



2018

ANNUAL
REPORT

LESY Slovenskej republiky
štátny podnik (state enterprise)



Annual Report 2018

Published by:

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Foreword by General Director

Dear business partners, I present to you a report on the management of the state enterprise LESY SR for 2018. It incorporates information about external conditions, internal decisions as well as the actual results of the company's business. So how did the state enterprise do 2018?

The year 2018 was still influenced by the continuing trend of calamity processing as well as the emergence of new calamities in the European area. Total revenues of the company amounted to EUR 256.59 million, of which wood sales amounted to EUR 216.07 million. Out of the total volume of harvested wood, calamity wood accounted for 53.30%. Despite these facts, the state-owned enterprise did electronic timber auctions. The severity of the treatment of calamities is objectively always higher than the planned renewal harvests. Based on these facts, the direct costs of mining activities have shown an upward trend over the last five years and have increased by EUR 10.39 million year-on-year. Despite such high costs, the state-owned company met its planned economic results and generated a pre-tax profit of EUR 6.75 million, which represents a year-on-year decrease of EUR 2.55 million. Successful business management was achieved by rigorous control of cost items and emphasis on ensuring greater transparency in timber trading. It is important to note that a positive economic result was not achieved at the expense of cultivation and forest management. In 2018, the State enterprise created a reserve for cultivation of EUR 11.55 million. In the area of conservation, a reserve of EUR 2.0 million was created. The cost of cultivation increased year-on-year by EUR 4.030 million and totaled EUR 27.271 million. We also saw an increase in logging from 4.309 million m³ to 4.566 million m³. The share of coniferous wood from the total volume of harvesting was 55.47%, which did not confirm the trend of the previous four years, when deciduous mining prevailed over the extraction of coniferous wood. The average concentration of coniferous timber decreased by € 2.77 / m³, resulting in an overall decline in sales of € 6.570 million due to the coniferous market surplus. In contrast, the state-owned enterprise saw an increase in the prices of hardwood assortments by € 4.62 / m³, which in absolute terms represented an increase in sales of € 8.910 million. In 2018, the company continued to grow labor productivity from value added per employee from € 29,801 to € 30,022. 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. Profit from sales property grew year-on-year by EUR 1.003 million.

Given the situation that persisted on the market throughout 2018, especially in coniferous assortments, we must state that this difficult situation in 2018 the company managed without major problems. The economic results presented here were also achieved thanks to the management decisions taken by the company management to eliminate the negative impacts on the state enterprise's economy and to maintain employment. Again, this year, the management of the company, together with employees' representatives, agreed to increase the employee tariff classes by 3-16.85% year-on-year, depending on the job position of individual employees.

Besides the main work, the employees of the state enterprise are developing activities and operations, which are constantly trying to present the professional work of the foresters for all of us who like forests. In the field of public relations, in 2018 the state enterprise implemented 753 events for children and the public, attended by 92.610 visitors. We have already declared the 50th important forest site and we are constantly renewing and building a network of forest nature trails. I am convinced that our professional and honest work in operation as well as public relations will help us to generate good credit for our business.



HAIL THE FORESTS!

Basic information, scope of activities and company profile

| | |
|------------------------|---|
| Business Name: | Lesy Slovenskej republiky, š. p. |
| 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 fulfilment 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 acknowledgement 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 fulfilment 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 2018 it was 884,490 ha, which means it decreased by 156,075 ha. The total forest area of the Slovak Republic is 2,020.926 ha out of which, in 2018, 43.77 % was managed by the state enterprise LESY SR. As a result of the decrease in the area of 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. ³ out of which LESY SR, s.e. delivered 4.566 mil. m³ of timber, i.e. 47.55 %.

Company vision and mission statements

Company visions

“Our vision is to achieve sustainable development of state forests which can provide a balanced fulfilment 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 labour 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 2018:

General Director

- Ing. Marian Staník

Supervisory board

- Ing. Jaroslav Regec (chairman)
- Ing. Róbert Zlocha
- Ing. Peter Kicko
- Ing. Ľubica Záchenská
- Ing. Monika Deneva
- Ing. Martin Kovalčík
- Ing. Jaroslav Uchál'
- 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 963
- timber yards 64
- 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 five section directors of General Directorate and 25 directors of forest enterprises 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

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

JUDr. Aneta Kšenzighová - 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, cooperates with the founder and external bodies

Until 5 November 2018 this function was operated by Ing. Róbert Repiský.

Ing. Peter Chrust - Production and Technical Director

*1962, Žilina

- 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 and other institutions
- in relation to forest enterprises through relevant organizational units carries out mainly methodological, management and coordination activities

Until 30 June 2018 this function was operated by Ing. Jozef Bystriansky.

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
- 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

Until 19 September 2018 this function was operated by Ing. Ľuboš Németh.

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

Ing. Miroslav Skladaný - Development - Investment Director

*1978, Prešov

- 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

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 labour 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 labour 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 2018 - Ing. Stanislav Novak, Ing. Mgr. Jozef Zimmermann, Ing. Milan Rejko - 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.

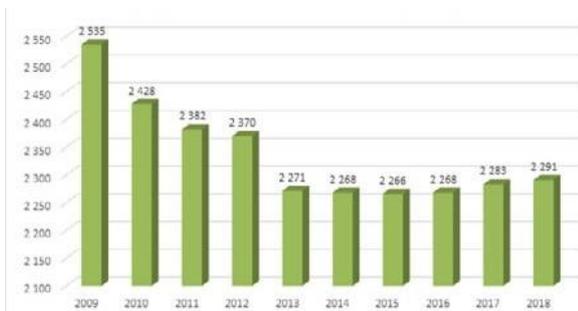
In the framework of active labour market measures in accordance with § 51 of Act no. 5/2004 Coll. as amended, allowed š. p. LESY SR performing graduate practice by job seekers throughout the Slovak Republic. He was also actively involved in gaining practical professional experience of secondary school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

Average registered number of employees in 2018

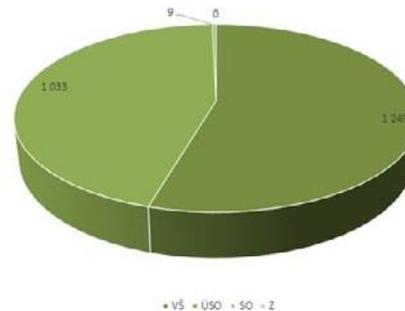
| | |
|----------------------------------|------|
| Technical managerial staff | 2296 |
| Workers | 1339 |
| Total..... | 3635 |

Number of technical and managerial staff (TMS) as of 31 December 2018

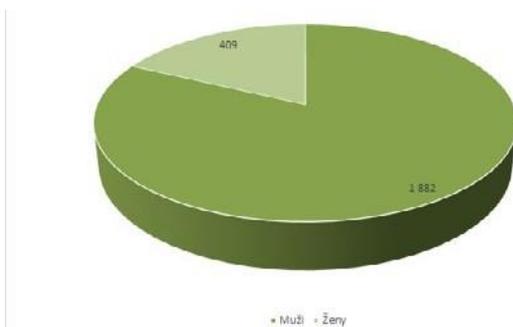
| | |
|--|------|
| Central Offices of Forest Industries | 529 |
| Expedition warehouses | 162 |
| Forest districts | 1373 |
| Specialized forest enterprises | 88 |
| General directorate and centres | 154 |
| Total number of TMS | 2306 |



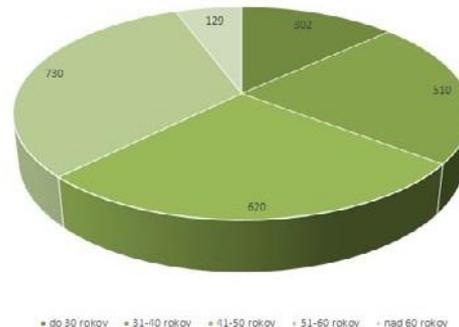
Development of TMS in LESY Slovenskej republiky, š.p.



Education Structure of TMS in 2018



Structure of TMS according to gender in 2018



Structure of TMS according to age in 2018

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 2018 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 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; 29 employees passed this training.

173 employees completed the training of OLH certificate holders for the target group of employees, holders of the OLH certificate, and 24 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 2 employees, training of holders of certificates of professional competence for activities with LRM 23 employees.

In 2018 there was one basic course of forest pedagogy for the needs of working with the public for the employees of the Directorate-General and Branch Offices, attended by 18 employees. 22 employees - forest educators attended the first aid course organized by the Slovak Red Cross. There was also a Forest Pedagogy Symposium, attended by 21 employees.

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.

Occupational safety and health at work

Development of accidents at work in 2018

according to the data from forest enterprises:

Overview of number of industrial injuries at workplaces of the state enterprise LESY SR in 2018:

| | Injuries Total | Recorded | Registered | Serious | Serious and later fatal | dangerous incident / not counted in injuries |
|------------------|----------------|----------------|------------|---------|-------------------------|--|
| LESY SR, š.p. | 75 | 19 | 55 | 0 | 1 | 4 |
| contractors* | 3 | none | none | 2 | 1 | |
| Self-producers/* | 0 | none | none | 0 | 0 | |
| other* | 4 | 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 2017, we register a higher number of accidents at work, while the number of registered injuries increased by 10. We do not register any serious accident at work and register one fatal work injury, which is a total of 3 serious accidents at work. The average percentage of incapacity to work due to industrial injuries and occupational diseases increased by 11 %, which represents 293 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 21 injuries out of total number of employees' injuries.

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 2018

| Disease | Number of |
|--------------|-----------|
| Vasoneurosis | 0 |
| Borreliosis | 4 |
| Deafness | 0 |
| Other | 0 |

Compared to last year, the number of occupational diseases decreased by 2. Long-term developments of occupational diseases are roughly the same.

Sustainable development of forest resources

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 favourable 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 84,647 ha, are holders of FSC certificates. OZ Šaštín is in the process of preparation and after preliminary audit. The total area of forests managed by the state enterprise LESY SR and certified by FSC is 150,416 ha.

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 2018, 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 13 forest management reports.

The total area of forests managed by the state enterprise LESY SR and certified by FSC is 1216491 ha. Certified forests have 121 forest managers who have issued 263 certificates of participation in forest certification.

In the Slovak Republic, 91,178 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 2018, PSL was finalized and approved by the state administration on the Lesy Poltár forest complex with a total area of 2,311 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 5175 ha.

Another important activity was the creation of forest management projects, which were developed for 112 newly declared parcels for forest land with a total area of 285 ha. In the projects were included: Námestovo (5), Čierny Balog (1), Košice (9), Prešov (2) a Sobrance (4), together 21 projects.

In connection with the restoration of forest management by their owners, there were 3 projects of changes in the part boundaries (OZ Levice, OZ Žilina and OZ Prešov)

In 2018, complete proposals for declaring forests of special purpose for forestry were drawn up in connection with PSL restoration: Čadca (1 LC), Košice (5 LC), Prievidza (2 LC), Rožňava (2 LC), Slovenská Ľupča (1 LC) and Smolenice (1 LC), together with 12 LC for 5128 ha.



Financial and technical indicators

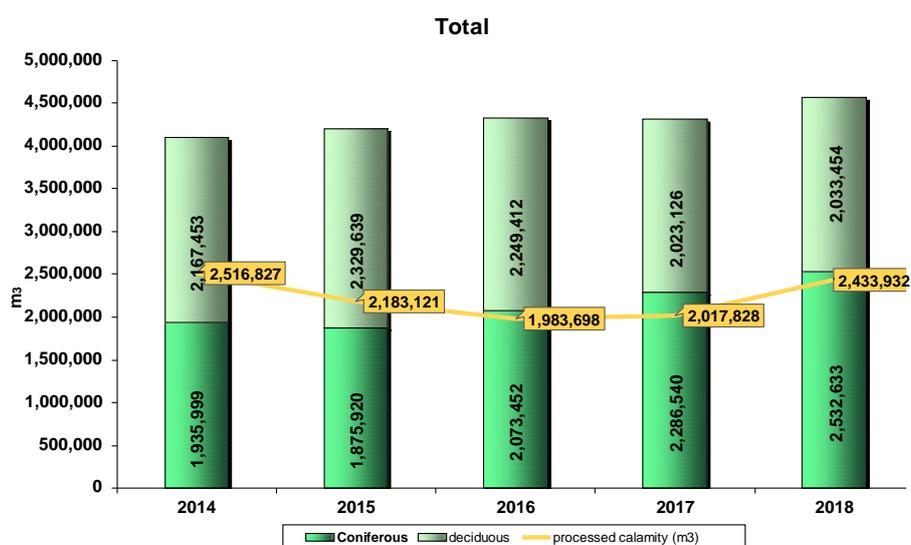
Overview of selected economic indicators in 2014 – 2018

| No. | Indicator | Unit | 2014 | 2015 | 2016 | 2017 | 2018 | Year-on-year change | | | |
|-----|---|-------|------------|------------|------------|------------|------------|---------------------|-----------|-----------|------------|
| | | | | | | | | 2015-2014 | 2016-2015 | 2017-2016 | 2018-2017 |
| 1. | Forest Regeneration | ha | 6,919 | 6,325 | 6,979 | 6,764 | 7,604 | -594 | +654 | -215 | +840 |
| 2. | out of which natural regeneration | ha | 2,423 | 2,503 | 3,184 | 3,044 | 3,541 | +80 | +681 | -140 | +497 |
| 3. | Thinning | ha | 18,359 | 18,523 | 18,184 | 17,245 | 16,822 | +164 | -339 | -939 | -423 |
| 4. | Direct cost of silviculture TOGETHER | K € | 20,825.68 | 22,781.40 | 21,318.86 | 27,267.74 | 31,297.91 | 1,955.72 | -1,462.54 | 5,948.88 | 4,030.17 |
| 5. | out of which allowance for creation | K € | 5,988.53 | 6,962.73 | 6,241.85 | 7,601.98 | 11,552.95 | 974.20 | -720.88 | 1,360.13 | 3,950.97 |
| 6. | Usage | K € | 4,834.31 | 4,450.05 | 5,196.91 | 6,198.36 | 6,855.03 | -384.26 | 746.86 | 1,001.45 | 656.67 |
| 7. | Direct cost of silviculture without allowance | K € | 19,671.46 | 20,268.72 | 20,273.93 | 25,864.12 | 26,599.99 | +597.26 | +5.21 | +5,590.19 | +735.87 |
| 8. | Direct costs of logging | K € | 101,545.79 | 107,407.45 | 108,681.24 | 109,202.61 | 119,595.81 | +5,861.66 | +1,273.79 | +521.37 | +10,393.20 |
| 9. | Direct costs of logging per m3 | €·m-3 | 24.75 | 25.54 | 25.14 | 25.34 | 26.19 | +0.79 | -0.40 | +0.20 | +0.85 |
| 10 | Overheads | K € | 64,698.29 | 65,386.54 | 67,600.01 | 71,368.09 | 75,677.00 | +688.25 | +2,213.47 | +3,768.08 | +4,308.91 |
| 11 | Thinning in up to 50- year forests | ha | 8765 | 10173 | 12,560 | 12,343 | 10,780 | +1408 | +2387 | -217 | -1563 |
| 12 | Total logging | m3 | 4,103,452 | 4,205,559 | 4,322,864 | 4,309,666 | 4,566,087 | +102,107 | +117,305 | -13,198 | +256,421 |
| 13 | out of which coniferous trees | m3 | 1,935,999 | 1,875,920 | 2,073,452 | 2,286,540 | 2,532,633 | -60,079 | +197,532 | +213,088 | +246,093 |
| 14 | out of which deciduous trees | m3 | 2,167,453 | 2,329,639 | 2,249,412 | 2,023,126 | 2,033,454 | +162,186 | -80,227 | -226,286 | +10,328 |
| 15 | out of which salvage logging | m3 | 2,516,827 | 2,183,121 | 1,983,698 | 2,017,828 | 2,433,932 | -333,706 | -199,423 | +34,130 | +416,104 |
| 16 | Timber supplies (domestic+export) | m3 | 3,720,934 | 4,118,078 | 4,205,780 | 4,177,578 | 4,300,457 | +397,144 | +87,702 | -28,202 | +122,879 |
| 17 | out of which coniferous trees | m3 | 1,745,979 | 1,802,776 | 2,042,755 | 2,231,396 | 2,371,865 | +56,797 | +239,979 | +188,641 | +140,469 |
| 18 | out of which deciduous trees | m3 | 1,974,955 | 2,315,302 | 2,163,025 | 1,946,182 | 1,928,592 | +340,347 | -152,277 | -216,843 | -17,590 |
| 19 | Timber supplies for export | m3 | 118,893 | 125,395 | 118,141 | 99,190 | 106,524 | +6,502 | -7,254 | -18,951 | +7,334 |
| 20 | out of which coniferous trees | m3 | 10,509 | 9,476 | 8,108 | 6,839 | 20,746 | -1,033 | -1,368 | -1,269 | +13,907 |
| 21. | out of which deciduous trees | m3 | 108,384 | 115,919 | 110,033 | 92,351 | 85,778 | +7,535 | -5,886 | -17,682 | -6,573 |
| 22 | Timber revenues | K € | 181,657.61 | 197,131.58 | 200,513.91 | 207,362.49 | 216,072.96 | 15,473.97 | 3,382.33 | 6,848.58 | 8,710.47 |
| 23 | Average timber price conif. + deci. | €·m-3 | 48.82 | 47.87 | 47.68 | 49.64 | 50.24 | -0.95 | -0.19 | +1.96 | +0.60 |
| 24 | Average price of conif. | €·m-3 | 54.46 | 53.83 | 50.75 | 51.36 | 48.59 | -0.63 | -3.08 | 0.61 | -2.77 |
| 25 | Average price of deci. | €·m-3 | 43.83 | 43.23 | 44.77 | 47.66 | 52.27 | -0.60 | 1.54 | 2.89 | 4.61 |
| 26. | Profit/loss before tax | K € | +12,032.77 | +10,331.46 | +8,562.78 | +9,305.29 | +6,752.51 | -1,701.31 | -1,768.68 | +742.51 | -2,552.78 |

| | | | | | | | | | | | |
|----|---|--------|-----------|-----------|-----------|-----------|-----------|-----------|---------|-----------|-----------|
| 27 | Profit/loss after tax | K € | +9,095.75 | +7,790.21 | +7,281.19 | +7,522.31 | +5,231.90 | -1,305.54 | -509.02 | +241.12 | -2,290.42 |
| 28 | Average number of employees | person | 3,469 | 3,521 | 3,528 | 3,566 | 3,635 | +52 | +7 | +38 | +69 |
| 29 | out of which workers | person | 1,201 | 1,255 | 1,260 | 1,286 | 1,339 | +54 | +5 | +26 | +53 |
| 30 | out of which technical managerial staff | person | 2,268 | 2,266 | 2,268 | 2,280 | 2,296 | -2 | +2 | +12 | +16 |
| 31 | Productivity of labour from added value | € | 27,071.93 | 27,714.60 | 28,332.55 | 29,801.30 | 30,020.52 | +642.67 | +617.95 | +1,468.75 | +219.22 |

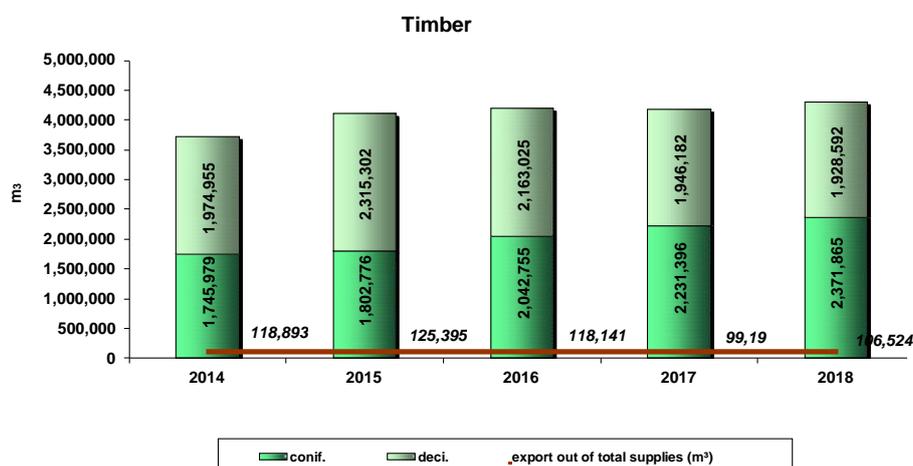
Timber harvesting including self-production and standing timber sale

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|-----------|-----------|-----------|-----------|-----------|
| Total volume of timber harvesting (m ³) | 4,103,452 | 4,205,559 | 4,322,864 | 4,309,666 | 4,566,087 |
| processed calamity (m ³) | 2,516,827 | 2,183,121 | 1,983,698 | 2,017,828 | 2,433,932 |
| out of which coniferous trees | 1,935,999 | 1,875,920 | 2,073,452 | 2,286,540 | 2,532,633 |
| out of which deciduous trees | 2,167,453 | 2,329,639 | 2,249,412 | 2,023,126 | 2,033,454 |



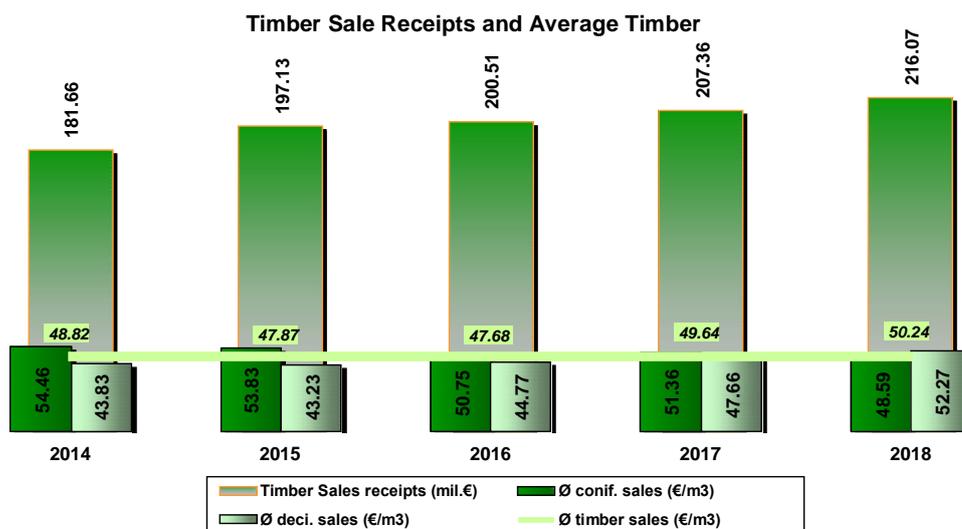
Timber Supplies in m³

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|-----------|-----------|-----------|-----------|-----------|
| coniferous | 1 745 979 | 1 802 776 | 2 042 755 | 2 231 396 | 2 371 865 |
| deciduous | 1 974 955 | 2 315 302 | 2 163 025 | 1 946 182 | 1 928 592 |
| export out of total supplies (m ³) | 118 893 | 125 395 | 118 141 | 99 190 | 106 524 |
| export out of total supplies (%) | 3 | 3 | 3 | 2 | 2 |



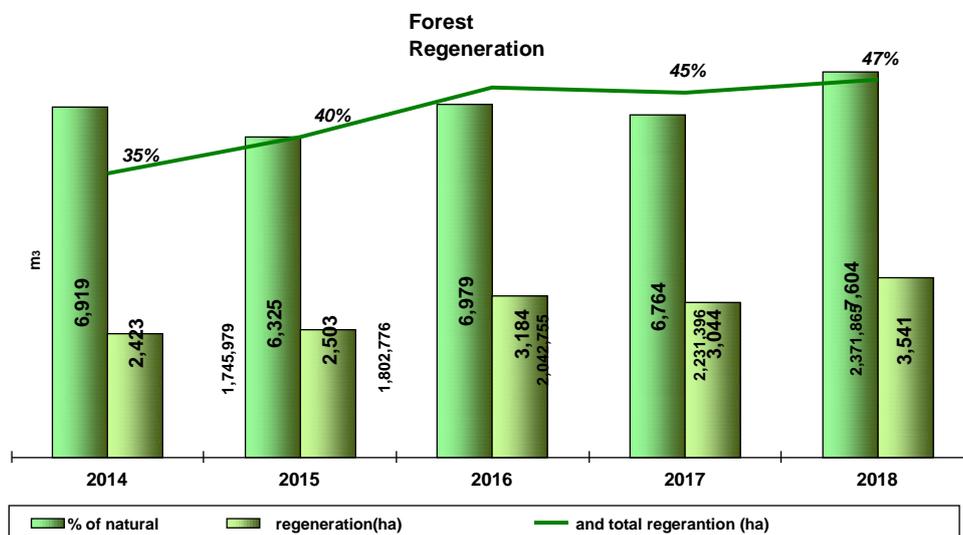
Timber Sale Receipts and Average Timber Sales

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|------------------------------------|--------|--------|--------|--------|--------|
| Timber revenues (mil.€) | 181.66 | 197.13 | 200.51 | 207.36 | 216.07 |
| Ø timber sales (€/m ³) | 48.82 | 47.87 | 47.68 | 49.64 | 50.24 |
| Ø conf. sales (€/m ³) | 54.46 | 53.83 | 50.75 | 51.36 | 48.59 |
| Ø deci. sales (€/m ³) | 43.83 | 43.23 | 44.77 | 47.66 | 52.27 |



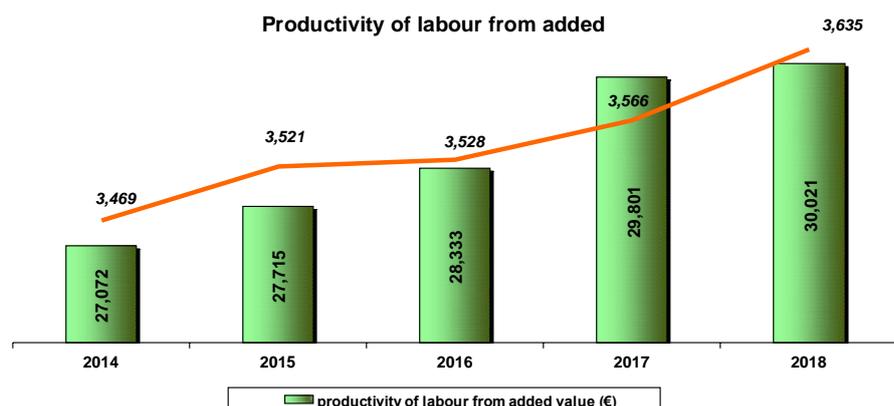
Forest Regeneration

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|-------|-------|-------|-------|-------|
| Forest Regeneration (ha) | 6,919 | 6,325 | 6,979 | 6,764 | 7,604 |
| out of which natural regeneration (ha) | 2,423 | 2,503 | 3,184 | 3,044 | 3,541 |
| natural regeneration | 35% | 40% | 46% | 45% | 47% |



Productivity of labour from added value

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|--------|--------|--------|--------|--------|
| productivity of labour from added value (€) | 27,072 | 27,715 | 28,333 | 29,801 | 30,021 |
| number of employees | 3,469 | 3,521 | 3,528 | 3,566 | 3,635 |



Structure of Personnel Cost - in €

| | 2018 | 2017 |
|---|-------------------|-------------------|
| Labour Costs Total | 53,319,786 | 50,868,667 |
| out of which: | | |
| basic salaries of workers | 10,025,114 | 9,056,359 |
| bonuses, rewards and jubilees of workers | 3,499,343 | 3,675,699 |
| compensation of workers' wages | 3,040,040 | 2,718,973 |
| basic salaries of TMS | 19,125,668 | 17,801,540 |
| bonuses, rewards and jubilees of TMS workers | 10,858,942 | 11,275,957 |
| compensation of TMS workers' wages | 6,415,567 | 6,003,355 |
| agreements | 355,111 | 336,784 |
| Average Monthly per Employee TOTAL | 1,224 | 1,158 |
| Average Monthly per Worker Employee TOTAL | 1,043 | 980 |
| Average Monthly per TMS Employee TOTAL | 1,330 | 1,259 |
| Bonuses to Board Members | 13,880 | 12,800 |
| Social Insurance | 18,873,795 | 18,153,600 |
| Other Social Insurances (SRS) | 1,259,683 | 1,170,235 |
| Social Costs Together | 4,732,396 | 4,700,438 |
| out of which: | | |
| meal allowance | 1,756,675 | 1,646,826 |
| social fund | 661,407 | 614,158 |
| protective equipment | 702,270 | 621,780 |
| uniforms of foresters | 454,730 | 396,412 |
| leaving allowance | 340,524 | 357,774 |
| Severance | 291,570 | 193,641 |
| the change of reserves for employee benefits under the CA | 148,112 | 562,098 |
| compensation for temporary inability to work | 221,232 | 183,155 |
| medical examinations and reconditions stays | 53,167 | 51,701 |
| other statutory social costs | 102,708 | 72,893 |
| Other social costs - business recreational facilities | 24,151 | 20,422 |
| TOTAL | 78,223,691 | 74,926,162 |

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

| 2018 | annual remuneration | the amount of remuneration for profit - sharing |
|---|---------------------|---|
| General direction of the state enterprise | 6,478 € | 30,089 € |
| members of the Supervisory Board | 12,800 € | 6,016 € |



Forest reprivatisation

Since the beginning of the reprivatisation process, 895918 ha of forest land has been returned to former owners, out of which 180895 ha to private owners, 456054 ha to cooperatives, 179650 ha to municipalities, 71005 ha to churches and religious communities, and 8,314 ha to other owners.

Comparing the state to 31 December 2017 to the end of 2017, a total of 3103 ha of forest land was physically delivered.

Of the total 895,918 ha surrendered, LESY of the Slovak Republic has leased 28,858 ha and the owners own 867,060 ha.

Lesy Slovenskej republiky, š. p. (state enterprise) as of 31 December 2018, the state-owned enterprise manages a total of 884,490 ha, of which on the basis of a report of 704,240 ha, under a lease of 28,858 ha and under the Land Act 151,392 ha.

Out of the total area of non-state and not returned forests of 151392 ha, 36616 applications covering the area of 60180 ha were considered. It was not possible to return forest land physically due to different objective reasons, i.e. small ownership proportions, area of unknown owners over 50% in the common area, insufficient documentation, unmarked boundaries or unwillingness of owners to create an association. The area of 60180 ha also includes the area covered by rental agreements without actual return, which represents 5,668 ha.

The data presented in Module 41, line 15 - 91 212 ha, owned by non-state actors who did not request the surrender of the property, includes the size of unknown owners, the size of owners known under the CN, but it is not possible to specify actually known owners because to determine how much the area of the owners after whom the inheritance proceedings take place, the place of residence is not correctly stated in the CN, etc.

Out of the area of governed land representing 704240 ha, the Slovak Republic owns 679684 ha, 13497 ha is disputable and 11059 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 | Reality until 31.12.2018 | | Expected Balance until 31.12. 2019 (ha) |
|---|----|--------------------------|--------------|---|
| | | No. Of Subjects | Area in (ha) | |
| | r. | 1 | 2 | 3 |
| a. | b. | | | |
| Total used area of FF line 1 = (2+7) | 1 | x | 884,490 | 371,394 |
| State owned total line 2 = (3+6) | 2 | x | 704,240 | 696,367 |
| a) state owned line 3 = (4+5) | 3 | x | 690,743 | 691,580 |
| out of which out of which cultivated | 4 | x | 679,684 | 680,461 |
| leasehold (rented to other entities) | 5 | x | 11,059 | 11,119 |
| b) disputable | 6 | x | 13,497 | 4,787 |
| Non-State owned total line 7 = (8+9+15) | 7 | 42,890 | 180,250 | 179,271 |
| Rented from non-state entities to which forestland was returned | 8 | 6,274 | 28,858 | 29,304 |
| Owned by non-state entities which applied for returning - being processed - total line 9 = (10 to 14) | 9 | 36,616 | 60,180 | 62,366 |
| out of which a) private | 10 | 31,350 | 50,070 | 51,824 |
| b) joint ownership (indivisible, shared) | 11 | 4,809 | 6,799 | 6,655 |
| out of which c) municipal | 12 | 108 | 913 | 991 |
| d) church | 13 | 316 | 1,589 | 1954 |
| e) other | 14 | 33 | 809 | 942 |
| Owned by non-state entities which have not requested the land | 15 | x | 91,212 | 87,601 |
| Total Sum (1 to 13) | 99 | 122,396 | 3,404,393 | 3,380,860 |

Overview of returned and rented forests in ha from the beginning of the reprivatisation process until 31.12.2018

I. Organization: LESY SR, š.p.

| Private Owners | | | | Associations | | | |
|----------------|----------|----------------------|--------------|--------------|----------|----------------------|--------------|
| Not returned | Returned | | | Not returned | Returned | | |
| | TOTAL | Out of which: | | | TOTAL | Out of which: | |
| | | Individually managed | Rented by SF | | | Individually managed | Rented by SF |
| 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 131,062 | 180,895 | 174,207 | 6,688 | 9,048 | 456,054 | 439,234 | 16,820 |

| Municipalities | | | | Church and religious organizations | | | |
|----------------|----------|----------------------|--------------|------------------------------------|----------|----------------------|--------------|
| Not returned | Returned | | | Not returned | Returned | | |
| | TOTAL | Out of which: | | | TOTAL | Out of which: | |
| | | Individually managed | Rented by SF | | | Individually managed | Rented by SF |
| 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| 1,293 | 179,650 | 176,121 | 3,529 | 3,065 | 71,005 | 69,456 | 1,549 |

| Private Owners | | | | Total | | | |
|----------------|----------|----------------------|--------------|--------------|----------|----------------------|--------------|
| Not returned | Returned | | | Not returned | Returned | | |
| | TOTAL | Out of which: | | | TOTAL | Out of which: | |
| | | Individually managed | Rented by SF | | | Individually managed | Rented by SF |
| 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| 6,924 | 8,314 | 8,042 | 272 | 151,392 | 895,918 | 867,060 | 28,858 |

| Lesy Slovenskej republiky, š. p. (state enterprise) | Rented by SF 22+25+26 | Total forest area |
|---|--------------------------|-------------------|
| 26 | 27 | 28 |
| 704,240 | 884,490 | 1,751,550 |

Overview of forestland based on the governance and use on 31.12.2018

| Area of managed forest land (ha) | Type of use | | | | | | |
|----------------------------------|---------------------|------------|----------------|---------------------|----------|-----------------------|-------------------|
| | based on governance | | | based on rent | | based on the Land Act | |
| | owned by SR | disputable | other entities | by contract | | according to § 5 | according to § 22 |
| | | | | from other entities | from SLF | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 884,490 | 679,684 | 13,497 | 11,059 | 28,858 | 0 | 20,097 | 131,295 |
| | 704,240 | | | 28,858 | | 151,392 | |

Notes:

1. Total area of forestland used by the organization
2. Owned by Slovak Republic (state owned) or by Czechoslovakia
3. Disputes between municipalities, church or other entities (legal proceedings)
4. Forestland used by other entities
5. Use based on agreements, contracts for more than 5 years (Art. 3 Act No. 266/1992 Coll.)
6. Use based on the contract with the Slovak Land Fund
- 7., 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 reprivatisation | | |
|---|--|--|-----------|--|---------|--------|
| a. | | b. | c. | 1 | | |
| Applications for returning ownership and user rights to forest- land | | number of | 1 | 98,494 | | |
| | | ha | 2 | 956,098 | | |
| out of which private forestland owners | | number of | 3 | 92,057 | | |
| | | ha | 4 | 242,996 | | |
| Applications approved - physically returned forestland (line 1 and 2) | | number of | 5 | 61,878 | | |
| | | ha | 6 | 895,918 | | |
| requests included (line 5 and 6) | private forestland owners l. 7 ≥ line (9+11) (9+11) r. 8 ≥ r. (10 +12) | | number of | 7 | 56,738 | |
| | | | ha | 8 | 180,895 | |
| | out of which: (out of which l. 7 a 8) | applications pursuant to Art. 6 and 9 Act No. 229/91 Coll. as amended | | number of | 9 | 2,857 |
| | | | | ha | 10 | 55,271 |
| | | applications pursuant to Art. 3 Act No. 503 Coll. | | number of | 11 | 51 |
| | | | | ha | 12 | 654 |
| | joint ownership | | number of | 13 | 3,743 | |
| | | | ha | 14 | 456,054 | |
| | municipalities | | number of | 15 | 510 | |
| | | | ha | 16 | 179,650 | |
| | church | | number of | 17 | 691 | |
| | | | ha | 18 | 71,005 | |
| | other | | number of | 19 | 196 | |
| | | | ha | 20 | 8,314 | |
| Processed applications - physically not returned forestland and managed by by the state forestry administration (l. 1 to 2) | | number of | 21 | 36,616 | | |
| | | ha | 22 | 60,180 | | |
| Applications approved - TOTAL | | number of | 23 | 98,494 | | |
| | | ha | 24 | 956,098 | | |
| Not processed applications physically not returned forestland | | number of | 25 | 0 | | |
| | | ha | 26 | 0 | | |
| TOTAL SUM (l. 1 to 24) | | x | 99 | 4,515,458 | | |

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 fulfilment 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 27,199,89 K €, used 26,599,99 K € without the impact of the reserve on the cultivation activity. The plan of direct cultivation costs was not fulfilled by 599,90 K €, which is a fulfilment of 97.8%. The planned crop protection costs of 215.02 K € 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 283,29 K. However, all necessary work related to measures against the spread of insect pests, in particular sub-insect pests, was carried out. Non-fulfilment of other outputs in the range from 3 to 11% resulted from a reassessment of local needs of individual OZs without a negative impact on the maintenance of favourable conditions and development of young forest stands.

In the technical units, the main cultivation activities of forest regeneration and purging were fulfilled, along with the cooperation in natural regeneration, cleaning of areas after harvesting, treatment of young forest stands and other cultivation works.

The extent of forest regeneration was based on the balanced task of 10847 ha. The total regeneration covered 7,604 ha, out of which 3,541 ha were naturally regenerated. The planned tasks were exceeded by 1,464 ha.

Preventions were carried out on an area of 16,822 ha, compared with a plan of an increase of 526 ha. Of this, the cleansings and thinning that were counted from the data of the forest care plans were carried out in the range of 12,293 ha and although they lagged behind the averaged 13,139 by 846 ha annual average, they were filled to the presently necessary extent.

Compared to the previous year, when 23,335,96 K. €. direct costs, there was a significant increase of 3 187,96 K. This was mainly due to the difference in the cost of forest fire detection in the amount of EUR 1,228,22 K. € and in forest regeneration by 1,051,27 K. € due to the restoration of calamities, as well as the company-wide increase in service prices and seedlings prices. Other production capacities, with the exception of weed protection against weeds, thinning and shrubs removal and forest protection, also saw an increase in costs due to the increase in the prices of services in the cultivation business.

Harvesting activities

The annual harvesting plan was based on balanced tasks according to individual types of forest stand utilization. Balanced tasks in logging for 2018 were in the volume of 4,465,264 m³, 4,566,087 m³ were mined, which represented the fulfilment of the balanced tasks at 102.25%. They are exceeded in the long term

Balanced tasks in state forests (Balanced tasks 3 230 848 m³, 4 020 404 m³ mined), on the other hand, in non-state non-state entities it lags behind for a long time due to unresolved property rights relations , 417 786 m³ were extracted).

Mining activity indicators 2018

| Indicator | Unit | Yearly Target | Time Target | Reality | Difference reality - time target | Reality/last year | Difference reality - last year |
|-----------------------------------|----------------|---------------|-------------|-----------|----------------------------------|-------------------|--------------------------------|
| b. | c. | 2 | 3 | 4 | 5 | 6 | 7 |
| Total logging | m ³ | 4,396,963 | 4,396,963 | 4,566,087 | 169,124 | 4,309,666 | 256,421 |
| out of which coniferous trees | m ³ | 2,373,882 | 2,373,882 | 2,532,633 | 158,752 | 2,286,540 | 246,094 |
| out of which deciduous trees | m ³ | 2,023,082 | 2,023,082 | 2,033,454 | 10,372 | 2,023,126 | 10,327 |
| Harvesting by other companies | m ³ | 4,060,498 | 4,060,498 | 4,135,558 | 75,060 | 3,970,208 | 165,350 |
| Total thinning | ha | 26,238 | 26,238 | 21,013 | -5,225 | 23,844 | -2,832 |
| Thinning in up to 50-year forests | ha | 13,127 | 13,127 | 10,780 | -2,347 | 12,343 | -1,563 |

In the period under review, the mining plan was met at 103.85%. The coniferous extraction plan was exceeded by 158,752 m³, filling to 106.69%. The growth of coniferous logging compared to the plan caused an increased effort to process subcortical calamity. The coniferous extraction plan was exceeded by 10,372 m³, filling to 100.51%. The plan was fulfilled at 80.09% in intentional mining operations. The plan was fulfilled at 82.12% in intentional mining operations. The reason for non-fulfilment of the level of educational mining was the preferential treatment of submarine calamity.

The timber approach was met to 102.50% in connection with exceeding the logging plan. Direct costs of wood production after OM were planned at € 14.64 / m³, real direct costs were € 14.34 / m³, fulfilment at 97.95%.

Wood removal was met at 99.09%. The projected average direct load per 1 m³ in the take-off from the OM site to the EC site was 5.99 € / m³, the fact reached in the reference period was 5.95 € / m³, which is.

Wood Inventory as of 31 December 2018

As of 31 December 2018, the share of timber stocks in total timber harvesting was 8.72%. In year-on-year comparison, inventories increased by 96,544 m³. The share of inventories in total inventories increased in both OM and PEN.

Forest protection

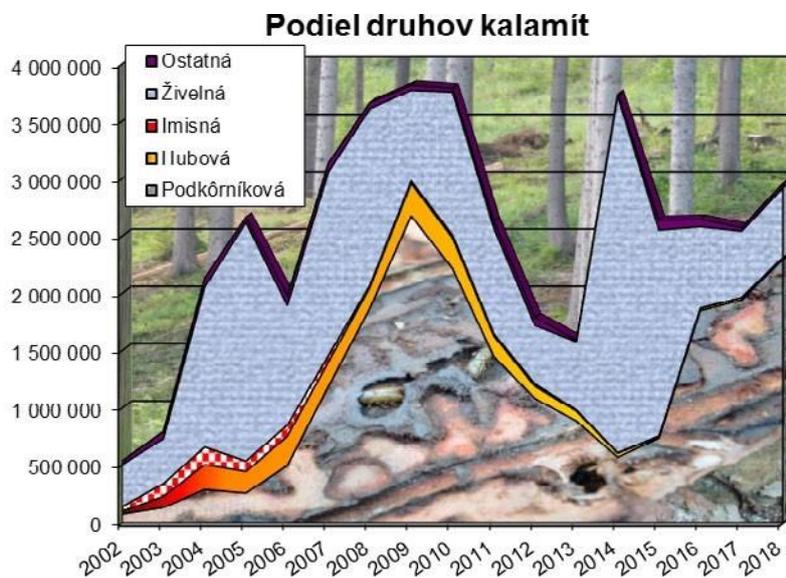
The initial state of calamity as of 1 January 2018 was 552 844 m³. Compared to the initial state of 2017, it increased by more than 100,000 m³. In 2018, 2,433,932 m³ were processed. As of 31 December 2018, 523392 m³ of wood remained to be processed.

In the last two years, the proportions of calamity in total have increased significantly and have become dominant. Already in the year 2015 (a year after Žofia calamity 15th May 2014), there was a tendency towards the increase of the bark beetle calamity, which the 2018 upward trend clearly confirmed.

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 2018 marked the third highest catches of spruce bark beetle in the history of trapping records.

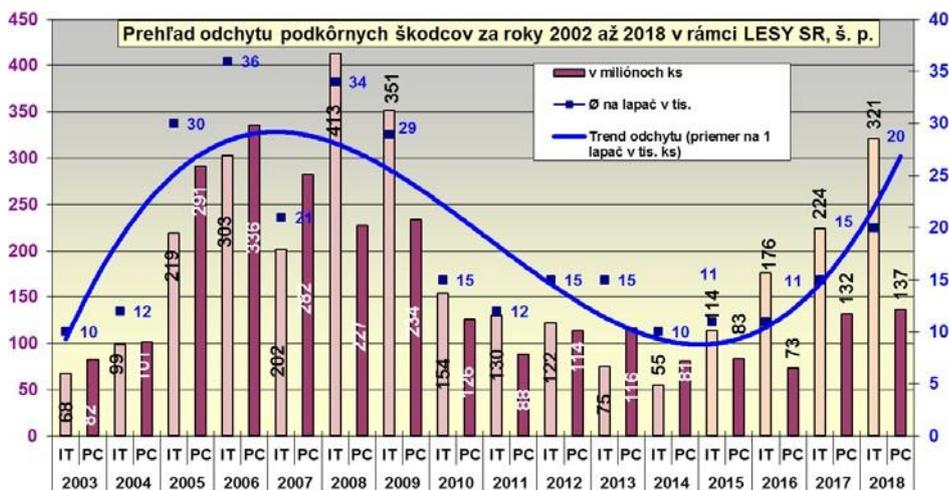
Proportion of individual types of calamities

- Other
- Natural Disaster
- Pollutants
- Fungi
- Bark Beetle



Overview of bark beetle catches from 2002 – 2018 within LESY SR, s.e.

- Mil. pieces
- Trap in K
- Trapping trend (average per 1 trap in K pieces)



Nature and landscape protection

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 | 3,113 |
| NP Muránska planina | 15,071 |
| NP Nízke Tatry | 39,813 |
| NP Poloniny | 1,251 |
| NP Slovenský kras | 9,906 |
| NP Slovenský kras | 10,341 |
| NP Veľká Fatra | 25,015 |
| TANAP | 1 |
| OP NP | 58,126 |
| Total Lesy SR, s. e. | 162,637 |

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

| Name of CHKO | Area in ha |
|-----------------------------|----------------|
| CHKO Biele Karpaty | 16,500 |
| CHKO Cerová vrchovina | 5,065 |
| CHKO Dunajské luhy | 3,848 |
| CHKO Horná Orava | 18,332 |
| CHKO Kysuce | 20,374 |
| CHKO Latorica | 1,367 |
| CHKO Malé Karpaty | 42,111 |
| CHKO Poľana | 15,054 |
| CHKO Ponitrie | 25,199 |
| CHKO Strážovské vrchy | 8,713 |
| CHKO Štiavnické vrchy | 29,029 |
| CHKO Vihorlat | 7,991 |
| CHKO Východné Karpaty | 7,045 |
| CHKO Záhorie | 8,696 |
| Total Lesy SR, s. e. | 209,324 |

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 | 17,052 |
| PR – nature reserves | 6,544 |
| NPP- national nature monuments | 10 |
| PP – nature monuments | 432 |
| CHA – protected sites | 962 |
| OP MCHÚ – protection zone of small-scale protected area | 2,108 |
| Total Lesy SR, s. e. | 27,108 |

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) Special protection 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-Nížná. 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.

The forest land of LESY SR, s. e. stretches in 36 Special Protection Areas of the national list representing the total area of 382,176 ha, which is 42.88 % of forests managed by LESY SR, s. e.

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 effectiveness 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%. LESY SR covers 115 new VUs with an area of 13,948 ha (managed plots see table). These territories should be in accordance with Article 4.4. of the Habitats Directive declared within 6 years of their approval as protected areas on the national network of the Slovak Republic.

The area of forest land in LESY SR, there are 242250 ha of UEV which is 27.18%. However, in the so far not declared, proposed areas of European importance according to para. 7 Section 27 of Act no. 543/2002 Coll. the regime applies (including restrictions) as if the territories had already been declared.

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

a) biosphere reservations

There are 4 biosphere 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

(Alluvium of the Morava river, Alluvium of the Rudava river, Alluvium of the Tisa river, Domica, Meadows of Danube, Caves of Demänovská dolina valley, La-torica, 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

B. Bystrica is also part of the UNESCO world heritage of Carpathian beech forests. As of 31 December 2012, the RA ŽE in Prešov proposed on land in the administration of Lesy SR, š.p. Banská Bystrica from the total area of the proposed Carpathian beech forests 5 766.4 ha declare PR Nezabec (620.36 ha - managed by LSR), PR Černiny (25.00 ha - managed by LSR) and PR Vihorlatské pralesy (209.00 ha - in the LSR report). Currently, the process of administrative procedure regarding the declaration of nature reserves is under way. From the course of administrative procedures and negotiations with the Environmental Section regarding the declaration of Primeval Beech Forests of the Carpathians, the final form of world heritage is still not clear.

Timber trade

In 2018, the total timber deliveries were fulfilled at 101,8%. In technical units, this represents 4,300,457 m³ of coniferous and deciduous wood. The timber sale revenues represented 102,7%. The revenues were € 216,072,96 and € 30 thousand were in-house supplies. In 2018, the average realization reached 100.9%, i.e. 50.24 €/ m³. In coniferous timber the average monetization amounted to € 48.59 / m³, which is a deterioration of € 2.77 compared to 2017 /

in coniferous timber the average monetization amounted to € 52.27 / m³, which is a deterioration of € 4.61 compared to 2017. Compared to the plan in 2018, direct timber deliveries increased by 77,109 m³ and timber sales increased by 5,784,35 €.

Compared to the plan in 2017, direct timber deliveries increased by 122,879 m³ and timber sales increased by 8,710,47 €.

The higher volume of wood sold was mainly due to the increase in the processing of wood in the stands attacked by subterranean insects and therefore the coniferous mass was higher than the plan by 92,398 m³. The overall increase in sales was positively influenced by the increase in sales. The state-owned company managed to stabilize prices of coniferous assortments and increase the average monetization of hardwood assortments despite the market surplus.

In 2018 LESY SR, š.p. sold coniferous and deciduous wood in the volume of 37,163 m³ in the value of 2,297,307 K. €.

In 2018, valuable assortments of raw timber were sold through public wood auctions in the volume of 6 854 m³. Revenues from sales amounted to 2,012,251 K. €.

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 270 thousand. m³, which is 6.1% of the yearly wood extraction of LESY SR s. e. (without self-production of wood).

Harvester technology (machine to tree) OZLT processed 170 thousand. m³, of which 74 K. m³, the remaining 96K. 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 100,000 m³. At present, 22 forest rope systems do not cover the requirements of sparse plants, especially in pre-primary mining.

Overview of softwood deliveries, revenues and average price

| Assortment | | Own consumption in m ³ | | | | In company deliveries | | | | | Direct deliveries in m ³ | | | | | Revenues in K € | | | | Average price €/m ³ | | | | |
|---|------|-----------------------------------|---------------------------|--------------------|-----------------------------|------------------------|---------------------------|---------------------------|----------------------|-------------------------|-------------------------------------|---------------------------|----------------|---------------------------|-----------------------------|-----------------|----------------|--------------------|-----------------------------|--------------------------------|---------|-----------------------|----------------|--------------------|
| | | plan in m ³ | reality in m ³ | reality prev. year | reality 2018 - reality 2017 | plan in m ³ | reality in m ³ | prev. year m ³ | real revenues in K € | prev. year sales in K € | plan in m ³ | reality in m ³ | difference + - | prev. year m ³ | reality 2018 - reality 2017 | revenues in K € | reality in K € | reality prev. year | reality 2018 - reality 2017 | plan | reality | Reality from subtotal | difference + - | reality prev. year |
| Quality classes I and II | dom. | | | | 0 | 0 | 0 | 0 | 0 | 244 | 459 | 215 | 442 | 18 | 30.40 | 68.44 | 54.32 | 14.12 | 125 | 148.97 | 148.97 | 24.38 | 122.92 | |
| | exp. | | | | 0 | | | | | 262 | 27 | -235 | 160 | -133 | 33.13 | 4.03 | 21.73 | -17.70 | 126.46 | 147.70 | 147.70 | 21.23 | 135.52 | |
| Quality class III | dom. | 350 | 351 | 263 | 88 | 0 | 0 | 52 | 0 | 3 | 1,456,417 | 1,483,778 | 27,361 | 1,443,954 | 39,824 | 88,356.42 | 89,293.29 | 93,085.75 | -3,792.46 | 60.67 | 60.18 | 60.18 | -0.49 | 64.47 |
| | exp. | | | | 0 | | | | | 142 | 5077 | 4,935 | 6,103 | -1,026 | 7.22 | 271.61 | 312.18 | -40.57 | 50.86 | 53.50 | 53.50 | 2.64 | 51.16 | |
| Pole timber and sawlog | dom. | | | | 0 | 0 | 0 | 0 | 0 | 1,407 | 1,099 | -308 | 2,067 | -967 | 126.63 | 98.92 | 180.35 | -81.43 | 90.00 | 89.98 | 89.98 | -0.02 | 87.27 | |
| | exp. | | | | 0 | | | | | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| Mining wood Quality class IV | dom. | | | | 0 | 0 | 0 | 0 | 0 | 14,480 | 11,349 | -3,131 | 6,180 | 5,169 | 683.49 | 530.81 | 303.50 | 227.32 | 47.20 | 46.77 | 46.77 | -0.43 | 49.11 | |
| | exp. | | | | 0 | | | | | 0 | 0 | 0 | 57 | -57 | 0.00 | 0.00 | 2.23 | -2.23 | 0.00 | 0.00 | 0.00 | 0.00 | 38.85 | |
| Thin Poles Quality class IV | dom. | 30 | 54 | 156 | -103 | 0 | 0 | 0 | 0 | 4,670 | 3,079 | -1,591 | 5,305 | -2,226 | 175.53 | 116.03 | 198.74 | -82.71 | 37.59 | 37.68 | 37.68 | 0.10 | 37.46 | |
| | exp. | | | | 0 | | | | | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| Pulp wood and other wood of V quality class | dom. | 70 | 608 | 202 | 406 | 0 | 232 | 206 | 6 | 5 | 656,297 | 724,591 | 68,294 | 683,244 | 41,347 | 18,787.52 | 20,928.73 | 18,660.33 | 2,268.39 | 28.63 | 28.88 | 28.88 | 0.26 | 27.31 |
| | exp. | | | | 0 | | | | | 0 | 72 | 72 | 506 | -434 | 0.00 | 1.54 | 20.82 | -19.28 | 0.00 | 21.45 | 21.45 | 21.45 | 0.00 | 41.19 |
| Fuel wood total out of which deposited | dom. | 3,243 | 1,695 | 2,880 | -1,185 | 1,450 | 668 | 874 | 15 | 20 | 68,035 | 60,080 | -7,955 | 63,464 | -3,383 | 1,495.38 | 1,338.69 | 1,361.49 | -22.79 | 21.98 | 22.28 | 22.28 | 0.30 | 21.45 |
| | dom. | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Export fuel wood | exp. | | | | 0 | | | | | 0 | 0 | 0 | 13 | -13 | 0.00 | 0.00 | 0.39 | -0.39 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 30.00 |
| Raw tree trunks | dom. | | 612 | 547 | 65 | 0 | 0 | 0 | 0 | 42,395 | 47,333 | 4,938 | 0 | 47,333 | 1,653.41 | 1,858.08 | 0.00 | 1,858.08 | 39.00 | 39.26 | 39.26 | 0.26 | 0.00 | |
| | exp. | | | | 0 | | | | | 0 | 1,857 | 1,857 | 0 | 1,857 | 0.00 | 82.50 | 0.00 | 82.50 | 0.00 | 44.44 | 44.44 | 44.44 | 0.00 | 0.00 |
| Sales of stumpage | dom. | | | | 0 | 0 | 0 | 0 | 0 | 26,658 | 5,843 | -20,815 | 12,540 | -6,697 | 447.90 | 162.03 | 290.93 | -128.90 | 16.80 | 27.73 | 27.73 | 10.93 | 23.20 | |
| Wood for groundwood pulp | dom. | | | | | | | | | | 13,714 | 13,714 | | 13,714 | | 256.39 | | 256.39 | 0.00 | 18.70 | 18.70 | 18.70 | 0.00 | 0.00 |
| | exp. | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Softwood chips | dom. | | | | 0 | | | | | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Energy wood | dom. | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | exp. | 6,503 | 13,249 | 18,531 | -5,282 | 0 | 66 | 33 | 1 | 1 | 8,460 | 13,507 | 5,047 | 7,361 | 6,146 | 149.00 | 248.24 | 116.40 | 131.84 | 17.61 | 18.38 | 18.38 | 0.77 | 15.81 |
| Internal deliveries | dom. | | | | 0 | 0 | 0 | 0 | 0 | | | 0 | | 0 | | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Softwood | dom. | 10,196 | 16,568 | 22,579 | -6,011 | 1,450 | 966 | 1,164 | 22 | 28 | 2,279,063 | 2,351,119 | 72,056 | 2,224,557 | 126,562 | 111,905.67 | 114,643.28 | 114,251.81 | 391.47 | 49.10 | 48.76 | 48.76 | -0.34 | 51.36 |
| TOTAL | exp. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 404 | 20,746 | 20,342 | 6,839 | 13,907 | 40.36 | 616.08 | 357.35 | 258.73 | 99.89 | 29.70 | 29.70 | -70.19 | 52.25 | |
| Softwood total DOM. + EXP. | | 10,196 | 16,568 | 22,579 | -6,011 | 1,450 | 966 | 1,164 | 22 | 28 | 2,279,467 | 2,371,865 | 92,398 | 2,231,396 | 140,469 | 111,946.03 | 115,259.36 | 114,609.16 | 650.20 | 49.11 | 48.59 | 48.59 | -0.52 | 51.36 |

Overview of softwood deliveries, revenues and average price

| Assortment | | Own consumption in m3 | | | | In company deliveries | | | | | Direct deliveries in m3 | | | | | Revenues in K € | | | | Average price €/m3 | | | | |
|---|------|-----------------------|---------------|--------------------|-----------------------------|-----------------------|---------------|---------------|----------------------|-------------------------|-------------------------|---------------|----------------|---------------|-----------------------------|-----------------|----------------|--------------------|-----------------------------|--------------------|---------|-----------------------|----------------|--------------------|
| | | plan in m3 | reality in m3 | reality prev. year | reality 2018 - reality 2017 | plan in m3 | reality in m3 | prev. year m3 | real revenues in K € | prev. year sales in K € | plan in m3 | reality in m3 | difference + - | prev. year m3 | reality 2018 - reality 2017 | revenues in K € | reality in K € | reality prev. year | reality 2018 - reality 2017 | plan | reality | Reality from subtotal | difference + - | reality prev. year |
| Quality classes I and II | dom. | | | 378 | -378 | 0 | 0 | 0 | 0 | 0 | 1,247 | 3,969 | 2,722 | 3,481 | 487 | 289 | 896 | 689 | 207 | 231.38 | 225.74 | 225.74 | -5.64 | 197.86 |
| | exp. | | | | 0 | | | | | | 5,700 | 3,053 | -2,648 | 3,806 | -753 | 1,406 | 1,139 | 1,178 | -39 | 246.66 | 373.13 | 373.13 | 126.47 | 309.48 |
| Quality class III | dom. | 580 | 345 | | 345 | 0 | 0 | 0 | 0 | 845,112 | 862,031 | 16,919 | 842,011 | 20,020 | 50,270 | 52,794 | 46,873 | 5,921 | 59.48 | 61.24 | 59.84 | 1.76 | 55.67 | |
| | exp. | | | | 0 | | | | | 27,320 | 37,697 | 10,377 | 40,171 | -2,474 | 1,745 | 2,622 | 2,471 | 151 | 63.87 | 69.56 | 69.40 | 5.69 | 61.52 | |
| Mining wood Quality class IV | dom. | | | 302 | -302 | 0 | 0 | 0 | 0 | 7,800 | 6,153 | -1,647 | 7,983 | -1,830 | 405 | 317 | 397 | -80 | 51.95 | 51.55 | 51.55 | -0.40 | 49.74 | |
| | exp. | | | | 0 | | | | | 0 | 105 | 105 | 165 | -60 | 0 | 7 | 11 | -4 | 0.00 | 66.41 | 66.41 | 66.41 | 65.00 | |
| Thin Poles Quality class IV | dom. | 320 | 409 | 478 | -69 | 0 | 0 | 0 | 0 | 4,850 | 1,755 | -3,095 | 2,306 | -217 | 214 | 77 | 92 | -217 | 44.19 | 44.15 | 44.15 | -0.04 | 39.75 | |
| | exp. | | | | 0 | | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| Pulp wood and other wood of V quality class | dom. | 10 | 681 | 2,584 | -1,903 | 0 | 14 | 21 | 0 | 1 | 888,352 | 872,959 | -15,393 | 894,343 | -21,384 | 37,104 | 36,848 | 34,950 | 1,898 | 41.77 | 42.21 | 40.84 | 0.44 | 39.08 |
| | exp. | | | | 0 | | | | | | 50,000 | 44,923 | -5,077 | 48,192 | -3,269 | 2,284 | 2,092 | 2,017 | 76 | 45.68 | 46.58 | 46.10 | 0.90 | 41.85 |
| Fuel wood total out of which deposited | dom. | 3,943 | 1,903 | 210 | 1,693 | 414 | 158 | 173 | 7 | 8 | 105,673 | 87,427 | -18,246 | 95,899 | -8,472 | 4,482 | 3,830 | 3,946 | -217 | 42.42 | 43.81 | 43.81 | 1.39 | 41.14 |
| | dom. | | | | 0 | | | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Export fuel wood | exp. | | | | 0 | | | | | | 0 | 0 | 0 | 17 | -17 | 0 | 0 | 1 | -1 | 0.00 | 0.00 | 0.00 | 0.00 | 35.00 |
| Raw tree trunks | dom. | | 119 | | 119 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Wood chips | dom. | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | exp. | | | | 0 | | | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Sales of stumpage | dom. | | | | 0 | 0 | 0 | 0 | 0 | 0 | 1,737 | 943 | -794 | 2,078 | -1,135 | 6 | 10 | 9 | 1 | 3.45 | 10.94 | 10.94 | 7.50 | 4.39 |
| | exp. | | | | | | | | | | | | | | | | | | | | | | | |
| Energy wood | dom. | 9,390 | 17,051 | 27,038 | -9,987 | 0 | 0 | 0 | 0 | 0 | 6,090 | 7,577 | 1,487 | 5,729 | 1,848 | 138 | 180 | 121 | 59 | 22.61 | 23.75 | 23.75 | 1.14 | 21.10 |
| Internal deliveries | dom. | | | | 0 | 0 | 0 | 0 | 0 | 0 | | | 0 | | 0 | | | | 0 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Hardwood | dom. | 14,243 | 20,508 | 30,990 | -10,482 | 414 | 172 | 193 | 8 | 9 | 1,860,861 | 1,842,814 | -18,047 | 1,853,831 | -11,017 | 92,907.67 | 94,952.96 | 87,076.10 | 7,876.86 | 49.93 | 51.53 | 50.22 | 1.60 | 46.97 |
| TOTAL | exp. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 83,020 | 85,778 | 2,758 | 92,351 | -6,573 | 5,434.91 | 5,860.64 | 5,677.22 | 183.42 | 65.47 | 68.32 | 68.00 | 2.86 | 61.47 |
| SOFTWOOD TOTAL DOM. + EXP. | | 14,243 | 20,508 | 30,990 | -10,482 | 414 | 172 | 193 | 8 | 9 | 1,943,881 | 1,928,592 | -15,289 | 1,946,182 | -17,590 | 98,342.59 | 100,813.60 | 92,753.33 | 8,060.27 | 50.59 | 52.27 | 51.01 | 1.68 | 47.66 |
| Hardwood And Softwood | dom. | 24,439 | 37,076 | 53,569 | -16,493 | 1,864 | 1,138 | 1,358 | 30 | 37 | 4,139,924 | 4,193,933 | 54,009 | 4,078,388 | 115,545 | 204,813.35 | 209,596.24 | 201,327.91 | 8,268.33 | 49.47 | 49.98 | 49.40 | 0.50 | 49.36 |
| TOTAL | exp. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 83,424 | 106,524 | 23,100 | 99,190 | 7,334 | 5,475.27 | 6,476.72 | 6,034.58 | 442.14 | 65.63 | 60.80 | 60.54 | -4.83 | 60.84 |
| TOTAL | | 24,439 | 37,076 | 53,569 | -16,493 | 1,864 | 1,138 | 1,358 | 30 | 37 | 4,223,348 | 4,300,457 | 77,109 | 4,177,578 | 122,879 | 210,288.61 | 216,072.96 | 207,362.49 | 8,710.47 | 49.79 | 50.24 | 49.68 | 0.45 | 49.64 |

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 200 K m³ by multi-operation machines with processor heads. Of this volume 138 thousand m³ own funds and 62 K 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. Of which 2 214 K m³ was the first transport from the disposal points to the exhibition warehouses, 49 K m³ Axial deliveries from the delivery point directly to the customer, 27 K m³ timber loading on other means of transport. 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 2,082 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 1,209 mil. €.

In 2018, 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 7,946 mil. €. Of these, machinery investments amounted to 2 511 K € and construction investments (especially construction of forest roads) 5 436 K €. Compared to the previous year, the implementation of investment activities more than doubled, which optimizes the time and performance utilization of technicians and employees and has a significant positive impact on the management of OZLT.

The decline in the provision of forest biomass chipping services continued, with OZLT producing 22.5 K tonnes of wood chips.

As in previous years, in 2018 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, š. p., 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. This was fully demonstrated at the end of 2018. 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 2018 FE Semenoles managed 176 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 2017, the nursery centres produced 63.496 mil. seedlings, which is approximately 1.483 mil. pieces more than in the previous year. Out of this softwood bare-root seedlings 40.273 mil. pieces (63%), hardwood bare-root seedlings 19,654 mil. pcs (31 %), and potted seedlings 3,570 mil. pcs (6%). FE Semenoles sold 20.388 mil in 2018 pieces of seedling, out of which for the state enterprise Lesy SR 15.662 mil. pcs (77%) and for other entities 4.726 million. pcs (23%). Most sold beech - 4,574 mil. pcs, the second most desirable wood was spruce - 2,834 mil. pcs., cryorooted seedlings sold by 2,391 mil. pcs. make up of the total 12%.

Semenoles focuses on growing ornamental and Christmas trees. Currently they are growing 0.917 mil. pieces of ornamental trees and sales came up to the level of 69 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 2018

it collected 165,486 kg of seed material for the state enterprise LESY SR (of which 15,408 kg sm sc). 34,920 kg jd, 26,251 kg bk, 67,643 kg db, 1,556 kg sc). Compared to 2017, FE Semenoles collected 68183 kg of seed material less, which was mainly due to low oak harvest. The stock of seeds as of 31 December 2018 are 75,067 kg in the amount of 721,733 € of which 1,494, 1,149 kg, 412kg, 132 kg jd, 17,000 kg bk, 67,643 kg db, 1,556 kg sc). 8,923 kg of seeds were treated before sowing activities. For non-state entities, Semenoles processed 46,789 kg of raw seed material. Revenues for seeds in 2018 amounted to 61,160 € of which the export was 32,243 €.

Tree breeding and gene pool conservation

OZ Semenoles operates 26 seedlings (49.4 ha), of which 4,860 kg of seed material were harvested in 2018.

In 2018, two seed sets (SS) were discontinued due to ill health: Zbojská for Sycamore and Mountain Ash. On the contrary, the three seed orchards established in previous years were recognized: SS bresta hrabolistého Gabčíkovo, SS smreka obyčajného Breziny and SS jarabiny oskorušovej Lipovec. Out of the above-mentioned seed orchards, the SS of the Brabant will be under the administration of the Semenoles OZ;

In 2018 the seed orchard of the Jarabina crops in Petrovec was planted at OZ Prešov, the SS Jarabina crops was also planted at OZ Trenčín in the locality Dolná Súča, the SS larch in the Šánské region in the Čierny Balog locality.

For the establishment of new seed orchards were collected grafts: *Fraxinus excelsior* (72 clones) a *Sorbus torminalis* (19 clones). The grafting was *Fraxinus excelsior* (720 rootstocks of 72 clones), *Sorbus torminalis* (97 rootstocks of 19 clones). Treated and fertilized were *Picea abies* (359 pieces), *Sorbus torminalis* west (240 pieces) and *Sorbus torminalis* east (380 pieces), *Larix decidua* (348 pieces). In order to set up and replenish new seed orchards, we have installed the following rootstocks: 1000 pcs *Fraxinus excelsior*, 500 pcs *Acer pseudoplatanus*, 1000 pcs *Tilia cordata*, 300 pcs *Larix decidua*, 300 pcs *Sorbus torminalis*.

In the OZ Semenoles gene pool store 47 sections, the status as of December 31, 2018 is: 41.8 kg of basic stock and 129.84 kg of operational stock. 4 kg of seeds were released from the operational stock in 2018 and then sown in our forest tree nurseries to be used for the renewal of the gene pool.

Products

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 108, the state enterprise LESY SR, B. Bystrica exercised hunting rights in 108 hunting grounds totalling 389 thousand ha, which represents 6% of the total number of hunting grounds and 9% of the total hunting area in the Slovak Republic. The average area of hunting district is 3600 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 2018, planned hunting was met at 82.79% for deer, 60.78% for fallow deer game, 68.17% for mouflon, 59.29% for roe deer game and 65.32 % for boar game. The total fulfilment of planned deer hunting is 70.94%.

In 2018 LESY SR had permission for brown bear hunting, 6 pieces permitted, 5 killed. Also Chamois hunting 6 pieces permitted, 6 killed.

Charge trophy and wild game hunting in pieces during hunting season 2017/18 and 2018/19

| Species | 2017/18 | 2018/19 | Difference (2017/18 2018/19) |
|-------------|---------|---------|---------------------------------|
| Deer | 422 | 606 | +184 |
| Fallow Deer | 86 | 101 | +15 |
| Mouflon | 102 | 124 | +22 |

| Species | 2017/18 | 2018/19 | Difference (2017/18 2018/19) |
|----------|---------|---------|---------------------------------|
| Roe Deer | 170 | 200 | +30 |
| Boar | 1,565 | 1,547 | -18 |

In 2018, hunting of game in 31 hunting grounds was contracted. Revenues from contractual sale of game hunting for 2018 649 K €. The average price of sold blast is 21 K € / hunting ground and 10 € / 1 ha.

Basic economic indicators of LESY SR, s. e. under "241 – Game management in 2018:

In 2018, direct income was exceeded by € 240,357 compared to plan.

- Total revenues 4 504 K € (Year-on-year increase of +731 K €)
- Total revenues 2 613 K € (Year-on-year increase of +552 K €)
- Total revenues 1 891 K € (Year-on-year increase of +180 K €)

Ecology and Environmental Politics

The environmental policy of a state-owned enterprise in the management of forest and related state assets is to carry out all activities, primarily production, in a manner that eliminates known risks in relation to the environment with regard to the safety and health of employees, customers, suppliers and entities concerned. Its basic principles for all organizational units of the state enterprise are:

- implementation of individual activities in accordance with applicable environmental laws and regulations
- minimizing environmental pollution by adopting and implementing environmental measures in individual activities
- objective information of the employees of the company and the concerned state administration bodies in ecological areas
- raising employees' awareness of the principles of environmental protection through various educational activities and training.

The declaration of environmental orientation of the state enterprise confirms:

- The trend of modernization, especially of technologies in dispatch warehouses and mining and transport mechanisms
- the use of ecological media in forestry and timber handling activities
- recovery of forestry and plant waste to the greatest extent possible

The fundamental changes in waste management legislation meant a demanding process for the state-owned enterprise to align administrative activities, in particular, with the new legislation in force, subject to frequent amendments. In the area of hazardous waste management only, 82 decisions were newly issued to the state enterprise by the relevant state administration bodies, which successfully completed this process by the state enterprise last year. In relation to the state administration and its information, for the first time in the form of new legislation, reports on the generation and management of individual types of waste were prepared for individual organizational units of the state enterprise. The announcements document the priority recovery of state-owned wastes. They also document the successful implementation of separation of recoverable components from municipal waste by a state enterprise.

In the area of air protection, the state enterprise systematically reconstructs and modernizes boiler rooms and technologies of air pollution sources operated by them. Out of the total number of 23 operated medium-sized air pollution sources, the state administration authority levied a fee for air pollution only in the 5th cases of operation of sources. In the case of operation of small air pollution sources, municipalities paid 285 out of 605 sources last year. The newly introduced legislative obligation of electronic reporting of data in relation to air pollution for 2018 was fully fulfilled by state-owned enterprises.

In view of the above, it can be stated that, while maintaining the trend, the application of the principles of creation and protection of the environment is increasingly enforced in the fulfilment of all state-owned enterprises entrusted with tasks.

Investment activities

The implementation of the investment plan in 2018 is at 75.42%. Real fulfilment is one and a half times higher than the annual depreciation amount.

| | Yearly plan in K € | Fulfilme nt in K € | Fulfilme nt in % |
|-----------------------------------|-----------------------|--------------------------|---------------------|
| Total amount of investment | 32,065.96 | 24,183.39 | 75.42 |
| 1/ Status of work – Own Sources | 14,511.36 | 14,830.81 | 102.20 |
| 2/ Status of work – Own Sources | 654.50 | 201.62 | 30.81 |
| 3/ Design work – own resources | 200.00 | 453.55 | 226.78 |
| 4/ Design work – own resources | 0.00 | 26.06 | |
| 5/ Other investment | 2,600.00 | 42.90 | 1.65 |
| 6/ Changes | 0.00 | 0.28 | |
| Construction investment | 17,965.86 | 15,555.22 | 86.58 |
| 7/ Machinery | 10,302.60 | 7,123.00 | 69.14 |
| 8/ Long-term intangible assets | 3,507.00 | 1,414.70 | 40.34 |
| 9)Machinery investment total | 290.50 | 90.47 | 31.14 |
| Machinery investment total | 14,100.10 | 8,628.17 | 61.19 |

1) Construction Investment in 2018

Own resources

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

| Construction work | K € | % |
|--|-----------|--------|
| Forest roads | 9,479.40 | 63.92 |
| Timber yards | 3,108.65 | 20.96 |
| Forest-tree nurseries | 180.68 | 1.22 |
| Housing construction | 503.95 | 3.40 |
| Other constructions | 887.44 | 5.98 |
| Anti-flood treatment of mountain streams | 621.75 | 4.19 |
| Ecology constructions | 48.94 | 0.33 |
| Total | 14,830.81 | 100.00 |

In 2018, a total of 76.07 km of forest roads and permanent approach roads were built, rebuilt and reconstructed in the total amount of 9 479.40 K €.

In 2018, a total of 24.70 km of forest roads and permanent approach roads were built, rebuilt and reconstructed in the total amount of 5,415.91 K €.

In the category of manipulation-expedition wood warehouses 6 events were realized, of which 4 are completed and 2 are going to 2019. The highest volume was converted into shares of MES Lednické Rovne - 2,333.33 K € and MES Sečovce - 172,58 K € - shares under construction, MES Ustrig - 408,69 K € and MES Prešov - 148,91 K € - closed shares.

In the other construction category, the highest volume was converted into shares: AB OZ Šaštín, reconstruction - 142.99 K € (OZ Šaštín), Enviro classroom Žilina - 32.72 K €, AB OZ Košice - facade reconstruction - 85,40 K € (OZ Košice), Cottage Vlčie, reconstruction - 23,91 K € (OZ Prešov), Workshop OZ SO, conversion to arch. and frost. box - 100.13 K € and Joinery workshop and garage, roof conversion - 69,96 K € (OZ Sobrance), Reconstruction of interior floors of the workshop RSLT Vranov n / T - 99,18 K € (OZLT BB) AB GR B. Bystrica, building alterations meeting room - € 108.82 K

European Union Funds

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. In this program, the preparation of one investment project "Cycling route Krivobučková" in the value of € 8,548.64 for the Trenčín trade mark was realized.

The INTERREG V-A SK-HU cross-border cooperation program focuses on diversifying forestry production, developing forest pedagogy, restoring and revitalizing parks. Two investment actions were undertaken in this program:

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 in the total amount of 585,569.02 €. Performance for 2018 was € 18,766.38.

In the second project entitled "Hungarian and Slovak Foresters for Bees", we realized the construction of an apiculture operational building in the area of ŠOD Topoľčianky and a terrain apiary in Žikava (OZ Topľčiaky) in the total amount of € 183,000.00. Performance for 2018 was € 182,849.00.

2) Machinery investment total

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 | 303.76 | 3.56 |
| 2. Transport and wood conversion | 4,962.97 | 58.13 |
| 3. Silvicultural, agricultural and nursery activities | 220.09 | 2.58 |
| 4. Maintenance, service and other activities | 1,508.77 | 17.67 |
| 5. Passenger and technology transport | 0.00 | 0.00 |
| 6. Information and office technology | 127.41 | 1.49 |
| 7. Software | 1,364.54 | 15.98 |
| 8. Extras in forest economic plan | 50.16 | 0.59 |
| Total | 8,537.70 | 100.00 |

The most significant shares realized in 2018 by manufacturing activities are:

Logging and skidding

In 2018, two LARIX KOMBI H forest lifts were purchased with a UKT Zetor Forterra 100 carrier totaling CZK 344.09 K.

Transport and wood conversion

18 pieces of EC185Z hydraulic arms in NC 801,64 K. €, 8 pcs of new chassis for timber transport Tatra Phoenix T 158 in the acquisition value of 1 156,80 K. € and from OZLT B. Bystrica were completed the assembly of trucks (Tatra T158 Phoenix with ESSEL hydraulic arm and trailer,) in NC 1 870,39 K €.

On the part of OZLT, the ML 40 handling line to MES Ustrig OZ Námestovo was completed in the amount of CZK 390.28 K €.

On the part of OZLT, 3 pieces of Silva 2a grabs were delivered to the front loaders for OZ Č. Balog, Košice, Vranov in NC 36,30 K €, 2 pcs grabs D-044 to HR for handling

lines BŠZ for OZ Košice and OZLT in NC 8,30 K. € and sets of boxes for storing wood logs for trade mark no. Balog, Námestovo, Žilina, Sobrance for 121,80 K. €.

Maintenance, service and other activities

For the maintenance of roads were delivered 10 pieces of tipper bodies in NC 128,00 thous. €, a truck with a three-way tipper, a hydraulic crane, a front plow and a spreader superstructure in NC 312,50 K €..

Three TATRA PHOENIX trucks with accessories (front snow plow, spreader, three-sided tipping body for T158 for OZLT and OZ Levice in NC 674,10 K €.

For OZLT were purchased turret heads in NC 23,47 K €, re-profiling cutter in NC 168,88 K €, compact washing machine in NC 4,76 K €, roller brake test room in NC 35,10 thous. €, oil management in NC 24,18 K €.

In this area were delivered (OZLT B. Bystrica products) high-lift buckets for OZ Žilina, Námestovo in NC 17,77 thous. €, snow arrow plows for OZ Prešov and OZLT in NC 11,05 K €.

Machinery investment total – European Union Funds

In the period under review, investment funds were drawn from eurofunds in the amount of 90,47 K.

It is 2 pieces of thermovision FLIR LS-X60H with an acquisition value of 3,90 thousand. € for OZ Trenčín, purchased under the program “Together for Strengthening and Protection of Biodiversity in the Strážovské Hills and the White Carpathians” implemented within the Regional Development Fund under the Interreg V-A Slovak Republic-Czech Republic Program.

For OZ Topoľčianky, the Zetor Forterra 120 CL tractor and the APV GK 300MI combined grass-gate combined with the purchase value of CZK 68,70 thousand were purchased. € and also a set of beekeeping facilities in the acquisition value of 17,87 ths. €, which were purchased from the project “Hungarian and Slovak Foresters for Bees (SK-HU FORESERS AND BEES), within the Interreg V-A Slovak Republic-Hungary Cooperation Program.

Drawing of EU funds



**Program
rozvoja vidieka SR
2014-2020**

Rural Development Program of the SR 2014 - 2020

FORESTS of the Slovak Republic, š. p. in 2018, they were still dealing with the reimbursement of the latest payment requests within 3 projects from the two calls of the Rural Development Program of the SR 2014-2020. In 2018, the last payment for the “Project of making forest stands available at the Kriváň Trade Mark (LC Očová Rovne)” under Sub-measure 4.3 in the amount of € 214,383.36 was also paid. Within two projects under Sub-measure 8.3 with titles

"Automated Stationary Detection System for Early Detection of Forest Fires for the Low Tatras and High Tatras" and "Automated Stationary Detection System for Early Detection of Forest Fires for the Záhorie Region" were paid last November for payment requests (€ 2,485,800.00 and 1 € 166,000.00)

totaling € 3,651,800.00.

| Code of the Project | Name and location of implementation | Required hight by ŽoP | Total Paid for by ŽoP | Paid for in 2018 |
|---------------------|---|-----------------------|-----------------------|------------------|
| 083ZA020010 | ASDS for the area of Low Tatras and High Tatras | 16,015,140.00 | 16,015,140.00 | 2,485,800.00 |
| 083BA020002 | ASDS fo the area of Záhorie | 6,674,820.00 | 6,674,820.00 | 1,166,000.00 |
| 043BB010015 | Accessibility project forest of vegetation at OZ Kriváň | 562,600.52 | 562,600.52 | 214,383.36 |

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



In the framework of the Interreg V-A PL-SK Cooperation Program, four project applications were submitted and approved in 2017 and 2018 and gradually started to be implemented.

In May 2018, 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 result of the project is an attractive cycling route in the Polish-Slovak border region of a total length of 203 km, of which 150 km on the Polish and 53 km on the Slovak side with new cycling infrastructure at 4 recreation locations,

Another successfully completed microproject is "Common Education on Beekeeping for Practice in the Beskydy Mountains", where it was possible to establish a small demonstration apiary at LS Oravská Polhora and to increase the level of knowledge and knowledge about beekeeping for the public and better opportunities through five training seminars. The final monitoring report was submitted for this project as well, and it is awaiting approval and reimbursement of project costs. For the remaining 2 projects, support contracts were signed at the end of 2018 and their real implementation will start in 2019.

| Implemented projects | Total budget of the project | Total budget of Lesy SR, s. e. | Budget of partners |
|--|-----------------------------|--------------------------------|--------------------|
| 1. Promotion of the natural and cultural heritage of the Polish-Slovak borderland via a cycling route (OZ Vranov) | 138,752.07 € | 60,871.12 € | 77,880.95 € |
| 2. Common education on beekeeping for practice in Beskydy (OZ Námestovo) | 33,406.80 € | 33,406.80 € | 0 € |
| 3. Together for conservation and restoration of biodiversity of Carpathian mountain ecosystems (OZ Lipt. Hrádok a OZ Prešov) | 594,387.41 € | 370,594.86 € | 223,792.55 € |
| 4. Education closer to nature (OZ Žilina) | 36,517.47 € | 36,517.47 € | 0 € |
| TOTAL | 803,063.75 € | 501,390.25 € | 301,673.5 € |

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



Three project applications were approved under the Interreg V-A SK-CZ Program and projects are being gradually implemented. Implementation of the project "Together for strengthening and conservation of biodiversity in Strážovské vrchy and White Carpathians", where monitoring and revitalization of meadow communities on an area of about 16 hectares was carried out in 2018, planted over 310 pieces of fruit trees, 25 observation facilities, 85 feeding facilities for game and tourist infrastructure with gazebos, information boards and a walkway. In 2019, mammal monitoring and project evaluation will take place.

At the end of 2018, other projects were still under way and LESY SR, s. e. participates only as a partner without financial participation. It is a project "Common roots do not know borders" with a budget of 8 680,00 €.

| Implemented projects | Total budget of the project code of the Project | Budget of Lesy SR, s. e. | Budget of Czech partner | Paid by Lesy SR, s. e. in 1018 |
|---|---|--------------------------|-------------------------|--------------------------------|
| 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 € | 30,026.70 € |
| 2. Together to the beauties of Veľká Javorina on a bicycle (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 € | 30,026.70 € |

In 2018, two other project applications were submitted, aimed at revitalizing forest communities in the border area. They will be qualitatively evaluated in 2019 and, if approved, implementation will begin in 2019.

| Implemented projects | Total budget of the project | Total budget of Lesy SR, s. e. | Budget of a Czech partner |
|--|-----------------------------|--------------------------------|---------------------------|
| 1. Together for prevention of deterioration of damaged forest ecosystems (OZ Žilina) | 700,036.14 € | 347,520.14 € | 352,516.00 € |
| 2. Together for improving the state of cross-border forest habitats (OZ Trenčín) | 690,251.37 € | 327,161.37 € | 363,090.00 € |
| TOTAL | 1,390,287.51 € | 674,681.51 € | 715,606.00 € |

Program of the cooperation

Cross-border Cooperation Program INTERREG V-A Slovak Republic



Európsky fond regionálneho rozvoja

Budujeme partnerstvá

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 started in 2018 and will continue until December 2019.

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 with 120 colonies so far, the Operational Building in Topoľčianky has been built as a model for processing bee products. In addition, the UKT was procured and extensive treatment and foundation of honey meadows and fields began. In 2019, the beekeeping museum, beekeeping environment and public events will be organized.

| Implemented projects | Total budget of the project | Total budget of Lesy SR, s. e. | Budget of a Hungarian partner | Paid by Lesy SR, s. e. in 2018 |
|---|-----------------------------|--------------------------------|-------------------------------|--------------------------------|
| 1. Hungarian and Slovak Foresters for Bees (OZ Topoľčianky) | 1,093,136.37 € | 500,950.72 € | 592,185.65 € | 95,633.42 € |
| 2. Foresters to increase environmental public awareness (OZ Levice) | 1,438,788.96 € | 723,011.04 € | 715,777.92 € | 20,585.28 € |
| 3. Common assistance to natural forests (OZ Levice) | 778,106.52 € | 366,782.32 € | 411,324.20 € | 1,870.53 € |
| TOTAL | 3,310,031.85 € | 1,590,744.08 € | 1,719,287.77 € | 118,089.23 € |

The project “Foresters for Enhancing the Environmental Public Awareness” started with the construction of the Forestry School in Levice, where, after a long public procurement process, only demolition work took place in 2018 and the construction is to be completed and put into operation at the end of 2019. center of forest pedagogy in the region.

Later, work began on the project "Common Support for Natural Forests" due to long-term controls of the procurement process. However, it is the intention of the delay in 2019 to catch up and implement 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

The EU Project Department also has the coordination and guidance of direct support for permanent grassland and arable land. In 2018, a single application for direct aid was submitted for a total of 1,295.16 hectares without burden, with an average payment of around € 212.00 / ha. We expect payment in 2019 in the amount of 274,00 K. € due to the fact that a large number of new and non-surveyed areas were added to the application.

The table below summarizes the work of the EU Projects Department through submitted and paid projects for 2018 by program. There are many projects and intentions. All to ensure the mission of exemplary management and development of entrusted state property for future generations.

| Projects under the program | Sum of ŽoNFP in € | Paid in € in 2017 | Paid in € in 2018 |
|---|-------------------|-------------------|-------------------|
| Rural Development Program of the SR 2014-2020 | 33,012,554.04 | 29,146,370.77 | 3,866,183.36 |
| INTERREG V-A- PL-SK (LESY SR, s. e.) | 501,390.25 | 0.00 | 0.00 |
| INTERREG V-A- SK-HU (LESY SR, s. e.) | 1,590,744.08 | 0.00 | 118,089.23 |
| INTERREG V-A- SK-CZ (LESY SR, s. e.) | 904,220.82 | 0.00 | 30,026.70 |
| Direct support | 274,000.00 | 0.00 | 0.00 |
| Total | 36,282,909.19 | 29,146,370.77 | 4,014,299.29 |

Public Relations

Working with the public in the state-owned enterprise LESY Slovak Republic is a long-term and continuous process consisting of publishing professional articles, popular educational contributions, and activities for the public. In recent years, the state-owned enterprise has increasingly focused on promoting forestry on several web portals. In order to increase the attractiveness of the data provided, the state-owned enterprise in 2018 decided to redesign the website. Its new version has been available to users since October 2018.

Communication projects

In the course of 2018, two new communication projects aimed at a group of adolescents were added to the communication projects I planted a tree, LESY SKI CUP, Dart collecting together with LESMI SR and Helping Birds of Our Forests.

As part of the Forest Traps project, the issue of the spread of subcortical insects in the spruces was presented, while in the project Behind the Fence, participants were involved in the active protection of the forest against damage caused by animals. Both of these projects are aimed at involving the forestry but mainly the lay public in the issue of active forest protection.

Forest technology

In 2018, the state-owned enterprise provided a forest pedagogy course for 18 employees, bringing the number of certified teachers to 250. Forest educators together with foresters organized 753 events for children and the public, attended by 92,610 visitors. The biggest event was traditionally the Tree Day, which was visited by almost 17,000 people on 14th July 2018.

Forest educational trails

A network of 34 forestry walkways (LNCH) with a total length of 210 km is an inseparable part of the work with the public within the state enterprise LESY SR. In 2018, in addition to the reconstruction of the most damaged parts of the pavements, the state-owned company earmarked funds for the commencement of work on new nature trails, which will be completed in 2019. The best known of the LNCH - Forest Time Trail in the Forestry Open-Air Museum with a length of 4.2 km and 83 stops this year was visited by 68,371 visitors, of whom 2635 were foreigners from 22 countries.

For the fifth time, the foresters organized a tourist crossing through the "Path of Joseph Dekret Matejovie". It took place on October 20 in Černá Balog in the birthplace of this important Slovak forester.

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. This year, Hrhovské (in) desolate lands declared on May 10, 2018 were added to important forest sites and the Dobročský prales forest closed fifty important forest sites on 20 October.

Forestry and Woodworking Museum in 2018

The Forestry and Woodworking Museum in Zvolen, as an organizational part of the state enterprise LESY of the Slovak Republic, is a national specialized museum established in accordance with the Act of the National Council of the Slovak Republic no. 206/2009 Coll. on museums and galleries and on the protection of cultural objects. It is the only national museum focusing on forestry and timber documentation.

Based on research and scientific research, the mission of the museum is to collect, valorise, professionally process, protect collection items and to preserve and present them as part of the cultural heritage. In its collections of forestry, timber, mycology, history, archaeology, numismatics and ethnology, it holds 52,151 pieces of collection items. There are 65,496 items in the non-collection documentation. Through its own programs and projects, the museum also worked with the public throughout the company.

During the year, the museum team expanded the museum's collections by 811 subjects, professionally processed 499 collections, realized 13 short-term exhibitions and 14 cultural events, provided advisory services to 52 researchers, wrote 33 articles, realized 54 media outputs and 50 accompanying activities in the museum. The most important events included the international conference konfer100 Years of Joint Management, which included the publication of the Jubilee Grove and the International Exhibition 100 Years.

-100 forest artefacts, be realized with the support of the Ministry of Industry and Trade of the Slovak Republic on the occasion of the 100th anniversary of the establishment of Czechoslovakia. A record attendance was also recorded by the Night of Museums and the Forestry - a hiking march through the D.Forestry Trail of J. D. Matejovie associated with the unveiling of the 50th important forest site of the Dobroč Forest.

On September 7, 2018 in Nitra Ing. Marian Staník The annual award of the magazine Monuments and Museums for the long-term project Significant Forestry Sites, realized by the team of the museum.

In 2018, the museum's expositions and exhibitions were viewed and the museum's events were visited by 36,545 visitors.



Balance Sheet (in €)

| Assets | No. | Gross | Correction | Net | Prev. period |
|--|-----|---------------|-------------|-------------|--------------|
| Total Assets (lines 2+33+74) | 1 | 1,229,222,852 | 326,156,769 | 903,066,083 | 901,427,418 |
| Non-current assets (lines 3+11+21) | 2 | 1,134,351,208 | 320,056,656 | 814,294,552 | 808,797,752 |
| Non-current intangible assets (lines 4 to 10) | 3 | 23,571,488 | 14,430,609 | 9,140,879 | 10,411,109 |
| Capitalized development costs (012) - /072, 091A/ | 4 | 11,693 | 11,693 | 0 | 0 |
| Software (013) - /073, 091A/ | 5 | 18,811,489 | 11,223,609 | 7,587,880 | 8,797,813 |
| Valuable rights (014) - /074, 091A/ | 6 | 205,421 | 202,120 | 3,301 | 5,349 |
| Goodwill (015) - /075, 091A/ | 7 | | | 0 | 0 |
| Other non-current intangible assets (019, 01X) - /079, 07X, 091A) | 8 | 4,136,575 | 2,993,187 | 1,143,388 | 1,410,557 |
| Acquisition of non-current intangible assets (041) - /093/ | 9 | 406,310 | | 406,310 | 197,390 |
| Advances for non-current intangible assets (051) - /095A/ | 10 | | | 0 | 0 |
| Non-current tangible assets (lines 12 to 20) | 11 | 1,110,765,027 | 305,611,354 | 805,153,673 | 798,386,643 |
| Land (031) - /092A/ | 12 | 523,593,292 | 37,204 | 523,556,088 | 523,142,692 |
| Buildings (021) - /081, 092A/ | 13 | 432,970,083 | 210,485,478 | 222,484,605 | 221,849,413 |
| Individual tangible assets and sets of tang. assets (022) - /082, 092A/ | 14 | 133,168,337 | 94,609,816 | 38,558,521 | 35,893,093 |
| Perennial crops (025) - /085, 092A) | 15 | 88,753 | 45,917 | 42,836 | 46,944 |
| Livestock and draft animals (026) - /086, 092A/ | 16 | 146,887 | 90,623 | 56,264 | 40,982 |
| Other non-current tangible assets (029, 02X, 032) - /089, 08x, 092A/ | 17 | 409,267 | | 409,267 | 409,267 |
| Acquisition of non-current tangible assets (042) - /094/ | 18 | 20,388,408 | 342,316 | 20,046,092 | 17,004,252 |
| Advances for non-current intangible assets (52) - /095A/ | 19 | 0 | 0 | 0 | 0 |
| Adjustments to acquired assets (+/- 097) +/- 098 | 20 | 0 | 0 | 0 | 0 |
| Non-current financial assets (lines 22 to 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 |
| Advances for non-current financial assets (053) - /095A/ | 32 | 0 | 0 | 0 | 0 |
| Current assets (lines 34+41+53+66+71) | 33 | 93,558,103 | 6,100,113 | 87,457,990 | 91,723,518 |
| Inventory lines (lines 35 to 40) | 34 | 28,169,972 | 1,858,898 | 26,311,074 | 22,317,008 |
| Material (112, 119, 11X) - /191, 19X/ | 35 | 1,806,422 | 66 | 1,806,356 | 1,433,596 |
| Work in progress and semi-finished products (121, 122, 12X) - /192, 193, 19X/ | 36 | 9,116,283 | 228,228 | 8,888,055 | 8,217,094 |
| Products (123) - /194/ | 37 | 16,712,306 | 1,568,230 | 15,144,076 | 12,204,743 |
| Livestock (124) - /195/ | 38 | 453,733 | 62,374 | 391,359 | 387,104 |
| Merchandise (132, 133, 13X, 139) - /196, 19X) | 39 | 20,606 | 0 | 20,606 | 16,535 |
| Advances for inventory (314A) - /391A/ | 40 | 60,622 | 0 | 60,622 | 57,936 |
| Non-current receivables (lines 42+46 to 52) | 41 | 0 | 0 | 0 | 0 |
| Trade receivables (lines 43 to 45) | 42 | 0 | 0 | 0 | 0 |

| Assets | No. | Gross | Correction | Net | Prev. period |
|--|-----|------------|------------|------------|--------------|
| Trade receivables from related accounting units (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/ | 43 | 0 | 0 | 0 | 0 |
| Trade receivables from other account. entities excluding receivables from 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 |
| Current (lines 54+58 to 65) | 53 | 30,541,822 | 4,241,215 | 26,300,607 | 27,121,649 |
| Trade receivables (lines 55 to 57) | 54 | 29,431,384 | 4,241,215 | 25,190,169 | 23,088,542 |
| Trade receivables from related accounting units (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/ | 55 | 2,122 | 0 | 2,122 | 5,346 |
| Trade receivables from other account. entities excluding receivables from related accounting units (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/ | 56 | 0 | 0 | 0 | 0 |
| Other trade receivables (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/ | 57 | 29,429,262 | 4,241,215 | 25,188,047 | 23,083,196 |
| Net order value (316A) | 58 | 0 | 0 | 0 | 0 |
| Other receivables from other accounting entities excluding related accounting units. (351A) - /391A/ (351A) - /391A/ | 59 | 0 | 0 | 0 | 0 |
| Other receivables from other accounting entities excluding 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 | 994,832 | | 994,832 | 3,897,706 |
| Receivables from derivative transactions (373A, 376A) | 64 | 0 | 0 | 0 | 0 |
| Other receivables (335A, 33XA, 371A, 374A, 375A, 378A) - /391A/ | 65 | 115,606 | | 115,606 | 135,401 |
| Current financial assets total (lines 67 to 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 (252) | 69 | 0 | 0 | 0 | 0 |
| Acquired current financial assets (259, 314A) - /291A/ | 70 | 0 | 0 | 0 | 0 |
| Financial accounts (lines 72 and 73) | 71 | 34,846,309 | 0 | 34,846,309 | 42,284,861 |
| Cash /211, 213, 21X/ | 72 | 137,638 | 0 | 137,638 | 118,277 |
| Bank Accounts (221A, 22X, +/- 261) | 73 | 34,708,671 | 0 | 34,708,671 | 42,166,584 |
| Accruals and deferrals (lines 75 to 78) | 74 | 1,313,541 | 0 | 1,313,541 | 906,148 |
| Non-current prepaid expenses (381A, 382A) | 75 | 0 | 0 | 0 | 0 |
| Current prepaid expenses (381A, 382A) | 76 | 1,105,988 | 0 | 1,105,988 | 705,269 |
| Non-current accrued income (385A) | 77 | 0 | 0 | 0 | 0 |
| Current accrued income (385A) | 78 | 207,553 | 0 | 207,553 | 200,879 |

| Liabilities | Line | Current Acc. Period | | | Prev. period |
|--|------|---------------------|---|---|--------------|
| Stockholder's equity and liabilities, total (lines 80+101+141) | 79 | 903,066,083 | 0 | 0 | 901,427,418 |
| Stockholder's equity (lines 81+85+86+87+90+93+97+100) | 80 | 758,836,011 | 0 | 0 | 760,554,244 |
| Equity capital, total (lines 82 to 84) | 81 | 742,885,041 | 0 | 0 | 742,465,247 |
| Equity capital (411 or +/- 491) | 82 | 742,465,247 | 0 | 0 | 742,142,800 |
| Change in equity capital +/- 419 | 83 | 419,794 | 0 | 0 | 322,447 |
| 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 (lines 88+89) | 87 | 4,592,538 | 0 | 0 | 4,215,538 |
| Statutory reserve fund and indivisible fund (417A, 418, 421A, 422) | 88 | 4,592,538 | 0 | 0 | 4,215,538 |
| Reserve fund on equity (417A, 421A) | 89 | 0 | 0 | 0 | 0 |
| Other funds from profit (lines 91 a 92) | 90 | 2,155,653 | 0 | 0 | 2,975,576 |
| Statutory funds (423, 42X) | 91 | 504,334 | 0 | 0 | 699,610 |
| Other funds (427, 42X) | 92 | 1,651,319 | 0 | 0 | 2,275,966 |
| Other revaluation adjustments, total (lines 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 |
| Other revaluation adjustments related to merging and splitting (+/- 416) | 96 | 0 | 0 | 0 | 0 |
| Economic results from previous years (lines 98+99) | 97 | 3,617,722 | 0 | 0 | 3,022,411 |
| Retained earnings from previous years (428) | 98 | 3,617,722 | 0 | 0 | 3,022,411 |
| Accumulated losses from previous years (/ - / 429) | 99 | 0 | 0 | 0 | 0 |
| Economic result for the accounting period after tax +/- line 01 – (81+85+86+87+90+93+97+101+141) | 100 | 5,231,896 | 0 | 0 | 7,522,311 |
| Liabilities (lines 102+118+121+122+136+139+140) | 101 | 92,067,736 | 0 | 0 | 83,485,881 |
| Non-current liabilities (lines 103+107 to 117) | 102 | 14,730,399 | 0 | 0 | 14,130,759 |
| Non-current trade liabilities, total (lines 104 to 106) | 103 | 12,543 | 0 | 0 | 12,543 |
| Trade liabilities towards related accounting units (321A, 475A, 476A) | 104 | 0 | 0 | 0 | 0 |
| Trade liabilities concerning investment shares excluding 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 non-current liabilities (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 | 430,865 | 0 | 0 | 440,350 |
| 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 | 14,286,991 | 0 | 0 | 13,677,866 |
| Non-current reserves (lines 119 to 120) | 118 | 24,616,558 | 0 | 0 | 21,798,123 |
| Statutory reserves (451A) | 119 | 11,363,316 | 0 | 0 | 9,248,440 |
| Other reserves (459A, 45XA) | 120 | 13,253,242 | 0 | 0 | 12,549,683 |
| Non-current bank credits (461A, 46XA) | 121 | 0 | 0 | 0 | 0 |
| Current liabilities, total (lines 123+127 to 135) | 122 | 32,437,026 | 0 | 0 | 31,350,171 |
| Trade liabilities, total (lines 124 to 126) | 123 | 20,758,979 | 0 | 0 | 21,151,156 |

| Liabilities | Line | Current Acc. Period | | | Prev. period |
|--|------|---------------------|---|---|--------------|
| Trade liabilities towards related accounting units (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA) | 124 | 98,415 | 0 | 0 | 83,064 |
| 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 | 20,660,564 | 0 | 0 | 21,068,092 |
| 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 units (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 | 3,355,804 | 0 | 0 | 3,107,315 |
| Social fund payables (336A) | 132 | 2,950,979 | 0 | 0 | 3,128,953 |
| Tax liabilities and subsidies (341, 342, 343, 345, 346, 347, 34X) | 133 | 1,697,407 | 0 | 0 | 1,515,854 |
| Liabilities from derivative transaction (373A, 377A) | 134 | 0 | 0 | 0 | 0 |
| Other liabilities (372A, 379A, 474A, 475A, 479A, 47XA) | 135 | 3,673,857 | 0 | 0 | 2,446,893 |
| Current reserves (lines 137+138) | 136 | 20,283,753 | 0 | 0 | 16,206,828 |
| Statutory reserves (323A, 451A) | 137 | 7,929,364 | 0 | 0 | 6,091,208 |
| Other reserves (323A, 32X, 459A, 45XA) | 138 | 12,354,389 | 0 | 0 | 10,115,620 |
| 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 (lines 142 to 145) | 141 | 52,162,336 | 0 | 0 | 57,387,293 |
| Non-current accrued expenses (383A) | 142 | 0 | 0 | 0 | 0 |
| Current accrued expenses (383A) | 143 | 17,287 | 0 | 0 | 7,477 |
| Non-current deferred income (384A) | 144 | 45,687,510 | 0 | 0 | 51,720,535 |
| Current deferred income (384A) | 145 | 6,457,539 | 0 | 0 | 5,659,281 |

Profit and Loss Statement (31 December 2018)

| Text | Line | Current Acc. Period | Prev. period |
|---|------|---------------------|--------------|
| Net sales (part of acc. class 6 according to law) | 1 | 235,478,941 | 225,416,449 |
| Total revenues from economic activities (lines 03 to 09) | 2 | 256,560,511 | 234,248,084 |
| Revenues from sales of goods (604, 607) | 3 | 47,703 | 50,353 |
| Revenues from sales of own goods (601) | 4 | 221,658,579 | 213,202,598 |
| Revenues from sales of goods (602, 606) | 5 | 13,772,660 | 12,163,498 |
| Change in in-house stocks +/- (accounting class 61) | 6 | 3,602,849 | -1,068,965 |
| Capitalization (accounting class 62) | 7 | 8,746,057 | 4,009,458 |
| Revenues from sales of non-current intangible assets, non-current tangible assets and material (641, 642) | 8 | 1,368,289 | 309,513 |
| Other revenues from economic activities (644, 645, 646, 648, 655, 657) | 9 | 7,364,374 | 5,581,629 |
| Total costs of economic activities (lines 11+12+13+14+15+20+21+24+25+26) | 10 | 249,789,486 | 224,939,469 |
| Costs of procurement of sold goods (504, 507) | 11 | 28,268 | 26,615 |
| Consumption of material, energy and other non-storage supplies (501, 502, 503) | 12 | 23,143,448 | 19,756,984 |
| Adjustments to inventory +/- (505) | 13 | -2,714 | 8,418 |
| Services (accounting class 51) | 14 | 115,538,319 | 102,291,727 |
| Total personal costs (lines 16 to 19) | 15 | 78,223,691 | 74,926,162 |

| Text | Line | Current Acc. Period | Prev. period |
|--|------|---------------------|--------------|
| Labour costs (521, 522) | 16 | 53,319,786 | 50,868,667 |
| Rewards of members of company and cooperative bodies (523) | 17 | 13,880 | 12,800 |
| Social insurance costs (524, 525, 526) | 18 | 20,133,478 | 19,323,835 |
| Social costs (527, 528) | 19 | 4,756,547 | 4,720,860 |
| Taxes and fees (accounting class 53) | 20 | 7,050,941 | 7,014,544 |
| Depreciation and adjustments to non-current intangible and tangible assets (lines 22+23) | 21 | 18,919,363 | 17,401,960 |
| Depreciation of non-current intangible and tangible assets (551) | 22 | 18,889,864 | 17,479,695 |
| Adjustments to non-current intangible and tangible assets (+/-) (553) | 23 | 29,499 | -77,735 |
| Net book value of non-current assets and material sold (541, 542) | 24 | 227,260 | 164,382 |
| Adjustments to receivables (+/-) (547) | 25 | -2,494,596 | -32,013 |
| Other costs of economic activities (543, 544, 545, 546, 548, 549, 555, 557) | 26 | 9,155,506 | 3,380,690 |
| Result of economic activities (+/-) (lines 2-10) | 27 | 6,771,025 | 9,308,615 |
| Added value (r.3+4+5+6+7) – (lines 11+12+13+14) | 28 | 109,120,527 | 106,273,198 |
| Total revenues from financial activities (lines 30+31+35+39+42+43+44) | 29 | 24,214 | 32,119 |
| Sales of securities and shares (661) | 30 | 0 | 0 |
| Revenues from long-term financial assets (lines 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) | 33 | 0 | 0 |
| Other revenues from securities and shares (665A) | 34 | 0 | 0 |
| Revenues from current financial assets (lines 36 to 38) | 35 | 0 | 0 |
| 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 (lines 40+41) | 39 | 24,007 | 31,793 |
| Interest on revenues from related accounting units (662A) | 40 | 0 | 0 |
| Other interest on revenues (662A) | 41 | 24,007 | 31,793 |
| Exchange rate gain (663) | 42 | 2 | 2 |
| "Revenues from re-evaluation of securities and revenues from derivative transactions (664, 667) | 43 | 0 | 0 |
| Other revenues from financial activities (668) | 44 | 205 | 324 |
| Total costs of financial activities (lines 46+47+48+49+52+53+54) | 45 | 42,730 | 35,444 |
| 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 (r.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 | 447 | 2,470 |
| Costs of re-evaluation of securities and costs derivative transactions (564, 567) | 53 | 0 | 0 |
| Other costs of financial activities (568, 569) | 54 | 42,283 | 32,974 |
| Result of financial activities (+/-) (r.29-45) | 55 | -18,516 | -3,325 |
| Economic result for the accounting period, before tax +/-) (lines 27+55) | 56 | 6,752,509 | 9,305,290 |
| Income tax (lines 58+59) | 57 | 1,520,613 | 1,782,979 |
| Income tax due (591, 595) | 58 | 911,488 | 940,512 |
| Income tax deferred (+/-) (592) | 59 | 609,125 | 842,467 |
| Transfer of shares on economic result to company partners (+/- 596) | 60 | 0 | 0 |
| "Economic result for the accounting period, after tax (+/-) (lines 56-57-60) | 61 | 5,231,896 | 7,522,311 |

Notes to the Financial Statements as of 31 December 2018

(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 | 3,635 | 3,566 |
| Number of employees on the balance sheet up to date: | 3,587 | 3,546 |
| Out of which managers | 6 | 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 2018 are drawn up as regular financial statements pursuant to Section 17 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 2018 – 31 December 2018 accounting period.

f. 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 21 May 2018.

B. Company bodies

a. Company bodies

General Director

Ing. Marian Staník

I. First 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.

a) Trade name and registered office of the consolidating entity

Ministry of Finance SR
Štefaničova 5
Bratislava

b) Name and seat of consolidated entity for a group of entities. Ministry of Finance SR

Štefaničova 5
Bratislava

c) 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 Period of Use in Year | Depreciati on method | Yearly depreciation rate in % |
|-------------------------------|---|-------------------------|----------------------------------|
| Capitalized development costs | 5 | Straight line | 20 |
| Software | 5 and 7 | Straight line | 20 and 14.3 |
| Rateable rights | 5 | Straight line | 20 |
| Other intangible fixed assets | 5 and 10 | Straight line | 20 and 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

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-off 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 Period of Use in Year | 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 × % 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 September 2013.

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 forest management. The creation of reserve is based on the actual volume of felling timber compared to annual balance which is based on the Forest 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 2018 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.

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 2018.

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 2018.

The provision for severance pay and anniversaries is calculated by an insurance mathematician. The provision, as of 31 December 2018, includes future contributions pursuant to the legislative amendment valid from 1 January 2011. According to the collective agreement in force in 2019, 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 write-offs 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 2018, 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.

| Intangible fixed assets | Current accounting period | | | | | | | |
|---|-------------------------------|-----------|-----------------|----------|------------|---------------|------------------------------------|------------|
| | Capitalized development costs | Software | Rateable rights | Goodwill | Other NCIA | Acquired NCIA | Advance payments received for NCIA | Total |
| a. | b. | c. | d. | e. | f. | g. | h. | i. |
| Residual value | | | | | | | | |
| Balance at the beginning of accounting period | 0 | 8,797,813 | 5,349 | | 1,410,557 | 197,390 | | 10,411,109 |
| Balance at the end of accounting period | 0 | 7,587,880 | 3,301 | | 1,143,388 | 406,310 | | 9,140,879 |

Table 2

| Intangible fixed assets | Previous accounting period | | | | | | | |
|---|-------------------------------|------------|-----------------|----------|------------|---------------|------------------------------------|------------|
| | Capitalized development costs | Software | Rateable rights | Goodwill | Other NCIA | Acquired NCIA | Advance payments received for NCIA | Total |
| a. | b. | c. | d. | e. | f. | g. | h. | i. |
| Primary valuation | | | | | | | | |
| Balance at the beginning of accounting period | 11,693 | 8,333,538 | 201,050 | | 4,167,895 | 9,448,930 | | 22,163,106 |
| Accumulated depreciation | | 9,366,461 | 4,370 | | 415,508 | 534,823 | | 10,321,162 |
| Decreases | | 24,259 | | | 182,057 | 9,786,363 | | 9,992,679 |
| Transfers | | | | | | | | |
| Balance at the end of accounting period | 11,693 | 17,675,740 | 205,420 | | 4,401,346 | 197,390 | | 22,491,589 |
| Accumulated depreciation | | | | | | | | |
| Balance at the beginning of accounting period | 10,777 | 7,087,675 | 198,605 | | 2,835,020 | | | 10,132,077 |
| Accumulated depreciation | 916 | 1,814,511 | 1,466 | | 337,826 | | | 2,154,719 |
| Decreases | | 24,258 | | | 182,057 | | | 206,315 |
| Balance at the end of accounting period | 11,693 | 8,877,928 | 200,071 | | 2,990,789 | | | 12,080,481 |
| Value adjustments | | | | | | | | |
| Balance at the beginning of accounting period | | | | | | | | |
| Accumulated depreciation | | | | | | | | |
| Decreases | | | | | | | | |
| Balance at the end of accounting period | | | | | | | | |
| Balance at the beginning of accounting period | 916 | 1,245,863 | 2,445 | | 1,332,875 | 9,448,930 | | 12,031,029 |
| Balance at the end of accounting period | 0 | 8,797,813 | 5,349 | | 1,410,557 | 197,390 | | 10,411,109 |

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

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

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

Table I

| Tangible fixed assets | Current accounting period | | | | | | | | Total |
|---|---------------------------|--------------|--|-----------------------------------|-----------------------------|------------|---------------|------------------------------------|---------------|
| | Land | Construction | Separate movables and sets of movables | Planting units of permanent crops | Livestock and draft animals | Other NCIA | Acquired NCIA | Advance payments received for NCIA | |
| a. | b. | c. | d. | e. | f. | g. | h. | i. | j. |
| Primary valuation | | | | | | | | | |
| Balance at the beginning of accounting period | 523,179,896 | 425,635,519 | 124,443,465 | 88,753 | 139,328 | 409,267 | 17,199,412 | | 1,091,095,640 |
| Accumulated depreciation | 784,186 | 7,906,636 | 11,492,293 | | 28,432 | | 22,937,529 | | 43,149,076 |
| Decreases | 370,790 | 572,072 | 2,767,421 | | 20,873 | | 19,748,533 | | 23,479,689 |
| Transfers | | | | | | | | | |
| Balance at the end of accounting 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 the beginning of accounting period | | 197,918,360 | 88,406,273 | 41,809 | 98,346 | | | | 286,464,788 |
| Accumulated depreciation | | 7,767,299 | 8,438,875 | 4,108 | 13,150 | | | | 16,223,432 |
| Decreases | | 565,119 | 2,764,583 | | 20,873 | | | | 3,350,575 |
| Balance at the end of accounting period | | 205,120,540 | 94,080,565 | 45,917 | 90,623 | | | | 299,337,645 |
| Value adjustments | | | | | | | | | |
| Balance at the beginning of accounting period | 37,204 | 5,867,746 | 144,100 | | | | 195,160 | | 6,244,210 |
| Accumulated depreciation | | 569,830 | 422,613 | | | | 176,596 | | 1,169,039 |
| Decreases | | 1,072,638 | 37,462 | | | | 29,440 | | 1,139,540 |
| Balance at the end of accounting period | 37,204 | 5,364,938 | 529,251 | | | | 342,316 | | 6,273,709 |
| Residual value | | | | | | | | | |
| Balance at the beginning of accounting period | 523,142,692 | 221,849,413 | 35,893,093 | 46,944 | 40,982 | 409,267 | 17,004,252 | | 798,386,643 |
| Balance at the end of accounting period | 523,556,088 | 222,484,605 | 38,558,521 | 42,836 | 56,264 | 409,267 | 20,046,092 | | 805,153,673 |

Table 2

| Tangible fixed assets | Previous accounting period | | | | | | | | |
|---|----------------------------|--------------|--|-----------------------------------|-----------------------------|------------|---------------|------------------------------------|---------------|
| | Land | Construction | Separate movables and sets of movables | Planting units of permanent crops | Livestock and draft animals | Other NCIA | Acquired NCIA | Advance payments received for NCIA | Total |
| a. | b. | c. | d. | e. | f. | g. | h. | i. | j. |
| Primary valuation | | | | | | | | | |
| Balance at the beginning of accounting period | 522,416,112 | 412,769,796 | 109,965,256 | 88,753 | 135,890 | 409,267 | 23,390,733 | | 1,069,175,807 |
| Accumulated depreciation | 2,572,023 | 13,696,519 | 16,422,924 | | 16,200 | | 23,564,675 | | 56,272,341 |
| Decreases | 1,808,239 | 830,796 | 1,944,715 | | 12,762 | | 29,755,996 | | 34,352,508 |
| Transfers | | | | | | | | | |
| Balance at the end of accounting period | 523,179,896 | 425,635,519 | 124,443,465 | 88,753 | 139,328 | 409,267 | 17,199,412 | | 1,091,095,640 |
| Accumulated depreciation | | | | | | | | | |
| Balance at the beginning of accounting period | | 190,781,802 | 82,849,770 | 37,701 | 101,425 | | | | 273,770,697 |
| Accumulated depreciation | | 7,967,354 | 7,517,029 | 4,108 | 9,683 | | | | 15,498,174 |
| Decreases | | 830,796 | 1,960,526 | | 12,762 | | | | 2,804,084 |
| Balance at the end of accounting period | | 197,918,360 | 88,406,273 | 41,809 | 98,346 | | | | 286,464,787 |
| Value adjustments | | | | | | | | | |
| Balance at the beginning of accounting period | | 5,943,680 | 212,930 | | | | 171,763 | | 6,328,373 |
| Accumulated depreciation | 37,204 | 411,170 | | | | | 34,141 | | 482,515 |
| Decreases | | 487,104 | 68,830 | | | | 10,744 | | 566,678 |
| Balance at the end of accounting period | 37,204 | 5,867,746 | 144,100 | | | | 195,160 | | 6,244,210 |
| Residual value | | | | | | | | | |
| Balance at the beginning of accounting period | 522,416,112 | 216,044,314 | 26,902,557 | 51,052 | 34,465 | 409,267 | 23,218,970 | | 789,076,737 |
| Balance at the end of accounting period | 523,142,692 | 221,849,412 | 35,893,093 | 46,944 | 40,983 | 409,267 | 17,004,252 | | 798,386,643 |

4. Information under Art. III (I), 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 2018 until 31 December 2018 is shown in the table below. The balance and movements of financial assets are given at acquisition cost.

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

Table 1

| Non-Current Financial Assets | Current accounting period | | | | | | | | |
|---|-------------------------------------|---|-------------------------------|-----------------------------------|------------|-------------------------|---------------|-----------------------------|-------|
| | Securities and shares in subsidiary | Securities and shares in company with essential influence | Other non-current liabilities | Loans of accounting unit in total | Other NCIA | Loans due within 1 year | Acquired NCIA | Advance on payments on NCIA | Total |
| a. | b. | c. | d. | e. | f. | g. | h. | i. | j. |
| Primary valuation | | | | | | | | | |
| Balance at the beginning of accounting period | | | 14,693 | | | | | | |
| Accumulated depreciation | | | | | | | | | |
| Decreases | | | | | | | | | |
| Transfers | | | | | | | | | |
| Balance at the end of accounting period | | | 14,693 | | | | | | |
| Value adjustments | | | | | | | | | |
| Balance at the beginning of accounting period | | | 14,693 | | | | | | |
| Accumulated depreciation | | | | | | | | | |
| Decreases | | | | | | | | | |
| Balance at the end of accounting period | | | 14,693 | | | | | | |
| Residual value | | | | | | | | | |
| Balance at the beginning of accounting period | | | 0 | | | | | | |
| Balance at the end of accounting period | | | 0 | | | | | | |

Table 2

| Non-Current Financial Assets | Previous accounting period | | | | | | | | |
|---|-------------------------------------|---|-------------------------------|-----------------------------------|------------|-------------------------|---------------|------------------------------------|-------|
| | Securities and shares in subsidiary | Securities and shares in company with essential influence | Other non-current liabilities | Loans of accounting unit in total | Other NCIA | Loans due within 1 year | Acquired NCIA | Advance payments received for NCIA | Total |
| a. | b. | c. | d. | e. | f. | g. | h. | i. | j. |
| Primary valuation | | | | | | | | | |
| Balance at the beginning of accounting period | | | 14,693 | | | | | | |
| Accumulated depreciation | | | | | | | | | |
| Decreases | | | | | | | | | |
| Transfers | | | | | | | | | |
| Balance at the end of accounting period | | | 14,693 | | | | | | |

| Non-Current Financial Assets | Previous accounting period | | | | | | | | |
|---|-------------------------------------|---|-------------------------------|-----------------------------------|------------|-------------------------|---------------|------------------------------------|-------|
| | Securities and shares in subsidiary | Securities and shares in company with essential influence | Other non-current liabilities | Loans of accounting unit in total | Other NCIA | Loans due within 1 year | Acquired NCIA | Advance payments received for NCIA | Total |
| a. | b. | c. | d. | e. | f. | g. | h. | i. | j. |
| Value adjustments | | | | | | | | | |
| Balance at the beginning of accounting period | | | 14,693 | | | | | | |
| Accumulated depreciation | | | | | | | | | |
| Decreases | | | | | | | | | |
| Balance at the end of accounting period | | | 14,693 | | | | | | |
| Book value | | | | | | | | | |
| Balance at the beginning of accounting period | | | 0 | | | | | | 0 |
| Balance at the end of accounting period | | | 0 | | | | | | 0 |

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

| Business name and registered office of company where accounting unit holds NCFA | Current accounting period | | | | |
|---|---------------------------|--------------------|--|---|--------------------|
| | Equity share in % | Voting rights in % | Value equity of company where accounting unit holds NCFA | Economic result of company where accounting unit 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 | 5.17 | 5.17 | 14,693 | | 0 |
| Červeňova 30 | | | | | 0 |
| 811 03 Bratislava | | | | | 0 |
| Acquired NCFA to exercise essential influence in another accounting unit | | | | | |
| | | | | | |
| | | | | | |
| Total non-current financial assets | x | x | x | x | 0 |

c. Inventory

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 M) about value adjustments in inventory

Table I

| Inventory | Current accounting period | | | | |
|--|---|-------------------------|---|---|---|
| | Value adjustments at the start of accounting period | Creation Of adjustments | Release of value adjustment due to cease of justification | Release of value adjustment due to disposal of asset from books | Value adjustments at the start of accounting period |
| a. | b. | c. | d. | e. | f. |
| Material | 2,781 | 0 | 2,715 | | 66 |
| Merchandise | | | | | |
| Incomplete production and semi-finished products of own production | 188,207 | 228,228 | 188,207 | | 228,228 |
| Products | 472,431 | 1,568,230 | 472,431 | | 1,568,230 |
| Livestock | 121,486 | 62,374 | 121,486 | | 62,374 |
| Total inventory | 784,905 | 1,858,832 | 784,839 | | 1,858,898 |

d. Receivables

8. Information under Art. III (I), 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 Of adjustments | Release of value adjustment due to cease of justification | Release of value adjustment due to disposal of asset from books | Value adjustments at the start of accounting period |
| a. | b. | c. | d. | e. | f. |
| Trade receivables | 6,735,868 | 737,229 | 1,715,945 | 1,515,937 | 4,241,215 |
| Other receivables | | | | | |
| Total receivables | 6,735,868 | 737,229 | 1,715,945 | 1,515,937 | 4,241,215 |

9. Information under Art. III (I), para. Q) about age structure of receivables

Table I

| Item | Due | Overdue | Total receivables |
|--------------------------------------|-------------------|------------------|-------------------|
| a. | b. | c. | d. |
| Non-current receivables | | | |
| Trade receivables | | | |
| Other receivables | | | |
| Total non-current receivables | | | |
| Current receivables | | | |
| Trade receivables | 24,864,981 | 4,566,403 | 29,431,384 |
| Receivables to partners | | | |
| Tax receivables and subsidies | 994,832 | | 994,832 |
| Other receivables | 34,740 | 80,866 | 115,606 |
| Total current receivables | 25,894,553 | 4,647,269 | 30,541,822 |

Table 2

| Receivables on the remaining maturity | Current accounting period | Previous accounting period |
|--|---------------------------|----------------------------|
| a. | b. | c. |
| Receivables overdue | 4,647,269 | 7,004,957 |
| Receivables with remaining maturity less than one year | 25,894,553 | 26,852,560 |
| Total current receivables | 30,541,822 | 33,857,517 |
| 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 € 965,195. That includes € 2,122 in trade receivables and receivables on account 346 – Subsidies from the State Budget are € 963,073 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 (I), para. T) about current financial assets

Table I

| Item | Current accounting period | Previous accounting period |
|-----------------------|---------------------------|----------------------------|
| Cash desk, valuables | 137,638 | 118,277 |
| Current bank accounts | 34,710,671 | 42,168,028 |
| Term deposits | | |
| Cash in transit | -2,000 | -1,444 |
| Total | 34,846,309 | 42,284,861 |

f. Accruals/deferrals

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

11. Information under Art. III (I), 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: | 1,105,988 | 705,269 |
| Insurance | 449,252 | 437,958 |
| Software licenses | 373,755 | 29,280 |
| Telephones, energies | 36,432 | 24,410 |
| Software – services | 88,957 | 7,229 |
| Magazine subscriptions | 11,913 | 10,812 |
| Comprehensive prepaid expenses – menageries | 113,519 | 167,084 |
| Other | 32,160 | 28,496 |
| Accrued income – long-term, out of which: | | |

| Item | Current accounting period | Previous accounting period |
|--|---------------------------|----------------------------|
| Accrued income – short-term, out of which: | | |
| Rent | 207,553 | 200,879 |
| Compensation for damages | 104,000 | 100,190 |
| Other | 513 | |
| | 103,040 | 100,689 |

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

Performance for 2018 was € 5,231,896. The planned contribution to the founder will be realized in 2019 from retained earnings of previous years in the amount of € 5,000,000.

Table 1

| Item | Current 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 |

Table 2

| Item | Previous accounting period |
|--|----------------------------|
| Accountable profit | 7,522,311 |
| Division of accountable profit | |
| Allocation to reserve fund by law | 377,000 |
| Allocation to statutory and other funds | 1,350,000 |
| Allocation to social fund | 200,000 |
| Allocation to fixed assets increase | |
| Compensation of loss from previous periods | |
| Transfer to undivided profit of previous years | 595,311 |
| Division of share in profit to partners, members | |
| Other – income tax to promoter | 5,000,000 |
| Total | 7,522,311 |

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

forest management. 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 2018 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 11,363,316 €. The total balance of the created and unused short-term and long-term reserve as of 31 December 2018 is € 17,213,666, which represents a year-on-year increase of € 3,697,816. At the same time, a forest protection provision of € 2,000,000 was created for the use in 2,000,000 € by civic associations, which were most affected by the bark beetle calamity.

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 1.75 % and earnings growth annual index of 3.00 %.

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.

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 2063.

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

The overview of provisions is presented in the table below

| Item | Current accounting period | | | | |
|---|---|------------|------------|----------|---|
| | Balance at the beginning of accounting period | Creation | Usage | Reversal | Balance at the end of accounting 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 |

| Item | Current accounting period | | | | |
|---|---|-----------|-----------|----------|---|
| | Balance at the beginning of accounting period | Creation | Usage | Reversal | Balance at the end of accounting period |
| a. | b. | c. | d. | e. | f. |
| 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 |
| Provisions - extra wage | 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 |

Table 2

| Item | Previous accounting period | | | | |
|---|---|------------|------------|-----------|---|
| | Balance at the beginning of accounting period | Creation | Usage | Reversal | Balance at the end of accounting period |
| a. | b. | c. | d. | e. | f. |
| Long-term provisions, out of which: | 20,439,275 | 3,403,464 | 1,694,490 | 350,126 | 21,798,123 |
| Silviculture provision | 8,484,031 | 2,334,573 | 1,570,164 | | 9,248,440 |
| Provision for retirement pay | 6,322,172 | 410,492 | | | 6,732,664 |
| Passive trials | 4,026,660 | 371,394 | 86,805 | 138,313 | 4,172,936 |
| Provision for fines and penalties | 50,000 | | | | 50,000 |
| Rent | 1,556,412 | 287,005 | 37,521 | 211,813 | 1,594,083 |
| Short-term provisions, out of which: | 14,740,339 | 15,141,530 | 12,362,087 | 1,312,954 | 16,206,828 |
| Silviculture provision | 3,628,200 | 4,267,410 | 3,500,728 | 127,472 | 4,267,410 |
| Provision for forest protection | 1,000,000 | 1,000,000 | 1,000,000 | | 1,000,000 |
| Unbilled supplies | 33,809 | 54,754 | 19,685 | 14,140 | 54,738 |
| Severance | 14,903 | | 14,903 | | 0 |
| Leave | 1,206,760 | 1,345,073 | 1,206,760 | | 1,345,073 |
| Employee bonuses | 2,172,451 | 2,295,075 | 2,172,451 | | 2,295,075 |
| Insurance – leave | 437,389 | 478,726 | 437,389 | | 478,726 |
| Insurance – bonuses | 915,557 | 1,238,797 | 915,557 | | 1,238,797 |
| Fines and penalties | 0 | 709,620 | | | 709,620 |
| Financial statements | 113,000 | 115,000 | 113,000 | | 115,000 |
| Other provisions | 3,539,641 | 1,505,681 | 2,542,011 | 570,971 | 1,932,340 |
| Credit notes | | 189 | | | 189 |
| Provision – retirement pay and jubilees | 543,553 | 695,159 | | 543,553 | 695,159 |
| Provision for building demolition | 0 | 228,930 | | | 228,930 |
| Rent | 329,676 | 1,081,760 | 305,268 | 23,224 | 1,082,944 |
| Passive trials | 805,400 | 125,356 | 134,335 | 33,594 | 762,827 |

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 | 59,268 | 712,163 |
| Liabilities with remaining maturity less than one year | 32,377,758 | 30,638,007 |
| Total current liabilities | 32,437,026 | 31,350,170 |
| Liabilities with remaining maturity of one to five years | 443,408 | 452,893 |
| Liabilities with remaining maturity of more than five years | 14,286,991 | 13,677,866 |
| Total non-current liabilities | 14,730,399 | 14,130,759 |

Note: Liabilities within consolidated entity are € 98,415, of which € 98,415 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: | 94,099,011 | 88,564,800 |
| Deductible | 10,932,154 | 10,385,200 |
| Taxable | 105,031,165 | 98,950,000 |
| Temporary differences between book value of assets and tax base, out of which: | 26,065,721 | 23,432,104 |
| Deductible | 26,065,721 | 23,432,104 |
| Taxable | | |
| Possible redemption of tax loss in future | | |
| Possible transfer of unused tax allowances | | |
| Income tax rate (in %) | 21 | 21 |
| Deferred tax receivable | 7,769,554 | 7,101,634 |
| Claimed tax receivable | 7,769,554 | 7,101,634 |
| Booked as cost reduction | - 667,920 | - 209,583 |
| Booked in equity | | |
| Deferred tax liability | 22,056,545 | 20,779,500 |
| Change in deferred tax liability | 1,277,045 | 1,052,050 |
| Booked as costs | 1,277,045 | 1,052,050 |
| 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 | 440,350 | 505,345 |
| Creation of social fund against expenses | 889,211 | 777,478 |
| Social fund provisioning from profit | 200,000 | 100,000 |
| Other creation of social fund | | |
| Total creation of social fund | 1,089,211 | 877,478 |
| Drawing of social fund | 1,098,696 | 942,473 |
| Closing balance of social fund | 430,865 | 440,350 |

f. Bank loans

There were no loans in 2018.

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 side

| Item | Current accounting period | Previous accounting period |
|--|---------------------------|----------------------------|
| Non-current accrued expenses , Out of which: | | |
| Current accrued expenses , Out of which: | 17,287 | 7,477 |
| Rent | 17,287 | 7,477 |
| Non-current deferred income , Out of which: | 45,687,510 | 51,720,535 |
| Investment subsidies from the state budget | 9,642,315 | 9,949,918 |
| Revenue from felling in non-state non-returned forests | 3,044,593 | 3,037,042 |
| EU funds – investment | 30,711,757 | 36,195,760 |
| Other – newly ascertained assets, easement | 2,288,845 | 2,537,815 |
| Current deferred income , Out of which: | 6,457,539 | 5,659,281 |
| Investment subsidies | 5,374,715 | 4,659,906 |
| Rent and other | 1,082,824 | 999,375 |

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 | 216,072,963 | 207,362,493 |
| Other revenues from felling | 3,390,393 | 3,652,981 |
| Seed production | 1,187,956 | 1,220,588 |
| Products | 3,547,635 | 3,164,408 |
| Low-value forest production | 74,079 | 75,527 |
| Sale of building materials | 2,556 | 2,038 |
| Wood production | 706 | 0 |
| Engineering operations | 1,489 | 6,464 |
| Other production and carpenter prod. | 511,997 | 468,491 |
| Plant production | 107,917 | 114,096 |
| Livestock production | 111,903 | 128,059 |
| Services and works for third parties | 9,073,877 | 7,924,680 |
| Other revenues from commercial activities | 259,302 | 220,303 |
| Housing management | 670,128 | 654,401 |
| Recreational facilities | 196,192 | 176,223 |
| Accommodation for hunters | 183,142 | 159,358 |

| Item | Current accounting period | Previous accounting period |
|---|---------------------------|----------------------------|
| a. | b. | c. |
| Other revenues from commercial activities | 86,706 | 86,339 |
| Total | 235,478,941 | 225,416,449 |

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 2018, the amount of 45,992 € 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 (I), para. B) about changes in internal inventory

| Item | Current accounting period | Previous accounting period | | Change in in-house inventory | |
|--|---------------------------|----------------------------|-----------------|------------------------------|----------------------------|
| | Closing balance | Closing balance | Opening balance | Current accounting period | Previous accounting period |
| a. | b. | c. | d. | e. | f. |
| Incomplete production and semi-finished products of own production | 9,116,284 | 8,405,301 | 10,022,806 | 710,983 | -1,617,505 |
| Products | 16,712,306 | 12,677,174 | 12,473,140 | 4,035,132 | 204,034 |
| Livestock | 453,733 | 508,590 | 580,857 | -54,857 | -72,267 |
| Total | 26,282,323 | 21,591,065 | 23,076,803 | 4,691,258 | -1,485,738 |
| Representation, gifts | x | x | x | | |
| Value adjustment to net realization value | x | x | x | -1,076,708 | 416,773 |
| Other | x | x | x | 11,701 | |
| Changes in internal inventory in Profit and Loss Statement | x | x | x | 3,602,849 | -1,068,965 |

The "other" sum calculates the method of accounting for the purchase of bee colonies to obtain 124 - Pets that do not have a Billing Change Account verified account but a stock acquisition account.

c. Capitalized costs and other operating income

Information under Art. IV (I), 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: | 8,746,057 | 4,009,458 |
| Non-current tangible assets – self-constructed | 8,037,385 | 3,615,154 |
| Capitalization of material and merchandise | 553,644 | 261,589 |
| Capitalization of services | 109,904 | 83,828 |
| Capitalization of own transport for inventory procurement | 45,124 | 48,887 |
| Other significant items of operating income, out of which: | 7,364,374 | 5,581,629 |
| Revenues from operational subsidies | 357,758 | 302,038 |
| Income from operating and investment contributions from EU funds | 5,317,648 | 3,704,602 |
| Investment subsidy write-offs against revenues | 563,424 | 554,189 |

| Item | Current accounting period | Previous accounting period |
|--|---------------------------|----------------------------|
| Compensation of shrinkage and other losses | 310,923 | 219,310 |
| Contractual fines and penalties | 25,279 | 54,225 |
| Compensation for air pollutants and operating restrictions | 112,628 | 28,086 |
| Income from substitution of forest stands including profit | 1,759 | 66,691 |
| Income from the written-off receivables | 2,658 | 162,775 |
| Other operating income /compensation of various cost/ | 521,707 | 455,964 |
| New assets – depreciation | 41,143 | 23,833 |
| Damages paid by insurance company (natural disasters) | 109,447 | 9,916 |
| Comprehensive prepaid expenses | | |
| Financial revenue, out of which: | 24,214 | 32,119 |
| Exchange rate gains, out of which: | 2 | 2 |
| Exchange rate gains on the balance sheet date | | |
| Other significant items of financial income, out of which: | 24,212 | 32,117 |
| Interest income | 24,007 | 31,793 |

Information under Art. IV (4) about net turnover

| Item | Current accounting period | Previous accounting period |
|---|---------------------------|----------------------------|
| Revenues from own products | 221,658,578 | 213,202,598 |
| Revenues from sales of services | 13,772,660 | 12,163,498 |
| Revenues from merchandise | 47,703 | 50,353 |
| Revenues from contracts | | |
| Revenues from sales of real estate | | |
| Other revenues related to ordinary activities | | |
| Total net turnover | 235,478,941 | 225,416,449 |

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. Number of copies:

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: | 115,538,319 | 102,291,727 |
| Costs related TO auditor, AUDIT COMPANY, out of which: | 230,779 | 231,447 |
| Audit of individual financial statements | 230,779 | 231,447 |
| Other non-audit services | | |
| <i>Other SIGNIFICANT items OF COSTS OF SERVICES provided, out of which:</i> | 115,307,540 | 102,060,280 |
| Transport | 8,299,293 | 8,446,529 |
| Out of which timber transport to dispatch store | 7,380,517 | 7,586,444 |
| Costs for timber skidding | 104,762 | 156,702 |
| Other services (account 518006,19,20,22,23,24) total | 83,601,527 | 75,647,431 |
| out of which silviculture | 16,223,648 | 14,809,167 |
| out of which harvesting – comprehensive timber production at transport site | 57,715,921 | 53,299,194 |
| out of which other harvesting activities | 2,145,354 | 1,948,095 |
| out of which seed production, nursery, low-value forest production | 1,225,237 | 891,395 |
| out of which other production activities | 2,697,880 | 2,302,954 |

| Item | Current accounting period | Previous accounting period |
|--|---------------------------|----------------------------|
| out of which overheads | 3,593,487 | 2,396,626 |
| Services paid from Euro funds | 656,511 | 392,400 |
| Rent | 5,567,731 | 5,435,273 |
| Telecommunication and post services | 789,126 | 760,239 |
| Software update and maintenance | 1,489,667 | 650,600 |
| Repairs and maintenance | 9,832,280 | 7,359,603 |
| out of which changes in provision for production losses and risks | 1,297,847 | -1,080,300 |
| Property settlement /real estates and land/ | 352,124 | 415,205 |
| Legal services | 577,651 | 1,020,534 |
| Travel expenses | 368,816 | 321,365 |
| Recondition stays | 38,979 | 38,433 |
| Provision for rent | 98,890 | -71,221 |
| Toll expenses | 146,419 | 136,974 |
| Other services – various | 3,383,764 | 1,350,213 |
| Personal costs | 78,223,691 | 74,926,162 |
| out of which salary costs | 53,319,786 | 50,868,667 |
| out of which remuneration to members of supervisory board | 13,880 | 12,800 |
| out of which social insurance | 13,382,774 | 12,985,415 |
| out of which health insurance | 5,491,022 | 5,168,137 |
| Out of which social insurance | 1,259,683 | 1,170,283 |
| out of which legal social costs | 4,756,546 | 4,720,860 |
| Other significant items of operating expenses, out of which: | 9,155,506 | 3,380,690 |
| Creation of silviculture provision | 11,552,945 | 7,601,983 |
| Reversal of silviculture provision | -6,855,026 | -6,198,364 |
| Creation of other provisions | 246,153 | 483,772 |
| Reversal of other provisions | -130,727 | -356,549 |
| Compensation for purchase of forest stands in substitution contracts | 92,807 | 157,377 |
| Property insurance | 992,732 | 949,341 |
| Fines and penalties | 10,602 | 26,034 |
| Shrinkage and losses | 50,674 | 67,012 |
| Comprehensive prepaid expenses – menageries | 53,565 | 53,565 |
| Timber purchase | 169,957 | 161,057 |
| Compensation for game management | 278 | 69,250 |
| Contributions to legal entities | 92,475 | 65,865 |
| Write-off of receivables | 2,485,973 | 0 |
| Other | 393,098 | 300,347 |
| Financial expenses, out of which: | 42,730 | 35,444 |
| EXCHANGE RATE losses, out of which: | 447 | 2,470 |
| Exchange rate losses as of the balance sheet date | 20 | 41 |
| Other SIGNIFICANT items of financial EXPENSES, out of which: | 42,283 | 32,974 |
| Bank charges | 42,283 | 32,974 |
| Other | 0 | 0 |

I. Income tax

The payable tax entered on the account No. 591 represents the withholding tax on bank interests in the amount of € 4,561 and the income tax calculated in the tax declaration in the amount of € 903,275. The amount of € 3,652 was credited to the tax due additionally for the year 2017. The Company does not have any unredeemed tax loss.

Information under Art. III Information under Art. III (5), para. 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 receivable 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 (5), para. 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 | 6,752,509 | x | x | 9,305,290 | x | x |
| Theoretical tax | x | 1,418,027 | 21 | x | 1,954,111 | 21 |
| Tax non-deductible expenses | 18,896,027 | 3,968,166 | 58.79 | 14,087,177 | 2,958,307 | 31.79 |
| Income not subject to tax | 21,347,228 | 4,482,918 | 66.39 | 18,957,317 | 3,981,037 | 42.78 |
| Redeemed tax loss | 0 | 0 | | 0 | 0 | |
| Total | 4,301,308 | 903,275 | 13.38 | 4,435,150 | 931,381 | 10.01 |
| Total reported tax | x | 903,275 | 13.38 | x | 931,381 | 10.01 |
| Withholding tax on bank interest and tax for the previous period | x | 8,213 | | x | 9,131 | |
| Deferred income tax | x | 609,125 | 9.02 | x | 842,467 | 9.05 |
| Total income tax | x | 1,520,613 | 22.52 | x | 1,782,979 | 19.06 |

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. Given that there is an area of Slovak tax law, there is a larger potentially verified in practice, there is uncertainty about how the tax authorities will apply them. The level of this uncertainty cannot be quantified and will only disappear once the legal precedents or legal precedents are available official interpretations by 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 € 49,227,478 and it may be subject to restitution proceedings.

The total net book value of torrent regulation is € 8,750,335, 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 1996.

The Company made unified valuation of forest land at reproduction acquisition cost according to the status as of 1 January 2010. The unification of forest land valuation has eliminated the effects of past misconduct,

manifested in overestimating their value. 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 2018, the value of forest stands was increased by € 118,628,938 compared to 2017.

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

| Item | Current accounting period | Previous accounting period |
|---|---------------------------|----------------------------|
| Strictly accountable forms | 86,900 | 88,224 |
| Materiel in stocks of civil protection | 19,278 | 17,109 |
| Loans from FKSP | 622 | 622 |
| Other off-balance sheet accounts | 823,621 | 739,066 |
| Other – FOREST STANDS from 1 January 2010 | 4,196,397,379 | 4,077,768,440 |

K. Information on income and emoluments of the statutory, supervisory and other company bodies

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

| Type of income, emolument | Value of income, emolument of current bodies' members | | | Value of income, emolument of former bodies' members | | |
|---------------------------|---|-------------|-------|--|-------------|-------|
| | b. | | | c. | | |
| | Statutory | Supervisory | Other | Statutory | Supervisory | Other |
| | Part 1 – Current accounting period | | | Part 1 – Current accounting period | | |
| a. | Part 2 - Previous accounting period | | | Part 2 - Previous accounting period | | |
| Monetary income | 101,942 | 17,329 | | 34,226 | 0 | |
| | 198,271 | 12,800 | | 94,841 | 0 | |
| Non-monetary income | 312 | 1,487 | | 156 | | |
| | 0 | 0 | | 0 | 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 (I), (a) the economic relations between the entity and the related parties

Table I

| Related party | Code of transaction | Value of transaction | |
|-----------------------------|----------------------|---------------------------|----------------------------|
| | | Current accounting period | Previous accounting period |
| a. | b. | c. | d. |
| Member of supervisory board | Sale of merchandise | 26,108 | 0 |
| Member of supervisory board | Purchase of material | 7,400 | 0 |
| Managers | Services provided | 118 | 0 |
| Managers | Received services | 1,696,473 | 1,586,694 |
| Managers | Sale of merchandise | 29,197 | 15,411 |
| Managers | Purchase of material | 42,133 | 0 |

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 2018 within the organizations falling within the scope of the founder of the Company.

| Related party | Type of trade | Value of transaction | |
|--|----------------------------------|----------------------|---------|
| | | 2018 | 2017 |
| Transactions with related party | | | |
| Name of person | | | |
| Central Control and Testing Institute | Received services | 581 | 333 |
| Institute of Education | Received services | 7,525 | 1,890 |
| National Stud Farm "Topolčianky" | Received services | 1,012 | 338 |
| National Stud Farm "Topolčianky" | Material procurement | 2,985 | 0 |
| Hydromeliorácie, state enterprise | Received services | 213 | 210 |
| Regional veterinary and food office | Received services | 2,509 | 2,674 |
| Museum in Svätý Anton | Received services | 12,000 | 14,000 |
| Agrocomplex – Exhibition centre Nitra | Received services | 28,099 | 22,811 |
| Breeding services of the SR, state enterprise | Received services | 0 | 37 |
| Agroinstitute Nitra, state enterprise | Received services | 347 | 398 |
| National Forest Centre | Received services | 192,015 | 217,813 |
| National Agricultural and Food Center | Received services | 14,144 | 3,727 |
| National Agricultural and Food Center | Procurement of material | 7,273 | 822 |
| State Veterinary and Food Institute | Received services | 5,192 | 6,771 |
| The Ministry of Agricultural and Rural Development | Sale of services | 0 | 894 |
| The Ministry of Agricultural and Rural Development | Sale of material | 0 | 0 |
| Forest and agricultural property | Sale of products and merchandise | 148 | 142 |
| Forest and agricultural property | Sale of services | 1,718 | 2,227 |
| Institute of Education | Sale of merchandise | 0 | 84 |
| Institute of Education | Sale of services | 158 | 25 |
| National Stud Farm "Topolčianky" | Sale of merchandise | 0 | 35 |

| Related party | Type of trade | Value of transaction | |
|--|----------------------------------|----------------------|--------|
| | | 2018 | 2017 |
| TANAP State Forests | Sale of products and merchandise | 200 | 626 |
| TANAP State Forests | Sale of services | 4,340 | 4,041 |
| Hydromeliorácie, state enterprise | Sale of services | 3,049 | 3,049 |
| Regional veterinary and food office | Sale of services | 4,326 | 912 |
| Agrocomplex – Exhibition centre Nitra | Sale of merchandise | 0 | 2,365 |
| Agrocomplex – Exhibition centre Nitra | Sale of services | 29,808 | 36,793 |
| Agroinstitute Nitra, state enterprise | Sale of services | 0 | 0 |
| Breeding services of the SR, state enterprise | Sale of services | 8,707 | 0 |
| National Forest Centre | Sale of merchandise | 67 | 0 |
| National Forest Centre | Sale of services | 24,905 | 16,813 |
| National Forest Centre | Sale of property | 0 | 0 |
| Museum in Svätý Anton | Property procurement | 0 | 6,200 |
| National Forest Centre | Property procurement | 180 | 60,373 |
| National Agricultural and Food Centre | Sale of services | 153 | 0 |
| TANAP State Forests | Received services | 3,000 | 0 |
| TANAP State Forests | Drawing of social fund | 2,555 | 0 |
| TANAP State Forests | Purchase of material | 1,127 | 0 |
| Regional veterinary and food office | Purchase of material | 0 | 2 |
| National Forest Centre | Purchase of material | 14,657 | 17,065 |
| The Ministry of Agricultural and Rural Development | Received services | 0 | 1,020 |
| National Agricultural and Food Centre | Property procurement | 0 | 250 |

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

| | Current accounting period | Previous accounting period |
|--|---------------------------|----------------------------|
| Trade receivables | 2,122 | 5,346 |
| Other receivables within consolidated entity (Receivables against Agricultural Paying Agency as a rule of entitlement to subsidies for investment projects funded by EU funds) | 963,073 | 3,897,357 |
| Total assets | 965,195 | 3,902,703 |
| Trade liabilities | 98,415 | 83,053 |
| Total liabilities | 98,415 | 83,053 |

M. Information on events occurring between the balance sheet date and the date of preparation of financial statements

After 31 December 2018, 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.

M. N. Information on equity

Information under Art. Information under Art. Information under Art. IX about equity

Table 1

| Item | Current accounting period | | | | |
|---|---|--------------------------|-----------|------------|---|
| | Balance at the beginning of accounting period | Accumulated depreciation | Decreases | Transfers | Balance at the end of accounting 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 in the event of merger, amalgamation or demerger | | | | | |
| 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 | |

Table 2

| Item | Previous accounting period | | | | |
|---|---|--------------------------|-----------|-----------|---|
| | Balance at the beginning of accounting period | Accumulated depreciation | Decreases | Transfers | Balance at the end of accounting period |
| a. | b. | c. | d. | e. | f. |
| Equity | 743,214,715 | | 1,071,915 | | 742,142,800 |
| Own shares and own ownership interest | | | | | |
| Change in equity | -1,071,915 | 822,771 | 500,324 | 1,071,915 | 322,447 |
| 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 in the event of merger, amalgamation or demerger | | | | | |
| Legal reserve fund | 3,850,538 | | | 365,000 | 4,215,538 |

| | | | | | |
|---------------------------------|-----------|-------|-----------|-----------|-----------|
| Previous accounting period | | | | | |
| Statutory funds and other funds | 3,754,151 | 2,970 | 2,231,545 | 1,450,000 | 2,975,576 |

| Item | Previous accounting period | | | | Balance at the end of accounting period |
|---|---|--------------------------|-----------|------------|---|
| | Balance at the beginning of accounting period | Accumulated depreciation | Decreases | Transfers | |
| a. | b. | c. | d. | e. | f. |
| Retained earnings from previous years | 2,656,219 | | | 366,192 | 3,022,411 |
| Accumulated losses from previous years | | | | | |
| Economic result of the current accounting period | 7,281,192 | 7,522,311 | | -7,281,192 | 7,522,311 |
| Dividend paid – Ministry of Agriculture and Rural Development of SR | | | 5,000,000 | 5,000,000 | |
| Other equity items | | | | | |
| Allocation to social fund | | | | 100,000 | |

Changes in equity on Account No. 419 in 2018 were as follows:

| | |
|------------------------------------|---------|
| Increase:..... | 529,686 |
| Stocktaking of land:..... | 432,575 |
| Specification of area:..... | 85,151 |
| Stocktaking of land:..... | 11,960 |
| Decrease:..... | 109,892 |
| Returned forest roads :..... | 2,670 |
| Specification of area:..... | 12,765 |
| Land reinstatement:..... | 86,464 |
| Stocktaking of land:..... | 5,144 |
| Delamination of land:..... | 1,289 |
| Delamination of construction:..... | 1,560 |

The company posted profit distribution for 2017 in 2018 as follows: creation of funds - statutory reserve of € 377,000 and corporate funds: development of € 50,000, extraordinary € 800,000, employee's € 50,000, representative € 50,000, bonus fund € 400,000 and € 200,000 social. The amount of € 595,311 was recognized in retained earnings for previous periods. Profit from the Ministry of Agriculture for the year 2018, amounting to € 5,000,000, was paid in two instalments of € 2,500,000.

Information under Art. Information under Art. 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 (+) | 47,703 | 50,353 |
| A. 2. | Expenses for purchase of goods | -28,268 | -26,615 |
| A. 3. | Income from sale of own goods (+) | 221,394,879 | 214,737,839 |
| A. 4. | Income from sale of services (+) | 16,354,592 | 12,296,015 |
| A. 5. | Expenses for acquisition of material, energy and other non-storable supplies (-) | -24,046,657 | -17,860,419 |
| A. 6. | Service expenses (-) | -114,791,578 | -103,135,721 |
| A. 7. | Expenses for personal costs (-) | -78,067,611 | -76,112,639 |
| A. 8. | Tax expenses excluding income tax expenses of accounting entity (-) | -7,063,695 | -7,021,206 |
| 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 (+) | | |
|--------|---|--|--|

| Item | Description | Current accounting period | Previous accounting period |
|--------|---|---------------------------|----------------------------|
| 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. | Income 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 (+) | 7,654,209 | 3,461,370 |
| A. 16. | Other income from operating activities except those stated separately in other parts of cash flow statement (+) | -1,856,084 | -3,401,227 |
| * | <i>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)</i> | 16,897,480 | 22,987,750 |
| A. 17. | Interests received except those included in operating activities (+) | 24,007 | 31,793 |
| 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 |
| | <i>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)</i> | 11,921,487 | 18,019,543 |
| 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 (+) | 4,107,502 | 29,631,576 |
| A. 23. | Extraordinary expenses related to operating activities (-) | | |
| A. | <i>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)</i> | 16,028,989 | 47,651,119 |
| | Cash flow from investing activities | | |
| B. 1. | Expenses for acquisition of non-current intangible assets (-) | -1,414,704 | -7,061,904 |
| B. 2. | Expenses for acquisition of non-current intangible assets (-) | -20,910,663 | -18,251,504 |
| B. 3. | 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. 4. | Income from sale of non-current intangible assets (+) | | |
| B. 5. | Income from sale of non-current intangible assets (+) | 1,262,571 | 232,373 |
| 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. | Expenses 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 (-) expenses for non-current loans provided by accounting entity to another accounting entity, which is included in consolidated entity (-) | | |
| B. 10. | Expenses for non-current loans provided by accounting entity to another accounting entity, which is included in consolidated entity (-) expenses 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 (-) | | |

| Item | Description | Current accounting period | Previous accounting period |
|----------|---|---------------------------|----------------------------|
| B. 14. | Expenses 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. | <i>Cash flow from OPERATING activities, (sum of B. 1 to B. 19)</i> | -21,062,796 | -25,081,035 |
| | Cash flow from financial activities | | |
| C. 1. | Cash FLOW from EQUITY (SUM FROM C.1.1. to C.1.8.) | 0 | 0 |
| 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. | Income from payment of loss by partners (+) | | |
| 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. | <i>Cash flow FROM non-current LIABILITIES and CURRENT LIABILITIES FROM financing activities, (sum from C. 2. 1. to C. 2. 9.)</i> | 0 | 0 |
| 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. | Income from loans provided to accounting entity by bank or foreign bank branch if the loans were provided for core business 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. | Income 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 for sale or trading, or if they are regarded as cash flow from investing activities (-) | | |
| C. 5. | Expenses related to derivatives, except those intended for sale or trading, or if they are regarded as cash flow from investing activities (-) | | |
| C. 6. | Expenses related to derivatives, except those intended for sale or trading, or if they are regarded as 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 (-) | -2,404,765 | -2,392,006 |
| C. | <i>(sum from C. 2. 1. to C. 2. 9.)</i> | -2,404,765 | -2,392,006 |
| D. | Increase or decrease of cash flow (+/-), (sum A+B+C) | -7,438,572 | 20,178,078 |
| E. | Balance of cash and cash equivalent at the beginning of accounting period (+/-) | 42,284,861 | 22,106,824 |
| F. | Balance of cash and cash equivalent at the end of accounting period before considering exchange rate differences as of balance sheet data (+/-) | 34,846,289 | 42,284,902 |
| G. | Balance of cash and cash equivalent at the end of accounting period before considering exchange rate differences as of balance sheet data (+/-) | 20 | -41 |
| H. | Balance of cash and cash equivalent at the end of accounting period before considering exchange rate differences as of balance sheet data (+/-) | 34,846,309 | 42,284,861 |

Independent Auditor's Report

BDR



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 2018, 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 2018 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 2018, 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 € 240,208. 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 59,975 ha in a total value of € 44,236,614 which are not recorded in the Title Deed as of 31 December 2018, 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 € 391,888 in the Title Deed, as of 31 December 2018.

Buildings and land lots having the area of 19,642 ha and amounting to € 49,227,478 are recorded as disputable property, as of 31 December 2018. Out of which 13,156 ha are recorded as owned by Slovak republic, used by LESY SR, s. e. valued to € 21,670,139. 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 2018 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, 15 March 2019



BDR, spol. s r.o. Banská Bystrica
M.M.Hodzu 3, 974 01 Banská Bystrica
Licence SKAu No 6
Trade register of the District Court in Banská
Bystrica
Section: Sro, Entry No.: 98/S, No: 00614556
*Independent member of Moore Stephens
International Limited*

Ing. Ludmila Svätová, MBA
Auditor in charge of the audit
SKAu licence No. 936



PARTNER AUDIT, s r.o.
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

BDR



AMENDMENT TO THE INDEPENDENT AUDITOR'S REPORT

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

for the Annual Report

under the Art. 27 Paragraph 6 of Act No. 423/2015 Coll. on Statutory Audit and on Amendments to Act No. 431/2002 Coll. on Accounting as amended (hereinafter the Statutory Audit Act).

I. We have audited the financial statements of the state enterprise LESY SR in Banská Bystrica, Company Registration No. 36 038 351 (hereinafter referred to as "Company"), as of 31 December 2018, annexed to the Annual Report of the state enterprise, to which we have as of 15 March 2019 issued an Independent Auditor's Report on the Audit of Financial Statement in the following terms:

Report from the Audit of the Financial Statement

Qualified opinion

We have audited the financial statements of the state enterprise LESY SR, (hereinafter referred to as "Company"), which contains the balance sheet as of 31 December 2018, profit and loss statement for the year ended as of this date, 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 2018 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" system are specified during this reconstruction. 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 2018, 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 € 240,208. In the light of numerous proceedings pending 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 59,975 ha in a total value of € 44,236,614 which are not recorded in the Title Deed as of 31 December 2018, 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 € 391,888 in the Title Deed, as of 31 December 2018.

- Buildings and land lots having the area of 19,642 ha and amounting to € 49,227,478 are recorded as disputable property, as of 31 December 2018, out of which 13,156 ha are recorded as owned by Slovak republic, used by LESY SR, s e. valued to € 21,670,139. 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 section 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 in order 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 – Amendment to the Independent Auditor's Report

The statutory body is responsible for the information contained in the Annual Report, compiled according to the requirements of the Accounting Act. Our abovementioned 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 have assessed whether the Annual Report of a state enterprise contains information required by the Act on Accounting.

Based on the work done during the audit of the financial statement, in our opinion:

- the information provided in the Annual Report compiled for the year 2018 is consistent with the financial statement for the year
- The Annual Report contains information under the Act on Accounting.

In addition, based on our knowledge of the accounting entity and the situation in the entity that we obtained during the audit of the financial statement, we are required to state whether we have identified any significant misstatements in the, Annual Report that we received prior to the date of issue of this auditor's report. In this respect, there are no findings to be stated.

Banská Bystrica, 12 June 2019



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Report on the Supervisory Board's activities

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 2018 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 Uchál, Jozef Minárik and Ing. Peter Zima as members of the Supervisory Board. In 2018, four regular meetings (3.4.2018, 25.06.2018, 01.10.2018, 04.12.2018) 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 2018 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 2017, the ongoing management of the company in 2018, the fulfilment 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 fulfilment of resolutions from previous meetings, information about board activities and discussed serious suggestions and complaints. 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. The economy of the state enterprise was greatly influenced in 2018 by the year-on-year growth of coniferous mining, in connection with the treatment of calamity wood, the increase in the average minting of wood, as well as the increase in the cost of mining and breeding activities and the repair and maintenance of state-owned assets. The production and economic indicators for 2018 were met by state-owned enterprises.

Ing. Jaroslav Regec
(chairman)

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

Due to the situation in the coniferous timber market, the state-owned enterprise declined in 2004. 2018 wood sales by approx. 5.5 mil. €. A similar situation is assumed by the company in r. 2019.

State enterprise LESY of the Slovak Republic plans in 2019 balanced management with a slight profit, while in r. In 2018, the company achieved a pre-tax profit of 6.7 mil. €.

Significant year-on-year decline in planned profit to r. 2019 is influenced by:

- increase of prices of contractor's works in cultivation activity by + 13%, in mining activity by + 7%
- increase of personnel costs by 3,4% (influence of increase of tariff wages and contribution to employees' holiday vouchers)
- a decline in the price of coniferous wood, which is related to the surplus of coniferous wood in connection with the processing of calamity in European countries.



List of abbreviations

| | |
|------------|---|
| C | - crane |
| EC | - economic result |
| IS | - informational system |
| FR | - Forest Road |
| MFW | - Museum of Forestry and Woodwork |
| FMP | - Forest Management Program |
| FWT | - forest wheeled tractor |
| FNT | - forest nature trail FM - forest management |
| NLC Zvolen | - National Forest Centre Zvolen |
| PFM | - Professional Forest Manager |
| FE | - Forest Enterprise |
| WSS | - work of social significance CA - cultivation activity |
| 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 |
| PO | - Project Office Žilina |
| DC | - Direct Costs |
| AF | - anti-fire |
| s. e. | - state enterprise |
| SF | - State Forests |
| SB | - State Budget |
| TU Zvolen | - Technical University Zvolen |
| SFM | - sustainable forest management |
| 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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