



STATE TIMBER CORPORATION

ANNUAL REPORT 2024

True Leadership for Timber Market

1968 - 2024

Continuing the journey of 56 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 56 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. Our 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



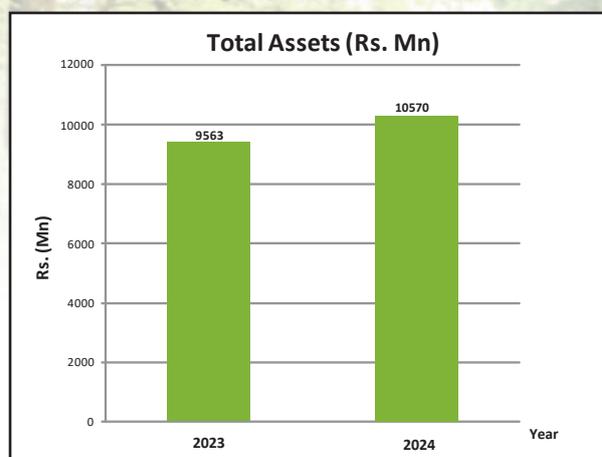
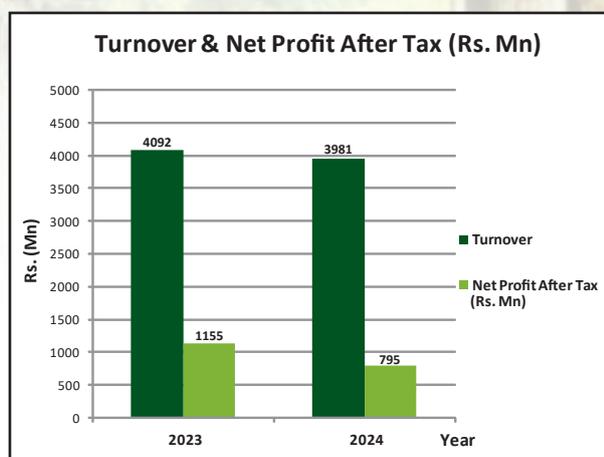


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FINANCIAL HIGHLIGHTS

For the year ended 31st December	2024 Rs. '000	2023 Rs. '000	Variance %
EARNINGS HIGHLIGHTS AND RATIOS			
Turnover	3,981,154	4,092,128	-3%
Profit before levy and tax	824,720	1,273,734	-35%
Levy paid to treasury	346,773	649,461	-47%
Tax expenses	29,091	117,943	-75%
Profit after Income Tax	795,628	1,155,791	-31%
Return on equity [ROE]	9.80%	14.40%	-32%
Return on assets [ROA]	7.50%	12.10%	-38%
BALANCE SHEET HIGHLIGHTS AND RATIOS			
Total assets	10,570,675	9,562,930	11%
Total equity	8,122,338	8,006,788	1%
Total debts	2,448,337	1,556,142	57%
Debt/ Equity	30%	19%	55%
Debt/ Total assets	23%	16%	42%
OTHER INFORMATION			
Total employees (Nos)	1,315	1,390	-5%
Revenue per employee	3,027.49	2,943.98	3%
Profit per employee [before levy and tax]	627.16	916.36	-32%



CORPORATE INFORMATION-31.12.2024

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.Gunaratne	- 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.Wickramaratne	- Director
Mr. Chandana Perera	- Director
Mr. K.A.D.S.C.K.Kathurusinghe	- Director
Mr. E.R.Kulathunga	- Director
Mrs. T.D. Samarawickrama	- Board Secretary
Mr. H.M.S.Madawa	- Board Secretary

AUDIT COMMITTEE

Mr. H.P.K.Perera	- Chairman
Mr. Chandana Perera	- Member
Mr. Chaminda Wickramaratne	- 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 – 2024

General Manager/CEO

Dr. N.D.Ruwanpathirana

Ph.D., M.Sc (Forestry),
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. P.K.Ajith Chandana

B.Sc (Hon.),
MBS,HRM.Dip

DGM (Marketing)

Mr. W.B.Samantha

MBM, M.Sc (Forestry), B.Sc,
N.Dip in (Teaching)

DGM(Engineering & Production)

Mr. G.G.Thisara Gamage

MBS, B.Sc (Physical Science)

DGM(Internal Audit)

Mr. H.M.S.Madhawa

MPCM, PGD(Com), B.com
(Sp), Dip in internal Auditing

AGM (Zonal)

Mr. H.B.Rajawaththa

B.A, 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 Edmund	B.Sc. (Engineering)
Manager (IT) Cover Up	Mr. W.H.A. Chandrakumara	B.Sc.
Manager (Sleepers & T. Poles)	Mr. D.M.N.Pushpakumara Nilmini	B.Sc. (N.S)
Manager (Finance) Cover Up	Mrs. S.Vithanage	
Manager (Finance) Cover Up	Mr. S.P.A.J.C.Samarakoon	B.Sc. (Finance) Sp

REGIONAL MANAGERS

Reg.Manager (Bandarawela)	Mr. D.H.Rajapaksha	M.Sc (Forestry), B.Sc (Agri.) Sp
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)	Mr. Sunil Jayarathna	
Reg.Manager (Anuradhapura) cover up	Mr. D.L.Abenayake	
Reg.Manager (Jaffna) cover up	Mr. M.W.W.B.Mudannayaka	BA
Reg Manager (Monaragala)	Mr. S.C. Jayamanna	B.Sc
Reg.Manager (Bandarawela)	Mr. R.C. Saman Kumara	

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	
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 (Fin. Anuradhapura)	Mrs. W.K.Jayasinghe	
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. Design (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.W.H.Weerasooriya	B.Sc
Dy.Manager (Civil)	Mr. J.R.D.S.Jayalal	Dip (Technology Programme Computer Awareness Programme
Dy.Manager (Human Resources)	Mrs. K.P.R.N.S. Nawarathna	B.Sc (HRM) Sp
Dy.Manager (Wood tanning and preservation)	Mrs. C.I.M. Arachchi	B.Sc (Sp)
Dy.Manager (Purchasing & Shipping)	Mrs. R.U. Senarathna	B.Sc in Logistic Management (Sp in Transportation Management)

FURNITURE COMPLEX MANAGERS

Dy.Manager (Furniture Complex) Kaldemulla	Mr. H.M.U.P.Somaweera	BLE, Dip IT & Mgt
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.D.P.G. Jayasekara	
DRM (Minneriya)	Mr. K.M.P.T.C.Kapilarathna	
DRM (Ampara)	Mr. U.J.G.Ekanayaka	
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	



**PROFESSOR K. P. L. NISHANTHA
PATABANDI**
Chairman

It is with great pleasure that I present the Annual Report and Audited Financial Statements of the State Timber Corporation for the year ended 31st December 2024. Throughout its nearly six decades of service, the State Timber Corporation has upheld its position as the nation's most trusted and outstanding supplier of timber and timber-based products, demonstrating strong and pioneering leadership. Owing to the Corporation's unwavering commitment and resilience, it has continuously showcased financial stability and operational excellence, even amidst various challenges.

In this regard, during the year 2024, the contributions of two Chairmen were extended towards the development of the State Timber Corporation. Accordingly, from 01st January 2024 to 31st October 2024, the leadership of Mr. B. S. Gunaratne was rendered to the Corporation.

CHAIRMAN'S REVIEW

Among the key factors that significantly influence the performance of the State Timber Corporation are the economic, social, political, and biological contexts related to management. By understanding and balancing these aspects, the Corporation has practically demonstrated that, despite risks and challenges, future timber supply can be maintained at a sustainable level through systematic management. Unlike the demand for other commodities, the demand for timber products is sensitive not only to economic conditions but also to environmental considerations. Therefore, due to raw material shortages and rising costs, the State Timber Corporation has had to face challenges in sustaining profitability.

For the financial year ended 31st December 2024, as a result of the measures taken throughout the year, the Corporation was able to record a total revenue of Rs.



3,981,154,984 and a Profit after Tax and Levy Rs. 448,854,943 reflecting a notable achievement in both revenue and profitability. Furthermore, despite prevailing economic and financial challenges, the State Timber Corporation successfully continued its business operations without interruption. Factors such as currency depreciation, inflation, and fluctuations in interest rates also had a significant impact on the Corporation.

We firmly believe that the most valuable asset of the Corporation is its human capital. During the year 2024, as in previous years, the Corporation enhanced the skills and competencies of its human resources through training and professional development programs. This was carried out with the objective of providing customers with efficient and superior service, while also achieving the institutional goals.

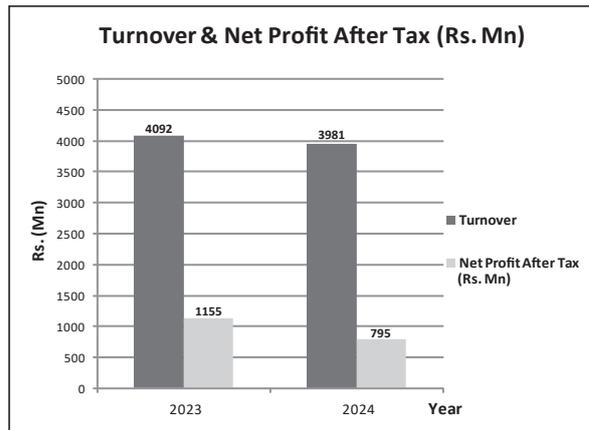
Furthermore, it was a remarkable achievement for the State Timber Corporation to secure the Gold Award in the State Sector – Manufacturing Category at the National Business Excellence Awards organized by the National Chamber of Commerce in 2024.

FINANCIAL PERFORMANCE

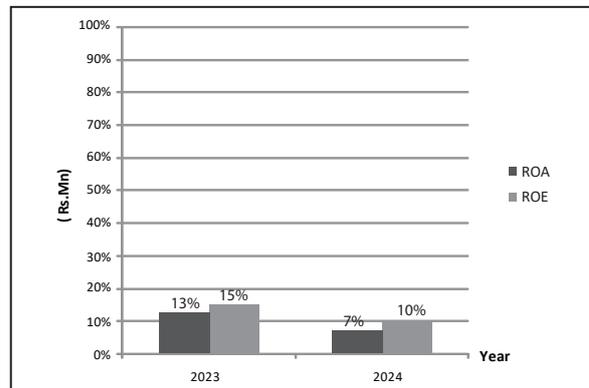
Despite the economic imbalances experienced in 2024, the Corporation reported a revenue of Rs. 3,981 million for the financial year 2024, reflecting a 2.7% decrease compared to the Rs. 4,092 million reported in 2023. However, even amidst this decline, the Corporation was able to record Rs. 824 million profits before tax and a profit after tax was of Rs. 795 million for the year 2024.

Compared to 2023, profits before tax and a profit after tax decreased by 35% and 31% respectively. Nevertheless, it is noteworthy with pride that, as a State enterprise, the State Timber Corporation was able to contribute Rs.

346 million to the General Treasury in 2024 despite these challenging circumstances.



Similarly, the Corporation’s average Return on Assets (ROA) before tax declined from 13% in 2023 to 7% in 2024. The average Return on Equity (ROE) after tax also decreased from 15% in 2023 to 10% in 2024. Nevertheless, the Corporation has been able to maintain a sound financial management policy through prudent operations.



WAY FORWARD

In line with the business nature of the State Timber Corporation, I believe that it is essential to continue managing the organization sustainably, securely, and healthily. Owing to our strong organizational capabilities, we will have the opportunity to seize many more prospects in the future. At the same time, we remain fully attentive to the competitive challenges we face and are taking proactive developmental measures to address them.

We believe that by formulating challenging strategic plans, implementing them, reviewing their outcomes, and subsequently developing new plans, the Corporation can navigate business challenges even under difficult circumstances, built upon a very strong foundation.

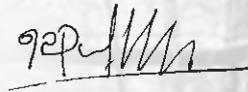
I firmly believe that the State Timber Corporation is an organization that is prepared to face challenges and capable of identifying opportunities to grow its business. Likewise, it continues to aspire to further expand its reputable brand and strengthen other institutional factors. The Corporation will move forward prudently, enhancing its performance by increasing its value, while striving to develop domestic production and promote exports, leveraging the support provided by the current Government.

SINCERE THANKS

I wish to express my heartfelt gratitude to the Hon. Minister of Environment, the Hon. Deputy Ministers, the Secretaries, and the staff of the Ministry of Environment; to the Director General of Forest Conservation and the staff of the Department of Forest Conservation; as well as to the Department of Public Enterprises, the Management Services Department, and all other government officials who have extended their valuable support to us.

I also wish to convey my special thanks to the Board of Directors, the General Manager, and all staff members of the State Timber Corporation for their continuous dedication and for committing their knowledge and skills to the service of the Corporation. While achieving our objectives in 2025 will not be easy, we remain focused on long-term goals, overlooking short-term challenges, and are committed to delivering the best possible results. I also extend my sincere appreciation to all our customers who contributed to the attainment of our goals.

As the premier state enterprise supporting the government in making the new policy concept of “A Prosperous Country, A Beautiful Life” a reality for all Sri Lankans, the State Timber Corporation will continue to operate in the future with this vision. I firmly believe that the Corporation will establish itself as a leading player in the timber market at an even higher level of business performance. Finally, I look forward to the continued support of all parties concerned on behalf of the State Timber Corporation.



Professor K. P. L. Nishantha Patabandi
Chairman
State Timber Corporation.





Dr.N.D.RUWANPATHIRANA
General Manager / CEO

GENERAL MANAGER'S REVIEW

I am greatly pleased to present the Annual Report and Audited Financial Statements of the State Timber Corporation for the financial year ended 31st December 2024. As the General Manager/Chief Executive Officer, I consider it a distinct privilege that, with 57 years of experience in commercial operations, the Corporation was able to achieve remarkable performance and notable successes during 2024, despite facing challenges, much like in previous years.

We produce timber and timber-based products of the highest quality and supply them at fair prices, ensuring that both our regular and new customers express high satisfaction with our services. By utilizing the latest global technologies in timber production, the State Timber Corporation, as the sole state timber manufacturer, continues to play a vital role in leading the timber industry and maintaining a pioneering position in the supply of timber and timber-based products.

I wish to express, with humility and pride, that despite the prevailing economic conditions and social challenges in the country, we are fully prepared to face any adversity and remain committed to progressing with unwavering determination.

OPERATIONAL PERFORMANCE

In line with the vision and mission of the State Timber Corporation, our primary responsibility is to meet public expectations by supplying quality timber and timber-based products at affordable prices. Maintaining successful plantations in Sri Lanka with high economic value and superior quality has become a challenging task. Consequently, supplying timber-based products to the competitive international timber market continues to pose a significant challenge for the State Timber Corporation.

Since its inception, the operations of the State

Timber Corporation have relied on timber released for reforestation by the Department of Forest Conservation, timber obtained from forest offences, and timber donated by government institutions. Using these sources, the Corporation produces a variety of timber-based products such as logs, sawn timber, sleepers, elephant poles, transmission poles, fence post, and household furniture.

Due to annual restrictions on the quantity of timber released by the Department of Forest Conservation, the amount of timber that the State Timber Corporation can supply meets only about 7% of the national timber demand. To improve operational outcomes, the Corporation aims to provide adequate resources and manpower to carry out field-based activities with high quality. However, new recruitments have been suspended due to government policy decisions.

In 2024, the State Timber Corporation received timber from the Department of Forest Conservation from plantations covering 556.78 hectares. Of this, 212.80 hectares consisted of teak plantations. Given the high demand for teak products in Sri Lanka, we will strive to secure a larger allocation of teak plantations from the Department of Forest Conservation in the future.

Nevertheless, in 2024, the State Timber Corporation produced 87,176 m³ of logs, 2,456 m³ of sawn timber, 1,637 electrical transmission poles, 27,840 sleepers, 5,042 elephant poles, 55,731 round poles, 35,742 fence posts, and 51,249 m³ of firewood. Additionally, the value of furniture production by the Corporation in 2024 amounted to Rs. 288 million.

As a leader in the timber industry, the State Timber Corporation has been able to supply quality timber and support other timber-

related industries. Moreover, we remain committed to providing our valued customers with aesthetically superior and high-quality items furniture, consistently meeting their expectations. By delivering products of the highest standard, we have maintained their trust. In addition, to add distinctive value to our products, our household furniture manufacturing facility has obtained ISO quality certification.

Financial Performance

In 2024, the State Timber Corporation was able to generate revenue of Rs. 3,981 million. According to the audited financial statements for the financial year ended 31st December 2024, the profit before tax was Rs. 824 million, while the profit after tax amounted to Rs. 795 million. In comparison, the Corporation's profit before tax for 2023 was Rs. 1,273 million, representing a decrease of approximately 35% year-on-year.

To procure timber from the Department of Forest Conservation, the Corporation paid the Treasury between 60% and 65% of the sales value as stumpage. Furthermore, the construction sector in the country experienced a slowdown during the period, which led to a significant reduction in demand for timber. Despite these challenging conditions, the Corporation made considerable efforts to supply timber and timber-based products to customers without increasing prices, while covering operational costs.

This remarkable achievement is entirely the result of effective cost management and maintaining the highest level of efficiency among existing employees without recruiting new staff. Although the Corporation had a shortfall of approximately 800 employees, new recruitments were suspended, and resignations occurred due to staff leaving for overseas employment in response to



rising living costs, reducing the workforce to a minimum level. Consequently, the State Timber Corporation had to assign additional responsibilities to the limited staff currently in service to carry out most of its operations.

Recognizing that employee performance evaluation is essential to improving productivity in state institutions, the State Timber Corporation implemented an assessment of regional managers across various sectors in 2024. This regional evaluation system has been a fundamental factor in enhancing the Corporation's overall productivity and has also served as a motivation for employees. The State Timber Corporation operates through a network comprising 10 regional offices, 47 timber depots, 09 showrooms, 03 production complexes, and 03 furniture factories.

As a result of the Corporation's effective management and the dedication of its employees, the State Timber Corporation was awarded the Gold Award for National Business Excellence by the National Chamber of Commerce in 2024. Despite challenging conditions, our core functions operations, finance, marketing, and human resources contributed significantly to achieving this remarkable recognition.

Contribution to Corporate Social Responsibility Activities

The State Timber Corporation maintains 28 nurseries across its 10 regional offices, producing seedlings of valuable timber and other forest species as needed. These seedlings are distributed free of charge to government and non-governmental organizations through the Research, Development, and Training Division.

The Corporation undertakes tree-planting programs aimed at promoting timber species, enhancing carbon sequestration, increasing afforestation, and strengthening rural

economies to mitigate the impacts of climate change, while safeguarding the domestic timber industry and promoting biodiversity. The State Timber Corporation is committed to contributing to the sustainable use of timber in alignment with the Sustainable Development Goals.

Furthermore, the State Timber Corporation consistently focuses on providing relevant training to ensure that employees perform their duties efficiently and productively. In 2024, 51 training programs were conducted for 580 employees. Several programs were also carried out in collaboration with external parties.

The Timber Technical Training Institute (TTTI) assisted NAITA candidates and the evaluation committee by providing tools, equipment, and facilities to help them perform their tasks effectively. Additionally, NVQ programs related to the timber sector were conducted, helping timber artisans acquire higher-level skills. Moreover, around 570 trainees participated in external training programs.

The Research and Training Division of the State Timber Corporation conducts research not only to meet the Corporation's operational requirements but also on relevant social issues in line with new knowledge and developments. The State Timber Corporation actively shares new knowledge with external communities through research, conferences, and publication of articles. In 2024, a total of six research papers were published. Additionally, the Corporation provided guidance at exhibitions to promote the sustainable use of timber and the popularity of commercial plantations. In 2024, the State Timber Corporation participated in four exhibitions.

Among the main functions of the Research, Development, and Training Division of the State Timber Corporation is the use of

modern technology to identify timber species accurately, applying the scientific properties of timber. The Division also tests the strength characteristics of timber and provides reports, including quality reports on preservative treatment of timber. In 2024, a total of 189 timber certification documents were issued to government and private organizations.

Organizational Vision

We undertook a national mission by contributing to the successful implementation of the Government of Sri Lanka's development policies, while providing employment opportunities to over 1,621 employees. In the process of implementing the institution's policies and objectives, many challenges were resolved through timely and accurate decision-making, which in turn contributed to the development of the organization. It is noteworthy to appreciate the ability of the management team as well as the employees, who, together with the decisions of the Board of Directors, acted prudently while demonstrating resilience in the face of challenges.

During the past six years of serving as the General Manager/Chief Executive Officer of the State Timber Corporation, a sum of nearly Rs. 6 billion has been deposited in the name of the Corporation for its development. I consider this as one of my achievements as the General Manager/Chief Executive Officer.

Sincere thanks

During the past six years as General Manager/Chief Executive Officer, I have performed my duties with the guidance of the Board of Directors, to whom I am truly grateful. I also thank the Chairman, the Board of Directors, the Management, and the staff for their commitment. In addition, I extend my sincere thanks to our customers for trusting our timber and timber-based products. We will continue to provide them with quality products.

I also wish to extend my sincere gratitude to the Hon. Minister of Environment, the Secretary to the Ministry, and his staff. My appreciation also goes to the Conservator General of Forests and the staff of the Forest Department for their continuous support. I am deeply grateful to the entire staff of the State Timber Corporation as well. Despite limited resources and many challenges, their dedication, commitment, love for the corporation, innovation, and relentless effort have contributed not only to the progress of the Corporation but also to the service of the nation.

Finally, I wish to convey my heartfelt thanks to our valued customers, whose trust in us has been a source of strength in maintaining our position at the highest 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 Ministry 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 - 2024

 **Mr. B.S.Gunarathne**
Chairman (2024.01.01 – 2024.09.30)
State Timber Corporation

 **Mr.E.A.P.N.Edirisinghe**
Director (2024.01.01 – 2024.12.31)
Conservator General of Forest

 **Mr. H.P.K. Perera**
Director (2024.01.01 – 2024.12.31)
Ministry of Finance

 **Mr.C.Wickramarathne**
Director (2024.01.01 – 2024.09.30)

 **Mr.Chandana Perera**
Director (2024.01.01 – 2024.09.30)

 **Mr. K.A.D.S.C.K Kathurusinghe**
Director (2024.01.01 – 2024.09.30)

 **Mr. E.R.Kulathunga**
Director (2024.01.01 – 2024.09.30)

 **Mrs.T.D. Samarawickrama**
Board Secretary (2024.01.01 – 2024.04.30)

 **Mr.H.M.S.Madhawa**
Board Secretary (2024.06.11 – 2024.09.30)

SENIOR MANAGEMENT TEAM - 2024

 **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. P.K. Ajith Chandana**
Deputy General Manager (Operation)

 **Mr.W.B.Samantha**
Deputy General Manager (Marketing)

 **Mr.G.G.Thisara Gamage**
Deputy General Manager (Engineering & Production)

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

 **Dr. C.K. Muthumala**
Assistant General Manager (Research, Development & Training)

 **Mr. H.B.Rajawattha**
Assistant General Manager (Zonal 1)

 **Mr. D.H. Rajapaksha**
Assistant General Manager (Zonal 11) Acting



REVIEW FOR THE YEAR 2024

In 2024, the management of state-owned forest resources and the continuous supply of timber is carried out by the Forest Conservation Department. Before the establishment of the State Timber Corporation, the timber production process was managed by the Forest Conservation Department. Under the State Industrial Corporations Act No. 49 of 1957, a sum of Rs. 25 million was provided as state funding, and on April 4, 1968, the State Timber Corporation was officially established. The initial funding from the government led to the Corporation being fully state-owned. All timber harvesting and sales activities previously carried out by the Forest Conservation Department were handed over to the State Timber Corporation.

Accordingly, the State Timber Corporation primarily manages timber harvesting from government-owned plantations. For 57 consecutive years, it has supplied timber as raw material for Sri Lanka's construction and household goods industries, and provided timber products such as logs, sleepers, transmission poles, elephant-poles fence post, and other wood-based products for government and private development projects. The Operations Division of the Corporation takes full responsibility for timber harvesting activities.

To cover all districts of the country, 10 regional offices have been established to oversee the operations of the Corporation.

Timber Harvesting

In 2024, timber harvesting from the Forest Conservation Department's plantations, including fully matured, partially thinned, and reserved stands, occurred mainly as follows. Annually, the quantity of teak timber sold nationwide is calculated, and based on this, the Forest Conservation Department was requested to supply timber in 2024. However, the amount of timber available for harvesting was limited because:

- Only plantations with trees of the prescribed mature age could be harvested.
- Many mature teak plantations were damaged due to elephant activities.

As a result, it was not possible to supply the required quantity of quality teak timber to meet market demand.

In addition to timber from plantations, timber was also obtained through development programs in 2024. A significant amount of timber was harvested from government-owned land, including dangerous or surplus trees, through the coordination of Divisional Secretariats. Furthermore, a small quantity of timber was recovered in 2024 from unauthorized logging and through legal actions.

The price of timber in the market is determined based on the quantity of timber supplied by the State Timber Corporation. As the only government institution producing environmentally friendly, high-quality timber,

the Corporation's continued existence and profitability are important. We firmly believe that government intervention is essential to ensure the Corporation can operate efficiently while providing timber and timber products to consumers at reasonable prices.

Technical Timber Harvesting

Before timber is harvested from Forest Conservation Department plantations, including those freed for harvesting, development program plantations, areas cleared by the Wildlife Conservation Department, and other designated harvesting sites, a Technical Committee examines and reports on several key aspects. These include:

- Classification of the land where timber will be harvested
- Estimation of the timber volume
- Construction of access routes for temporary timber removal
- Calculation of production costs for timber harvesting

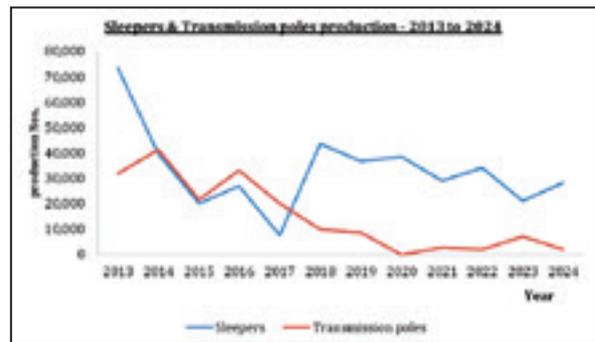
Based on the timber yield in the plantations, the Operations Division calculates the volume of logs and ensures that the annual financial contribution due to the government is provided.

Stumpage Remitted to the Government in 2024 (without tax)

Timber Type	Amount (LKR)
Teak	332,009,499
Eucalyptus	30,390,695
Pinus	176,924,499
From Partially Harvested Plantations	24,908,862
Total	564,233,557

Production of Transmission Poles and Sleepers
The production of sleepers and electric poles, which are our main products, has shown a gradual decline in demand over the past decade. The main reasons for this are:

- The Ceylon Electricity Board, the sole buyer of Transmission poles, has shifted from purchasing timber poles to lighter concrete poles.
- The Department of Railways, which purchases sleepers, has also moved from timber sleepers to concrete sleepers.



Production Quantity of Sleepers and transmission Poles

Year	2020	2021	2022	2023	2024
Sleepres	38380	29049	34113	21887	27840
Transmission Ploes	-	2624	1837	5916	1637

Transmission poles are produced annually from commercial thinning plantations supplied by the Forest Conservation Department. Due to reduced demand for transmission poles, alternative marketing strategies have been implemented.

Timber from these plantations has found demand in the tourism sector for temporary constructions near beaches and for tourist resorts. Measures have been taken to preserve and enhance the value of this timber for sale.

Additionally, *Eucalyptus microcorys* timber obtained from thinning operations is used for the production of elephant poles.

In 2024, with the primary objective of converting sleepers into timber suitable for construction, two additional sawmills were purchased and installed at the Kappetipola unit to process eucalyptus timber for producing construction industry.

Area of Forest Plantations Released for Timber Harvesting by the Forest Conservation Department in 2024.

Timber Type	Fully Matured Harvest – Area (ha)
Teak	212
Eucalyptus	43.4
Pinus	293
Kaya	
Acacia	

Timber Production Volume in 2024

Timber Type	Volume (M3)
Teak	18448
Eucalyptus	7651
Pinus	32291
Kaya	1735
Mahogany	2177

Timber Volume Obtained from Development projects and Donated Timber.

Source of Timber	Volume (m3.)
Timber from Donated	31110
Forest Offense timber	1841

Removal of Timber Fallen in Rivers and Streams.

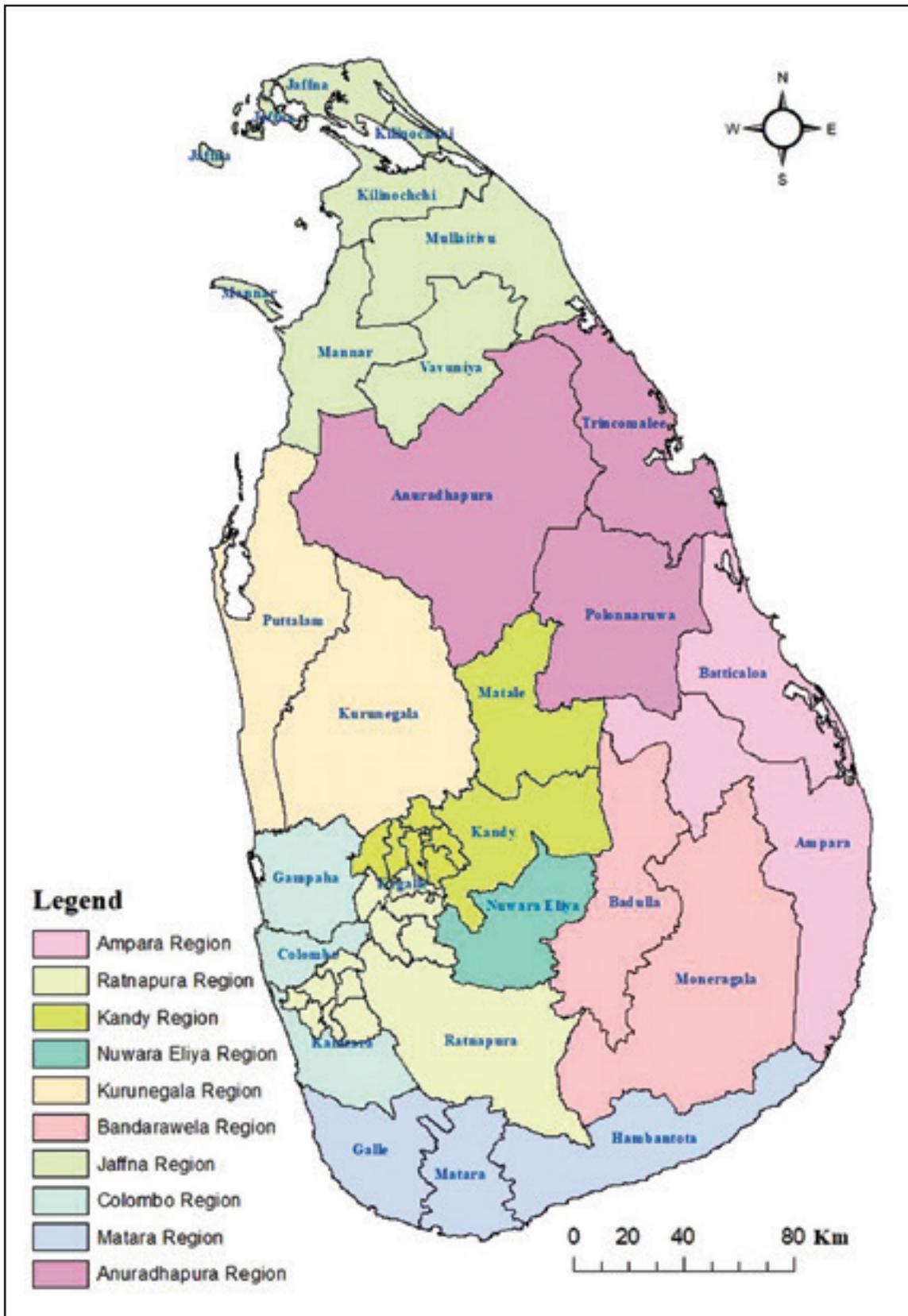
In addition to development program plantations, a significant quantity of kubuk and mee timber that had fallen into rivers and streams was removed under the full supervision of the Operations Division, with regional officers deployed for the task. As a result, in 2024, the kubuk timber harvested in this manner was added to the total timber production as follows

Region	Kumbuk wood volume
Bandarawela	1022
Kurunegala	597
Matara	343
Anuradapura	397
Ampara	51
Colombo	43
Jaffna	14
Kandy	207
Nuwara Eliya	09
Ratnapura	361

The removal of kubuk timber that had fallen into rivers and streams was carried out after it caused obstruction to irrigation channels, disrupted agricultural activities, and created significant environmental problems due to extensive river dredging. Following discussions with regional officers and officials of relevant institutions, the timber was cleared. This operation directly contributed to supporting the national economy and protecting the environment.

OUR REACH

LOCATION MAP - STATE TIMBER CORPORATION



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 Wickramaratne - Member. All the Deputy General Managers and functional heads attend meetings by invitation. The Audit Committee Report on page 200 – 201 describes the activities carried out by the Committee during the financial year.

Internal Controls

The Board is responsible for instituting an 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 202 to 203 Apart 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 206 to 213

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 the Corporation's financial results, audit, risks and internal controls. It ensures compliance with the Sri Lanka Accounting Standards (LKS) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the applicable laws, 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	3/3
Mr.Chaminda Wickramaratne Member	3/3
Mr.Chandana Perera Member	1/3

Further, the Chief Internal Auditor, the line Ministry of Environment and the representative of the external auditor (from the National Audit Office) attend the committee as observers.

Deputy General Manager (Internal Audit) Functions as the convener of the committee and The Secretary to the Board functions as

the Secretary to the AC.

Meetings

The AC had three (03) meetings during the year, as mentioned below,

Ist Quarter 2024.05.07

IInd Quarter 2024.07.30

IIIrd Quarter 2024.08.29

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

Summary of Principal Activities of the AC during the year

The following includes the key activities carried out by the AC during the year 2024.

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 Dy. General 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 Dy. General Manger (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 Dy. General Manager (Internal Audit)'s periodic reports, detailing control issues and recommendations are reviewed by the AC and follow up actions on past and present recommendations is monitored. During the year under review, the Internal Audit Division carried out and issued 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 (National Audit Office).

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 of 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

In 2024, the State Timber Corporation operated in a highly challenging environment shaped by a range of internal and external factors. To navigate this complexity, STC adopted a structured and proactive risk management framework to identify, evaluate, and mitigate risks across several key areas:

Market Risk

STC faced declining demand for timber products, largely due to the broader economic downturn and a significant slowdown in the construction sector. High material costs, including timber, and increasing competition from private suppliers and imported substitute's further impacted sales. These market dynamics posed a direct threat to revenue generation.

Operational Risk

Factory and sawmill operations remained underutilized, achieving only around 50% of annual production targets for consecutive years except forest harvesting. This was primarily due to a shortage of skilled labor and a high dependence on outsourced workers. Additionally, outdated machinery and a lack of modern technology contributed to reduced productivity and operational inefficiencies across the board.

Legal Risk

STC continued to operate under stringent legal and compliance obligations, particularly concerning sustainable harvesting practices and timber transportation. The Corporation

also encountered legal exposure related to contractual disputes with both contractors and customers.

Regulatory Risk

Growing pressure to adopt internationally recognized sustainability certifications such as FSC and PEFC, particularly for the export market, posed regulatory challenges. Furthermore, constraints in pricing flexibility due to policy limitations affected responsiveness to market fluctuations.

Strategic Risk

STC's limited diversification beyond traditional timber sales presented strategic vulnerabilities. Weak marketing strategies and complex, bureaucratic internal processes hindered agility, innovation, and expansion into value-added products and exports.

Financial Risk

Rising operational costs, inflationary pressures, and delays in payments from customers or institutions strained financial stability and cash **flow management**.

Risk Mitigation Measures in 2024

Recognizing these risks early in the planning cycle, STC integrated risk considerations into its strategic and budgeting processes to ensure resilience and continuity.

Enhancing Revenue and Market Competitiveness

- Maintaining high standards across the product portfolio to strengthen market positioning.
- Increasing productivity and operational efficiency to remain competitive.
- Conducting market research to better understand and respond to customer needs.
- Enhancing brand presence through focused marketing and advertising campaigns.
- Introducing a Customer Relationship Management (CRM) system in showrooms to improve service quality and client retention.
- In the furniture sector, aligning production with specific customer requirements resulted in reduced production volumes but higher sales values.
- Maximizing the use of forest plantation timber for sleeper production, reducing dependency on external purchases.
- Stabilizing teak prices at average market levels to maintain consistent demand.
- Initiating steps to issuing sustainability certifications for relevant products based on customer requirement.

Strengthening Credit and Debtor Management

- Developing and enforcing comprehensive credit policies.
- Securing bank guarantees, deposits, and collateral from major clients.
- Implementing rigorous customer credit worthiness assessments.
- Closely monitoring debtor balances and executing timely collection strategies.

Addressing Environmental, Political, and Regulatory Risks

- Ensuring full compliance with regulatory and statutory requirements.
- Aligning operations with national governance policies and international best practices.
- Taking proactive steps to meet sustainability and traceability standards in response to regulatory expectations.

Cost Control and Investment Management

To maintain cost efficiency, STC implemented a freeze on new recruitments and deferred capital investments in construction, equipment, and machinery purchases during the year. This strategic move aimed to optimize existing resources and ensure financial prudence amid economic uncertainty.



HUMAN RESOURCES

From the Chairman of the State Timber Corporation and the members of the Board of Directors, to the officers working in the field, other staff serving the Corporation, as well as the primary and subcontracted communities fulfilling duties, all of them can be considered as the human resources of the institution.

Staff

The approved cadre of the Corporation is 2,308 permanent staff and 99 casual staff, as authorized by the Ministry of Finance. At present, 1,277 permanent employees and 85 casual employees directly contribute to achieving the institution's objectives. In addition, one contract officer and daily wage workers also provide their contribution. Altogether, the staff is deployed across 15 service locations throughout the island. On any given day, the services delivered may extend to towns, villages, hilltops, slopes, forests, reserves, factories, and offices across the country.

During the past five years, due to recruitment restrictions, only 29 employees were added with special approval. Meanwhile, within the same period, 531 employees left due to retirement or other reasons. As a result, the current staff has been performing nearly 55% of the work that was previously carried out by those who departed an achievement worthy of appreciation.

This reflects the dedication and value of the staff. Even if an officer has a designated role, our workforce has never hesitated to contribute

across multiple fields, driven by their interest and willingness to achieve organizational goals.

From timber identification, safe felling methods, bucking, loading and transportation, sawing, storage, preservation, marketing, selection, furniture design, production, welding and finishing, pre-sale quality inspection, to after-sales service employees are engaged in a wide variety of tasks. Their long-term training and acquired expertise enable them to achieve more with fewer staff, which we now recognize as a key future objective.

Although the annual turnover in 2024 decreased by 3% compared to 2023, the income earned per employee increased by 3%, confirming greater productivity.

The Corporation has also adopted a policy to deploy internal staff only for work that directly contributes to productivity, while gradually outsourcing tasks that are not essential for internal handling. Accordingly, security services were outsourced starting in 2024, in line with institutional development and national objectives.

Why should the State Timber Corporation be considered a suitable workplace?

One of the key objectives of the State Timber Corporation is to enhance the living standards and maintain the psychological well-being of its employees, thereby ensuring job satisfaction, which is directly linked to efficiency.

Accordingly:

- **Revolving Loan Fund:** A staff revolving fund has been established, from which seven types of concessionary loans are offered to meet employees' various needs.
- **Medical Insurance:** A medical insurance scheme is in place to cover both employees and their dependents.
- **Grievance Management:** Employees can raise issues either verbally or in writing with their immediate supervisor at any time, with the option to escalate matters directly to the Board of Directors if necessary.
- **Trade Unions:** A majority of employees are members of trade unions. 15 active trade unions maintain continuous engagement with management, providing employees an alternative way to communicate concern.
- **Work Environment:** A professional, friendly work environment with modern office facilities enhances job satisfaction.
- **Safety Measures:** Employees are categorized into 03 risk levels—high-risk, moderate, and normal. Safety equipment is distributed annually, and additional benefits such as accident compensation and medical insurance are provided.
- **Incentives:** Monthly attendance-based incentives, along with limited daily and weekend transport allowances, were introduced in 2024, further boosting motivation.

Altogether, these factors establish the State Timber Corporation as a highly suitable employer where employees can contribute their knowledge and skills while enjoying institutional support and professional growth.



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 20 nurseries in 12 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, 19,300 saplings were distributed for various tree planting programs in 2024 while 21,000 saplings had been produced by the nurseries of State Timber Corporation in year 2024. Followings are the highlights of the sapling distributing.

- ◆ National Youth Service Council = 5200
- ◆ Island-wide tree planting program to mark World Environment Day = 3085
- ◆ Manusath Derana Program = 2550
- ◆ Bodhisattva Human Collective, Wadduwa = 2000
- ◆ Forest Conservation Department Baduraliya = 1000
- ◆ Forest Conservation Department Meegahatenna = 600

- ◆ Jaffna Municipal Council = 600
- ◆ Forest Conservation Organization = 500
- ◆ Lions club = 400
- ◆ Browns Turf Track Tech Camp Free Service Camp = 400
- ◆ Daraniyagala National School = 300
- ◆ Central Environmental Authority – Battaramulla = 300
- ◆ Others = 2365



Planting program in collaboration with the Department of wildlife Conservation to celebrate World Environment Day



Planting program in Browns TAFE Track Tech Camp

Information on Internal training programmes

STC put its maximum effort to develop competency of the employees through various training programmes. Timber Technology Training Institute (TTI) is the training arm of the corporation, which provides trainings in vast areas. TTI 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
Postgraduate / Degrees/ Postgraduate Diploma / Certificate	27	Management Assistants	30
Department of Forest Conservation / Timber Corporation Management Seminar	01	Department of Forest Conservation & State Timber Corporation	151
IEP Sri Lanka Seminar	01	Assistant Manager (Research, Planning, Monitoring , Training)	01
Risk – Based internal audit plans	01	Deputy General Manager	01
Labor Law	01	Audit & Assistant Manager	45
Workshop on Mahogany Forest Management Plan	01	State Timber Corporation & Department of Forest Conservation	10
Audit inquiries and Correcting them	01	Audit	04
Essential Labor Law	02	Deputy General Manager (Admin / Human Resources) Deputy General Manager (Operation) Deputy General Manager (Audit) Assistant Manager (Research, Planning, Monitoring, Training) Management (Law)	05
5S Audit Training	01	Management Assistants	03
Procurement Process	01	Management Assistant Warehouse Officer Management Assistant (Training)	03
Role of Leave,Clerks Training	01	Administrative Officers & Management Assistant Officers	50
Chainsaw Training	01	Audit Division Officers & employees	15
Woodmac Workshop	01	Keppetipola Unit Employees	25
Digital Marketing Workshop	01	Marketing / Production Engineer/ Research Section	35
Forestry Census and GPS Technology	02	Finance Section Audit Section	57
Corporate Management	01	Management Assistants	02
Expenses and payment Procedure	01	Manager (Finance) Management Assistants	07
Public Procurement Procedure	02	Management Assistants	06
Maintaining Personal Files	01	Management Assistants	60

Professional Taxation	01	Assistant Manager (Finance)	01
Advance Excel Workshop	01	Deputy General Manager Deputy Manager Assistant Manager	05
Money Regulations	01	JM, MM, MA Categories	60
Law and Income Tax Liability	01	Deputy Manager Management Assistants Management Assistant (Finance)	04
Total	52		580

Total number of training programmes/ workshops in year 2024 - 52

Total number of Trainees - 580

Total Training programme cost - Rs. 2,714,800/=



Maintaining Personal Files Workshop – 2024.11.22



Labor Law Seminar – 2024.03.18

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 2024.

Institute	No of Officer / Students participated
Ranaviru Resource Centre	53
University of Jayawardenapura	80
Advance Technological Institute	185
Naval Base Trincomalee	29
Sri Rahula national school - Alawwa	33
Eastern University	08
Department of Industrial Development	65

Sri Lanka Air Force Head Quarters	03
University of Ruhuna – Faculty of Agriculture	44
KO/Dharmaraja Maha Vidyalaya(National School) - Piliyandala	30
NSBM Green University	25
National Crafts Council	15
Total	570



*KO/Dharmaraja Maha Vidyalaya
(National School) - Piliyandala*



NSBM Green University

Contribution to NVQ assessments

State Time Corporation NVQ training courses are conducted by Kaldemulla Furniture Complex. The NVQ training courses conducted in the year 2024 are given below.

- ◆ NVQ 3 training course participants 02
- ◆ NVQ 4 training course participants 15



Carpenter NVQ Level – 4 Training Course

Timber-related research studies and Journal Papers in 2024

Muthumala, C.K., Amarasinghe, W.V.T.D., Mudalige, T. (2024). Anatomical Study for Wood Identification of Shorea Species in Sri Lanka, Proceedings of the 28th International Forestry and Environment Symposium 2024 of the Department of Forestry and Environmental Science, University of Sri Jayewardenepura, Sri Lanka. P. 146

C.K. Muthumala (2024). Assessment of the authenticity of timber species used in Sri Lanka: A case study, ISGSD 2024, 1st International Symposium on Green Industry Initiative for Sustainable Industrial Development of the Industrial Development Board, Sri Lanka.

C. K. Muthumala (2024). Identification of mangrove wood using anatomical features in Sri Lanka: A study in Negambo Lagoon, Proceedings of the 2nd International Conference on Mangroves for Sustainability 2024, p. 14

Vindhya B., Anura A., Thusitha B., Muthumala, C. K. and Marikar, F. 2024. Assessment of the Boron Treatability Level of Lesser-Known Timber Species by the Impregnation Method, Lesnoy Zhurnal-Russian Forestry Journal, Northern (Arctic) Federal University, Лесной журнал 2024; (6) : 160-174; 10.37482/0536-1036-2024-6-160-174

Muthumala, C.K., Arunakumara, K.K.I.U. and Marikar. F.M.M.T. 2024. Identification of eucalyptus species by anatomical features, PRO LIGNO Journal, Vol. 20 N° 1 2024, Transilvania University Press Brasovpp. 36-41

G.C.E. Perera, C.K. Muthumala, MKTK Amarasinghe, and FMMT Marikar. 2024. Optimizing charcoal production: a comparison of three wood species and methods, Indonesian Journal of Forestry Research Vol. 11 No. 2, October 2024, 139-153, SSN 2355-7079/E-ISSN 2406-8195, doi:10.59465/ijfr.2024.11.2.139-153

C. K. Muthumala and G. Y. Jayasinghe. 2024. Assessment of the Relationship Between Wood Density and Treatability of Khaya senegalensis Wood, R. Dissanayake et al. (eds.), Proceedings of the 1st International Conference on University-Industry Collaborations for Sustainable Development, Proceedings in Technology Transfer, https://doi.org/10.1007/978-981-97-5944-6_25

I. S. Hewage, M. S. Mendis, C. K. Muthumala, and R. U. Halwatura. 2024. The Effect of Wood Preservative Uptake for Organic Wood Preservatives by Dipping Diffusion Method, R.Dissanayake et al. (eds.), Proceedings of the 1st International Conference on University-Industry Collaborations for Sustainable Development, Proceedings in Technology Transfer, https://doi.org/10.1007/978-981-97-5944-6_31381

C. K. Muthumala, K. K. I. U. Arunakumara, Sudhira De Silva, P. L. A. G. Alwis, and S. M. J. P. Dayawansa (2023 Dec). Shrink Index-Based Timber Classification and Finger Joint Production ICSBE 2022, Lecture Notes in Civil Engineering 362, https://doi.org/10.1007/978-981-99-3471-3_23, pp. 319-331



Contribution to Exhibitions

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

1. Expo -2024 – BMICH (Bandaranayake Memorial International) - 2024.06.19 to 2024.06.23
2. X Ban – 2024 – Bamdaranayake College, Gampaha - 2024.07.24 to 2024.07.28



X Ban 2024

Technical support for External parties

The Research Development and Training Division provide 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 2024, STC assisted the following institutes/ programmes.

1. Technology transfer workshop for schools.
2. Conducted Several workshop on occupation of woodcraftsman furniture - NAITA preparation of guide books.
3. Preparation of standard coir fiber brooms and Eker Broom collaborating and technically supporting to SLSI
4. Programme on National Sustainable Biomass Development of Ministry of plantation.
5. Conducted Timber Technology lectures for Universities, Forest College, Technical Colleges, Three forsses and other institutes.
6. Conducted For BTR programme, Ministry of plantation.
7. Support UNFCC – AFOLU sector Project conducted by Ministry of Environment.
8. Technical support for the procumbent procedure of wooden furniture of Wildlife conservation department.

Timber identification and issuing timber reports

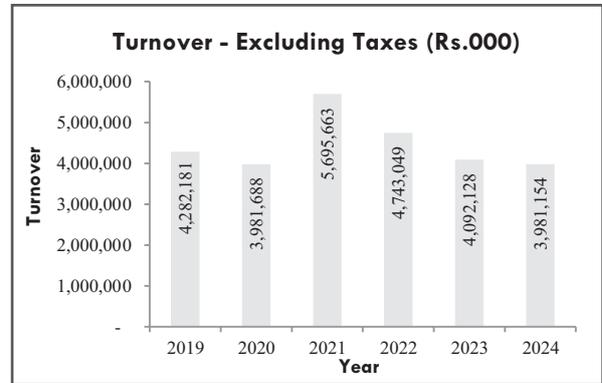
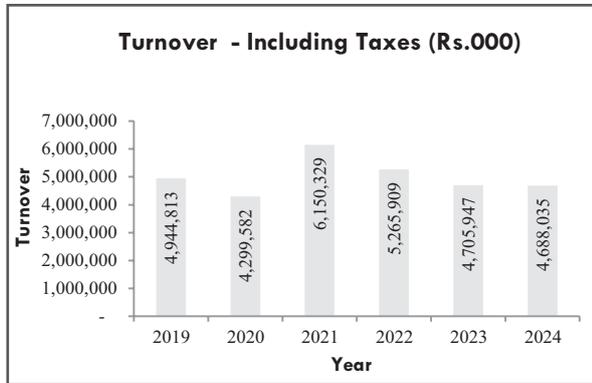
The Research Development and Training Division utilize modern technology to use wood anatomy to identify timber through anatomical features. About 150-200 timber identification certificates and other reports are issued annually to government and non-government organizations under this process. In addition 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 2024. The number of tested samples was 163 and total number of issued reports were 189 in 2024.

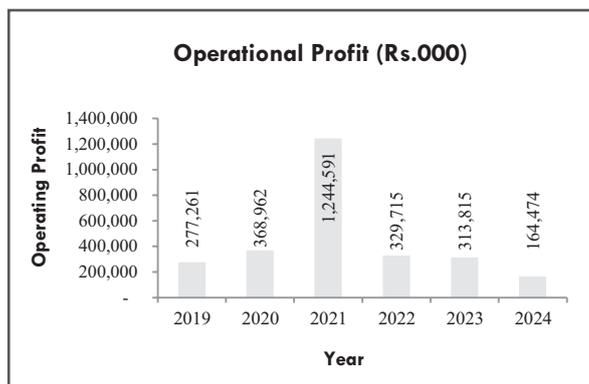
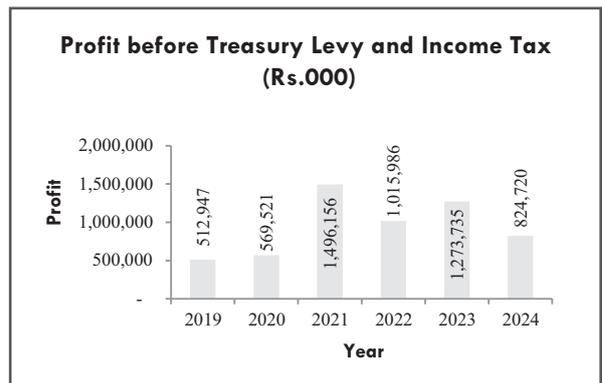
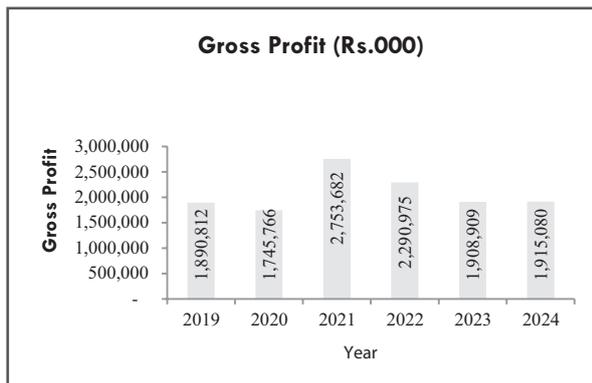
Description of the reports	Number of reports
Timber identification	103
Timber Moisture inspection	25
Wood density test	03
Boron test	16
CCB test	01
Strength properties of timber	04
Others (Technical reports and by field visits)	37
Total	189

BUSINESS SUMMERY

Income growth trend analysis

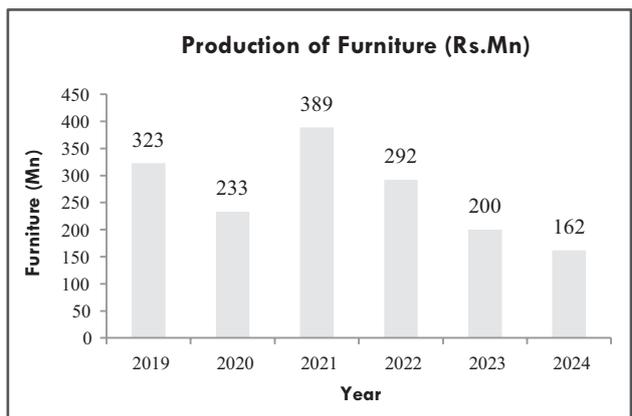
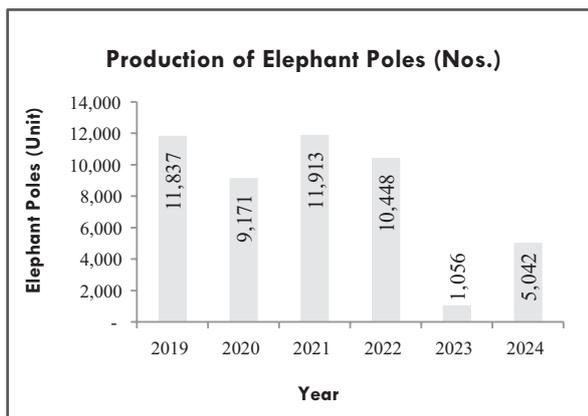
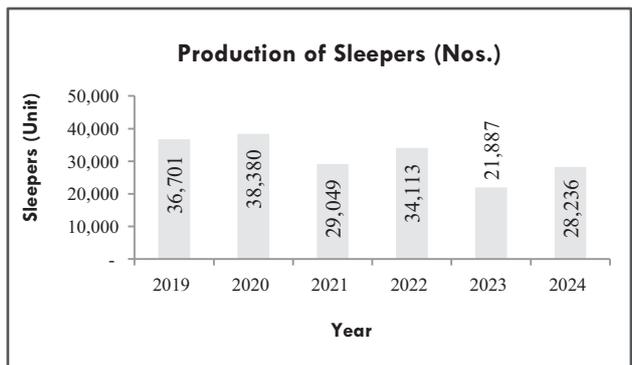
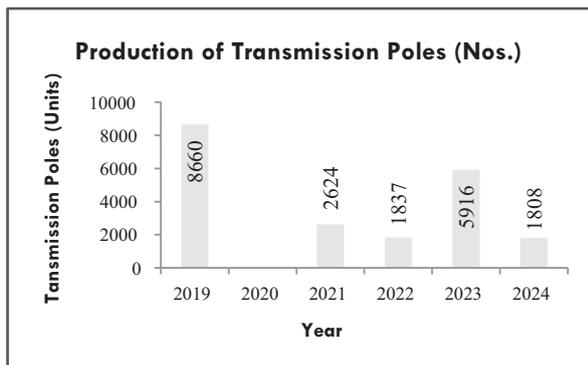
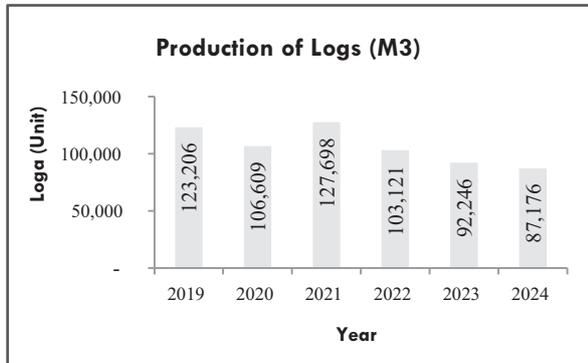


Profit growth trend analysis



BUSINESS SUMMERY

Production growth trend analysis



Capital Expenditure - 2024

Description (more than 02 million)	Rs. (mn)
Computers and Printers	20.41
Land improvement	5.69

Investment

	31-12-2024	31-12-2023
Government ins. Treasury Bond	731,832,197	731,832,197
State mortgage and investment bank	107,433,487	46,821,808
Land reclamation and development (Pvt) Ltd	500,000	500,000
People's bank	2,355,535	2,188,897
Bank of Ceylon	2,842,070	1,871,445

DECADE AT A GLANCE (ABSOLUTE VALUES)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total revenue for the year	Rs. '000	4,522,238	4,630,718	4,457,024	4,608,413	4,372,033	5,996,789	5,465,421	5,147,304	4,765,343
Gross profit for the year	Rs. '000	2,045,090	2,075,950	1,964,647	1,890,812	1,745,766	2,753,682	2,290,975	1,908,909	1,915,080
Net profit before interest and tax	Rs. '000	659,732	966,804	672,433	512,947	569,521	1,496,156	1,015,986	1,273,734	824,720
Total cost of employment	Rs. '000	1,789,572	1,572,775	1,553,598	1,584,418	1,640,020	1,580,855	1,776,363	1,774,507	1,731,262
Capital expenditure for the year	Rs. '000	113,675	94,637	116,034	319,485	104,712	126,547	47,998	55,085	36,439
Non current assets as at end of the year	Rs. '000	1,743,580	1,732,640	1,894,597	2,581,165	1,966,637	2,158,971	2,391,511	2,050,668	2,004,632
Current assets as at end of the year	Rs. '000	4,115,259	3,652,116	4,423,105	4,541,610	5,319,557	7,048,847	7,196,775	7,512,262	8,566,042
Current liabilities as at end of the year	Rs. '000	1,480,966	897,087	1,234,716	1,047,668	985,365	1,791,411	1,423,068	972,510	1,586,727
Non current liabilities as at end of the year	Rs. '000	424,854	499,373	852,292	812,441	836,197	659,200	500,063	583,632	861,609
Equity as at end of the year	Rs. '000	3,953,019	3,988,297	4,230,694	4,660,357	5,464,633	6,757,207	7,665,155	8,006,788	8,122,338
Contribution to the consolidated fund	Rs. '000	50,000	175,000	100,000	100,000	511,026	100,000	320,000	649,461	346,773
No. of employees as at end of the year	NOS.	2,145	2,125	2,083	2,001	1,708	1,606	1,500	1,390	1,315
Key performance indicators										
Net profit before tax to equity	%	19.45	16.54	22.85	14.43	10.42	22.14	13.25	15.91	10.15
Net profit before Fin. Changes & tax to total assets	%	13.12	12.25	15.30	10.31	7.82	16.25	10.60	13.32	7.80
Current ratio	Times	2.78	4.07	3.58	4.33	5.40	3.93	5.06	7.72	5.40
Equity : Asset ratio	Times	0.67	0.74	0.67	0.71	0.77	0.73	0.80	0.84	0.77
Return on assets	%	6.31	0.66	3.84	6.59	8.00	6.91	14.04	12.09	7.80
Total revenue growth	%	10.00	9.44	2.40	(3.75)	(5.13)	37.16	(16.73)	(0.06)	(0.08)





ජාතික විගණන කාර්යාලය
தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE



My No.FWL/A/STC/01/2024 /03/ FA

21 July 2025

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 2024 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

1. Financial Statements

1.1 Qualified Opinion

The audit of financial statements of the State Timber Corporation for the year ended 31 December 2024 comprising the statement of Financial Position as at 31 December 2024 and the statement of 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.

1.2 Basis for Qualified Opinion

- a) Since the surcharge of Rs. 22,617,622, relating to the period from December 2010 to December 2022, payable due to the non-payment of contributions to the Employees' Provident Fund and the Employees' Trust Fund for daily wage employees within the prescribed time frame, had not been provided for in the financial statements, retained earnings were overstated and liabilities were understated by that amount. Furthermore, the contributions payable on cost-of-living allowances had not been included in computing the contributions to the above funds, and accordingly, the related surcharge payable had also not been calculated or accounted for.
- (b) Although an amount of Rs. 10,200,000 had been accounted for as rental income for the year under review and Rs. 57,000,000 as rental income for the period from 2017 to 2023 in respect of maintaining the Department of Forest Conservation at the Sampathpaya Building, such transactions had not been supported by a written agreement.
- (c) When rectifying the overstatement of rental income amounting to Rs. 1,426,235 in respect of the period from 2013 to 2020, the adjustment had been made to the rental income account of the year under review rather than to the retained earnings account, and consequently, the income of the year under review had been understated by that value.
- (d) Although a diesel tank with a storage capacity of 45,000 liters had been installed established at a cost of Rs. 2,539,431 at the institution's Kaludemulla premises on 26 July 2022, it had not been capitalized.
- (e) In accordance with Paragraph 51 of Sri Lanka Accounting Standard 16, the residual value and useful life of property, plant, and equipment are required to be reviewed and reassessed at least at the end of each financial year. However, such a review had not been carried out in respect of fully depreciated property, plant, and equipment with a cost of Rs. 1,613,245,995 that were still in use as at the end of the year under review.
- (f) In terms of Sri Lanka Accounting Standard 9, Treasury bonds are required to be recognized at fair value in the financial statements. Nevertheless, Treasury bonds acquired by the institution during 2021 and 2022 for a total of Rs. 731,832,196 had been reported in the statement of financial position at their purchase cost rather than at fair value.

1.3 Other Information Included in the Annual Report 2024 of the Corporation

The other information means the information included in the 2024 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

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 (b), and (e) 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 and directives

Non-compliance

- a) Section 2 of the State Industrial Corporations Act, No. 49 of 1957.
- b) The Employees' Provident Funds (Amendment) Act, No. 15 of 1958, and the Employees' Trust Funds Act, No. 46 of 1980.
- c) Paragraph 6.6 of the Public Enterprises Circular No. 1/2021 dated 16 November 2021.
- d) Paragraph 02 of Chapter 5 of the Guidelines relating to Public Enterprises Circular No. 01/2021, issued on 16 November 2021.

Although the established order published by the Minister specifies that the Board of Directors of the corporation shall consist of five members, seven members had been appointed to the Board.

The corporation suffered a loss of Rs. 210,190,568 as a result of payments made to the Employees' Provident Fund and the Employees' Trust Fund, including a surcharge of Rs. 99,563,954 and employee contributions amounting to Rs. 110,626,614 relating to the period from 2006 to 2022.

Although the annual report of the Corporation should have been presented to Parliament within five months of the end of the financial year, the annual report for the year 2023 had not been tabled in Parliament even as at 30 June 2025.

The action plan for 2024 had not been prepared in accordance with Format B, clearly outlining the strategies and activities necessary to achieve the corporation's objectives, assigning responsibility to the relevant authorities for their execution, and providing a timeline for the expected financial estimates. Furthermore, although the corporation's objectives and functions included 18 items, the plan focused solely on timber, wood, and wood-based products and their sales.

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, except for the following observation.

- (a) Among the objectives and functions of the Corporation specified in Extraordinary Gazette No. 2314/48 dated 13 January 2023, the institution had not carried out the following: forest planting; export of wood-based semi-finished and finished products; import of rattan; export of furniture made from Ebony used only for decorative purposes and not as main timber, with the approval of the Forest Conservator General; purchase and sale of wooden items, wooden household items, and artistic wooden products from the private sector; and export of furniture under agreements entered into with foreign trade exhibitions.

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 Matters

- (a) As investigations had not been completed regarding the loss of Rs. 2,952,271 identified from the sale of Kumbuk logs in the Uma Oya Lower Valley development projects in 2018 and 2019, and the loss of Rs. 685,109 arising from irregularities during the release of security deposits in the Bandarawela Regional office in 2019, such losses had not been recovered even as at the end of the year under review.
- (b) Due to the unusually long delay in approving the call for tenders for the full felling of the Haputale Jayaminipura 01/003 pine plantation, received by the Corporation on 25 October 2021, and the Pellapitiya pine forest provided in 2022, delays in providing necessary infrastructure, and failure to carry out felling activities in a timely manner while considering natural factors, the felling activities for the second site had not commenced even as at 30 June 2025.
- (c) The production of logs, which amounted to 103,121 cubic meters in 2022, decreased to 93,103 cubic meters in 2023 and 87,176 cubic meters in 2024, representing declines of 9.7% and 6.4%, respectively. The production of sawn timber, which was 4,528 cubic meters in 2023, fell by 45% to 2,456 cubic meters in 2024. Sales of sawn timber decreased from 2,623 cubic meters in 2023 to 2,087 cubic meters in 2024, a reduction of 20%. Furthermore, the production of furniture, valued at Rs. 292 million in 2022, declined to Rs. 194 million in 2023 and Rs. 174 million in 2024, representing decreases of 33.6% and 11.5%, respectively, indicating a decline in the Corporation's production performance.

- (d) As at 31 December 2024, the Trade Receivables account had a balance of Rs. 1,241,797,019, of which Rs. 87,825,903 had been outstanding for more than four years as at 02 July 2025.
- (e) As at 31 December 2024, of the total balance of Rs. 32,619,836 to be recovered from various loans and advances given to Corporation employees for the purchase of furniture, computers, and as festival advances, Rs. 1,360,042 for furniture had been outstanding for over two years, Rs. 156,020 for computer purchases had been overdue for more than four years, and Rs. 139,200 for festival advances had been outstanding for over ten months, totaling Rs. 1,655,322, thereby exceeding the prescribed repayment periods of one to three years.
- (f) The Corporation did not have a data system capable of providing the necessary information to examine and support the management of production, sales, and exchanges of logs, sawn timber, and furniture generated from its main operational activities.
- (g) The corporation acquired 5,000 ordinary shares of the Land Reclamation and Development Company at Rs. 100 per share, totaling Rs. 500,000, on 31 October 1985. By the end of the year under review, 39 years had passed since the investment, yet the institution had not obtained any dividends or returns.
- h) At the Pallekelle production facility, one Dust Collector machine and two of the three mobile timber sawmills, which had been released from court custody in connection with forest-related crimes, had been left idle and allowed to deteriorate for several years.
- i) As at 31 December 2024, ongoing works at the Bussaa production facility included unfinished stock dating back to 2011, valued at Rs. 20,412,522. The production of furniture at this facility complex is carried out by external contractors under short-term work agreements. Before completing a single task, new tasks were repeatedly assigned, and as at 31 December 2024, a total of Rs. 11,435,700 had been paid to 26 contractors as payments.

G.H.D. Dharmapala
Auditor General (Acting)

ANNUAL ACCOUNTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st December

	Notes	2024 Rs.	2023 Rs.
Turnover	2	3,981,154,984	4,092,128,811
Less-Cost of sales	3	(2,066,074,592)	(2,183,219,570)
Gross profit on operation		1,915,080,392	1,908,909,241
Other income	6		
Operating	6.3	123,943,175	95,255,751
Non-operating	6.1	9,280,921	14,568,317
Total net income		2,048,304,488	2,018,733,309
Selling and distribution expenses	4	(797,878,268)	(729,542,520)
Administration expenses	5	(1,076,156,770)	(959,724,662)
Finance Expense		(515,453)	(1,082,440)
Finance Income	6.2	650,966,254	945,351,151
Profit before tax		824,720,250	1,273,734,838
Taxation for the year	7	(29,091,766)	(117,943,033)
Profit after tax		795,628,484	1,155,791,805
Levy paid to treasury		(346,773,541)	(649,461,969)
Profit for the year		448,854,943	506,329,836
Other comprehensive income			
Retirement benefit surplus/(deficit) for the year	17	(333,304,478)	(164,697,250)
Other comprehensive income for the year		(333,304,478)	(164,697,250)
Total comprehensive income for the year		115,550,465	341,632,586

STATEMENT OF FINANCIAL POSITION

For the year ended 31st December

	Notes	2024 Rs.	2023 Rs.
ASSETS			
Non-current assets			
Property plant and equipment	8	995,176,082	1,155,995,376
Biological assets	10	7,735,659	7,735,659
Deposits with treasury		2,966,000	2,966,000
Security deposits - staff		88,770,099	86,622,644
Investments	11.1	839,765,683	779,154,004
Deffered tax assets		55,079,959	-
Capital work in progress		15,139,314	18,194,374
Total non-current assets		2,004,632,797	2,050,668,057
Current assets			
Inventories	12	1,552,638,476	1,789,634,929
Trade and other receivables	13	1,737,884,932	1,438,893,929
Investments in fixed deposits	11.2	5,197,606,388	4,060,343,525
Cash and cash equivalents	14	77,913,163	223,390,474
Total current assets		8,566,042,959	7,512,262,857
TOTAL ASSETS		10,570,675,756	9,562,930,913
EQUITY AND LIABILITIES			
Capital and reserves			
Authorized		75,000,000	75,000,000
Contributed capital	15	41,503,668	41,503,668
Revenue reserves		7,552,116,721	7,452,729,690
		7,593,620,389	7,494,233,358
Staff loan revolving fund	16	528,718,188	512,554,753
Total equity		8,122,338,577	8,006,788,112
Non-current liabilities			
Retirement benefit obligation	17	772,838,940	406,440,553
Security deposits - staff		88,770,849	86,623,394
Interest bearing loans and borrowings		-	3,655,778
Deferred tax liability	21		86,912,496
Total non-current liabilities	7.2	861,609,789	583,632,222
Current liabilities			
Income tax liabilities	18	(155,276,107)	24,375,301
Interest bearing loans and borrowing	21	3,369,439	3,520,107
Trade and other payables	19	1,738,634,058	944,615,173
Total current liabilities		1,586,727,390	972,510,580
Total liabilities		2,448,337,179	1,556,142,801
TOTAL EQUITY AND LIABILITIES		10,570,675,756	9,562,930,913

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 230 to 238 and Notes on pages 239 to 249 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



Director

Date: 10.03.2025



State Timber Corporation

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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 2023	41,503,668	494,093,306	6,680,151,930	449,406,621	7,665,155,526
Profit for the year			506,329,836		506,329,836
Staff loan interest adjustment		18,461,447	(18,461,447)		
Other comprehensive income			(164,697,250)		(164,697,250)
Balance as at 1st January 2024	41,503,668	512,554,753	7,003,323,069	449,406,621	8,006,788,113
Profit for the year			448,854,943		448,854,943
Staff loan interest adjustment		16,163,435	(16,163,435)		
Other comprehensive income			(333,304,478)		(333,304,478)
Balance as at 31st December 2024	41,503,668	528,718,188	7,102,710,100	449,406,621	8,122,338,578

STATEMENT OF CASH FLOWS

For the year ended 31st December

	2024 Rs.	2023 Rs.
Cash flows from operating activities		
Cash receipts from customers	3,853,703,451	4,064,517,097
Cash paid to suppliers and employees	(2,715,993,727)	(4,084,101,538)
Cash generated from operating activities	1,137,709,724	(19,584,441)
Income tax paid	(350,735,629)	(270,278,278)
Special levy paid to the treasury	(346,773,541)	(640,766,036)
Net cash inflow/(outflow) from operating activities	440,200,554	(930,628,755)
Cash flows from investing activities		
Acquisition of property, plant & equipment	(37,257,688)	(54,647,451)
Over payment recovery form Land		3,591,344
Investments	(1,197,874,542)	(159,562,728)
Income from investments	660,668,893	1,294,205,736
Proceeds from sales of property, plant and equipment	(2,978,145)	
Staff loan Granted	(174,634,362)	(176,411,991)
Staff loan Recovered	170,719,878	168,455,259
Net cash from/(used in) investing activities	(581,355,965)	1,069,685,276
Cash flows from financing activities		
Procceds from Interest Bearing loans and Borrowings	(4,321,899)	(6,627,091.15)
Net cash from/(used in) financing activities	(4,321,899)	(6,627,091.15)
Net increase/(decrease) in cash and cash equivalents	(145,477,311)	132,429,431
Cash and cash equivalents at the beginning of the year (Note-14)	223,390,474	90,961,043
Cash and cash equivalents at the end of the year (Note 14)	77,913,163	223,390,474
Net increase/(decrease) in cash equivalents	(145,477,311)	132,429,431

Notes to the Financial Statements

For the year ended 31st December 2024

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 2024 were authorized for issue in accordance with a resolution of the Board of Directors on 10th March 2025.

1.1.3 Number of Employees

The employees' strength of the Corporation as at 31st December 2024 is 1315 (2023-1390).

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 2024 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 debtors are 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 and 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. The decrease 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 the Corporation. 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 Loss on 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 planning. 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. 30,009,545 had been transferred to revenue reserve during the year 2024.

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 drawn salary and the years of services as at 31st December 2024. 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 Bagawanthalawa Chapalton



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) 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 flow to 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 2024 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 reporting events 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 stated as other income in the Statement of Profit or loss. Interest income received after tax is transferred to Staff Loan Revolving Fund to build up 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, Statement of 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 2024.

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 2024. Accordingly, the comparative information presented for 2024 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	2024 Rs.	2023 Rs.
Logs - crown lands	2,297,905,796	2,329,150,420
Logs - private lands	28,565,680	87,152,013
Sawn timber	189,405,433	233,895,652
Imported sawn timber	13,238	-
Sleepers - private lands		54,267,691
Sleepers - crown lands	654,379,966	571,834,053
Transmission poles - crown lands	64,706,888	60,586,298
Transmission poles - private lands	10,174,901	58,147,166
Elephant poles	73,299,916	49,883,694
Others	22,735,140	22,629,656
Forest offence received timber	19,104,507	37,941,325
Donation of timber	352,308,649	316,643,803
Furniture	268,554,871	269,997,038
Net turnover	3,981,154,984	4,092,128,811

03. Cost of Sales	2024 Rs.	2023 Rs.
Depots	931,108,326	811,245,772
Impregnation plants	140,679,630	513,782,060
Furniture plants	254,675,504	262,313,363
Wayside sales	739,611,133	595,878,375
Total	2,066,074,592	2,183,219,570

04. Selling and Distribution Expenses	2024 Rs.	2023 Rs.
Depots	678,439,245	680,049,511
Impregnation plants	67,679,398	70,412
Furniture plants	44,154,461	41,997,250
Regional managers' office and head office	7,605,163	7,425,347
Total	797,878,268	729,542,520



05. Administration Expenses	2024 Rs.	2023 Rs.
Impregnation plants	42,921,016	39,394,407
Furniture plants	99,422,526	72,637,515
Regional managers 'office and head office	924,843,296	840,546,391
Circuit bungalows	8,969,932	7,146,349
Total	1,076,156,770	959,724,662

06. Other Income	2024 Rs.	2023 Rs.
Non-operating income 6.1		
Foreign exchange gains	41,914	47,007
House rent	9,239,007	14,507,700
Gratuity over provision		13,609.57
Total	9,280,921	14,568,317
Finance income 6.2		
Interest Income from Investment	630,432,145	925,005,802
Staff loan Interest	20,534,109	20,345,350
	650,966,254	945,351,151
Operating income 6.3		
Miscellaneous income	30,942,872	23,842,502
Fines-contractors and suppliers	3,165,764	107,596
Disposal income	76,914	248,373
Over provision of stock	13,969,630	
Debtors over provision	72,002,440	67,690,968
Recovery on shortages and losses	1,815,381	1,910,526
Non refundable tender deposits	1,970,173	1,455,785
	123,943,175	95,255,751
Total	784,190,349	1,055,175,219

Analysis of other income for the year 2024

Income source	Units						Total
	Depots	Impregnation plants	Furniture plants	Regional offices & head office	Circuit Bungalows		
Non-operating income 6.1							
Foreign exchange gains				41,914			41,914
House rent				9,239,007			9,239,007
Sub total	-	-	-	9,280,921			9,280,921
Finance Income 6.2							
Interest income - investments				630,432,145			630,432,145
Staff loan interest				20,534,109			20,534,109
Sub total	-	-	-	650,966,254			650,966,254
Operating income 6.3							
Miscellaneous income	488,823	2,272	249,290	28,196,413	2,006,074		30,942,872
Fines from contractors and supplies				3,165,764			3,165,764
Disposal income				76,914			76,914
Over provision on stock deterioration	13,969,630						13,969,630
Over provision in doubtful debtors	5,246,670	12,904,502	53,851,269	-			72,002,440
Recovery on shortage and losses				1,815,381			1,815,381
Non refundable tender deposits				1,970,173			1,970,173
Sub total	19,705,123	12,906,774	54,100,559	35,224,645	2,006,074		123,943,175
Grand Total	19,705,123	12,906,774	54,100,559	695,471,820	2,006,074		784,190,349



07. Taxation Expenses	2024 Rs.	2023 Rs.
Current tax expenses		
Income tax on profit for the year 7.1	171,084,221	184,876,090
Over/under provision of previous year	-	-
	171,084,221	184,876,090
Deferred tax expense 7.2		
Origination and reversal of temporary differences	(141,992,456)	(66,933,057)
	(141,992,456)	(66,933,057)
Tax charge for the year	29,091,766	117,943,033

7.1 Income tax on profit for the year	2024 Rs.	2023 Rs.
Profit before taxation	824,720,250	1,273,734,838
Aggregate disallowable expenses	349,220,163	255,363,876
Aggregate allowable expenses	896,557,285	(1,223,222,170)
Profit from business	277,383,128	305,876,544
Non business income	639,671,152	959,839,059
Assessable income	917,054,279	1,265,715,603
Qualifying Payment	(346,773,541)	(649,461,969)
Taxable income	570,280,738	616,253,634
Income tax	171,084,221	184,876,090
Total	171,084,221	184,876,090

7.2 Deferred tax	Temporary difference	Temporary difference
	Rs.	Rs.
Balance as at 31st december 2023	289,708,321	86,912,496
Amount origination during the year	(473,308,186)	(141,992,456)
Balance as at 31st December 2024	(183,599,864)	(55,079,959)
Temporary difference of property plant and equipment	589,239,076	176,771,722.79
Temporary difference of retirement benefit obligations	772,838,940	231,851,682.08
Balance as at 31st December 2024	(183,599,864)	(55,079,959)

08. Property, Plant & Equipment												
Description	Cost					Depreciation					Carrying amount as at 31.12.23	
	Balance as at 01.01.24	Additions	Disposals	* Adjustment	Balance as at 31.12.24	Balance as at 01.01.24	Disposals	Adjustment	Charge for the year	Balance as at 31.12.24		Carrying amount as at 31.12.24
Lands	88,066,274				88,066,274	-					88,066,274	88,066,274
Land Improvement	53,252,162	4,849,797			58,101,959	39,426,085			3,463,048	42,889,133	15,212,826	13,826,077
Buildings	1,023,242,301	4,931,939			1,028,174,240	330,481,593			23,264,792	353,746,385	674,427,855	692,760,708
Stacking sheds and other buildings	69,796,599				69,796,599	64,572,709			3,587,741	68,160,450	1,636,149	5,223,891
Roadways and railway lines	44,502,095				44,502,095	17,171,027			2,074,420	19,245,447	25,256,649	27,331,069
Plant and machinery	795,787,490	11,987,294			807,774,784	664,853,734			25,251,236	690,104,970	117,669,814	130,933,756
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	8,531,315	666,588			9,197,903	7,518,628			472,561	7,991,189	1,206,713	1,012,687
Electrical equipments	33,804,548	2,339,397			36,143,944	22,942,867			2,124,342	25,067,210	11,076,735	10,861,680
Vehicles & Motor Bikes	629,639,107				629,639,107	501,265,093			120,054,726	621,319,819	8,319,288	128,374,013
Furniture and fittings	106,400,860	2,936,618			109,337,479	76,713,209			8,720,736	85,433,945	23,903,534	29,687,651
Office equipments	48,340,683	2,450,994			50,791,677	39,255,257			2,190,728	41,445,986	9,345,691	9,085,425
Computers and accessories	103,774,214	5,883,756	311,700		109,346,270	86,899,573	311,690		5,951,264	92,539,147	16,807,123	16,874,641
Miscellaneous assets	37,013,787	393,433			37,407,220	33,926,710			1,233,078	35,159,789	2,247,431	3,087,076
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	3,047,978,828	36,439,8167	311,700		3,084,106,944	1,890,853,880	311,690		198,388,672	2,088,930,862	995,176,082	1,157,124,947



10. Biological Assets As at 31st December	2024 Rs.	2023 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	2024 Rs.	2023 Rs.
Investment in fixed deposits - long term		
Government - Treasury Bond	731,832,197	731,832,197
State mortgage and investment bank	107,433,487	46,821,808
	839,265,683	778,654,005
Investment in shares		
Land reclamation and development (pvt) ltd	500,000	500,000
	500,000	500,000
Total	839,765,683	779,154,005

11.2 Investments in fixed deposits - short term	2024 Rs.	2023 Rs.
People's bank	2,355,535,981	2,188,897,580
Bank of Ceylon	2,842,070,406	1,871,445,945
Total	5,197,606,388	4,060,343,525

12. Inventories As at 31st December	2024 Rs.	2023 Rs.
Stock-in-trade	1,292,106,600	1,518,825,660
Stock deteriorations	(30,009,545)	(39,316,117)
	1,262,097,055	1,479,509,543
Work in progress	30,085,278	25,590,130
Stores and spares	136,413,998	148,681,870
Preservatives	96,211,655	109,428,517
Fuel and oil	7,022,613	8,690,793
Stationary stock	20,807,877	17,734,076
Total	1,552,638,476	1,789,634,929

12.1 Analysis of inventories As at 31st December	2024 Rs.	2023 Rs.
Crown land logs	619,702,269	801,355,476
Crown land sawn timber	339,021,842	352,368,904
Imported sawn timber	-	346,990
Crown land sleepers	8,134,820	1,054,597
Private land logs	-	5,628
Crown land transmission poles	38,528,528	31,701,917
Private land transmission poles	-	2,767,965
Wayside	-	1,565,736
Others	16,272,920	17,324,638
Furniture	270,446,221	310,333,809
Total	1,292,106,600	1,518,825,660

13. Trade and Other Receivables As at 31st December	2024 Rs.	2023 Rs.
Trade debtors	1,241,797,019	966,058,091
Allowance for impairment	(288,468,445)	(286,629,589)
	953,328,575	679,428,502
Staff debtors 13.2	393,946,407	377,305,324
Other debtors 13.1	34,620,293	41,625,155
Deposits and prepayments		
Advances local purchases	752,018	2,210,439
Advances for imports	-	100,398
Advances pre -payment	445,675	8,497,437
Advances timber supplies	17,674,403	21,340,342
Interest receivable -deposits	234,003,871	211,463,506
Returned cheques	4,791	4,791
Kataragama astapala funds	674,600	737,400
Deposit courts	82,316	82,316
Ministry of mahaweli development and environment	1,731,821	1,731,821
Department of Fores	100,620,163	92,920,914
Escamp project	-	1,445,583
Total	1,737,884,932	1,438,893,929

13.1 Other debtors As at 31st December	2024 Rs.	2023 Rs.
Sundry Debtors	4,783,576	2,291,468
Deposits- general	30,203,336	39,700,307
Provision	(366,620)	(366,620)
Total	34,620,293	41,625,155

13.2 Staff debtors As at 31st December	2024 Rs.	2023 Rs.
Staff receivables		
Vehicle loan	30,327,991	31,309,713
Distress loan	278,871,964	298,625,502
Electrical equipment loan	21,820	21,820
Bicycle loan	1,816,546	1,420,786
Laptop loan	24,215,944	19,944,464
Furniture loan	5,186,182	4,281,642
	340,440,446	355,603,926
Advances and other receivables		
Salaries and wages advance	8,500	10,000
Travelling advance	575	8,000
Advance festival	3,217,710	3,325,192
Internal debit notes	49,785	153,145
Staff recoveries	4,976,741	
Site Clearing Expenses Receivable	33,374,639	7,561,816
Salusala textile loan	11,878,011	10,643,245
	53,505,961	21,701,397
Total	393,946,407	377,305,324

14. Cash and Cash Equivalents As at 31st December	2024 Rs.	2023 Rs.
Cash in hand	1,291,380	1,256,500
Bank of ceylon	46,107,255	79,939,206
Bank of ceylon - call deposit	30,314,528	141,994,769
Bank of ceylon - Debit Card	200,000	200,000
Total	77,913,163	223,390,474

15. Contributed Capital As at 31st December	2024 Rs.	2023 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	2024 Rs.	2023 Rs.
Balance at the beginning of the year	512,554,753	494,093,306
Staff loan interest received	16,163,435	18,461,447
Total fund at the end of the year	528,718,188	512,554,753
Nominal value of utilized fund balance as at 31st December	340,418,626	343,482,218
Unutilized fund balance as at 31st December	188,299,562	169,072,536

17. Retirement Benefit Obligation As at 31st December	2024 Rs.	2023 Rs.
The amounts recognized in the Statement of Financial position are determined as follows.		
Balance at the beginning of the year	406,440,553	253,071,791
Charge for the year	37,241,876	19,708,350
Interest for the year	39,692,326	28,451,670
Surplus/ deficit charge for the year	333,304,478	164,697,250
Payment/payable during the year	(43,840,292)	(59,488,508)
Balance at the end of the year	772,838,940	406,440,553
The amounts recognized in the Statement of Profit or Loss are as follows.		
Charge of the year	37,214,876	19,708,350
Interest for the year	39,692,326	28,451,670
Recognized in the statement of profit or loss	76,934,201	48,160,020
The amount recognized in the Statement of Comprehensive income as follows.		
(Surplus)/deficit charge for the year	333,304,478	164,697,250
Recognized in the statement of comprehensive income	333,304,478	164,697,250

“As at December 31, 2024 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.”

	2024	2023
Discount interest rate	11.11%	14.10%
Salary increment rate	9.88%	4.45%
Staff turnover rate	5.54%	6.83%
Retirement age	60	60

18. Income Tax Payable As at 31st December	2024 Rs.	2023 Rs.
Balance at the beginning of the year	24,375,301	109,777,488
Withholding tax on deposits	(26,360,328)	
Payment during the year	(324,375,301)	(270,278,278)
Provision for income tax	171,084,221	184,876,090
Balance at the end of the year	(155,276,107)	24,375,301

19. Trade and Other Payables As at 31st December	2024 Rs.	2023 Rs.
Central bank- EPF	20,955,762	17,912,725
Labour department-ETF	2,515,552	2,060,784
Accrued expenses	486,490,538	77,169,571
Refundable tender deposits	23,881,107	19,046,421
Security deposits - except staff	129,619,705	118,498,103
Audit fees payable	4,000,000	4,000,000
Retention money	11,901,136	13,522,126
Other creditors	166,162,147	224,597,457
Department of Forests	803,713,608	357,302,771
Stumpage - Wild Life Department	50,072,609	50,072,609
Stumpage - Agriculture Department	112,802	112,802
SSCL	15,996,620	13,858,116
Value Added Tax	23,212,472	46,461,689
Total	1,738,634,058	944,615,173

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.

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

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

As at 31st December	2024 Rs.	2023 Rs.
Payable to related parties		
Department of Forest	803,713,608	357,302,771
Department of Wildlife	50,072,609	50,072,609
	853,786,216	407,375,379
Receivable from related parties		
Department of Forest	100,620,163	92,920,914
Department of Wildlife	-	10,813,186
ESCAMP Project	-	1,445,583
Ministry of Mahaweli Development & Environment	1,731,821	1,731,821
	102,351,984	106,911,504

21. Interest Bearing Loans and Borrowings	2024 Rs.	2023 Rs.
Finance Lease		
Balance as at 1st January	7,874,492	14,501,583
Repayment	(4,321,899)	(6,627,091)
	3,552,593	7,874,492
Lease interest in suspense	(183,154)	(698,607)
Balance at the end of the year	3,369,439	7,175,885
Current portion of Interest-bearing Borrowings	3,369,439	3,520,107
Non-current portion of Interest-bearing Borrowings	-	3,655,778
	3,369,439	7,175,885

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 assumed that the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or liability at the measurement date under current market conditions.

Finance Lease

A finance lease is a lease that transfers substantially all the risk and reward incidental to 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 profitability 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.

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