

# Half Year Report 2024–25



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# Acknowledgement of Country

Forestry Corporation of NSW acknowledges the traditional custodians of the land on which we live and work, and pay our respects to Elders past, present and future.

We recognise the connection to their land, their waters and surrounding communities and acknowledge their history here on this land.

We also acknowledge our Aboriginal and Torres Strait Islander employees who are an integral part of our diverse workforce and recognise the knowledge embedded forever in Aboriginal and Torres Strait Islander custodianship of Country and culture.

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However, because of advances in knowledge, users are reminded of the need to ensure that information upon which they rely is up to date and to check currency of the information with the appropriate officer of Forestry Corporation of NSW or the user's independent adviser.

# 1. Compliance statement

In accordance with section 23 of the *State-Owned Corporations Act 1989* (SOC Act), this Half Year Report is submitted on behalf of Forestry Corporation of NSW's (Forestry Corporation) Board of Directors for tabling in the NSW Parliament.

Forestry Corporation's Half Year Report for the six months to 31 December 2024 contains:

- information on Forestry Corporation's strategic direction
- an overview of core functions and objectives
- a review of business operations and performance against the Statement of Corporate Intent (SCI). The SCI was developed to meet the relevant obligations under the SOC Act and other NSW Government policies.
- financial statements.



A handwritten signature in black ink, appearing to read 'Stefanie Loader'.

**Stefanie Loader**  
Chair



A handwritten signature in black ink, appearing to read 'Anshul Chaudhary'.

**Anshul Chaudhary**  
Chief Executive Officer

Date: 4 February 2025



## 2. Strategic direction

Forestry Corporation continues to implement its three-year Care, Connect and Grow strategy. This strategy articulates our purpose to care, connect and grow for a better future and our strategic goal to be recognised as a valued forest manager and grow the business in all areas.

### Key focus areas align with the Care, Connect and Grow pillars and include to:

- halve the number of injuries and eliminate serious injuries by 2025
- reposition the business so the community recognises our delivery of balanced and sustainable outcomes for all
- grow the value of the hardwood and softwood estates.

### These are supported by our enabling strategies of:

- build an agile workforce
- secure and simplify our systems
- embed good governance.



# 3. Functions and objectives

## 3.1 About Forestry Corporation of NSW

Forestry Corporation of NSW sustainably grows and manages the ultimate renewable resource – our State forests. State forests both contribute to and complement NSW’s conservation estate, delivering a range of benefits to communities, from access for tourism and recreation to protection of cultural heritage, fire protection and renewable timber production.

We manage around two million hectares of multiple-use public native forests, including coastal native forests, cypress forests and red gum forests, approximately 230,000 hectares of softwood timber plantations in the central west, south and north of NSW and around 34,000 hectares of hardwood timber plantations in north east NSW.

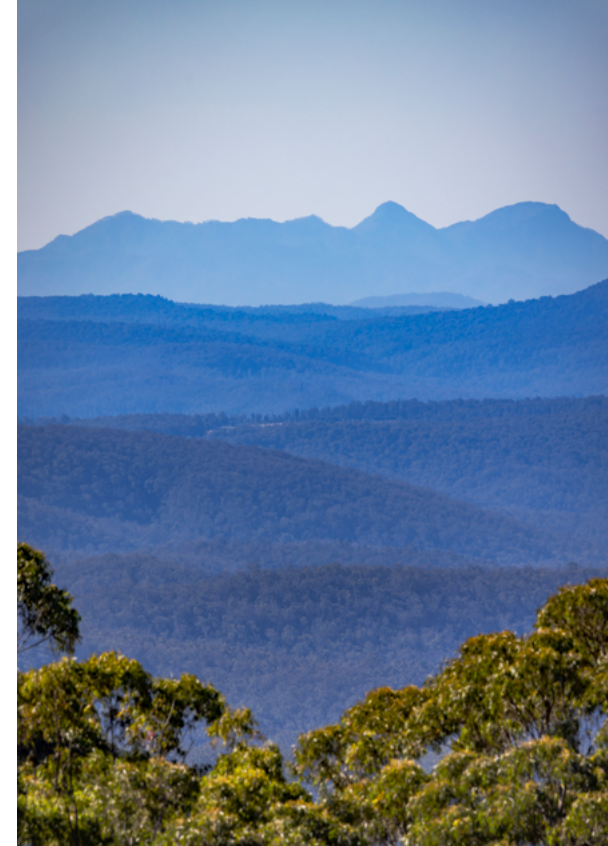
State forests are managed to deliver multiple benefits including environmental conservation, community access and tourism, and renewable timber products. Large areas of State forest are permanently protected and around one per cent is harvested for timber and regrown annually, with an estimated 40 million seedlings replanted or regrown each year.

Timber is the most renewable building product available, storing carbon for the life of products, using less energy than other alternatives and continually regrowing, and we are expanding our investment in a renewable future by exploring new opportunities for renewable energy production across the estate. NSW is a net importer of timber, and the renewable hardwood and softwood timber products we produce play a critical role in meeting the community’s ongoing demand for timber and wood products.

Our forest management is independently certified to the Australian Standard for Sustainable Forest Management, Responsible Wood, and our operations underpin a vital and vibrant renewable timber industry in regional NSW.

As a statutory firefighting authority, we play a key role in preventing and managing fires and protecting communities as part of the State’s coordinated firefighting response. We employ a highly trained and skilled firefighting workforce and carry out annual hazard reduction, training and maintenance programs. We also maintain a firefighting fleet, equipment and heavy plant as well as a network of fire trails and fire towers to aid rapid detection and early suppression of fires in State forests.

Our strategic objective is to care, connect and grow for a better future and we value innovation, integrity and the wellbeing of our people and communities, with respect for country, community, customers, suppliers and one another at the forefront of all that we do.



## 3.2 Statutory objectives and functions

Under the objectives set out in the *Forestry Act 2012*, Forestry Corporation has the following objectives which are of equal importance:

- to be a successful business and, to this end:
  - » to operate at least as efficiently as any comparable businesses, and
  - » to maximise the net worth of the State's investment in the Corporation
- to have regard to the interests of the community in which it operates
- where its activities affect the environment, to conduct its operations in compliance with the principles of ecologically sustainable development contained in section 6 (2) of the *Protection of the Environment Administration Act 1991*
- to contribute towards regional development and decentralisation
- to be an efficient and environmentally sustainable supplier of timber from Crown land and land owned by it or otherwise under its control or management.

The Forestry Act further sets out Forestry Corporation's functions as follows:

- to carry out or authorise the carrying out of forestry operations in accordance with good forestry practice on Crown-timber land or land owned by the Corporation
- to take or authorise the taking of forest materials from State forests or land owned by the Corporation

- to sell, supply or process timber, forest products or forest materials
- to establish and maintain plantations
- to control and manage forestry areas
- subject to the *Rural Fires Act 1997*, to carry out measures on Crown-timber land for the protection from fire of timber and forest products on that land
- to grant forestry rights in respect of State forests, timber reserves or land owned by it, including any such right that is for the benefit of the Corporation
- to acquire, hold, sell or otherwise deal with or trade in carbon sequestration rights (including for the benefit of other persons).

Forestry Corporation is the appointed land manager for State forests, and the Forestry Act sets out the following land management objectives:

- to facilitate public access to the forestry area
- to promote the recreational use of the forestry area
- to conserve fauna (other than feral animals) living in the forestry area.





### 3.3 Statement of Corporate Intent

Each year, a Statement of Corporate Intent (SCI) is agreed with shareholders. The SCI sets out Forestry Corporation's strategic priorities for the year ahead. The SCI includes financial targets as well as key performance indicators (KPIs) for safety and environmental compliance.

The SCI is published on the Forestry Corporation website. See section 4 for a summary of progress against the financial targets and non-financial KPIs for the half-year to 31 December 2024.

### 3.4 Statement of Expectations

The NSW Government issued Forestry Corporation its current Statement of Expectations in July 2024. The Statement of Expectations is published on the Forestry Corporation website and clarifies the Government's key priorities relevant to the work of Forestry Corporation, while it continues to operate its business in a commercial manner and deliver its objectives and functions.

Government expectations are detailed under the following strategic areas:

- Align the business's plans with the Government's priorities
- Ensure Forestry Corporation balances the priorities of customers, the environment, communities and stakeholders

- Maintain high standards of public accountability and corporate governance
- Ensure the Government's investment of its capital is used efficiently
- Operate the business sustainably
- Ensure robust procurement and employment practices that support the economic, environmental and social outcomes of the State.

A Statement of Expectations Action Plan is included in the Statement of Corporate Intent for 2024-25, which is published on the Forestry Corporation website.



## 4. Review of operations

### Timber production and financial results remain below expectations

The ongoing depression in new housing construction was reflected in below average timber sales during the reporting period, particularly for the high quality softwood timber that is predominately used to construct house frames. Expenditure control measures continued to be effective, however financial returns remained well below previous years. Hardwood timber production also continued to be constrained by regulatory changes reducing timber supply in coastal native forests as well as wet weather and protest disruptions. Force majeure notices were issued to customers in northern NSW due to the impacts of changes to regulatory protocols that prevented harvesting in koala hubs.

Section 4.1 summarises financial performance during the first half and the half-year financial statements are in section 5.

### Operations continue to adapt to regulatory changes

Work continued during the period to operationalise site specific biodiversity conditions around Greater Gliders. Operations were temporarily stood down in the Eden region to allow for assessment and issuing of conditions to protect the Pilotbird, following its listing as a threatened species. In plantations,

the regulator has commenced a more active role in completing unique and special wildlife values assessments, which has needed to be factored into the planning process for plantation operations.

Section 4.3 summarises key environmental compliance and regulatory matters during the first half.

### Investigation and consultation around potential renewable energy projects

Permits to allow investigation of potential renewable energy projects were issued in May, and studies and consultation commenced in earnest during the period. The permits allow proponents to carry out detailed feasibility studies, consultation and planning, and commence the formal state development application and consent process for potential projects.

Equipment has been installed in State forests to measure wind to inform feasibility studies and proponents have been actively engaging with communities about their proposals.





## Investing in community assets

A major new community recreation facility, the Guulabaa–Place of Koala in Cowarra State Forest near Port Macquarie, was completed and opened during the reporting period. This a world class forest-based tourism precinct encompassing nature-based visitor experiences while focusing on koala conservation and breeding. The precinct includes the Bunyah Local Aboriginal Land Council café, gallery and cultural education centre, which showcase the Aboriginal culture and heritage of the Biripi people, and incorporates attractions including a high ropes course, a big koala sculpture, walking trails and locally-grown hardwood timber features.

Forestry Corporation also continued to deliver the three-year forest infrastructure repair program to repair forest road and bridge infrastructure used in fire fighting, for community access and in forest operations.

## Enterprise Agreement adopted

During the reporting period, a new Enterprise Agreement was finalised, which sets out the conditions of employment for the majority of staff until 30 June 2027. The agreement was completed in collaboration with staff and unions and voted on by staff. A total of 76 per cent of staff who participated in the vote agreed to the new agreement, which has been submitted to Fair Work Australia for approval before being implemented.

## Ongoing safety focus

Safety is a priority and robust systems, training, policies and procedures are in place to maintain a safe work environment and ensure everyone goes home safe every day. Safety is covered in more detail in section 4.2.

## Supporting Government reviews

During the reporting period, the NSW Government announced the appointment of an expert panel to lead consultation on a Forestry Industry Action Plan, which will outline the path NSW will take to ensure a sustainable timber industry that aligns with the government's key environmental priorities. The NSW Government also continued to implement its commitment to establish a Great Koala National Park on the north coast. Forestry Corporation has contributed to the Government processes as required and will implement any directions once the processes are completed.



Safety is a priority and robust systems, training, policies and procedures are in place to maintain a safe work environment and ensure everyone goes home safe every day.

## 4.1 Financial performance

### Year to date

Total comprehensive income for the six months to 31 December 2024 was \$2.0 million. Normalised earnings (Earnings before interest and tax, or EBIT) showed a profit of \$0.4 million, which was \$0.6 million above the Statement of Corporate Intent (SCI) target of -\$0.2 million for the half year.

Overall, Forestry Corporation's revenue from operations for the first half of the 2024-25 financial year was \$193.9 million. Revenue was below the SCI target by (\$15.0) million due to continuous disruptions in hardwood production, a decrease in commercial firewood demand resulting from milder weather, and ongoing suppression of market demand for softwood products. Reduced softwood sales were partly offset by favourable softwood prices driven by product mix. Expenses were also maintained below budget due to lower delivery volumes, shorter lead distances, favourable fuel prices, and efficient cost management in both operating divisions.

### Softwood Plantations Division

The Softwood Plantations Division posted normalised earnings of \$14.4 million, which was \$7.5 million above budget target. Timber revenue is (\$2.0) million behind budget mainly from ongoing suppression of customer demand for domestic sawlog on the back of a depressed housing market. This revenue loss was slightly offset by larger than expected log sizes

and favourable customer rate reviews for sawlog and pulp products. Savings were also made in operating expenses, mostly in reduced harvest and haul costs, and favourable weather conditions were reflected in lower fire management costs.

### Hardwood Forests Division

The Hardwood Forests Division posted a normalised earnings loss of (\$14.9) million, which was (\$9.0) million below target. Land management expenditure was over budget due to costs in delivering new tourism assets including the new icon site Guulabaa – Place of Koala in Cowarra State Forest as well as the upgrade to the recreation area at Coopernook State Forest as part of an enforceable undertaking entered into with the Environment Protection Authority. Timber production was lower than forecast due to disruptions to operations from adverse weather in the north of the state as well as due to protests and stand downs. Additional costs were also associated with the implementation of regulatory changes, including the establishment of new protected areas in Koala Hubs, implementation of new conditions for Greater Gliders and changes to the unique and special wildlife value assessment process in plantations. A milder winter in the west of the state contributed to reduced demand for commercial firewood, further impacting sales revenue.

### Balance sheet

Forestry Corporation's balance sheet is in a net asset position of \$1.6 billion for the half year, similar to the balance as at 30 June 2024. The major asset categories comprise property, plant and equipment and biological assets and are subject to a revaluation review at the end of the year.

### Full year outlook

The full year SCI target is \$5.5 million. While careful management of expenditure will continue, it remains unlikely that Forestry Corporation will meet its full-year target due to the continued downturn in new housing starts, which directly impacts softwood timber demand and sales, coupled with rising roading and land management costs, and ongoing harvesting disruptions and increased monitoring and compliance costs in hardwood forests.

## 4.2 Safety

Forestry Corporation is committed to maintaining safe workplaces so that our people continue to go home safe every day.

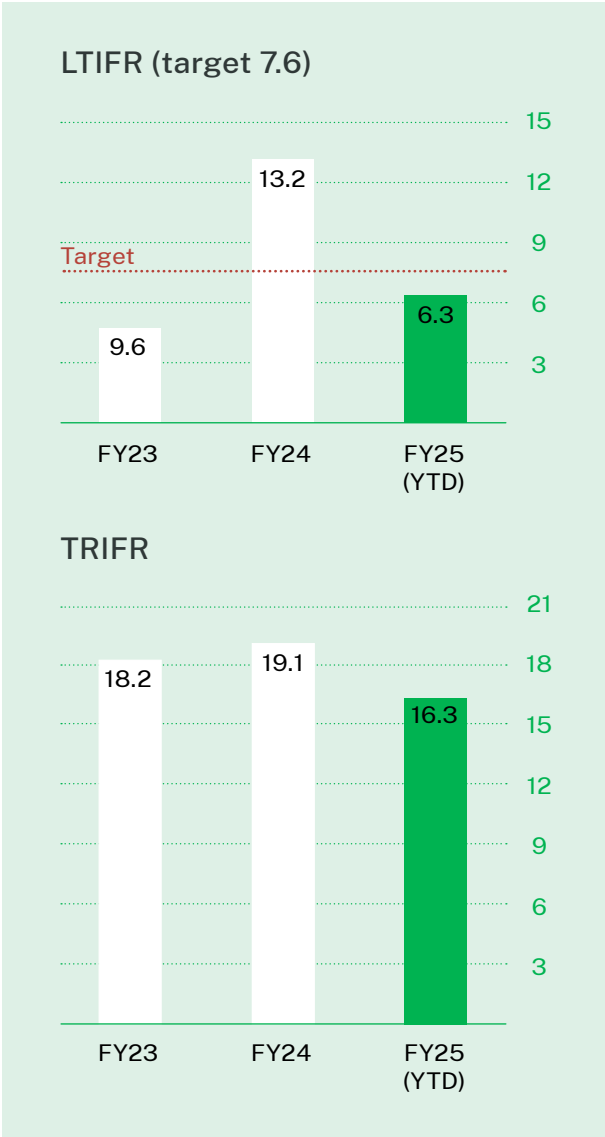
Management of critical risks, which are activities that may result in a serious injury, remained a key focus area during the period. An awareness program continued to be rolled out to staff and contractors to increase understanding of high risk activities and how to prevent or mitigate safety risks.

The largest injury category has historically been soft tissue injuries from slips, trips and falls. Investment in early intervention and proactive injury prevention continued to prove effective in addressing this category of injury, with the number of soft tissue injuries recorded almost halving since the introduction of a musculoskeletal injury prevention program in recent years. The program involved reassessing and redesigning many manual tasks to reduce injury risks and providing staff with access to on-site physiotherapists on an ongoing basis. The lower rate of this category of injury was sustained during the reporting period.

While psychosocial injuries declined during the period, work continued to enhance mental health and wellbeing support. A staff wellbeing survey was completed to identify opportunities for improvement, resources to support staff and managers in maintaining wellbeing have been bolstered to assist staff in managing workload and stress, and new initiatives including skin cancer checks will be introduced. These initiatives build on the previous

investments in establishing a robust Respect@Work framework, providing mental health first aid training to more than 100 staff and including sessions led by a psychology professional in pre-season fire days.

At 31 December 2024, the Lost Time Injury Frequency Rate (measured as number of lost time injuries per one million hours worked) was 6.3. The Total Recordable Injury Frequency Rate (measured as number of recordable injuries per one million hours worked) was 16.3. Results indicate a reduction in employee injury frequency rates overall (both LTIFR and TRIFR), driven largely by a continued reduction in body stressing injuries. Contractor injury frequency rates have continued to improve after specific partnering opportunities have been implemented. Forestry Corporation continues to work towards its injury reduction goals.





## 4.3 Environmental compliance

Environmental performance is a key performance measure, and Forestry Corporation's goal is to be a responsible forest manager complying with world-class environmental standards.

Each operating division holds independent certification to the internationally-recognised Australian Standard for Sustainable Forest Management, Responsible Wood (AS 4708).

Certification is reassessed on an ongoing basis, with surveillance audits every nine months and comprehensive recertification audits every three years. During the reporting period, both divisions underwent a thorough external audit against the standard to confirm ongoing compliance and both operating divisions were reissued with certification.

During the six months to 31 December 2024, Forestry Corporation received two convictions relating to operations in Yambulla State Forest in 2020 and one penalty infringement notice related to training staff in relation to Moonpar State Forest in 2023.

Since 2020, Forestry Corporation have increased annual investment in compliance by more than \$2 million, including employing more people to monitor operations, increasing training, and improving technology. The Yambulla incident was the result of human error when manually mapping an environmentally significant area for a one-off site-specific condition. In normal operations, mapping of environmentally significant areas in standard operations is automated to eliminate the risk of human error in future.

In December, Forestry Corporation entered into a deed of agreement with the Department of Climate Change, Environment, Energy and Water after contravening the *National Parks and Wildlife Act in 2019*. Forestry Corporation harvested and replanted approximately 1.44 hectares of flooded gum plantation within Bindarri National Park which bordered Orara West State Forest in 2019 due to incorrect boundary mapping. The boundary issue traces back to 1999, when sections of the flooded gum plantation were declared as national park while other parts remained State forest. The harvested area was a mature flooded gum plantation that was planted on cleared farmland on private property, and subsequently dedicated as State forest before being added to the parks estate.

The legally binding deed identifies additional restoration measures that will provide the best environmental outcome in the circumstances, including:

- investing in rehabilitating the replanted area over the next 10 years to improve the floristic composition of the land and restore it to a better condition than it was prior to the incident
- investing \$500,000 funding to purchase a much larger area of replacement land for addition to the national parks estate

- establishing a new protocol on national park boundary identification that engages National Parks and Wildlife Service to confirm field identification of boundaries and training staff in the new protocol.

Court proceedings relating to operations in Wild Cattle Creek State Forest in 2020 and reported in earlier periods are still yet to be completed. A series of commitments made under an Enforceable Undertaking with the Environment Protection Authority after a contractor removed 17 trees from an area that should have been set aside for protection in Cooperook State Forest in 2021 were delivered during the reporting period. These included a project to enhance frog habitat, development of a pilot in-cab boundary warning system, improvements to website information and establishment of a new nature playground.

## 4.4 Fire management

As one of the State's four statutory firefighting authorities, Forestry Corporation plays a key role in preventing and managing fires in two million hectares of State forests and protecting communities as part of the State's coordinated firefighting response.

Forestry Corporation employs a highly trained and skilled firefighting workforce, including firefighters and fire managers who undertake important fire mitigation works to reduce the impact of bush fires before they start and respond quickly using ground crews, heavy plant and aircraft to suppress fires and protect forestry assets as well as surrounding communities.

During the reporting period, Forestry Corporation continued to work collaboratively with the RFS and as a member of local Bush Fire Management Committees to review and address fire risk across the landscape. Wet ground conditions limited the opportunities for hazard reduction burns in many areas, but burns were successfully completed where conditions were suitable.

As well as investing in hazard reduction, Forestry Corporation also prioritises early detection and rapid response to fires, including retaining a skilled firefighting workforce, staffing a network of fire towers, maintaining fleet and equipment available to be deployed to fires and investing in applied research into new technology to aid in fire detection and response.

During the period, Forestry Corporation's fire fighting capability included:

- 519 Firefighters
- 453 appliances and 35 heavy plant
- 4 contracted aircraft
- 133 drones (20+ with thermal capability)
- 180 trained pilots
- 33 RePL (remote pilot licence) accredited pilots.

Fire training camps were completed across the state to train new recruits and upskill firefighting staff in preparation for the fire season and research continued into technology including smoke detection cameras to complement the highly effective early detection work carried out by staff stationed in fire towers to monitor for new fire ignitions during high danger periods.

Fire training programs were also delivered to local Aboriginal communities through the three-year Australian Government funded Fire, Country and People program to build capacity in local communities and improve collaboration between agencies and Aboriginal communities on fire management.





## 4.5 Performance against key performance indicators

The table below summarises performance against the targets set out in the SCI for the six months to 31 December 2024.

### Half Yearly KPIs

Key Performance Indicators	Actual Half Year	SCI Target Half Year	Variance Favourable/ (Unfavourable)
Safety Lost Time Injury Frequency (rate)*	6.3	7.6	1.3
Environmental Non-Conformances**	3	0	(3.0)
Revenue (\$m)	193.9	208.9	(15.0)
Normalised Earnings (\$m)***	0.4	(0.2)	0.6
Debt Level (\$m)	75.3	63.4	(11.9)
<b>Financial Ratios</b>			
Normalised Earnings Margin (%)	0.2%	-0.0%	0.2%
Return on Equity (%)	0.0%	-0.0%	0.0%
Interest Cover (times)	0.2	(0.0)	0.2

\* Measured as the number of injuries per one million hours worked

\*\* Measures the number of fines and convictions

\*\*\* Excludes significant items such as revaluation and impairment, interest expenses, income tax, and half year nominal inventory adjustment





# 5. Financial statements

## 5.1 Statement of profit or loss and other comprehensive income

For the half-year ended 31 December 2024

	Unaudited 31 Dec 2024 \$'000	Audited 31 Dec 2023 \$'000
<b>Revenue</b>		
Forest Products	163,063	170,829
Other Income	30,838	37,801
	193,901	208,630
Total revenue	193,901	208,630
<b>Expenses</b>		
Operating expenses	(138,938)	(156,630)
Employee benefits expense	(44,475)	(45,059)
Depreciation and amortisation expense	(6,126)	(5,791)
Net impairment loss of property, plant and equipment	-	(611)
Net impairment (loss)/gain on financial and contract assets	(36)	(7)
Finance costs	(1,519)	(985)
Total expenses	(191,094)	(209,083)
<b>Profit /(loss) before notional income tax expense</b>	2,807	(453)
Notional income tax (expense)/benefit	(842)	136
<b>Profit/(loss) after notional income tax (expense)/benefit</b>	1,965	(317)
<b>Total comprehensive income/(loss) for the half year</b>	1,965	(317)

## 5.2 Statement of financial position

As at 31 December 2024

	Unaudited 31 Dec 2024 \$'000	Audited 30 June 2024 \$'000
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	14,775	11,648
Trade and other receivables	37,289	51,116
Inventories	6,259	5,182
Biological assets	40,183	40,183
Income tax refund due	14,554	5,621
Total current assets	113,060	113,750
<b>Non-current assets</b>		
Property, plant and equipment	1,556,263	1,559,616
Biological assets	740,266	740,266
Investment properties	6,629	6,629
Right-of-use assets	1,718	1,862
Intangible assets	1	3
Total non-current assets	2,304,877	2,308,376
<b>TOTAL ASSETS</b>	<b>2,417,937</b>	<b>2,422,126</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	60,753	75,519
Contract liabilities	23,402	20,641
Borrowings	29,951	24,656
Lease liabilities	1,094	868
Employee benefits	33,808	32,759
Provisions	836	803
Total current liabilities	149,844	155,246
<b>Non-current liabilities</b>		
Borrowings	45,304	45,365
Employee benefits	961	961
Provisions	934	934
Lease liabilities	2,987	3,683
Retirement benefit obligations	22,515	22,515
Deferred tax liability	578,982	578,982
Total non-current liabilities	651,683	652,440
<b>TOTAL LIABILITIES</b>	<b>801,527</b>	<b>807,686</b>
<b>NET ASSETS</b>	<b>1,616,410</b>	<b>1,614,440</b>
<b>Equity</b>		
Contributed equity	491,706	491,706
Reserves	967,934	969,199
Retained profits	156,770	153,535
<b>TOTAL EQUITY</b>	<b>1,616,410</b>	<b>1,614,440</b>

## 5.3 Statement of changes in equity

For the half-year ended 31 December 2024

	Contributed equity \$'000	Asset revaluation reserve \$'000	Deferred tax asset reserve \$'000	Retained profits \$'000	Total equity \$'000
<b>Balance at 1 July 2023 (Audited)</b>	491,706	870,521	50,092	66,223	1,478,542
Profit after notional income tax expense/(benefit) for the half-year	-	-	-	(317)	(317)
<b>Balance at 31 Dec 2023 (unaudited)</b>	491,706	870,521	50,092	65,906	1,478,225
	Contributed equity \$'000	Asset revaluation reserve \$'000	Deferred tax asset reserve \$'000	Retained profits \$'000	Total equity \$'000
<b>Balance at 1 July 2024 (Audited)</b>	491,706	919,107	50,092	153,535	1,614,440
Profit/(loss) after notional income tax expense for the half-year	-	-	-	1,965	1,965
Transfer of asset revaluation to retained profit	-	(1,265)	-	1,270	5
<b>Balance at 31 Dec 2024 (Unaudited)</b>	491,706	917,842	50,092	156,770	1,616,410



## 5.4 Statement of cash flows

For the half-year ended 31 December 2024

	Unaudited 31 Dec 2024 \$'000	Unaudited 31 Dec 2023 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	225,154	228,902
Payments to suppliers and employees (inclusive of GST)	(213,008)	(231,393)
Interest received	213	2,279
Interest and other finance costs paid	(1,747)	(1,429)
Income taxes paid (net)	(9,776)	(837)
<b>Net cash from/(used in) operating activities</b>	<b>836</b>	<b>(2,478)</b>
<b>Cash flows from investing activities</b>		
Purchase of Property, Plant and Equipment	(3,300)	(83,851)
Purchase of Biological assets	-	(17,407)
Proceeds from disposal of property, plant and equipment	887	1,687
<b>Net cash used in investing activities</b>	<b>(2,413)</b>	<b>(99,571)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	-	(13,456)
(Repayments) / proceeds of borrowings	5,300	-
Payment of principal portion of lease liabilities	(596)	(737)
<b>Net cash used in financing activities</b>	<b>4,704</b>	<b>(14,193)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,127</b>	<b>(116,242)</b>
Cash and cash equivalents at the beginning of the financial half-year	11,648	128,418
<b>Cash and cash equivalents at the end of the financial half-year</b>	<b>14,775</b>	<b>12,176</b>

## 5.5 Notes to and forming part of the condensed financial statements

### 1. Basis of preparation

The Half Year Report is a special-purpose financial report for the interim period ended 31 December 2024. This financial report has been prepared in accordance with Australian Accounting Standards, the *Government Sector Finance Act 2018* (GSF Act), GSF Regulations and the *State Owned Corporations Act 1989*.

The financial statements have been prepared in accordance with the accounting policies disclosed in Forestry Corporation's 2024 Annual Report and should be read in conjunction with the Annual Report.

The Half Year Report has been prepared on a going concern basis which assumes Forestry Corporation will be able to pay its debts as and when they fall due and will continue to operate without any intention or necessity to liquidate or otherwise wind up its operations.

Forestry Corporation is classified as a for-profit entity for the purposes of the application of Australian Accounting Standards and after consideration of all factors contained in the New South Wales Treasury Policy TPP05-04 Distinguishing for-Profit from not-for Profit Entities.

### 2. Unaudited financial statements

The financial statements in this Half Year Report have not been audited or reviewed in accordance with Australian Auditing Standards.

### 3. Use of estimates and judgements

The preparation of financial statements in conformity with standards set by the Australian Accounting Standards Board (AASB) 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. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

### 4. Comparative figures

Where the presentation or classification of items in the financial statements is amended, comparative amounts are reclassified unless the reclassification is impracticable.

### 5. Rounding of amounts

Amounts in the financial statements have been rounded to the nearest thousand dollars.

### 6. Income tax equivalents

Forestry Corporation is subject to the National Tax Equivalents Regime (NTER) and accordingly is subject to the same taxes as private sector organisations.

The carrying amount of the deferred tax equivalent asset is reviewed at each year-end date and reduced to the extent that it is no longer probable that enough taxable profit will be available to allow all or part of the deferred tax equivalent asset to be utilised.

Tax effect accounting has not been considered in this Half Year Report and will be performed at the financial year end. Notional tax expense or benefit is calculated on the resulting profit or loss before tax at a rate of 30 per cent and recognised in the Statement of Comprehensive Income.

### 7. Property, plant and equipment

Items of property, plant and equipment are initially measured at their cost and are subsequently measured at their fair value in accordance with the NSW Treasury Accounting Policy TPP 21-09, Valuation of Physical Non-Current Assets at Fair Value. Non-current assets are reviewed and assessed periodically at each reporting cycle to assess fair value and impairment. A full comprehensive valuation will be carried out as at 30 June 2025 in accordance with TPP21-09.

### 8. Biological assets

Fair value of the biological assets is measured and updated annually at the end of the financial year. Any impact from the revaluation of the biological assets is excluded from Forestry Corporation's normalised earnings.

### 9. Retirement benefit obligations

Forestry Corporation recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income in accordance with the Treasury Circular 18-10, Accounting for Superannuation. Forestry Corporation has not recalculated the defined benefits in the Half Year Report. The next actuarial assessment will be carried out as at 30 June 2025.

END OF HALF YEAR FINANCIAL STATEMENTS