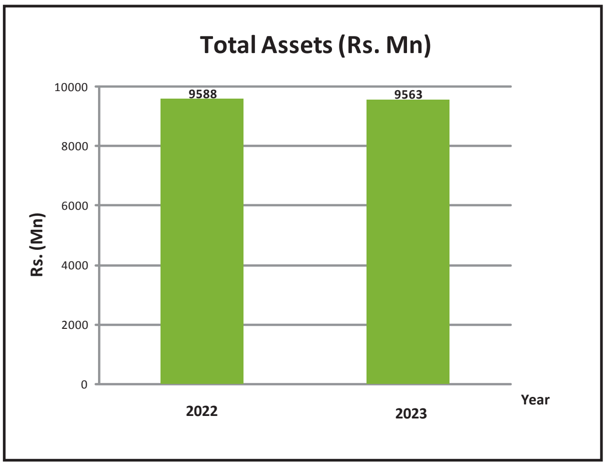
We pay Tax, Levy & Contribute to community development

CONTENT

FINANCIAL HIGHLIGHTS

For the year ended 31st December	2023 Rs. '000	2022 Rs. '000	Variance %
EARNINGS HIGHLIGHTS AND RATIOS			
Turnover	4,092,128	4,743,049	-14%
Profit before levy and tax	1,273,734	1,015,986	25%
Levy paid to treasury	649,461	320,000	103%
Tax expenses	117,943	380,105	-69%
Profit after Income Tax	1,155,791	635,881	82%
Return on equity [ROE]	14.4%	8.3%	74%
Return on assets [ROA]	12.1%	6.6%	82%
BALANCE SHEET HIGHLIGHTS AND RATIOS			
Total assets	9,562,930	9,588,286	0%
Total equity	8,006,788	7,665,155	4%
Total debts	1,556,142	1,923,131	-19%
Debt/ Equity	19%	25%	-23%
Debt/ Total assets	16%	20%	-19%
OTHER INFORMATION			
Total employees (Nos)	1,390	1,500	-7%
Revenue per employee	2,943.98	3,162.03	-7%
Profit per employee [before levy and tax]	916.36	677.32	35%





CORPORATE INFORMATION - 31.12.2023

Hon.(Mrs.) Pavithra Wanniarachchi	-	Ministry of Wildlife and Forest Resources Conservation.
Mrs. R.M.C.M.Herath	-	Secretary, Ministry of Wildlife and Forest Resources Conservation.

BOARD OF DIRECTORS

Mr. B.S.Gunarathne	-	Chairman - State Timber Corporation
Mr. E.A.P.N.Edirisinghe	-	Director - Conservator General of Forest
Mr. H.P.K.Perera	-	Director - Treasury representative
Mr. C.Wickramarathne	-	Director
Mr. Chandana Perera	-	Director
Mr. K.A.D.S.C.K.Kathurusinghe	-	Director
Mr. E.R.Kulathunga	-	Director
Mrs. Darshani Samarawickrama	-	Board Secretary

AUDIT COMMITTEE

Mr. H.P.K.Perera	-	Chairman
Mr. Chandana Perera	-	Member
Mr. Chaminda Wickramarathne	-	Member

AUDITOR

Auditor General

Auditor General's Department

306/72, Polduwa Road, Battaramulla, Sri Lanka.

PRINCIPAL BANKER

Bank of Ceylon

FINANCIAL CALENDAR

January 1st to 31st December

Telephone	:	94 11 2866600-5
Fax	:	94 11 2866623
Website	:	www.timco.lk

TEAM OF MANAGEMENT – 2023

General Manager/CEO	Dr. N.D.Ruwanpathirana	Ph.D., M.Sc (Foresty), B.Sc(Bio.Sc), B.A.F.(Forest Mgt-Germany), M.I.Bio.(SL)

DEPUTY GENERAL MANAGERS& ASSISTANT GENERAL MANAGERS

DGM (Finance)	Mr. G.D.S.Kumarasinghe	MBA, B.Sc. (Acc.Fin.Mgt), FCA, ACCA, ACMA
DGM (Human Resources & Administration)	Mr. M.A.C.N.Samarasinghe	MPM, B.Sc (Business studies) Ad.Dip in Mgt. and Admin.
DGM (Operations)	Mr. G.G.Thisara Gamage	MBS, B.Sc (Physical Science)
DGM (Marketing)	Mr. W.B.Samantha	MBM, M.Sc (Forestry), B.Sc, N.Dip in Teaching)
DGM(Actg) (Production & Engineering)	Mr. G.G.Thisara Gamage	MBS, B.Sc (Physical Science)
DGM (Actg) (Internal Audit)	Mr. H.M.S.Madhawa	MCPM, PGD(com), B.com(Sp) Dip in Internal Auditing
AGM (Zonal)	Mr. P.K.Ajith Chandana	B.Sc (Hon.), MBS, HRM.Dip
AGM (Zonal)	Mr. H.B.Rajawaththa	BA, MBS.
AGM (Research, Training & Development)	Dr. C.K.Muthumala	PhD in Agricultural Engineering M.Sc. (Forestry), B.Sc. (Agri.) Hon., Dip in English.

MANAGERS

Manager (Finance)	Mrs. P.T.N.Bowatte	
Manager (Mechanical Engineering)	Mr. A.K.Lasitha Edmand	B.Sc. (Engineering)
Actg.Manager (Purchasing & Shiping)	Mr. H.M.P.B.Herath	HNDA, FM(ABE) UK, PGD.(Fin) MBA (UK)
Actg.Manager (IT)	Mr. J.M.M.B.Jayasundara	B.Sc. (Sp) Hon.
Manager (Security)	Mr. Chaminda Weeraman	
Manager (Sleepers & T. Poles)	Mr. D.M.N.Pushpakumara Nilmini	B.Sc. (N.S)
Actg.Manager (Finance)	Mr. U.S.Madawala	HNDA, MAAT

REGIONAL MANAGERS

Reg.Manager (Bandarawela)	Mr. D.H.Rajapaksha	M.Sc. (Forestry), B.Sc.
Reg.Manager (Matara)	Mr. W.I.Saranga	B.Sc. (Hon.)
Reg.Manager (Head Office)	Mr. R.Wijethunga	B.Sc. (Agri.)Sp
Reg.Manager (Head office)	Mr. H.P.S.Dissanayake	BA
Reg Manager (Kurunegala)	Mr. U.S.M Fernando	BA (Sp), MBS
Reg.Manager (Ampara)	Mr. U.P.H.Uluwaduge	B.Sc
Reg.Manager (Colombo)	Mr. M.D.C.Sampath	BA
Reg.Manager (Rathnapura)	Mr. H.L.Nandana	B.Sc., MBS.
Reg.Manager (Kandy) (cover up)	Mr. D.A.Hendavitharana	Dip (Forest Technology) NVQ 05, MBS.
Reg.Manager (Nuwaraeliya) (cover up)	Mr. Sunil Jayarathna	
Reg.Manager (Anuradhapura) cover up	Mr. D.L.Abenayake	
Reg.Manager (Jaffna) cover up	Mr. M.W.W.B.Mudannayaka	BA

DEPUTY MANAGERS

Dy.Manager (Legal)	Mrs. K.I.D.P.Kariyawasam	LLB, Attorney at Law
Dy.Manager (Designing & Quality Assurance) K'mulla	Mrs. E.M.M.Fernando	
System Analyst	Mr. W.H.A.Chandrakumara	B.Sc.
Dy.Manager (Finance - Boossa)	Miss. A.L.W.Thushari De Silva	HNDA, MAAT
Dy.Manager (Finance-Nuwara-eliya)	Mr. N.T.S.K.P.Thilakawardana	HNDA, MAAT
Dy.Manager (Finance - Kandy)	Mr. W.M.G.M.Wijesinghe	B.Sc. (Bus.Admin.)MAAT.
Dy.Manager (Finance Matara)	Mr. A.J.Pushpakumara	B.Sc. (Bus.Admin) MA
Dy.Manager (Finance Minneriya)	Mr. M.D.P.M.Dissanayake	B.Sc. (Acc), MBS.
Dy.Manager (Finance- HO)	Mrs. S.Vithanage	
Dy.Manager (Fin. Anuradhapura)	Mrs. W.K.Jayasinghe	
Dy.Manager (Finance Colombo)	Mr. S.P.A.J.C.Samarakoon	B.Sc. (Finance) Sp.

Dy.Manager (Finance Bandarawela)	Mr. S.M.Hewage	B.Sc, Bus.Admin (Bus.Econ.sp), MBS.
Dy.Manager (Finance Kurunegala)	Mr.S.H.I.Prasad	B.Sc.Bus.Admin (Bus.Econ.sp), MBS.
Dy.Manager (Finance HO)	Mr. D.K.G.G.Pushpakumara	B.Com., MBA, MAAT, PGD.Acc. & Fin.
Dy.Manager (Marketing)	Mr. W.D.A.S.Thilakarathne	
Dy.Manager (Timber grading & auction)	Mr. D.P.K.S.G.Samarawickrama	B.Sc. (Mkt.Mgt.)
Dy.Manager (Timber supply)	Mr. B.A.Nalin Desappriya	
Dy.Manager (Furniture Design)	Mrs. H.M.T.S.Abeyrathne	MBA, B.Desing (Hon.)
Dy.Manager (Timber sawmill)	Mr. M.P.N.Aruna Shantha	B.Sc. (Bus.Admin.)
Dy.Manager (Investigation)	Mr. S.A.D.Niroshan	B.Sc. (Bus.Mgt.)
Dy.Manager (Mechanical Engineering)	Mr. M.K.M.Athhar	B.Tech.
Dy.Manager (Quality Assurance)	Mr. W.M.I.H.Weerasooriya	B.Sc
Dy.Manager (Quality Assurance- Boossa)	Mr.H.M.L.K.G.Herath	B.Sc
Dy.Manager (Quality Assurance – Ampara)	Mr.W.M.W.H.Weerasooriya	B.Sc
Dy.Manager (Production – HO)	Mr.I.M.I.S.K.Wickramasinghe	PGD (Fin, & Mathematics), B.Sc

FURNITURE COMPLEX MANAGERS

Dy.Manager (Furniture Complex) Kaldemulla	Mr. H.M.U.P.Somaweera	BLE, Dip. IT & M
Dy.Manager (Furniture Complex) Ampara	Mr. R.S.Palliyage	B.Sc. (Bus.Admin)
Dy.Manager (Quality Assurance) Boossa	Mr. H.M.L.E.Gunasekara Herath	B.Sc.

DEPUTY REGIONAL MANAGERS

DRM (Kandy)	Mr. W.A.S.Wijesekara	
DRM (Minneriya)	Mr. K.M.P.T.C.Kapilarathna	
DRM (Ampara)	Mr. U.J.G.Ekanayaka	
DRM (Bandarawela)	Mr. R.C.Saman Kumara	
DRM (Monaragala)	Mr. S.C.Jayamanna	B.Sc
DRM (Matara)	Mr. K.Chandrasena	
DRM (Colombo)	Mr. S.B.Udagedara	BA
DRM (Matara)	Mr. P.Hettiarachchi	B.Sc.
DRM (Rathnapura)	Mr. S.A.Manoj Thushara	
DRM (Kurunegala)	Mr. R.P.P.D.Jayasinghe	
DRM (Anuradhapura)	Mr. S.M.S. Siriwardana	
Actg.DRM (Matara)	Mr. H.R.M.S.Gunasekara	

B.S.GUNARATHNE
Chairman

CHAIRMAN'S REVIEW

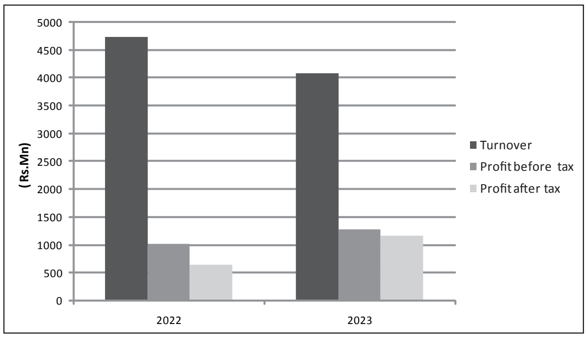
It is with great pleasure I present to you the annual report and the audited financial statements for the year ended 31st December 2023, recording a commendable performance amidst a tumultuous economic and political environment that negatively impacted the business landscape. The unwavering dedication and resilience of the Corporation continued to demonstrate financial stability and operational excellence at a time of unprecedented challenges.

Our prudent actions and measures across the financial year have resulted in Corporation revenue of Rs. 4,092,128,811.00, followed by a profit after tax & levy of Rs. 506,329,836.00 for the financial year ended 31st December 2023. The substantial revenue and profit outcomes are significant. Furthermore, business functions of State Timber Corporation remained resilient amidst the macroeconomic and monetary challenges. The recent economic upheaval is the worst calamity the country has experienced: a result of fast depleting foreign exchange reserves, currency devaluation, severe inflation, and higher interest rates amidst the country's struggles to repay its external debt obligations

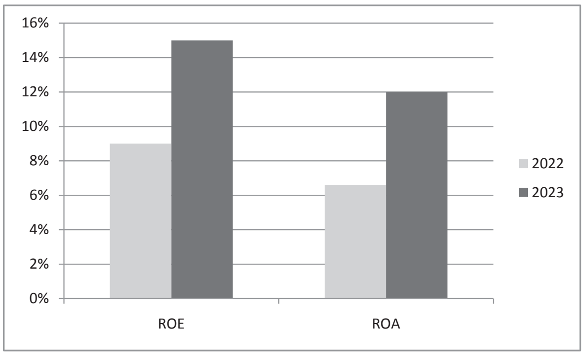
It is our belief that the most valued assets of the corporation is the human resource. During 2023 we continued to invest in our staff in the form of training and development programs aimed at improving skills and competency of employees who are committed in serving our customers at the highest possible level while achieving targets of the corporation.

FINANCIAL PERFORMANCE

Under the contracted economy in 2023, the corporation recorded revenue of Rs. 4,092 million during the financial year 2023 which is 14% decreasement compared to Rs. 4,743 million in the previous year. However, It is remarkable that even in this backdrop; State Timber Corporation was able to record a profit before treasury levy and tax of Rs.1273 million and profit after tax of Rs.506 million in 2023. Thus, profit before treasury levy and tax and profit after tax increased by 25% and 60% respectively, compared to the figures reported in 2022. However, as a state owned corporation we are proudly contributed Rs.649 million levy to the treasury from the profit after tax during this hard time period.



Similarly, Return on Average Assets (ROA) before tax increased to 12% in 2023 from 6.6% in 2022, while Return on Average Equity (ROE) after tax increased from 9% in 2022 to 15% in 2023. These calcualtions reflects that all the asset and equity has given the biggest contribution to generate the income. It reveals that the corporation maintains an appropriate working capital management policy.



THE ROAD AHEAD

The outlook for Sri Lanka in the short to medium term is likely to remain volatile, whilst long term stability will be predicated on an enabling political environment, and the implementation of a debt restructuring program with the support of the International Monetary Fund. Nonetheless, I remain cautiously optimistic about the future, as we hope that recent events will usher in a new political culture and sound economic management principles which would augur well for Sri Lanka's long-term prosperity.

Whilst the defensive nature of our business portfolio should insulate us to a certain extent, I am confident that our strong balance sheet and organisational capabilities would give us opportunities to gain share through inorganic expansion. Whilst we will continue to have a growth mindset, we are clear eyed about the challenges we face and will take proactive measures to ensure we remain competitive.

As we are stepping in to a challenging new year, we will be doing situation analysis regularly and will review our plans as they unfold, but we have confidence in the strong foundations, solid strategy as well as the resilience and agility of business models, which proved to be vital in bringing success this past year, will help the State Timber Corporation to navigate the challenges.

I am confident that the State Timber Corporation is well prepared to the challenges exploiting opportunities to build and grow our core business. At the same time we expect to, further invest into our brand and strengthen our off balance sheet factors, to facilitate our growth journey. I emphasize that we are driven by our desire to boost the value we create for our stakeholders. With that, State Timber Corporation will maintain its whole focus to ensure each of the businesses continue to deliver sustainable value to stakeholders, while strengthening their identity as a socially and environmental responsible organization. Further, we would fully utilize assistance given by the present government to local manufacturers to promote exports.

ACKNOWLEDGEMENT

I am much grateful for the enormous support and corporation extended to us by the Minister of Wildlife & forest conservation, State Minister, Secretary and the staff of the Ministry and Conservator General of Forests and the staff attached to the Forest Department and all other government officials for extending their co-operation on behalf of the Board. Special thanks also go to the STC General Manager and all the staff members on behalf of the Board of Director for their contributions, their knowledge, and skill and, above all their unstinted loyalty and dedication on our voyage to success. We do not expect 2024 to be an easier, but we remain focused as always on the long term regardless of shorter term challenges and will continue to deliver to the very best of our ability. We remain committed to continuing to deliver a good return to our stakeholders through the achievement of our targets.

Finally I would like to assure all the stakeholders that the State Timber Corporation would be the top brander and the genuine player among the timber world in the future.

B.S.Gunarathne
Chairman.
State Timber Corporation.

Dr.N.D.RUWANPATHIRANA
General Manager / CEO

GENERAL MANAGER'S REVIEW

As the General Manager and the Chief Executive Officer of the State Timber Corporation (STC), it is my distinct privilege to write an assessment of the performance of the STC during 2023, the year in which STC celebrated its 55 years of service to the nation. I am lucky to present my review for STC based on the performance of the year 2023 also as did in previous 5 years. Despite the ambiguity and difficulties brought on by the outside environment, the year under review saw consistent performance. Similar to previous year, State Timber Corporation has shown that it is ready for challenging circumstances and that it is able to overcome them. Amid unstable Sri Lanka's economy, Sri Lankans from every socioeconomic class have to deal with lots of difficulties never before seen. But we have to face many challenges by giving our best strength and dedication for the continuation oftimber supply to satisfy the existing demand in nation. However finally I'm happy to say that we are in success of our targeted outcomes.

OPERATIONAL PERFORMANCE

In accordance with the Vision and Mission of STC, it is our prime duty to meet people's expectations of having quality timber and timber based products supply at an affordable price. It was a huge challenge for STC to meet the timber and demand of timber based products in 2023 due to depletion of good forest plantations and competitive timber market in Sri Lanka.

Historically, STC is dependent on forest plantations released by the Forest Department as well as the timber produced by the forest offenses and the donation timber. Using this timber sources STC has produced various timber based products such as logs, sawn timber, sleepers, elephant poles, transmission poles, fence posts and furniture.But with the decrement of healthy forest plantations over the years and increased crisis of economic background of the country, the expected timber demand available in the country can't be supplied only from the STC. STC's expectations to enhance the operational outcome by providing sufficient resources and the man power for smoothing the functions in the field operations.

In the year 2023, State Timber Corporation has received 837.45 ha of forest plantations from Forest Department to harvest. Out of them 626.92 ha were Teak plantations. Due to the high demand for the Teak products in Sri Lanka we try to obtain more Teak plantations from the Forest Department in future. However in 2023 STC were able to produce 93,103 m3 of logs, 4,528 m3 of sawn timber 7,039 of transmission poles, 22,876 of sleepers, 1,056 of elephant poles, 51,863 of round poles, 65,290 of fence posts and 34,930 m3 of firewood. And also STC was able to produce Rs. 194 million valueof furniture items in 2023.

As the prioritize leader in timber industry, STC was able to give the hand to the other wood industries by providing quality timber. And also we bound to supply elegant valuable furniture to our valued customers who always seeking our products. We keep the trust on their heart by giving best quality products. And also we have the ISO certification to our products which need to add a remarkable value to our products.

FINANCIAL PERFORMANCE

As per the audited financial statement for the financial year ended December 31, 2023, STC was able to earn a profit before tax ofRs. 1,273 million which was higher than 2022. The State Timber Corporation made a profit of Rs. 1,015 million in the year 2022 as the profit before tax. State Timber Corporation paid 60%-65% from the sale price for receiving timber from the Forest Department. At a time when the country's construction industry was collapsed by about 70% and the country's economy was also in an unsatisfactory state, the demand of consumers for timberwas decreased greatly. Insuch background, employees worked hard to supply timber and timber based products to the customers without increasing the price.

This great achievement has done due to managing costand keeping employee efficiency at the highest level without recruiting newcomers.In a background where there were around 800 promotions, recruitments were halt and resignations to work abroad due to cost of livingon local, our employee vacancies we were at maximum level now.STC was run by acting or cover-up basis staff. But if we have enough man power and sufficient facilities for the employees, I'm sure that we can do more than that.However we have to do several management strategies like joining the regions to manage by one regional manager. Although this is not an easy task, we were doing due to reducing the expenditure expends for the transport.On one hand treasury circular limited the expenditure controlling the employees' welfare and on the other hand we have to gain maximum efficiency from the man power. Regional evaluation mechanism caused to enhance the productivity of STC. It has been a motivation factor for the employees. Under these circumstances, it became an exceptionally difficult task for STC to maintain the timber supply continuity in the country.

However STC still has island wide operational network with 10 regional offices, 51 depots, 9 showrooms, 3 timber complexes and 3 Furniture factories.However STC was able to earn the net turnover of is Rs. 4,092 million which was lower than past year 2022 while the sales cost was Rs. 2,183 million, selling and distribution cost was 729 million, administration expenses was Rs. 959 million.

The Ceylon National Chamber of Industries, the premier industrial chamber in the country annually offers the opportunity to the entrepreneurs in the Industrial Sector of Sri Lanka to vie for honors for their achievements in manufacturing and service industries. The evaluation criteria of this remarkable awards ceremony are transparent yet a stringent process that focuses more on rewarding the deserving industrialists in the country. It is made on several criteria encompassing Turnover, Value Addition, Productivity and Responsibilities towards Employees, Growth and Future, R&D, Quality Assurance, Environmental Responsibilities, Health and Safety, and Social Responsibility. State Timber Corporation has won Silver Award for the category of Government Sector – National Level Manufacturing Sector in 2023. It was a great achievement though we were at the critical stage in every main field of operation, finance, marketing as well as human resource in STC.

In order to that STC always concern of employees training. 1061 employers in all were hired for 52 training programs for the officials bearing Rs. 2,837,557 of cost. And also several awareness programs were conducted for the external candidates. In 2023 we were able to give best trainings for 445 trainees on several fields. TTTI facilitates to the NAITA appointed students and assessors to conduct the assessment by providing raw material, tools and equipment and location. Totally 107 students were assessed in 2023. The NVQ programs also held on related to the timber field on wood craftsman. In addition to those 404 trainees were trained through the conducted external training programs. Additionally Research & Training Division of STC carries out research in accordance with the Institute's business requirements as well as the new knowledge and materials required by society to address the problems that arise in this area.

CONTRIBUTION TO THE CSR ACTIVITIES

State Timber Corporation maintains 28 nurseries in 14 Regions and produces saplings of valuable timber and other forest species. The saplings are also distributed free of charge to various government and non-government organizations by the Research Development and Training Division. Accordingly 39,226 saplings were distributed for various tree planting programs in 2023 while 37,500 saplings had been produced by the nurseries of State Timber Corporation in year 2023. STC expects to popularize timber species to sustain the local timber industry and to enhance biodiversity via tree planting programs with the aim of combating climate change via improving terrestrial carbon stock, increasing island's tree cover and strengthening rural economy. STC is always bound to address Sustainable Development Goals (SDGs) by contributing to utilize the timber sustainably.

STC try to share the knowledge with the external communities by publishing the new knowledge through the symposiums and publishing articles. Total of 7 research papers were published in 2023. And also STC actively engaged popularizing sustainable use of timber and commercial forestry by participating to the exhibitions which can improve the knowledge of public. In 2023 STC was able to contribute to 4 exhibitions.

One of the key duties of the State Timber Corporation's Research, Development, and Training Division is to identify timber using the most up-to-date technology, investigate anatomy of the interior tissue components of the timber, and identify the timber by evaluating their tissue structure. In addition to identifying the wood, tests such as MOR, MOE, Compression, Density, Tension, Durability and Preservation, Boron, CCB, etc. are carried out to evaluate the strength characteristics of the wood. In 2023, this results in the issuance of 214timber certificates to governmental and non-governmental organizations.

FUTURE OUTLOOK

Carbon dioxide sequestered by trees is stored in the wood product for the product's lifetime. This helps to sequester even more carbon dioxide. Therefore this requires little energy throughout the supply chain of harvesting, processing and manufacturing. Therefore manufacturing timber and timber based products more to reduce carbon dioxide emissions and it helps to retain carbon. To make timber utilization more sustainably it has to enhance the performance of STC operationally by enhancing more facilities and improving the job satisfaction of the employers. Therefore those are try to provide with the aim of enhancing the best service by producing timber based value added products and staff satisfaction immediately in future.

Even though the State Timber Corporation will undergo restructuring in the future, an amount of 5 billion rupees has been deposited for the betterment of the Institute within the past 5 years of time period worked as a GM/ CEO of STC. As a GM, I can consider this as my carrier achievement.

APPRECIATION

I acknowledge to the Board of Directors of STC whichalways provide guidance to stay resilient over the past 5 years which was flow under my supervision time period as GM which is not an easy and smooth task to do without BOD's instructions. Therefore I would want to use this occasion to show my gratitude for the efforts made by the Chairman, Board of Directors, Management, and working staff for gaining success in this year too. My deepest thanks are extended to our esteemed consumers who also built a foundation over the deplorable situation. We are proud to be their prime agent for wood and wood-based products, and we stand ready to assist them by supplying them with distinctive items to the best of our ability.

Finally, I would like to express my sincere gratitude to the Hon. Minister for the Ministry of Wild Life & Forest Resources Conservation and the Secretary of our Ministry as well as his helpful staff. On the other hand I would pay my gratitude to the Conservator General of Forests and the staff of the Forest Department for their unwavering support and cooperation. I wish to take this opportunity to thank each of them for their guidance and wise counsel. I thank a lot to the State Timber Corporation family, whose courage, feeling on the institute, innovativeness, and tireless work ensured that we continue serving our communities across the nation though they haven't sufficient facilities as well as have lots of difficulties. I would finally like to extend our deep appreciation to our valued customers for always keep trust on us and keep our status at the top level in this competitive market.

Dr. N.D. Ruwanpathirana
General Manager / Chief Executive Officer
State Timber Corporation

OUR FUNCTIONS

- Extraction of timber from forests, conversion of such timber into sawn timber and finished products, sale of logs, sawn timber and finished products, construction of forest roads required for the above purpose.
- Acquisition, construction and operation of logging units, saw mills, impregnation and preservation plants, seasoning and drying kilns and other equipment and installations.
- Operation of timber and firewood sales depots.
- Manufacturing and marketing of by-products of timber.
- Import of timber.
- Afforestation, reforestation and scientific management of forests and forest plantations.
- Export of timber related finished and semi-finished products.
- Purchase of timber from private lands and sale at depots or waysides.
- Processing of forest related products.
- Import of cane.
- Identification and certification of local and imported timber species through sample testing.
- Conduct training programmes related to timber industry on related subjects and issue of certificates to successful candidates and undertake environmental awareness programmes to contribution towards transformation in to environmental conscious society.
- Strategic planning and investing resources so as to optimize the output from the lands and buildings owned by the Corporation.
- Export of furniture in which ebony timber has not been used as the main timber and has been used only for decorative purpose, under the approval of conservator General of Forests
- Purchase and sale of wooden products, wooden furniture and wooden craft from private sector
- Export of furniture under contracts entered into with business establishments having foreign showroom
- Storage and sale of confiscated timber and timber products, in consideration of directives made by the Secretary to the Ministrey of the Minister assigned the subject of Justice; and
- Storage and sale of non-confiscated timber and timber products offered by courts subject to such orders made by such Courts.

OUR BUSINESS VALUES

We recognize that our primary responsibility is to maintain our status as a strictly environmentally friendly and a commercially viable public sector institution.

We are committed to complying with all statutory regulations related to scientific management of forests and extraction of timber to ensure a clean and healthy environment.

We recognize that primary reason for our existence is to create ethical – business relationships with our customers while fostering value through the foundation of trust for them and for all Sri Lankans.

We will develop our employees to achieve highest productivity levels, through skill improvement, professional development and continuous education and training.

We will place our customers at the center of everything we do to provide an efficient and courteous service to them.

We will assure highest standards of personal integrity at all levels of our operations and provision of services.

We will adhere by spirit and letter of all statutory regulations and social norms with regard to the environment and forest resources to protect and promote them as the precious national heritage of our future generation.

BOARD OF DIRECTOR – 2023

- **Mr. B.S.Gunarathne**
  Chairman
  State Timber Corporation

- **Dr. K.M.A. Bandara**
  Director (23.01.2023 – 30.10.2023)
  Conservator General of Forest

- **Mr.E.A.P.N.Edirisinghe**
  Director (29.12.2023)
  Conservator General of Forest

- **Mrs. S.A.C.Kulathilaka**
  Director (23.01.2023 – 25.09.2023)
  Treasury representative

- **Mr. H.P.K. Perera**
  Director (30.10.2023 - 29.12.2023)
  Treasury representative

- **Mr.C.Wickramarathne**
  Director

- **Mr.Chandana Perera**
  Director

- **Mr. K.A.D.S.C.K Kathurusinghe**
  Director

- **Mr. E.R.Kulathunga**
  Director

- **Mrs.D.P.Kariyawasam**
  Board Secretary (23.01.2023 – 13.12.2023)

- **Mrs.Darshani Samarawickrama**
  Board Secretary (29.12.2023)

SENIOR MANAGEMENT TEAM – 2023

Dr. N.D.Ruwanpathirana
General Manager/CEO

Mr.G.D.S.Kumarasinghe
Deputy General Manager - Finance

Mr.M.A.C.N.Samarasinghe
Deputy General Manager - Human Resources & Administration

Mr.G.G.Thisara Gamage
Deputy General Manager – Operation (cover up)

Mr.W.B.Samantha
Deputy General Manager - Marketing

Mr. H.M.S.Madhawa
Deputy General Manager (Actg) (Internal Audit)

Mr.G.G.Thisara Gamage
Deputy General Manager (Cover up) - Engineering & Production

BOARD OF DIRECTORS' REVIEW FOR THE YEAR 2023

The Directors have pleasure in presenting their Report and the Audited Financial Statements of the State Timber Corporation for the year ended December 31, 2023

Overview

The State Timber Corporation is a state owned business entity which was established in 1968. It was incorporated under the provisions of State Industrial Corporation act No. 49 of 1957. The head office of State Timber Corporation is housed in "Sampathpaya" Battaramulla and sub divisions are located island wide.

Principal activity

State Timber Corporation earns its revenue primarily through manufacture and sale of timber and timber- based products.

Review of Business

State Timber Corporation is a reputed giant with a history and heritage of trust, built on dependability, quality and remarkable team spirit. Since its inception in 1968, STC has built on its legacy of trust, reliability and a trail blazing enterprise hailed as the trusted and quality Timber provider of the country. Our destined pathway is a road towards a brighter horizon. One abundant with innovation, purpose and customer oriented focus, always augmenting value, always etching our success story with each day that unfolds

The year under review has been one of steady performance amidst uncertainty and unparalleled challenges posed by the external environment. However, similar to our previous YearsState Timber Corporation has demonstrated its readiness and ability to rise through difficult conditions.

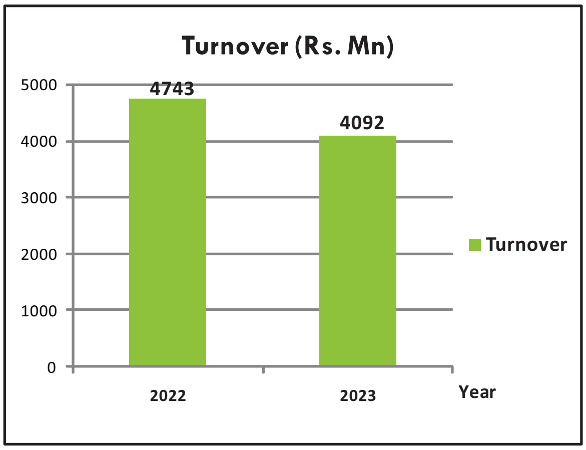
Whilst the country navigated the pandemic, Sri Lanka's economy remained volatile amidst unsustainable debt, rising inflation, currency fluctuations and rapidly depleting foreign exchange (forex) reserves. More recently, Sri Lankans across all social strata have endured unprecedented levels of hardship. However, the challenges to the national economy will continue in the short and medium-term.

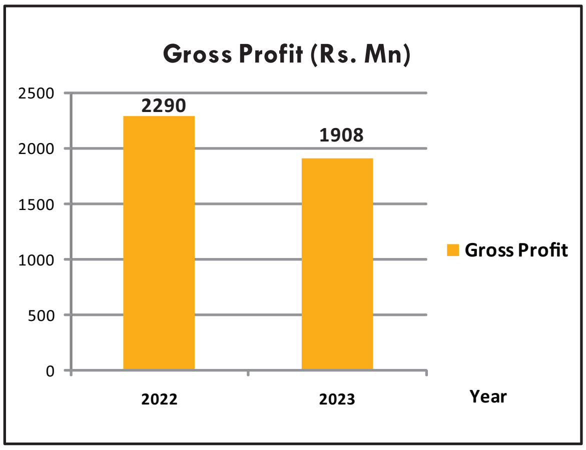
Notwithstanding these challenges, initiatives on cost optimization to maximize value, high focus on volume driven growth, agile management of teams, building on the experience and knowledgewe acquired while navigating the business complexities of 2023 drove the State Timber Corporation to deliver a solid performance in the year under review.

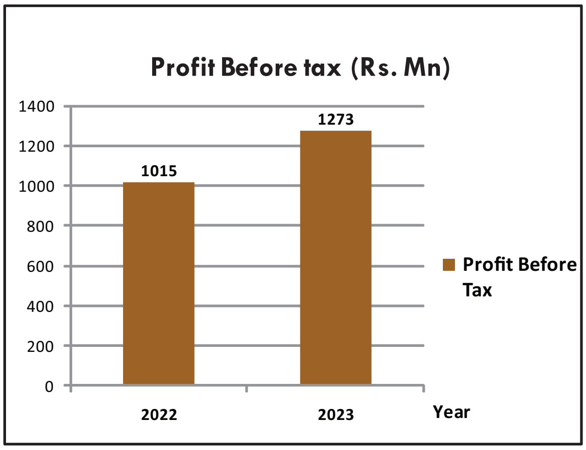
Financial Highlights

The economic crisis significantly influenced consumer behavior and the performance of our product categories. The State Timber Corporation recorded revenue of Rs. 4,092 million, marking a 14% decrease from the previous year. A gross profit of Rs. 1,908 million was reported, reflecting a 17% decrease compared to the previous year.

Performance	2022	2023
	Rs.Mn	Rs.Mn
Turnover	4,743	4092
Gross profit	2290	1908
Profit on operation	2324	2004
Non-operating income	14.9	14.5
Net profit before tax & levy	1015	1273







STC generated Rs. 1,273 millionprofits before tax (Net Profit) and levy for the year under review which is 25.5% growth compared to the previous year.Strategies on cost optimization to maximize value, high focus on volume led growth & efficient use of resources have led to achieve this growth.

STC believes that, it has responsibility to provide quality products to the market and more employment opportunities to support the government to further reduce unemployment in Sri Lanka.Rs.1,584 millionwas incurred as employment cost in 2023 even under economic recession assuring employment safety. The workforce in year 2023 was 1,390and 1,500 in 2022. Dealing in the workforce is mainly due to retirementofemployees during the year. Further, in comply with government policy decisions recruitmentwas only made for the essential vacant posts.

Return on assets and return on equity for 2022 and 2023 are as follows,

	2022	2023
ROE	9%	15%
ROA	6.6%	12%

The Return on Average Assets (ROA) after tax surged to 12% in 2023 from 6.6% in 2022, marking a significant increase. Similarly, the Return on Average Equity (ROE) after tax rose from 9% in 2022 to 15% in 2023. During the period under review, the Corporation contributed Rs.763 million to Government revenue, inclusive of a Rs. 649 million levy paid to the General treasury.

Production

The Corporation highly concern about the quality level of the production and the maintenance of higher production level in an environmental friendly manner for the operation process is vital to the subsistence and to the productivity as well as to the wellbeing of the organizational internal and external component

In accordance with government rules and regulations, prepare coupe classification checklist, scientific timber extraction, systematic timber seasoning and preservation techniques, systematic establishment, installation and maintenance of all the machineries, sophisticated recruitment and development process are highly considered as strategies those support to achieve desired goals and objects in a sustainable way. We are legitimately responsible for sustainable forest management

In addition to that we intend to apply following strategies to gain competitive advantage over rivals in the industry

- Scientific timber extraction from plantations released by Forest Department and Wild life Department.
- Producing logs to the timber market, sleepers to the Railway Department, transmission poles to the Ceylon Electricity Board and Elephant poles to the Department of Wildlife as well as sawn timber to meets customer demand
- Purchasing commercially valuable trees from State Planation Corporation and private lands
- Obtaining donation and Forest offence timber
- Activity engage in reforestation and afforestation programs
- Conduct project of re-export of imported wooden Railway Sleepers after value addition.

Extraction of timber from state forests

The Forest Department has released forest plantation according to national forest management plan to extract timber such as Teak, Eucalyptus, Pinus, etc. The forest management areas released for extraction of trees in the year 2022 and 2023 are as follows.

	Clear Felling (Ha)		Thinning (Ha)	
Species	**2022**	**2023**	**2022**	**2023**
Teak	450	626.92	300	504.42
Eucalyptus	100.4	109.2	110	274
Pinus	47.53	52.43	-	8.5
Kaya	-	-	181	245.6
Akashiya	18.4	48.9	-	-

Conversion of logs into sawn timber

During the year 2023, 4,528m^3 sawn timbers have been produced by the saw mills and 2,623m^3 has been sold out by the island wide STC depots as against the 3,432m^3 production of year 2022.

Treatment of transmission poles and sleepers

During the year under review 22,876 numbers of sleepers and 1,056 numbers of elephant poles treated in the STC treatment plants at Kaldemulla, Keppetipola and Boossa. Production of sleepers has been decreased during the year under review by 89% compared to last year. Production of transmission poles and elephant poles have been significantly dropped during the year due to low demand of the Ceylon Electricity Board and Department of Wildlife compared with past years production of 5,978 and 1056 units respectively.

Manufacturing of furniture

STC furniture plants at Ampara, Boossa and Kaldemulla have been produced Rs. 194 million worth furniture during the year 2023. Furniture worth Rs. 303 million (including taxes) has been sold during the year through STC showrooms located in Rathmalana, Kandy, Rathnapura, Thalalla, Ampara, Boossa, Bandarawela & Battaramulla.

Production, sales and revenue 2022-2023

		Production		Sale volume		Sale value (including tax)	
		2022	2023	2022	2023	2022 Rs.Mn	2023 Rs.Mn
Logs	M3	103121	93,103	102491	85,378	3623	3081
Sawn Timber	M3	3432	4,528	3441	2,623	372	293
Sleepers	No.	34113	22,876	30,969	31,292	603	715
Trans. poles	No.	1,837	7,039	2,312	4,116	34	131
Elephant poles	No.	10,448	1,056	11,219	7,451	71	62.6
Round poles	No.	78,528	51,863	82,602	51,070	12	12
Fire wood	M3.	93,785	34,930	75,710	50,319	69	69
Fence post	No.	84,911	65,290	80,985	477,218	13	14
Furniture	Mn	292	194	-	-	428	303

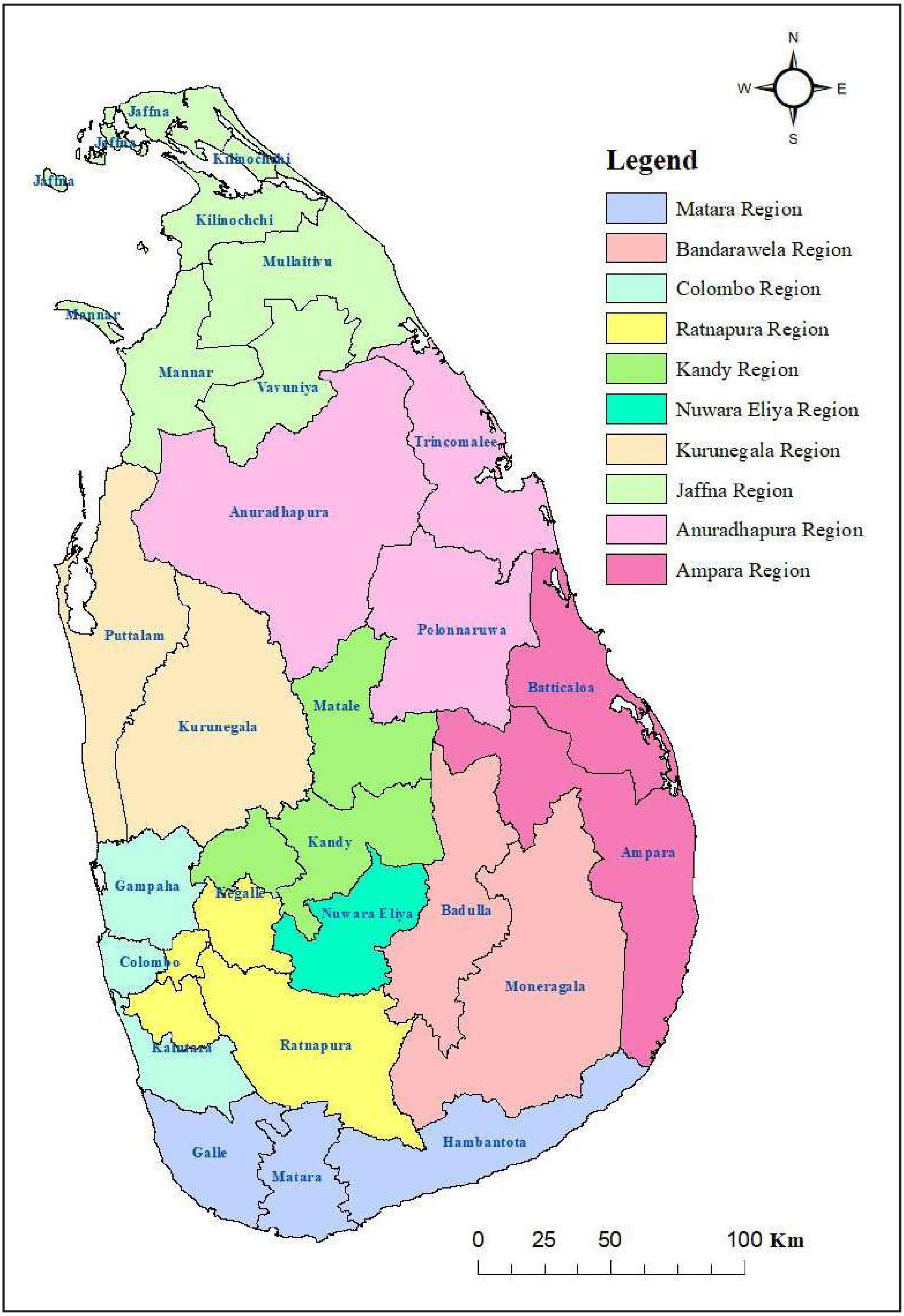
Review and monitoring targets with achievements

Management of STC takes all the necessary measures to ensure that the ongoing operations are in line with the pre-established goals, objectives & targets are met at the end of the year. In order to monitor the progress & to address all the prevailing &possible issues pertaining to each region, management of STC conducted monthly regional managers meeting headed by chairmanwith the participation of all the Regional Managers and Senior Managers of the Corporation.

The near-term outlook of the country indicates that our operating environment will continue to be under pressure due to unsustainable debt foreign exchange liquidity, inflation, increasing interest rates and currency devaluation, resulting in extreme challenges for citizens and corporates alike.

Amidst this backdrop, the State Timber Corporation, guided by our purpose and underpinned by our financial stability, will focus on strengthening our leading positions in timber market while being agile to respond to the external environment. We understand our responsibility towards our community, and we will continue to work with our stakeholders to deliver value and keep moving forward.

OUR REACH
LOCATION MAP - STATE TIMBER CORPORTION



CORPORATE GOVERNANCE

The Board of Directors of State Timber Corporation is committed and takes responsibility to maintain the highest standards of Corporate Governance.

State Timber Corporation has designed its' Corporate Governance policies and practices to ensure that the Corporation is focused on its responsibilities to its stakeholders. The Corporation recognizes the interests of all its stakeholders including employees, customers, suppliers, consumers and the other communities in which it operates. This statement sets out the Corporate Governance policies, practices and processes adopted by the Board.

The Board and its Operations
The Corporation is governed by its Board of Directors, who directs and supervises the business and affairs of the Corporation.

The Board comprises seven Directors, of which five directors are officially appointed by the Minister of the Line Ministry whilst two are officially appointed. One director is officially appointed from treasury, ensuring an independent outlook to temper the expediency of the experts.

Prior to each meeting, the Directors are provided with all relevant management information and background material relevant to the agenda to enable informed decisions. Board Papers are submitted in advance on corporation performance, new investments, capital projects and other issues which require specific Board approval.

The Chairman is responsible for matters relating to policy, maintaining regular contact with the other Directors, and external stakeholders of the Company. He is responsible for all aspects of the corporation's overall commercial, operational and strategic development and assisted by the other directors &the top management. The top management members present by invitation at Board meetings when matters related to them are discussed.

The main functions of the Board are to:

- Direct the business and affairs of the Corporation.
- Formulate short and long term strategies, as a basis for the operational plans of the Corporation and monitor implementation.
- Identify the principal risks of the business and ensure adequate risk management systems are in place.
- Ensure internal controls are adequate and effective.
- Approve the annual capital and operating budgets and review performance against budgets.
- Approve the final Financial Statements of the Corporation.
- Ensure compliance with laws and regulations.
- Approve all material contracts, acquisitions or disposal of assets and approve capital projects.

Director appointed from treasury is independent with no direct or indirect material relationship with the corporation & wide range of expertise and significant experience in commercial corporate and financial activities bring an independent view and judgment to the Board.

Sub Committees of the Board

The Board is responsible for the establishment and functioning of all Board Committees, the appointment of members to these committees. The Board has delegated responsibilities to those Board Sub Committees.

Audit Committee

The Audit Committee is comprised of three directors namely Mr.H.P.K.Perera – Chairman, Mr.Chandana Perera – Member and Mr.Chaminda Wickramarathne - Member. All the Deputy General Managers and functional heads attend meetings by invitation. The Audit Committee Report on page 205 - 206 describes the activities carried out by the Committee during the financial year.

Internal Controls

The Board is responsible for instituting on effective internal control system to safeguard the assets of the Company and ensure that accurate and complete records are maintained from which reliable information is generated. The system includes all controls including financial, operational and risk management. Strategies adopted by the Company to manage its risk are set out in its report on Risk Management on pages 207 to 211Apart from the strategic plans covering a five year time horizon, a comprehensive budgetary process is in place, where annual budgets, identifying the critical success factors and functional objectives, prepared by all divisions are, approved by the Board, at the commencement of a financial year, and its achievement monitored monthly, through a comprehensive monthly management reporting system.

The Corporation's Internal Audit Division regularly evaluates the internal control system across the corporation and its findings are reviewed first by the Audit Committee and significant issues are thereafter reported to the Board. The Board reviewed the internal control procedures in existence and are satisfied with its effectiveness.

Relationship with Other Stakeholders

The Board identifies the importance of maintaining a healthy relationship with its key stakeholders and ensures the corporation as a whole inculcates this practice. Internal communication is mainly conducted through e-mails, memos and circulars.

The Board also ensures that the Corporation policies and practices are in line with the Corporation's values and its social responsibilities. The Corporation promotes protection of the environment, health and safety standards of its employees and others within the organization. The relevant measures taken are given in detail in the Corporate Social Responsibility report on pages 212 to 220

Compliance

The Board places significant emphasis on strong internal compliance procedures. The Financial Statements of the Corporation are prepared in strict compliance with the guidelines of the Sri Lanka Accounting Standards (LKAS and SLFRS) and other statutory regulations.

Going Concern

The Directors have continued to use the 'Going Concern' basis in the preparation of the Financial Statements, after careful review of the financial position and cash flow status of the Corporation. The Board of Directors believes that the Corporation has adequate resources to continue its operation for the foreseeable future.

REPORT OF THE AUDIT COMMITTEE

Role of the Committee

Audit Committee (AC) is a constituted sub – committee of the Board of Directors (Board). It reports and is accountable to the Board.

The primary role of the AC is to implement, addresses issues and supports the function of the Board in relation to Corporation's financial results, audit, risks and internal controls. It ensures compliance with the Sri Lanka Accounting Standards (LKAS) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), the applicable laws and the rules and regulations issued by the relevant authorities from time to time.

Composition

The AC currently comprises of three (03) Directors as follows.

Name of Member	Attendance
Mr.H.P.K.Perera Chairman	4/4
Mr.Chaminda Wickramaratne Member	3/4
Mr.Chandana Perera Member	2/4

Further, the Chief Internal Auditor, the line Ministry of Wildlife and Forest and the representative of the external auditor (Auditor General) attend the committee as observers.

The Secretary to the Board functions as the Secretary to the AC.

Mrs.S.A.C.Kulatilake, who was a member of the Board, chaired the AC up to October 2023. The AC wishes to place on record its sincere appreciation to Mrs.Kulatilake for her valuable contribution and counsel to the AC during her tenure as the Chairperson.

Meetings

The AC had four (04) meetings during the year under review.

The General Manager, Dy.General Manager (Finance), Dy.General Manager (Human Resources), Actg.Dy.General Manager (Production & Technology), Dy.General Manager (Marketing) and Dy.General Manager (Operations) attended the meetings on invitation.

Summary of Principal Activities of the AC during the year

Summary of Principal Activities of the AC during the year

The following includes the key activities carried out by the AC during 2023.

Financial Reporting

In relation to the AC's primary function to provide assurance on reliability of financial statements through an independent review of risks, controls and the governance process, it reviewed the annual financial statements, in consultation with the Actg. Dy.Geneal Manager (Internal Audit) prior to making recommendations to the Board for approval.

Internal Audit

The AC is supported by the Corporation's Internal Audit Division which is headed the Actg. Dy.General Manager (Internal Audit). The Division's annual audit plans were reviewed and recommended by the AC for the approval of the Board. The performance of the internal audit division is approved by the AC on annual basis against the annual audit plan. The Actg. Dy. General Manger (Internal Audit)'s periodic reports detailing control issues and recommendations are reviewed by the AC and follow up action on past and present recommendations is monitored. During the year under review, the internal Audit Division carried out and issued 41 Audit reports/ assignments and highlighted key issues with recommendations for action. In addition, the Division coordinated and updated the follow up action on reviews on external audit issues.

Risk Management and Internal control

During the year, the AC received and monitored reports furnished by the Internal Auditor and the External Auditor (Auditor General).

External Audit

The annual internal audit plan was prepared with the consultation of the external auditor. The observations made in their reports during the year were regularly reviewed and action was taken to implement the recommendations. In addition, the extensive discussion had with the external auditor on the arrears of further improvements during the meetings of the AC.

Conclusion

The AC is satisfied that the Corporation's accounting policies, internal controls and risk management processes are adequate to provide a reasonable assurance that the financial affairs to the Corporation are managed in accordance with the corporation's policies and accepted accounting standards.

On behalf of the Audit Committee.

H.P.K.Perera
Chairman - AC

RISK MANAGEMENT

Managing business and financial risks are fundamentally important in maintaining sustainable growth and making steady progress towards the achievement of corporate goals and objectives. “Risk” being a factor which is not possible to “eliminate” completely, the Corporation ensures the “minimization” of risks by adopting various strategies for continuous reviewing of the operations. Various strategies are developed and implemented to achieve this goal.

Risk environment

The financial year 2023had been a very challenging year. However, we believe that with the agile leadership & efficient management of timber resource we can overcome these uncertainties and grow strongly with our core business. Additionally, being in a diversified industry makes us stronger in terms of managing risk and we secured a steady recovery from the economic recession.

Risk Governance

Managing risks is a key responsibility of the Board of directors & the Board is assisted in this by the Audit Committee which has oversight responsibility for risk management. Each division head is responsible for the identification, measurement, management and mitigation of risks as well as monitoring and reporting risks to Internal Audit and to the Board.

The Risk Management process

STC’s risk management is designed to ensure all business & financial risks are prudently identified, analyzed, and responded. This will facilitate a structured risk governance system and ensure better evaluation, identification, and mitigation of risks promptly while developing higher levels of risk aware culture in every aspect of the business.

1. **Risk identification**

   The purpose of risk identification is to find, recognize and describe risks that might help or prevent an organization achieving its objectives. Relevant, appropriate and up-to-date information is important in identifying risks. The organization can use a range of techniques for identifying uncertainties that may affect one or more objectives.

2. **Risk Analysis**

   The purpose of risk analysis is to comprehend the nature of risk and its characteristics including, where appropriate, the level of risk. Risk analysis involves a detailed consideration of uncertainties, risk sources, consequences, likelihood, events, scenarios, controls and their effectiveness. Risk analysis can be undertaken with varying degrees of detail and complexity, depending on the purpose of the analysis, the availability and reliability of information, and the resources available. Analysis techniques can be qualitative, quantitative or a combination of these, depending on the circumstances and intended use.

3. Risk Evaluation

The purpose of risk evaluation is to support decisions. Risk evaluation involves; comparing the results of the risk analysis with the established risk criteria to determine where additional action is required. This can lead to a decision to:

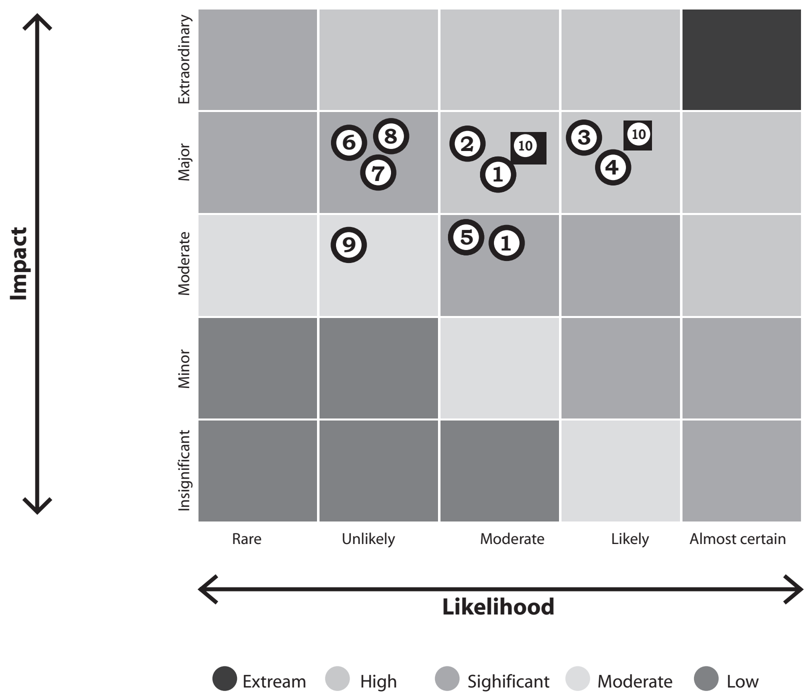
- Do nothing further
- Consider risk treatment options
- Undertake further analysis to better understand the risk
- Maintain existing controls
- Reconsider objectives

4. Risk Treatment

The purpose of risk treatment is to select and implement options for addressing risk. Risk treatment involves an iterative process of:

- Formulating and selecting risk treatment options
- Planning and implementing risk treatment
- Assessing the effectiveness of that treatment
- Deciding whether the remaining risk is acceptable
- If not acceptable, taking further treatment

Risk Heat Map



Risk Exposure	Objectives	Risk Minimization Strategies
Financial Risk Management		
1. Liquidity and Cash Management	To ensure faster response to market opportunities by ensuring instant funding ability.	Funding of long term assets through long term loans.
	To maintain a 'sufficient' liquidity position at all times.	Availability of short term borrowing facilities to the Corporation at all times.
		Cash powers are divided on value in order to control expenditures
		The Corporation owns land and buildings with market values significantly in excess of its book values that can be offered as collateral for future funding requirements.
		Sourcing of funding requirements through many financial institutions.
2.Interest Rate Risk	To minimise adverse effects of interest rate volatility.	Negotiating with banks to obtain the best possible interest rate for corporation's investments.
	To ensure cost of borrowing is at minimum level.	Negotiating and taking supplier credit to mitigate the high cost and to avoid adverse fluctuations in local interest rates.
	To optimize the return on the equity	Maintaining low gearing rate & effective working capital Management
Business Risk Management		
3. Credit Risk	To minimize risks associated with debtor defaults	Developing and implementing Credit Policies
		Obtaining bank guarantees, deposits and collateral for all major customers.
		Following stringent assessment procedures to ensure credit worthiness of the customers prior to the granting of credit.
		Closely monitoring the debtor balances, laying action plans, and determining the same are under control

4. Asset Risk	To minimize risk from fire, theft and machinery and equipment breakdown.	Obtaining comprehensive insurance covers for all tangible assets.
		Carrying out mandatory preventive maintenance programs.
		Carrying out frequent employee training programs in areas such as fire prevention
5. Internal Controls	To maintain a sound system of internal control to safeguard Corporation assets.	Carrying out of system audits and other control mechanisms such as inventory and cash counts by Audit division.
		Having in place a budgetary process and a budgetary control mechanism to ensure that the corporation's performance is in line with its targets
6. Reputation Risk	To prevent the causes that damages our reputation.	Continuous training, quality management and assurance programs to strengthen the product quality.
	To minimize the impact if, despite our best endeavors, a reputation crisis should occur.	Internal and external quality inspection.
		Ongoing investment and improvement initiatives in manufacturing facilities
		Obtaining certifications from external governing bodies.
		Standardized manufacturing processes.
7. Human Capital and Labour Risk	To ensure a smooth flow of operations without any undue disruptions.	Improving employee benefits by way of incentives and welfare activities.
	To project ourselves as a human employer, successful in motivating, developing, retaining and attracting the best of human capital.	Improving the Human Resource function of the cooperation with regards to employee recruitment, performance appraisals and in-house as well as external training programs.
		Promoting Performance driven culture
8. Technological Risk	To keep pace with the current technological developments and safeguard against obsolescence.	Continuous investment in new technologies and automation.
		Investing in Research and Development activities throughout the year.

9. Risk of Competition	To maximise our market share	Ensuring high standards of quality.
	To increase revenue from key products	Increasing productivity and efficiency in order to ensure our prices remain competitive
		Carrying out market research to identifyneeds.
		Further strengthening STC brand through advertising campaigns and target marketing.
		The introduction of a Customer Relationship Management programme in our showrooms.
10. Environmental, Political and Regulatory Risk	To minimise the negative impact from the changes in the external environment which are beyond our control.	Complying with the standards set by the relevant authorities and ensuring the compliance
	To comply with the regulatory requirements.	Complying with the requirements of statutory and regulatory bodies.

CORPORATE SOCIAL RESPONSIBILITY

As a responsible state organization, we believe the presence of all the entities today and in the future are pivotal for our existence. We aim to pioneer new solutions to enhance sustainability while continuing to shape our business responsibly and increasing our economic success.

Distribution of saplings and contribution to tree planting programmes

The State Timber Corporation maintains 28 nurseries in 14 Regions and produces saplings of valuable timber and other forest species. The saplings are also distributed free of charge to various government and non-government organizations by the Research Development and Training Division. STC expects to popularize timber species to sustain the local timber industry and to enhance biodiversity via tree planting programmes. Moreover, combating climate change via improving terrestrial carbon stock, increasing island's tree cover and strengthening rural economy are the major objectives of the programmes. STC is addressing Sustainable Development Goals (SDGs); our thematic area is Sustainable Timber Industry.

Totally, 39,226 saplings were distributed for various tree planting programs in 2023 while 37,500 saplings had been produced by the nurseries of State Timber Corporation in year 2023. Follwings are the highlights of the sapling distributing.

- Police Environment Protection Division = 12500
- Central Environmental Authority = 5000
- Ministry of Wildlife and Forest Resources Conservation = 2000
- Sri Lanka Turtle Conservation Project (SLTCP) = 3000
- Devagiri Rajamaha Viharaya, Bingiriya = 2000
- Gurumada Kanishta School (Bandarawela) = 1000
- Divisional Secretariat (Madampagama) = 500

Saplings donation for Environment Protection Division, Sri Lanka Police for Celebration 75th Independence Day

Saplings donation for farmers

"The Little Forester Programme" - 2023

Sustainable Management of Forest resources is one of the hot topicsaround the globe. The Sri Lankan community is also highly concerned aboutenvironmental protection, however, our public does not absorb sustainability conceptswell. Moreover, public awareness of "Forester" is lacking,who does not recognise the profession. Therefore, it is vital to organize a moreinfluential programme addressing "Sustainability" and "Forester" concepts with continuous monitoring.

State Timber Corporation and Sri Lanka Association for the Advancement of Science (SLAAS) Section B (Agriculture and Forestry) jointly organized"The Little Forester Programme 2023" which is continuing via successive years. The Forest Department of Sri Lanka also supported to the programme. The school children are the easily accessible group toimplement the programme.

"The Little Forester Programme" in WP/GM Yatiyana Kanishtha Vidyalaya, Wathupitiwala

This programme in 2023was launched in Yatiyana Kanishtha Vidyalaya, Wathupitiwala. Except for the tree planting activity, a collection of STC publications (Sustainable Forest Management, Biodiversity, TImber architecture, leaflets about different tree species) were donated to the school. The school students are responsible to maintain the planted saplings at least six months while all maintenance/ observation should be recorded in the provided field hand book.

Launching "The Little Forester" programme in YatiyanaKanishthaVidyalaya, Wathupitiwela.

Information on Internal training programmes

STC put its maximum effort to develop competency of the employees through various training programmes. Timber Technology Training Institute (TTTI) is the training arm of the corporation, which provides trainings in vast areas. TTTI is registered under Tertiary and Vocational Education Commission (TVEC): registered no P01/0365.

Conducted/ personally participated training programmes	No of programmes	Target group	No of employees
Wood polishing	01	Wood polishers/ production assistants/ Manager of production section	29
Budget 2023 connecting with recent Tax reforms	01	Officers of Finance division	03
Transport Management	01	Officers of transport division	04
Advance Excel	01	Officers of Finance division	04
Investigation	01	Officers of Investigation division	02
Microsoft Azro A2 900 Az 104	01	Programmers in IT division	01
Forest Inventory	01	Regional Managers	10
Chainsaw Training	03	Chainsaw operators, Assistant Regional Managers, Coupe officers, Field Assistants of all regions	145

Conducted/ personally participated training programmes	No of programmes	Target group	No of employees
Digital Marketing and Web design	01	Officers in IT division	01
Productivity and Motivation	01	Employees of Boossa complex	98
Electric repairing and power line maintenance	01	Electricians	03
Certificate in Advanced MS office 2021	01	Manager (Finance)	01
Internal Auditing	01	Officers in Internal Audit division	23
Auto Electronics & programming	01	Engineering assistants and technicians	05
Boiler operation	01	Employees to be boiler operators	02
Export procedure	01	Assistant Manager	01
Occupational Health & Industrial safety	01	Deputy Manager	01
Personal File Handling	01	Management Assistants	56
Diploma in Marketing Management	01	Production Assistants	01
MS Excel FOR Data Analysis & Logistic	01	Various designations	07
Calibration and Measuring	01	Various designations in Research, Planning, Monitoring and Training division	07
ERP online Factory	01	Telephone operators	01
Telephone skills & Training Etiquette	01	Carpenters	27
NVQ Training	01	Deputy Manager	01
Certificate course in Digital Marketing	01	Officers of Finance division	02
Income Tax Calculation	01	Officers of Finance division	02
Business Analysis with MS	01	Officers of Finance division	02
Tamil language proficiency	06	Various designations of Executive and non-executive officers	300
Workshop practical project	01	Manager (IT)	01
Aws cloud practitioner and solution Architect Associate course content	01	Programmers in IT division	03
Cyber security	02	Various designations of Executive and non-executive officers	244
Stock Management	01	Management Assistants	50

Conducted/ personally participated training programmes	No of programmes	Target group	No of employees
Scientific and effective driving	01	Drivers	08
Postgraduate degrees/ degrees/ post graduate diploma/ certificates (Provided byexternal institutes based onemployees' personal requests).	11	Various designations	11
Total	**51**		**1054**

Total number of training programmes/workshops in year 2023: 51

Total number of employees - 1054

Total cost - Rs.2,837,557/=

Training on Internal Auditing

First batch of STC who completed 200 hours Tamil Language Proficiency Level

Information on External training and awareness programmes

STC engages with public and private sector to provide awareness on timber and forestry related disciplines. Timber Technology Training Institute (TTTI) plays a vital role in external training programmes. Followings are the provided training opportunities for external parties in 2023.

Institute	No of Students/officers
Ranaviru Resource Centre	21
University of Jayawardenapura	103
Advance Technological Institute	37
Naval Base Trincomalee	25
National Police Academy	01
University of Moratuwa - Dept. of Archaeology	50
Industrial Development Board of Ceylon	19
State Timber Corporation (Bandarawela) - Mr. Wipula	01
Advance Technological Institute (Gampaha)	25
Department of Plant Science - Rajarata University	39
University of Ruhuna - Faculty of Technology	15
Ranaviru Resource Centre	40
Department of Industrial Development	06
Sri Lanka Air Force Head Quarters	06
University of Ruhuna - Faculty of Agriculture	29
Forest Collage	55
Total	**472**

Training on Wood Preservation and Timber Technology for students in University of Sri Jayawardenapura, Sri lanka.

Training on wood identification for Sri Lanka Air Force

Contribution to NVQ assesments

Timber Technology Training Institute (TTTI) of STC has collaborated with National Apprentice and Industrial Training Authority (NAITA) to conduct NVQ final assesments for NVQ level 3 and 4 for National Vocational Qualification on Wood craftman. TTTI is registered under TVEC as an assessment Centre (Reg. no Pol-0365). During the assesment, TTTI facilates to the NAITA appointed students and assesors to conduct the assesment by provideing raw material, tools and equipments and location. Totally, 107 students were assesed in 2023.

Timber-related research studies in 2023

The Research Planning, Monitoring and Training Division carried out several timber-related research studies which were published as research articles in journals and international conference abstracts, and symposia.The findings of these studies are vital for students and researchers in wood and forest sciences, as well as STC practices in field applications.

The followings are the published studies.

C.K. Muthumala, Sudhira De Silva, K. K. I. U. Arunakumara and P.L. A. G. Alwis 2023.Assessment of the Shear Failure Modes of Softwood and Hardwood Timber under Different Wood Joints, J Fail. *Anal.andPreven.* Springer, https://doi.org/10.1007/s11668-023-01672-1

C.K. Muthumala, K.K.I.U. Arunakumara, Sudhira, DevSiva, P.L.A.G. Alwis, and M.J.P. Dayawansha. 2023. Shrink Index-Based Timber Classification and Finger Joint Production, *ICSBE2022-LNCE* 362, Springer nature. pte, ltd. Singapore. pp. 319-331. https://doi.org/10.1007/978-981-99-3471-3_23

C.K. Muthumala. 2023. Evaluation of the dimensional effect and relationship between density and shrinkage of Sri Lankan grown timber species , International Symposium on Agriculture and Environment 2023, University of Ruhuna, Sri Lanka, p.112.

Arachchi C. I. M., Muthumala C. K. and Jayalath J. A. C. S. 2023. Preliminary Investigation on the Effect of Termites on Wood Decay in Selected Sri Lankan Timber species, *Proceedings of the 27th International Forestry & Environmental Symposium-USJP. p.122*

W. V. T. D. Amarasinghe and C. K. Muthumala, 2023. Degradation of wood quality of *Eucalyptus grandis* logs exposed to the natural environment, *International Conference on Building Resilience In Tropical Agro Ecosystems,* Sri Lanka.

Muthumala C.K, Arunakumara K.K.I.U. 2023. A Key to Identify Woods of Different Eucalyptus Species, International Conference on Building Resilience In Tropical Agro Ecosystems, Sri Lanka.

Rasika S. Brahmanage, Nalin N. Wijayawardene, Chandrika M. Nanayakkara, Chaminda K. Muthumala, Siril Wijesundara, Dong Q. Dai1,& Kahandawa G.S.U, Ariyawansa, Eucalyptus leaf spot disease caused by *Coniellaeucalyptorum* in Sri Lanka, Phytotaxa, ISSN 1179-3155 (print edition), https://doi.org/10.11646/phytotaxa.

Contribution to Exhibitions

STCactively engaged popularizing sustainable use of timber and commercial forestry; thus STC participated to the exhibitions improve the knowledge of public.

1. D.S. Senanayaka Collage - Mirigama - 2023.03.03 to 2023.03.05
2. Sri Lanka Foundation - 2023.01.10
3. World's Children Day, Pinnawala Zoological Garden - 2023.09.28 to 2023.10.01
4. National Science Day - National Museum - 2023.11.08 to 2023.11.10

Exibition in Sri Lanka Foundation

Collaborates with the Ministry of Education in Celebrating National Science Day

State Timber Corporation actively participated in the exhibition conducted by the Ministry of Education in commemoration of the National Science Day from 08 to 10 November 2023 at the National Museum. STC presented the exhibition stall under three themes; Sustainable Forest Management, Sustainable Timber Utilization and Timber & Climate Change. Under these themes, commercial forest management, timber seasoning and preservation techniques, timber grading and timber identification, importance of timber on battling against climate change were introduced. Pine timber and its significance on local timber usage and carbon fixation were also presented by specimens and newly made furniture items. STC was appreciated for its attractive and inspiring gallery.

Exhibition celebrating National Science Day at National Museum

CERTIFICATE

NATIONAL SCIENCE DAY 2023

This certificate is awarded to

State Timber Corporation STC

For presenting attractive & inspiring gallery at the Science Exposition on Commemorating for

National Science Exposition 2023

Organized by the Ministry of Education

Research and Innovation Division

held on 08th, 9th & 10th November 2023

at

Department of National Museums

Colombo 07

M. N. Ranasinghe
Secretary
Ministry of Education

Technical support for External parties

The Research Development and Training Divisionprovide technical support for external institutes to solve timber-related matters. For instance, procurements of purchasing furniture;setting up specifications for wooden articles; consultation of use of timber, etc. Thus, in 2023, STC assisted the following institutes/ programmes.

1. Technology transfer workshop on Bamboo Treatment – Industrial Development Board
2. Conducted Several workshop on occupation of woodcraftsman furniture - NAITA preparation of guide books
3. Preparation of standard coir fiber broomscollaborating and technically supporting toSLSI
4. Programme on National Sustainable Biomass Development Sources of Ministry of Agriculture & plantation industry
5. Contributing Timber Technology Forum organized by Institute of Environmental Professionals Sri Lanka
6. Conducting Timber Technology lectures for Universities, Forest College, Technical College and other institues

Contribution as a stakeholder to a Timber Forum organized by Industrial Relation Committee of Institute of Environmental Professionals Sri Lanka

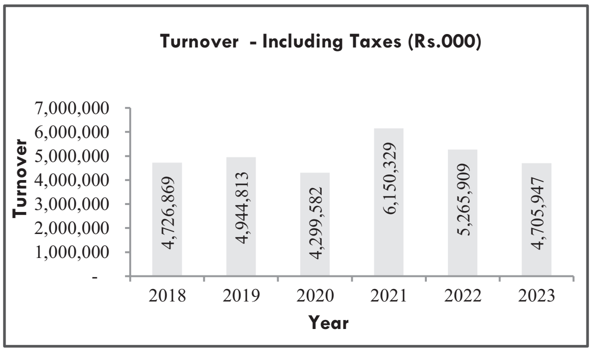
Technology transfer workshop on Bamboo Treatment, collaborating with Industrial Development Board

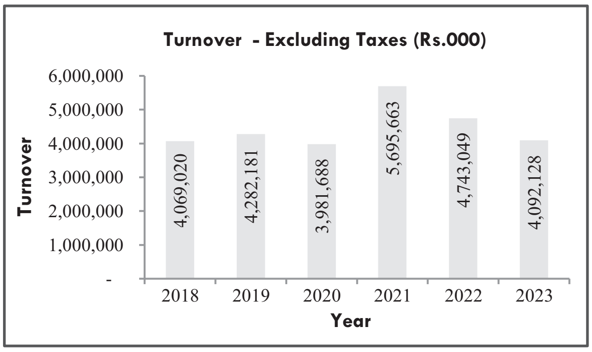
The Research Development and Training Division utilizemodern technology to usewood anatomyto identify timber through anatomical features. About 150-200 timber identification certificates and other reports are issued annually to government and non-government organizations under this process. In addition to wood identification, tests of strength properties tests such as MOR, MOE, Compression test, Density tests, and timber preservation tests (Boron, CCB) were conducted.Accordingly, the following reports have been issued in year 2023. The number of tested samples was 174 and total number of issued reports were 214 in 2023.

Description of the reports	Number of reports
Timber identification	100
Timber Moisture inspection	29
Wood density test	13
Boron test	08
CCB test	02
ACQ test	05
Strength properties of timber	17
Others (Technical reports and by field visits)	**40**
Total	**214**

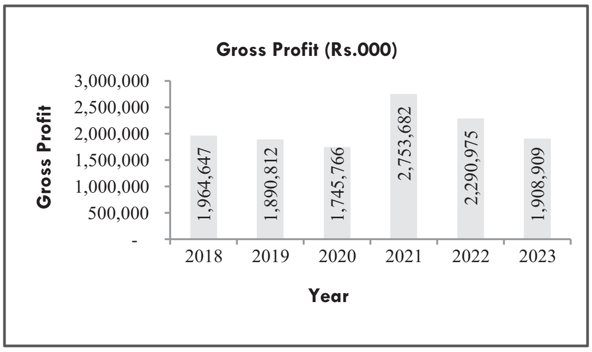
BUSINESS SUMMERY

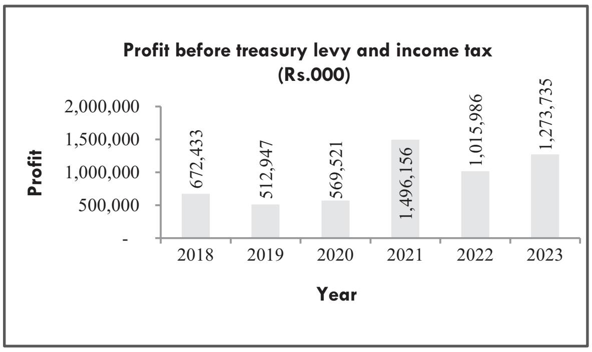
Income growth trend analysis

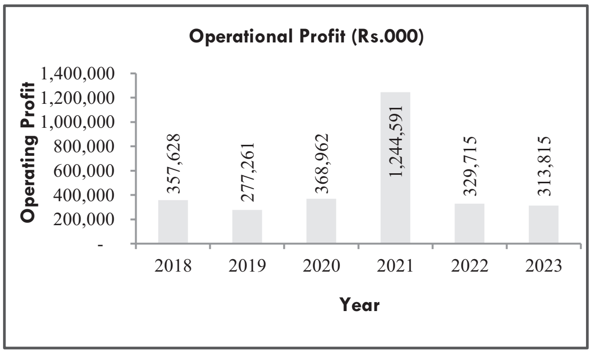




Profit growth trend analysis

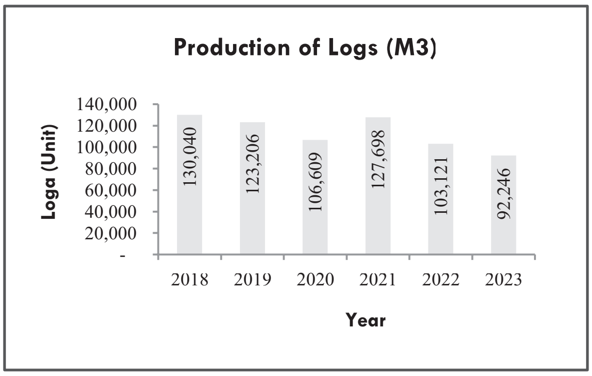


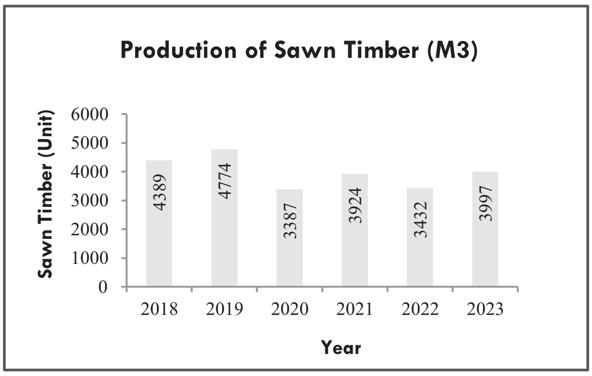


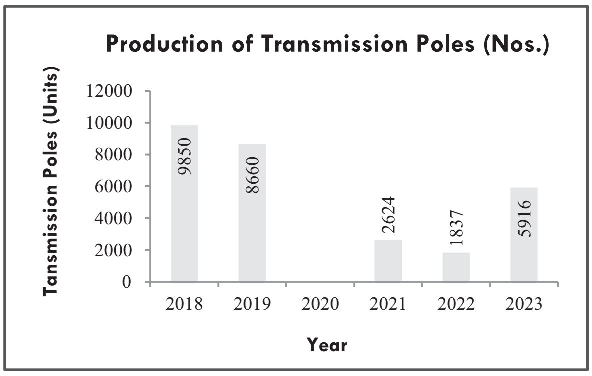


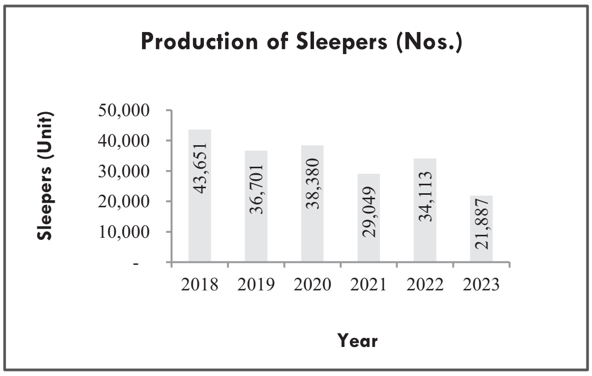
BUSINESS SUMMERY

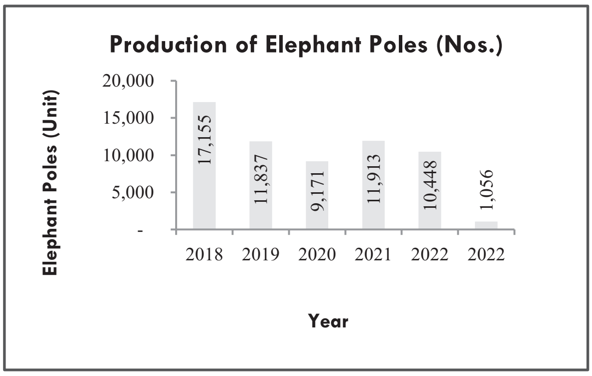
Production growth trend analysis

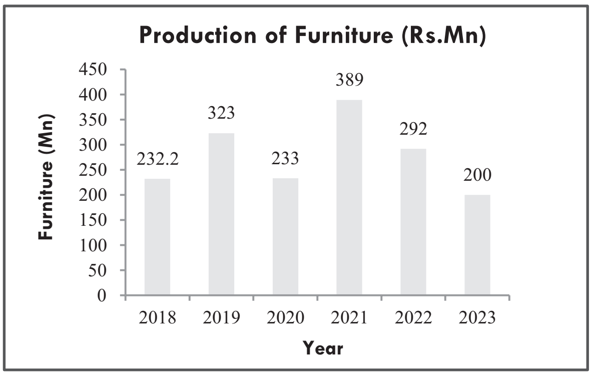












Capital Expenditure - 2023

Description (more than 02 million)	Rs. (mn)
Chain Saw - Regions	31.1
Computers and Printers	8.6

Investment

	31-12-2023	31-12-2022
Government ins. Treasury Bond	731,832,197	731,832,197
State mortgage and investment bank	46,821,808	241.353,882
Land reclamation and development (Pvt) Ltd	500,000	500,000
People's bank	2,188,897	1,900,333,483
Bank of Ceylon	1,871,445	1,805,915,239

DECADE AT A GLANCE (ABSOLUTE VALUES)

		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total revenue for the year	Rs. '000	3,756,482	4,132,052	4,522,238	4,630,718	4,457,024	4,608,413	4,372,033	5,996,789	5,465,421	5,147,304
Gross profit for the year	Rs. '000	1,453,450	1,757,115	2,045,090	2,075,950	1,964,647	1,890,812	1,745,766	2,753,682	2,290,975	1,908,909
Net profit before interest and tax	Rs. '000	427,222	768,699	659,732	966,804	672,433	512,947	569,521	1,496,156	1,015,986	1,273,734
Total cost of employment	Rs. '000	1,254,516	1,449,749	1,789,572	1,572,775	1,553,598	1,584,418	1,640,020	1,580,855	1,776,363	1,774,507
Capital expenditure for the year	Rs. '000	115,132	244,929	113,675	94,637	116,034	319,485	104,712	126,547	47,998	55,085
Non current assets as at end of the year	Rs. '000	1,654,908	1,743,580	1,732,640	1,894,597	1,978,855	2,581,165	1,966,637	2,158,971	2,391,511	2,050,668
Current assets as at end of the year	Rs. '000	4,004,860	4,115,259	3,652,116	4,423,105	4,541,610	4,640,889	5,319,557	7,048,847	7,196,775	7,512,262
Current liabilities as at end of the year	Rs. '000	1,591,991	1,480,966	897,087	1,234,716	1,047,668	967,481	985,365	1,791,411	1,423,068	972,510
Non current liabilities as at end of the year	Rs. '000	484,649	424,854	499,373	852,292	812,441	714,022	836,197	659,200	500,063	583,632
Equity as at end of the year	Rs. '000	3,583,129	3,953,019	3,988,297	4,230,694	4,660,357	5,540,551	5,464,633	6,757,207	7,665,155	8,006,788
Contribution to the consolidated fund	Rs. '000	25,000	50,000	175,000	100,000	100,000	50,000	511,026	100,000	320,000	649,461
No. of employees as at end of the year	NOS.	2,186	2,145	2,125	2,083	2,001	1,803	1,708	1,606	1,500	1,390
Key performance indicators											
Net profit before tax to equity	%	11.92	19.45	16.54	22.85	14.43	9.26	10.42	22.14	13.25	15.91
Net profit before Fin. Changes & tax to total assets	%	7.55	13.12	12.25	15.30	10.31	7.10	7.82	16.25	10.60	13.32
Current ratio	Times	2.52	2.78	4.07	3.58	4.33	4.80	5.40	3.93	5.06	7.72
Equity : Asset ratio	Times	0.63	0.67	0.74	0.67	0.71	0.77	0.75	0.73	0.80	0.84
Return on assets	%	3.64	6.31	0.66	3.84	6.59	12.19	8.00	6.91	14.04	12.09
Total revenue growth	%	3.88	10.00	9.44	2.40	(3.75)	3.40	(5.13)	37.16	(16.73)	(0.06)

ජාතික විගණන කාර්යාලය
தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE

My No. FWL/A/STC/01/FA/2023/15 25 July 2024

The Chairman
State Timber Corporation.

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the State Timber Corporation for the year ended 31 December 2023 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

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1. Financial Statements

1.1 Qualified Opinion

The audit of financial statements of the State Timber Corporation for the year ended 31 December 2023 comprising the statement of Financial Position as at 31 December 2023 and the statement of profit and loss and comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018 and the Finance Act No.38 of 1971. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the accompanying financial statements give a true and fair view of the financial position of the Corporation as at 31 December 2023 and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

අංක 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව இல. 306/72, பொல்துவ வீதி, பத்தரமுல்லை, இலங்கை. No. 306/72, Polduwa Road, Battaramulla, Sri Lanka.
+94 11 2 88 70 28 - 34 +94 11 2 88 72 23 ag@auditorgeneral.gov.lk www.naosl.gov.lk

1.2 Basis for Qualified Opinion

(a) The land on which the Nelundeniya depot is established and purchased for Rs. 325,000 in 1995, and the lands owned by the Corporation where the timber depots in Matale, Talawa, Anuradhapura, Medawachchiya, Kaduruwela, and Minneriya are located had not been accounted for under the non-financial assets. Furthermore, although the lands on which the Jaffna Office and the Keppetipola Office have been maintained since 1969 were transferred to the Corporation, their ownership had not been confirmed by a deed. Nevertheless, it had not been disclosed in the financial statements.

(b) Although the employees' gratuity paid in cash during the year under review amounted to Rs. 92,567,360, it had been understated by Rs. 81,238,872 and shown as a cash outflow of Rs. 11,328,488 under the operating activities in the cash flow statement.

(c) As provisions had not been allocated for Employees Provident Fund and Employees Trust Fund amounting to Rs.43,196,324 payable to the routine employees of the Corporation relating to the years preceding 2022, the equity and the liability of the Corporation had been overstated and understated, respectively, by that amount

(d) Since depreciation amounting to Rs. 1,770,611 related to the Furniture Division for the year under review had been adjusted as expenditure to the statement of comprehensive income, the Property, Plant, and Equipment had been understated and other expenditure had been overstated by that amount.

(e) Even though the residual value and the useful life of Property, Plant, and Equipment should be reviewed and revalued at least once every financial year as per Paragraph 51 of Sri Lanka Accounting Standard 16, no action had been taken accordingly in respect of Property, Plant, and Equipment costing Rs. 924,994,884, which were still in use despite being fully depreciated by the end of the year under review.

(f) According to Note No. 17 of the financial statements for the year under review, the gratuity expenses to be recognized in the Profit and Loss statement amounted to Rs. 48,160,020. Nevertheless, the actual gratuity expenses in the consolidated income statement were Rs. 67,250,212, thus resulting in a difference of Rs. 19,090,192.

(g) Even though the closing stock should be valued at cost or net realizable value, whichever is less, according to Sri Lanka Accounting Standard 02, thirty-six lots of auctioned stocks from the Ampara Furniture Complex had been accounted for at a cost of Rs. 2,467,626, exceeding their net realizable value of Rs. 1,476,508. Accordingly, the current assets and the net profit for the year under review had been overstated by Rs. 991,118.

(h) Despite the inability to identify a sum of Rs.1,464,814 directly credited to the Peoples' Bank account of the Corporation, it had been accounted for as investment income. Consequently, the investment income had been overstated by that amount.

(i) Since the partly completed items being manufactured at the Pallekele factory were not physically verified, the value of the work-in-progress and the finished items was not included in the financial statements.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Other Information Included in the Annual Report 2021 of the Corporation

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The other information means the information included in the 2023 Annual Report of the Corporation, which is expected be submitted to me after the date of this report, but not contained in the Financial Statements and my audit report thereon. Management is responsible for this other information.

My opinion on financial statements does not cover the other information and I do not express any assurance or opinion thereon.

My responsibility in connection with my audit of financial statements is to study the above identified other information and evaluate whether the other information is substantially mismatched with the financial statements or my knowledge gained in auditing or another manner.

Based on the other information obtained before the date of this report and the study conducted, if I conclude that there are substantial misstatements, I should communicate those matters to the governing body for correction. I have nothing to report on this matter.

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

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Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

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

As per Sub-section 16(1) of the National Audit Act No. 19 of 2018, the Corporation is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Corporation.

1.5 Auditor's Responsibility for the Financial Statements

My objective is 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards 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.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Appropriate audit procedures were designed and performed identify and assess the risks of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- An understanding of internal control relevant to the audit was obtained in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministry's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on Other Legal and Regulatory Requirements

2.1 National Audit Act, No. 19 of 2018 includes specific provisions for following requirements.

2.1.1. Except for the effect of the matters described in the Basis for Qualified Opinion paragraph of my report, I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Corporation as per the requirement of Section 12 (a) of the National Audit Act, No. 19 of 2018.

2.1.2 The financial statements presented by the Corporation are consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.

2.1.3 The financial statements presented includes all the recommendations made by me in the previous year as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018 except for the observations in Paragraphs 1.2 (e), and (g) of the basis for Qualified Opinion section of my report .

2.2 Based on the procedures performed and evidence obtained were limited to matters that are material, nothing has come to my attention;

2.2.1 to state that any member of the governing body has any direct or indirect interest in any contract entered into by the Corporation which are out of the normal cause of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018.

2.2.2 to state that the Corporation has not complied with any applicable written law, general and special directions issued by the governing body of the Corporation as per the requirement of Section 12 (f) of the National Audit Act, No. 19 of 2018, except for the following observations.

Reference to Laws, Rules, Regulations and Management Decisions etc.	Observations
Financial Regulations of the Democratic Socialist Republic of Sri Lanka F.R.571	No action had been taken to settle the security deposit of Rs.1,012,292, made by contractors for sites belonging to the Bandarawela Regional Office, which remained outstanding for over two years.

2.2.3 to state that the Corporation has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018.

2.2.4 to state that the resources of the Corporation had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No. 19 of 2018,

3. Other Audit Observations

(a) A dust collector in the Pallekele manufactory and 03 mobile saw mills involved in forest crimes and released from the court had been left unused and decayed over a number of years.

b) Out of 100 chain saws worth Rs.35,800,075 purchased by the Corporation in 2023 without a specific needs assessment and distributed among 13 regional offices, more than 75 percent remained underutilized due to the absence of a formal arrangement for their efficient use.

(c) Due to the failure to take measures regarding forest crimes in accordance with the guidelines laid down in Circular No.422, dated 10 October 2018, issued by the Judiciary Service Commission, the Corporation has faced challenges such as the destruction of seized timber, difficulties in managing timber stocks, and inadequate storage facilities. It was further observed that 159,904 cubic decimeters of timber logs and 30,933 cubic decimeters of sawn timber were decaying at the Kandy Regional Office alone, while their storage facilities were overfilled.

(d) Due to the absence of a proper system to remove timber received as donations, a sum of Rs.41,854,672 had to be paid to private contractors for 1,157 removals during the year 2023.

(e) No action had been taken to recover Rs.240,299,687, that remained outstanding for more than four years in the Corporation's receivable trade account balance of Rs.966,058,091 as of 31 December 2023.

(f) During the year under review, 23 employees had been granted appointments for 08 posts that had not been approved by the Department of Management Services.

W.P.C.Wickramaratne
Auditor General

ANNUAL ACCOUNTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st December

	Notes	2023 Rs.	2022 Rs.
Turnover	2	4,092,128,811	4,743,049,736
Less-Cost of sales	3	(2,183,219,570)	(2,452,074,230)
Gross profit on operation		**1,908,909,241**	**2,290,975,506**
Other income	6		
Operating	6.3	95,255,751	33,259,919
Non-operating	6.1	14,568,317	14,953,721
Total net income		**2,018,733,309**	**2,339,189,147**
Selling and distribution expenses	4	(729,542,520)	(955,435,355)
Administration expenses	5	(959,724,662)	(1,039,084,313)
Finance Expense		(1,082,440)	(2,844,101)
Finance Income	6.2	945,351,151	674,160,950
Profit before tax		**1,273,734,838**	**1,015,986,328**
Taxation for the year	7	(117,943,033)	(380,105,005)
Profit after tax		1,155,791,805	635,881,323
Levy paid to treasury		(649,461,969)	(320,000,000)
Profit for the year		**506,329,836**	**315,881,323**
Other comprehensive income			
Retirement benefit surplus/(deficit) for the year	17	(164,697,250)	347,392,072
Other comprehensive income for the year		**(164,697,250)**	**347,392,072**
Total comprehensive income for the year		**341,632,586**	**663,273,395**

STATEMENT OF FINANCIAL POSITION
For the year ended 31st December

	Notes	2023 Rs.	2022 Rs.
ASSETS			
Non-current assets			
Property plant and equipment	8	1,155,995,376	1,309,685,438
Intangibles assets	9	-	25,493
Biological assets	10	7,735,659	7,735,659
Deposits with treasury		2,966,000	2,966,000
Security deposits - staff		86,622,644	85,468,421
Investments	11.1	779,154,004	973,686,078
Capital work in progress		18,194,374	11,944,333
Total non-current assets		2,050,668,057	2,391,511,422
Current assets			
Inventories	12	1,789,634,929	1,656,987,490
Trade and other receivables	13	1,438,893,929	1,742,578,098
Investments in fixed deposits	11.2	4,060,343,525	3,706,248,722
Cash and cash equivalents	14	223,390,474	90,961,043
Total current assets		7,512,262,857	7,196,775,353
TOTAL ASSETS		9,562,930,913	9,588,286,776
EQUITY AND LIABILITIES			
Capital and reserves			
Authorized		**75,000,000**	**75,000,000**
Contributed capital	15	41,503,668	41,503,668
Revenue reserves		7,452,729,690	7,129,558,552
		7,494,233,358	**7,171,062,220**
Staff loan revolving fund	16	512,554,753	494,093,306
Total equity		**8,006,788,112**	**7,665,155,526**
Non current liabilities			
Retirement benefit obligation	17	406,440,553	253,071,791
Security deposits - staff		86,623,394	85,468,421
Interest bearing loans and borrowings	21	3,655,778	7,677,248
Defferred tax liability	7.2	86,912,496	153,845,554
Total non-current liabilities			
Current liabilities		**583,632,222**	**500,063,014**
Income tax liabilities			
Interest bearing loans and borrowing	18	24,375,301	109,777,488
Trade and other payables	21	3,520,107	5,043,288
Total current liabilities	19	944,615,173	1,308,247,460
Total liabilities		**972,510,580**	**1,423,068,236**
TOTAL EQUITY AND LIABILITIES		**1,556,142,801**	**1,923,131,250**
		9,562,930,913	**9,588,286,776**

This statement of the activities of the State Timber Corporation is submitted in terms of the Finance Act No. 38 of 1971.

General Manager/ CEO
State Timber Corporation.

Deputy General Maanager (Finance)
State Timber Corporation.

The Accounting policies on pages 237 to 244 and Notes on pages 236 to 237 from and integral part of these Financial Statements. The Board of Directors is responsible for the preparation and presentation of these Financial Statements. These Financial Statements were approved by the Board of Directors and signed on their behalf.

Chairman
State Timber Corporation

Nishant E. Dias

Director

Date: 07.03.2024

STATEMENT OF CHANGES IN EQUITY
For the year ended 31st December

	Contributed Capital Rs.	Staff loan revolving fund Rs.	Revenue Reserves Rs.	Revaluation Reserve Rs.	Total Rs.
Balance as at 1st January 2022	41,503,668	433,020,533	5,829,576,396	453,106,621	**6,757,207,218**
Fund Transfer during the year		50,000,000	(50,000,000)		
Transfering of stock detorioration			244,674,912		**244,674,912**
Profit for the year			315,881,323		**315,881,323**
Staff loan interest adjustment		11,072,773	(11,072,773)		**-**
			3,700,000	(3,700,000)	
Other comprehensive income			347,392,072		**347,392,072**
Balance as at 1st January 2023	**41,503,668**	**494,093,306**	**6,680,151,930**	**449,406,621**	**7,665,155,526**
Fund Transfer during the year			-		**-**
Trasfering of stock detorioration					**-**
Profit for the year			506,329,836		**506,329,836**
Staff loan interest adjustment		18,461,447	(18,461,447)		
Transfering of Revaluation balance					
Other comprehensive income		-	(164,697,250)		**(164,697,250)**
Balance as at 31st December 2023	**41,503,668**	**512,554,753**	**7,003,323,069**	**449,406,621**	**8,006,788,113**

STATEMENT OF CASH FLOWS
For the year ended 31st December

	2023 Rs.	2022 Rs.
Cash flows from operating activities		
Cash receipts from customers	4,064,517,097	5,107,850,448
Cash paid to suppliers and employees	(4,084,101,538)	(5,114,966,968)
Cash generated from operating activities	**(19,584,441)**	**(7,116,520)**
Income tax paid	(270,278,278)	(328,192,410)
Special levy paid to the treasury	(640,766,036)	(320,000,000)
Net cash inflow/(outflow) from operating activities	**(930,628,755)**	**(655,308,930)**
Cash flows from investing activities		
Acquisition of property, plant & equipment	(54,647,451)	(47,998,119)
Biological assets	3,591,344.00	-
Investments	(159,562,728)	334,577,909
Income from investments	1,294,205,736	244,506,151
Proceeds from sales of property, plant and equipment	305,148	10,718,802
Work in progress	(6,250,041)	(4,526,949)
Staff loan Granted	(176,411,991)	(159,157,899)
Staff loan Recovered	168,455,259	130,930,240
Net cash from/(used in) investing activities	**1,069,685,276**	**509,050,135**
Cash flows from financing activities		
Procceds from Interest Bearing loans and Borrowings	(6,627,091)	(7,083,509)
Net cash from/(used in) financing activities	**(6,627,091)**	**(7,083,509)**
Net increase/(decrease) in cash and cash equivalents	**132,429,431**	**(153,342,305)**
Cash and cash equivalents at the beginning of the year(Note-14)	**90,961,043**	**244,303,348**
Cash and cash equivalents at the end of the year (Note 14)	**223,390,474**	**90,961,043**
Net increase/(decrease) in cash equivalents	**132,429,431**	**(153,342,305)**

Notes to the Financial Statements
For the year ended 31st December 2023

1.1 Reporting Entity

1.1.1 Legal Form
State Timber Corporation is a Corporation which was incorporated in April 1968, under the State Industrial Corporation Act No. 49 of 1957.

1.1.2 Date of Authorization for Issue
The Financial Statements of the Corporation for the year ended 31st December 2023 were authorized for issue in accordance with a resolution of the Board of Directors on 07th March 2024.

1.1.3 Number of Employees
The employees' strength of the Corporation as at 31st December 2023is1390(2022-1,500).

1.1.4 Responsibility for Financial Statements
The Board of Directors is responsible for preparation and presentation of these financial statements.

1.2 Basis of Preparation

1.2.1 Statement of Compliance
The Statement of Financial Position, Statement of Profit or Loss, Statement of Comprehensive Income, Changes in Equity and Statement of Cash Flows, together with the notes, (the "Financial Statements") of the Corporation as at 31st December 2023 and for the period then ended have been prepared in accordance with Sri Lanka Accounting Standards (LKAS&SLFRS) and statements of recommended practices promulgated by The Institute of Chartered Accountants of Sri Lanka (ICASL).

1.2.2 Basis of Measurement
The Financial Statements have been prepared on the historical cost basis except for the trade debtorsare measured at fair value.

1.2.3 Functional and Presentation Currency
The Financial Statements are presented in Sri Lankan Rupees, which is the Corporation's functional currency. All financial information presented in Sri Lankan Rupees has been given to the nearest Rupee, unless stated otherwise.

1.2.4 Use of Estimates and Judgments
The presentation of Financial Statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Estimates and

underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected.

1.2.5 Foreign Currency Transactions

Transactions in foreign currencies are translated to the functional currency at exchange rates on the date of the transactions.

1.2.6 Taxation

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provision of the Inland Revenue Act No.10 of 2006 Act, No.24 of 2017, No. 45 of 2022and subsequent amendments.

1.3 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

1.3.1 Assets and Basis of the Valuation

1.3.1.1 Property, Plant and Equipment

1.3.1.1.1 Basis of Recognition

Property, plant and equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the corporation and the cost of the asset can be reliably measured. Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing cost. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

1.3.1.1.2 Revaluation Model

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting year.

When vehicle (except motor bikes) are revalued, the gross carrying amount is adjusted consistently with the revaluation of the carrying amount. The accumulated depreciation at that date is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

Any increase in an asset's carrying amount, as a result of revaluation, is recognized in other comprehensive income and accumulated in the revaluation reserve in equity. The increase is recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognized in profit or loss in the current year. The decrease is recognized in other comprehensive income to the extent that any credit balance existing in the revaluation reserve in respect of that asset. Thedecrease recognized in other comprehensive income reduces the amount accumulated in the revaluation reserve in equity.

The revaluation reserve related to vehicles is transferred directly to retained income when the asset is derecognized.

1.3.1.1.3 Gains and Losses on Disposal

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within "other income/other expenses" in Statement of Profit or Loss.

1.3.1.1.4 Subsequent Costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

1.3.1.1.5 De-Recognition

The carrying amount of an item of Property, Plant & Equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition of an item of Property, Plant & Equipment is included in profit or loss when the item is derecognized.

The asset's residual value, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year.

1.3.1.1.6 Depreciation

Depreciation is recognized in profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Freehold land is not depreciated. Applicable rates are as follows.

Buildings Permanent	2.5%
Buildings Semi-Permanent	30.0%
Plant and Machinery	10.0%
Vehicles	20.0%
Roadways and Railways	5.0%

Leasehold Lands	5.0%
Road Construction	10.0%
Furniture and Fittings	15.0%
Office Equipment	15.0%
Miscellaneous Assets	20.0%
Computers	20.0%
Electrical Equipment	10.0%
Tools and Implements	20.0%
Land Improvements	10.0%

1.3.1.2 Capital Work in Progress

Capital expenses incurred during the year which are not completed as at the statement of financial position date are shown as capital work-in-progress, while the capital assets which have been completed during the year and put to use are transferred to property, plant and equipment.

1.3.1.3 Intangible Assets

An intangible asset is recognized only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to theCorporation.Intangible assets wholly consist of cost of computer software. Intangible assets acquired are measured on initial recognition at cost. Intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits.Amortization is recognized in Statement of Profit or Losson a straight-line basis over the estimated useful lives of five years.

1.3.1.4 Biological Assets

Biological assets are classified as mature biological assets and immature biological assets. Mature biological assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature biological assets are those that have not yet attained harvestable specification.

Biological assets are further classified as bearer biological assets and consumable biological assets. Bearer biological asset are not intended to be sold or harvested, however used to grow for harvesting agriculture produce. Consumable biological assets includes managed timber trees those that are to be harvested as agricultural produce from biological assets or sold as biological assets.

The entity recognize the biological assets when, and only when, the entity controls the assets as a result of past event, it is probable that future economic benefits associated with the assets will flow to the entity and the fair value or cost of the assets can be measured reliably.

Life span of Teak Tree to maturity is expected to be 35 years from the date of planting. It is assumed that one teak tree takes 10 year period from the date of planting for its biological transformation. The cost is treated as approximation to fair value of immature plants as the impact on biological transformation of such plants to price during this period is immaterial. The managed timber trees are measured on initial recognition and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41 (Agriculture).

1.3.1.5 Financial Instruments

1.3.1.5.1 Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks .

1.3.1.5.1.1 Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables, including staff loan receivables.

Cash and cash equivalents comprise cash balances and call deposits are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

1.3.1.6 Investments

1.3.1.6.1. Investment in Fixed Deposits stated at cost.

1.3.1.6.2 Long Term Investments Stated at Cost

1.3.1.6.3 Investment at State Mortgage and Investment Bank

This investment has been made with the State Mortgage and Investment Bank for granting housing loan facilities to the employees of the State Timber Corporation.

1.3.1.6.4 Impairment

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

1.3.1.7 Inventories

Inventories are measured at the lower of cost or net realizable value. Donated timber inventory also measured at the lower of cost (to bring inventories into present location and condition) or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. Cost is determined on the first in first out basis and includes all costs incurred in bringing inventories to the present location and condition. Production cost includes all direct cost and production overhead cost at normal level of activity. Stock deterioration reserve of Rs.244, 674,912 hadbeen transferred to revenue reserve during the year 2022.

1.3.2 Liabilities and Provisions

Liabilities classified as current liabilities on the Statements of Financial Position are those which fall due for payment on demand or within one year from the Statement of Financial Position date. Non-current liabilities are those balances that fall due for payment later than one year from the Statement of Financial Position date. All known liabilities have been accounted for in preparing the Financial Statements.

1.3.2.1 Trade and Other Payables

Trade and other payables are stated at their cost.

1.3.2.2 Retirement Benefit Obligation

Employees who have completed five years of continued service with the Corporation are eligible for retirement benefit in accordance with the payment of Gratuities Act No.12 of 1983. However provision has been made in the accounts for the retirement benefit for all employees of the corporation taking into consideration their last drown salary and the years of services as at 31st December 2023. The defined benefit obligation is calculated annually using the Formula method.

1.3.2.3 Provisions, Contingent Assets and Contingent Liabilities

Provisions are recognized, if as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provision has been made for all quantifiable liabilities and others have been declared.

The Conservator General of Forest has informed us the government had sustained a loss due to unauthorized felling in the BagawanthalawaChapalton commercial thinning plot of land. After the investigation this was not established due to doubtful facts. Conservator general of forest has decided to investigate this issue together with STC Officers. Further following cases have been filled against The State Timber Corporation, Case No: 1225/M (Rs. 1,000,000), Case No: 4/SPL (Rs. 500,000), Case No: 15404/M (Rs. 1,578,908), Case No: 11651/MR (Rs. 1,250,000), Case No: 3377/M (Rs. 1,000,000) & Case No: 28211/M (Rs.300,000) (District Court, Rathnapura), 5897/M (Rs.600,000) Case No:A/46/2021, A/31/2022, A/71/2023, Lt/44/798/2022, Lt/44/800/2022, HE/Ne/19/2022, SC/HC/LA/35/2014, SC/HC/ LA/36/2014.

Following cases have been filled by The State Timber Corporation, Case No: 38804 (Rs. 2,500,000), Case No: 7036 (Magistrate Court Colombo), 5271/M (Rs. 294,275),

Bank guarantees were issued against Bank of Ceylon fixed deposits A/C number 82355589, 88980062, and 90579752 as collateral.

1.3.3 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flowto the Corporation and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

The timber has been issued to the employees of the State Timber Corporation and the Forest Department, under the scheme of 25% concessionary rate.

1.3.3.1 Sale of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods.

1.3.3.2 Rental Income

Rental income is recognized on an accrual basis.

1.3.4 Expenditure Recognition

All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year. Repairs and renewals are charged to Statement of Comprehensive Income in the year in which the expenditure is incurred.

1.3.4.1 Income Tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Current applicable income tax rates is 30% of the year.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the Statements of Financial Position date.

A Deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the future asset can be utilized. Deferred tax assets are reduced to the extent that is no longer probable that the related tax benefit will be realized.

1.3.4.2 Stumpage Payment

The stumpage payment for the year 2023 has been calculated on actual felled timber volume basis.

1.3.4.3 Cost Allocation

Cost of conversion of Saw Mills and Timber Costis allocated on the basis of Timber Transfer Value and Mechanical Workshop cost is allocated on the basis of Hiring Charge to relevant units.

1.3.5 Events Occurring After the Reporting Date

All material post reportingevents have been considered and where appropriate, adjustments or disclosure have been made in respective notes to the Financial Statements.

1.3.6 Staff Loan Revolving Fund

This fund is created to grant the loans to employees of the Corporation. The amount of interest received from staff loans statedas other income in the Statement of Profit or Loss. Interest income received after tax is transferred to Staff Loan Revolving Fund to buildup fund. Employee loans disbursements limit to the available fund balance in the Staff Loan Revolving Fund.

1.3.7 Statement of Cash Flows

The Statement of Cash Flow has been prepared using the direct method in accordance with the Sri Lanka Accounting Standards (LKAS) 07, Statementof Cash Flows. Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalents include cash in-hand, balances with banks and short term deposits with banks.

1.3.8 Prepaid Staff Benefits

Staff Loan has been restated to the nominal value in 2023.

1.4 Changes in significant accounting policies

1.4.1 Leases

The Company applied SLFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at 1 January 2020. Accordingly, the comparative information presented for 2023 is not restated – i.e. it is presented, as previously reported, under LKAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in SLFRS 16 have not generally been applied to comparative information.

Notes to the Financial Statements

02. Turnover	2023 Rs.	2022 Rs.
Logs - crown lands	2,329,150,420	2,884,794,418
Logs - private lands	87,152,013	82,897,119
Sawn timber	233,895,652	316,315,473
Imported sawn timber	-	4,516,823
Sleepers - private lands	54,267,691	322,233,695
Sleepers - crown lands	571,834,053	222,179,959
Transmission poles - crown lands	60,586,298	30,486,691
Transmission poles - private lands	58,147,166	-
Elephant poles	49,883,694	64,296,744
Others	22,629,656	19,508,910
Forest offence received timber	37,941,325	43,085,239
Donation of timber	316,643,803	363,688,830
Furniture	269,997,038	389,045,833
Net turnover	**4,092,128,811**	**4,743,049,736**

03. Cost of Sales	2023 Rs.	2022 Rs.
Depots	811,245,772	1,119,895,786
Impregnation plants	513,782,060	327,669,060
Furniture plants	262,313,363	288,422,973
Wayside sales	595,878,375	716,086,411
Total	**2,183,219,570**	**2,452,074,230**

04. Selling and Distribution Expenses	2023 Rs.	2022 Rs.
Depots	680,049,511	683,486,152
Impregnation plants	70,412	153,568,450
Furniture plants	41,997,250	107,936,519
Regional managers' office and head office	7,425,347	10,444,235
Total	**729,542,520**	**955,435,355**

05. Administration Expenses	2023 Rs.	2022 Rs.
Impregnation plants	39,394,407	39,430,136
Furniture plants	72,637,515	88,301,548
Regional managers 'office and head office	840,546,391	904,564,888
Circuit bungalows	7,146,349	6,787,742
Total	**959,724,662**	**1,039,084,314**

06. Other Income	2023 Rs.	2022 Rs.
Non-operating income 6.1		
Foreign exchange gains	47,007	217,212
House rent	14,507,700	14,736,509
Gratuity over provision	13,609.57	-
Total	**14,568,317**	**14,953,721**
Finance income 6.2		
Interest Income from Investment	925,005,802	656,461,016
Staff loan Interest	20,345,350	17,699,934
	945,351,151	**674,160,950**
Operating income 6.3		
Miscellaneous income	23,842,502	19,560,152
Fines-contractors and suppliers	107,596	384,062
Disposal income	248,373	7,785,830
Debtors over provision	67,690,968	
Recovery on shortages and losses	1,910,526	1,614,881
Non refundable tender deposits	1,455,785	3,914,995
Non refundable tender deposits	**95,255,751**	**33,259,919**
Total	**1,055,175,219**	**722,374,591**

Analysis of other income for the year 2023

	Units						
Income source	**Depots**	**Impregnation plants**	**Furniture plants**	**Regional offices & head office**	**Sawmills**	**Circuit Bungalows**	**Total**
Non-operating income 6.1							
Foreign exchange gains				47,007			47,007
House rent			66,800	14,440,900			14,507,700
Gratuity over provision			13,610				13,610
Sub total	**-**	**-**	**80,410**	**14,487,907**			**14,568,317**
Finance Income 6.2							
Interest income - investments				925,005,802			925,005,802
Staff loan interest				20,345,350			20,345,350
Sub total	**-**	**-**	**-**				
	-	**-**	**-**	**945,351,151**			**945,351,151**
Operating income 6.3							
Miscellanious income	852,678		3,115,330	18,376,777	-	1,497,717	23,842,502
Fines from contractors and supplies				107,596			107,596
Dispol income				248,373			248,373
Over provision in doubtfull debtors	9,200,584	26,655,836	31,834,549	-			67,690,969
Recovery on shortage and losses			41,609	1,868,917			1,910,526
Non refundable tender deposits			9,500	1,446,285			1,455,785
Sub total	**10,053,262**	**26,655,836**	**35,000,988**	**22,047,948**	**-**	**1,497,717**	**95,255,751**
Grand Total	**10,053,262**	**26,655,836**	**35,081,398**	**981,887,006**	**-**	**1,497,717**	**1,055,175,219**

07. Taxation Expenses	2023 Rs.	2022 Rs.
Current tax expenses		
Income tax on profit for the year 7.1	184,876,090	284,985,589
Over/under provision of previous year	-	-
	184,876,090	**284,985,589**
Deferred tax expense 7.2		
Origination and reversal of temporary differences	(66,933,057)	95,119,416
	(66,933,057)	**95,119,416**
Tax charge for the year	**117,943,033**	**380,105,005**

7.1 Income tax on profit for the year	2023 Rs.	2022 Rs.
Profit before taxation	1,273,734,838	1,015,986,328
Aggregate disallowable expenses	255,363,876	595,441,184
Aggregate allowable expenses	(1,223,222,170)	(879,241,564)
Profit from business	305,876,544	732,185,948
Non business income	959,839,059	689,114,672
Assessable income	1,265,715,603	1,421,300,620
Qualifying Payment	(649,461,969)	(320,000,000)
Taxable income	616,253,634	1,101,300,620
Income tax	184,876,090	284,985,589
Total	**184,876,090**	**284,985,589**

7.2 Deferred tax	Temporary difference	Tax effect (assets)/ liability
	Rs.	Rs.
Balance as at 31st december 2022	512,818,512	153,845,554
Amount origination during the year	(223,110,191)	(66,933,057)
Balance as at 31st December 2023	**289,708,321**	**86,912,496**
Temporary difference of property plant and equipment	696,148,874	208,844,662
Temporary difference of retirement benefit obligations	406,440,553	121,932,166
Balance as at 31st December 2023	**289,708,321**	**86,912,496**

08. Property, Plant & Equipment

Description	Cost					Depreciation						
	Balance as at 01.01.23	Additions	Disposals	* Adjustment	Balance as at 31.12.23	Balance as at 01.01.23	Disposals	Adjustment	Charge for the year	Balance as at 31.12.23	Carrying amount as at 31.12.23	Carrying amount as at 31.12.22
Lands	91,657,617			3,591,343.77	88,066,274	-					88,066,274	91,657,617
Land Improvement	53,252,162				53,252,162	36,040,163			3,385,922	39,426,085	13,826,077	17,211,999
Buildings	1,022,112,730				1,022,112,730	307,404,871			23,076,722	330,481,593	691,631,137	714,707,859
Stacking sheds and other buildings	69,796,599				69,796,599	59,356,516			5,216,193	64,572,709	5,223,891	10,440,084
Roadways and railway lines	43,213,075	1,289,020			44,502,095	15,096,607			2,074,420	17,171,027	27,331,069	28,116,469
Plant and machinery	767,288,984	28,498,506			795,787,490	636,832,168			28,021,566	664,853,734	130,933,756	130,456,816
Leasehold land and building	148,311				148,311	148,311				148,311		-
Road construction mach. and equi.	60,450				60,450	60,450				60,450		-
Tools & implements	8,402,005	129,310			8,531,315	7,044,425			474,203	7,518,628	1,012,687	1,357,580
Electrical equipments	31,440,897	2,363,651			33,804,548	20,842,554			2,100,313	22,942,867	10,861,680	10,598,342
Vehicles & Motor Bikes	629,922,907		283,800		629,639,107	378,403,581	227,040		123,088,552	501,265,093	128,374,014	251,519,326
Furniture and fittings	96,775,865	9,624,996			106,400,860	68,197,738			8,515,471	76,713,209	29,687,651	28,578,127
Office equipments	44,865,070	3,475,613			48,340,683	37,427,061			1,828,196	39,255,257	9,085,425	7,438,008
Computers and accessories	95,476,084	8,631,880	333,750		103,774,214	81,623,439	333,735		5,609,869	86,899,573	16,874,641	13,852,645
Miscellaneous assets	36,379,311	634,475			37,013,787	32,628,734			1,297,976	33,926,710	3,087,076	3,750,577
Pre fabricated structure	4,938,333				4,938,333	4,938,333				4,938,333		-
Leasehold land-Rathnapura	680,300				680,300	680,300				680,300		-
Total	**2,996,410,699**	**54,647,451**	**617,550**		**3,046,849,256**	**1,686,725,252**	**560,775**		**204,689,403**	**1,890,853,880**	**1,155,995,376**	**1,309,685,447**

* The Corporation owns the cost of Rs. 924,994,884.09 fully depreciated Property, Plant and Equipments at the reporting date.
* The Corporation does not the carrying amount of temporarily idle property, plant and equipment.
* The Corporation does not the carrying amount of property, plant and equipment retired from active use and not classified as held for sale.
* The Re-State of openning balance

09. Intangible assets

Description	Cost				Depreciation					
	Balance as at 01.01.23	Additions	Disposals	Balance as at 31.12.23	Balance as at 31.12.23	Disposals	Charge for the year	Balance as at 31.12.23	Carrying amount as at 31.12.23	Carrying amount as at 31.12.22
Computer software	5,413,211	-	-	5,413,211	5,387,719	-	25,493	5,413,212		25,493
Total	**5,413,211**	**-**	**-**	**5,413,211**	**5,387,719**	**-**	**25,493**	**5,413,212**		**25,493**

10. Biological Assets As at 31st December	**2023** **Rs.**	**2022** **Rs.**
Balance at the beginning of the year	7,735,659	7,735,659
Increase due to replantation		
Balance at the end of the year	**7,735,659**	**7,735,659**

life span of Teak tree to maturity is expected to be 35 years from the date of planting. The cost of immature trees up to 10 years from date of planting are treated as approximate to fair value particularly on the grounds of little biological transformation has taken place and impact of the biological transformation on price is not material. Therefore, Teak plantations belong to the Corporation are still only 09 years old immature plantations, when such plantations become mature, the additional investments since taken over to bring them to maturity are transferred from immature to mature.

Locations of the Teak plantations held by the Corporation are Puliyankulama, Madawachchiya, Sevanapitiya, Vineethagama.

11. Investment **11.1 Investment - Long term** As at 31st December	**2023** **Rs.**	**2022** **Rs.**
Investment in fixed deposits - long term		
Government - Tresuary Bond	731,832,197	731,832,197
State mortgage and investment bank	46,821,808	241,353,882
	778,654,004	**973,186,078**
Investment in shares		
Land reclamation and development (pvt) ltd	500,000	500,000
	500,000	**500,000**
Total	**779,154,004**	**973,686,078**

11.2 Investments in fixed deposits - short term	**2023** **Rs.**	**2022** **Rs.**
People's bank	2,188,897,580	1,900,333,483
Bank of Ceylon	1,871,445,945	1,805,915,239
Total	**4,060,343,525**	**3,706,248,722**

12. Inventories As at 31st December	**2023** **Rs.**	**2022** **Rs.**
Stock-in-trade	1,518,825,660	1,257,140,272
Stock deteriorations	(39,316,117)	
	1,479,509,543	1,257,140,272
Work in progress	25,590,130	45,932,364
Stores and spares	148,681,870	151,331,005
Preservatives	109,428,517	154,361,610
Fuel and oil	8,690,793	19,160,876
Stationary stock	17,734,076	29,061,362
Total	**1,789,634,929**	**1,656,987,490**

12.1 Analysis of inventories As at 31st December	**2023** **Rs.**	**2022** **Rs.**
Crown land logs	801,355,476	584,592,104
Crown land sawn timber	352,368,904	294,871,597
Imported sawn timber	346,990	2,170,719
Crown land sleepers	5,628	32,346,175
Private land sleepers	1,054,597	0
Crown land transmission poles		885,861
Private land transmission poles	31,701,917	784,553
Wayside	2,767,965	19,586,359
Others	1,565,736	21,264,661
Furniture	17,324,638	300,638,243
Total	**1,518,825,660**	**1,257,140,272**

13. Trade and Other Receivables As at 31st December	**2023** **Rs.**	**2022** **Rs.**
Trade debtors	966,058,091	908,873,671
Allowance for impairement	(286,629,589)	(352,054,492)
	679,428,502	**556,819,179**
Staff debtors 13.2	377,305,324	405,760,751
Other debtors 13.1	41,625,155	48,896,341
Deposits and prepayments		
Advances local purchases	2,210,439	2,930,983
Advances for imports	100,398	330,311
Advances pre -payment	8,497,437	38,258,608
Advances timber supplies	21,340,342	38,110,127
Interest receivable -deposits	211,463,506	553,200,630
Returned cheques	4,791	24,641
Kataragama astapala funds	737,400	760,200
Deposit courts	82,316	8,778,248
Ministry of mahaweli development and environment	1,731,821	1,731,821
Forest department	92,920,914	80,549,079
Escamp project	1,445,583	6,427,178
Bio Safety		
Total	**1,438,893,929**	**1,742,578,098**

13.1 Other debtors As at 31st December	**2023** **Rs.**	**2022** **Rs.**
Sundry Debtors	2,291,468	5,013,840
Deposits- general	39,700,307	44,249,121
Provision	(366,620)	(366,620)
Total	**41,625,155**	**48,896,341**

13.2 Staff debtors As at 31st December	**2023** **Rs.**	**2022** **Rs.**
Staff receivables		
Vehicle loan	31,309,713	30,135,823
Distress loan	298,625,502	314,243,779
Electrical equipment loan	21,820	30,404
Bicycle loan	1,420,786	914,011
Laptop loan	19,944,464	21,146,514
Furniture loan	4,281,642	5,815,795
	355,603,926	**372,286,325**
Advances and other receivables		
Salaries and wages advance	10,000	12,000
Travelling advance	8,000	7,000
Advance festival	3,325,192	3,123,198
Internal debit notes	153,145	57,416
Staff recoveries		2,582,800
Site Clearing Expenses Receivable	7,561,816	20,156,809
Salusala textile loan	10,643,245	7,535,203
	21,701,397	33,474,426
Total	**377,305,323**	**405,760,751**

15. Cash and Cash Equivalents As at 31st December	**2023** **Rs.**	**2022** **Rs.**
Cash in hand	1,256,500	1,151,500
Bank of ceylon	79,939,206	56,425,347
Bank of ceylon - call deposit	141,994,769	33,184,196
Bank of ceylon - Debit Card	200,000	200,000
Total	**223,390,474**	**90,961,043**

15. Contributed Capital As at 31st December	**2023** **Rs.**	**2022** **Rs.**
Sri Lanka government fund	25,584,808	25,584,808
Assets taken-over from Forest Department	10,714,815	10,714,815
World bank - grant	708,202	708,202
C.A.D. british aid fund	4,495,843	4,495,843
Total	**41,503,668**	**41,503,668**

16. Staff Loan Revolving Fund As at 31st December	**2023** **Rs.**	**2022** **Rs.**
Balance at the beginning of the year	494,093,306	433,020,533
Staff loan interest received	18,461,447	11,072,773
Fund transfer during the year		50,000,000
Total fund at the end of the year	**512,554,753**	**494,093,306**
Nominal value of utilized fund balance as at 31st December	343,482,218	355,941,623
Unutilized fund balance as at 31st December	**169,072,536**	**138,151,683**

17. Retirement Benefit Obligation As at 31st December	**2023** **Rs.**	**2022** **Rs.**
The amounts recognized in the Statement of Financial position are determined as follows.		
Balance at the beginning of the year	253,071,791.32	508,978,707
Charge for the year	19,708,349.99	10,972,397
Interest for the year	28,451,669.81	121,254,433
Surplus/ defecit charge for the year	164,697,249.59	(347,392,072)
Payment/payable during the year	(59,488,508.05)	(40,741,672)
Balance at the end of the year	**406,440,553**	**253,071,791**
The amounts recognized in the Statement of Profit or Loss are as follows.		
Charge of the year	19,708,350	10,972,397
Interest for the year	28,451,670	121,254,433
Recognized in the statement of profit or loss	**48,160,020**	**132,226,830**
The amount recognized in the Statement of Comprehensive income as follows.		
(Surlpus)/deficit charge for the year	164,697,250	(347,392,072)
Recognized in the statement of comprehensive income	**164,697,250**	**(347,392,072)**

"As at December 31, 2022 the gratuity liability was calculated using formula method for all existing employees as required by LKAS 19 – 'Employee Benefits'. However under the Gratuity Act No. 12 of 1983, gratuity liability arises only upon an employee completing continuous service of five years. The following key assumptions were used in arriving at above gratuity liability ."

	2023	2022
Discount interest rate	14.10%	32.39%
Salary increment rate	4.45%	5.33%
Staff turnover rate	6.83%	10.74%
Retirement age	60	60

19. Income Tax Payable As at 31st December	**2023** **Rs.**	**2022** **Rs.**
Balance at the beginning of the year	109,777,488.23	152,984,309
Payment during the year	(270,278,278)	(328,192,410)
Under/(over) provision of tax for previous year		
Provision for income tax	184,876,090	284,985,589
Balance at the end of the year	**24,375,301**	**109,777,488**

19. Trade and Other Payables As at 31st December	**2023** **Rs.**	**2022** **Rs.**
Central bank- EPF	17,912,725	21,202,652
Labour department-ETF	2,060,784	2,457,060
Accrued expenses	77,169,571	282,609,994
Refundable tender deposits	19,046,421	22,212,707
Security deposits - except staff	118,498,103	125,789,403
Audit fees payable	4,000,000	4,000,000
Retention money	13,522,126	12,331,258
Other creditors	224,597,457	178,502,395
Conservator of Forests	357,302,771	605,788,853
Stumpage - Wild Life Department	50,072,609	50,444,632
Stumpage - Agriculture Department	112,802	112,802
Value Added Tax	13,858,116	2,795,704
Total	**944,615,173**	**1,308,247,460**

20. Related Party Transaction

* Conservator General of Forest who is the director of the Corporation is also the head person of Forest Department which is released commercial forest plantation according to national forest management plan to extract timber.The Corporation has received the worth of Rs. 982,005,335 trees from forest department during the year. The Corporation has also received the worth of Rs. 1,127,473 trees from Wildlife department during the year.

	No. of Sq.Feet	Rental value(Rs.)
Department of Forest-01st Phase	22,040	550,000
Department of Forest-02nd Phase	6,480	300,000
ESCAMP Project	5,649	375,000

Balances arising from above related party transactions as at the Statement of Financial Position date are as follows.

As at 31st December	2023 Rs.	2022 Rs.
Payable to related parties		
Department of Forest	357,302,771	605,788,853
Department of Wildlife	50,072,609	50,444,632
	407,375,379	**656,233,485**
Receivable from related parties		
Department of Forest	92,920,914	80,549,079
Department of Wildlife	10,813,186	27,383,714
ESCAMP Project	1,445,583	6,427,178
Ministry of Wildlife and Forest Resources Conservation		1,731,821
	105,179,682	**116,091,792**

21. Interest Bearing Loans and Borrowings Finance Lease	2023 Rs.	2022 Rs.
Balance as at 1st January	14,501,583	21,127,311
On Acquition		-
Repayment	(6,627,091)	(6,625,728)
	7,874,492	14,501,583
Lease interest in suspence	(698,607)	(1,781,048)
Balance at the end of the year	**7,175,885**	**12,720,535**
Current portion of Interest-bearing Borrowings	3,520,107	5,043,287
Non-current portion of Interest-bearing Borrowings	3,655,778	7,677,248
	7,175,885	**12,720,535**

GLOSSARY OF FINANCIAL TERMS

A

Accounting Policies

Specific principles, bases, conventions, rules and practices adopted by the Corporation in preparing and presenting financial statements.

Amortization

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

Accrual Basis

The principle that revenues and costs are matched with one another, irrespective of the period of receipt or payment.

B

Biological Asset

A living animal or plant.

C

Cash and Cash Equivalents

Liquid investments with original maturities of three months or less.

Current Ratio

Current assets divided by current liabilities.

D

Deferred Taxation

The tax effect of temporary differences deferred to / from another period which would only qualify for inclusion on a tax return at a future date.

Depreciation

The systematic allocation of the depreciable amount of an asset over its useful life.

GLOSSARY OF FINANCIAL TERMS

F

Fair value

A fair value measurement is assumes that the asset or liability is exchanged in an orderly transaction between market participant to sell the asset or liability at the measurement date under current market condition.

Finance Lease

A finance lease is leases that transfer substantially all the risk and reward incidentalto ownership of an asset.Title may or may not eventually be transferred.

G

Gearing

Proportion of borrowings to capital employed.

R

Revenue Reserves

Reserves available for investments.

Return on Assets (ROA)

Net income expressed as a percentage of total assets, used as a measure of profit ability and as a basis of intra-industry performance comparison.

Right-of-Use Asset

The right-of-use asset is a lessee's right to use an asset over the life of a lease. The asset is calculated as the initial amount of the lease liability, plus any lease payments made to the lessor before the lease commencement date, plus any initial direct costs incurred, minus any lease incentives received.

Related Parties

A person or entity that is related to the entity that is preparing its Financial Statements.

V

Value Addition

The quantum of wealth generated by the activities of the Corporation and its distribution.

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අංක 82, ''සම්පත්පාය'', රජමල්වත්ත පාර, බත්තරමුල්ල, ශ්‍රී ලංකා.

அரசாங்க மரக் கூட்டுத்தாபனம்

இலக்கம் 82, “சம்பத்பாய”, ரஜமல்வத்த வீதி, பத்தரமுல்லை, இலங்கை.

STATE TIMBER CORPORATION

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