



Lesy Slovenskej republiky, š. p. (state enterprise)



ANNUAL REPORT

2019



Annual Report 2019

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Foreword by General Director



Dear business partners and colleagues,



allow me to present you a report on management and activities of the state enterprise LESY SR for the year of 2019. In 2019, we managed to achieve much better economic results, as originally planned. Economic result was planned for 50K €. After the closure of the financial statements and all accounting operations and after the audit we achieved economic result at the level of 4.047 mil. € before tax. This success must be seen in the context of radical reduction in prices of timber throughout Europe - which is happening because of the ongoing subsoil and wind calamity. The pressure on the prices was enormous in



Ing. Marian Staník,
general director

2019. This was reflected in the average monetization, which in 2019 reached € 48.15 / m³ (in the same period of 2018 it was 50.24 € / m³).

In 2019, the company supplied a total of 4,212,637 m³ of coniferous and deciduous wood. Total deliveries compared to the plan were not fulfilled by -114,762 m³ (97.35%), of which coniferous deliveries were fulfilled by +4,216 m³ (100.18%),

deciduous deliveries were not fulfilled by -118,977 m³ (94.02 %). deciduous deliveries were not fulfilled by -118,977 m³ (94.02 %). The decrease in the average price and the decrease in the wood supplied caused a shortfall in revenues of more than € 13 million. We managed to make significant changes in hunting grounds. LESY SR hunting grounds (owners to more than 50% of the land) are not leased or rented, but they managed to implement a sale of shooting.

By the end of 2019, contracts were concluded for the sale of shooting in 65 hunting grounds, which brought the company revenues at the level of almost 1.5 mil.€. We do not forget, of course, the restoration of forests. In 2019, we managed to restore a total of 7,036 ha of forest, of which 3,126 ha (44%) by natural rejuvenation. The total number of planted trees today is at the level of 15 million pieces per year. Thanks to the waiver of the corporate levy to the state budget, we plan to increase this number in the future. LESY SR, a state-owned enterprise, is aware of the importance of transparent behaviour and the fight against corruption. Therefore, as one of the first state-owned enterprises in Slovakia, they introduced the System of Management Against Corruption (ISO 37001). During the implementation, we developed and implemented several internal regulations that regulate the company's processes in a significant way and reduce the risk of corruption and non-transparent behaviour.

In 2019, we also began implementing the Continuous Motion Tracking system of wood (PSPD). It is a comprehensive system for monitoring the movement of wood from its harvesting to the final purchaser. After full implementation, we promise to improve the system and more precise planning in the field of mining and trade, as well as more efficient use of extracted wood pulp. Also, in 2019, there was more interest of schools and the public in the activities of our company in the field of forest pedagogy. We trained 34 new forest teachers, and now in total 284 of them work in our company. Forest teachers of the state enterprise LESY SR in 2019, organized 729 events for children and the public, which were attended by almost 122,500 participants.

I passionately believe that, in an equally successful spirit, the work of foresters will continue in the following years.

HAIL THE FORESTS!



Basic information, scope of activities and company profile



Business name: LESY Slovenskej republiky, štátny podnik (state enterprise)
Seat: Námestie SNP 8, 975 66 Banská Bystrica
Legal form: state enterprise
Date of Establishment: 01. 07. 1999
Registration NO.: 36038351
VAT NO.: SK 2020087982
Registration registered in the Trade Register of the District Court in Banská Bystrica on 29 October, Section Pš, Insert No. 155/S

The state enterprise LESY SR, s. e. Banská Bystrica continues in rich and long-term forestry traditions in Slovakia. Based on the Decree of the Ministry of Agriculture the enterprise was established on 1 July 1999 by merging 6 former regional state forest enterprises.

The main scope of activities of the state enterprise LESY SR, s. e. Banská Bystrica is to manage forests and other property in the ownership of the Slovak Republic. It provides a balanced fulfillment of all functions of forests and a sustainable use of tangible and intangible products and services provided by forests.

The main objective of the state enterprise LESY SR, s. e. is to provide sustainable management of forests in the ownership of the state and other forest owners so that an increased functionality and maximum positive management effects can be achieved.

The international acknowledgment of these management activities is the fact that the total forest area presently managed by forest enterprises is PEFC or FSC certified. Thus LESY SR, state enterprise has become a leader in the process of forest certification and gained a credible proof of the quality of work of foresters, which is needed for assuring the fulfillment of forest functions for the whole society.

From the viewpoint of market position, LESY SR managed 1,040,565 ha of forests in 2000. In 2019 it was 882,882 ha, which means it decreased by 157,683 ha. The total forest area of the Slovak Republic is 2,023,051 ha out of which, in 2019, 43.64 % was managed by the state enterprise LESY SR. As a result of the decrease in the managed forestland over a long period, the share of the state enterprise on the timber market also continues decreasing. In 2018 the total timber deliveries from timber producers in Slovakia were 9.603 mil. m³ out of which LESY SR, s.e. delivered 4.566 mil. m³ of timber, i.e. 47.55 %. (The data on the total deliveries of timber in the Slovak Republic for the year 2019, and thus also the share of the state enterprise LESY SR in these deliveries, was not yet known at the time of the closing of the annual report.)



Company vision and mission statements

Company vision

“Our vision is to achieve sustainable development of state forests which can provide a balanced fulfillment of society needs and optimal valuation of the state forest property. “

Company mission statement

“Through our activities we want to achieve sustainable development of forests and to work for the benefits of the whole society while respecting the principles of environmental protection, forestry traditions and long-term prosperity of the company. “

Code of Ethics

Ethical code is a unified set of principles and standards of conduct of the state enterprise LESY SR and its employees at all levels within the company and also in relation to the external environment – business partners, representatives of the state and public administration, civil organizations, stakeholders and all citizens of the Slovak Republic. It also states responsibilities towards all entities within labor and business relations. At the same time respecting the ethical rules contributes to the refinement of the economic system and has a beneficial effect on the whole society.

Organizational structure and company top management



Company bodies in 2019:

General Director

Ing. Marian Staník

Supervisory board

Ing. Jaroslav Regec (predseda)

Ing. Róbert Zlocha

Ing. Peter Kicko

Ing. Lúbia Záchenská

Ing. Monika Deneva

Ing. Martin Kovalčík

Ing. Jaroslav Ucháč

Ing. Peter Zima

Jozef Minárik

Current members of the supervisory board are holding their positions since 2016.

Organizational structure

The state enterprise LESY SR consists of 23 forest enterprises and 2 specialized enterprises:

Number of

forest enterprises.....	23 + 2
forest districts.....	130
forest divisions	957
timber yards	65
specialized and other centres.....	24
special-purpose facilities	4

Forest enterprises

Forest enterprises provide operational administration of the forest and other property aimed mainly at silvicultural activities, forest protection and biological works of the whole-society significance, planned timber harvesting and utilization of other forest products.

Specialized forest enterprises

Enterprise of Forest Technology – oriented on the internal services mainly in the field of harvesting operations, timber transport and maintenance of forest technology;

Semenoles – provides services in the area of forest seed management and production of forest and ornamental trees. At the same time its mission is to maintain the gene pool of Slovak forests.

The organizational structure of LESY SR enables a flexible approach to the modification of number of organizational units at different management levels

Company Top Management

Ing. Marian Staník – General Director

*1969, Ilava

- statutory body of the enterprise appointed by the Minister of Agriculture of SR, subordinate to the Minister
- directly manages four section directors of General Directorate and 25 directors of forest enterprise and through them the entire economic activities of the state enterprise
- directly manages Department of Control, Department of Communication with Forestry and Wood Museum in Zvolen
- regulates activities of civil defence and crisis management, occupational safety, health at work and fire protection
- with regard to company matters acts independently in accordance with the valid legislation and internal guidelines and regulations of the Minister of Agriculture of SR
- makes decisions on principal and key issues and delegates a part of his responsibilities to the section directors and directors of forest enterprises

Marian Staník has been in the position of general director since 5 October 2016.

JUDr. Aneta Kšenzíhová – Organization Director

*1985, Stará Ľubovňa

- coordinates and methodically directs organization department
- manages all materials connected with organization structure, principles and system of management
- coordinates and directs activities of department of human resources
- creates conditions for law department and its effectivity
- directs the provision of the state of land ownership within the enterprise and disposal of the state's forest property in the administration of the state enterprise
- takes care of internal management activities and dedicated facilities
- manages the sale of movable and immovable property
- cross cooperates with other departments of the state enterprise, directs branch offices, external organs
- cooperates with the founder

Ing. Miroslav Skladaný – Development - Investment Director

*1978, Prešov

- coordinates and methodically directs forest operations and management of forest operations
- in accordance with the enterprise development manages the elaboration of company strategy and conception and also manages technical development
- coordinates activities in the area of the environment in order to ensure such functions of managed forests that are beneficial to the public
- cooperates with municipal and state administration bodies, Institute for Forest Management (NLC-ÚHÚL), elaborators of forest management plans
- manages development-investment activities within the enterprise to fulfil the tasks of the legislation and also to create optimal conditions for the existence and development of the enterprise
- manages the preparation and implementation of EU projects in the state enterprise and cooperates with international institutions in this field
- manages the implementation of process audits and audits for the management of property management of LESY SR
- in relation to forest enterprises through relevant organizational units carries out mainly methodological, management and coordination activities

Until 28 February 2019 this function was operated by Ing. Peter Chrast.

Ing. Dana Kráľová, MBA – Economic Director

*1962, Lučenec

- runs, coordinates and methodically directs the areas of economy, finance, taxes, prices, levies, accounting, information system and the area of information and communication technologies
- in accordance with the enterprise development organizes elaboration of enterprise conception within the economic section
- communicates and cooperates with the founder, bank institutions and tax offices
- with the aim to comply with legislative requirements as well as to create optimal conditions for the existence and development of the enterprise in economic sphere
- in relation to forest enterprises through relevant organizational units carries out mainly methodological, management and coordination activities

Ing. Tomáš Klouček, Ph.D. – Trade Director

*1981, Košice

- First Deputy of General Director
- manages sales of timber and other commodities in the state enterprise
- manages production sales of the state enterprise to key domestic and foreign customers
- manages marketing in the areas of market research, conception of trade, monitoring of competitors, price survey, planning, promotion and advertisement
- coordinates and methodically directs activities of public procurement in the area of goods, services and jobs in accordance with the law, ensures cooperation with the Public Procurement Office
- manages hunting activities
- methodically manages, guides and controls the business of subordinate organizational units





Human resources and training of employees

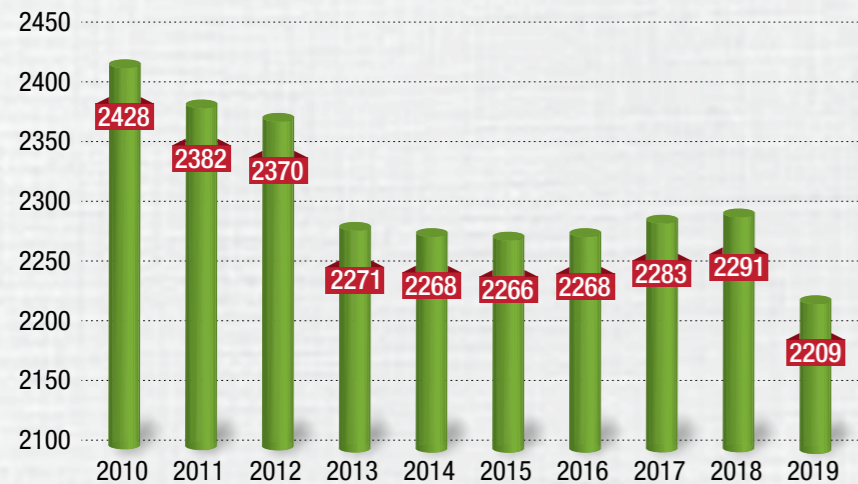
Average registered number of employees of the state enterprise in 2019

Technical managerial staff	2231
Workers	1326
Total	3557

Number of technical and managerial staff (TMS) as of 31 December 2019

Central Offices of Forest Industries	492
Expedition warehouses	159
Forest districts	1312
Specialized forest enterprises	92
General directorate and centres	154
Total number of TMS	2209

Development of TMS in LESY Slovenskej republiky, š.p.



Human Resources

For successful operation of LESY SR in the ever changing conditions of market, economic and environmental conditions, it is necessary to maintain quality and educated human potential that is able to work efficiently. Within the framework of collective labor relations, a collective agreement was concluded between the employer and employee representatives - a trade union for a period of one year. Changes have been agreed on following changes in labor legislation and wage changes, which are a compromise between employee requirements and employer economic opportunities.

LESY SR s. e., are members of the Human Resources Management and Development Association / EAPM and WFPMA member.

We strive to create the right working conditions for our employees and, in addition to their professional and personal development, social benefits. Thanks to this we are able to maintain the position of responsible employer, not only in the environment of Slovak forestry.

On the occasion of Sv. Hubert, which is held annually in the museum in Svätý Anton, was awarded to three employees in 2019 - Zdenko Citterberg, Ing. Dušan Mošat', Ing. Ľudovít Kiciko - Ministry of Agriculture and Rural Development of the Slovak Republic. They won the award for their lifelong activities in the development of Slovak hunting, where they achieved significant achievements.

In September 2019, the state-owned enterprise celebrated its 20th anniversary. On this occasion, the CEO presented a total of 54 commemorative medals, of which 15 medals were awarded to winners from the external environment, 14 medals to former employees of the state enterprise, 22 medals to current employees and 3 medals were awarded in memoriam.

In the framework of active labor market measures in accordance with § 51 of Act no. 5/2004 Coll. as amended, allowed š. p. LESY SR performing graduate practice by job seekers throughout the Slovak Republic. He was also actively involved in gaining practical professional experience of secondary school and university students in the state enterprise's workplaces.

Training activities

One of the most important tasks in human resources management is the development of education, knowledge and skills of employees, its process and the setting of its optimal model so that it builds on the corporate goals and needs of the company and at the same time uses the potential of its employees. Knowledge and skills not only in the professional work of the employee, but also in areas contributing to the widening of the employees' educational horizon. Increased knowledge and skills requirements for employees also arise through the advancement of intense technical development. The main purpose of employee training in our company is therefore to respond to the needs of the business and employees.

In order to increase the value of their workforce and in order to achieve and maintain the competitiveness of an enterprise, the development of an employee is not only a matter of enterprise but also a personal concern of each employee, so that he also takes care of his educational development that should become a lifelong process for it. The company enjoys employees who not only need but also want to work on themselves.

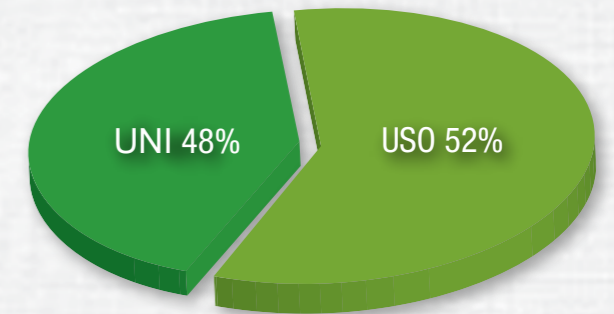
Training implementation

Training of employees in 2019 was focused on maintaining and improving professional forestry qualifications, particularly of employees in forestry plants, and based on the education plan the following educational events were held.

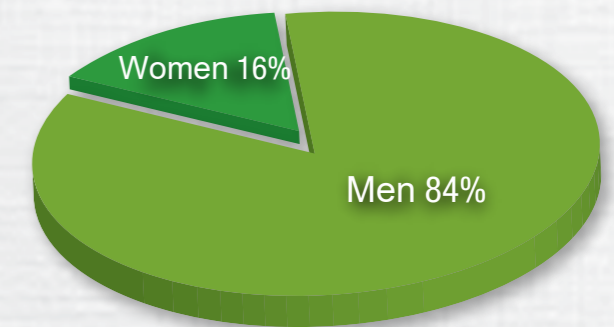
Vocational training in the application of plant protection products in the application of plant protection products or other preparations and their application in forestry practice intended for the target group of FE and LS employees coming into contact with chemical preparations for plant protection; 17 employees passed this training. 98 employees completed the training of OLH certificate holders for the target group of employees, holders of the OLH certificate, and 16 employees received training for OLH applicants.

The training of applicants for certificates of professional competence for activities with forest reproductive material (LRM) was attended by 5 employees, training of holders of certificates of professional competence for activities with LRM 14 employees.

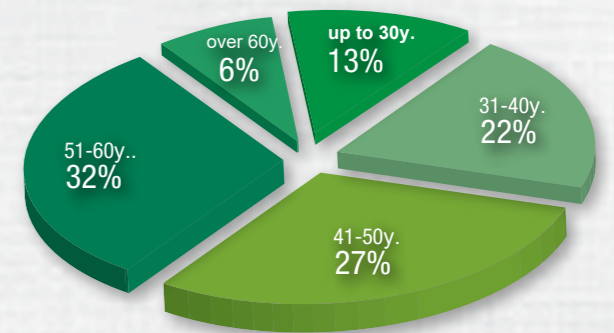
350 employees of forwarding warehouses, forest administrations and branch plant headquarters completed training on the Assortment and Handling of Wood. In 2019, one basic forest pedagogy course was held for the needs of working with the public for the employees of the Smolenice, Topoľčianky, Levice and Žarnovica and LDM Zvolen branch plants, which was attended by 33 employees and financed through the cross-border cooperation project "Foresters for Environmental Enhancement. public awareness "with the acronym SK-HU FOREST SCHOOLS (SKHU / 1601 / 1.1 / 009) and implemented within the INTERREG VA Slovak Republic-Hungary program. Symposium of forest



Education Structure of TMS in 2019



Structure of TMS according to gender in 2019



Structure of TMS according to age in 2019

pedagogy was visited by 30 employees - forest teachers. The General Directorate continued their language preparation in English - an English language course for managerial staff. The staff also attended seminars and conferences focusing on current legislative changes, in particular in the area of labour law, public procurement, accounting, protection of personal data, information technology, as well as expert forestry topics, on the basis of the supply of educational institutions and the needs of the employer.

The total cost of all types of education in 2019 is € 204,116 in all organizational units of the company.



Development of accidents at work in 2019 according to the data from forest enterprises

Overview of number of industrial injuries at workplaces of the state enterprise LESY SR in 2019:

	total injuries	recorded	registered (RPÚ)	serious	serious with fatal consequences	dangerous incidents not counted in injuries
of LESY SR, s.e.	125	75	48	1	1	54
contractors/*	4	none	none	2	2	
self-producers/*	1	none	none	1	0	
others/*	12	not classified				

* – reported accidents or accidents ascertained by employees of the state enterprise LESY SR

As for employees of LESOV SR, š.p., in comparison with 2018, we register a higher number of accidents at work, while the number of registered injuries increased by 7. We record one serious occupational accident, which was reclassified from last year's RPÚ, and we record one fatal occupational accident, namely at OZLT in logging. The average percentage of incapacity to work due to industrial injuries and occupational diseases increased by 8 %, which represents 269 days. The predominant cause of registered and serious injuries of LESY SR employees is "insufficient qualification for work or personal indisposition" and the most frequent source of injuries are "working premises, transport areas and material, loading of objects".

Most of the injuries were registered at the Enterprise of Forest Technology in Banská Bystrica due to a higher risk level of work and higher number of employees accounting for 18 injuries out of total number of employees' injuries. There was also an increase in registered injuries due to tick infestation.

None of the injuries recorded by contractors were caused or partially caused by LESY SR. These accidents show a increase in serious injuries by one, but decrease in fatal injuries by one.

Overview of occupational diseases in 2019

Disease	number
Vasoneuritis	4
Boreliosis	3
Deafness	0
Other	2

Compared to last year, the number of occupational diseases increased by 5. Most of them increased due to vibrations, namely 4, of which 3 originated at OZLT Banská Bystrica.



The strategic goal of the state enterprise LESY SR is to provide sustainable management of forests owned by the state and other forest owners so that an increased functionality and maximum positive management effects can be achieved while observing all the principles of sustainable development. The objective of sustainable forest management is not only sustainable timber production, but also broader understanding of the forest value in compliance with the EU forestry strategy and the EU Action Plan for Forests.

In this sense the conception and objectives of enterprise policy of sustainable forest management are mainly focused on

- maintenance and increment of the existing forest area and optimization of forest reserves to the level which is required regarding economic, ecological and social forest functions,
- improvement of health of forests and reduction of damage risks,
- sustainability and balance of supply of wood and non-wood forest products, always as a part of environmental forest function,
- the support of biodiversity and the maintenance of the favorable state of rare forest ecosystems and home sites of protected plant and animal species
- supporting the soil and water protection functions of forests,
- active cooperation in development of montane and sub-montane regions.

The quality assessment of sustainable forest management (SFM) is carried out by independent certification bodies by comparing methods and results of forest management with requirements of certification schemes.

FEs Trenčín and Prešov, managing 124,616 ha, are holders of FSC certificates. After the certification audit before the issuance of the certificates are OZ Smolenice and OZ Považská Bystrica. The area of all forests, including plantations on agricultural land certified according to the FSC scheme, is 198,002 ha in the Slovak Republic.

The total area of forests managed by the state enterprise LESY SR, i.e. 883930 ha in all 23 enterprises, is certified by SFM in PEFC scheme. PEFC certification is based on regional principle where LESY SR represents the interests of other forest owners who decided to have the quality of SFM assessed. In 2019, recertification audits were carried out according to the SFCS PEFC requirements in the NORTH, CENTER, and EAST regions of the annual surveillance audit according to the SFCS PEFC requirements in the West region. Audits by certification bodies were conducted on 11 forest reports and GR-based internal audits were conducted on 11 forest management reports.

The total area of forests managed by the state enterprise LESY SR and certified by FSC is 1.216,491 ha. Certified forests have 121 forest managers who have issued 265 certificates of participation in forest certification. In the Slovak Republic, 144,566 ha of forest land are covered by double certification.

Managing of forests

LESY SR, s. e. uses their own capacity in the economic planning process. Priority was given to the tasks related to early PSL renewal, PSL projects for plots declared as forest land under the Land Registry, expansion of planned PSL tasks, documentation for declaring special purpose forests for LC coming into PSL renewal in the following year according to the PSL renewal schedule.

In 2019, PSL was finalized and approved by the state administration on the Lesy Poltár forest complex with a total area of 5,183 ha, prepared by internal capacities as an early PSL recovery. At the same time, a premature restoration of the PSL was started on the Forests Poltár forest plant with a total area of 2981 ha.

Another important activity was the creation of forest management projects, which were developed for 58 newly declared parcels for forest land with a total area of 106 ha. The projects concerned the following QA: Žilina (1), Považská Bystrica (2), Kriváň (1), Topoľčianky (1), Rožňava (1), Liptovský Hrádok (1), 7 projects altogether.

In connection with the restoration of forest management by their owners, there were 2 projects of changes in the part boundaries (OZ Šaštín, OZ Žilina).

In 2019, complete proposals for declaring forests of special purpose for forestry were drawn up in connection with PSL restoration: Košice (1 LC), Kriváň (5 LC), Levice (4 LC), Prešov (3 LC), Trenčín (2 LC) and Vranov (1 LC), together with 12 LC for 4097 ha.



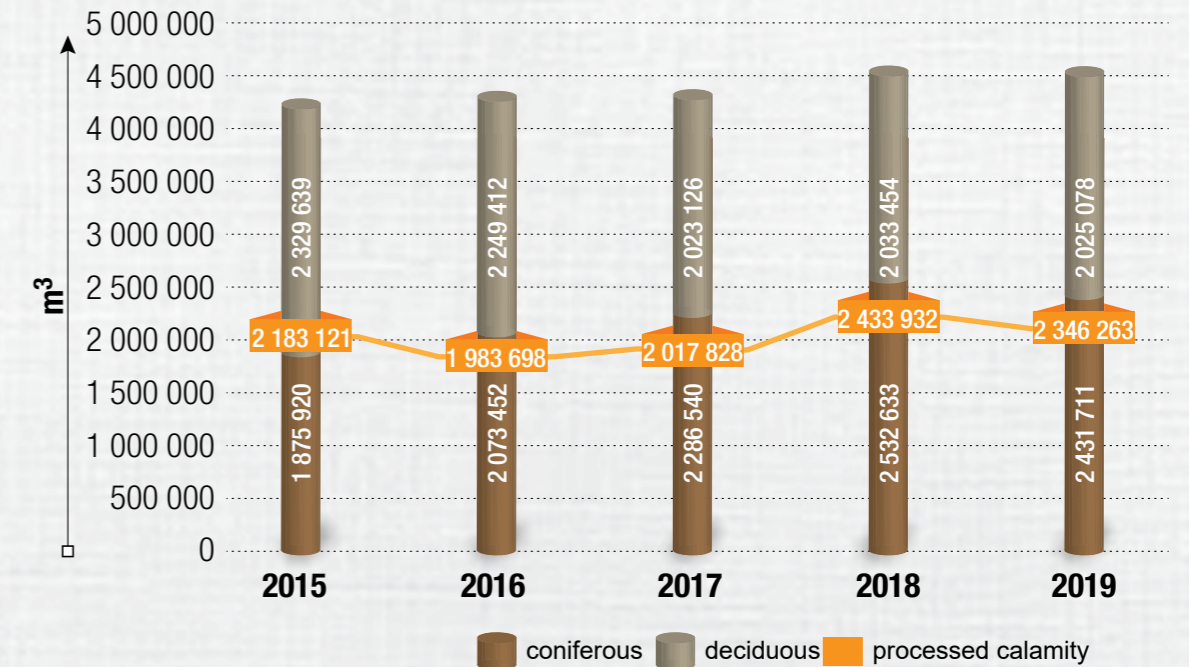
Financial and technical indicators

Overview of selected economic indicators in 2015 - 2019

No.	Indicator	Unit	2015	2016	2017	2018	2019	Year-on-year change			
								2016-2015	2017-2016	2018-2017	2019-2018
1.	Forest regeneration	ha	6 325	6 979	6 764	7 604	7 036	+654	-215	+840	-568
2.	out of which natural regeneration	ha	2 503	3 184	3 044	3 541	3 126	+681	-140	+497	-415
3.	Thinning	ha	18 523	18 184	17 245	16 822	14 429	-339	-939	-423	-2 393
4.	Direct cost of silviculture TOGETHER	K €	22 781,40	21 318,86	27 267,74	31 297,91	27 866,48	-1 462,54	+5 948,88	+4 030,17	-3 431,43
5.	out of which allowance for creation	K €	6 962,73	6 241,85	7 601,98	11 552,95	11 665,47	-720,88	+1 360,13	+3 950,97	+112,52
6.	usage	K €	4 450,05	5 196,91	6 198,36	6 855,03	10 179,85	+746,86	+1 001,45	+656,67	+3 324,82
7.	Direct cost of silviculture without allowance	K €	20 268,72	20 273,93	25 864,12	26 599,99	26 380,86	+5,21	+5 590,19	+735,87	-219,13
8.	Direct cost of logging	K €	107 407,45	108 681,24	109 202,61	119 595,81	113,621.67	+1 273,79	+521,37	+10 393,20	-5 974,14
9.	DC of logging per m3	€·m ³	25,54	25,14	25,34	26,19	25,49	-0,40	+0,20	+0,85	-0,70
10.	Overheads	K €	65 386,54	67 600,01	71 368,09	75 677,00	74 084,14	+2 213,47	+3 768,08	+4 308,91	-1 592,86
11.	Thinning in forests up to 50y	ha	10 173	12 560	12 343	10 780	9 893	+2 387	-217	-1 563	-887
12.	Total logging	m ³	4 205 559	4 322 864	4 309 666	4 566 087	4 456 789	+117 305	-13 198	+256 421	-109 298
13.	out of which coniferous trees	m ³	1 875 920	2 073 452	2 286 540	2 532 633	2 431 711	+197 532	+213 088	+246 093	-100 922
14.	deciduous trees	m ³	2 329 639	2 249 412	2 023 126	2 033 454	2 025 078	-80 227	-226 286	+10 328	-8 376
15.	out of which salvage logging	m ³	2 183 121	1 983 698	2 017 828	2 433 932	2 346 263	-199 423	+34 130	+416 104	-87 669
16.	Timber supplies domestic + export	m ³	4 118 078	4 205 780	4 177 578	4 300 457	4 212 637	+87 702	-28 202	+122 879	-87 820
17.	out of which coniferous trees	m ³	1 802 776	2 042 755	2 231 396	2 371 865	2 342 516	+239 979	+188 641	+140 469	-29 349
18.	deciduous trees	m ³	2 315 302	2 163 025	1 946 182	1 928 592	1 870 122	-152 277	-216 843	-17 590	-58 470
19.	Timber supplies for export	m ³	125 395	118 141	99 190	106 524	104 342	-7 254	-18 951	+7 334	-2 182
20.	out of which coniferous trees	m ³	9 476	8 108	6 839	20 746	18 914	-1 368	-1 269	+13 907	-1 832
21.	deciduous trees	m ³	115 919	110 033	92 351	85 778	85 428	-5 886	-17 682	-6 573	-350
22.	Timber revenues	tis. €	197 131,58	200 513,91	207 362,49	216 072,96	202 844,17	+3 382,33	+6 848,58	+8 710,47	-13 228,79
23.	Average price of wood (conif + dec.)	€·m ³	47,87	47,68	49,64	50,24	48,15	-0,19	+1,96	+0,60	-2,09
24.	Average price of conif.	€·m ³	53,83	50,75	51,36	48,59	43,27	-3,08	+0,61	-2,77	-5,32
25.	Average price of deci.	€·m ³	43,23	44,77	47,66	52,27	54,26	+1,54	+2,89	+4,61	+1,99
26.	Profit/loss before tax	tis. €	+10 331,46	+8 562,78	+9 305,29	+6 752,51	+4 047,36	-1 768,68	+742,51	-2 552,78	-2 705,14
27.	Profit/loss after tax	tis. €	+7 790,21	+7 281,19	+7 522,31	+5 231,90	+3 030,03	-509,02	+241,12	-2 290,42	-2 201,86
28.	Average number of employees	os.	3 521	3 528	3 566	3 635	3 557	+7	+38	+69	-78
29.	out of which workers	os.	1 255	1 260	1 286	1 339	1 326	+5	+26	+53	-13
30.	out of which technical managerial staff	os.	2 266	2 268	2 280	2 296	2 231	+2	+12	+16	-65
31.	Productivity of labour from added value	€	27 714,60	28 332,55	29 801,30	30 020,52	29 191,11	+617,95	+1 468,75	+219,22	-829,41

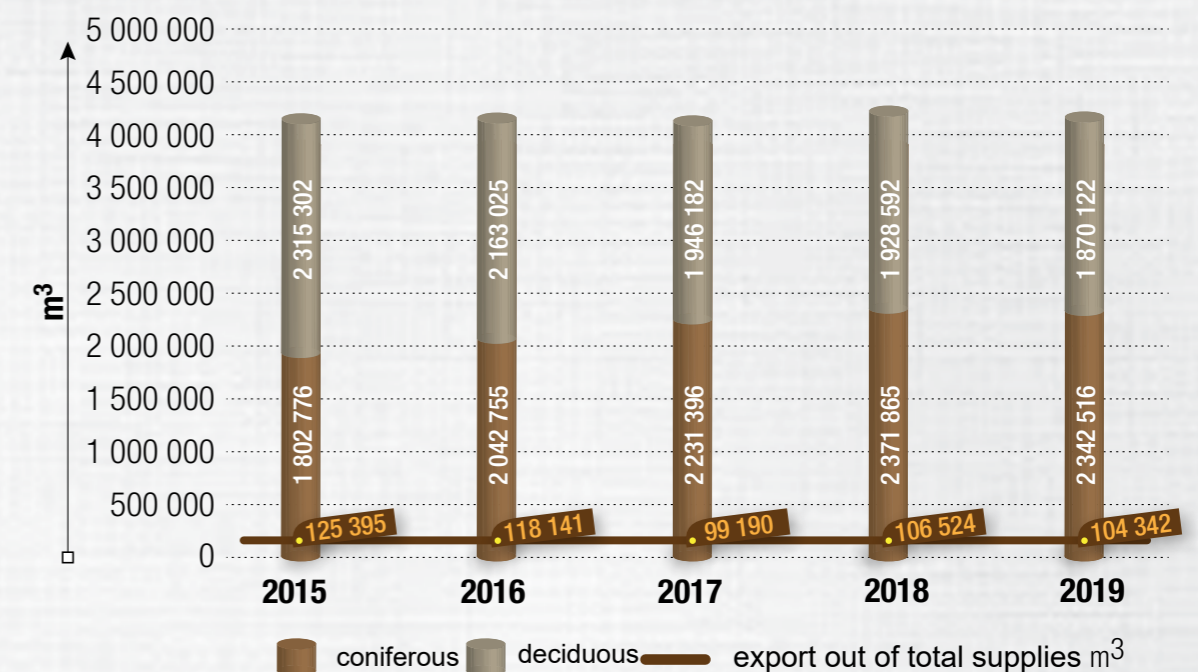
Timber harvesting including self-production and standing timber sale

	2015	2016	2017	2018	2019
Total value of timber harvesting (m ³)	4 205 559	4 322 864	4 309 666	4 566 087	4 456 789
processed calamity (m ³)	2 183 121	1 983 698	2 017 828	2 433 932	2 346 263
coniferous trees	1 875 920	2 073 452	2 286 540	2 532 633	2 431 711
deciduous trees	2 329 639	2 249 412	2 023 126	2 033 454	2 025 078



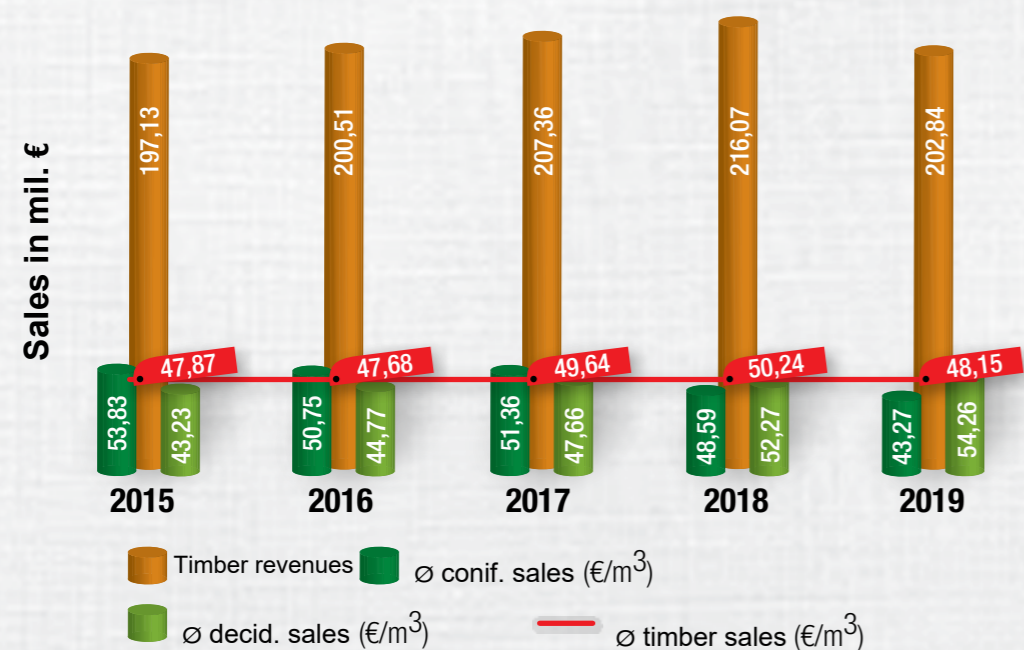
Timber supplies in m³

	2015	2016	2017	2018	2019
coniferous trees	1 802 776	2 042 755	2 231 396	2 371 865	2 342 516
deciduous trees	2 315 302	2 163 025	1 946 182	1 928 592	1 870 122
export out of total supplies (m ³)	125 395	118 141	99 190	106 524	104 342
export out of total supplies (%)	3	3	2	2	2



Timber Sales Receipts and Average Timber Sales

	2015	2016	2017	2018	2019
Timber sales receipts (mil.€)	197,13	200,51	207,36	216,07	202,84
Ø timber sales (€/m ³)	47,87	47,68	49,64	50,24	48,15
Ø conif. sales (€/m ³)	53,83	50,75	51,36	48,59	43,27
Ø decid. sales (€/m ³)	43,23	44,77	47,66	52,27	54,26



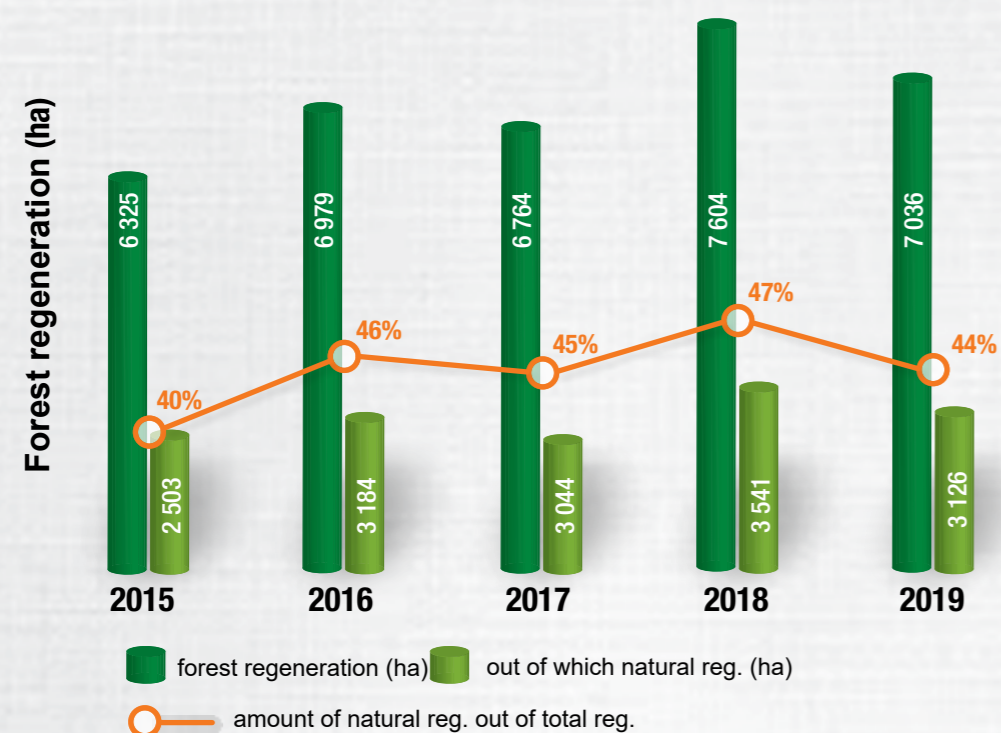
Productivity of labour from added value

	2015	2016	2017	2018	2019
productivity of labour from added value (€)	27 715	28 333	29 801	30 021	29 191
number of employees	3 521	3 528	3 566	3 635	3 557



Forest regeneration

	2015	2016	2017	2018	2019
Forest regeneration (ha)	6 325	6 979	6 764	7 604	7 036
out of which natural reg. (ha)	2 503	3 184	3 044	3 541	3 126
amount of natural reg. out of total reg.	40%	46%	45%	47%	44%
export out of total supplies (%)	3	3	2	2	2



Costs related to asset management and public benefit activities for the years 2015 to 2019

	2015	2016	2017	2018	2019
1. Asset settlement services	31,86	441,24	389,73	350,59	266,32
2. Management of watercourses - dam protection of torrents	214,13	187,50	154,59	170,41	67,81
3. Flood protection and remedation	144,59	207,32	1 120,40	345,23	252,17
4. Forestry and Wood Museum Zvolen	386,43	355,24	420,75	445,13	321,47
5. Breeding of Bison Topolčianky	40,19	60,47	57,42	48,04	58,64
6. Breeding of horses Muráň	466,74	663,13	520,56	625,25	639,32
7. Park management	78,84	76,28	100,24	125,92	145,84
8. Public Relations	310,69	311,08	394,81	1 494,28	713,30
9. Forest Open Air Museum	129,31	125,52	131,07	150,42	168,07
10. Loss from management in non-state non-transferred forests	714,53	741,31	853,24	739,49	1 097,67
T O T A L	2 517,31	3 169,09	4 142,81	4 494,76	3 730,61



Structure of Personnel Cost in 2019 and 2018 - in €

Labour Costs Total	2019	2018
		53 830 136
out of which:		
basic salaries of workers	10 409 411	10 025 114
bonuses, rewards and jubilees of workers	3 826 142	3 499 343
compensation of workers' wages	3 104 074	3 040 040
basic salaries of TMS	19 230 054	19 125 668
bonuses, rewards and jubilees of TMS workers	10 682 516	10 858 942
compensation of TMS workers' wages	6 197 928	6 415 567
agreements	380 011	355 111
Average Monthly per Employee TOTAL	1 253	1 224
Average Monthly Pay per Worker Employee TOTAL	1 092	1 043
Average Monthly Pay per TMS Employee TOTAL	1 349	1 330
Bonuses for Board Members	13 600	13 880
Social Insurance	19 167 213	18 873 795
Other Social Insurances (SRS)	1 282 940	1 259 683
Social Costs Together	4 280 027	4 732 396
out of which:		
meal allowance	1 755 507	1 756 675
social fund	661 048	661 407
protective equipment	648 196	702 270
uniforms of foresters	453 731	454 730
leaving allowance	437 701	340 524
Severance	335 779	291 570
the change of reserves for employee benefits under the CA	-642 210	148 112
compensation for temporary inability to work	256 149	221 232
medical examinations and reconditions stays	63 299	53 167
allowance for vacations according to § 152a CoL	203 203	0
other statutory social costs	107 624	102 708
Other social costs - business recreational facilities	15 851	24 151
Personal costs TOTAL	78 589 767	78 223 691

Annual remuneration

Information on the amount of the annual remuneration of the director of the state-owned enterprise and the members of the Supervisory Board and the amount of their shares in the profit of the enterprise pursuant to Section 9, Para. Act No. 111/1990 Coll. as amended

2019	annual remuneration	the amount of remuneration for profit - sharing
General direction of the state enterprise	6 443 €	20 927 €
members of the Supervisory Board	13 600 €	4 184 €

The state enterprise LESY SR was established on 1 September 1999 for the purpose of managing and sustainable management of forestry property of the state and other assets that serve or served forestry. A great long-term burden on the state-owned enterprise was unused assets, which the company gradually sold over the course of 2018, thus reducing the costs associated with the maintenance and care of entrusted assets.

From the level of the General Directorate of the state enterprise LESY SR, for the period from 01. 01. 2019 to 31.12. 2019 to the Ministry of Agriculture and Rural Development of the Slovak Republic / hereinafter only MPRV SR / withdrawn applications for the sale of real estate in the form of a commercial public tender in the total amount of EUR 4,831,704, of which MPRV SR approved sales in the amount of EUR 4,613,833. In the given year, the state enterprise also submitted to the MPRV SR applications for the sale of real estate in the form of direct sale, in the amount of EUR 3,167,034, of which a total of 177 direct sales in the total value of EUR 2,002,119 were approved.

Since the beginning of the reprivatisation process, 899,193 ha of forest land has been returned to former owners, out of which 183,146 ha to private owners, 456,665 ha to cooperatives, 179,698 ha to municipalities, 71,104 ha to churches and religious communities, and 8,580 ha to other owners.

Total of 3,275 ha of forest land was physically delivered. Of the total 899,193 ha surrendered, LESY of the Slovak Republic has leased 28,979 ha and the owners own 870,214 ha.

LESY SR, state enterprise managed, as of 31 December 2019, a total of 882882 ha of forest land, of which 703,343 ha were leased, 28,979 ha of land and 150,560 ha under the Land Act.

Out of the area of governed land representing 703,343 ha, the Slovak Republic owns 680,135 ha, 12,129 ha is disputable and 11,079 ha is rented to other organizations (TU Zvolen, Forestry College Banská Štiavnica, Forestry College Prešov, town of Dobšiná, etc.).

Overview of managed area of forest land fund

Ownership structure	l. r.	Reality until 31.12.2019		Expected until 31.12.2020
		no. of subj.	area in ha	(ha)
a	b	1	2	3
Total used area of FF line 1 = (2+7)	1	x	882882	824642
State owned total line 2 = l. (3+6)	2	x	703343	655496
out of which				
a) state owned line 3 = (4+5)	3	x	691214	652077
out of which				
cultivated	4	x	680135	650151
leasehold (rented to other entities)	5	x	11079	1926
b) disputable	6	x	12129	3419
Non-State owned total line 7 = (8+9+15)	7	42841	179539	169146
out of which				
Rented from non-state entities to which forestland was returned	8	6547	28979	28755
Owned by non-state entities which applied for returning - being processed - line 9 = l. (10 to 14)	9	36294	58002	56179
out of which				
a) private	10	31049	48231	45934
b) joint ownership (indivisible, shared)	11	4785	6369	6362
c) municipal	12	108	912	991
d) church	13	317	1581	1950
e) other	14	35	909	942
Owned by non-state entities which have not requested the land	15	x	92558	84212

Overview of returned and rented forests in ha from the beginning of the reprivatization process until 31.12.2019

Private Owners				Associations				Municipalities				Church and religious organizations			
Non-returned forests	Returned			Non-returned forests	Returned			Non-returned forests	Returned			Non-returned forests	Returned		
	Total	Out of which Individ. managed	Rented SF		Total	Out of which Individ. managed	Rented SF		Total	Out of which Individ. managed	Rented SF		Total	Out of which Individ. managed	Rented SF
2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
131 066	183 146	176 098	7 048	8 358	456 665	440 008	16 657	1 285	179 698	176 123	3 575	2 991	71 104	69 571	1 533

Other owners				Total				State forest	Rented by SF 22+25+26	Total area LPF
Non-returned forests	Returned			Non-returned forests	Returned					
	Total	Out of which Individ. managed	Rented SF		Total	Out of which Individ. managed	Rented SF			
18	19	20	21	22	23	24	25	26	27	28
6 860	8 580	8 414	166	150 560	899 193	870 214	28 979	703 343	882 882	1 753 096

Overview of forestland based on the governance and use on 31.12.2019

Area of managed forest land in ha	Type of use						
	based on governance			based on rent		based on the Land Act	
	owned by SR	disputable	rented to other entities	by contract		acc. to § 5	acc. to § 22
				from other entities	from SLF		
1	2	3	4	5	6	7	8
882 882	680 135	12 129	11 079	28 979	0	19 546	131 014
	703 343			28 979		150 560	

Notes:

- Total area of forestland used by the organization
- Owned by Slovak Republic (state) or by CzechoSlovakia
- Disputes between municipalities, church or other entities (legal proceedings)
- Forestland used by other entities
- Use based on agreements, contracts for more than 5 years (Art. 3 Act No. 266/1992 Coll.)
- Use based on the contract with the Slovak Land Fund
- , 8. Use by a liable entity in accordance with Act No. 229/1991 Coll. on land ownership as amended

Applications for Returning of Forestland

Indicator	Unit	I. r.	Total since the beginning of forest reprivatization
a	b	c	1
Applications for returning ownership and user rights to forest land	number	1	98 686
	ha	2	957 195
out of which private forestland owners	number	3	92 259
	ha	4	243 635
Applications approved - physically returned forestland (line 1 and 2)	number	5	62392
	ha	6	899193
private forest land owners I. 7≥ r.(9+11) I. 8≥ r.(10 +12)	number	7	57 200
	ha	8	183 146
out of which: (from I. 7 and 8)	applications pursuant to Art § 6 a § 9 Act No. 229/91 Coll. as amended	number	2 857
	ha	10	55 271
out of which ownerships (I. 5 a 6)	applications pursuant to Art. 3Act No. 503 Coll.	number	51
	ha	12	654
joint	number	13	3 767
	ha	14	456 665
municipalities	number	15	518
	ha	16	179 698
church	number	17	699
	ha	18	71 104
other	number	19	208
	ha	20	8 580
Processed applications - physically not returned forestland managed by by the state forestry administration (I. 1 to 2)	number	21	36 294
	ha	22	58 002
Applications approved - total	number	23	98686
	ha	24	957195
Not processed applications physically not returned forestland	number	25	0
	ha	26	0



Forest production

The sustainable fulfilment of all forest functions is the basic principle of its management. Long ago people already realized that unlimited and uncoordinated exploitation demands with regard to the forest production function can be accepted only to a certain extent. Different principles, regulations and legislation have gradually been created to guarantee satisfaction of human needs to the extent which is without detriment to the fulfillment of all forest functions.

Timber harvesting is the most discussed, and many times considered as negative, production function of the forests. Everything in the nature, and also in forests, comes into existence at a certain moment and after certain time it ceases to exist giving space to new life, a new forest. This process is irreversible. There are only two ways of treating forests. The first possibility, a very simple one, is to leave a forest on its own allowing natural elements and self-regulation to work without any utilization of the forest production function, i.e. without forest management.

Another possibility is, following proven and legislatively covered principles of sustainability, to implement economic measures in such a way that raw wood material is utilized before its natural destruction without interrupting other important social functions of forests.

Forestry with its more than 300-year old history, experience, results as well as the condition of forest stands guarantees that utilization of all forest functions is correctly managed. It is a matter of the whole society how it is able to value professional activities of foresters and use resources to maintain and improve Slovak forests.

The state enterprise LESY SR has always guaranteed sustainable forest management in accordance with valid legislation and principles of nature conservation recognized in EU countries.

Silviculture

A total of 26,471.79 thous. €, used 26,380.86 thous. € without the impact of the reserve on the cultivation activity. The plan of direct cultivation costs was not fulfilled by 90,93 K €, which is a fulfillment of 99.7%. In the technical units, the PC plan was fulfilled in the main activities of forest restoration, cleaning of areas after harvesting, protection of young forest stands (MLP) against game and purges, as well as in other activities such as MLP fencing and full-area soil preparation. The planned technical units in other performances were not met. The planned crop protection costs of 2580 thous. € (fulfilling plan to 83,7%) due to leaving part of the weed areas without affecting the shading of seedlings in exposed habitats in times of extremely warm weather, as well as because weeds did not grow to a size threatening the growth of seedlings. In the forest protection, the planned costs of 385,28 thous. However, all necessary work related to measures against the spread of insect pests, in particular sub-insect pests, was carried out. Non-fulfillment of other outputs resulted from a reassessment of local needs of individual OZs without a negative impact on the maintenance of favorable conditions and development of young forest stands.

The extent of forest regeneration was based on the balanced task of 9991 ha. The total regeneration covered 7,036 ha, out of which 3,126 ha were naturally regenerated. The planned tasks were exceeded by 1,513 ha.

Preventions were carried out on an area of 14,429 ha, compared with a plan of an increase of 922 ha. Of this, the cleansings and thinnings that were counted from the data of the forest care plans were carried out in the range of 11,125 ha and although they lagged behind the averaged 13,020 by 1895 ha annual average, they were filled to the presently necessary extent.

Compared to the previous year, the total PN for PČ without reserves were lower by 219.13 thous. €, which, with the exception of forest restoration and forest protection, was reflected in all other performances. In forest protection increased by 9.83 thous. €, but in the renewal of the forest by up to 642.01 thousand. €, when, with a comparable volume of output, artificial reforestation increased the costs due to the increase in the prices of services in the PC, as well as the internal price of planting material. A significantly lower drawdown was in the performance of protection of MLP against weeds by 286.92 thous. € and purges by 162.31 thous. € due to the implementation of a smaller volume of services.

Harvesting activities

The coniferous extraction plan was 4,378,964 m³ which was exceeded by 4,456,789 m³, fulfillment by 101.78%. The coniferous extraction plan was 2,308,611 m³ which was exceeded by 123,100 m³, fulfillment by 105.33%. The increase in coniferous extraction compared to the plan was due to the increased effort to process the sub-plant calamity in time and the reporting of accidental extraction not carried out, which amounts to 100,654 m³. Pri náhodnej ťažbe nevykonanej ide o ponechanie neaktívnej podkôrnikovej ihličnatej hmoty v porastoch a zameranie sa na spracovanie aktívnej podkôrnikovej ihličnatej hmoty. The decid. extraction plan was 2,070,352 m³, reality was 2,025,078 m³ filling to 97.81 %. In educational intentional mining, the plan of 24,464 ha was fulfilled to 77.42% (actually 18,940 ha). The plan was fulfilled at 79.47% in intentional mining operations. The reason for non-fulfillment of the level of educational mining was the preferential treatment of submarine calamity. In the year-on-year comparison of inventories for the given period of 2019, the reality was 4,456,789 m³ and the reality in 2018 is 4,566,087 m³.

The approach of wood was fulfilled to 98.88% (plan 4,262,873 m³, reality 4,214,888 m³. Direct costs of wood production after OM were planned at € 15.35 / m³, real direct costs were € 15.04 / m³, fulfillment at 97.98%. Direct costs of wood production after OM were planned at € 0.70 / m³, (4.88%). The reality of the previous period was 14.34 € / m³.

The planned volume of timber removal of 3,254,847 m³ was fulfilled to 94.93% (actually 3,089,933 m³). Timber removal was not fulfilled due to non-fulfillment of planned volumes in timber removal at the internal carrier OZLT Banská Bystrica by not including all means in removal due to technical failure of means and non-fulfillment of planned volumes at external carriers. The projected average direct load per 1 m³ in the take-off from the OM site to the EC site was 6.14 € / m³, the fact reached in the reference period was 5.90 € / m³, which is. In the year-on-year comparison of inventories for the given period of 2019, the reality was 3,089,933 m³ and the reality in 2018 is 3,287,744 m³.

Wood Inventory as of 31 December 2019

The share of timber stocks as at 31 December 2019 (453,490 m³) in the annual logging plan for 2019 (4,456,789 m³) is 10.18%. In the year-on-year comparison of inventories for the given period of 2018, the reality was 398,097 m³ and the reality in 2019 is 453,490 m³, which is a year-on-year increase in inventories by 55,393 m³.

Non-productive, public benefit functions of the forest

Forests on our planet cover 4.033 billion hectares, which represents a forest cover of 31% of the total land area. The average forest cover of Europe is 44.5%. In the ranking of forest cover of European countries, Slovakia ranks 11th with a forest cover of 41.2%. According to the Green Report from 2019, the area of forest land in the Slovak Republic was 2.02 mil. ha, of which forest land 1.948 mil. ha. In addition to the productive functions of the forest, all forests also perform non-productive, public benefit functions. These are the functions:

A. Ecological:

1. Soil protection (anti-erosion, anti-deflation, anti-slip, anti-avalanche, anti-avalanche)
2. Water protection (hydric)
3. Climate (impact on local climate, CO₂ sequestration)
4. Air pollution mitigation
5. Genetic (species origin)

B. Social:

1. Medical (recreational, medical)
2. Cultural (landscaping, conservation, scientific, defense)
3. Nature protection (biodiversity conservation)

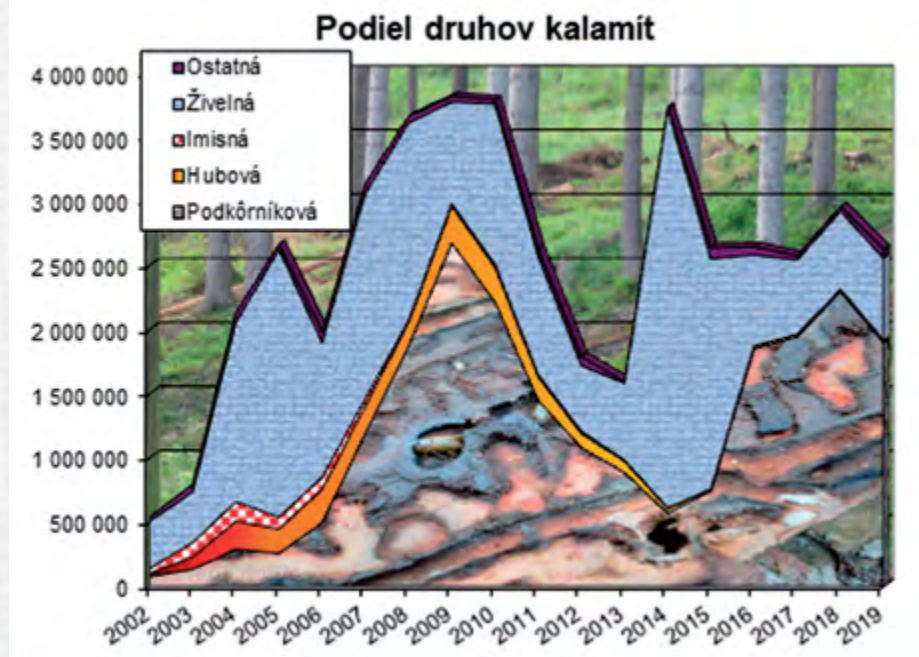
In terms of the predominant functions of the forest, we divide forests into protective forests, special purpose forests and commercial forests. Protective forests perform mainly ecological functions, special purpose forests mainly social functions and commercial forests mainly production functions. Lesy SR, s. e. manage 76% of commercial forests, 16% of protective forests and 8% of special purpose forests.

All management measures planned in forest management programs for a period of 10 years take into account the functional focus of individual stands.

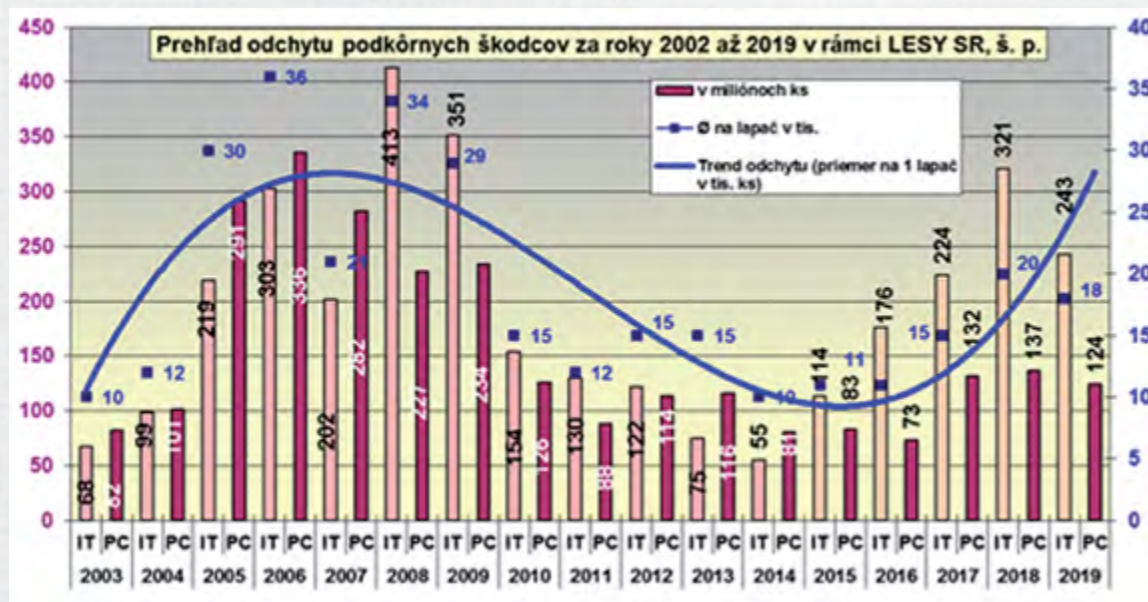


The initial state of calamity as of 1 January 2019 was 492 097 m³. Compared to the initial state of 2018, it increased by more than 60,000 m³. In 2019, 2,346,263 m³ were processed. As of 31 December 2019, 262,847 m³ of wood remained to be processed.

In the last two years, the proportions of calamity in total have increased significantly and have become dominant. Already in 2015 (one year after the Žofia quality on 14 May 2014) it indicated a tendency to increase the subsoil calamity, the rising trend of which was clearly confirmed in 2018, but in 2019 the volume of subsoil calamity decreased by 401 thous. m³ and the total volume of the calamity by 348 thous. m³ compared to 2018.



Monitoring of traps provides a sufficient overview of the development of bark beetles during the monitored period. Because of a decreasing number of trapped beetles since 2009 it can be presumed that if protection measures are used constantly, it is possible to keep bark insect outbreak under control. The period of 2010-2013 proved this presumption and we reached the levels of 2002 through 2004 in trapping. However, in 2015 an average catch per a trap was much higher than annual averages during the last 5 years. The year 2019 marked the third highest catches of spruce bark beetle in the history of trapping records.



Nature and landscape protection in Slovakia is divided into two levels of protection:

- Protection of areas
- Protection of species

The predominant form of protection is protection of areas – protected areas. The protected areas constitute so-called “national network of protected areas” and “NATURA 2000 network”, i.e. a system of biotope protection and protection of species of European Community interest. The Slovak Republic joined this protection system within the accession talks before it joined the EU. The NATURA 2000 system was implemented in the national legislation and is monitored by the European Community in the form of so-called reporting. The national network of protected areas and the NATURA 2000 network are not two independent parallel systems, but they overlap. The protection of protected species is applied regardless of the type and category of protected area, i.e. it is applicable to the entire territory of the Slovak Republic.

1. Protected areas integrated in the national network

a) Large-scale protected areas (national parks, protected landscape areas)

Overview of national parks (NP) and their area within LESY SR, state enterprise

Name of NP	Area in ha
NP Malá Fatra	3113
NP Muránska planina	15 109
NP Nízke Tatry	39 758
NP Poloniny	1 251
NP Slovenský kras	9 908
NP Slovenský raj	10 341
NP Veľká Fatra	24 883
TANAP	1
OP NP	57 989
Total LESY SR, s.e.	162 353

Overview of protected landscape areas (CHKO) and their area within LESY SR, s.e.

Name of CHKO	Area in ha
CHKO Biele Karpaty	16 069
CHKO Cerová vrchovina	5 076
CHKO Dunajské luhy	3 846
CHKO Horná Orava	18 391
CHKO Kysuce	20 647
CHKO Latorica	1 462
CHKO Malé Karpaty	42 121
CHKO Poľana	15 054
CHKO Ponitrie	25 209
CHKO Strážovské vrchy	8 589
CHKO Štiavnické vrchy	28 536
CHKO Vihorlat	8 044
CHKO Východné Karpaty	6 955
CHKO Záhorie	8 654
Total LESY SR, s.e.	208 653

b) Small-scale protected areas (national nature reserves, nature reserves, national nature monuments, nature monuments, protected sites)

Overview of small-scale protected areas and their area within LESY SR, state enterprise

Category of protected area	Area in ha
NPR – national nature reserves	17 237
PR – nature reserves	6 482
NPP- national nature monuments	10
PP – nature monuments	432
CHA – protected sites	960
OP MCHÚ	2114
Total Lesy SR, s. e.	27 235

2. Protected areas integrated in the Natura 2000 network

Independently of the national network of protected areas, the Slovak Republic as a EU member state develops a coherent European ecological network of protected areas NATURA 2000.

a) protected bird areas

One of the commitments of the SR following from the EU accession is the obligation to implement Council Directive 79/409/EEC of 2 April 1979 on the conservation of wild birds to the Slovak legislative standards. On November 30, 2009, this Directive was replaced by the Directive 2009/147/EC of the European Parliament and the Council on the conservation of wild birds. Based on them, a new category of protected areas "protected bird areas" must be created in Slovakia. The national list of the proposed Special Protection Areas was adopted by the decision of the Slovak Government No. 636/2003 on July 9, 2003. They comprised of 38 special protection areas. Two habitats were excluded from the list by the decision of the Slovak Government No. 345/2010 of May 25, 2010: Bohelovské rybníky and Trnavské rybníky. On the contrary, EC added to the decision 5 new Special Protection Areas: Levočské vrchy, Chočské vrchy, Čergov, Slovenský raj and Špačince-Nižná. The total area of the proposed Special Protection Areas in the SR, included in the national list, is 1,286,296 ha, which represents 26.2% of the area of the Slovak Republic. In 2019, the government of the Slovak Republic approved programs for the care of the protected bird areas of Poľana, Slovenský raj, Chočské vrchy, Čergov and Strážovské vrchy.

b) Special Areas of Conservation (SAC)

The national list of the proposed Special Areas of Conservation was adopted by the decision of the Slovak Government No. 239/2004 on March 17, 2004. By the Commission Decision 2008/26/EC of November 13, 2007 on the list of Special Areas of Conservation for the Pannonian biogeographical region and the Commission Decision 2008/218/EC of January 25, 2008 the first updated list of Special Areas of Conservation for the Alpine biogeographical region was adopted.

An update of the Special Areas of Conservation was adopted by the decision of the Slovak Government No. 577 of August 31, 2011, "B" list. The total area of the amendment is 11,986 ha, i.e. 0.2 % of the area of the SR. The forest land covers 55 % of this area. The overlap with the national network represents 92 %. The document approving the extension of NATURA 2000 areas by approx. 0.2 % of the Slovak territory was approved by the government of the Slovak Republic and sent to DG ENVIRO Brussels.

On 7 December 2017, the Ministry of the Environment of the Slovak Republic adopted Measure No. 1/2017 amending the Decree of the Ministry of the Environment of 14 July 2004 no. 3 / 2004-5.1, issuing a national list of territories of European significance. The measure establishes the addendum to the national list of European significance, in accordance with the Resolution of the Government of the Slovak Republic no. 495/2017 of 25 October 2017 on the Second Update of the National List of Territories of European Importance, "C" stage of the VU lists. The measure came into effect on January 1 2018.

Based on these documents "A" and "B" of the VUs lists, the Slovak Republic undertook to declare 473 territories of European significance, with a total area of 584,350 ha (which is 11.9% of the SR). From 1 January 2018, the "C" stage will begin - a new 169 sites with 31,656 hectares. The total area will increase from 11.9% of the Slovak Republic's territory to 12.6%.

3. Other protected areas

Apart from the national and European network of protected areas there are other protected sites such as biospheric reservations, Ramsar sites and sites designated as UNESCO World Heritage.

a) biospheric reservations

There are 4 biospheric reservations on the forest land of the SR (Poľana, Slovenský kras, Tatry, Východné Karpaty) with the total area of 35,440 ha.

b) ramsar sites

On the lands of LESY SR, s. e there are 12 ramsar sites (Alluvium of the Morava river, Alluvium of the Rudava river, Alluvium of the Tisa river, Domica, Meadows of Danube, Caves of Demänovská dolina valley, Latortica, Marshlands of Orava hollow, Marshlands of Turiec, Poiplie, the river Orava and its inflows, Šúr) with the total area of 7,519 ha.

c) UNESCO World Heritage

In 2019, the Government of the Slovak Republic approved the government material Proposal for the Modification of the Boundaries of the Slovak Components of the World Heritage Site Old Beech Forests and Beech Forests of the Carpathians and Other Regions of Europe. Currently on land managed by LESY SR, s. e., in terms of tasks from this material, the process of declaring PR Vihorlatský prales and PR Rydošová is underway.

Timber trade



In 2019, the company completed a total of 4,212,637 m³ of coniferous and deciduous supplies Deliveries in total compared to the plan were not fulfilled by -114,762 m³ (97.35%), of which coniferous deliveries were fulfilled by +4,216 m³ (100.18%), deciduous deliveries were not fulfilled by -118 977 m³(94.02%).

The slippage in leaf deliveries was caused by our largest customer - non-collection of contracted timber due to the re-construction of warehouse areas, modernization of the production line and high stocks of the buyer.

Revenues from wood of direct deliveries for realization represent 202,844.17 thous. €. Compared to the plan, revenues are totally unfulfilled by -4,428.47 thous. € (97.86%), of which revenues from coniferous deliveries are exceeded by +168.94 thous. € (100.17%) and revenues from deciduous deliveries are unfulfilled by -4,597.41 thous. € (98.80%).

The average monetization in the observed period was achieved in the amount of 48.15 € / m³, which represents an improvement compared to the plan by +0.25 € / m³ (100.52%). In the year-on-year comparison, the decrease in average monetization was -2.09 € / m³, while the average monetization in the same period of 2018 was 50.24 € / m³. The average monetization in the observed period was achieved in the amount of 43.27 € / m³, which represents an improvement compared to the plan by +0.01 € / m³ (99.98%). Compared to the same period last year, there was a decrease of -5.32 € / m³. The average monetization in the observed period was achieved in the amount of 54.26 € / m³, which represents an improvement compared to the plan by +0.93 € / m³ (101.74%). Compared to the same period last year, there was a decrease of +1.99 € / m³.

In the monitored period, the company sold coniferous and deciduous wood in the amount of 17,465.73 m³ and in the amount of 1,105.41 thousand via electronic timber auctions (EAD). € with an average monetization of 63.29 € / m³. 17,794 m³ were auctioned. In year-on-year comparison, inventories increased by -18,763 m³.

Valuable assortments of raw timber were sold through public wood auctions in the volume of 6 911.96 m³. Revenues from sales amounted to 1,759.49 thousand. € with an average monetization of 254.56 € / m³.

The company is testing a pilot project "standing timber sales", i. j. Forest methodology. In this way, sales were made in the following volumes and values:

- **sale of wood on stump - coniferous wood in the volume of 36,792.85 m³ and the value of 314.43 thous. €, with an average monetization of € 8.55 / m³,**
- **sale of wood on stump - coniferous wood in the volume of 8,413.86 m³ and the value of 106.39 thous. €, with an average monetization of € 12.64 / m³,**



Forest technology

LESY Slovenskej republiky s. e. provide part of the main forestry, service, repair and investment activities through the specialized forestry plant of Banská Bystrica (OZLT).

OZLT carries out a complex mining activity with special environmentally friendly technologies (harvesters, forest rope systems) in the total amount of 532 thousand. m³, which is 7.5% of the yearly wood extraction of LESY SR s. e. (without self-production of wood).

Harvester technology (machine to tree) OZLT processed 228 thousand. m³, of which 65.5 thous. m³, the remaining 162.5 thous. m³ subcontracted through external suppliers.

By forest rope systems (tree to machine), forest wheel tractors and other mining technologies, OZLT performed a complex mining activity in the volume of 92,00 m³.

At present, 24 forest rope systems do not cover the requirements of sparse plants, especially in pre-primary mining. LESY SR, s. e. is a constant increase in the most environmentally friendly, environmentally sensitive cableway technologies. The OZLT mechanisms also performed the handling of wood (especially thin calamity) in the volume of 212 K m³ by multi-operation machines with processor heads. Of this volume 179 thousand. m³ own funds and 33 thous. m³ through subcontracted external suppliers.

OZLT carried out its own deductions in the amount of 3 mil. m³, representing about 52% of the annual logging volume of the company. This confirms the stabilization of timber transport capacities with its own OZLT trucks over 2 mil. m³.

Maintenance of the forest road network: the maintenance of forest roads and weights was in the total volume of 1,731 mil. €. As in previous years, the technology of repairing the forest road network with a set of road milling cutters was positively evaluated by the branch plants.

The repair and maintenance service was provided by OZLT in support of products and services in the field of repairs and servicing of handling lines, front loaders, mechanized tools and OZLT products within the whole company in the amount of 1,221 mil. €.

In 2019, OZLT also participated in the realization of investment shares within LESY SR s. e. Maintenance of the forest road network: the maintenance of forest roads and weights was in the total volume of 4,615 mil. €. Of these, machinery investments amounted to 2 388 K € and construction investments (especially construction of forest roads) 2 227 K €.

The decline in the provision of forest biomass chipping services continued. In the course of 2019, OZLT reached 203 thousand CZK through two operational wood chippers. € for wood chip processing.

As in previous years, in 2019 the trend of higher utilization of OZLT capacities within the framework of internal relations continued. With its capacity, OZLT means security for the company. Also with regard to the consistent application of the Public Procurement Act within LESY SR, s.e., which is often protracted, OZLT is able to provide technologies, in real time, by its own employees and its own technology, in complex logging and timber transport, as well as in removing the consequences of calamities. At the same time, the implementation of these activities takes place at prices comparable or more advantageous than the external environment. This means maintaining price stability and permanent monitoring of the cost of the main performances and activities within LESY SR, s. e.



Forest-tree nursery

In 2019 FE Semenoles managed 188 hectares of production area at twelve forest-tree nurseries (Jochy, Šajdík Humence, Trstice, Hladomer, Oravská Priehrada, Drakšiar, Brod, Kraje, Čermosná, Šariš, Sobranecké Spa, Center of Genofond and Orchard Woods Jochy).

In 2019, the nursery centres produced 64.121 mil. seedlings, which is approximately 0.625 mil. pieces more than in the previous year. Out of this softwood bare-root seedlings 36.452 mil. pieces (56.9%), hardwood bare-root seedlings 24,055 mil. pcs (37.5 %), and potted seedlings 3,614 mil. pcs (5.6%).

FE Semenoles sold 20.87 mil in 2019 pieces of seedling, out of which for the state enterprise Lesy SR 15.914 mil. pcs (76%) and for other entities 4.956 million. pcs (24%). Most sold beech - 6,6 mil. pcs, the second most desirable wood was spruce - 4,2 mil. pcs., cryo-rooted seedlings sold by 2,665 mil. pcs. make up 13% out of total.

Semenoles focuses on growing ornamental and Christmas trees. Currently they are growing 0.767 mil. pieces of ornamental trees and sales came up to the level of 74 thousand pieces. Christmas trees are grown on the area of 22 ha.

Seed production

The FE Semenoles engages in seed collection, processing and storage for the needs of the state enterprise LESY SR as well as for non-state organizations and creates optimum reserves for infertile periods. In 2019, it collected 119,019 kg of seed raw material for LESY SR, a state enterprise (of which 2,320 kg sm, 1,718 kg bo, 9,404 kg jd, 37,281 kg bk, 9,438 kg sc). Compared to 2018, FE Semenoles collected 46467 kg of seed material less, which was mainly due to low oak harvest.

The stock of seeds as at 31 December 2019 is 46,176 kg worth € 542,112.28, of which 1,401 kg, 557 kg, 309 kg, 601 kg, 4,065 kg, 39,243 kg. 7,364 kg of seeds were treated before sowing activities.

For non-state entities, Semenoles processed 25,243 kg of raw seed material. Revenues for seeds in 2019 amounted to 60,316 € of which the export was 33,942 €.

Tree breeding and gene pool conservation

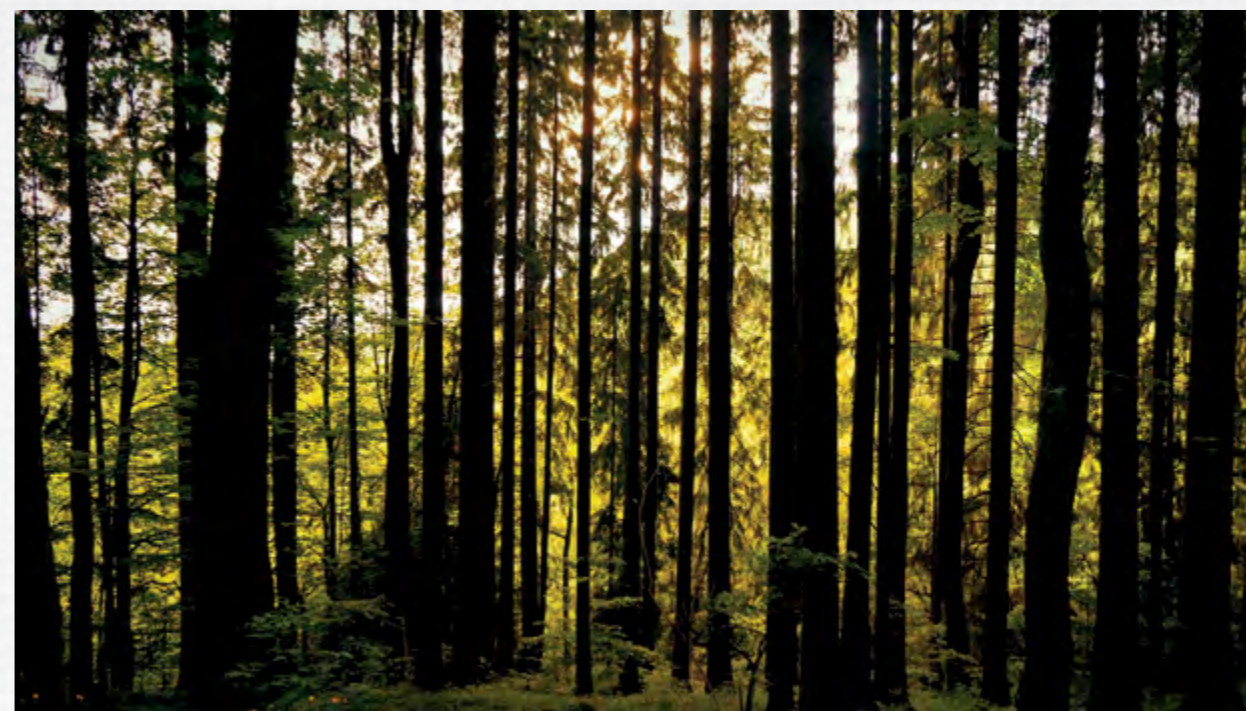
OZ Semenoles operates 31 seedlings (58.30 ha), of which 2,426 kg of seed material were harvested in 2019.

On the basis of elaborated seed orchard projects, seed orchards were approved in 2019 by the district authorities: the elm vulture *Ulmus minor* Mill. Gabčíkovo (the manager will be OZ Semenoles, ŠS Trstice), sorghum *Sorbus domestica* L. Lipovec (the manager will be OZ Trenčín), spruce *Picea abies* (L.) Karst. (the manager will be OZ Beňuš), *Sorbus torminalis* (L.) Crantz Za harbom (the manager will be OZ Prešov).

In the autumn of 2019, a seed orchard of common Jelšinka spruce was planted on the area of the former forest nursery Smižany at the Prešov Nature Park.

For the establishment of a new seed set *Fraxinus excelsior*, notches were collected from 56 selected trees from the localities Lipníky, Petrovce, Majdán. For the same purpose, we collected grafts from 55 selected *Acer pseudoplatanus* trees and from 35 selected *Tilia cordata* trees. The following were grafted: *Fraxinus excelsior* 560 rootstocks from 56 clones, *Tilia cordata* 350 rootstocks from 35 clones, *Acer pseudoplatanus* 800 rootstocks from 55 clones. *Picea abies* grafted from the sixth forest vegetation stage in the amount of 468 pieces, *Larix decidua* 96 pieces, *Ulmus glabra* 184 pieces were already treated and fertilized. All grafts from this year's harvests (*Fraxinus excelsior*, *Tilia cordata*, *Acer pseudoplatanus*) were also treated and fertilized. In order to set up and replenish new seed orchards, we have installed the following rootstocks: 600 pcs *Fraxinus excelsior*, 600 pcs *Acer pseudoplatanus*.

In the OZ Semenoles gene pool store 56 sections, the status as of December 31, 2019 is: 49.50 kg of basic stock and 179.80 kg of operational stock. 4 kg of seeds were released from the operational stock in 2019 and then sown in our forest tree nurseries to be used for the renewal of the gene pool.





Hunting and related tourism is one of the main activities of the state-owned enterprise, LESY SR, (LESY SR). Game management represents a separate production and economic cycle.

In 130, the state enterprise LESY SR, B. Bystrica exercised hunting rights in 108 hunting grounds totalling 445 thousand ha, which represents 7% of the total number of hunting grounds and 10% of the total hunting area in the Slovak Republic. The average area of hunting district is 3421 ha, while 2 districts have an area of over 20 thousand. ha. Out of the total number of overhead districts, there are 10 animals and 6 pheasants. In the hunting season 2019, planned hunting was met at 86.26% for deer, 91.3% for fallow deer game 89.19% for mouflon 59.29% for roe deer game and 65.32 % for boar game. The total fulfillment of planned deer hunting is 86.73%. In 2019, hunting of the brown bear was not allowed for the FORESTS of the Slovak Republic. Also Chamois hunting 9 pieces permitted, 9 killed.

Charge trophy and wild game hunting in pieces during hunting season 2018/19 and 2019/20

Species	2018/19	2019/20	Difference (2018/19 – 2019/20)
Deer	606	738	+ 132
Fallow Deer	101	158	+ 57
Mouflon	124	165	+ 41
Roe Deer	200	329	+ 129
Boar	1547	2981	+ 1434

In 2019, hunting of game in 59 hunting grounds was contracted. Revenues from contractual sale of game hunting for 2019 K €. The average price of sold blast is 24 K €/hunting ground and 11.41 €/1 ha.

Basic economic indicators of LESY SR, s. e. under "241 – Game management in 2019:

In 2019, direct income was exceeded by € 192,497 compared to plan.

- Total 4 409 tis. € (year on year decline by 95 K €)
- Direct costs 2 134 tis. € (year on year decline by 479 K €)
- ER from DC 2 275 tis. € (year on year decline by 384 K €)



The state enterprise LESY of the Slovak Republic organizes its activities in such a way that it fulfills the intention and mission of the enterprise, which is the sustainable development of state forests. It forms the basis for meeting the needs of nature, the requirements of society, the economic sphere and at the same time optimally enhances the forest property of the state. The company subordinates its activity to this principle both within the organization and towards the external environment, which is society and state and public administration bodies.

In the field of air protection, LESY SR, due to their possibilities, proceeds in accordance with the state environmental policy for this area, which is to ensure the maintenance of air quality in areas with favorable air quality and to improve air quality in areas with less favorable status.

One of the significant investments for the past year, proving the fulfillment of this goal, is also the replacement of the obsolete central wood boiler room with a gas boiler room at the headquarters of the Forest Technology Branch in Banská Bystrica. Its commissioning will be implemented during the first half of 2020.

In 2019, LESY SR operated 23 medium sources of air pollution and 605 small sources of air pollution. Resource audit reports confirm compliance with applicable legislation and the ability to operate safely. It remains the effort of the state enterprise to further increase the air quality in the environment of the existing boiler rooms, to continuously improve it by carrying out reconstructions and modernization of sources, and thus to fulfill its permanent goal.

The generation of waste at LESY SR affects its economic development. The reduction of waste in the production process in its individual operations occurs gradually by introducing means of production corresponding to ecological and environmental criteria, more modern technologies, as well as by prioritizing at the market level in the sales network of products with longer life.

In the case of the type of waste generated at LESY SR and in connection with the focus of the fulfillment of the tasks of the state enterprise, the issue of waste after the phase of prevention of its generation is solved commercially on the basis of contractual customer relations. Contracts are concluded between LESY SR and authorized persons on the basis of market research, tenders and public procurement in accordance with their requirements, taking into account the economy and respecting the principle of proximity of suitable waste recovery facilities in accordance with the principles of the waste management hierarchy.

When selecting customers with regard to the subsequent management of waste, LESMI SR applies in particular the principle: to ensure the recovery of the waste produced by them to the greatest extent possible, which also confirms the compliance of the environmental policy objectives of the state enterprise in the field of waste management.

Investment activities



The implementation of the investment plan in 2019 is at 89.55%.

	Yearly plan in K €	Fulfilment in K €	Fulfilment in %
Total amount of investment	25 935,11	23 225,93	89,55
1/ Status of work – own resources	9 146,29	8 517,10	93,12
2/ Status of work – EF	1 205,80	391,97	32,51
3/ Design work – own resources	200,00	439,45	219,73
4/ Design work – EF	0,00	30,40	
5/ Other investment	389,60	135,63	34,81
6/ Changes	0,00	0,00	
Construction investment total	10 941,69	9 514,55	86,96
7/ Machinery	10 021,10	11 965,77	119,41
8/ Long-term intangible assets	4 620,00	1 394,28	30,18
9) Machinery investment - eurofunds	352,32	351,33	99,72
Machinery investment total	14 993,42	13 711,38	91,45

1) Construction Investment in 2019

Own resources

From own resources, the drawing of investment funds for construction works was as follows:

Construction work	K €	%
Forest roads	5 029,10	59,05
Timber yards	1 779,69	20,90
Forest-tree nurseries	34,65	0,41
Housing construction	88,42	1,04
Other constructions	1 585,24	18,60
Anti-flood treatment of mountain streams	0,00	0,00
Ecology constructions	0,00	0,00
Total	8 517,10	100,00

In 2019, a total of 53.58 km of forest roads and permanent approach roads were built, rebuilt and reconstructed in the total amount of 5 029.10 K €.

A total of 21.87 km of forest roads and permanent approach roads were built, rebuilt and reconstructed in the total amount of 1,977.22 K €.

In the category of wooden warehouses, the highest volume was converted into shares in the monitored period: ES Hontianske Nemce, paved areas (OZ Le-vice) 146.17 thous. €, MES Lednické Rovne, paved areas (OZ Považská Bystrica) 495.50 ths. €, ES Červená Skala, paved areas, reconstruction (OZ Beňuš) 646.82 ths. €.

From the category of other buildings are the following actions: AB LS Topoľčianky, reconstruction into an enviroclass (OZ Topoľčianky) 496.49 ths. €, Construction modifications of the administrative building LS Zakamenné after the fire (OZ Námestovo) 149.99 ths. €, Catch facility - Teply Vrch zoo (OZ R. Sobota) 68.59 ths. €, Shop of products from the production of LESY SR, š. p., BB - building modifications 59.79 thous. €.

European Union Funds

In the monitored period, design works were carried out within the cross-border cooperation programs INTERREG V-A SK-CZ and INTERREG V-A SK-HU in the amount of CZK 30.40 thousand. € The INTERREG V-A SK-CZ cross-border cooperation program includes the restoration, conservation and conservation of biodiversity in the cross-border area of the Strážovské Hills and the White Carpathians. The INTERREG V-A SK-HU cross-border cooperation program focuses on diversifying forestry production, developing forest pedagogy, restoring and revitalizing parks.

In the project entitled "Foresters for Enhancing the Environmental Public Awareness", LSR, š.p. reconstruction and rebuilding of the unused MTZ warehouse building to Lesná škola (OZ Levice) with modification of the surroundings and construction of a gazebo. Invested funds for construction work for the monitored period amounted to 387.61 thousand. €.

In the cross-border cooperation program INTERREG V-A PL-SK within the project "Education closer to nature", construction works were carried out at the enviroclass in the amount of 4.36 thousand CZK. € (OZ Žilina).

2) Construction Investment in 2019

The division of funds used for the machine acquisition according to production activities:

Production activity	Realized purchase K €	Share in acquisition in %
1. Logging and skidding	154,47	1,29
2. Transport and wood conversion	8 761,39	73,22
3. Silvicultural, agricultural and nursery activities	458,50	3,83
4. Maintenance, service and other activities	882,45	7,38
5. Passenger and technology transport	1 679,76	14,04
6. Information and office technology	29,20	0,24
Total:	11 965,77	100,00

The most significant shares realized in 2019 by manufacturing activities are:

Logging and skidding

In the monitored period, a new forest wheeled tractor LKT 81 ITL 93 kW was purchased in the amount of 154.47 thous. €.

Transport and wood conversion

33 pieces of hydraulic arms EC185Z and 180Z were purchased for the production activity of timber removal in the total acquisition price of 1,515.67 thous. €. OZLT Banská Bystrica invoiced the completion of transport sets (Tatra T158 Phoenix with hydraulic arm ESSEL and trailer) in the amount of 1,043.90 thousand. € and performed 22 reconstructions of hydraulic arms (replacement of a hydraulic arm on a truck in the removal of timber) at a purchase price of 227.86 thousand. €.

The company purchased Caterpillar M320F processors with WOODY 60 processor heads and a Waratah H414 harvester head at a total purchase price of 857.86 thousand. €.

A new sorting and distribution trolley for ML B&Z was purchased for OZ Prešov in the amount of 395.23 thousand. €.

A translator of materials Sennebogen 825R was purchased for OZ Vranov at a purchase price of 399.99 thousand. €.

Furthermore, 20 CAT 914M wheel loaders were purchased in the total amount of 2,110.00 thousand. € for OZ Šaštín, Topoľčianky, Prievidza, Námestovo, Liptovský Hrádok, Beňuš, Čierny Balog, Žarnovica, Kriváň, Rožňava, Košice, Prešov, Vranov, Sobrance.

At OZLT Banská Bystrica, SILVA 2A grapples were produced for CAT 914 M wheel loaders in the amount of 336.08 thousand. €.

Maintenance, service and other activities

For OZLT Banská Bystrica, a motor grader Cat 12M3 AWD was purchased at a purchase price of 446.35 thousand. € and diagnostic equipment in the total value of 19.14 thous. €. OZLT Banská Bystrica produced a slope bucket, a bucket for bulk materials, high-tilting buckets in the number of 4 pieces in the total value of 50.94 thousand. €. For OZ Trenčín, Námestovo, Kriváň, R. Sobota, Revúca, Prešov, Semenoles were purchased electronic security and camera systems in the total acquisition price of 135.43 thousand. €.

Passenger and technology transport

In 2019, 56 Ford Ranger Pick-up 4x4 cars were delivered at a purchase price of 1,618.31 thousand. € and minibus-Ford Transit in NC 40.33 thous. €.

Intangible fixed assets

Intangible fixed assets	Yearly Target	Reality	Fulfilment
	K €		%
1. Software	3 990,00	939,67	23,55
2. Extras in forest economic plan	630,00	454,61	72,16
Total:	4 620,00	1 394,28	30,18

Machinery investment total – European Union Funds

In the period under review, investment funds were drawn from eurofunds in the amount of 351.33 K. This is a trailer for bees, which was purchased from the project "Hungarian and Slovak foresters for bees" (SK-HU FORESTERS AND BEES) within the Interreg V-A Slovak Republic-Hungary Cooperation Program.

For OZ L. Hrádok and Prešov, UKT Zetor Forterra 120 CL was purchased with accessories necessary for mountain meadow management from the project "Together for the preservation and restoration of biodiversity of Carpathian mountain ecosystems" under the Interreg VA Poland-Slovakia Cooperation Program (annual depreciation for 2 years).



Drawing of EU funds



Interreg V-A Poland-Slovakia Cross-border Cooperation Program

Three project applications were approved under the Interreg V-A SK-CZ Program and projects are being gradually implemented. One of the projects was done successfully, the second was in successful progress.

The micro-project "Promotion of the natural and cultural heritage of the Polish-Slovak borderland via the cycling route" was completed and is only waiting for the review of the monitoring report and re-fund. The other successfully finished project is a miniproject called: "Common education on beekeeping for practice in Beskydy." Monitoring reports and payment requests have been approved, pending their full refund.

The implementation of the microproject project entitled "Education closer to nature" began in October 2018 and lasted until September 2019. As part of the micro-project, interior equipment and interactive and educational aids were purchased for the reconstructed environmental training room at OZ Žilina. As part of the introductory seminar and 4 educational seminars, students were educated - future teachers, teachers of primary and secondary schools and residents of the region in the field of environmental education and forest pedagogy.

In February 2019, the project "Together for the Conservation and Restoration of Biodiversity of Carpathian Mountain Ecosystems" began. The main goal of the project is to restore, preserve and protect the biodiversity of mountain ecosystems in the cross-border area of the Carpathians. The project is focused on the implementation of sustainable management of mountain ecosystems, supporting their biodiversity on an area of approximately 130 hectares in selected areas of the Žilina and Prešov regions. The 1st monitoring report was refunded.

No.	Implemented projects	Total budget of the project	Budget of Lesy SR, s.e.	Budget of partner	Paid by Lesy SR, s.e. in 2019
1.	Promotion of the natural and cultural heritage of the Polish-Slovak border via a cycling road (OZ Vranov)	138 752,07 €	60 871,12 €	77 880,95 €	0,00 €
2.	Common education on beekeeping for practice in Beskydy (OZ Námestovo)	33 406,80 €	33 406,80 €	0,00 €	24 642,96 €
3.	Together for conservation and restoration of biodiversity of Carpathian mountain ecosystems (OZ Lipt. Hradok and OZ Prešov)	594 387,41 €	370 594,86 €	223 792,55 €	1 013,26 €
4.	Education closer to nature (OZ Žilina)	36 517,47 €	36 517,47 €	0,00 €	0,00 €
TOTAL		803 063,75 €	501 390,25 €	301 673,50 €	25 656,22 €



Cross-border Cooperation Program INTERREG V-A Slovak Republic - Czech Republic

Three projects are implemented within the Interreg V-A SK - CZ Program. In the project "Together for the Strengthening and Protection of Biodiversity in Strážovské vrchy and the White Carpathians", a final conference was held on November 7, 2019, and the project was completed on December 31, 2019. In May, the implementation of the project "Together for the beauties of Veľká Javorina on a bicycle" began. LESY SR, š. Mr., as the main cross-border partner of the project, organized the "Introductory Press Conference" (8/2019) and the process of VO for the contractor took place. The micro-project "Common roots do not know borders" was also implemented, where LESY SR, š. p., participating only as a partner without financial participation.

No.	Implemented projects	Total budget of the project	Budget of Lesy SR, s.e.	Budget of Czech partner	Refunded by LESY SR, s.e.
1.	Together for strengthening and protection of biodiversity in Strážovské vrchy and White Carpathians (OZ Trenčín)	775 239,66 €	464 019,96 €	311 219,70 €	379 512,07 €
2.	Together to the beauties of Veľká Javorina (OZ Trenčín)	1 129 920,86 €	440 200,86 €	689 720,00 €	0 €
TOTAL		1 905 160,52 €	904 220,82 €	1 000 939,70 €	379 512,07 €

In the monitored period, a project was approved for the revitalization of forest communities in the border area "Together for the prevention of deterioration of damaged forest ecosystems", where LESY SR, š. p., act as a lead partner. In June 2019, an application was submitted for NFP for another project plan of the cycle route entitled "Forest cycle route from Wallachia to Kopanice" (OZ Trenčín), where LESY SR, š. p., act as the main cross-border partner, with the evaluation of applications expected in the first half of 2020.

No.	Implemented projects	Total budget of the project	Total budget of Lesy SR, s.e.	Budget of Czech partner
1.	Together for prevention of deterioration of damaged forest ecosystems (OZ Žilina)	700 036,14 €	347 520,14 €	352 516,00 €
2.	Forest bike route from Wallachia to Kopanice (OZ Trenčín)	2 810 432,63 €	1 372 655,00 €	1 437 777,63 €
TOTAL		3 510 468,77 €	1 720 175,14 €	1 790 293,63 €



Cross-border Cooperation Program INTERREG V-A Slovak Republic - Hungary

Under the Interreg V-A Slovakia-Hungary Cooperation Program, 3 projects with two Hungarian partners worth more than EUR 3.31 million were approved and implemented. The implementation of the projects will take place after the successful extension of the projects until September 2020. Within the project "Hungarian and Slovak Foresters for Bees" the beekeeping tradition in forestry is being renewed. In 2018 Terrain Terrain was established in k. account. Žikava and the Operational Building in Topoľčianky has been built as a model for processing bee products. This year, hives were bought and there are currently 200 hives in the field apiary in Žikava and Topoľčianky. In addition, the UKT was procured last year as part of the project, with which extensive modifications of honey meadows and fields are carried out. In 2020, the beekeeping museum, beekeeping environment and public events will be organized.

No.	Implemented projects	Total budget of the project	Budget of LESY SR, s.e.	Budget of Hungarian partner	Paid by Lesy SR, s.e. in year 2019
1.	Hungarian and Slovak Foresters for Bees OZTopoľčianky)	1 093 136,37 €	500 950,72 €	592 185,65 €	256 189,26 €
2.	Foresters to increase environmental public awareness (OZ Levice)	1 438 788,96 €	723 011,04 €	715 777,92 €	101 859,09 €
3.	Common assistance to natural forests (OZ Levice)	778 106,52 €	366 782,32 €	411 324,20 €	25 114,61 €
TOTAL		3 310 031,85 €	1 590 744,08 €	1 719 287,77 €	383 162,96 €

In the project "Foresters for raising public environmental awareness", the construction of the "Forest School" at OZ Levice continued in 2019. The construction is to be completed and put into operation at the beginning of 2020 as a training center and center of forest pedagogy in the region. On May 10, 2019, a public event for children was organized under the name "Children: Friends of Foresters" as part of the "Levice Hunting Days". Also in the second half of May, the project activity "Children's Hubert" took place as part of the annual event "Žuhračka pro všechny". 180 children from Hungary and Slovakia took part in these events as part of the project. In the second half of September, "children's exchanges" took place in Hungary, which were attended by about 90 children from Levice and the surrounding area. Similar exchange stays were organized in Slovakia in October 2019. Among other things, Hungarian children visited the manor house in Sv. Anton and the unique primary school of Maximilian Hill in Štiavnické Bany, where they had the opportunity to complete the falconry performance of the pupils and a tour of the unique zoo of the school. Further stays for children will take place in spring 2020.

Later, work began on the project "Common Support for Natural Forests" due to long-term controls of the procurement process. A two-day study tour focused on the exchange of experiences with the Hungarian partner Ipoly Erdő Zrt. took place on 22-23 May 2019. The project was successfully extended until the end of September 2020. All the planned forestry and conservation measures that will ensure the company's requirements for sustainable forests in the Štiavnica Mountains and the Krupina Plain.

Direct support

A single application for direct aid was submitted for a total of 1,277.24 hectares without burden, with an average payment of around € 212.00 / ha. We expect payment in 2020 in the amount of 270 thous. € due to the fact that a large number of new and non-surveyed areas were added to the application. In 2018, an application for direct support was submitted for 1,295.16 ha, which was paid in May of this year, in the amount of € 275,011.96.

Overview of submitted applications broken down by programs and payments received in 2019:

Projects under the program	Budget of the project	Paid in 2019
INTERREG V-A- PL-SK (LESY SR, s. e.)	501 390,25 €	25 656,22 €
INTERREG V-A- SK-HU (LESY SR, s. e.)	1 590 744,08 €	383 162,96 €
INTERREG V-A- SK-CZ (LESY SR, s. e.)	904 220,82 €	379 512,07 €
Direct support	275 011,96 €	275 011,96 €
TOTAL:	3 271 367,11 €	1 063 343,21 €



Public Relations

Public relations are an integral part of the state enterprise LESY SR. Foresters teach about the forest and present their activities and care for forest stands not only to children but also to the general public.

Communication projects

In 2019, the implementation of the projects I planted a tree and We help the birds of our forests continued, which are aimed at raising environmental awareness and presenting the work of foresters. The LESY SKI CUP communication project also continued for the third year.

With the arrival of the school year 2019/2020, the third year of the competition project Collection of Arrows together with LESY SR started, which took place from 16 September to 21 October 2019. A novelty in comparison with the previous two years was that the project took place throughout Slovakia. Pupils from primary schools from Šaštín to Vranov nad Topľou were able to try the traditional collection of rosehip. 7,065 pupils from 126 primary schools took part in the project, collecting a total of 22,278.14 kg of rosehips.

Forest pedagogy

The interest in environmental education focused on forestry among schools is growing, which required the training of new forest teachers. During 2019, their councils expanded from the original 250 to 284.

In 2019, forest teachers of the state enterprise LESY SR organized 729 events for children and the public, which were attended by almost 122,500 participants. The largest mass events included Sobrance Forestry Days, Prešov Forestry Days, Zvolen Forestry Days, Re-Vúcke Forestry Days, Levice Hunting Days, Žuhračka for All, Journey through the Fairytale Forest of the Smolenice Nature Reserve, Tree Day, St. Hubert Betliar and events within the Ekotopfilm project. The state enterprise in the field of forest pedagogy has started to build a Forest School at OZ Levice, which will be put into operation in 2020. In addition to the purpose-built facility of forest pedagogy, Antonstál at OZ Trenčín has another nine branch plants with premises (LESOUČEBŇE) intended for the implementation of forest pedagogy activities. Among them, in 2019, Lesoučebňa was added to OZ Žarnovica.

Forest hiking

Also in 2019, the state enterprise LESY SR started to build and renovate forest educational trails and tourist infrastructure. Forest information boards were added to the Šumiac - Kráľova hofa nature trail, which was originally created by the Šumiac Civic Association. The Forest Nature Trail through the Danube Meadows was renovated and, as part of the Ohniská project, tourist recreation areas with shelters were built at the Topoľčianky Nature Reserve and the Sobrance Nature Reserve.

As part of the map outputs, the map of the Forest Information Office (LIK) for OZ Levice began to be updated in 2019. LESY SR, s. e., also participated in the cooperation with the Military Cartographic Institute Harmanec and presented their Forest Nature Trails and Important Forest Places in several tourist maps.

19. October 2019, the 6th year of the forestry-tourist crossing called Jozef Dekret Matejovie's Forest Walk took place in Bardejovské Kúpeľy. The foresters together with the tourists crossed the Čierna mláka Forest Nature Trail and also climbed the ruins of Zborov Castle.

Special forestry sites

Since 2007, a network of important forestry towns has been declared by a state-owned enterprise under the auspices of the Forestry and Woodworking Museum. In 2019, the Betliar Zoo and the Upper Botanical Garden were added to the fifty already declared Important Forest Cities, together with the New Building of the Forestry Department of the Mining and Forestry Academy.

Forestry and Woodworking Museum in 2019

It is the only national museum focusing on forestry and timber documentation. It belongs to the system of museums, which are registered in the Register of Museums and Galleries of the Slovak Republic kept at the Ministry of Culture of the Slovak Republic. As of 31 December 2019, it manages 52,151 collection items within its fund, divided into forestry, woodworking, mycological, historical, archaeological, numismatic and ethnological collections. As a historically profiled memory and fund institution, which began its activities in 1927, it maintains a standard museum character and is also an important part of the company's work with the public, with the aim of presenting and widely promoting Slovak forestry and especially state forests.

Permanent LDM exposures in 2019 remained unchanged. During the year, the museum held 11 short-term exhibitions and 14 cultural and educational events.

In the first half of 2019, as part of a change in the organizational structure, the number of employees changed, while the number of its employees was reduced by seven. There was also an exchange at the head of the museum, after the departure of Mgr. Ľubice Miľanová took her place in August 2019 as PhDr. Petra Dzurmanová.

LDM was a cooperating partner of the Directorate General in the preparation of the celebrations of the 20th anniversary of the establishment of the state-owned enterprise, the issue of the annual zero euro banknote, and significantly participated in the preparation of the Tree Day, the forest pedagogy program and activities. The museum also responds to the requirements of branch plants, for which it prepares events and publications devoted to forestry traditions and important milestones in the history of forestry in their territory. LDM, in cooperation with the EU Projects Department, also participated in the implementation of a cross-border project with a forestry partner in the Czech Republic. In addition, it fulfilled its obligations in the area of publishing activity, provision of services and methodological assistance to the public within the scope of its activities. At the end of the year, as part of the law, the museum began a commission process of disposing of that part of the collections that the fund no longer evaluates, as in the following period the LDM depositories will be moved and concentrated in one building in Žiar nad Hronom.





Balance Sheet 31. 12. 2019 (in €)

Assets	Line	Gross	Correction	Net	Prev. period
Total assets I.2+33+74	1	1 232 527 268	341 752 579	890 774 689	903 066 083
Non-current assets I.3+11+21	2	1 152 280 703	334 038 250	818 242 453	814 294 552
Intangible fixed assets total (I.4 to 10)	3	24 895 820	17 161 888	7 733 932	9 140 879
Capitalized development costs (012) - /072, 091A/	4	11 693	11 693	0	0
Software (013) - /073, 091A/	5	19 416 344	13 673 042	5 743 302	7 587 880
Valuable rights (014) - /074, 091A/	6	221 420	204 690	16 730	3 301
Goodwil (015) - /075, 091A/	7	0	0	0	0
Acquisition of non-current intangible assets (019,01X) - /079, 07X, 091A/	8	4 686 465	3 272 463	1 414 002	1 143 388
Acquisition of non-current intangible assets (041) - /093/	9	559 898	0	559 898	406 310
Advances for non-current intangible assets (051) - /095A/	10	0	0	0	0
Non-current tangible assets (I.12 to 20)	11	1 127 370 190	316 861 669	810 508 521	805 153 673
Land (031) - /092A/	12	524 041 151	37 204	524 003 947	523 556 088
Buildings (021) - /081, 092A/	13	442 809 813	217 232 992	225 576 821	222 484 605
Individual tang. assets and sets of tang. assets (022) - /082, 092A/	14	142 474 631	99 213 291	43 261 340	38 558 521
Perennial crops (025) - /085, 092A/	15	88 753	50 025	38 728	42 836
Livestock and draft animals (026) - /086, 092A/	16	144 603	88 176	56 427	56 264
Other non-current tangible assets (029, 02X, 032) - /089, 08x, 092A/	17	411 852	0	411 852	409 267
Advances for non-current intangible assets (042) - /094/	18	17 399 387	239 981	17 159 406	20 046 092
Advances for non-current intangible assets (052) - /095A/	19	0	0	0	0
Adjustments to acquired assets (+/- 097) +/- 098	20	0	0	0	0
Non-current financial assets (r.22 až 32)	21	14 693	14 693	0	0
Shares in related accounting units (061A, 062A, 063A) - /096A/	22	0	0	0	0
Investment shares and shares excluding the ones in related accounting units (062A) - /096A/	23	0	0	0	0
Other securities and shares (063A) - /096A/	24	14 693	14 693	0	0
Loans to related accounting units (066A) - /096A/	25	0	0	0	0
Loans to other accounting units (066A)-/096A/	26	0	0	0	0
Other loans (067A) - /096A/	27	0	0	0	0
Loan securities and other loan financial assets (065A, 06XA,06XA) - /096A/	28	0	0	0	0
Loans and other non-current financial assets due within 1 year (066A, 067A, 069A, 06XA) - /096A/	29	0	0	0	0
Bank accounts due in more than 1 year (22XA)	30	0	0	0	0
Acquisition of non-current financial assets (043) - /096A/	31	0	0	0	0
Acquisition of non-current financial assets (053) - /095A/	32	0	0	0	0

Assets	line	Gross	Correction	Net	Prev. period
Current assets (I.34+41+53+66+71)	33	78 912 612	7 714 329	71 198 283	87 457 990
Inventory total (I.35 až 40)	34	31 604 183	3 327 807	28 276 376	26 311 074
Material (112, 119, 11X) - /191, 19X/	35	1 799 563	0	1 799 563	1 806 356
Incomplete production and semi-finished products of own production (121,122,12X) - /192, 193, 19X/	36	10 198 411	174 359	10 024 052	8 888 055
Products (123) - /194/	37	18 986 849	3 057 921	15 928 928	15 144 076
Livestock (124) - /195/	38	537 149	95 527	441 622	391 359
Merchandise (132, 133, 13X, 139) - /196, 19X/	39	24 130	0	24 130	20 606
Advances for inventory (314A) - /391A/	40	58 081	0	58 081	60 622
Non-current receivables (I. 42+46 až 52)	41	0	0	0	0
Trade receivables total (I. 43 to 45)	42	0	0	0	0
Trade receivables from related accounting units (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	43	0	0	0	0
Other receivables from other accounting entities excluding related accounting units (311A, 312A,313A, 314A, 315A,31XA) - /391A/	44	0	0	0	0
Other receivables (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	45	0	0	0	0
Net order value (316A)	46	0	0	0	0
Other receivables from related accounting units (351A) - /391A/	47	0	0	0	0
Other receivables from other accounting entities excluding related accounting units (351A) - /391A/	48	0	0	0	0
Receivable from partners, members and association (354A, 355A, 358A, 35XA) - /391A/	49	0	0	0	0
Receivables from derivative transactions (373A, 376A)	50	0	0	0	0
Other receivables (335A,336A, 33XA, 371A, 374A, 375A, 378A) - /391A/	51	0	0	0	0
Deferred tax receivable (481A)	52	0	0	0	0
Total current receivables (r.54+58 až 65)	53	25 961 466	4 386 522	21 574 944	26 300 607
Total trade receivables (r.55 až 57)	54	24 126 609	4 386 522	19 740 087	25 190 169
Trade receivables from related accounting units (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	55	5 304	0	5 304	2 122
Other receivables from other accounting entities excluding related accounting units (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	56	0	0	0	0
Other trade receivables (311A, 312A, 313A, 314A, 315A, 31XA) - /391/	57	24 121 305	4 386 522	19 734 783	25 188 047
Net order value (316A)	58	0	0	0	0

Assets	line	Gross	Correction	Net	Prev. period
Other receivables from other accounting entities excluding related accounting units (351A) - /391A/	59	0	0	0	0
Trade receivables from other accounting entities excluding receivables from related accounting units (351A) - /391A/	60	0	0	0	0
Receivable from partners, members and association (354A, 355A, 358A, 35XA, 398A) - /391A/	61	0	0	0	0
Social insurance (336A) - /391A/	62	0	0	0	0
Tax receivable and subsidies (341, 342, 343, 345, 346, 347) - /391A/	63	1 712 188	0	1 712 188	994 832
Receivables from derivative transactions (373A, 376A)	64	0	0	0	0
Other receivables (335A, 33XA, 371A, 374A, 375A, 378A) - /391A/	65	122 669	0	122 669	115 606
Current financial assets total (l. 67 až 70)	66	0	0	0	0
Current financial assets in related accounting units (251A, 253A, 256A, 257A, 25XA) - /291A, 29XA/	67	0	0	0	0
Current financial assets in related accounting units (251A, 253A, 256A, 257A, 25XA) - /291A, 29XA/	68	0	0	0	0
Own shares and own ownership interest (252)	69	0	0	0	0
Acquired current financial assets (259, 314A) - /291A/	70	0	0	0	0
Financial accounts (l. 72 a 73)	71	21 346 963	0	21 346 963	34 846 309
Cash (211, 213, 21X)	72	120 060	0	120 060	137 638
Bank accounts (221A, 22X, +/- 261)	73	21 226 903	0	21 226 903	34 708 671
Accruals and deferrals (l.75 až 78)	74	1 333 953	0	1 333 953	1 313 541
Non-current prepaid expenses (381A, 382A)	75	0	0	0	0
Current prepaid expenses (381A, 382A)	76	1 132 674	0	1 132 674	1 105 988
Non-current accrued income (385A)	77	0	0	0	0
Current accrued income (385A)	78	201 279	0	201 279	207 553

Liabilities	line	Current acc. period			Prev. period
Stockholder's equity and liabilities, total (l.80+101+141)	79	890 774 689	0	0	903 066 083
Own resources (l.81+85+86+87+90+93+97+100)	80	755 572 533	0	0	758 836 011
Equity capital, total (l.82 až 84)	81	743 232 854	0	0	742 885 041
Equity capital (411 alebo +/- 491)	82	742 885 041	0	0	742 465 247
Change in equity capital +/- 419	83	347 813	0	0	419 794
Receivables from equity subscriptions (-/ 353)	84	0	0	0	0
Share premium (412)	85	0	0	0	0
Other capital funds (413)	86	353 161	0	0	353 161
Statutory reserve funds l. 88+89	87	4 857 538	0	0	4 592 538
Statutory reserve fund and indivisible fund (417A, 418, 421A, 422)	88	4 857 538	0	0	4 592 538

Liabilities	line	Current acc. period			Prev. period
Reserve fund on equity (417A, 421A)	89	0	0	0	0
Other funds from profit (l.91 a 92)	90	3 164 328	0	0	2 155 653
Statutory funds (423, 42X)	91	616 466	0	0	504 334
Other funds (427, 42X)	92	2 547 862	0	0	1 651 319
Other revaluation adjustments, total (l.94 to 96)	93	0	0	0	0
Other revaluation adjustments to assets and liabilities (+/- 414)	94	0	0	0	0
Other adjustments to capital stocks (+/- 415)	95	0	0	0	0
Differences from revaluation in the event of merger, amalgamation or demerger (+/- 416)	96	0	0	0	0
Economic results from previous years (l.98+99)	97	934 618	0	0	3 617 722
Retained earnings from previous years (428)	98	934 618	0	0	3 617 722
Accumulated losses from previous years (-/ 429)	99	0	0	0	0
Economic result for the accounting period after tax +/- l.01 - (81+85+86+87+90+93+97+101+141)	100	3 030 034	0	0	5 231 896
Liabilities (l.102+118+121+122+136+139+140)	101	88 538 391	0	0	92 067 736
Non-current liabilities (l.103+107 to 117)	102	15 692 904	0	0	14 730 399
Non-current trade liabilities, total (l.104 tož 106)	103	12 543	0	0	12 543
Trade liabilities towards related accounting units (321A, 475A, 476A)	104	0	0	0	0
Trade liabilities towards related to liabilities towards related accounting units (321A, 475A, 476A)	105	0	0	0	0
Other trade liabilities (321A, 475A, 476A)	106	12 543	0	0	12 543
Net order value (316A)	107	0	0	0	0
Other liabilities related to accounting units (471A, 47XA)	108	0	0	0	0
Other liabilities concerning investment shares excluding liabilities towards related accounting units (471A, 47XA)	109	0	0	0	0
Other non-current liabilities (479A,47XA)	110	0	0	0	0
Non-current advances received (475A)	111	0	0	0	0
Non-current notes payable (478A)	112	0	0	0	0
Bonds issued (473A/-/255A)	113	0	0	0	0
Social fund payables (472)	114	377 556	0	0	430 865
Other non-current liabilities (336A, 372A, 474A, 47XA)	115	0	0	0	0
Non-current liabilities from derivative transactions (373A, 377A)	116	0	0	0	0
Deferred tax liability (481A)	117	15 302 805	0	0	14 286 991
Non-current reserves (l.119 to 120)	118	23 872 115	0	0	24 616 558
Statutory reserves (451A)	119	11 572 508	0	0	11 363 316
Other reserves (459A, 45XA)	120	12 299 607	0	0	13 253 242
Non-current bank credits (461A, 46XA)	121	0	0	0	0



Liabilities	line	Current acc. period			Prev. period
Current liabilities, total (L123+127 to 135)	122	31 698 258	0	0	32 437 026
Trade liabilities, total (l.124 to 126)	123	19 410 371	0	0	20 758 979
Trade liabilities towards related accounting units (321A,322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	124	172 102	0	0	98 415
Trade liabilities concerning investment shares excluding liabilities towards related accounting units (321A,322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	125	0	0	0	0
Other trade liabilities (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	126	19 238 269	0	0	20 660 564
Net order value (316A)	127	0	0	0	0
Other liabilities towards related accounting units (361A, 36XA ,471A, 47XA)	128	0	0	0	0
Other liabilities concerning investment shares excluding liabilities towards related accounting (361A, 36XA, 471A ,47XA)	129	0	0	0	0
Liabilities towards partners and associations (364, 365, 366, 367, 368, 398A, 478A,479A)	130	0	0	0	0
Liabilities towards employees (331, 333, 33X, 479A)	131	3 487 798	0	0	3 355 804
Social fund payables (336A)	132	3 160 631	0	0	2 950 979
Tax liabilities and subsidies (341, 342, 343, 345, 346, 347, 34X)	133	1 628 369	0	0	1 697 407
Liabilities from derivative transaction (373A, 377A)	134	0	0	0	0
Other liabilities (372A,379A, 474A, 475A, 479A, 47XA)	135	4 011 089	0	0	3 673 857
Current reserves (L137+138)	136	17 275 114	0	0	20 283 753
Statutory reserves (323A, 451A)	137	7 972 503	0	0	7 929 364
Other reserves (323A, 32X, 459A, 45XA)	138	9 302 611	0	0	12 354 389
Current bank credits (221A, 231, 232, 23X 461A, 46XA)	139	0	0	0	0
Current financial assistance (241, 249, 24X, 473A, /-/255A)	140	0	0	0	0
Accruals and deferrals, total (l.142 až 145)	141	46 663 765	0	0	52 162 336
Non-current accrued expenses (383A)	142	0	0	0	0
Current accrued expenses (383A)	143	12 888	0	0	17 287
Non-current deferred income (384A)	144	39 798 177	0	0	45 687 510
Current deferred income (384A)	145	6 852 700	0	0	6 457 539

Text	line	Current Acc. Period	Prev. period in €
Net sales (part of acc. 6 according to law)	1	221 895 296	235 478 941
Total revenues from economic activities (lines 03 to 09)	2	238 762 027	256 560 511
Revenues from sales of goods (604, 607)	3	53 075	47 703
Revenues from sales of own goods (601)	4	208 426 544	221 658 579
Revenues from sales of goods (602, 606)	5	13 415 677	13 772 660
Change in in-house stocks +/- (accounting class 61)	6	1 963 912	3 602 849
Capitalization (accounting class 62)	7	5 109 956	8 746 057
Revenues from sales of non-current intangible assets, non-current tangible assets and material (641, 642)	8	2 128 580	1 368 289
Other revenues from economic activities (644, 645, 646, 648, 655, 657)	9	7 664 283	7 364 374
Total costs of economic activities (l.11+12+13+14+15+20+21+24+25+26)	10	234 683 808	249 789 486
Costs of procurement of sold goods (504, 507)	11	30 414	28 268
Consumption of material, energy and other non-storage supplies (501, 502, 503)	12	20 141 358	23 143 448
Adjustments to inventory +/- (505)	13	-66	-2 714
Services (accounting class 51)	14	104 963 189	115 538 319
Total personal costs (lines 16 to 19)	15	78 589 767	78 223 691
Labour costs (521, 522)	16	53 830 136	53 319 786
Rewards of members of company and cooperative bodies (523)	17	13 600	13 880
Social insurance costs (524, 525, 526)	18	20 450 153	20 133 478
Social costs (527, 528)	19	4 295 878	4 756 547
Taxes and fees (accounting class 53)	20	7 168 814	7 050 941
Depreciation and adjustments to non-current intangible and tangible assets (l. 22 + 23)	21	19 015 029	18 919 363
Depreciation of non-current intangible and tangible assets (551)	22	20 008 520	18 889 864
Adjustments to non-current intangible and tangible assets(+/-) (553)	23	-993 491	29 499
Net book value of non-current assets and material sold (541, 542)	24	419 992	227 260
Adjustments to receivables (+/-) (547)	25	145 307	-2 494 596
Other costs of economic activities (543, 544, 545, 546, 548, 549, 555, 557)	26	4 210 004	9 155 506
Result of economic activities (+/-) (l. 2-10)	27	4 078 219	6 771 025
Added value (l.3+4+5+6+7) – (l. 11+12+13+14)	28	103 834 269	109 120 527
Total revenues from financial activities (l. 30+31+35+39+42+43+44)	29	10 245	24 214
Sales of securities and shares (661)	30	0	0
Revenues from long-term financial assets (l. 32 to 34)	31	0	0
Revenues from securities and shares from related accounting units (665A)	32	0	0
Revenues from securities and investment shares excluding revenues from related accounting units (665A)(665A)	33	0	0
Other revenues from securities and shares (665A)	34	0	0
Revenues from current financial assets (l. 36 to 38)	35	0	0

Notes to the Financial Statements as of 31 December 2019



Text	line	Current acc. period	Prev. period in €
Revenues from current financial assets from related accounting units (666A)	36	0	0
Revenues from current financial assets excluding revenues from related accounting units (666A)	37	0	0
Other revenues from current financial assets (666A)	38	0	0
Interest on revenues (l. 40+41)	39	10 199	24 007
Interest on revenues from related accounting units (662A)	40	0	0
Other interest on revenues (662A)	41	10 199	24 007
Exchange rate gain (663)	42	42	2
"Revenues from re-evaluation of securities and revenues from derivative transactions (664, 667)	43	0	0
Other revenues from financial activities (668)	44	4	205
Total costs of financial activities (l. 46+47+48+49+52+53+54)	45	41 100	42 730
Securities and shares sold (561)	46	0	0
Costs of current financial assets (566)	47	0	0
Adjustments to financial assets (+/-) (565)	48	0	0
Interest paid (l.50+51)	49	0	0
Interest paid for related accounting units (562A)	50	0	0
Other interest paid (562A)	51	0	0
Exchange rate losses (563)	52	268	447
Costs of re-evaluation of securities and costs derivative transactions (564, 567)	53	0	0
Other costs of financial activities (568, 569)	54	40 832	42 283
Result of financial activities (+/-) (l.29-45)	55	-30 855	-18 516
Economic result for the accounting period, before tax +/-) (l. 27+55)	56	4 047 364	6 752 509
Income tax (l. 58+59)	57	1 017 330	1 520 613
Income tax due (591, 595)	58	1 515	911 488
Income tax deferred (+/-) (592)	59	1 015 815	609 125
Transfer of shares on economic result to company partners (+/- 596)	60	0	0
Economic result for the accounting period, after tax (+/-) (l. 56-57-60)	61	3 030 034	5 231 896

(The notes are prepared in accordance with Annex to Measure No. MF/23377/2014-74. Those parts of the notes that are not related to the state enterprise are not included in the notes.)

A. BASIC INFORMATION

a. Business name and registered office

Lesy Slovenskej republiky, š. p. (state enterprise)
Námestie SNP no.8, 975 66 Banská Bystrica

State enterprise LESY Slovenskej republiky (hereinafter referred to as "the Company") was founded on 1 July 1999 and incorporated on 29 October 1999 (entered in the Business Register of the District Court Banská Bystrica, Section Pš, Insert No.155/S).

b. Core business activities as entered in the Business Register:

- Administration of forest property and other property owned by the Slovak Republic
- Establishment, regeneration, cultivation, tending and protection of forest growth in compliance with the Forest Management Plan pursuing the public and community functions
- Timber harvesting in forest growth in compliance with measures of state administration, skidding, handling and transportation
- Sale of wood in the rough and other commodities of forest production and associated operations

c. Information to part A letter c) of Annex 3 on the number of employees

Item	Current accounting period	Previous accounting period
Average calculated number of employees	3 557	3 635
Number of employees on the balance sheet up to date:	3 486	3 587
Out of which managers	5	6

d. Unlimited liability

The Company is not a company member with unlimited liability in no other accounting entities.

e. Legal ground for preparation of the Financial Statements

The Financial Statements of the Company as of 31 December 2019 are drawn up as regular financial statements pursuant to paragraph 17 section 6 of Act No. 431/2002 Coll. of the National Council of the Slovak Republic on Accounting (hereinafter referred to as "Accounting Act") for the 1 January 2019 – 31 December 2018 accounting period.

c. Date of approval of the Financial Statements for the Previous Accounting Period

The Ministry of Agricultural and Rural Development of the Slovak Republic approved the Company's Financial Statements for the previous accounting period on 30 April 2019.

B. Company bodies

a. Company bodies

General Director Ing. Marian Stanik

1. Deputy of General Director Ing. Tomáš Klouček PhD.

Supervisory board

Chairman..... Ing. Jaroslav Regec

Member..... Ing. Robert Zlocha

Member..... Ing. Ľubica Záchenská

Member..... Ing. Peter Kicko

Member..... Ing. Monika Deneva

Member..... Ing. Martin Kovalčík

Member..... Jozef Minárik

Member..... Ing. Jaroslav Uchal

Member..... Ing. Peter Zima

b. Information about the founder of the Company

The accounting entity is a state enterprise founded on the basis of the Ministry of Agriculture and Rural Development of the Slovak Republic.

C. Consolidating Entity

The Company has been included in the Summary consolidated financial statements of public administration since 2011.

- Trade name and registered office of the consolidating entity
Ministry of Finance SR
Štefaničova 5
Bratislava
- Name and seat of consolidated entity for a group of entities.
Ministerstvo financií SR
Štefaničova 5
Bratislava
- The Summary consolidated financial statements of public administration will be available at the Ministry of Finance of the Slovak Republic.

D. ACCOUNTING METHODS AND GENERAL ACCOUNTING POLICIES

a. legal ground for preparation of the Financial Statements

The financial statements were prepared in assumption of the continuous operations of the Company. The accounting methods and general accounting policies were consistently applied by the entity. No changes were made to the applied accounting policies and methods, in the course of the year.

b. intangible and tangible fixed assets

Purchased fixed assets are valued at their acquisition cost, which includes the price at which an asset has been acquired and the costs related to the acquisition (customs duty, transport, assembly, insurance, etc.).

Fixed assets generated by the Company's own activities are valued at the production costs incurred. Production costs incurred denote all direct costs expended on the production of fixed assets and production overheads related to the production of assets.

Fixed assets acquired without payment are valued according to the real acquisition cost.

Depreciation of intangible fixed assets is based on the depreciation plan compiled based on the estimated duration of use of the assets. Depreciation starts on the first day of the month following the date the asset was put into use. Low-value non-current intangible assets – software with an acquisition cost (or conversion cost) of € 2,400 or less is written one-off in the services account.

Estimated duration of use, depreciation method, and depreciation rate are described in the table below:

	Estimated period in years	Depreciation method	Yearly depreciation rate in %
Capitalized development costs	5	Straight line	20
Software	5 a 7	Straight line	20 a 14,3
Rateable rights	5	Straight line	20
Other intangible fixed assets	5 a 10	Straight line	20 a 10

Software is depreciated in straight line during 5 years except the SAP accounting software, the specified duration of use of which is 7 years. Other intangible fixed assets are mainly "Forest Management Plans, i.e. forest care programs", the duration of use of which is 10 years, and orthophoto maps, the use time of which is 5 years.

Depreciation of intangible fixed assets is based on the depreciation plan compiled based on the estimated duration of use of the assets. Depreciation starts on the first day of the month following the date the asset was put into use. Small tangible fixed assets with an acquisition cost (or production cost) of € 1,700 or less are written off at inventory, there is one-of depreciation on putting into use on the account 501. Its cost records are given in technical accounts in SAP module – Fixed Assets. Estimated duration of use, depreciation method, and depreciation rate are described in the table below:

	Estimated period in years	Depreciation method	Yearly depreciation rate in %
Construction	6 - 77	Straight line	1,3 – 16,7
Machinery and equipment	4 - 12	Straight line	8,3 - 25
Vehicles	4 - 12	Straight line	8,3 - 25
Draught animals and livestock	8	Straight line	12,5

In the event of temporary reduction of the utility value of fixed assets as ascertained at the inventory check, which appears substantially lower than the asset valuation reported in the accounting records after deduction of accumulated depreciation, a value adjustment is created at the level of ascertained utility value. The Company creates value adjustments also for the assets the estimated selling price of which is lower than net book value. When the value of an asset is permanently reduced due its wear and tear, which does not correspond to its book value, an exceptional – unplanned depreciation to adjust its residual book value according to reality is created.

c. Receivables

Securities and ownership interests are valued at their acquisition cost, i.e. including costs related to the acquisition. As of Financial Statements' date, securities and ownership interests are valued at their acquisition cost less any value adjustments created due to temporary impairment of the securities and ownership interests.

d. Inventory

Purchased inventory is valued at its acquisition cost which consists of the price at which an asset has been acquired plus costs related to the acquisition (customs duty, transport, insurance, provisions, etc.). Borrowing costs are not capitalized. The Company uses method A for inventory invoicing, while the method of weighted arithmetic mean from the acquisition costs is used for the inventory arrival to the warehouse. The valuation of stock-out inventory is made at the cost used for the valuation of in-stock inventories.

Ancillary acquisition costs are expensed as follows: Valuation difference = actual consumption x % of the valuation difference, while % of the valuation difference is determined as a ratio of the ancillary costs related to the acquisition of the material inventories to the total volume of the inventories.

The inventories created from own activities are valued at working costs. Working costs are direct costs (direct material, direct wages and other direct costs) and a part of the indirect costs immediately related to the inventories created from own activities (manufacturing overheads of forest management authorities). The finished products – wood – are valued according to "phase calculation", which is used for valuating wood in different production phases: stumpage, at transport site and in dispatch store.

In case of temporary reduction in the inventory utility value, a value adjustment is created for such inventories, in the amount of the difference between the accounting valuation and the net realizable value.

e. Valuation of work in progress – young forest plants

The forest plant inventories are valued at own costs, on an individual basis, according to the specific wood species and age. Optimal age of plants good for planting is 4 years. There is a greater risk of mortality when planting plants over 4 years old, which is considered in value adjustment created for plants older than 4 years.

Working costs are direct costs (direct material, direct wages and other direct costs) and a part of the indirect costs immediately related to the inventories created from own activities (manufacturing overheads of forest management authorities). The costs of the forest plant collection are included in the finished product costs, which are intended for forest enterprises for artificial regeneration of forests and for sale to external clients.

f. Receivables

Receivables are valued at their origination at nominal value; assigned receivables and receivables acquired through a contribution to the share capital are valued at their acquisition cost, including costs related to the acquisition. Value adjustments are created for any receivables expected to be irrecoverable based on the methodological and organizational directive Creation and application of provisions and value adjustment /Mop E 19/ valid since 1 January 2018.

Where a receivable is more than one year overdue, a value adjustment is created for 100 % of the nominal value of such receivable. The adjustment values are put on analytical accounts to provide a basis for drawing up the tax return and calculating the deferred tax.

g. Prepaid expenses and accrued income

Prepaid expenses and accrued income are reported at the values required to observe the policy of subject matter and time relevance to the accounting period.

h. Provisions

Provisions are liabilities representing an existing obligation which originated from previous events and is likely to reduce future economic benefits; the exact amount of such a liability is not known. Provisions are created to cover known risks or losses from business activities. They are valued at the estimated amount necessary to meet the existing obligation for the date of the Financial Statements.

Silviculture provision is created on the basis of the Annual Silvicultural Project endorsed by the authorized forest manager pursuant to the Act No. 326/2005 Coll. on forest management and state administration of The creation of reserve is based on the actual volume of felling timber compared to annual balance which is based on the Forrest Management Plan. The provision is created in the case of exceeding the annual balance of felling timber, i.e. as multiplication of:

- the actual extracted volume of timber that exceeds the annual balance, calculated as the equivalent of the exposed area that will be need to be afforested and treated
- the actual mean costs of the current period for afforestation and treatment of one hectare of the exposed area.

The provision can be created for the period maximum until young forest stands are sustained. In 2019 the appropriation to provisions was entered into accounts in order to cover planned costs of silvicultural activities at enterprises where allowable timber extraction per 1 year (short-term) and also 5 years (long-term) was exceeded. At the same time, a forest protection provision was created for the calamity civic associations, which were most affected by the bark beetle calamity. At the same time, a reserve is created for cultivation activities - for the performance of purging according to the planned tasks in 2020. From 2020, this reserve will be a new tax expense in the Income Tax Act.

Provision for retirement pay and employee's anniversaries is created pursuant to the Act No. 311/2001 as amended and under the obligation assumed under the Collective Agreement, as from 2001 onwards, stipulating that all the current employees shall be paid retirement benefits and increased retirement benefits which are granted upon the first termination of employment after they have become eligible to receive old-age pension early old-age pension or disability pension, or a remuneration of merit for work done upon the expiry of 25 years of work from the commencement of their first employment, at the 50th birthday and at the first termination of employment after becoming eligible for the old-age pension, early old-age pension or disability pension. The remuneration was considered for the staff employed, as of 31 December 2019. The wage-earning pensioners were under consideration for the retirement benefits at the time of their retirement only if they attained the age of retirement after the date of their employment. Under the Collective Agreement they are entitled to retirement benefits amounting to the average monthly earnings at the termination of employment on considering the average earnings received at the time of termination of employment. The remunerations granted at the old-age retirement and at the life or work anniversaries did not apply to the employees who satisfied the requirements for the entitlement to a specific benefit by the end of 2019. When creating this reserve in In 2019, for the first time, it applied the procedure that the reserve is created only for employees who have worked for the Company for more than 10 years

The provision for severance pay and anniversaries is calculated by an insurance mathematician. The provision, as of 31 December 2019, includes future contributions pursuant to the legislative amendment valid from 1 January 2011. According to the collective agreement in force in 2020, the calculation of the jubilee reserve was subject to a fixed amount of € 1 200, of which Remuneration is derived according to the type of remuneration and the duration of employment in the Company. In the calculation of the severance pay, which is increased by 4 months' average earnings in 2017 compared to 2016 and the duration of the employment relationship changed for the benefit of the employees, the change in the severance pay was applied. Severance pay of 5 monthly average earnings will not be funded from the costs from 2017 onwards, but from a reward fund that is made up of earnings after tax.

ch. Liabilities

Liabilities are valued at their nominal value. The assumed liabilities are valued at their acquisition cost at the time of their assumption. If reconciliation procedures reveal that the actual amount of liabilities differs from the amount recorded in the accounting books, the actual amount shall be used to value these liabilities in the accounting books and financial statements.

i. Deferred income tax

Deferred income tax relates to the following:

- a) temporary differences between the carrying value of assets and the carrying value of liabilities presented in the balance sheet and their tax base,
- b) tax losses which are possible to carry forward to future periods, being understood as the possibility of deducting these tax losses from the tax base in the future;
- c) unused tax deductions and other tax claims, which are possible to carry forward to future periods

Before 31 December 2002 deferred tax only referred to temporary differences between the book and tax write-offs.

Deferred tax receivable and deferred tax payables were, as of 1 January 2003, recalculated using new procedures of accounting. The part of the deferred tax resulting from the use of the new procedures was reported under Account 428 Retained earnings from previous years or 429 Accumulated losses from previous years. In 2019, there were no extraordinary effects on deferred tax calculation

j. Prepaid expenses and accrued income

Accrued expenses and deferred income are presented at the amounts required to observe the policy of subject-matter and time relevance to the accounting period.

k. Foreign currency

Assets and liabilities denominated in foreign currency are converted to Euro by the exchange rate declared by the European Central Bank valid as of the date of the accounting transaction and in financial statements valid as of the financial statement date. The incurred exchange differences are recorded with an impact on profit or loss as realized and unrealized exchange differences.

l. Revenue

Revenues from own work and merchandise do not include value added tax. They are also reduced by discounts and reductions (quick payment discounts, bonuses, rebates, and credit notes etc.). Revenues are entered as of the date of deliverables (goods or services).

Revenues are divided according to individual services (commodities). Revenues from timber sold by the Company as products make up the bulk of the revenues. The timber is sold based on quality classes of hardwood and softwood mass.

Revenues from timber logging on the land of unknown owners are reported under the accruals and deferrals as deferred income. Unless the unknown owner asserts their rights in three years, these items are reported under revenues because the rights become statute-barred. Where the unknown owner asserts their rights and proves their title to the forest land, the Company must return the land concerned and make compensation for the "deferred profit from management" for 3 previous years. The Company concludes land rental agreements with the owners, who are associated in a land community and are not interested to manage land on individual.

m. Subsidies

Revenues from state budget subsidies intended for the acquisition of fixed assets and technical appreciation are reported during the write-off period for the acquired fixed assets observing the subject-matter and time relevance to the write-offs reported under the operating costs.

Revenues from state budget subsidies intended for economic activity are reported so as to observe the subject-matter and time relevance to the reported costs spent for the specific purpose, for which the subsidy was granted.

E. DATA ON THE ASSET SIDE OF THE BALANCE SHEET

a. Intangible and tangible fixed assets

Information on the movement of intangible and tangible fixed assets from 1 January 2019 until 31 December 2019 is shown in the table below.

No lien on tangible assets was filed.

From 15 February 2013 until 31 December 2019, the Company has insured all property except soil, forest stands, intangible property and passenger cars with license numbers (passenger cars have mandatory and collision insurance). In 2019, the value of the insured property at acquisition prices was € 514,019,872. The amount of the annual premium, in the case of damages caused by theft, natural disaster and damage resulting from liability for damage caused by other entities, amounts to € 617,583 in 2019, and total premiums, including motor insurance, amount to € 1,056,598.

The company also records and uses intangible assets in which the proprietary right from the land registry or other document has not been registered in the real estate registry or is registered for the benefit of the SR in the registry of the E registry of the real estate registry. The total amount of the such assets – land is € 43,339,444 and construction in the amount of net book value € 383,674. The Company keeps no accounting records of forest stands. According to the Act on Forests, the reconstruction of forest economic plans is performed annually on 10% of the forest land managed by the Company, and the area of the land, its value and the value of the forest stands in the "Land" system are specified during this reconstruction. As part of this PSL, the value of forest stands is determined by the expert institute of NLC Zvolen, established by the Government Order of the Czechoslovak Republic No. 2 of 22 February 1956 according to the methodology according to Decree no. 492/2004 Coll. on the determination of the general value of the assets in electronic form. As of 31 December 2019, the total value of the forest stands of the Company amounted to € 4,090,807,343. The book value of forest stands was entered in the of-balance sheet accounts for the first time in 2010.

1. Information to part E letter a) on non-current intangible assets

Table 1

Intangible fixed assets	Current accounting period							
	Capitalized development costs	Software	Valuable rights	Go-odwill	Other IFA	Aquired IFA	Rateable IFA	Total
a	b	c	d	e	f	g	h	i
Primary valuation								
Balance at beginning of acc.period	11 693	18 811 489	205 421		4 136 575	406 310		23 571 488
Increase	0	668 733	15 999		552 397	1 390 717		2 627 846
Decrease	0	63 878	0		2 507	1 237 129		1 303 514
Transfers	0		0		0	0		0
Balance at end of acc.period	11 693	19 416 344	221 420		4 686 465	559 898		24 895 820
Accumulated depreciation								
Balance at beginning of acc.period	11 693	11 223 609	202 120		2 993 187			14 430 609
Increase	0	2 513 311	2 570		281 782			2 797 663
Decrease	0	63 878	0		2 506			66 384
Balance at end of acc.period	11 693	13 673 042	204 690		3 272 463			17 161 888
Value adjustments								
Balance at beginning of acc.period								
Increase								
Decrease								
Balance at end of acc.period								
Balance at beginning of acc.period	0	7 587 880	3 301		1 143 388	406 310		9 140 879
Balance at end of acc.period	0	5 743 302	16 730		1 414 002	559 898		7 733 932

Table 2

Intangible fixed assets	Previous accounting period							
	Capitalized development costs	Software	Valuable rights	Go-odwill	Other IFA	Aquired IFA	Rateable IFA	Total
a	b	c	d	e	f	g	h	i
Primary valuation								
Balance at beginning of acc.period	11 693	17 675 740	205 421		4 401 346	197 390		22 491 590
Increase	0	1 189 583	0		28 097	1 414 704		2 632 384
Decrease	0	53 834	0		292 868	1 205 784		1 552 486
Transfers	0		0					
Balance at end of acc.period	11 693	18 811 489	205 421		4 136 575	406 310		23 571 488
Value adjustments								
Balance at beginning of acc.period	11 693	8 877 927	200 071		2 990 789			12 080 480
Increase		2 399 517	2049		295 266			2 696 832
Decrease		53 835			292 868			346 703
Balance at end of acc.period	11 693	11 223 609	202 120		2 993 187			14 430 609
Value adjustments								
Balance at beginning of acc.period								
Increase								
Decrease								
Balance at end of acc.period								
Balance at beginning of acc.period	0	8 797 813	5 349		1 410 557	197 390		10 411 109
Balance at end of acc.period	0	7 587 880	3 301		1 143 388	406 310		9 140 879

2. Information under Art. III (1), para. C) non-current intangible assets

Table 1

Intangible fixed assets	Current accounting period
Non-current intangible assets with lien	0
Non-current intangible assets with limited usage rights	0

3. Information to part E letter a) on non-current intangible assets

Table 1

Non-current tangible assets	Current accounting period								
	Land	Construction	Individual tangible movables and sets of movables	Permanent growing units of permanent crops	Livestock	Other NCTA	Aquired NCTA	Rateable NCTA	Total
a	b	c	d	e	f	g	h	i	j
Primary valuation									
Balance at beginning of acc.period	523 593 292	432 970 083	133 168 337	88 753	146 887	409 267	20 388 408		1 110 765 027
Increase	4 033 909	11 054 003	13 435 575	0	12 000	2 585	21 901 823		50 439 895
Decrease	3 586 050	1 214 273	4 129 281	0	14 284	0	24 890 842		33 834 730
Transfer	0	0	0	0	0	0	0		0
Balance at end of acc.period	524 041 151	442 809 813	142 474 631	88 753	144 603	411 852	17 399 389		1 127 370 190
Value adjustments									
Balance at beginning of acc.period		205 120 540	94 080 565	45 917	90 623				299 337 645

Non-current tangible assets	Current accounting period								
	Land	Construction	Individual tangible movables and sets of movables	Permanent growing units of permanent crops	Livestock	Other NCTA	Acquired NCTA	Rateable NCTA	Total
A	b	c	d	e	f	g	h	i	j
Increase		8 624 979	8 957 089	4 108	11 837				17 598 013
Decrease		1 210 711	4 129 212	0	14 284				5 354 207
Balance at end of acc.period		212 534 808	98 908 442	50 025	88 176				311 581 451
Value adjustments									
Balance at beginning of acc.period	37 204	5 364 939	529 251				342 316		6 273 709
Increase	0	202 153	1 103				156 821		360 077
Decrease	0	868 908	225 505				259 156		1 353 569
Balance at end of acc.period	37 204	4 698 184	304 849				239 981		5 280 218
Residual Vaule									
Balance at beginning of acc.period	523 556 088	222 484 605	38 558 521	42 836	56 264	409 267	20 046 092		805 153 673
Balance at end of acc.period	524 003 947	225 576 821	43 261 340	38 728	56 427	411 852	17 159 406		810 508 521

Table 2

Non-current tangible assets	Previous accounting period								
	Land	Construction	Individual tangible movables and sets of movables	Permanent growing units of permanent crops	Livestock	Other NCTA	Acquired NCTA	Rateable NCTA	Total
a	b	c	d	e	f	g	h	i	j
Primary valuation									
Balance at beginning of acc.period	523 179 896	425 635 519	124 443 465	88 753	139 328	409 267	17 199 412		1 091 095 640
Increase	784 186	7 906 636	11 492 293		28 432		22 937 529		43 149 076
Decrease	370 790	572 072	2 767 421		20 873		19 748 533		23 479 689
Transfers									
Balance at end of acc.period	523 593 292	432 970 083	133 168 337	88 753	146 887	409 267	20 388 408		1 110 765 027
Accumulated depreciation									
Balance at beginning of acc.period		197 918 360	88 406 273	41 809	98 346				286 464 788
Increase		7 767 299	8 438 875	4 108	13 150				16 223 432
Decrease		565 119	2 764 583		20 873				3 350 575
Balance at end of acc.period		205 120 540	94 080 565	45 917	90 623				299 337 645
Value adjustments									
Balance at beginning of acc.period	37 204	5 867 746	144 100				195 160		6 244 210
Increase		569 830	422 613				176 596		1 169 039
Decrease		1 072 638	37 462				29 440		1 139 540
Balance at end of acc.period	37 204	5 364 938	529 251				342 316		6 273 709

Non-current tangible assets	Previous accounting period								
	Land	Construction	Individual tangible movables and sets of movables	Permanent growing units of permanent crops	Livestock	Other NCTA	Acquired NCTA	Rateable NCTA	Total
a	b	c	d	e	f	g	h	i	j
Balance at beginning of acc.period	523 142 692	221 849 413	35 893 093	46 944	40 982	409 267	17 004 252		798 386 643
Balance at end of acc.period	523 556 088	222 484 605	38 558 521	42 836	56 264	409 267	20 046 092		805 153 673

4. Information under Art. III (1), para. C) non-current intangible assets

Tangible fixed assets	Current accounting period
Non-current intangible assets with lien	0
Non-current intangible assets with limited usage rights	0

b. Non-Current Financial Assets

Information on the movement of intangible and tangible fixed assets from 1 January 2019 until 31 December 2019 is shown in the table below. The balance and movements of financial assets are given at acquisition cost

5. Information under Art. III (1), non-current financial assets

Table 1

Non-current financial assets	Current accounting period								
	Securities and shares in subsidiary	Securities and shares liabilities in company with influence	Other non current liabilities	Loans of account ing unit total	Other NCFA	Loans due within one year	Acquired NCFA	Rateable NCFA	Total
A	b	c	d	e	f	g	h	i	j
Primary valuation									
Balance at beginning of acc.period			14 693						
Increase									
Decrease									
Transfers									
Balance at end of acc.period			14 693						
Accumulated depreciation									
Balance at beginning of acc.period			14 693						
Increase									
Decrease									
Balance at end of acc.period			14 693						
Value adjustments									
Balance at beginning of acc.period			0						
Balance at end of acc.period			0						

Table 2

Non-current financial assets	Previous accounting period								
	Securities and shares in subsidiary	Securities and shares liabilities in company with influence	Other non current liabilities	Loans of accounting unit total	Other NCFA	Loans due within one year	Acquired NCFA	Rateable NCFA	Total
a	b	c	d	e	f	g	h	i	j
Primary valuation									
Balance at beginning of acc.period			14 693						
Increase									
Decrease									
Transfers									
Balance at end of acc.period			14 693						
Value adjustments									
Balance at beginning of acc.period			14 693						
Increase									
Decrease									
Balance at end of acc.period			14 693						
Book value									
Balance at beginning of acc.period			0						0
Balance at end of acc.period			0						0

6. Information under Art. III (1), para. F) on the structure of non-current financial assets

Business name and seat of accounting unit NCFA	Current accounting period				
	Equity share in %	Voting rights in %	Vaule of own resources holds NCFA	Profit/loss holds NCFA	Book value of NCFA
a	b	c	d	e	f
Subsidiaries					
Accounting units with essential influence					
Other realizable securities and shares					
Bažantnica Mladý Háj Červeňova 30 811 03 Bratislava	5,17	5,17	14 693		0
					0
					0
Obstarávaný DFM na účely vykonania vplyvu v inej ÚJ					
Non-current financial assets total	x	x	x	x	0

c. Inventory

1. A value adjustment was created to reflect impairment of inventory. Inventory value was impaired primarily for products - because of the unfavourable assortment of timber stock in shipping stores compared to its current book value. For Work in progress is adjustment used for planting stock – seeds in forest nurseries in accordance with direction MOP E 019 and for breeding horses, where the realization price is lower than the carrying value.

The company granted no lien on inventory to third persons.

7. Information under Art. III (1) M) about value adjustments in inventory

Table 1

Inventory	Current accounting period				
	Value adjustments at the start of accounting period	Creation	Release of value adjustment due to cease of justification	Release of value adjustment due to cease of justification	Value adjustments at the end of accountingp eriod
a	b	c	d	e	f
Material	66	779	845		0
Merchandise					
Incomplete production and semi-finished products of own production	228 228	174 359	228 228		174 359
Products	1 568 230	3 057 921	1 568 230		3 057 921
Livestock	62 374	95 527	62 374		95 527
Total inventory	1 858 898	3 328 586	1 859 677		3 327 807

d. Receivables

8. Information under Art. III (1), para. P) about value adjustments in receivables

The movements in the value adjustments during the accounting period are presented in the table below:

Receivables	Current accounting period				
	Value adjustments at the start of accounting period	Creation	Release of value adjustment due to cease of justification	Release of value adjustment due to cease of justification	Value adjustments at the end of accounting period
a	b	c	d	e	f
Trade receivables	4 241 215	1 033 666	759 897	128 462	4 386 522
Other receivables					
Total receivables	4 241 215	1 033 666	759 897	128 462	4 386 522

9. Information under Art. III (1), para. Q) about age

Table 1

Item	Due	Overdue	Total receivables
a	b	c	d
Non-current receivables			
Trade receivables			
Other receivables			
Total non-current receivables			
Current receivables			
Trade receivables	19 422 595	4 704 014	24 126 609
Receivables to partners			
Tax receivables and subsidies	1 712 188		1 712 188
Other receivables	122 669		122 669
Total current receivables	21 257 452	4 704 014	25 961 466

Table 2

Receivables on the remaining maturity	Current accounting period	Previous accounting period
a	b	c
Receivables overdue	4 704 014	4 647 269
Receivables with remaining maturity less than one year	21 257 452	25 894 553
Total current receivables	25 961 466	30 541 822
Receivables with remaining maturity of one to five years		
Receivables with remaining maturity more than five years		
Total non-current receivables		

Note: receivables within the consolidated entity amount to € 814,218. That includes € 5,304 in trade receivables and receivables on account 346 – Subsidies from the State Budget are € 808,914 for realized investment projects on which Agricultural Paying Agency financing contracts are signed under the Ministry of Agriculture and Rural Development of SR and the payment of which is expected in 2019.

e. Financial accounts

Cash on hand, bank accounts and securities are presented in financial accounts. The bank accounts are at the Company's full disposal in the bank VÚB a.s.

10. Information under Art. III Table 1

Table 1

Item	Current accounting period	Previous accounting period
Cash desk, valuables	120 060	137 638
Current bank accounts	21 228 817	34 710 671
Term deposits		
Cash in transit	-1 914	-2 000
Total	21 346 963	34 846 309

f. Accruals/deferrals

The individual items of accruals/deferrals are presented in the table below:

11. Information under Art. III (1), para. Y) about significant items of accruals/deferrals on assets side

Item	Current accounting period	Previous accounting period
Prepaid expenses – long-term, out of which:		
Prepaid expenses – short-term, out of which:	1 132 674	1 105 988
Insurance	583 755	449 252
Software licenses	340 256	373 755
Telephones, energies	28 017	36 432
Software – services	64 599	88 957
Magazine subscriptions	13 183	11 913
Comprehensive prepaid expenses – menageries	59 953	113 519
Other	42 911	32 160
Accrued income – long-term, out of which:		
Accrued income – short-term, out of which:	201 279	207 553
Rent	39 034	104 000
Compensation for damages	0	513
Other	162 245	103 040

F. DATA ON THE ASSET SIDE OF THE BALANCE SHEET

a. Own resources

Information under Art. III (2), (a) the distribution of accounting profit or the settlement of the accounting loss

Splitting of the revenues of year 2019 3,030,034 € is in the table below.

Table 1

Item	Current accounting period
Accountable profit	3 030 034
Division of accountable profit	
Allocation to reserve fund by law	152 034
Allocation to statutory and other funds	2 678 000
Allocation to social fund	200 000
Allocation to fixed assets increase	
Compensation of loss from previous periods	
Transfer to undivided profit of previous years	
Division of share in profit to partners, members	
Other – income tax to promoter	
Total	3 030 034

Table 2

Item	Previous accounting period
Accountable profit	5 231 896
Division of accountable profit	
Allocation to reserve fund by law	265 000
Allocation to statutory and other funds	2 450 000
Allocation to social fund	200 000
Allocation to fixed assets increase	
Compensation of loss from previous periods	
Transfer to undivided profit of previous years	2 316 896
Division of share in profit to partners, members	
Other – income tax to promoter	
Total	5 231 896

b. Provisions

Silviculture provision is created on the basis of the Annual Silvicultural Project endorsed by the authorized forest manager pursuant to the Act No. 326/2005 Coll. on forest management and state administration of The creation of reserve is based on the actual volume of felling timber compared to annual balance which is based on the Forrest Management Plan. The provision is created in the case of exceeding the annual balance of felling timber, i.e. as multiplication of:

- the actual extracted volume of timber that exceeds the annual balance, calculated as the equivalent of the exposed area that will be need to be afforested and treated
- the actual mean costs of the current period for afforestation and treatment of one hectare of the exposed area.

The provision can be created for the period maximum until young forest stands are sustained. In 2019 the appropriation to provisions was entered into accounts in order to cover planned costs of silvicultural activities at enterprises where allowable timber extraction per 1 year (short-term) and also 5 years (long-term) was exceeded, with the balance of 11,572,508 €. The total balance of the created and unused short-term and long-term reserve as of 31 December 2019 is € 17,479,286, which represents a year-on-year increase of € 265,620. At the same time, a forest protection provision of € 1,500,000 was created for the use in 2,000,000 € by civic associations, which were most affected by the bark beetle calamity. At the same time, a reserve is created for cultivation activities - for the performance of purging according to the planned tasks in 1720000. Total are reserves created for silviculture in the amount of 20,699,285€, which is an increase by 1,485,620 compared to 2018.

Retirement pay: The Company has obligations towards the employees due to their retirement based on the Collective Agreement and Labour Code. The retirement pay is calculated using the principles of insurance mathematics applying a discount rate of 0.85 % and earnings growth annual index of 0.00 %.

The employees are entitled to:

- retirement pay** – upon the first termination of employment after they have become eligible to receive old-age pension or disability pension in the amount of average monthly earnings
- increased retirement pay** – if after becoming eligible to the old-age pension they terminate the contract by the end of the month in which they were entitled to the pension, according to the duration of the employment relationship with the employer:
 - more than 5 years up to 10 years – six times their average earnings
 - more than 10 years up to 20 years – seven times their average earnings
 - more than 20 years – eight times their average earnings

The retirement pay is reimbursed from the costs, but from 2017 onwards, it will be increased to five times the employee's average earnings paid from the remuneration fund, which consists of the distribution of the profit after tax. When creating this reserve in In 2019, for the first time, it applied the procedure that the reserve is created only for employees who have worked for the Company for more than 10 years.

The provisions are expected to be used as follows:

Short-term provisions will be used during the following year.
Long-term provisions will be used by weighted average until 2064.

Information under Art. III (2), para. B) about provisions

The overview of provisions is presented in the table below

Table 1

Item	Current accounting period				
	Balance at beginning of acc. period	Creation	Usage	Reversal	Balance at the end acc. period
a	b	c	d	e	F
Long-term provisions, out of which:	24 616 558	2 796 313	1 929 322	1 611 434	23 872 115
Silviculture provision	11 363 316	2 538 695	1 804 321	525 182	11 572 508
Provision for retirement pay	6 910 887			587 455	6 323 432
Passive trials	4 185 972	257 618	33 856	162 903	4 246 831
Provision for fines and penalties	50 000		50 000		0
Rent	2 106 383		41 145	335 894	1 729 344
Short-term provisions, out of which:	20 283 753	16 205 956	17 582 535	1 632 059	17 275 114
Silviculture provision	5 850 350	5 906 778	5 325 913	524 437	5 906 778
Provision for forest protection and thinning	2 000 000	3 220 000	1 576 024	423 976	3 220 000
Unbilled supplies	650 888	32 851	624 265	26 621	32 851
Severance	17 791		17 791		
Leave	1 540 306	1 524 159	1 540 306		1 524 159
Employee bonuses	2 383 222	2 362 659	2 383 222		2 362 659
Insurance – leave	538 708	541 566	538 708		541 566
Insurance – bonuses	977 506	990 239	977 506		990 239
Provisions - extra wage					
Financial statements	115 000	18 050	115 000		18 050
Other provisions	6 577	40 600	5 195	1 382	40 600
Provision for production losses and risks	3 230 187		2 418 707	485 986	325 494
Fines and penalties	101 365	52 000	25 707		127 658
Credit notes	0				
Provision – retirement pay and jubilees	665 047	610 293	656 239	8 808	610 293
Provision for building demolition	615 268	173 000	392 997	131 081	264 191
Rent	822 690	647 800	702 372	28 018	740 101
Passive trials	768 848	34 800	231 422	1 750	570 476

Table 2

Item	Previous accounting period				
	Balance at the beginning of period	Creation	Usage	Reversal	Balance at the end of period
a	b	c	d	e	f
Long-term provisions, out of which:	21 798 123	4 561 402	1 638 833	104 134	24 616 558
Silviculture provision	9 248 440	3 713 356	1 598 480		11 363 316
Provision for retirement pay	6 732 664	178 223			6 910 887
Passive trials	4 172 936	138 570	26 509	99 025	4 185 972
Provision for fines and penalties	50 000				50 000
Rent	1 594 083	531 253	13 844	5 109	2 106 383
Short-term provisions, out of which:	16 206 828	19 318 050	14 582 667	658 458	20 283 753
Silviculture provision	4 267 410	5 850 350	4 024 932	242 478	5 850 350
Provision for forest protection	1 000 000	2 000 000	994 913	5 087	2 000 000
Unbilled supplies	54 738	635 864	25 956	13 758	650 888
Severance	0	17 791			17 791
Leave	1 345 073	1 540 306	1 345 073		1 540 306
Employee bonuses	2 295 075	2 383 222	2 295 075		2 383 222
Insurance – leave	478 726	538 708	478 726		538 708
Insurance – bonuses	1 238 797	977 506	1 238 797		977 506
Fines and penalties	709 620		709 620		0
Financial statements	115 000	115 000	115 000		115 000
Other provisions	0	6 577			6 577
Provision for production losses and risks	1 932 340	3 123 544	1 676 054	149 643	3 230 187
Fines and penalties	0	101 365			101 365
Credit notes	189		189		0
Provision – retirement pay and jubilees	695 159	665 047	593 480	101 679	665 047
Provision for building demolition	228 930	534 608	131 816	16 454	615 268
Rent	1 082 944	817 871	953 036	125 089	822 690
Passive trials	762 827	10 291		4 270	768 848

c. Liabilities

The structure of liabilities (except for bank loans) according to maturity is shown in the table below:

Information under Art. III (2), para. C) about liabilities

Item	Current accounting period	Previous accounting period
Receivables overdue	348 341	59 268
Liabilities with remaining maturity less than one year	31 349 917	32 377 758
Total current liabilities	31 698 258	32 437 026
Liabilities with remaining maturity of one to five years	390 099	443 408
Liabilities with remaining maturity of more than five years	15 302 805	14 286 991
Total non-current liabilities	15 692 904	14 730 399

Note: Liabilities within consolidated entity are € 172,102, of which € 172,102 from trade.

d. Deferred tax liability

The creation and drawing from the social fund during the accounting period are presented in the table below:
Information under Art. III (2), para. F) about deferred tax receivable and deferred tax liability

Item	Current accounting period	Previous accounting period
Temporary differences between book value of assets and tax base, out of which:	95 642 109	94 099 011
Deductible	11 552 713	10 932 154
Taxable	107 194 822	105 031 165
Temporary differences between book value of assets and tax base, out of which:	22 503 191	26 065 721
Deductible	22 503 191	26 065 721
Taxable		
Possible redemption of tax loss in future	268 416	
Possible transfer of unused tax allowances		
Income tax rate (in %)	21	21
Deferred tax receivable	7 208 107	7 769 554
Claimed tax receivable	7 208 107	7 769 554
Booked as cost reduction	561 447	- 667 920
Booked in equity		
Deferred tax liability	22 510 912	22 056 545
Change in deferred tax liability	454 367	1 277 045
Booked as costs	454 367	1 277 045
Booked in equity		

e. Social fund

The creation and drawing from the social fund during the accounting period are presented in the table below:
Information under Art. III. (2), para. G) about liabilities from social fund

Item	Current accounting period	Previous accounting period
Opening balance of social fund	430 865	440 350
Creation of social fund against expenses	795 535	889 211
Social fund provisioning from profit	200 000	200 000
Other creation of social fund		
Total creation of social fund	1 426 400	1 089 211
Drawing of social fund	1 048 844	1 098 696
Closing balance of social fund	377 556	430 865

f. Bank loans

There were no loans in 2019.

g. Accruals/deferrals on liabilities side

The structure of accruals/deferrals is presented in the table below

Information under Art. III (2), para. Y) about significant items of accruals/deferrals on assets

Item	Current accounting period	Previous accounting period
Non-current accrued expenses, out of which:		
Current accrued expenses, out of which:	12 888	17 287
Rent	12 888	17 287
Non-current deferred income, out of which:	39 798 177	45 687 510
Investment subsidies from the state budget	9 313 837	9 642 315
Revenue from felling in non-state non-returned forests	2 040 858	3 044 593
EU funds – investment	25 946 094	30 711 757
Other – newly ascertained assets, easement	2 497 388	2 288 845
Current deferred income, out of which:	6 852 700	6 457 539
Investment subsidies	5 049 915	5 374 715
Rent and other	1 802 785	1 082 824

G. REVENUE

a. Revenue from own work and merchandise

Revenue from own work and merchandise according to the individual segments, i.e. types of products and services, is presented in the table below:

Information under Art. IV (1), para. A) about own revenues

Item	Current accounting period	Previous accounting period
a	b	c
Timber	202 844 167	216 072 963
Other revenues from felling	3 173 393	3 390 393
Seed production	1 364 352	1 187 956
Products	3 649 909	3 547 635
Low-value forest production	82 594	74 079
Sale of building materials	2 510	2 556
Wood production	0	706
Engineering operations	16 196	1 489
Other production and carpenter prod.	589 485	511 997
Plant production	112 900	107 917
Livestock production	119 738	111 903
Services and works for third parties	8 526 226	9 073 877
Other revenues from commercial activities	279 520	259 302
Housing management	660 434	670 128
Recreational facilities	207 622	196 192
Accommodation for hunters	218 132	183 142
Other revenues from commercial activities	48 118	86 706
Total	221 895 296	235 478 941

b. Changes in inventory

When accounting for changes in inventory in the case of monetization and damage to inventory of own production, the Company shall attempt to ensure that the change in inventory is consistent with the decrease in inventories. The company uses 2-way billing / account 549 against 123 * and 61 * against 621 * /. The accounting is adapted to calculation needs because of a large amount of production activities. In 2019, the amount of 44,278 € was charged to the bank account and the damage to the own production reserves.

When a value is adjusted to net realization value – when value adjustments are created and used, the Company proceeds in accordance with the accounting procedures, which means that, due to that fact, there are differences in the changes in inventory on inventory accounts and revenues on the accounts 611-614.

The changes in inventory of own production based on the balance sheet is presented in table below:

Information under Art. IV (1), para. B) about changes in internal inventory

Item	Current accounting period	Previous accounting period		Change in in-house	
	Closing balance	Closing balance	Opening balance	Current accounting period	Previous accounting period
a	b	c	d	e	f
Incomplete production and semi-finished products	10 198 411	9 116 284	8 405 301	1 082 128	710 983
Products	18 986 849	16 712 306	12 677 174	2 274 543	4 035 132
Livestock	537 149	453 733	508 590	83 416	-54 857
Total	29 722 410	26 282 323	21 591 065	3 440 087	4 691 258
Representation, gifts	x	x	x		
Value adjustment to NRV	x	x	x	-1 468 975	- 1 076 708
Other	x	x	x	7 200	11 701
Change in in-house inventory profit and Loss Statement	x	x	x	1 963 912	3 602 849

Note: The "other" sum calculates the method of accounting for the purchase of bee colonies to obtain 124 - Livestock, which was not accounting for against the status of livestock.

c. Capitalized costs and other operating income

Information under Art. IV (1), para. C) and D) about income from capitalized costs and operating, financial and extraordinary income

Item	Current accounting period	Previous accounting period
Significant items of capitalized costs, out of which:	5 109 956	8 746 057
Non-current tangible assets – self-constructed	4 649 344	8 037 385
Capitalization of material and merchandise	350 352	553 644
Capitalization of services	71 116	109 904
Capitalization of own transport for inventory procurement	39 144	45 124
Other significant items of operating income, out of which:	7 664 283	7 364 374
Revenues from operational subsidies	282 858	357 758
Income from operating and investment contributions from EU funds	5 134 788	5 317 648
Investment subsidy write-offs against revenues	576 016	563 424
Compensation of shrinkage and other losses	345 448	310 923
Contractual fines and penalties	240 809	25 279
Compensation for air pollutants and operating restrictions	141 411	112 628
Income from substitution of forest stands including profit	262 219	1 759
Income from the written-off receivables	3 336	2 658
Other operating income /compensation of various cost/	591 627	521 707
New assets – depreciation	33 205	41 143
Damages paid by insurance company (natural disasters)	52 566	109 447
Comprehensive prepaid expenses		
Financial revenue, out of which:	10 245	24 214
Exchange rate gains, out of which:	42	2
Exchange rate gains on the balance sheet date		
Other significant items of financial income, out of which:	10 243	24 212
Interest income	10 199	24 007

Information under Art. IV (4) about net turnover

Item	Current accounting period	Previous accounting period
Revenues from own products	208 426 544	221 658 579
Revenues from sales of services	13 415 677	13 772 660
Revenues from merchandise	53 075	47 703
Revenues from contracts		
Revenues from sales of real estate		
Other revenues related to ordinary activities		
Total net turnover	221 895 296	235 478 941

The classification of net turnover according to the types of products, merchandise and services and geographical regions of sale are provided in the table on page 20 "Information under Art. IV. (1), para. A) about own revenues"

H. EXPENSES

Information under Art. IV (1), para. E), G), H) and I) about expenses

Item	Current accounting period	Previous accounting period
Costs of provided services, out of which:	104 963 189	115 538 319
Costs related to auditor, audit company, out of which:	71 534	230 779
Audit of individual financial statements	71 534	230 779
Other non-audit services		
Other significant items of costs of services provided, out of which:	104 891 655	115 307 540
Transport	6 531 512	8 299 293
Out of which timber transport to dispatch store	5 664 722	7 380 517
Costs for timber skidding	187 604	104 762
Other služby (účet 518006,19,20,22,23,24) total	85 262 049	83 601 527
out of which silviculture	16 128 489	16 223 648
out of which harvesting – comprehensive timber production at transport site	56 792 529	57 715 921
out of which other harvesting activities	5 084 858	2 145 354
out of which seed production, nursery, low-value forest production	1 365 768	1 225 237
out of which other production activities	2 547 300	2 697 880
out of which overheads	3 343 105	3 593 487
Services paid from Eurofunds	191 346	656 511
Rent	4 789 085	5 567 731
Telecommunication and post services	815 658	789 126
Software update and maintenance	1 171 093	1 489 667
Repairs and maintenance	5 054 025	9 832 280
Property settlement /real estates and land/	267 102	352 124
OA operative rent	305 864	0
Legal services	545 948	577 651
Travel expenses	342 326	368 816
Recondition stays	39 760	38 979
Provision for rent	-426 402	98 890
Toll expenses	161 091	146 419
Other services – various	-346 409	3 383 764
Personal costs	78 589 767	78 223 691
out of which salary costs	53 830 136	53 319 786
out of which remuneration to members of supervisory board	13 600	13 880
out of which social insurance	13 647 064	13 382 774
out of which health insurance	5 520 149	5 491 022
Out of which social insurance	1 282 941	1 259 683
out of which legal social costs	4 295 877	4 756 546
Other significant items of operating expenses, out of which:	4 210 004	9 155 506
Creation of silviculture provision	11 665 473	11 552 945
Reversal of silviculture provision	-10 179 853	-6 855 026
Creation of other provisions	290 892	246 153
Reversal of other provisions	-443 426	-130 727
Compensation for purchase of forest stands in substitution contracts	293 592	92 807
Property insurance	1 056 599	992 732
Fines and penalties	262 243	10 602
Shrinkage and losses	47 892	50 674
Comprehensive prepaid expenses – menageries	53 565	53 565
Timber purchase	189 400	169 957
Compensation for game management	86 247	278
Contributions to legal entities	112 749	92 475
Write-off of receivables	44 379	2 485 973
Other	730 252	393 098

Item	Current accounting period	Previous accounting period
Financial expenses, out of which:	41 100	42 730
Exchange rate losses, out of which:	268	447
Exchange rate losses as of the balance sheet date	0	20
Other significant items of financial expenses, out of which:	40 832	42 283
Bank charges	40 832	42 283
Other	0	0

I. Income taxes

The payable tax entered on the account No. 591 represents the withholding tax on bank interests in the amount of € 1,515. In the tax return for 2019, a tax loss of € 268,416 arose due to higher deductibles, mainly tax depreciation of assets. Deferred tax was charged to expenses in the amount of € 1,015,815.€.

Information under Art. III para. (5), a) to e) about deferred income taxes

Item	Current accounting period	Previous accounting period
Amount of deferred tax receivable entered as cost or revenue resulting from changed income tax rate		
Amount of deferred tax receivable entered as cost or revenue resulting from changed income tax rate		
Amount of deferred tax receivable related to claimed tax loss not claimed tax allowances and other claims, as well as temporary differences of previous accounting periods, for which deferred tax was not entered		
Amount of deferred tax liability due to omission of that part of deferred tax receivable in current accounting period, which was entered in previous accounting periods		
Amount of deferred tax receivable related to claimed tax loss, not claimed tax allowances and other claims, as well as temporary differences of previous accounting periods, for which deferred tax receivable was not entered		
Amount of deferred income tax related to items entered directly in equity accounts without entering in cost and income accounts		

Information under Art. III para. (5), f) about income taxes

Item	Current accounting period			Previous accounting period		
	Tax base	Tax	Tax in %	Tax base	Tax	Tax in %
a	b	c	d	e	f	g
Profit/loss before tax	4 047 364	x	x	6 752 509	x	x
Theoretical tax	x	846 946	21	x	1 418 027	21
Tax non-deductible expenses	16 503 842	3 465 807	85,63	18 896 027	3 968 166	58,79
Income not subject to tax	20 819 622	4 372 121	108,02	21 347 228	4 482 918	66,39
Redeemed tax loss	0	0		0	0	
Total	- 268 416	- 56 367	-1,39	4 301 308	903 275	13,38
Total reported tax	x			x	903 275	13,38
Withholding tax on bank interest and tax for previous period	x	1 515	0,04	x	8 213	
Deferred income tax	x	1 015 815	25,10	x	609 125	9,02
Total income tax	x	1 017 330	25,14	x	1 520 613	22,52

J. INFORMATION ABOUT DATA IN OFF-BALANCE SHEET ACCOUNTS

Contingent liabilities

The Company has no liabilities other than those covered by the routine accounting and reported in the balance sheet.

As many sub-branches of the Slovak tax law have not been verified enough in practice, there is an uncertainty about their application by tax authorities. The degree of this uncertainty can not be quantified and extinct when legal precedents or preferences are available. official interpretations of the competent authorities. The Company's management is not aware of any circumstances that would result in a significant expense in the future.

The total net book value of unsettled land is € 15,818,133 and it may be subject to restitution proceedings.

The Company made unified valuation of forest land at reproduction acquisition cost according to the status as of 1 January 2010. By unified valuation of forest land, the impacts of incorrect procedures from previous periods which manifested themselves in overvaluation were eliminated. The legislative base for the unified valuation was the Decision of the Ministry of Finance of the Slovak Republic No. MF/020728/2009-74 from 24 August 2009. Based on this decision, the basis for precise identification of forest land for its unified valuation at reproduction acquisition cost according to the status as of 1 January 2010 was prepared. The valuation was made in accordance with the Decree of the Ministry of Justice of the Slovak Republic No. 492/2004 on the Determination of General Value of Assets. Due to the applied revaluation of forest land pursuant the above-mentioned decree, the book value of forest land of the Company was decreased by a total amount of € 1, 883, 485. Due to this fact, assets and equity reported in Company's balance sheet are decreased by the same amount.

The value of forest stands has been reported in off-balance accounts since 1 January 2010. Each year, the value of forest stands is updated based on valuation made by an NLC Zvolen expert together with update – making more accurate the value of forest land owned by state. In 2019, the value of forest stands was increased by € 105,590,036 compared to 2018. The main reason and basis for the reduction of the value of the stands is the renewal of PSL after the processing of the wind disaster at some branch plants.

Information under Art. V para. (3) about off balance sheet accounts

Item	Current accounting period	Previous accounting period
Strictly accountable forms	87 897	86 900
Material in stocks of civil protection	18 759	19 278
Loans from FKSP	1 046	622
Other off-balance sheet accounts	745 101	823 621
Other – FOREST STANDS from 1 January 2010	4 090 807 343	4 196 397 379
Other	0	0

K. INFORMATION ON INCOME AND EMOLUMENTS OF THE STATUTORY, SUPERVISORY AND OTHER COMPANY BODIES

Information under Art. VII para. (2), a) about income and emoluments of the statutory, supervisory and other

Type of income, emolument	Value of income, emolument bonuses to current Board Members b			Value of income, emolument bonuses to former Board Members c		
	Statutory	Supervisory	Other	Statutory	Supervisory	Other
	Part 1 – Current accounting period	Part 1 – Current accounting period				
	Part 2 - Previous accounting period	Part 2 - Previous accounting period				
Monetary income	130 932	17 784			0	
	101 942	17 329		34 226	0	
Non-monetary income	337	675				
	312	1 487		156	0	
Monetary advances						
Non-monetary advances						
Loans granted						
Loans granted						
Other						

L. ECONOMIC RELATIONS OF THE COMPANY AND RELATED PERSONS

Economic relations between the accounting unit and related persons were in accordance with the valuation of work performed and were at standard rates (according to the valid price lists of the Company).

Information under Art. VII para. (1), (a) the economic relations between the entity and the related parties

Table 1

Related party	Type of trade	Value of transaction	
		Current accounting period	Previous accounting period
a	b	c	d
Member of supervisory board	Sale of merchandise	7 974	26 108
Member of supervisory board	Purchase of material	8 342	7 400
Managers	Services provided	123	118
Managers	Received services	522 056	1 696 473
Managers	Sale of merchandise	623	29 197
Managers	Acq. of assets	116 115	
Managers	Purchase of material	2 880	42 133

On the basis of Article 22(1) of Act No. 431/2002 Coll. on accounting as amended, as of 31 January 2016, changes in the consolidated group of selected chapters of the state budget were entered into force. Based on this change, all state enterprises are subject to consolidation for 2017 at the first level, i.e. at the level of the relevant chapter, which acts on behalf of the Slovak Republic as the founder of the state enterprise – Ministry of Agriculture and Rural Development.

For this reason, the Company reports the following relationships for the year 2019 within the organizations falling within the scope of the founder of the Company.

Related party	Type of trade	Value of transaction	
		2019	2018
Transactions with related party			
Name of person			
Central Control and Testing Institute	Received services	369	581
Institute of Education	Received services	3 770	7 525
National Stud Farm "Topoľčianky"	Received services	1 162	1 012
National Stud Farm "Topoľčianky"	Material procurement	5 415	2 985
Hydromeliorácie, state enterprise	Received services	239	213
Regional veterinary and food office	Received services	3 528	2 509
Museum in Svätý Anton	Received services	256	12 000
Agrocomplex – Exhibition centre Nitra	Received services	17 283	28 099
Breeding services of the SR, state enterprise	Received services	110	0
Agroinstitute Nitra, state enterprise	Received services	606	347
National Forest Centre	Received services	219 787	192 015
National Agricultural and Food Center	Received services	14 070	14 144
National Agricultural and Food Center	Material procurement	6 243	7 273
State Veterinary and Food Institute	Received services	9 587	5 192
Ministry of Agriculture and Rural Affairs	Sale of services	300	0
Ministry of Agriculture and Rural Affairs	Sale of material	0	0
Forest and agricultural property	Sale of products and merchandise	350	148
Forest and agricultural property	Sale of services	1 668	1 718
Institute of Education	Sale of merchandise	124	0
Institute of Education	Sale of services	125	158
National Stud Farm "Topoľčianky"	Sale of merchandise	0	0
TANAP State Forests	Sale of products and merchandise	13 886	200
TANAP State Forests	Sale of services	5 927	4 340
Hydromeliorácie, state enterprise	Sale of services	3 049	3 049
Regional veterinary and food office	Sale of services	13 604	4 326
Agrocomplex – Exhibition centre Nitra	Sale of merchandise	1000	0
Agrocomplex – Exhibition centre Nitra	Sale of services	23 286	29 808
Agroinstitute Nitra, state enterprise	Sale of services	0	0
Breeding services	Sale of services	0	8 707
National Forest Centre	Sale of merchandise	0	67
National Forest Centre	Sale of services	13 638	24 905
National Forest Centre	Sale of property	0	0
Museum in Svätý Anton	Material procurement	0	0
National Forest Centre	Drawing of social fund	30 000	
National Forest Centre	Material procurement	366 804	180
National Agricultural and Food Center	Sale of services	0	153
TANAP State Forests	Received services	2 500	3 000
TANAP State Forests	Drawing of social fund	3 813	2 555
TANAP State Forests	Material procurement	600	1 127
Regional veterinary and food office	Material procurement	591	0
National Forest Centre	Material procurement	6 991	14 657
Ministry of Agriculture and Rural Affairs	Received services	0	0
National Agricultural and Food Center	Material procurement	0	0

Selected assets and liabilities arising from transactions with related parties are presented in the following statement:

	Current accounting period	Previous accounting period
Trade receivables	5 304	2 122
Note: receivables within the consolidated entity (Receivables against Agricultural Paying Agency as a rule of entitlement to subsidies for investment projects funded by EU funds)	808 914	963 073
Total assets	814 218	965 195
Trade liabilities	172 102	98 415
Total liabilities	172 102	98 415

M. INFORMATION ON EVENTS OCCURRING BETWEEN THE BALANCE SHEET DATE AND THE DATE OF PREPARATION OF FINANCIAL STATEMENTS

After 31 December 2019, there were no other events that had a material impact on the fair presentation of the facts that were the subject of the accounting and would not be recorded in the accounting. Based on the decision of the Ministry of the Environment of the Slovak Republic no. 67937/2019 of 23 December 2019, the administration of small watercourses to the state-owned company Slovenský vodohospodársky podnik Banská Štiavnica was delimited. By this decision, small watercourses were entrusted to the management of the Company in the total length of approximately 5,750 km out of the originally managed approximately 18,250 km. The said decision transferred the management of small watercourses, but did not settle the long-term tangible assets on small watercourses. The total net book value of torrent regulation is € 8,882,152, out of which a part will be delimited by the state enterprise of Povodie, as decided by the Ministry of Agriculture of the Slovak Republic in 2020.

N. Information on equity

Information under Art. IX about equity

Table 1

Item	Current accounting period				
	Balance at the beginning of acc. period	Increase	Decrease	Transfers	Balance at the end of acc. period
a	b	c	d	e	f
Equity	742 465 247			419 794	742 885 041
Own shares and own ownership interest					
Change in equity	419 794	1 680 100	1 332 287	-419 794	347 813
Receivables from equity subscriptions					
Share premium					
Other capital funds	353 161				353 161
Legal reserve fund (non-distributable fund) from capital contributions	4 592 538			265 000	4 857 538
Differences from revaluation of assets and liabilities					
Differences from revaluation of capital interests					
Differences from revaluation in the event of merger, amalgamation or demerger					
Legal reserve fund					
Previous accounting period					
Statutory funds and other funds	2 155 653	6 342	1 447 667	2 450 000	3 164 328
Retained earnings from previous years	3 617 722		5 000 000	2 316 896	934 618
Accumulated losses from previous years					
Economic result of the current accounting period	5 231 896	3 030 035		-5 231 896	3 030 035
Dividend paid – Ministry of Agriculture and Rural Development of SR			5 000 000	5 000 000	
Other equity items					
Allocation to social fund				200 000	

Table 2

Item	Previous accounting period				
	Balance at the beginning of acc. period	Increase	Decrease	Transfers	Balance at the end of acc. period
a	b	c	d	e	f
Equity	742 142 800			322 447	742 465 247
Own shares and own ownership interest					
Change in equity	322 447	529 686	109 892	-322 447	419 794
Receivables from equity subscriptions					
Share premium					
Other capital funds	353 161				353 161
Legal reserve fund (non-distributable fund) from capital contributions					
Differences from revaluation of assets and liabilities					
Differences from revaluation of capital interests					
Differences from revaluation of assets and liabilities					
Legal reserve fund	4 215 538			377 000	4 592 538
Previous accounting period					
Statutory funds and other funds	2 975 576	7 039	2 176 962	1 350 000	2 155 653
Retained earnings from previous years	3 022 411			595 311	3 617 722
Accumulated losses from previous years					
Economic result of the current accounting period	7 522 311	5 231 896		-7 522 311	5 231 896
Dividend paid – Ministry of Agriculture and Rural Development of SR			5 000 000	5 000 000	
Other equity items					
Allocation to social fund				200 000	

Changes in equity on Account No. 419 in 2019 were as follows:

Increase	1 680 100
Stocktaking of land - newlyfound	127 463
Specification of area	448 394
Delimitation of land	1 075 036
Delimitation of construction	29 207
Decrease:	332 287
Returned forest roads	27 731
Specification of area	162 535
Land reinstatement	853
Inventory of land - specification of area	1 140 932
Delimitation of land	35
Delamination of construction	
Sale of apartments	201

The company posted profit distribution for 2018 in 2019 as follows: creation of funds - statutory reserve of € 265,000 and corporate funds: development of € 500,000, extraordinary € 250,000 employee's, bonus fund € 1,200,000 and € 200,000 social. The € 595,311 amount was recognized in retained earnings for previous periods.

Information under Art. X. about cash flow statement using the direct method

Item	Description	Current accounting period	Previous accounting period
Cash flow from operating activities			
A. 1.	Income from sale of goods (+)	53 074	47 703
A. 2.	Expenses for purchase of goods	- 30 414	-28 268
A. 3.	Income from sale of own goods (+)	212 877 892	221 394 879
A. 4.	Income from sale of services (+)	12 486 885	13 654 592
A. 5.	Expenses for acquisition of material, energy and other non-storable supplies (-)	-22 182 535	-24 046 657
A. 6.	Service expenses (-)	-105 214 882	-114 791 578
A. 7.	Expenses for personal costs (-)	-78 902 921	-78 067 611
A. 8.	Tax expenses excluding income tax expenses of accounting entity (-)	-7 171 057	-7 063 695
A. 9.	Income from sale of securities intended for sale or trading (+)		
A. 10.	Expenses for purchase of securities intended for sale or trading (-)		
A. 11.	Income from concluded contracts, subject of which is a right intended for sale or trading (+)		
A. 12.	Income from concluded contracts, subject of which is a right intended for sale or trading (-)		
A. 13.	Income from loans provided to accounting entity by bank or foreign bank branch if the loans were provided for core business activities (+)		
A. 14.	Expenses from loans provided to accounting entity by bank or foreign bank branch if the loans were provided for core business activities (-)		
A. 15.	Other income from operating activities except those stated separately in other parts of cash flow statement (+)	2 900 732	7 654 209
A. 16.	Other expenses from operating activities except those stated separately in other parts of cash flow statement (-)	-2 066 906	-1 856 084
*	Cash flow from operating activities except income and expenses stated separately in other parts of cash flow statement (+/-), (sum of A. 1 to A. 16)	12 749 868	16 897 480
A. 17.	Interests received except those included in operating activities (+)	10 199	24 007
A. 18.	Expenses related to derivatives, except those intended for sale or trading, or if they are regarded as cash flow from investing activities (-)		
A. 19.	Income related to derivatives, except those intended for sale or trading, or if they are regarded as cash flow from financing activities (+)		
A. 20.	Expenses related to derivatives, except those intended for sale or trading, or if they are regarded as cash flow from investing activities (-)	-5 000 000	-5 000 000
	Cash flow from operating activities (+/-)	7 760 067	11 921 487
	(sum from A.1. to A.20.)		
A. 21.	Expenses for income tax of accounting entity, if these can be included in investing or financing activities (-/+)		
A. 22.	Extraordinary income related to operating activities (+)	1 234 638	4 107 502
A. 23.	Extraordinary expenses related to operating activities (-)		
A.	Cash flow from operating activities (total from A.1 to A.23)	8 994 705	16 028 989
Cash flow from investing activities			
B. 1.	Expenses for acquisition of non-current intangible assets (-)	-1 390 717	-1 414 704
B. 2.	Expenses for acquisition of non-current tangible assets (-)	-22 194 514	-20 910 663
B. 3.	Expenses related to derivatives, except those intended for sale or trading, or if they are regarded as cash flow from investing activities (-)		
B. 4.	Income from sale of non-current intangible assets (+)		
B. 5.	Income from sale of non-current tangible assets (+)	2 668 557	1 262 571
B. 6.	Expenses for acquisition of non-current securities and shares in other accounting entities, except those regarded as cash equivalent and securities intended for sale or trading (-)		
B. 7.	Expenses for non-current loans provided by accounting entity to another accounting entity, which is included in consolidated entity (-)		
B. 8.	Income for non-current loans provided by accounting entity to another accounting entity, which is included in consolidated entity (+)		
B. 9.	Expenses for non-current loans provided by accounting entity to another accounting entity, which is included in consolidated entity (-)		

Item	Description	Current accounting period	Previous accounting period
B. 10.	Revenues for non-current loans provided by accounting entity to another accounting entity, which is included in consolidated entity (+)		
B. 11.	Interests received except those included in operating activities (+)		
B. 12.	Income related to derivatives, except those intended for sale or trading, or if they are regarded as cash flow from financing activities (+)		
B. 13.	Expenses related to derivatives, except those intended for sale or trading, or if they are regarded as cash flow from investing activities (-)		
B. 14.	Income related to derivatives, except those intended for sale or trading, or if they are regarded as cash flow from investing activities (+)		
B. 15.	Expenses for dividends paid and other shares in profit except those included in operating activities (-)		
B. 16.	Extraordinary income related to investing activities (+)		
B. 17.	Extraordinary expenses related to investing activities (-)		
B. 18.	Other income related to investing activities (+)		
B. 19.	Other expenses related to investing activities (-)		
B.	Cash flow from operating activities, (sum of B. 1 to B. 19)	-20 916 674	-21 062 796
Cash flow from financial activities			
C. 1.	Expenses for dividends paid and other shares in profit except those included in operating activities (-)	0	0
	(sum from C. 1. 1. to C. 1. 8.)		
C. 1. 1.	Income from subscribed shares and ownership interests (+)		
C. 1. 2.	Income from other contributions to equity paid by partners or physical entity, which is an accounting entity (+)		
C. 1. 3.	Received monetary gifts (+)		
C. 1. 4.	Príjmy z úhrady straty spoločníkmi (+)		
C. 1. 5.	Expenses for acquisition or repurchase of own shares and own ownership interests (-)		
C. 1. 6.	Expenses related to decrease of funds created by accounting entity (-)		
C. 1. 7.	Expenses for payment of share in equity to partners or physical entity, which is an accounting entity (-)		
C. 1. 8.	Expenses for other reasons related to decrease in equity (-)		
C. 2.	Cash flow from non-current liabilities and current liabilities from financing activities	0	0
	(sum from C. 2. 1. to C. 2. 9.)		
C. 2. 1.	Income from issue of debt securities (+)		
C. 2. 2.	Expenses for payment of liabilities from debt securities (-)		
C. 2. 3.	Income from loans provided to accounting entity by bank or foreign bank branch if the loans were provided for core business activities (+)		
C. 2. 4.	Expenses from loans provided to accounting entity by bank or foreign bank branch if the loans were provided for core business activities activities (+)		
C. 2. 5.	Income from loans received (+)		
C. 2. 6.	Expenses for loans paid (-)		
C. 2. 7.	Expenses for payment of liabilities from property use, which is subject of leasehold purchase contract (-)		
C. 2. 8.	income from other non-current liabilities and current liabilities from financing activities except those stated separately in another part of cash flow statement (+)		
C. 2. 9.	Expenses from other non-current liabilities and current liabilities from financing activities except those stated separately in another part of cash flow statement (-)		
C. 3.	Expenses for interest paid except those included operating activities (-)		
C. 4.	Expenses related to derivatives, except those intended from investing activities (-)		
C. 5.	Income related to derivatives, except those intended for sale or trading, or cash flow from investing activities (-)		
C. 6.	Expenses related to derivatives, except those intended for sale or trading, cash flow from investing activities (-)		

Item	Description	Current accounting period	Previous accounting period
C. 7.	Expenses for dividends paid and other shares in profit except those included in operating activities (-)		
C. 8.	Extraordinary income related to financing activities (+)		
C. 9.	Extraordinary expenses related to financing activities (-)	-1 577 377	-2 404 765
C.	Cash flow from financial activities	- 1 577 377	-2 404 765
	(sum from C. 1. to C. 2. 9.)		
D.	Report from the Audit of the Financial Statement	-13 499 346	-7 438 572
	(+/-), (sum A+B+C)		
E.	Balance of cash and cash equivalent at the beginning of accounting period (+/-)	34 846 309	42 284 861
F.	Balance of cash and cash equivalent at the beginning of accounting period before considering exchange rate differences as of balance sheet date (+/-)	21 346 903	34 846 289
G.	Balance of cash and cash equivalent at the end of accounting period before considering exchange rate differences as of balance sheet date (+/-)	0	20
H.	Balance of cash and cash equivalent at the end of accounting period before considering exchange rate differences as of balance sheet date (+/-)	21 346 963	34 846 309

INDEPENDENT AUDITOR'S REPORT

For the founder of the state enterprise LESY SR, s. e. Banská Bystrica

Report from the Audit of the Financial Statement

Qualified Opinion

We have audited the financial statements of the state enterprise LESY SR in Banská Bystrica, (hereinafter referred to as "Company"), which contains the balance sheet as of 31 December 2019, the profit and loss statement for the year and notes containing a summary of accounting principles and methods.

In our opinion, in addition to the possible impact of the circumstances described in paragraph Basis for Qualified Opinion, the accompanying financial statement gives a true and fair view of the Company's financial situation up to 31 December 2019 and its economic results for the said year, under the Act No. 431/2002 Coll. on Accounting as amended (hereinafter the "Accounting Act").

Basis of Qualified opinion

During the audit, the following restrictions have occurred in the scope of audit work in the field of non-current fixed assets:

According to the Act on Forests, the reconstruction of forest economic plans is performed annually on 10% of the forest land managed by the Company, and the area of the land, its value and the value of the forest stands in the "WebPozemkár". The total area of lands recorded in the land registration system of "WebPozemkár" is, in some cases, different from their area recorded in the Land Register, and it is currently impossible to decide which of them is correct. As of 31 December 2019, on account of such specification the Company increased the value of its forest lands which was reflected in the amount of its equity capital by € 292,945. In the light of numerous pending proceedings which were initiated by the Slovak government aiming at final specification of the area of land lots within the Slovak Republic (e.g. Register of Renewed Registration of Land Lots – ROEP, land register adjustments, decision of administrative bodies on the correction of mistakes in the Land Registry, etc.). The company is currently unable to submit all the documents supporting the overall change of the area and the value of respective land lots. Overall, this concerns the land lots with a total area of 53,753 ha in a total value of € 43,339,444 which are not recorded in the Title Deed as of 31 December 2019, as land lots of "C" Register of the Cadastral Map. The value of such land lots cannot be currently specified exactly and for this reason the value as well as equity of the Company cannot be correctly reported.

The Company did not enter buildings worth € 383,764 in the Title Deed, as of 31 December 2019.

Buildings and land lots having the area of 21,844 ha and amounting to € 15,818,123 are recorded as disputable property, as of 31 December 2019. Out of which 12,890 ha are recorded as owned by Slovak republic, used by LESY SR, s. e. valued to € 9,520,833. Proceedings, cadastral proceedings or administrative proceedings are ongoing in respect of the mentioned buildings and land lots. The Company is currently unable to calculate the value of the land lots which are intended to be returned to their original owners (via restitutions). The facts above may influence the amount of the assets and liabilities, and registered (ordinary) capital reported, which, however, cannot be quantified.

We conducted our audit in accordance with the International Standards on Auditing (ISA). Our responsibility under these Standards is set out in the Auditor's Responsibility for Audit of Financial Statements. We are independent of the Company under the provisions of Act No. 423/2015 on Statutory Audit and on Amendments and Supplements to Act No. 431/2002 Coll. (hereinafter referred to as the Statutory Audit Act) regarding ethics, including the Auditor's Code of Ethics, relevant to our audit of the Financial Statement, and we have also complied with the other requirements of these ethical provisions. We are convinced that the audit evidence we have obtained provides a sufficient and appropriate basis for our opinion.

Statutory body's Responsibility for the Financial Statement

The statutory body of the accounting entity LESY SR, s.e., is responsible for compiling this financial statement to provide a true and fair view according to the Act on Accounting and the internal controls it deems necessary for the preparation of the financial statement that is free from significant misstatements, whether due to fraud or error.

In preparation of the financial statement, the statutory body is responsible for assessing the Company's ability to continually carry on its business, describing the facts about continuing operations, if necessary, and using the assumption of continually carrying on with accounting, unless the Company intends to dispose or terminate its activity, or have no other realistic option than to do so.

Auditor's Responsibility for the Audit of the Financial Statement

Our responsibility is to obtain reasonable assurance that the financial statement is free from significant misstatements, whether due to fraud or error, and issue the auditor's report, including the opinion. A reasonable assurance is a high degree of assurance but is not a guarantee that an audit performed in accordance with the International Standards on Auditing will always reveal significant misstatements if they exist. Misstatements may arise as a result of fraud or error, and are considered significant if it could reasonably be expected that they may influence individually or in aggregate the economic decisions of users made on the basis of these financial statements.

As part of the audit conducted in accordance with the International Standards on Auditing, we use sound judgment throughout the whole audit and preserve professional scepticism. Besides that:

- We identify and assess the risks of significant misstatement of the financial statement whether due to fraud or error, we design and perform audit procedures responding to those risks and we obtain audit evidence sufficient and appropriate to provide the basis for our opinion. The risk of not detecting a significant misstatement due to fraud is greater than the risk due to a mistake because fraud may involve a secret agreement, forgery, deliberate omission, false declaration, or circumvention of internal control.
- We become familiar with the internal controls relevant to the audit so that we can design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Company's internal controls.
- We evaluate the appropriateness of the accounting policies and methods used the reasonableness of the accounting estimates and the disclosure of related information made by the statutory body.
- We conclude whether the statutory body appropriately uses the assumption of continuous business activity in accounting, and based on the audit evidence obtained, we conclude whether there is significant uncertainty about events or circumstances that could significantly undermine the Company's ability to continually proceed to operate. If we conclude that there is a significant uncertainty, we are required to indicate in our auditor's report the related information contained in the financial statement or, if that information is insufficient, to modify our opinion. Our conclusions are based on audit evidence obtained to the date of our audit report. However, future events or circumstances may cause the Company to cease their continuous activity.
- We evaluate the overall presentation, structure and content of the financial statement, including the information contained therein, as well as whether the financial statement captures the transactions and events in a manner that leads to their fair presentation.

Report on the Further Requirements of the Laws and Other Legislation

Report on the information included in the Annual Report

The statutory body is responsible for the information contained in the Annual Report, compiled according to the requirements of the Accounting Act. Our above-mentioned opinion on the financial statement does not apply to other information in the Annual Report.

In relation to the audit of the financial statement, it is our responsibility to be aware of the information contained in the Annual Report and to assess whether this information is not inconsistent with the audited financial statement or our knowledge we obtained during the audit of the financial statement or otherwise appear to be material wrong.

We did not have the Annual Report available to the date of issue of the auditor's report on the audit of the financial statement

When we receive an Annual Report, we will assess whether the Company's Annual Report contains information required by the Accounting Act, and based on the work performed during the audit of the financial statement, we will express an opinion, whether:

- the information provided in the Annual Report compiled for the year 2019 is consistent with the financial statement for the year,
- The Annual Report contains information under the Act on Accounting.

In addition, we will report whether we have identified any significant misstatements in the Annual Report based on our knowledge of the accounting entity and its situation that we have acquired during our audit of the financial statement.

Banská Bystrica, 20 February 2020



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Bajkalská 5A/12188, 831 04 Bratislava
UDVA licence No. 283
Trade register of the District Court in Bratislava I
Section: Sro. Entry No. 61116/B Company No.:
36342807

Ing. Iveta Demčáková, CA
Auditor in charge of the audit
SKAu licence No. 892



AMENDMENT TO THE INDEPENDENT AUDITOR'S REPORT

For the founder of the state enterprise LESY SR, s. e. Banská Bystrica

For part II - for the Annual Report

We have audited the financial statements of the state enterprise LESY SR, s. e. (hereinafter referred to as the "Company") as at 31 December 2019, listed on pages 40 - 74 of the Company's annual report, for which we issued an independent auditor's report on February 20, 2020, which can be found on pages 65 - 77 of the Company's annual report. We have prepared this supplement in the sense of para. 27 paragraph 6 of Act no. 423/2015 Coll. on the statutory audit and on the amendment of Act no. 431/2002 Coll. on Accounting as amended (hereinafter referred to as the "Statutory Audit Act").

Based on the work performed described in Part II of the Independent Auditor's Report - Report on the information provided in the annual report, in our opinion:

- Information provided in the annual report of the state enterprise LESY SR, s. e. prepared for the year 2019 are in accordance with its financial statements for that year,
- The annual report contains information in accordance with the Accounting Act

In addition, based on our knowledge of the accounting unit and the situations we have obtained during the audit of the financial statements, we are required to indicate whether we have identified material misstatements in the annual report.

In this context, we state that we did not find any significant inaccuracies in the annual report.

Bratislava, 19 May 2020



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Auditor in charge of the audit
SKAu licence No. 892



The Supervisory Board is a collective body of the state enterprise which performs its activities in accordance with Act No. 111/1990 Coll., on the state enterprise as amended, mandatory rules of law, and the statute of the supervisory board.

The Supervisory Board met in 2019 as follows: Ing. Ing. Jaroslav Regec - Chairman of the Supervisory Board, Ing. Monika Deneva - Vice-Chairman of the Supervisory Board, Ing. Martin Kovalčík - Secretary of the Supervisory Board, Ing. Peter Kicko, Ing. Lubica Zachenska, Ing. Robert Zlocha, Ing. Jaroslav Ucháf, Jozef Minárik and Ing. Peter Zima as members of the Supervisory Board.

In 2019, four regular meetings (1.4.2019, 17.6.2019, 18.9.2019, 14.11.2019) were held in accordance with the approved activity plan of the Supervisory Board. All meetings were convened by the Chairman of the Supervisory Board in 2019 and were quorate with at least 2/3 of the Supervisory Board members present. The invitation and documents for the Supervisory Board meeting were prepared in a high quality, prepared and delivered to the members of the Supervisory Board duly and on time, in accordance with the Supervisory Board's Statute. The preparation of Supervisory Board meetings was provided by the General Directorate of the State Enterprise in cooperation with the Chairman of the Supervisory Board.

At its meetings, the Supervisory Board discussed mainly the economic results for the previous year 2018, the ongoing management of the company in 2019, the fulfillment of selected indicators, the state of liabilities and receivables and their development, as well as own funds or euro-funds.

The supervisory board also dealt with the fulfillment of resolutions from previous meetings, information about board activities and discussed serious suggestions and complaints.

In accordance with the statute, the Supervisory Board submitted to the founder a report on the management of the state enterprise for 2018 as of 15 April 2019 and a report on the management of the state enterprise for the first half of 2019 as of 31 August 2019.

From the deliberations of each Supervisory Board, a comprehensive minutes of resolutions were drawn up, containing also the opinions expressed or the reservations of the individual members of the Supervisory Board on the matter discussed, which were subsequently verified by the verifier and sent to all members of the Supervisory Board and the founder. The Chairman and members of the Supervisory Board have exercised their mandate in the supervisory board with professional care and in accordance with the interests of the company.

The board meetings were conducted in a constructive manner in an effort to be familiarized with discussed subjects and have up-to-date information on the situation of the state enterprise directly from its management representatives present at the meetings.

LESY Slovenskej republiky, a state-owned enterprise, managed a positive result in 2019, which was verified and confirmed by an independent auditor.

The management of the state-owned enterprise in 2019 was largely influenced by accidental harvesting caused by unfavorable climatic conditions during the year and especially by the increase of sub-plant calamity not only in Slovakia but also in Europe, the associated surplus of softwood. The instability and oversaturation of the timber market necessitated adjustments to price lists and affected its average monetization. The production and economic indicators for 2019 were met by state-owned enterprises.

The biggest risk is the continuing pressure from customers to reduce the prices of some wood assortments, the directly related decline in income, decline in value added and labor productivity, deteriorating indicators of activity and profitability of the company. In the coming years, therefore, the main task of a state-owned enterprise will be to provide financial and economic stabilization measures.

Ing. Jaroslav Regec
chairman



Management's comments on the company financial situation and future expectations

Lesy Slovenskej republiky, š. p. (state enterprise, dosiahol k 31. 12. 2019 profit/loss after tax + 3,0 mil. €, v medzročnom porovnaní je pokles o 2,2 mil. €.

Despite a significant year-on-year decrease in sales of own products and services by 13.6 mil. €, mainly due to a decrease in the prices of softwood, with the current increase in average earnings per 1 employee by 2.4%, an increase in prices of supply work in mining activities by 3.6%, in cultivation activities on average by 12.9%, the company reached thanks to targeted measures in 2019 a favorable economic result.

Given the current situation on the wood market, where there are constant demands from strategic business partners to reduce the prices of softwood assortments, the company expects a difficult situation in the coming period in securing its own resources for the company's economic activity.

We consider it necessary to draw attention to the expected adverse impact of COVID-19 on the company's finances. At the end of 2019, news from China concerning COVID-19 (Coronavirus) appeared for the first time. In the first months of 2020, the virus spread around the world and negatively affected many countries.

At the time of the publication of our financial statements in connection with the spread of the coronavirus pandemic, the surrounding countries closed their borders, which dramatically limited the possibilities of Slovak producers to export their products. Large customers who from the company LESY SR, š. p., take most of the wood, reported a restriction on trade, which will have a negative effect on the company's economic result and financial stability in 2020.

Because the situation is still evolving, management does not think it is possible to provide quantitative estimates of the potential impact of the current situation on the entity.

Despite the expected negative impact of the pandemic on the company's financial situation, the company's management declares that there is no threat to the company's going concern assumption. Several cost-saving measures have been taken in the area of operational activities. Following the existence of serious operational reasons on the part of the employer arising in a causal connection with the declaration of an emergency situation for COVID-19 (unfavorable situation in the timber trade, subsequent limitation of production tasks) was agreed with the Association of Racing Committees OZ DLV at LESY SR, š. p. amendment to the collective agreement on drawing an obstacle to work on the part of the employer in the range of 7.5 hours per week in April and in May 15 hours per week, with compensation of wages in the amount of 60% of average earnings.

The company will apply for a financial contribution through the State Aid Scheme for temporary aid to support the maintenance of employment and support for the self-employed during the COVID-19 situation (State aid scheme within the meaning of Article 107 (3) (b) TFEU) under § 54 par. 1 letter e) of Act no. 5/2004 Coll. on employment services and on the amendment of laws as amended. Measure no. 3A consists in providing a contribution to an employer who cannot assign work to an employee due to an obstacle on the part of the employer (§ 142 of the Labor Code), during which the employer paid the employee wage compensation in accordance with the Labor Code or the Collective Agreement or agreement with employee representatives. The eligible expenditure is considered to be a contribution to the compensation of the employee's salary in the amount of a maximum of 80% of his average earnings, in the amount of EUR 880.00 at the most.

Any negative impact, resp. losses will be included by the entity in its 2020 accounts and financial statements.



C - crane
EC - economic result
IS - informational system
FR - Forest Road
MFWP - Museum of Forestry and Wood Processing
CFP - Caring for Forest Program
FT - Forest tractor
FET - Forest educational trails
FM - Forest Management
NLC Zvolen – National Forest Centre Zvolen
PFM - Professional forest manager
FE - Forest Enterprise
WSS - work of socio-cultural significance
S - Silviculture
PEFC – Programme for the Endorsement of Forest Certification Schemes -is the leading and largest forest certification program in the world, respecting the conclusions of global international conferences and processes on sustainable forest management, creating a framework for mutual recognition of compatible certification systems tailored to the type of forests, specificities and specifics of their management in the country
FSC – Forest Steward Council - a world-recognized certification scheme for forest management assessment, and an effective tool for tracking the origin of timber from mining through its processing to the end product
PP – protipožiarne s. e. - state enterprise
SF - State Forests
SB - State Budget
TU Zvolen - Technical University Zvolen
SFS - Special forestry sites
ICD - Intra-company deliveries
ICD - Intra-company deliveries
ICC - Intra-company consumption
AFT - Anti-flood treatment of mountain streams





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