



kofola[®]
ČeskoSlovensko



TABLE OF CONTENTS

| | | |
|-------|---|------|
| A. | BOARD OF DIRECTORS REPORT | A-0 |
| 1. | KOFOLA AT A GLANCE | A-3 |
| 2. | KOFOLA GROUP | A-5 |
| 2.1. | Kofola ČeskoSlovensko | A-5 |
| 2.2. | Kofola Group | A-5 |
| 2.3. | Group structure | A-6 |
| 2.4. | Successes and Awards in 2017 | A-8 |
| 3. | BUSINESS OVERVIEW | A-9 |
| 3.1. | Business overview | A-9 |
| 4. | CORPORATE GOVERNANCE | A-17 |
| 4.1. | Shares and shareholders | A-17 |
| B. | CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS | B-0 |
| 1. | CONSOLIDATED FINANCIAL STATEMENTS | B-1 |
| 1.1. | Consolidated statement of profit or loss | B-1 |
| 1.2. | Consolidated statement of other comprehensive income | B-2 |
| 1.3. | Consolidated statement of financial position | B-3 |
| 1.4. | Consolidated statement of cash flows | B-4 |
| 1.5. | Consolidated statement of changes in equity | B-5 |
| 2. | GENERAL INFORMATION | B-7 |
| 2.1. | Corporate information | B-7 |
| 2.2. | Group structure | B-8 |
| 3. | SIGNIFICANT ACCOUNTING POLICIES | B-9 |
| 3.1. | Statement of compliance and basis of preparation | B-9 |
| 3.2. | Functional and presentation currency | B-9 |
| 3.3. | Foreign currency translation | B-10 |
| 3.4. | Consolidation methods | B-11 |
| 3.5. | Accounting methods | B-11 |
| 3.6. | Significant estimates | B-11 |
| 3.7. | Restatements and correction of errors | B-11 |
| 3.8. | Approval of consolidated financial statements | B-11 |
| 4. | NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | B-12 |
| 4.1. | Segment information | B-12 |
| 4.2. | Expenses by nature | B-16 |
| 4.3. | Other operating income | B-16 |
| 4.4. | Other operating expenses | B-16 |
| 4.5. | Finance income | B-17 |
| 4.6. | Finance costs | B-17 |
| 4.7. | Income tax | B-17 |
| 4.8. | Earnings per share | B-18 |
| 4.9. | Property, plant and equipment | B-18 |
| 4.10. | Intangible assets | B-18 |
| 4.11. | Investment in associate | B-19 |
| 4.12. | Dividends | B-19 |
| 4.13. | Bonds | B-19 |
| 4.14. | Bank credits and loans | B-20 |
| 4.15. | Future commitments, contingent assets and liabilities | B-20 |
| 4.16. | Legal and arbitration proceedings | B-20 |
| 4.17. | Related party transactions | B-21 |
| 4.18. | Financial instruments | B-22 |
| 4.19. | Subsequent events | B-23 |



| | | |
|-------|---|------|
| C. | CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS | C-0 |
| 1. | SEPARATE FINANCIAL STATEMENTS | C-1 |
| 1.1. | Separate statement of profit or loss | C-1 |
| 1.2. | Separate statement of other comprehensive income | C-1 |
| 1.3. | Separate statement of financial position | C-2 |
| 1.4. | Separate statement of cash flows | C-3 |
| 1.5. | Separate statement of changes in equity | C-4 |
| 2. | GENERAL INFORMATION | C-5 |
| 2.1. | Corporate information | C-5 |
| 3. | SIGNIFICANT ACCOUNTING POLICIES | C-7 |
| 3.1. | Statement of compliance and basis of preparation | C-7 |
| 3.2. | Functional and presentation currency | C-7 |
| 3.3. | Foreign currency translation | C-8 |
| 3.4. | Accounting methods | C-8 |
| 3.5. | Significant estimates | C-8 |
| 3.6. | Approval of separate financial statements | C-8 |
| 4. | NOTES TO THE SEPARATE FINANCIAL STATEMENTS | C-9 |
| 4.1. | Segment information | C-9 |
| 4.2. | Expenses by nature | C-9 |
| 4.3. | Other operating income | C-10 |
| 4.4. | Other operating expenses | C-10 |
| 4.5. | Finance income | C-10 |
| 4.6. | Finance costs | C-10 |
| 4.7. | Income tax | C-10 |
| 4.8. | Earnings per share | C-11 |
| 4.9. | Investment in subsidiaries | C-11 |
| 4.10. | Property, plant and equipment | C-11 |
| 4.11. | Intangible assets | C-12 |
| 4.12. | Effect of merger | C-12 |
| 4.13. | Bonds | C-12 |
| 4.14. | Bank credits and loans | C-13 |
| 4.15. | Future commitments, contingent assets and liabilities | C-13 |
| 4.16. | Financial instruments | C-13 |
| 4.17. | Related party transactions | C-14 |
| 4.18. | Subsequent events | C-15 |
| D. | APPROVAL FOR PUBLICATION | D-1 |
| 1. | STATUTORY DECLARATION AND APPROVAL FOR PUBLICATION | D-1 |

KOFOLA GROUP

a leading producer of branded non-alcoholic beverages in Central and Eastern Europe



CZK 3.4 BN 6M17
REVENUES



7
PRODUCTION PLANTS



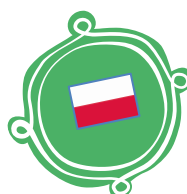
2 100
EMPLOYEES



LISTED ON
PRAGUE STOCK EXCHANGE



- ❖ no. 2 player in the soft drinks market
- ❖ Kofola and Jupí the most trustful brands in 2016 survey
- ❖ 3rd most admired company in 2016 survey



- ❖ no. 2 syrup brand
- ❖ no. 3 cola brand
- ❖ one of leading private label soft drinks producers



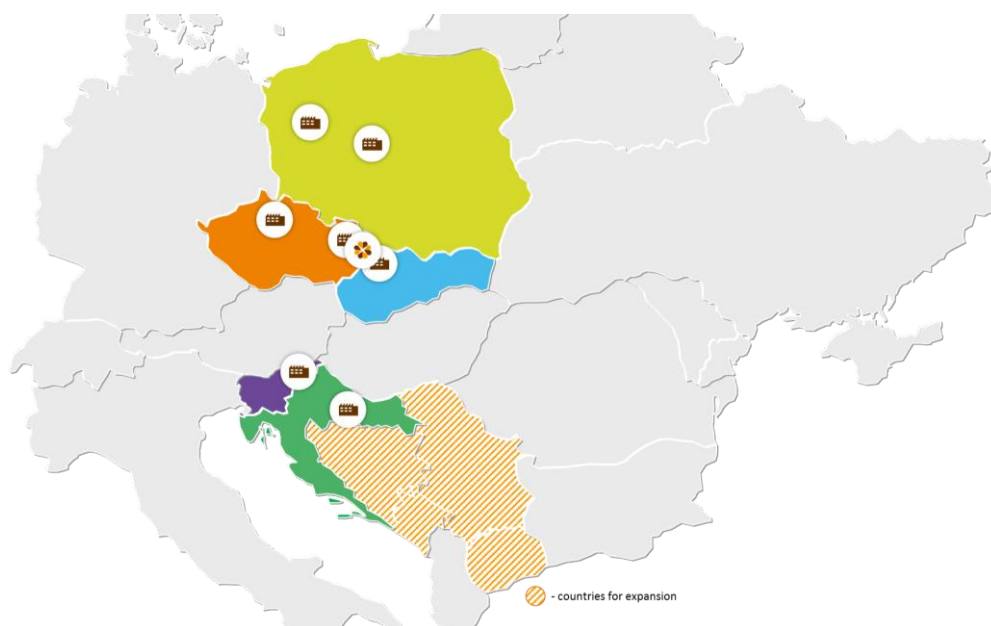
- ❖ no. 1 player in the soft drinks market in both Retail & HoReCa



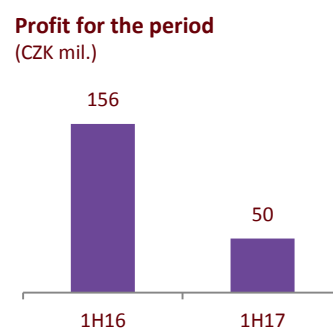
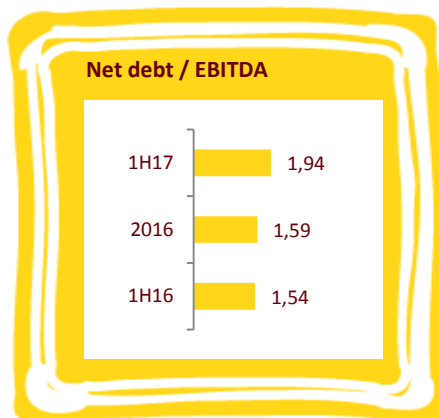
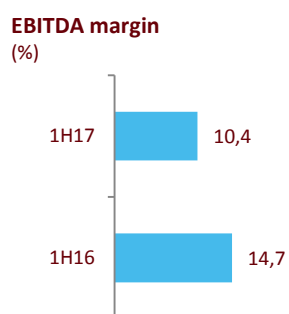
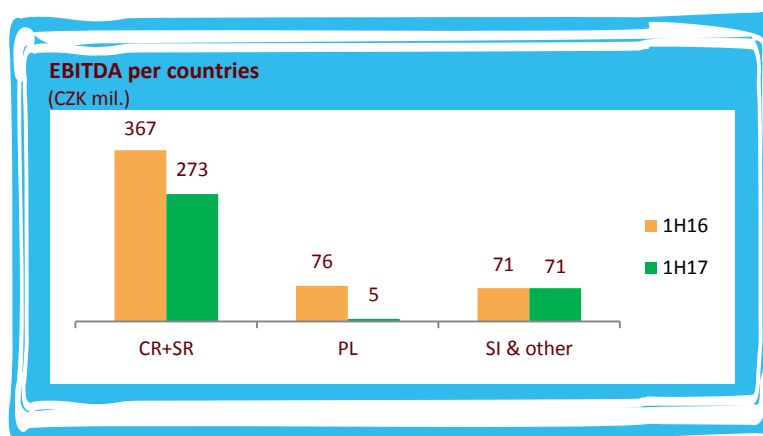
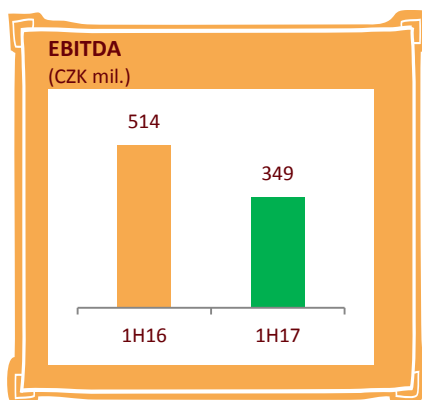
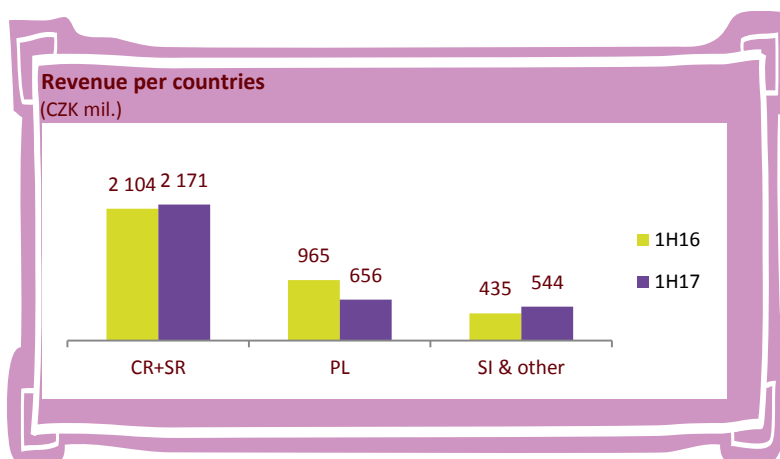
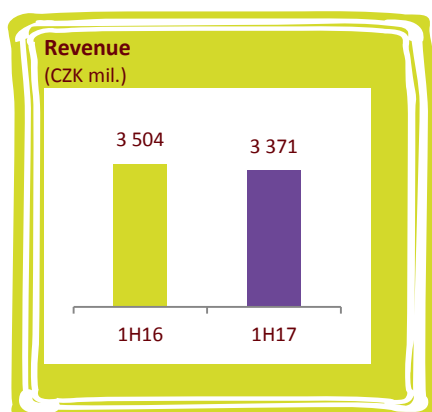
- ❖ no. 1 player in the soft drinks market in Slovenia
- ❖ no. 1 water brand in both Retail & HoReCa



- ❖ production and distribution of PepsiCo products
- ❖ no. 2 water brand
- ❖ no. 2 syrup brand



1. KOFOLA AT A GLANCE



The results and ratios above are based on adjusted results. For details on financial performance and reconciliation of reported and adjusted results refer to section 3.1.

2. KOFOLA GROUP



2.1. KOFOLA ČESKOSLOVENSKO

Kofola ČeskoSlovensko a.s. ("the Company") is a joint-stock company registered on 12 September 2012. Its registered office is Nad Porubkou 2278/31a, Ostrava, 708 00, Czech Republic and the identification number is 24261980. The Company is recorded in the Commercial Register kept by the Regional Court in Ostrava, section B, Insert No. 10735. The Company's websites are <http://www.firma.kofola.cz> and the phone number is +420 595 601 030.

2.2. KOFOLA GROUP

BASIC INFORMATION

Kofola ČeskoSlovensko a.s. is part of the Kofola Group, one of the leading producers and distributors of non-alcoholic beverages in Central and Eastern Europe. The Group has a leading market position on the CzechoSlovak market and is targeting to replicate its successes in the other CEE markets. The Group has limited activities in Russia.

The Group produces its products with care and love in seven main production plants located in the Czech Republic (two plants), Slovakia (one plant), Poland (two plants), Slovenia (one plant) and Croatia (one plant).

The Group distributes its products using a wide variety of packaging types including kegs, which enables the HoReCa channel clients to serve the widely popular drink of "Kofola Draught" while preserving its high-quality standard. The Group distributes its products through many distribution channels, including the retail channel (both the modern channel - retail chains, and the traditional channel - wholesalers and distributors serving convenience stores), as well as in the HoReCa and impulse channel, where the direct distribution concept has successfully been implemented in the Czech Republic and Slovakia.



KEY BRANDS

Key own brands include carbonated beverages Kofola, Vinea and Hoop Cola, waters Radenska, Studenac and Rajec, syrups Jupí and Paola, beverages for children Jupík, energy drinks Semtex or fresh juices and bars UGO. On selected markets, the Group distributes among others Rauch, Evian, Badoit or Vincentka products and under the licence produces RC Cola, Orangina, Rauch or Pepsi. The Group also produces and distributes water, carbonated and non-carbonated beverages and syrups under private labels for third parties, mostly big retail chains.

Despite the fact that the Group's portfolio includes more than 30, mostly well-established and recognisable brands with a wide market, the Group's key brand is Kofola.

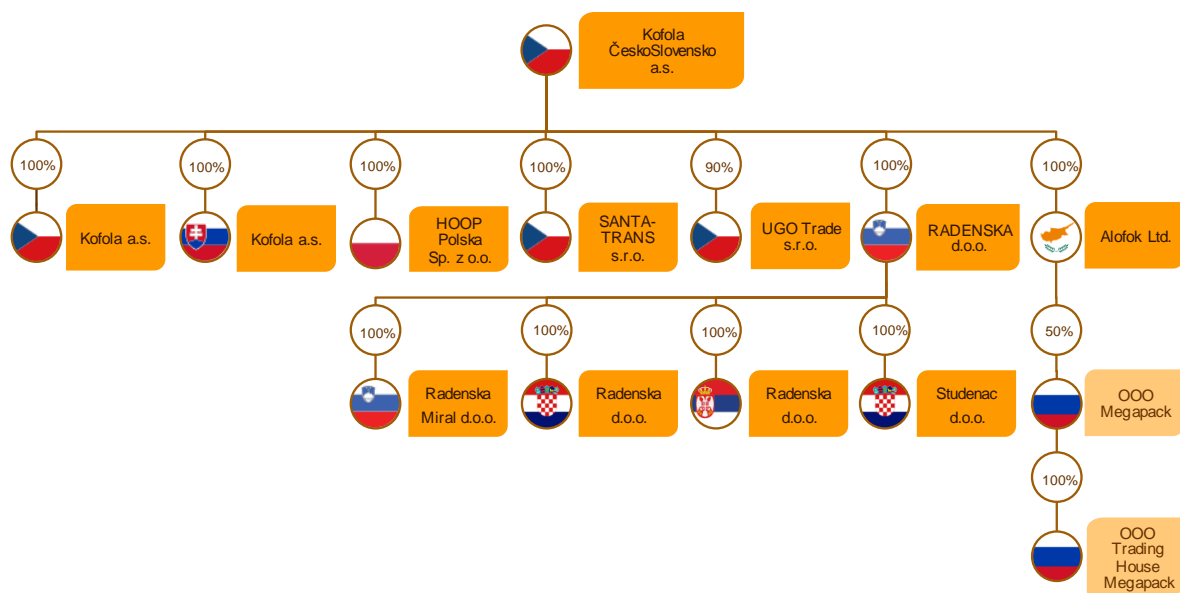
2. KOFOLA GROUP

Main brands by main markets are shown in the visualisation below:



2.3. GROUP STRUCTURE

GROUP STRUCTURE CHART AS AT 30 JUNE 2017



2. KOFOLA GROUP



DESCRIPTION OF THE GROUP COMPANIES

| Name of entity | Place of business | Principal activities | Ownership interest and voting rights | |
|---|--------------------------|--|--------------------------------------|------------|
| | | | 30.6.2017 | 31.12.2016 |
| Holding companies | | | | |
| Kofola ČeskoSlovensko a.s. Alofok Ltd. | Czech Republic Cyprus | top holding company holding | 100.00% | 100.00% |
| Production and trading | | | | |
| Kofola a.s. | Czech Republic | production and distribution of non-alcoholic beverages | 100.00% | 100.00% |
| Kofola a.s. | Slovakia | production and distribution of non-alcoholic beverages | 100.00% | 100.00% |
| Hoop Polska Sp. z o.o. | Poland | production and distribution of non-alcoholic beverages | 100.00% | 100.00% |
| UGO Trade s.r.o. | Czech Republic | operation of fresh bars chain | 90.00% | 90.00% |
| RADENSKA d.o.o. | Slovenia | production and distribution of non-alcoholic beverages | 100.00% | 100.00% |
| Studenac d.o.o. | Croatia | production and distribution of non-alcoholic beverages | 100.00% | 100.00% |
| Radenska d.o.o. | Croatia | sales support and administration | 100.00% | 100.00% |
| Radenska d.o.o. | Serbia | inactive | 100.00% | 100.00% |
| Radenska Miral d.o.o. | Slovenia | trademark licensing | 100.00% | 100.00% |
| Sicheldorfer GmbH | Austria | closed | n/a | 100.00% |
| Transportation | | | | |
| SANTA-TRANS s.r.o. | Czech Republic | road cargo transport | 100.00% | 100.00% |
| Associated companies | | | | |
| OOO Megapack | Russia | production of non-alcoholic and low-alcoholic beverages | 50.00% | 50.00% |
| OOO Trading House Megapack | Russia | sale and distribution of non-alcoholic and low-alcoholic beverages | 50.00% | 50.00% |

2. KOFOLA GROUP



2.4. SUCCESSES AND AWARDS IN 2017

Czech TOP 100 – Kofola ČeskoSlovensko a.s. the fifth most admired company in the Czech Republic in 2017. Repeatedly in top 5 since 2007.



Radenska with taste awarded „**Product of the year**” in category of mineral waters with taste in Slovenia.



Radenska classic awarded „**Trusted brand**” in category of bottled water in Slovenia.



Popai awards 2017 – Kofola awarded Popai Awards for the POS presentation Rajec kojenecký.

Agra 2017 – Radenska awarded 3 medals in an international quality assessment of fruit juices, soft drinks and bottled waters Agra.



Paola won "**Hit Handlu**" - important award on the polish market in FMCG area. The winners in each category are bestsellers, which according to retailers are particularly outstanding, attracting customers and generating sales and profits.

3. BOARD OF DIRECTORS REPORT



3.1. BUSINESS OVERVIEW

OVERALL PERFORMANCE IN 6M2017

Kofola Group managed to increase sales in its core markets in the CzechoSlovakia and Adriatic region – when total consolidated revenue in these countries grew significantly by 5.7%.

The Group's revenue on CzechoSlovak market increased by 3.2%. The increase was coming from the Horeca and Impuls channels. The good performance of key brands was further supported by healthy and fresh UGO products, which are gaining on their importance in the Group.

Adriatic region (Slovenia+Ex-Yugo) showed strong revenues growth by 19.2%, this was also influenced by the Studenac acquisition (acquired before the 2016 year-end). We continue in building our presence in Adriatic countries outside of Slovenia through own sales and a distribution organisation where we extend the brand support. CzechoSlovak and Adriatic markets have significantly growing share on overall Group revenue (78.5% in 6M2017, 71.5% in 6M2016) and adjusted EBITDA (98.6% in 6M2017, 84.9% in 6M2016).

In June 2017, Kofola took over from Titbit the production and distribution of salads. Technically, this was a purchase of assets - production technologies, employee transfer and transfer of business contracts. The division produces several thousand salads a day and is a Czech market leader in packed salads. The annual turnover is CZK 60 million.

We remain acquisitive in all relevant markets.

IMPORTANT MATTERS AFTER 30 JUNE 2017

To strengthen our competitiveness in the Polish market, we further continue with the consolidation of production capacities started last year and invest in new product development to support strategic focus on own brands. We informed about the decision to discontinue the production in Grodzisk Wielkopolski and concentrate the whole production in Poland in one plant in Kutno which was expanded and modernized in recent years. This will help to maintain high quality of products and improve the competitive edge on the Polish market. The termination of production in Grodzisk Wielkopolski will not have any negative impact on the delivery of products to existing customers. The restructuring in HOOP Polska is planned to take place in the period from August to December 2017. It is estimated that the downsizing will affect up to 136 employees of HOOP Polska in various occupational groups, representing about 36% of the total number of its employees.

An important part of the Group's current strategy in Poland is the acquisition of Premium Rosa. Premium Rosa is a forward-looking company that records double-digit sales growth and its products have its customers not only in Poland but around the world. With its acquisition, the Kofola Group has expanded its portfolio of healthy food products such as syrups, juices, jams, and other products made from medicinal plants from certified farms.

DIVIDEND PAYMENT FROM FY2016

The general meeting of the Company, held on 21 June 2017, agreed to pay out the Company's after tax profit for the year 2016 in the amount of CZK 245,705,708.13 recognised in the ordinary financial statements of the Company as at December 31, 2016 together with a part of undistributed profits of previous years in the amount of CZK 211,341,791.87, i.e. in total the amount of CZK 457,047,500 to the Company's shareholders.

The final amount paid out to the shareholders shall be reduced by the advanced dividend in the amount of CZK 156,065,000 paid on the grounds of the decision of the Board of Directors of the Company dated November 7, 2016, and thus, the amount to be paid out to the shareholders shall be CZK 300.982.500, i.e. 13.50 CZK per Company's share, before tax.

The relevant date for exercising the right to dividend was June 14, 2017.

The dividend is payable from July 21, 2017 to July 21, 2020.

ADJUSTMENTS OF REPORTED PERFORMANCE AND POSITION

Presented below is a description of the financial performance and financial position of Kofola Group in 6M2017. It should be read along with the financial statements and with other financial information contained in the attached consolidated financial statements and separate financial statements. The Board of Directors is presenting and commenting on the consolidated financial results adjusted for one-off events in the following sections of part A.

3. BOARD OF DIRECTORS REPORT

3.1.1 ADJUSTED CONSOLIDATED FINANCIAL RESULTS

| Adjusted consolidated financial results 2017 | 6M17 | One-off adjustments | 6M17 adjusted |
|--|------------------|------------------------|------------------|
| | CZK'000 | CZK'000 | CZK'000 |
| Revenue | 3 370 982 | - | 3 370 982 |
| Cost of sales | (2 035 383) | 4 526 | (2 030 857) |
| Gross profit | 1 335 599 | 4 526 | 1 340 125 |
| Selling, marketing and distribution costs | (1 057 392) | - | (1 057 392) |
| Administrative costs | (208 954) | 3 214 | (205 740) |
| Other operating income, net | 24 326 | (22 109) | 2 217 |
| Operating result | 93 579 | (14 369) | 79 210 |
| Depreciation and amortisation | 269 727 | - | 269 727 |
| EBITDA | 363 306 * | (14 369) | 348 937** |
| Finance costs, net | 2 565 | - | 2 565 |
| Income tax | (31 379) | (393) | (31 772) |
| Profit for the period | 64 765 | (14 762) | 50 003 |
| - attributable to owners of Kofola ČeskoSlovensko a.s. | 67 319 | (14 762) | 52 557 |

* EBITDA refers to operating result plus depreciation and amortisation.

**Adjusted EBITDA refers to EBITDA adjusted for the effects of events and transactions that are non-recurring, extraordinary or unusual in nature (mostly non-monetary), including in particular results from the sale of fixed assets and financial assets, costs not arising from ordinary operations, such as those associated with the impairment of fixed assets, financial assets, goodwill and intangible assets, relocation costs and the costs of group layoffs.

The operating profit of the Kofola Group for the 6-month period ended 30 June 2017 was affected by the following one-off items:

- Net revenue from the sale of warehouse of CZK 2 946 thousand, tax 17 % applies (in Slovenian segment).
- Costs connected with SAP implementation of CZK 3 214 thousand, tax 17% applies (in Slovenian segment).
- Group costs connected with the liquidation of an inactive subsidiary in Sieldorfer of CZK 1 832 thousand, tax 19% applies.
- Net result from the sale of production line in Poland of CZK 9 021 thousand.
- Costs connected with maintenance of Bielsk production hall of CZK 4 526 thousand.
- Revenues from compensation of CZK 11 974 connected with prior years qualitative product complaints (in Polish segment).

| Adjusted consolidated financial results 2016 | 6M16 | One-off adjustments | 6M16 adjusted |
|--|------------------|------------------------|------------------|
| | CZK'000 | CZK'000 | CZK'000 |
| Revenue | 3 504 381 | - | 3 504 381 |
| Cost of sales | (2 139 019) | - | (2 139 019) |
| Gross profit | 1 365 362 | - | 1 365 362 |
| Selling, marketing and distribution costs | (942 373) | 18 000 | (924 373) |
| Administrative costs | (226 230) | 11 773 | (214 457) |
| Other operating income, net | 30 585 | - | 30 585 |
| Operating result | 227 344 | 29 773 | 257 117 |
| Depreciation and amortisation | 256 853 | - | 256 853 |
| EBITDA | 484 197* | 29 773 | 513 970** |
| Finance costs, net | (56 258) | - | (56 258) |
| Income tax | (41 560) | (3 420) | (44 980) |
| Profit for the period | 129 526 | 26 353 | 155 879 |
| - attributable to owners of Kofola ČeskoSlovensko a.s. | 129 380 | 26 353 | 155 733 |

* EBITDA refers to operating result plus depreciation and amortisation.

**Adjusted EBITDA refers to EBITDA adjusted for the effects of events and transactions that are non-recurring, extraordinary or unusual in nature (mostly non-monetary), including in particular results from the sale of fixed assets and financial assets, costs not arising from ordinary operations, such as those associated with the impairment of fixed assets, financial assets, goodwill and intangible assets, relocation costs and the costs of group layoffs.

The operating profit of the Kofola Group for the 6-month period ended 30 June 2016 was affected by the following one-off items:

- Provision for impairment of financial receivable – Czech operation incurred net costs of CZK 18 000 thousand relating to the provision for impairment of financial receivable from an e-shop project. Tax applies at 19%.
- Merger costs - Czech operation incurred costs of CZK 6 582 thousand relating to the cross-border merger advisory.
- Acquisition costs – Slovenian operation incurred costs of CZK 5 191 thousand relating to the acquisition advisory.

3. BOARD OF DIRECTORS REPORT

3.1.2 FINANCIAL PERFORMANCE

| Adjusted consolidated financial results | 6M17 | 6M16 | Change | Change |
|--|------------------|------------------|------------------|----------------|
| | CZK'000 | CZK'000 | CZK'000 | % |
| Revenue | 3 370 982 | 3 504 381 | (133 399) | (3.8%) |
| Cost of sales | (2 030 857) | (2 139 019) | 108 162 | (5.1%) |
| Gross profit | 1 340 125 | 1 365 362 | (25 237) | (1.8%) |
| Selling, marketing and distribution costs | (1 057 392) | (924 373) | (133 019) | 14.4% |
| Administrative costs | (205 740) | (214 457) | 8 717 | (4.1%) |
| Other operating income, net | 2 217 | 30 585 | (28 368) | (92.8%) |
| Operating result | 79 210 | 257 117 | (177 907) | (69.2%) |
| EBITDA | 348 937 | 513 970 | (165 033) | (32.1%) |
| Finance costs, net | 2 565 | (56 258) | 58 823 | (104.6%) |
| Income tax | (31 772) | (44 980) | 13 208 | (29.4%) |
| Profit for the period | 50 003 | 155 879 | (105 876) | (67.9%) |
| - attributable to owners of Kofola ČeskoSlovensko a.s. | 52 557 | 155 733 | (103 176) | (66.3%) |

REVENUE

In 6M17, the Group's revenue amounted to CZK 3 370 982 thousand and decreased by CZK 133 399 thousand or 3.8% from CZK 3 504 381 thousand in 6M2016.

The decrease was caused by lower sales in Poland that were partially offset by the increase in Czechoslovakia that came from Rauch, Rajec and mainly Vinea, increased sales in Ugo and increased sales in Slovenia and Croatia. Sales of syrups in Czechoslovakia exceeded last comparative period.

In 6M17, the Group's revenue from sales of finished products and services amounted to CZK 3 104 254 thousand and decreased by CZK 166 839 thousand or 5.1% from CZK 3 271 093 thousand in 6M16.

In 6M17, the Group's revenue from sales of goods and materials amounted to CZK 266 728 thousand and increased by CZK 33 440 thousand (14.3%) from CZK 233 288 thousand in 6M16. The increase in revenue from sale of goods and materials was attributable mostly to sales of Rauch products.

In June 2017, the Group achieved record sales for its own brands.

The following table sets forth revenues from sales split by category of products for 6M17 and 6M16.

| Product lines | 6M17 | | 6M16 | |
|--------------------------|------------------|----------------|------------------|----------------|
| | Revenue | Share | Revenue | Share |
| | CZK'000 | % | CZK'000 | % |
| Carbonated beverages | 1 416 893 | 42.03% | 1 598 558 | 45.62% |
| Non-carbonated beverages | 299 816 | 8.89% | 289 110 | 8.25% |
| Waters | 1 026 277 | 30.44% | 948 370 | 27.06% |
| Syrups | 339 131 | 10.06% | 375 015 | 10.70% |
| Other | 288 865 | 8.58% | 293 328 | 8.37% |
| Total | 3 370 982 | 100.00% | 3 504 381 | 100.00% |

The activities of the Group concentrate on the production of beverages in four market categories: carbonated beverages (including cola beverages), non-carbonated beverages, types of bottled water and syrups. Together these categories accounted for 91.46% of the Group's sales revenue in 6M17. In comparison with 6M16, the structure of sales by products changed mainly due to lower revenues from carbonated beverages in Poland.

The following table sets forth revenue from sales split by countries for 6M17 and 6M16. The allocation of revenue to a particular country segment is based on the geographical location of customers.

| Geographical segments | 6M17 | | 6M16 | |
|-----------------------|------------------|----------------|------------------|----------------|
| | Revenue | Share | Revenue | Share |
| | CZK'000 | % | CZK'000 | % |
| Czech Republic | 1 384 478 | 41.07% | 1 355 755 | 38.69% |
| Slovakia | 786 988 | 23.35% | 748 373 | 21.36% |
| Poland | 655 768 | 19.45% | 964 509 | 27.52% |
| Slovenia | 353 307 | 10.48% | 322 535 | 9.20% |
| Other* | 190 441 | 5.65% | 113 209 | 3.23% |
| Total | 3 370 982 | 100.00% | 3 504 381 | 100.00% |

* including Croatia (6M17: 122 838, 6M16: 76 907)

3. BOARD OF DIRECTORS REPORT



Kofola increased its sales in CzechoSlovakia and Adriatic region. In total, the sales in these regions increased by 5.7% in comparison with 6M16.

In CzechoSlovakia, the UGO's revenue grew by CZK 43 259 thousand to CZK 184 869 thousand (30.5%) and are becoming more important part of the Group's revenues. UGO operated 78 fresh bars and salad bars as at 30 June 2017.

In Adriatic region, Kofola continues in its acquisition strategy. In 1Q16, we acquired Nara, Inka and Vočko, Croatian brands with a high growth potential for the Group. At the same time, the Group concluded a production and distribution contract with Pepsi in the Croatian market. At the end of the last year, we acquired Studenac in Croatia, its revenues are consolidated from 1Q17.

In comparison with 6M16, there was a decrease in revenue from sales in Poland driven by lower sales of private labels and lower sales in the traditional channel.

Total Group's consolidated revenues without Polish segment grew by 6.9% (CZK 175 342 thousand) in comparison with 6M16.

COST OF SALES

In 6M17, the Group's adjusted cost of sales amounted to CZK 2 030 857 thousand and decreased by CZK 108 162 thousand or 5.1% from CZK 2 139 019 thousand in 6M16.

In 6M17, the Group's adjusted cost of products and services sold amounted to CZK 1 803 302 thousand and decreased by CZK 136 391 thousand or 7 % from CZK 1 939 693 thousand in 6M16. The decrease of cost of sales exceeds the decrease of revenue from the sale of products.

In 6M17, the Group's cost of goods and materials sold amounted to CZK 227 555 thousand and increased by CZK 28 229 thousand or 6.7% from CZK 193 326 thousand in 6M16. The increase in the cost of goods and materials sold was attributable mostly to the sale of Rauch products.

GROSS PROFIT

In 6M2017, the Group's adjusted gross profit amounted to CZK 1 340 125 thousand and decreased by CZK 25 237 thousand or 1.8% from CZK 1 366 362 thousand in 6M2016, this was influenced by decreased gross profit mainly in Poland, which was partially compensated by increased gross profit in Radenska and Ugo. Gross profit margin increased by 0.79 p.p. from 38.96% in 6M16 to 39.75% achieved in 6M17.

SELLING, MARKETING AND DISTRIBUTION COSTS

In 6M17, the Group's selling, marketing and distribution costs amounted to CZK 1 057 392 thousand and increased by CZK 133 019 thousand or 14.4% from CZK 924 373 thousand in 6M16. The increase is influenced by increased costs of cca CZK 45 000 thousand in UGO (further expansion – increased number of larger bars, increased marketing costs – first TV campaign, increased salaries due to increased number of bars), also due to acquired Studenac subsidiary – effect of CZK 38 000 thousand, the remaining part was driven by increased costs in CzechoSlovakia (higher bad debt provisions with effect of CZK 15 000 thousand and increased logistic costs) which were partly compensated by lower selling, marketing and distribution costs in Poland.

ADMINISTRATIVE COSTS

In 6M17, the Group's adjusted administrative costs amounted to CZK 205 740 thousand and decreased by CZK 8 717 thousand or 4.1% from CZK 214 457 thousand in 6M16, the net decrease is driven by decreased administrative costs in CzechoSlovakia, Poland and Adriatic region despite the Studenac acquisition.

OTHER OPERATING INCOME, NET

In 6M17, the Group's adjusted net Other operating income amounted to CZK 2 217 thousand and was lower by CZK 28 368 thousand than net Other operating income of CZK 30 585 thousand in 6M2016.

3. BOARD OF DIRECTORS REPORT

EBITDA

The following table sets forth information regarding EBITDA for 6M17 and 6M16.

| Adjusted EBITDA | 6M17 CZK'000 / % | 6M16 CZK'000 / % |
|--|---------------------|---------------------|
| EBITDA* | 348 937 | 513 970 |
| EBITDA margin** | 10.35% | 14.67% |
| * EBITDA refers to operating result plus depreciation and amortisation | | |
| ** Calculated as (EBITDA/Revenue) *100% | | |

The following table sets forth information regarding EBITDA split by countries for 6M17 and 6M16.

| Adjusted EBITDA by countries | 6M17 | | 6M16 | |
|------------------------------|-------------------|----------------|-------------------|----------------|
| | EBITDA CZK'000 | Share % | EBITDA CZK'000 | Share % |
| Czech Republic | 117 372 | 33.6% | 169 053 | 32.9% |
| Slovakia | 155 250 | 44.5% | 197 576 | 38.4% |
| Poland | 5 395 | 1.5% | 75 997 | 14.8% |
| Slovenia | 78 217 | 22.4% | 72 630 | 14.1% |
| Other | (7 297) | (2.0) % | (1 286) | (0.2) % |
| Total | 348 937 | 100.00% | 513 970 | 100.00% |

The net decrease of EBITDA is caused by decreased performance in Poland and CzechoSlovakia which was not compensated by slightly increased performance in Slovenia.

The EBITDA achieved by the Group in Poland decreased as a result of decreased sales mainly of private labels. The EBITDA in the CzechoSlovakia decreased due to lower sales of Kofola and increased selling and marketing expenses.

The negative EBITDA in the Other segment is caused by the newly acquired Studenac subsidiary, its potential is not fully exploited due to the costs related to building of the sales team and marketing costs. Market in Croatia is in crisis due to the Agrocor bankruptcy, we are working on the change of the business model.

The Group's EBITDA margins achieved in the CzechoSlovak market in 6M17 continues to be substantially higher than in the rest of the group. This is because of its strong presence in the HoReCa distribution channel, where non-alcoholic beverages can be sold with higher margins to loyal customers (both restaurants and end consumers). Significant part of revenues in Poland comes from private labels.

The Group's adjusted EBITDA without Poland decreased by CZK 94 431 thousand (21.6%) in comparison with 6M16.

OPERATING PROFIT

Due to the reasons described above, in 6M17, the Group's operating profit amounted to CZK 79 210 thousand as compared to an operating profit of CZK 257 117 thousand in 6M16.

FINANCE COSTS, NET

In 6M17, the Group's net Finance revenues amounted to CZK 2 565 thousand and increased by CZK 58 823 thousand as compared to net finance costs of CZK 56 258 thousand in 6M16. Increased financial result is mainly influenced by increased foreign exchange gains of cca CZK 25 000 thousand, positive effect of revaluation derivatives of cca CZK 14 000 thousand when compared with 6M16 and lower interest from loans. Net Finance result includes also the share in the profit of associate that in 6M17 amounted to CZK 6 018 thousand compared to loss of CZK (4 593) thousand in 6M16.

NET PROFIT FOR THE PERIOD

Due to the reasons described above, in 6M2017, the Group's profit for the period amounted to CZK 50 003 thousand as compared to CZK 155 879 thousand in 6M2016.

3. BOARD OF DIRECTORS REPORT

3.1.3 FINANCIAL PERFORMANCE IN 2Q

| Adjusted consolidated financial results | 2Q17 | 2Q16 | Change | Change |
|--|----------------|----------------|-----------------|----------------|
| | CZK'000 | CZK'000 | CZK'000 | % |
| Revenue | 2 027 454 | 2 038 077 | (10 623) | (0.5%) |
| Cost of sales | (1 157 554) | (1 189 075) | 31 521 | (2.7%) |
| Gross profit | 869 900 | 849 002 | 20 898 | 2.5% |
| Selling, marketing and distribution costs | (616 553) | (537 474) | (79 079) | 14.7% |
| Administrative costs | (117 550) | (110 399) | (7 151) | 6.5% |
| Other operating income, net | 1 112 | 29 702 | (28 590) | (96,3%) |
| Operating result | 136 909 | 230 831 | (93 922) | (40,7%) |
| EBITDA | 269 975 | 360 183 | (90 208) | (25.0%) |
| Finance costs, net | 15 404 | (17 139) | 32 543 | (189.9%) |
| Income tax | (33 826) | (36 652) | 2 826 | (7.7%) |
| Profit for the period | 118 487 | 177 040 | (58 553) | (33.1%) |
| - attributable to owners of Kofola ČeskoSlovensko a.s. | 120 009 | 176 367 | (56 358) | (32.0%) |

In 2Q17, the Group's revenue decreased slightly by 0.5% compared to 2Q16, this was a net effect of decreased revenue in Poland in amount of cca CZK 182 032 thousand (32.6%) and increased revenue in the rest of the group. The Group's revenue without Poland increased by CZK 171 409 thousand (11.6%).

In June 2017, the Group achieved record sales for its own brands.

Selling, marketing and distribution costs increased by 14.7%, mainly in Ugo and Slovakia.

Administrative costs increased by 6.5% compared to 2Q16, mainly in Ugo.

Net finance profit increased by CZK 32 543 thousand, which was caused mainly by foreign exchange gains and decreased losses from revaluation of derivatives when compared with 2Q16.

The Group's EBITDA without Poland decreased by CZK 32 929 thousand (10.8%).

3. BOARD OF DIRECTORS REPORT

3.1.4 FINANCIAL POSITION

| Consolidated statement of financial position | 30.6.2017 CZK'000 | 31.12.2016 CZK'000 | Change CZK'000 | Change % |
|--|----------------------|-----------------------|-------------------|---------------|
| Total assets | 8 128 888 | 8 019 883 | 109 005 | 1.4% |
| Non-current assets, out of which: | 4 851 498 | 4 915 863 | (64 365) | (1.3%) |
| Property, plant and equipment | 3 382 080 | 3 442 624 | (60 544) | (1.8%) |
| Intangible assets | 1 166 396 | 1 164 092 | 2 304 | 0.2% |
| Goodwill | 86 302 | 86 302 | - | - |
| Investment in associates | 68 635 | 67 782 | 853 | 1.3% |
| Deferred tax assets | 87 645 | 101 481 | (13 836) | (13.6%) |
| Other | 60 440 | 53 582 | 6 858 | 12.8% |
| Current assets, out of which: | 3 277 390 | 3 104 020 | 173 370 | 5.6% |
| Inventories | 588 498 | 485 440 | 103 058 | 21.2% |
| Trade and other receivables | 1 374 478 | 1 081 680 | 292 798 | 27.1% |
| Cash and cash equivalents | 1 197 783 | 1 421 014 | (223 231) | (15.7%) |
| Assets held for sale | 108 331 | 111 715 | (3 384) | (3.0%) |
| Other | 8 300 | 4 171 | 4 129 | 99.0% |
| Total equity and liabilities | 8 128 888 | 8 019 883 | 109 005 | 1.4% |
| Equity | 2 435 860 | 2 739 468 | (303 608) | (11.1%) |
| Non-current liabilities | 1 431 710 | 1 580 357 | (148 647) | (9.4%) |
| Current liabilities | 4 261 318 | 3 700 058 | 561 260 | 15.2% |

ASSETS

At 30 June 2017, the Group's Property, plant and equipment amounted to CZK 3 382 080 thousand and decreased by CZK 60 544 thousand from CZK 3 442 624 thousand at the end of 2016. This change was mainly caused by additions and finance lease additions totalling CZK 236 324 thousand and on the other hand the depreciation charge of CZK 242 399 thousand, significant effect has exchange difference (cca CZK 30 000 thousand). The additions comprise mainly an addition to a production line in Slovenia, acquisition of Titbit and sales support equipment in CzechoSlovakia.

As at 30 June 2017, Intangible assets were of CZK 1 166 396 thousand and increased by CZK 2 304 thousand or 0.2 % in comparison with 31 December 2016 mainly because of additions connected with the acquisition of Titbit, amortization of CZK 27 328 thousand and exchange differences.

The Group's current assets as at 30 June 2017 amounted to CZK 3 227 390 thousand, of which 42 % is represented by Trade and other receivables, 37 % is represented by Cash and cash equivalents and 18 % is formed by Inventories. The net increase of CZK 173 370 thousand or 5.6 % is mainly attributable to increased receivables, inventory and decreased cash. Cash and cash equivalents in RADENSKA d.o.o. accounts for about 84 % of the Group's total cash and the Group expects its utilisation among others for future acquisition opportunities or loan payout.

Deferred tax asset decreased by CZK 13 836 thousand to CZK 87 645 thousand, of which CZK 74 802 thousand is a deferred tax asset of Radenska d.o.o., resulting mainly from tax losses that are expected to be utilised in future.

LIABILITIES

As at 30 June 2017, the Group's current and non-current liabilities amounted to CZK 5 693 028 thousand, which constitutes an 7.8% (CZK 412 613 thousand) increase compared to CZK 5 280 415 thousand the end of December 2016. The loan for financing RADENSKA d.o.o. acquisition with carrying amount of CZK 1 663 002 thousand as at 30 June 2017 is a main component of Group's liabilities.

The Group's consolidated net debt (calculated as total non-current and current liabilities relating to credits, loans, bonds, leases and other debt instruments less cash and cash equivalents) amounted to CZK 1 734 823 thousand as at 30 June 2017, which represents an increase of CZK 46 158 thousand or 3% compared to CZK 1 688 665 thousand as at 31 December 2016. This increase is attributable mainly to the decreased cash from payment of CAPEX and lower proceeds from loan overdrafts.

The Group's consolidated net debt / Adjusted EBITDA as at 30 June 2017 was of 1.94 compared to 1.59 at the end of 2016.

The Group's provisions decreased by CZK 36 925 thousand from CZK 184 237 thousand to CZK 147 312 thousand, mainly due to the release of provisions for bonuses.

3. BOARD OF DIRECTORS REPORT



3.1.5 CASHFLOWS

NET CASH FLOW FROM OPERATING ACTIVITIES

In 6M2017, the Group's net cash flow from operating activities amounted to CZK 224 820 thousand and increased by CZK 139 178 thousand or 61.5% from CZK 85 642 thousand in 6M2016. Increased operating cash flow in 6M2017 is influenced by positive changes in working capital (mainly increased payables) despite lower profit before tax.

NET CASH FLOW FROM INVESTING ACTIVITIES

In 6M2017, the Group's net cash outflow from investing activities amounted to CZK (231 000) thousand and decreased by CZK 64 331 thousand from CZK (295 331) thousand in 6M2016. The outflow decrease related mainly to the lower capex and purchase of financial assets (by cca 61 720 thousand).

NET CASH FLOW FROM FINANCING ACTIVITIES

In 6M2017, the Group's net cash flow from financing activities amounted to CZK (216 287) thousand and decreased by CZK 81 376 thousand from CZK (134 911) thousand in 6M2016. The decrease was mainly a result of lower bank loans proceeds and dividend paid to the parent company.

3.1.6 EXPECTED DEVELOPMENT IN SUBSEQUENT 6 MONTHS

Kofola Group will continue to deliver its products across Central and Eastern Europe, improve the efficiency of direct distribution in the Czech Republic and extend sales support in the Adriatic region.

In next 6 months, Adriatic region will face certain uncertainty related to Agrokor Group prebankruptcy procedure. However, the situation is clearer than six months ago. Our business in Adriatic region will continue in development started in 2016. We will enlarge distribution index of current products in Croatia and benefit from last year launches - in Slovenia, in 2Q2017, we introduced a new sport water and redesign of kids' waters as well as redesign of Vočko syrups. Our key goal is to improve Studenac distribution - namely full listings in all major Croatian accounts.

Polish segment will carry on its business activities with focus on branded products that will be supported by increased marketing activities. New innovative products will be introduced to enhance its market position, further streamline of production and logistic costs will continue. The Group announced the plan to end production in Grodzisk Wielkopolski so the production in Poland will be centralized in one production plant.

3.1.7 NEW DIVIDEND POLICY

The Company changed the dividend policy with the aim of distributing of a dividend to the shareholders of Kofola of at least 60% of its consolidated net profit achieved in each financial year from 2017 until 2020, subject to sufficient distributable profits.

4. CORPORATE GOVERNANCE



4.1. SHARES AND SHAREHOLDERS

4.1.1 SHARE CAPITAL

As at 30 June 2017, the share capital of Kofola ČeskoSlovensko a.s. totalled CZK 2 229 500 000 and comprised 22 295 000 common registered shares with a nominal value of CZK 100 each, issued as book-entry shares under Czech law in particular under the Czech Companies Act, with the ISIN CZ0009000121.

The Share capital of the Company is fully paid up. The shares have been admitted for trading on the Prague Stock Exchange.

4.1.2 SHAREHOLDERS STRUCTURE

| Group shareholders structure | 30.6.2017 | |
|------------------------------|-------------------------|----------------|
| | Number of shares pcs | Share % |
| AETOS a.s. | 12 483 804 | 56.00% |
| CED GROUP S. a r.l. | 8 311 196 | 37.28% |
| Others | 1 500 000 | 6.72% |
| Total shares volume | 22 295 000 | 100.00% |

| Group shareholders structure | 31.12.2016 | |
|------------------------------|-------------------------|----------------|
| | Number of shares pcs | Share % |
| KSM Investment S.A. | 11 321 383 | 50.78% |
| CED GROUP S. a r.l. | 8 311 196 | 37.28% |
| René Musila | 581 231 | 2.61% |
| Tomáš Jendřejek | 581 190 | 2.61% |
| Others | 1 500 000 | 6.72% |
| Total shares volume | 22 295 000 | 100.00% |

KSM Investment S.A. ("KSM"), René Musila and Tomáš Jendřejek restructured their shareholdings in Kofola ČeskoSlovensko a.s. ("Kofola") and transferred their shares in Kofola to AETOS a.s., a newly established wholly owned subsidiary of KSM. René Musila and Tomáš Jendřejek became shareholders of AETOS a.s. (next to KSM). Since 30 June 2017, AETOS a.s. is a shareholder of the Company holding shares in Kofola representing 56% of the total share capital of the Company. Subsequently, KSM (which is currently owned by Czech nationals) intends to merge into AETOS a.s. and thus AETOS a.s. as the controlling shareholder of Kofola would be held solely by Czech nationals.



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS 6M 2017
KOFOLA ČESKOSLOVENSKO A.S.

1. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



1.1. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the 6-month period ended 30 June 2017 and 30 June 2016 in CZK thousand.

| Consolidated statement of profit or loss | Note | 6M17 CZK'000 | 6M16 CZK'000 |
|--|------|--------------------|--------------------|
| Revenue from the sale of finished products and services | 4.1 | 3 104 254 | 3 271 093 |
| Revenue from the sale of goods and materials | 4.1 | 266 728 | 233 288 |
| Revenue | | 3 370 982 | 3 504 381 |
| Cost of products and services sold | 4.2 | (1 807 828) | (1 939 693) |
| Cost of goods and materials sold | 4.2 | (227 555) | (199 326) |
| Cost of sales | | (2 035 383) | (2 139 019) |
| Gross profit | | 1 335 599 | 1 365 362 |
| Selling, marketing and distribution costs | 4.2 | (1 057 392) | (942 373) |
| Administrative costs | 4.2 | (208 954) | (226 230) |
| Other operating income | 4.3 | 33 728 | 37 501 |
| Other operating expenses | 4.4 | (9 402) | (6 916) |
| Operating result | | 93 579 | 227 344 |
| Finance income | 4.5 | 41 001 | 10 273 |
| Finance costs | 4.6 | (44 454) | (61 938) |
| Share of profit/(loss) of associate | 4.11 | 6 018 | (4 593) |
| Profit before income tax | | 96 144 | 171 086 |
| Income tax expense | 4.7 | (31 379) | (41 560) |
| Profit for the period | | 64 765 | 129 526 |
| <i>Attributable to:</i> | | | |
| Owners of Kofola ČeskoSlovensko a.s. | | 67 319 | 129 380 |
| Non-controlling interests | | (2 554) | 146 |
| Earnings per share for profit attributable to the ordinary equity holders of the company (in CZK) | | | |
| Basic earnings per share | 4.8 | 3.02 | 5.80 |
| Diluted earnings per share | 4.8 | 3.02 | 5.80 |

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

1. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



1.2. CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the 6-month period ended 30 June 2017 and 30 June 2016 in CZK thousand.

| Consolidated statement of other comprehensive income | Note | 6M17 CZK '000 | 6M16 CZK '000 |
|--|------|------------------|------------------|
| Profit for the period | | 64 765 | 129 526 |
| Other comprehensive income | | | |
| <i>Items that may be reclassified to profit or loss:</i> | | | |
| Exchange differences on translation of foreign subsidiaries | | (61 276) | (35 174) |
| Exchange differences on translation of foreign associate | 4.11 | (5 714) | 19 871 |
| Other comprehensive income for the period, net of tax | | (66 990) | (15 303) |
| Total comprehensive income for the period | | (2 225) | 114 223 |
| Attributable to: | | | |
| Owners of Kofola ČeskoSlovensko a.s. | | 329 | 113 922 |
| Non-controlling interests | | (2 554) | 301 |

The above consolidated statement of other comprehensive income should be read in conjunction with the accompanying notes.

1. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



1.3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2017, 31 December 2016 and 30 June 2016 in CZK thousand.

| Assets | Note | 30.6.2017 | 31.12.2016 | 30.6.2016 | 30.6.2016 |
|--|------|------------------|------------------|---------------------|---------------------|
| | | CZK'000 | CZK'000 | Restated CZK'000 | Reported CZK'000 |
| Non-current assets | | 4 851 498 | 4 915 863 | 4 989 684 | 4 989 684 |
| Property, plant and equipment | 4.9 | 3 382 080 | 3 442 624 | 3 427 538 | 3 427 538 |
| Goodwill | 4.10 | 86 302 | 86 302 | 86 302 | 86 302 |
| Intangible assets | 4.10 | 1 166 396 | 1 164 092 | 1 163 415 | 1 163 415 |
| Investment in associate | 4.11 | 68 086 | 67 782 | 171 199 | 171 199 |
| Other receivables | | 58 618 | 51 142 | 48 482 | 48 482 |
| Other non-financial assets | | 2 371 | 2 440 | 2 506 | 2 506 |
| Deferred tax assets | | 87 645 | 101 481 | 90 242 | 90 242 |
| Current assets | | 3 277 390 | 3 104 020 | 3 462 268 | 3 462 268 |
| Assets classified as held for sale | | 108 331 | 111 715 | 3 520 | 3 520 |
| Current assets excl. Assets classified as held for sale | | 3 169 059 | 2 992 305 | 3 458 748 | 3 458 748 |
| Inventories | | 588 498 | 485 440 | 554 809 | 554 809 |
| Trade and other receivables | | 1 374 478 | 1 081 680 | 1 301 840 | 1 301 840 |
| Income tax receivables | | 8 300 | 4 171 | 9 516 | 9 516 |
| Cash and cash equivalents | | 1 197 783 | 1 421 014 | 1 592 583 | 1 592 583 |
| Total assets | | 8 128 888 | 8 019 883 | 8 451 952 | 8 451 952 |

| Liabilities and equity | Note | 30.6.2017 | 31.12.2016 | 30.6.2016 | 30.6.2016 |
|--|------|------------------|------------------|---------------------|---------------------|
| | | CZK'000 | CZK'000 | Restated CZK'000 | Reported CZK'000 |
| Equity attributable to owners of Kofola ČeskoSlovensko a.s. | | 2 435 518 | 2 736 572 | 2 923 177 | 2 933 958 |
| Share capital | 1.5 | 2 229 500 | 2 229 500 | 2 229 500 | 2 229 500 |
| Share premium and capital reorganisation reserve | 1.5 | (1 962 871) | (1 962 871) | (1 962 871) | (1 962 871) |
| Other reserves | 1.5 | 2 075 994 | 2 075 994 | 2 077 768 | 2 077 768 |
| Foreign currency translation reserve | 1.5 | 98 935 | 165 925 | 151 252 | 151 252 |
| Own shares | 1.5 | (1 357) | (915) | (933) | (933) |
| Retained earnings | 1.5 | (4 683) | 228 939 | 428 461 | 439 242 |
| Equity attributable to non-controlling interests | 1.5 | 342 | 2 896 | 49 534 | 49 534 |
| Total equity | 1.5 | 2 435 860 | 2 739 468 | 2 972 711 | 2 983 492 |
| Non-current liabilities | | 1 431 710 | 1 580 357 | 2 711 216 | 2 711 216 |
| Bank credits and loans | 4.14 | 786 718 | 880 318 | 1 971 577 | 1 971 577 |
| Bonds issued | 4.13 | 327 867 | 327 072 | 326 847 | 326 847 |
| Finance lease liabilities | | 139 692 | 167 295 | 180 488 | 180 488 |
| Provisions | | 21 984 | 27 002 | 23 840 | 23 840 |
| Other liabilities | | 7 864 | 15 925 | 55 757 | 55 757 |
| Deferred tax liabilities | | 147 585 | 162 745 | 152 707 | 152 707 |
| Current liabilities | | 4 261 318 | 3 700 058 | 2 768 025 | 2 757 244 |
| Bank credits and loans | 4.14 | 1 612 132 | 1 672 723 | 598 383 | 598 383 |
| Bonds issued | 4.13 | 11 212 | 3 668 | 11 227 | 11 227 |
| Finance lease liabilities | | 54 985 | 58 603 | 54 277 | 54 277 |
| Trade and other payables | | 2 153 568 | 1 779 351 | 1 961 950 | 1 951 169 |
| Income tax liabilities | | 3 152 | 17 562 | 6 502 | 6 502 |
| Other financial liabilities | | 300 941 | 10 916 | - | - |
| Provisions | | 125 328 | 157 235 | 135 686 | 135 686 |
| Total liabilities | | 5 693 028 | 5 280 415 | 5 479 241 | 5 468 460 |
| Total liabilities and equity | | 8 128 888 | 8 019 883 | 8 451 952 | 8 451 952 |

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

1. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



1.4. CONSOLIDATED STATEMENT OF CASH FLOWS

for the 6-month period ended 30 June 2017 and 30 June 2016 in CZK thousand.

| Consolidated statement of cash flows | Note | 6M17 CZK '000 | 6M16 CZK '000 |
|--|----------|------------------|------------------|
| Cash flows from operating activities | | | |
| Profit before income tax | 1.1 | 96 144 | 171 086 |
| Adjustments for: | | | |
| Non-cash movements | | | |
| Depreciation and amortisation | 4.2 | 269 727 | 256 853 |
| Net interest | 4.5, 4.6 | 35 484 | 38 836 |
| Share of result of associate | 4.11 | (6 018) | 4 593 |
| Change in the balance of provisions and adjustments | | (29 986) | (60 059) |
| Revaluation of derivatives | 4.5, 4.6 | (6 136) | 8 001 |
| Gain on sale of PPE and intangible assets | 4.3, 4.4 | (13 339) | (1 162) |
| Net exchange differences | | (30 713) | (3 134) |
| Other | | 3 113 | 14 225 |
| Cash movements | | | |
| Income taxes paid | | (51 873) | (29 098) |
| Change in operating assets and liabilities | | | |
| Change in receivables | | (314 444) | (351 163) |
| Change in inventories | | (104 567) | (53 000) |
| Change in payables | | 377 428 | 89 664 |
| Net cash inflow from operating activities | | 224 820 | 85 642 |
| Cash flows from investing activities | | | |
| Sale of property, plant and equipment | | 21 126 | 6 401 |
| Acquisition of property, plant and equipment and intangible assets | | (252 538) | (307 758) |
| Purchase of financial assets | | - | (6 500) |
| Interest received | | 412 | 274 |
| Sale of other securities | | - | 12 252 |
| Net cash outflow from investing activities | | (231 000) | (295 331) |
| Cash flows from financing activities | | | |
| Finance lease payments | | (27 456) | (30 555) |
| Proceeds from loans and bank credits | | 35 159 | 129 318 |
| Repayment of loans and bank credits | | (185 365) | (192 433) |
| Dividends paid to company's shareholders | | (10 916) | - |
| Interest and bank charges paid | | (27 267) | (31 841) |
| Purchase of own shares | | (442) | (3 743) |
| Other | | - | (5 657) |
| Net cash outflow from financing activities | | (216 287) | (134 911) |
| Net increase (decrease) in cash and cash equivalents | | (22 467) | (344 600) |
| Cash and cash equivalents at the beginning of the period | | 1 421 014 | 1 940 008 |
| Effects of exchange rate changes on cash and cash equivalents | | (764) | (2 825) |
| Cash and cash equivalents at the end of the period | | 1 197 783 | 1 592 583 |

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



1.5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 6-month period ended 30 June 2017, 12-month period ended 31 December 2016 and 6-month period ended 30 June 2016 in CZK thousand.

| Consolidated statement of changes in equity | Note | Equity attributable to owners of Kofola ČeskoSlovensko a.s. | | | | | | | Equity attributable to non-controlling interests | Total equity |
|---|------|---|--|------------------|--------------------------------------|----------------|-------------------|------------------|--|------------------|
| | | Share capital | Share premium and capital reorganisation reserve | Other reserves | Foreign currency translation reserve | Own shares | Retained earnings | Total | | |
| | | CZK'000 | CZK'000 | CZK'000 | CZK'000 | CZK'000 | CZK'000 | CZK'000 | CZK'000 | CZK'000 |
| Balance as at 1 January 2017 | | 2 229 500 | (1 962 871) | 2 075 994 | 165 925 | (915) | 228 939 | 2 736 572 | 2 896 | 2 739 468 |
| Profit / (loss) for the period | 1.1 | - | - | - | - | - | 67 319 | 67 319 | (2 554) | 64 765 |
| Other comprehensive income / (loss) | | - | - | - | (66 990) | - | - | (66 990) | | (66 990) |
| Total comprehensive income / (loss) for the period | 1.2 | - | - | - | (66 990) | - | 67 319 | 329 | (2 554) | (2 225) |
| Own shares purchase | | - | - | - | - | (442) | - | (442) | - | (442) |
| Dividends | | - | - | - | - | - | (300 941) | (300 941) | - | (300 941) |
| Balance as at 30 June 2017 | | 2 229 500 | (1 962 871) | 2 075 994 | 98 935 | (1 357) | (4 683) | 2 435 518 | 342 | 2 435 860 |

1. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



| Consolidated statement of changes in equity | Note | Equity attributable to owners of Kofola ČeskoSlovensko a.s. | | | | | | Equity | Total equity | |
|--|------|---|--|----------------|--------------------------------------|------------|-------------------|-----------|--------------|---|
| | | Share capital | Share premium and capital reorganisation reserve | Other reserves | Foreign currency translation reserve | Own shares | Retained earnings | Total | | attributable to non-controlling interests |
| | | | | | | | | | | |
| Balance as at 1 January 2016 | | 2 229 500 | (1 962 871) | 2 085 568 | 166 710 | - | 302 062 | 2 820 969 | 49 233 | 2 870 202 |
| Correction of errors | 3.7 | - | - | - | - | - | (10 781) | (10 781) | - | (10 781) |
| Balance as at 1 January 2016 Restated | | 2 229 500 | (1 962 871) | 2 085 568 | 166 710 | - | 291 281 | 2 810 188 | 49 233 | 2 859 421 |
| Profit for the period | 1.1 | - | - | - | - | - | 129 380 | 129 380 | 146 | 129 526 |
| Other comprehensive income | | - | - | - | (15 458) | - | - | (15 458) | 155 | (15 303) |
| Total comprehensive income / (loss) for the period | 1.2 | - | - | - | (15 458) | - | 129 380 | 113 922 | 301 | 114 223 |
| Own shares purchase | | - | - | - | - | (3 743) | - | (3 743) | - | (3 743) |
| Own shares transfer | | - | - | - | - | 2 810 | - | 2 810 | - | 2 810 |
| Transfers | | - | - | (7 800) | - | - | 7 800 | - | - | - |
| Balance as at 30 June 2016 | | 2 229 500 | (1 962 871) | 2 077 768 | 151 252 | (933) | 428 461 | 2 923 177 | 49 534 | 2 972 711 |
| Balance as at 1 January 2016 | | 2 229 500 | (1 962 871) | 2 085 568 | 166 710 | - | 302 062 | 2 820 969 | 49 233 | 2 870 202 |
| Correction of errors | 3.7 | - | - | - | - | - | (10 781) | (10 781) | - | (10 781) |
| Balance as at 1 January 2016 Restated | | 2 229 500 | (1 962 871) | 2 085 568 | 166 710 | - | 291 281 | 2 810 188 | 49 233 | 2 859 421 |
| Profit / (loss) for the period | | - | - | - | - | - | 86 373 | 86 373 | (2 973) | 83 400 |
| Other comprehensive (loss) | | - | - | - | (785) | - | - | (785) | - | (785) |
| Total comprehensive income /(loss) for the period | | - | - | - | (785) | - | 86 373 | 85 588 | (2 973) | 82 615 |
| Dividends | | - | - | - | - | - | (156 051) | (156 051) | - | (156 051) |
| Transfers | | - | - | (9 574) | - | - | 9 574 | - | - | - |
| Own shares purchase | | - | - | - | - | (3 743) | - | (3 743) | - | (3 743) |
| Own shares transfer | | - | - | - | - | 2 828 | - | 2 828 | - | 2 828 |
| Squeeze out of non-controlling interest | | - | - | - | - | - | (2 238) | (2 238) | (43 364) | (45 602) |
| Balance as at 31 December 2016 | | 2 229 500 | (1 962 871) | 2 075 994 | 165 925 | (915) | 228 939 | 2 736 572 | 2 896 | 2 739 468 |

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

2. GENERAL INFORMATION



2.1. CORPORATE INFORMATION

GENERAL INFORMATION

Kofola ČeskoSlovensko a.s. ("the Company") is a joint-stock company registered on 12 September 2012. Its registered office is Nad Porubkou 2278/31a, Ostrava, 708 00, Czech Republic and the identification number is 24261980. The Company is recorded in the Commercial Register kept by the Regional Court in Ostrava, section B, Insert No. 10735. The Company's websites are <http://www.firma.kofola.cz> and the phone number is +420 595 601 030.

Main area of activity of Kofola ČeskoSlovensko a.s. in 2017 was providing certain services for the other companies in Kofola Group, e.g. strategic services, services related to products, shared services and holding of licences and trademarks.

Kofola ČeskoSlovensko a.s. is part of the Kofola Group, one of the leading producers and distributors of non-alcoholic beverages in Central and Eastern Europe. Besides the traditional markets of the Czech Republic and Slovakia where the Group is a leader, the Group is also present in Poland, Slovenia and Croatia with limited activities in Russia. The Group produces drinks with care and love in seven production plants and key brands include Kofola, Hoop Cola, Jupí, Jupík, Rajec, Radenska, Paola, Semtex and Vinea. On selected markets, the Group distributes among others Pepsi, Rauch, Evian or Badoit products and under the licence produces RC Cola or Orangina.

Based on the information known to the Board of Directors of the Company acting with due care, the Company was until 29 June 2017 part of the group controlled by KSM Investment S.A. („Group “). Registered office: Rue de Neudorf 560A, L-2220 Luxembourg, Luxembourg. As of 30 June 2017, the ultimate controlling party is AETOS a.s. The seat of AETOS a.s. is Nad Porubkou 2278/31a, Poruba, 708 00 Ostrava. Changes in the ownership structure are described in section 4.1.2.

STOCK EXCHANGE LISTING

Kofola ČeskoSlovensko a.s. is listed on Prague Stock Exchange (ticker KOFOL).

MANAGEMENT

As at 30 June 2017, the composition of the Board of Directors, Supervisory Board and Audit Committee was as follows:

BOARD OF DIRECTORS

- Janis Samaras – Chairman
- René Musila
- Tomáš Jendřejek
- Daniel Buryš
- Jiří Vlasák
- Marián Šefčovič

On June 21, 2017, the Supervisory Board agreed the proposal to resign from the Board of Directors submitted by Mr. Roman Zúrik. With effect from the same date, the Supervisory Board elected a new member of the Board of Directors, Mr. Marián Šefčovič.

SUPERVISORY BOARD

- René Sommer – Chairman
- Jacek Woźniak
- Pavel Jakubík
- Moshe Cohen-Nehemia
- Petr Pravda
- Martin Chocholáček

On June 21, 2017, Company's Annual General meeting decided to terminate the position of Mr. Ivan Jakúbek as a member of the Supervisory Board and to appoint Mr. Martin Chocholáček as a member of the Supervisory Board.

2. GENERAL INFORMATION

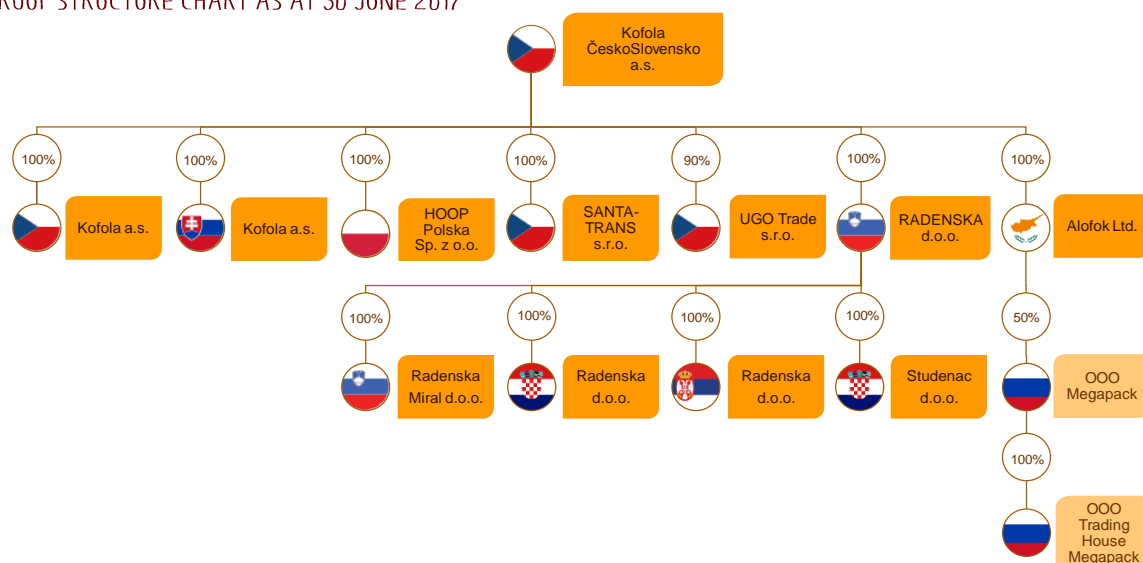
AUDIT COMMITTEE

- Petr Šobotník – Chairman
- Pavel Jakubík
- Martin Chocholáček

On June 21, 2017, Company's Annual General meeting decided to terminate the position of Mr. Marek Piech as a Chairman of the Audit Committee and Mr. Ivan Jakúbek as a member of the Audit Committee and to appoint Mr. Petr Šobotník as a Chairman of the Audit Committee and Mr. Martin Chocholáček as a member of the Audit Committee.

2.2. GROUP STRUCTURE

GROUP STRUCTURE CHART AS AT 30 JUNE 2017



DESCRIPTION OF THE GROUP COMPANIES

| Name of entity | Place of business | Principal activities | Ownership interest and voting rights | |
|---|--------------------------|--|--------------------------------------|------------|
| | | | 30.6.2017 | 31.12.2016 |
| Holding companies | | | | |
| Kofola ČeskoSlovensko a.s. Alofok Ltd. | Czech Republic Cyprus | top holding company holding | 100.00% | 100.00% |
| Production and trading | | | | |
| Kofola a.s. | Czech Republic | production and distribution of non-alcoholic beverages | 100.00% | 100.00% |
| Kofola a.s. | Slovakia | production and distribution of non-alcoholic beverages | 100.00% | 100.00% |
| Hoop Polska Sp. z o.o. | Poland | production and distribution of non-alcoholic beverages | 100.00% | 100.00% |
| UGO Trade s.r.o. | Czech Republic | operation of fresh bars chain | 90.00% | 90.00% |
| RADENSKA d.o.o. | Slovenia | production and distribution of non-alcoholic beverages | 100.00% | 100.00% |
| Studenac d.o.o. | Croatia | production and distribution of non-alcoholic beverages | 100.00% | 100.00% |
| Radenska d.o.o. | Croatia | sales support and administration | 100.00% | 100.00% |
| Radenska d.o.o. | Serbia | inactive | 100.00% | 100.00% |
| Radenska Miral d.o.o. | Slovenia | trademark licensing | 100.00% | 100.00% |
| Sicheldorfer GmbH | Austria | closed | n/a | 100.00% |
| Transportation | | | | |
| SANTA-TRANS s.r.o. | Czech Republic | road cargo transport | 100.00% | 100.00% |
| Associated companies | | | | |
| OOO Megapack | Russia | production of non-alcoholic and low-alcoholic beverages | 50.00% | 50.00% |
| OOO Trading House Megapack | Russia | sale and distribution of non-alcoholic and low-alcoholic beverages | 50.00% | 50.00% |

3.1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the laws binding in the Czech Republic and with International Financial Reporting Standards ("IFRS"), as well as the interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") adopted by the European Union, published and effective for reporting periods beginning 1 January 2017.

The condensed consolidated financial statements have been prepared on a going concern basis and in accordance with the historical cost method, except for financial assets and liabilities measured at fair value, and the assets, liabilities and contingent liabilities of the acquiree, which were stated at fair value as at the date of the acquisition as required by IFRS 3.

The condensed consolidated financial statements include the consolidated statement of the financial position, consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and explanatory notes.

The Group's condensed consolidated financial statements cover the period ended 30 June 2017 and contains comparatives for the period ended 30 June 2016.

The condensed consolidated financial statements are presented in Czech crowns ("CZK"), and all values, unless stated otherwise, are presented in CZK thousand.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires that management exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements as disclosed in section 3.6.

ADOPTION OF CHANGES TO STANDARDS

The Group has not changed its accounting policies as a result of standards and interpretations adopted by the European Union effective for the reporting periods starting from 1 January 2016. The Group has not early-adopted any standard.

Following new standards and amendments not yet effective are relevant for Group:

- IFRS 9 – Financial Instruments,
- IFRS 15 – Revenue from Contracts with Customers,
- IFRS 16 – Leases (not adopted by the European Union).

Management of the Group is analysing potential impact of the not-yet effective standards on the consolidated financial statements of the Group.

Other new standards and amendments are not relevant to the Group or will not have material effect on its financial statements.

3.2. FUNCTIONAL AND PRESENTATION CURRENCY

The consolidated financial statements are presented in Czech crowns (CZK), which is the Company's functional and presentation currency.

3.3. FOREIGN CURRENCY TRANSLATION

The financial statements items of the group entities are measured using their functional currency. Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions.

Monetary assets and liabilities expressed as at the balance sheet date in foreign currencies are translated using the closing exchange rate announced by the Czech National Bank for the end of the reporting period, and all foreign exchange gains or losses are recognized in profit or loss under:

- operating income and expense – for trading operations,
- finance income and costs – for financial operations.

Non-monetary assets and liabilities carried at historical cost expressed in a foreign currency are stated at the historical exchange rate as at the date of the transaction. Non-monetary assets and liabilities carried at fair value expressed in a foreign currency are translated at the exchange rate as at the date on which they were remeasured to the fair value.

Exchange differences on loans granted to subsidiaries forming a part of an investment are transferred, as part of consolidation adjustments, from profit or loss to other comprehensive income and accumulated in Foreign currency translation reserve in equity.

The following exchange rates were used for the preparation of the financial statements:

| Closing exchange rates | 30.6.2017 | 31.12.2016 | 30.6.2016 |
|------------------------|-----------|------------|-----------|
| CZK/EUR | 26.1950 | 27.0200 | 27.1300 |
| CZK/PLN | 6.1990 | 6.1260 | 6.1150 |
| CZK/RUB | 0.3880 | 0.4200 | 0.3790 |
| CZK/USD | 22.9520 | 25.6390 | 24.4330 |
| CZK/HRK | 3.5350 | 3.5750 | 3.6040 |

| Average exchange rates | 1.1.2017 - 30.6.2017 | 1.1.2016 - 31.12.2016 | 1.1.2016 - 30.6.2016 |
|------------------------|-------------------------|--------------------------|-------------------------|
| CZK/EUR | 26.7840 | 27.0330 | 27.0390 |
| CZK/PLN | 6.2740 | 6.1980 | 6.1910 |
| CZK/RUB | 0.4270 | 0.3660 | 0.3470 |
| CZK/USD | 24.7530 | 24.4320 | 24.2360 |
| CZK/HRK | 3.5960 | 3.5890 | 3.5770 |

The results and financial position of foreign operations are translated into CZK as follows:

- assets and liabilities for each statement of financial position presented at closing exchange rates announced by the Czech National Bank for the balance sheet date,
- income and expense for each statement of profit or loss at average exchange rates announced by the Czech National Bank for the reporting period, unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions,
- the resulting exchange differences are recognised in other comprehensive income and accumulated in equity,
- cashflow statement items at the average exchange rate announced by the Czech National Bank for the reporting period, unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions. The resulting foreign exchange differences are recognized under the “Other currency differences from translation” item of the cash-flow statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3. SIGNIFICANT ACCOUNTING POLICIES



3.4. CONSOLIDATION METHODS

The consolidation methods based on which the present financial statements have been prepared have not changed compared to the methods used in the annual consolidated financial statements for the twelve-month period ended 31 December 2016.

3.5. ACCOUNTING METHODS

The accounting methods based on which the present financial statements have been prepared have not changed compared to the methods used in the annual consolidated financial statements for the twelve-month period ended 31 December 2016.

3.6. SIGNIFICANT ESTIMATES

Since some of the information contained in the consolidated financial statements cannot be measured precisely, the Group's management must perform estimates to prepare the consolidated financial statements. Management verifies the estimates based on changes in the factors taken into account at their calculation, new information or past experiences. For this reason, the estimates made as at 30 June 2017 may be changed in the future. The main estimates pertain to the following matters:

| Estimates | Type of information |
|--|--|
| Impairment of goodwill and individual tangible and intangible assets | Key assumptions used to determine the recoverable amount: Impairment indicators, used models, discount rates, growth rates. |
| Impairment of investment in associates | Key assumptions used to determine the recoverable amount: Impairment indicators, used models, discount rates, growth rates. |
| Useful life of trade marks | The history of the trade mark on the market, market position, useful life of similar products, the stability of the market segment, competition. |
| Income tax | Assumptions used to recognise deferred income tax assets. |

3.7. RESTATEMENTS AND CORRECTION OF ERRORS

In 2004 and 2006, Radenska concluded a contract for the sale and storage of state material reserves - 1,800,004 litres of bottled water as a national reserve. The inventory remained in the Radenska balance sheet, because Radenska bears all the risks associated with the holding, the risks will be transferred to the Office for material reserves at the moment of the delivery.

In 2004 and 2006, Radenska recorded the transaction in Cash and Revenue, therefore, costs and benefits of this transaction were not reported in the same period.

In 2016, we corrected the error by adjusting the comparative financial statements, i.e. Retained earnings and Current liabilities, in amount of CZK 10 781 thousand (EUR 399 thousand).

3.8. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors approved the present consolidated financial statements for publication on 7 August 2017.

4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.1. SEGMENT INFORMATION

The Board of Directors of Kofola ČeskoSlovensko a.s. is the chief operating decision maker (“CODM”) responsible for operational decision-making and uses segment results to decide on the allocation of resources to the segments and to assess segments’ performance. The Board of Directors examine the group’s performance from a product and geographic perspective and has identified the following reportable business segments:

Geographic segments

- Czech Republic
- Slovakia
- Poland
- Slovenia
- Other

Furthermore, CODM monitors revenue, but not a profit measure, from the following product lines:

- Carbonated beverages
- Non-carbonated beverages (incl. UGO fresh bottles)
- Waters
- Syrups
- Other (e.g. UGO fresh bars, energy drinks, isotonic drinks, transportation and other services)

The Group applies the same accounting methods to all segments. These policies are also in line with the accounting methods used in the preparation of these consolidated financial statements. Transactions between segments are eliminated in the consolidation process.

The segment Other represents an aggregation of few other countries mainly in Europe with similar economic characteristics.

The Group identified one customer in the six-month period ended 30 June 2017 that generated more than 10% of the Group’s consolidated revenue. The Group’s revenue from this customer in 1H17 amounted to CZK 327 124 thousand (1H16: CZK 538 939 thousand).

4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



GEOGRAPHIC SEGMENTS

| 1.1.2017 – 30.6.2017 | Czech Republic | Slovakia | Poland | Slovenia | Other | Subtotal | Consolidation adjustments | Russia | Total |
|--|------------------|------------------|------------------|------------------|-----------------|-------------------|---------------------------|---------------|------------------|
| | CZK '000 | CZK '000 | CZK '000 | CZK '000 | CZK '000 | CZK '000 | CZK '000 | CZK '000 | CZK '000 |
| Revenue | 1 513 444 | 960 638 | 705 008 | 379 742 | 242 943 | 3 801 775 | (430 793) | - | 3 370 982 |
| External revenue | 1 384 478 | 786 988 | 655 768 | 353 307 | 190 441 | 3 370 982 | - | - | 3 370 982 |
| Inter-segment revenue | 128 966 | 173 650 | 49 240 | 26 435 | 52 502 | 430 793 | (430 793) | - | - |
| Operating expenses | (1 523 565) | (866 075) | (724 640) | (335 927) | (257 989) | (3 708 196) | 430 793 | - | (3 277 403) |
| Related to external revenue | (1 394 599) | (692 425) | (675 400) | (309 492) | (205 487) | (3 277 403) | - | - | (3 277 403) |
| Related to inter-segment revenue | (128 966) | (173 650) | (49 240) | (26 435) | (52 502) | (430 793) | 430 793 | - | - |
| Operating result | (10 121) | 94 563 | (19 632) | 43 815 | (15 046) | 93 579 | - | - | 93 579 |
| Finance income / (costs), net | | | | | | 198 825 | (202 278) | - | (3 453) |
| - within segment | | | | | | (3 453) | - | - | (3 453) |
| - between segments | | | | | | 202 278 | (202 278) | - | - |
| Share of loss of associate | | | | | | - | - | 6 018 | 6 018 |
| Profit/(loss) before income tax | | | | | | 292 404 | (202 278) | 6 018 | 96 144 |
| Income tax expense | | | | | | (31 351) | (28) | - | (31 379) |
| Profit/(loss) for the period | 175 631 | 67 528 | (29 349) | 63 019 | (15 776) | 261 053 | (202 306) | 6 018 | 64 765 |
| EBITDA | 117 372 | 155 250 | 21 864 | 76 117 | (7 297) | 363 306 | - | - | 363 306 |
| One-offs | - | - | (16 469) | 2 100 | - | (14 369) | - | - | (14 369) |
| Adjusted EBITDA | 117 372 | 155 250 | 5 395 | 78 217 | (7 297) | 348 937 | - | - | 348 937 |
| Assets and liabilities | | | | | | | | | |
| Segment assets | 6 445 012 | 1 311 629 | 1 626 114 | 2 364 777 | 402 101 | 12 149 633 | (4 088 831) | 68 086 | 8 128 888 |
| Total assets | 6 445 012 | 1 311 629 | 1 626 114 | 2 364 777 | 402 101 | 12 149 633 | (4 088 831) | 68 086 | 8 128 888 |
| Segment liabilities | 4 072 112 | 1 006 194 | 729 555 | 497 051 | 257 986 | 6 562 898 | (869 870) | - | 5 693 028 |
| Equity | | | | | | | | | 2 435 860 |
| Total liabilities and equity | | | | | | | | | 8 128 888 |
| Other segment information | | | | | | | | | |
| Additions to PPE and Intangible assets | 101 831 | 25 659 | 24 255 | 95 083 | 26 344 | 273 172 | - | - | 273 172 |
| Depreciation and amortisation | 127 493 | 60 687 | 41 496 | 32 302 | 7 749 | 269 727 | - | - | 269 727 |
| Other Impairment losses | 4 800 | 27 | 709 | 2 625 | 438 | 8 599 | - | - | 8 599 |
| Other Impairment losses reversals | (1 111) | (884) | (4 837) | - | - | (6 832) | - | - | (6 832) |

4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

| 1.1.2016 – 30.6.2016 | Czech Republic | Slovakia | Poland | Slovenia | Other | Subtotal | Consolidation adjustments | Russia | Total |
|--|------------------|------------------|------------------|------------------|----------------|-------------------|---------------------------|----------------|------------------|
| | CZK '000 | CZK '000 | CZK '000 | CZK '000 | CZK '000 | CZK '000 | CZK '000 | CZK '000 | CZK '000 |
| Revenue | 1 484 744 | 888 174 | 1 001 888 | 349 449 | 113 209 | 3 837 464 | (333 083) | - | 3 504 381 |
| External revenue | 1 355 755 | 748 373 | 964 509 | 322 535 | 113 209 | 3 504 381 | - | - | 3 504 381 |
| Inter-segment revenue | 128 989 | 139 801 | 37 379 | 26 914 | - | 333 083 | (333 083) | - | - |
| Operating expenses | (1 457 903) | (751 696) | (971 376) | (314 650) | (114 495) | (3 610 120) | 333 083 | - | (3 277 037) |
| Related to external revenue | (1 328 914) | (611 895) | (933 997) | (287 736) | (114 495) | (3 277 037) | - | - | (3 277 037) |
| Related to inter-segment revenue | (128 989) | (139 801) | (37 379) | (26 914) | - | (333 083) | 333 083 | - | - |
| Operating result | 26 841 | 136 478 | 30 512 | 34 799 | (1 286) | 227 344 | - | - | 227 344 |
| Finance income / (costs), net | | | | | | 300 299 | (351 964) | - | (51 665) |
| - within segment | | | | | | (51 665) | - | - | (51 665) |
| - between segments | | | | | | 351 964 | (351 964) | - | - |
| Share of profit of associate | | | | | | - | - | (4 593) | (4 593) |
| Profit/(loss) before income tax | | | | | | 527 643 | (351 964) | (4 593) | 171 086 |
| Income tax expense | | | | | | (41 738) | 178 | - | (41 560) |
| Profit/(loss) for the period | 241 597 | 98 722 | 132 577 | 14 331 | (1 322) | 485 905 | (351 786) | (4 593) | 129 526 |
| EBITDA | 144 471 | 197 576 | 75 997 | 67 439 | (1 286) | 484 197 | - | - | 484 197 |
| One-offs | 24 582 | - | - | 5 191 | - | 29 773 | - | - | 29 773 |
| Adjusted EBITDA | 169 053 | 197 576 | 75 997 | 72 630 | (1 286) | 513 970 | - | - | 513 970 |
| Assets and liabilities | | | | | | | | | |
| Segment assets | 4 936 106 | 1 500 249 | 2 424 897 | 2 227 715 | 3 075 | 11 092 042 | (2 811 289) | 171 199 | 8 451 952 |
| Total assets | 4 936 106 | 1 500 249 | 2 424 897 | 2 227 715 | 3 075 | 11 092 042 | (2 811 289) | 171 199 | 8 451 952 |
| Segment liabilities (Restated) | 4 191 781 | 1 021 881 | 1 071 679 | 2 135 819 | 804 | 8 421 964 | (2 942 723) | - | 5 479 241 |
| Equity (Restated) | | | | | | | | | 2 972 711 |
| Total liabilities and equity | | | | | | | | | 8 451 952 |
| Other segment information | | | | | | | | | |
| Additions to PPE and Intangible assets | 112 234 | 33 393 | 40 743 | 28 986 | - | 215 356 | - | - | 215 356 |
| Depreciation and amortisation | 117 630 | 61 098 | 45 485 | 32 640 | - | 256 853 | - | - | 256 853 |
| Other Impairment losses | 3 125 | - | 3 708 | 82 | - | 6 915 | - | - | 6 915 |
| Other Impairment losses reversals | (3 622) | (11 437) | (8 664) | (136) | - | (23 859) | - | - | (23 859) |

4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

PRODUCT LINES

| 1.1.2017 - 30.6.2017 | Carbonated beverages CZK '000 | Non-carbonated beverages CZK '000 | Waters CZK '000 | Syrups CZK '000 | Other CZK '000 | Total CZK '000 |
|----------------------|-------------------------------------|---|--------------------|--------------------|-------------------|-------------------|
| Revenue | 1 416 893 | 299 816 | 1 026 277 | 339 131 | 288 865 | 3 370 982 |

| 1.1.2016 - 30.6.2016 | Carbonated beverages CZK '000 | Non-carbonated beverages CZK '000 | Waters CZK '000 | Syrups CZK '000 | Other CZK '000 | Total CZK '000 |
|----------------------|-------------------------------------|---|--------------------|--------------------|-------------------|-------------------|
| Revenue | 1 598 558 | 289 110 | 948 370 | 375 015 | 293 328 | 3 504 381 |

SEASONAL AND CYCLICAL NATURE OF THE OPERATIONS

SEASONALITY

Seasonality is associated with periodic deviations in demand and supply, of certain significance in the shaping of the Kofola Group's general sales trends. Beverage sales peak appears in the 2nd and 3rd quarter of the year. This is caused by increased drink consumption in the spring and summer months. In the year ended 31 December 2016, about 21% (17% in 2015) of revenue from the sales of finished products and services was earned in the 1st quarter, with 29% (30% in 2015), 28% (30% in 2015) and 22% (23% in 2015) of the annual consolidated revenues earned in the 2nd, 3rd and 4th quarters, respectively.

CYCLICAL NATURE

The Group's results are to certain extent dependent on economic cycles, in particular on fluctuations in demand and in the prices of raw materials, so-called "commodities".

4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4.2. EXPENSES BY NATURE

| Expenses by nature | 6M17 CZK'000 | 6M16 CZK'000 |
|--|------------------|------------------|
| Depreciation of Property, plant and equipment and amortisation of Intangible assets | 269 727 | 256 853 |
| Employee benefits expenses (i) | 614 130 | 578 781 |
| Consumption of materials and energy | 1 539 740 | 1 655 392 |
| Cost of goods and materials sold | 227 555 | 199 326 |
| Services | 651 258 | 571 037 |
| Rental costs | 61 169 | 57 387 |
| Taxes and fees | 36 432 | 24 227 |
| Insurance costs | 8 489 | 8 517 |
| Change in allowance to inventory | (4 901) | (4 330) |
| Change in allowance to trade receivables | 4 933 | (12 517) |
| Other cost/(income) | 18 141 | 34 526 |
| Total expenses by nature* | 3 426 673 | 3 369 199 |
| Change in finished products and work in progress | (124 944) | (61 577) |
| Reconciliation of expenses by nature to expenses by function | 3 301 729 | 3 307 622 |
| Selling, marketing and distribution costs | 1 057 392 | 942 373 |
| Administrative costs | 208 954 | 226 230 |
| Costs of products and services sold | 1 807 828 | 1 939 693 |
| Cost of goods and materials sold | 227 555 | 199 326 |
| Total costs of products sold, merchandise and materials, sales costs and administrative costs | 3 301 729 | 3 307 622 |

* excluding Other operating income, Other operating expenses and Impairment

(i) Employee benefits expenses

| Employee benefits expenses | 6M17 CZK'000 | 6M16 CZK'000 |
|---|-----------------|-----------------|
| Salaries | 461 862 | 440 130 |
| Social security and other benefit costs | 83 014 | 75 016 |
| Pension benefit plan expenses | 69 254 | 63 635 |
| Total employee benefits expenses | 614 130 | 578 781 |

4.3. OTHER OPERATING INCOME

| Other operating income | 6M17 CZK'000 | 6M16 CZK'000 |
|---|-----------------|-----------------|
| Net gain from the sale of PPE and intangible assets | 13 339 | 1 822 |
| Release of allowance to receivables | - | 48 |
| Reinvoiced payments | 1 289 | - |
| Received subsidies | 50 | - |
| Received donation | - | 342 |
| Compensation claims | 656 | 1 287 |
| Write-off liabilities | 708 | - |
| Received penalties and compensation for damages | 13 107 | 851 |
| Tax return | 48 | 13 |
| Release of provision | 3 293 | 20 913 |
| Other | 1 238 | 12 225 |
| Total other operating income | 33 728 | 37 501 |

4.4. OTHER OPERATING EXPENSES

| Other operating expenses | 6M17 CZK'000 | 6M16 CZK'000 |
|---|-----------------|-----------------|
| Net loss from disposal of PPE and intangible assets | - | 660 |
| Provided donations, sponsorship | 5 485 | 4 318 |
| Paid penalties and damages | - | 29 |
| Other tax expense | 158 | 139 |
| Creation of provisions | - | - |
| Other | 3 759 | 1 770 |
| Total other operating expenses | 9 402 | 6 916 |

4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4.5. FINANCE INCOME

| Finance income | 6M17 CZK'000 | 6M16 CZK'000 |
|--------------------------------------|-----------------|-----------------|
| Interest from: | | |
| – bank deposits | 8 | 1 479 |
| – credits and loans granted | 138 | 40 |
| Exchange gains | 32 428 | 5 269 |
| Gain from revaluation of derivatives | 7 976 | 2 938 |
| Other | 451 | 547 |
| Total finance income | 41 001 | 10 273 |

4.6. FINANCE COSTS

| Finance costs | 6M17 CZK'000 | 6M16 CZK'000 |
|---|-----------------|-----------------|
| Interest from: | | |
| – bank loans and credits, finance lease and bonds | 35 630 | 40 355 |
| Exchange losses | 1 715 | 3 690 |
| Bank costs and charges | 5 123 | 6 869 |
| Loss from revaluation of derivatives | 1 840 | 10 939 |
| Other | 146 | 85 |
| Total finance costs | 44 454 | 61 938 |

4.7. INCOME TAX

4.7.1 INCOME TAX RECOGNISED IN PROFIT OR LOSS

Main income tax elements for the six-month period ended 30 June 2017 and 30 June 2016 were as follows:

| Income tax expense | 6M17 CZK'000 | 6M16 CZK'000 |
|---|-----------------|-----------------|
| Current income tax | 35 560 | 41 607 |
| Current income tax on profits for the year | 35 560 | 41 720 |
| Adjustments for current income tax of prior periods | - | (113) |
| Deferred income tax | (2 181) | (47) |
| Related to arising and reversing of temporary differences | (17 341) | (3 457) |
| Related to tax losses | 15 160 | 3 386 |
| Other | - | 24 |
| Income tax expense | 31 379 | 41 560 |

The income tax rate applicable to the majority of the Group's 2017 and 2016 income is 19%.

4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.8. EARNINGS PER SHARE

Data relating to the profits and shares used to calculate basic and diluted earnings per share are presented below:

| | 6M17 CZK'000 | 6M16 CZK'000 |
|---|-------------------|-------------------|
| Profit for the period attributable to owners of Kofola ČeskoSlovensko a.s. | 67 319 | 129 380 |
| | | |
| | 6M17 Pcs | 6M16 pcs |
| Weighted average number of ordinary shares for EPS calculation | 22 295 000 | 22 295 000 |
| Effect of own shares | (2 356) | (2 720) |
| Weighted average number of ordinary shares used to calculate basic earnings per share | 22 292 644 | 22 292 280 |
| Dilution adjustments | - | - |
| Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share | 22 292 644 | 22 292 280 |

Based on the above information, the basic and diluted earnings per share amounts to:

| Basic earnings per share (CZK/share) | 6M17 CZK'000 | 6M16 CZK'000 |
|--|-----------------|-----------------|
| Profit for the period attributable to owners of Kofola ČeskoSlovensko a.s. | 67 319 | 129 380 |
| Weighted average number of ordinary shares used to calculate basic earnings per share (pcs) | 22 292 644 | 22 292 280 |
| Basic earnings per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK) | 3.02 | 5.80 |
| | | |
| Diluted earnings per share (CZK/share) | 6M17 CZK'000 | 6M16 CZK'000 |
| Profit for the period attributable to owners of Kofola ČeskoSlovensko a.s. | 67 319 | 129 380 |
| Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share (pcs) | 22 292 644 | 22 292 280 |
| Diluted earnings per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK) | 3.02 | 5.80 |

4.9. PROPERTY, PLANT AND EQUIPMENT

The additions to Property, plant and equipment were of CZK 236 324 thousand in 1H17.

The investment projects realised by the Group in 1H17 comprise primarily additions to a production line in Slovenia, acquisition of Titbit and sales support equipment in Czechoslovakia.

The investment projects realised by the Group in 1H16 comprise primarily addition of a building in the production area and sales support equipment in the Czech Republic and the expenditure for hall under construction in Poland.

4.10. INTANGIBLE ASSETS

The Goodwill consists of the goodwill from acquisition of PINELLI spol. s r.o. acquired in April 2011 and goodwill from acquisition of production part of Klimo s.r.o. by Kofola a.s. (Czech Republic) in 2006.

Amortisation of trademarks and other rights is charged to Selling, marketing and distribution costs.

The value of trademarks includes, among others, the value of such trademarks as: Kofola, Vinea, Radenska, Hoop Cola, Paola, Citrocola, Semtex, Erektus and UGO.

In the reporting period of six-months ended 30 June 2017, the additions to intangible assets were of CZK 36 848 thousand. The most significant additions were connected with acquisition of Titbit.

4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.11. INVESTMENT IN ASSOCIATE

4.11.1 000 MEGAPACK

The main activities of the Megapack Group are the provision of beverage bottling services to third parties, production of own beverages, as well as their distribution on the territory of the Russian Federation.

| Investment in associate | 6M17 CZK'000 | 2016 CZK'000 | 6M16 CZK'000 |
|--|-----------------|-----------------|-----------------|
| Opening balance | 67 782 | 155 921 | 155 921 |
| Share of profit/(loss) attributable to the Group | 6 018 | (915) | (4 593) |
| Impairment | - | (126 469) | - |
| Exchange difference | (5 714) | 39 245 | 19 871 |
| Closing balance | 68 086 | 67 782 | 171 199 |

| Statement of financial position | 30.6.2017 CZK'000 | 31.12.2016 CZK'000 | 30.6.2016 CZK'000 |
|---------------------------------|----------------------|-----------------------|----------------------|
| Current assets | 216 013 | 187 030 | 239 254 |
| Non-current assets | 135 481 | 167 568 | 155 888 |
| Current liabilities | (130 639) | (103 365) | (174 153) |
| Non-current liabilities | (15 445) | (19 140) | (19 254) |
| Net assets | 205 410 | 232 093 | 201 735 |

| Statement of profit or loss | 6M17 CZK'000 | 2016 CZK'000 | 6M16 CZK'000 |
|---|-----------------|-----------------|-----------------|
| Revenue | 250 385 | 558 524 | 270 687 |
| Profit/(loss) for the period | 12 036 | (1 830) | (9 186) |
| Share of profit/(loss) attributable to Kofola ČeskoSlovensko group | 6 018 | (915) | (4 593) |

4.12. DIVIDENDS

| Declared dividends | 6M17 CZK'000 | 6M16 CZK'000 |
|-----------------------------------|-----------------|-----------------|
| Declared dividend* | 300 941 | - |
| Dividend per share (CZK/share) ** | 13.50 | - |

* net of dividend to own shares

** declared dividend divided by the number of shares outstanding as of dividend record date

4.13. BONDS

On 4 October 2013, according to the resolution of the Board of Directors from 12 August 2013, amended on 25 September 2013, KOFOLA S.A. issued 110 pieces of bonds denominated in Czech crowns with total nominal value of CZK 330 000 thousand.

Bonds issued:

- were not subject to public offering,
- were offered in private placements through underwriters, i.e. Česká spořitelna a.s. and PPF banka a.s., based on a subscription agreement from 3 October 2013,
- nominal value of one bond was CZK 3 000 000,
- issue price of one bond represented 99.0% of the nominal value,
- maturity of bonds was 60 months from the date of issue, i.e. 4 October 2018,
- interest shall be calculated annually, the end of the first interest period was planned for 4 October 2014,
- interest rate – 12M PRIBOR plus a margin of 415 basis points,
- purpose of the bond issue was to obtain funds which will be used primarily to diversify the sources of financing and refinance part of the existing debt of the Group.

Bonds issued have been put on the regulated market of the Prague Stock Exchange, the first listing took place on 7 October 2013.

4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



| Own bonds issued | Currency | 30.6.2017 CZK'000 | 31.12.2016 CZK'000 | 30.6.2016 CZK'000 | Interest terms | Maturity date |
|----------------------------|----------|----------------------|-----------------------|----------------------|---------------------|---------------|
| Bonds issued KOFOLA VAR/18 | CZK | 339 079 | 330 740 | 338 074 | 12M PRIBOR + margin | 10/2018 |
| Bonds issued total | | 339 079 | 330 740 | 338 074 | | |

INDEBTEDNESS OF THE GROUP FROM ISSUED BONDS

As at 30 June 2017, the Group has a liability from issued bonds in the total amount of CZK 339 079 thousand. Liabilities from interests and obligations from bonds maturing in October 2018 of CZK 327 867 thousand are disclosed in non-current liabilities, and the liabilities from interests of CZK 11 212 thousand are presented in current liabilities.

4.14. BANK CREDITS AND LOANS

INDEBTEDNESS OF THE GROUP FROM THE CREDITS AND LOANS

As at 30 June 2017, the Group's total bank loans and credits amounted to CZK 2 398 850 thousand (2016: CZK 2 553 041 thousand) and decreased by CZK 154 191 thousand compared to 31 December 2016.

4.15. FUTURE COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

As at 30 June 2017 the Group companies provided the following guarantees for third party entities:

| Entity providing guarantees | Entity receiving guarantees | Currency | Guarantee amount FCY'000 | Guarantee amount CZK'000 | Guarantee period | Guarantees provided for | Relationship |
|--|-----------------------------|----------|-----------------------------|-----------------------------|------------------|-------------------------|--------------|
| Kofola ČeskoSlovensko a.s. | Unicredit Bank a.s. | EUR | 4 165 | 109 112 | 12/2022 | Santa-Trans.SK s.r.o. | third party* |
| Total guarantees issued as at 30.6.2017 | | | | 109 112 | | | |

* The fair value of the guarantees is close to zero (fair valuation in level 3).

4.16. LEGAL AND ARBITRATION PROCEEDINGS

DENATIONALISATION PROCEEDINGS AGAINST RADENSKA

There are pending denationalisation proceedings with respect to denationalisation claims of the legal successors of the former owners of Radenska – Wilhelmina Höhn Šarič and Ante Šarič. Although the denationalisation claims have been in the process of being decided on for many years (some for more than two decades), the competent authorities have still not ruled. Although the current decisions are favourable for Radenska, there is a significant risk that they are ill-founded and could therefore be reversed as there is no relevant case law. Therefore, the legal outcome of these proceedings remains highly unclear and uncertain. The value of net assets in Radenska as of 30 June 2017 is CZK 1 775 mil.

OTHER PROCEEDINGS

Some of the Group Companies are routinely involved in legal proceedings which arise in the ordinary course of the Group's business but which are not material to the Group. The Company is not involved in any judicial, administrative or arbitration proceedings and has not conducted such proceedings in the past.

Apart from the above denationalisation proceedings, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Company and/or Group is aware, including any claims against the directors of the Company) which may have, or have had during the 12 months prior to the date of these financial statements, an effect on the financial position or profitability of the Company and/or the Group.

4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.17. RELATED PARTY TRANSACTIONS

4.17.1 SHAREHOLDERS STRUCTURE

| Share capital structure | 30.6.2017 | | | 31.12.2016 | | |
|-------------------------|-------------------|--------------------|--------------------|-------------------|--------------------|--------------------|
| Name of entity | Number of shares | % in share capital | % in voting rights | Number of shares | % in share capital | % in voting rights |
| AETOS a.s. | 12 483 804 | 56.00% | 56.00% | - | - | - |
| KSM Investment S.A. | - | - | - | 11 321 383 | 50.78% | 50.78% |
| CED GROUP S. a r.l. | 8 311 196 | 37.28% | 37.28% | 8 311 196 | 37.28% | 37.28% |
| René Musila | - | - | - | 581 231 | 2.61% | 2.61% |
| Tomáš Jendřejek | - | - | - | 581 190 | 2.61% | 2.61% |
| Others | 1 500 000 | 6.72% | 6.72% | 1 500 000 | 6.72% | 6.72% |
| Total | 22 295 000 | 100.00% | 100.00% | 22 295 000 | 100.00% | 100.00% |

As of 30 June 2017, the ultimate controlling party is AETOS a.s. The seat of AETOS a.s. is Nad Porubkou 2278/31a, Poruba, 708 00 Ostrava.

KSM Investment S.A. ("KSM"), René Musila and Tomáš Jendřejek restructured their shareholdings in Kofola ČeskoSlovensko a.s. ("Kofola") and transferred their shares in Kofola to AETOS a.s., a newly established wholly owned subsidiary of KSM. René Musila and Tomáš Jendřejek became shareholders of AETOS a.s. (next to KSM). Since 30 June 2017, AETOS a.s. is a shareholder of the Company holding shares in Kofola representing 56 % of the total share capital of the Company. Subsequently, KSM (which is currently owned by Czech nationals) intends to merge into AETOS a.s. and thus AETOS a.s. as the controlling shareholder of Kofola would be held solely by Czech nationals.

4.17.2 SUBSIDIARIES AND ASSOCIATES

Interests in subsidiaries and associates are set out in section 2.2.

4.17.3 REMUNERATION OF THE GROUP'S KEY MANAGEMENT PERSONNEL

Presented below is the structure of the remuneration paid out to persons with executive authority in 2017. All costs were paid by the Company, except for the remuneration of Other key management personnel which was paid by other Group entities.

| Remuneration of the Group's key management personnel | Amounts paid for activities in the Company's Board of Directors | | Amounts paid for activities in the Company's Supervisory board | | Amounts paid for activities in the Company's Audit committee | | Amounts paid for other activities within the Group | |
|---|---|----------------------------|--|----------------------------|--|----------------------------|--|----------------------------|
| | Financial compensation | Non-financial compensation | Financial compensation | Non-financial compensation | Financial compensation | Non-financial compensation | Financial compensation | Non-financial compensation |
| | CZK'000 | CZK'000 | CZK'000 | CZK'000 | CZK'000 | CZK'000 | CZK'000 | CZK'000 |
| Members of the Company's Board of Directors | - | - | - | - | - | - | 14 837 | 544 |
| Members of the Company's Supervisory board | - | - | 681 | - | - | - | 3 099 | 210 |
| Members of the Company's Audit committee | - | - | - | - | 105 | - | - | - |
| Other key management personnel of the Group | - | - | - | - | - | - | 4 718 | - |
| Total remuneration of the Group's key management personnel | - | - | 681 | - | 105 | - | 22 654 | 754 |

4.17.4 OTHER RELATED PARTY TRANSACTIONS

Presented below are the total amounts of transactions concluded with the Group's related parties:

| Other related party transactions | Balance as at | | |
|--|----------------------|-----------------------|----------------------|
| | 30.6.2017 CZK'000 | 31.12.2016 CZK'000 | 30.6.2016 CZK'000 |
| Liability to shareholders of KSM Investment S.A. | (152 839) | (10 916) | (44 919) |
| Total | (152 839) | (10 916) | (44 919) |

All transactions with related parties have been concluded at market terms and represent dividends and loan.

4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.18. FINANCIAL INSTRUMENTS

4.18.1 FINANCIAL INSTRUMENTS CATEGORIES

Fair value of Trade receivables, Other financial receivables, Cash and cash equivalents, Trade liabilities and Other financial liabilities is close to carrying amounts since the interest payable on them is either close to market rates or they are short-term.

| 30.6.2017 | Financial assets at amortised cost | Derivatives at fair value through profit or loss | Financial liabilities at amortised cost | Total |
|-----------------------------|---------------------------------------|--|--|--------------------|
| | CZK'000 | CZK'000 | CZK'000 | CZK'000 |
| Trade and other receivables | 1 261 700 | - | - | 1 261 700 |
| Cash and cash equivalents | 1 197 783 | - | - | 1 197 783 |
| Derivatives (i) | - | (8 767) | - | (8 767) |
| Bank credits and loans | - | - | (2 398 850) | (2 398 850) |
| Bonds issued | - | - | (339 079) | (339 079) |
| Trade and other payables | - | - | (2 171 357) | (2 171 357) |
| Total | 2 459 483 | (8 767) | (4 909 160) | (2 458 444) |

(i) Fair value of derivatives

The Group has concluded interest rate swap and commodity swap for diesel price. These derivatives are classified as held for trading and accounted for at fair value through profit or loss.

Measured derivatives are not traded in active markets, however all significant inputs required for fair value measurement are observable and as such the Group has included this instrument in Level 2 of fair value hierarchy levels.

| 31.12.2016 | Financial assets at amortised cost | Derivatives at fair value through profit or loss | Financial liabilities at amortised cost | Total |
|-----------------------------|---------------------------------------|--|--|--------------------|
| | CZK'000 | CZK'000 | CZK'000 | CZK'000 |
| Trade and other receivables | 951 105 | - | - | 951 105 |
| Cash and cash equivalents | 1 421 014 | - | - | 1 421 014 |
| Derivatives (ii) | - | (14 691) | - | (14 691) |
| Bank credits and loans | - | - | (2 553 041) | (2 553 041) |
| Bonds issued | - | - | (330 740) | (330 740) |
| Trade and other payables | - | - | (1 617 459) | (1 617 459) |
| Total | 2 372 119 | (14 691) | (4 501 240) | (2 143 812) |

(ii) Fair value of derivatives

Measured derivatives are not traded in active markets, however all significant inputs required for fair value measurement are observable and as such the Group has included this instrument in Level 2 of fair value hierarchy levels.

4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.19. SUBSEQUENT EVENTS

ACQUISITION OF SUBSIDIARY PREMIUM ROSA

Kofola ČeskoSlovensko a.s. acquired on 10 July 2017 a 100% business share in the company Premium Rosa Sp. z o.o based in Złotokłos, Poland. The company operates in the premium segment and produces high quality natural products such as syrups, juices and jams.

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition.

| Fair value of assets and liabilities | Book value | Fair value adjustments | Fair value |
|---|---------------|------------------------|---------------|
| | CZK'000 | CZK'000 | CZK'000 |
| Property, plant and equipment | 18 161 | - | 18 161 |
| Intangible assets | 1 908 | 49 289 | 51 197 |
| Other financial assets | 127 | - | 127 |
| Deferred tax assets | - | - | - |
| Inventories | 24 678 | - | 24 678 |
| Trade receivables and other receivables | 13 989 | - | 13 989 |
| Cash and cash equivalents | 4 951 | - | 4 951 |
| Provisions | - | - | - |
| Bank credits and loans | (13 192) | - | (13 192) |
| Income tax liability | - | - | - |
| Trade liabilities and other liabilities | (13 507) | - | (13 507) |
| Other financial liabilities | (24 425) | - | (24 425) |
| Total identifiable net assets acquired | 12 691 | 49 289 | 61 980 |

The following table summarizes the consideration transferred, non-controlling interest, net assets acquired and goodwill.

| Goodwill calculation | CZK'000 |
|---------------------------|----------|
| Consideration transferred | 55 782 |
| Deffered payment | 6 198 |
| Non-controlling interest | - |
| Net assets acquired | 61 980 |
| Goodwill | - |

The valuation of net assets was prepared on the provisional basis due to the timing of the transaction. If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

No other events have occurred after the end of the reporting period that would require adjusting the amounts recognised or disclosures made in the consolidated financial statements.



CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS 6M 2017
KOFOLA ČESKOSLOVENSKO A.S.

1. CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS



1.1. SEPARATE STATEMENT OF PROFIT OR LOSS

for the 6-month period ended 30 June 2017 and 30 June 2016 in CZK thousand.

| Separate statement of profit or loss | Note | 6M17 | 6M16 Restated * |
|---|------|-----------------|--------------------|
| | | CZK'000 | CZK'000 |
| Revenue from the sale of finished products and services | | 200 700 | 129 330 |
| Revenue from the sale of goods and materials | | - | 71 |
| Revenue | | 200 700 | 129 401 |
| Cost of products and services sold | 4.2 | (20 601) | (15 040) |
| Cost of goods and materials sold | | - | - |
| Cost of sales | | (20 601) | (15 040) |
| Gross profit | | 180 099 | 114 361 |
| Selling, marketing and distribution costs | 4.2 | (102 866) | (83 457) |
| Administrative costs | 4.2 | (114 092) | (91 394) |
| Dividends | | 549 764 | 448 315 |
| Other operating income | 4.3 | 945 | 2 999 |
| Other operating expenses | 4.4 | (1 655) | (1 155) |
| Operating result | | 512 195 | 389 669 |
| Finance income | 4.5 | 15 169 | 14 300 |
| Finance costs | 4.6 | (26 174) | (56 355) |
| Profit before income tax | | 501 190 | 347 614 |
| Income tax benefit | 4.7 | 1 995 | 11 494 |
| Profit for the period | | 503 185 | 359 108 |
| Earnings/ (loss) per share (in CZK) | | | |
| Basic earnings per share | 4.8 | 22.57 | 16.11 |
| Diluted earnings per share | 4.8 | 22.57 | 16.11 |

* 6M16 restated Statement of profit or loss includes costs and revenues of merged companies which are described in the note 2.1 for the period starting 12 March 2016.

The above separate statement of profit or loss should be read in conjunction with the accompanying notes.

1.2. SEPARATE STATEMENT OF OTHER COMPREHENSIVE INCOME

for the 6-month period ended 30 June 2017 and 30 June 2016 in CZK thousand.

| Separate statement of other comprehensive income | Note | 6M17 | 6M16 Restated |
|--|------|----------------|------------------|
| | | CZK'000 | CZK'000 |
| Profit for the period | | 503 185 | 359 108 |
| Other comprehensive income for the period | | - | - |
| Total comprehensive income for the period | | 503 185 | 359 108 |

The above separate statement of other comprehensive income should be read in conjunction with the accompanying notes.

1. CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

1.3. SEPARATE STATEMENT OF FINANCIAL POSITION

as at 30 June 2017, 31 December 2016 and 30 June 2016 in CZK thousand.

| Assets | Note | 30.6.2017 | 31.12.2016 | 30.6.2016 |
|-----------------------------------|------|------------------|------------------|---------------------|
| | | CZK'000 | CZK'000 | Restated CZK'000 |
| Non-current assets | | 3 856 624 | 3 882 962 | 4 296 132 |
| Property, plant and equipment | 4.10 | 61 555 | 68 706 | 45 076 |
| Goodwill | 4.11 | 30 675 | 30 675 | 30 675 |
| Intangible assets | 4.11 | 355 442 | 374 709 | 371 582 |
| Investments in subsidiaries | 4.9 | 3 365 198 | 3 365 198 | 3 565 501 |
| Other receivables | | 42 768 | 42 663 | 44 570 |
| Loans provided to related parties | | 786 | 811 | 238 528 |
| Other non-financial assets | | 200 | 200 | 200 |
| Current assets | | 911 631 | 473 056 | 676 542 |
| Trade and other receivables | | 904 980 | 442 505 | 501 755 |
| Income tax receivables | | 2 802 | 2 802 | 7 960 |
| Cash and cash equivalents | | 3 849 | 27 749 | 166 827 |
| Total assets | | 4 768 255 | 4 356 018 | 4 972 674 |

| Liabilities and equity | Note | 30.6.2017 | 31.12.2016 | 30.6.2016 |
|--|------|------------------|------------------|---------------------|
| | | CZK'000 | CZK'000 | Restated CZK'000 |
| Total equity | | 2 279 797 | 2 077 996 | 2 347 431 |
| Share capital | 1.5 | 2 229 500 | 2 229 500 | 2 229 500 |
| Share premium | 1.5 | - | - | - |
| Other reserves | 1.5 | (496 266) | (496 266) | (496 266) |
| Own shares | 1.5 | (1 357) | (915) | (933) |
| Retained earnings / (Accumulated losses) | 1.5 | 547 920 | 345 677 | 615 130 |
| Non-current liabilities | | 997 208 | 1 066 970 | 1 240 194 |
| Bank credits and loans | 4.14 | 617 697 | 676 268 | 691 407 |
| Bonds issued | 4.13 | 327 867 | 327 072 | 326 844 |
| Finance lease liabilities | | 7 650 | 9 665 | 12 116 |
| Other liabilities | | 7 679 | 15 655 | 177 805 |
| Deferred tax liabilities | | 36 315 | 38 310 | 32 022 |
| Current liabilities | | 1 491 250 | 1 211 052 | 1 385 049 |
| Bank credits and loans | 4.14 | 1 077 278 | 1 077 018 | 1 074 489 |
| Bonds issued | 4.13 | 11 212 | 3 668 | 11 227 |
| Finance lease liabilities | | 4 138 | 4 957 | 5 011 |
| Trade and other payables | | 74 424 | 78 516 | 218 251 |
| Other financial liabilities | | 300 941 | 10 916 | 51 298 |
| Provisions | | 23 257 | 35 977 | 24 773 |
| Total liabilities | | 2 488 458 | 2 278 022 | 2 625 243 |
| Total liabilities and equity | | 4 768 255 | 4 356 018 | 4 972 674 |

The above separate statement of financial position should be read in conjunction with the accompanying notes.

1. CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

1.4. SEPARATE STATEMENT OF CASH FLOWS

for the 6-month period ended 30 June 2017 and 30 June 2016 in CZK thousand.

| Separate statement of cash flows | Note | 6M17 CZK '000 | 6M16 Restated CZK '000 |
|--|----------|------------------|------------------------------|
| Cash flows from operating activities | | | |
| Profit / (loss) before income tax | 1.1 | 501 190 | 347 614 |
| Adjustments for: | | | |
| Non-cash movements | | | |
| Depreciation and amortisation | 4.2 | 32 574 | 27 598 |
| Net interest | 4.5, 4.6 | 19 656 | 24 158 |
| Dividends | | (549 764) | (448 315) |
| Change in the balance of provisions and adjustments | | (12 720) | 2 323 |
| Revaluation of derivatives | 4.5, 4.6 | (7 976) | 18 731 |
| Gain on sale of PPE and intangible assets | 4.4 | - | (1 022) |
| Net exchange differences | 4.5 | (1 397) | - |
| Other | | (3 404) | 8 459 |
| Cash movements | | | |
| Income tax | | - | (667) |
| Change in operating assets and liabilities | | | |
| Change in receivables | | (50 367) | (45 042) |
| Change in payables | | 194 960 | (3 323) |
| Net cash (outflow) from operating activities | | 122 752 | (69 486) |
| Cash flows from investing activities | | | |
| Sale of property, plant and equipment | | - | 18 |
| Acquisition of property, plant and equipment and intangible assets | | (16 201) | (30 641) |
| Purchase of financial assets | | - | (6 500) |
| Interest received | | - | 2 725 |
| Dividends received | | 81 000 | 106 000 |
| Loans granted | | (121 559) | - |
| Net cash inflow / (outflow) from investing activities | | (56 759) | 71 602 |
| Cash flows from financing activities | | | |
| Finance lease payments | | (2 833) | (2 171) |
| Proceeds from loans | | - | - |
| Repayment of loans and bank credits | | (59 455) | (52 884) |
| Dividends paid to the shareholders of the Company | | (10 916) | - |
| Interest and bank charges paid | | (16 247) | (22 493) |
| Purchase of own shares | | (442) | (3 743) |
| Change of cash due to merger | | - | 106 668 |
| Net cash inflow / (outflow) from financing activities | | (89 893) | 25 377 |
| Net increase/(decrease) in cash and cash equivalents | | (23 900) | 27 493 |
| Cash and cash equivalents at the beginning of the period | | 27 749 | 139 334 |
| Cash and cash equivalents at the end of the period | 1.3 | 3 849 | 166 827 |

The above separate statement of cash flows should be read in conjunction with the accompanying notes.

1. CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS



1.5. SEPARATE STATEMENT OF CHANGES IN EQUITY

for the 6-month period ended 30 June 2017, 12-month period ended 31 December 2016 and 6-month period ended 30 June 2016 in CZK thousand.

| Separate statement of changes in equity | Note | Share capital | Share premium | Other reserves | Own shares | Retained earnings / (Accumulated losses) | Total equity |
|--|------|------------------|------------------|------------------|----------------|--|------------------|
| | | CZK'000 | CZK'000 | CZK'000 | CZK'000 | CZK'000 | CZK'000 |
| Balance as at 1 January 2016 | | 2 229 500 | 5 494 517 | - | - | (12 277) | 7 711 740 |
| Profit for the period | 1.1 | - | - | - | - | 359 108 | 359 108 |
| Total comprehensive (loss) for the period | 1.2 | - | - | - | - | 359 108 | 359 108 |
| Own shares purchase | | - | - | - | (3 743) | - | (3 743) |
| Own shares sale | | - | - | - | 2 810 | - | 2 810 |
| Effect of merger | | - | (5 494 517) | (496 266) | - | 268 299 | (5 722 484) |
| Balance as at 30 June 2016 (Restated) | | 2 229 500 | - | (496 266) | (933) | 615 130 | 2 347 431 |
| Balance as at 1 January 2016 | | 2 229 500 | 5 494 517 | - | - | (12 277) | 7 711 740 |
| Profit for the period | | - | - | - | - | 245 706 | 245 706 |
| Total comprehensive income for the period | | - | - | - | - | 245 706 | 245 706 |
| Own shares purchase | | - | - | - | (3 743) | - | (3 743) |
| Own shares sale | | - | - | - | 2 828 | - | 2 828 |
| Dividends | | - | - | - | - | (156 051) | (156 051) |
| Effect of merger | | - | (5 494 517) | (496 266) | - | 268 299 | (5 722 484) |
| Balance as at 31 December 2016 | | 2 229 500 | - | (496 266) | (915) | 345 677 | 2 077 996 |
| Balance as at 1 January 2017 | | 2 229 500 | - | (496 266) | (915) | 345 677 | 2 077 996 |
| Profit for the period | 1.1 | - | - | - | - | 503 185 | 503 185 |
| Total comprehensive income for the period | 1.2 | - | - | - | - | 503 185 | 503 185 |
| Own shares purchase | | - | - | - | (442) | - | (442) |
| Dividends | | - | - | - | - | (300 941) | (300 941) |
| Balance as at 30 June 2017 | | 2 229 500 | - | (496 266) | (1 357) | 547 920 | 2 279 797 |

The above separate statement of changes in equity should be read in conjunction with the accompanying notes.

2. GENERAL INFORMATION



2.1. CORPORATE INFORMATION

GENERAL INFORMATION

Kofola ČeskoSlovensko a.s. ("the Company") is a joint-stock company registered on 12 September 2012. Its registered office is Nad Porubkou 2278/31a, Ostrava, 708 00, Czech Republic and the identification number is 24261980. The Company is recorded in the Commercial Register kept by the Regional Court in Ostrava, section B, Insert No. 10735. The Company's websites are <http://www.firma.kofola.cz> and the phone number is +420 595 601 030.

Main area of activity of Kofola ČeskoSlovensko a.s. in 2017 was holding of the subsidiaries.

Kofola ČeskoSlovensko a.s. is part of the Kofola Group, one of the leading producers and distributors of non-alcoholic beverages in Central and Eastern Europe. Besides the traditional markets of the Czech Republic and Slovakia where the Group is a leader, the Group is also present in Poland and in Slovenia with limited activities in Austria and Russia. The Group produces drinks with care and love in seven production plants (incl. Croatia) and key brands include Kofola, Hoop Cola, Jupí, Jupík, Rajec, Radenska, Paola, Semtex and Vinea. On selected markets, the Group distributes among others Rauch, Evian or Badoit products and under the licence produces RC Cola or Orangina.

CROSS BORDER MERGER

The Board of Directors of Kofola ČeskoSlovensko a.s. approved on 12 March 2016 the cross-border merger.

As a result of the merger, the following companies were dissolved ("Dissolving Companies"):

- Kofola CS a.s. (CZ),
- PINELLI spol. s r.o. (CZ),
- Kofola S.A. (PL),
- Kofola, holdinška družba d.o.o. (SI).

All assets and liabilities of the Dissolving Companies have been transferred to Kofola ČeskoSlovensko a.s. under universal succession.

STOCK EXCHANGE LISTING

Kofola ČeskoSlovensko a.s. is listed on Prague Stock Exchange (ticker KOFOL).

MANAGEMENT

BOARD OF DIRECTORS

- Janis Samaras – Chairman
- René Musila
- Tomáš Jendřejek
- Daniel Buryš
- Jiří Vlasák
- Marián Šefčovič

On June 21, 2017, the Supervisory Board agreed the proposal to resign from the Board of Directors submitted by Mr. Roman Zúrik. With effect from the same date, the Supervisory Board elected a new member of the Board of Directors, Mr. Marián Šefčovič.

SUPERVISORY BOARD

- René Sommer – Chairman
- Jacek Woźniak
- Pavel Jakubík
- Moshe Cohen-Nehemia
- Petr Pravda
- Martin Chocholáček

On June 21, 2017, Company's Annual General meeting decided to terminate the position of Mr. Ivan Jakúbek as a member of the Supervisory Board and to appoint Mr. Martin Chocholáček as a member of the Supervisory Board.

2. GENERAL INFORMATION



AUDIT COMMITTEE

- Petr Šobotník – Chairman
- Pavel Jakubík
- Martin Chocholáček

On June 21, 2017, Company's Annual General meeting decided to terminate the position of Mr. Marek Piech as a Chairman of the Audit Committee and Mr. Ivan Jakúbek as a member of the Audit Committee and to appoint Mr. Petr Šobotník as a Chairman of the Audit Committee and Mr. Martin Chocholáček as a member of the Audit Committee.

3.1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

BASIS OF PREPARATION

The separate financial statements have been prepared in accordance with the laws binding in the Czech Republic and with International Financial Reporting Standards ("IFRS"), as well as the interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") adopted by the European Union, published and effective for reporting periods beginning 1 January 2017.

The separate financial statements have been prepared on a going concern basis and in accordance with the historical cost method, except for financial assets and liabilities measured at fair value, and the assets, liabilities and contingent liabilities of the acquiree, which were stated at fair value as at the date of the acquisition as required by IFRS 3.

The separate financial statements include the separate statement of the financial position, separate statement of profit or loss, separate statement of other comprehensive income, separate statement of changes in equity, separate statement of cash flows and explanatory notes.

The separate financial statements cover the period ended 30 June 2017 and contains comparatives for the period ended 30 June 2016. Due to the merger described in 2.1. the comparative financial statements have been restated.

The separate financial statements are presented in Czech crowns ("CZK"), and all values, unless stated otherwise, are presented in CZK thousand.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires that management exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the separate financial statements as disclosed in section C 3.5.

ADOPTION OF CHANGES TO STANDARDS

The Company has not changed its accounting policies as a result of standards and interpretations adopted by the European Union effective for the reporting periods starting from 1 January 2017. The Company has not early-adopted any standard.

Following new standards and amendments not yet effective are relevant for Company:

- IFRS 9 – Financial Instruments,
- IFRS 15 – Revenue from Contracts with Customers,
- IFRS 16 – Leases (not adopted by the European Union).

Management of the Company is analysing potential impact of the not-yet effective standards on the financial statements of the Company.

Other new standards and amendments are not relevant to the Company or will not have material effect on its financial statements.

3.2. FUNCTIONAL AND PRESENTATION CURRENCY

The separate financial statements are presented in Czech crowns (CZK), which is the Company's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING POLICIES



3.3. FOREIGN CURRENCY TRANSLATION

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions.

Monetary assets and liabilities expressed as at the balance sheet date in foreign currencies are translated using the closing exchange rate announced by the Czech National Bank for the end of the reporting period, and all foreign exchange gains or losses are recognized in profit or loss under:

- operating income and expense – for trading operations,
- finance income and costs – for financial operations.

Non-monetary assets and liabilities carried at historical cost expressed in a foreign currency are stated at the historical exchange rate as at the date of the transaction. Non-monetary assets and liabilities carried at fair value expressed in a foreign currency are translated at the exchange rate as at the date on which they were remeasured to the fair value.

The following exchange rates were used for the preparation of the financial statements:

| Closing exchange rates | 30.6.2017 | 31.12.2016 | 30.6.2016 |
|------------------------|-----------|------------|-----------|
| CZK/EUR | 26.1950 | 27.0200 | 27.1300 |
| CZK/PLN | 6.1990 | 6.1260 | 6.1150 |
| CZK/RUB | 0.3880 | 0.4200 | 0.3790 |
| CZK/USD | 22.9520 | 25.6390 | 24.4330 |
| CZK/HRK | 3.5350 | 3.5750 | 3.6040 |

| Average exchange rates | 1.1.2017 - 30.6.2017 | 1.1.2016 - 31.12.2016 | 1.1.2016 - 30.6.2016 |
|------------------------|-------------------------|--------------------------|-------------------------|
| CZK/EUR | 26.7840 | 27.0330 | 27.0390 |
| CZK/PLN | 6.2740 | 6.1980 | 6.1910 |
| CZK/RUB | 0.4270 | 0.3660 | 0.3470 |
| CZK/USD | 24.7530 | 24.4320 | 24.2360 |
| CZK/HRK | 3.5960 | 3.5890 | 3.5770 |

3.4. ACCOUNTING METHODS

The accounting methods based on which the present financial statements have been prepared have not changed compared to the methods used in the annual separate financial statements for the twelve-month period ended 31 December 2016.

3.5. SIGNIFICANT ESTIMATES

Since some of the information contained in the separate financial statements cannot be measured precisely, the Company's management must perform estimates to prepare the separate financial statements. Management verifies the estimates based on changes in the factors taken into account at their calculation, new information or past experiences. For this reason, the estimates made as at 30 June 2017 may be changed in the future. The main estimates pertain to the following matters:

| Estimates | Type of information |
|--|---|
| Impairment of goodwill and individual tangible and intangible assets | Key assumptions used to determine the recoverable amount: Impairment indicators, used models, discount rates, growth rates. |
| Impairment of investments in subsidiaries and associates | Key assumptions used to determine the recoverable amount: Impairment indicators, used models, discount rates, growth rates. |
| Income tax | Assumptions used to recognise deferred income tax assets. |

3.6. APPROVAL OF SEPARATE FINANCIAL STATEMENTS

The Board of Directors approved the present separate financial statements for publication on 7 August 2017.

4. NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS



4.1. SEGMENT INFORMATION

The Board of Directors of the Company, as the chief decision maker, does not use segment results of the Company, neither in the decision-making process nor in the allocation of resources and assessment of the performance.

The Company acts as a holding company and as such, provides certain services for the other companies in Kofola Group. This comprises, in particular, the provision of:

- strategic services, including: cooperation in the preparation of business, marketing, production, investment and financing plans, management of subsidiaries, including their financing;
- services related to products (quality department), including: central product development, innovation process management, costing and pricing, production and logistics planning, quality control;
- shared services, including: preparation and management of accounting and reporting methods, controlling and reporting, IT services, legal services, back office services, internal audit; and
- licenses and trademarks: Kofola ČeskoSlovensko a.s. owns most licenses, trademarks for branded beverages and similar copyrights for the products distributed on the CzechoSlovak market, for which the other Group Companies pay royalties.

4.2. EXPENSES BY NATURE

| Expenses by nature | 6M17 CZK'000 | 6M16 CZK'000 |
|--|-----------------|-----------------|
| Depreciation of Property, plant and equipment and amortisation of Intangible assets | 32 574 | 27 598 |
| Employee benefits expenses (i) | 114 362 | 70 894 |
| Consumption of materials and energy | 4 252 | 3 847 |
| Services | 80 093 | 62 547 |
| Rental costs | 3 079 | 3 776 |
| Taxes and fees | 1 364 | 1 565 |
| Insurance costs | 670 | 782 |
| Change in allowances | - | 18 045 |
| Other costs/(income) | 1 165 | 837 |
| Total expenses by nature* | 237 559 | 189 891 |
| Reconciliation of expenses by nature to expenses by function | 237 559 | 189 891 |
| Selling, marketing and distribution costs | 102 866 | 83 457 |
| Administrative costs | 114 092 | 91 394 |
| Costs of products and services sold | 20 601 | 15 040 |
| Total costs of products sold, merchandise and materials, sales costs and administrative costs | 237 559 | 189 891 |

* excluding Other operating income, Other operating expenses and Impairment

(i) Employee benefits expenses

| Employee benefits expenses | 6M17 CZK'000 | 6M16 CZK'000 |
|---|-----------------|-----------------|
| Salaries | 85 094 | 53 433 |
| Social security and other benefit costs | 11 371 | 6 820 |
| Pension benefit plan expenses | 17 897 | 10 641 |
| Total employee benefits expenses | 114 362 | 70 894 |

Costs in the 6M16 period include originally presented costs of Kofola ČeskoSlovensko a.s. and costs of merged companies described in the note 2.1 for the period beginning 12 March 2016.

4. NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

4.3. OTHER OPERATING INCOME

| Other operating income | 6M17 CZK'000 | 6M16 CZK'000 |
|---|-----------------|-----------------|
| Net gain from the sale of PPE and intangible assets | - | 1 022 |
| Received penalties and damages | - | 11 |
| Release of provision | - | 411 |
| Other | 945 | 1 555 |
| Total other operating income | 945 | 2 999 |

4.4. OTHER OPERATING EXPENSES

| Other operating expenses | 6M17 CZK'000 | 6M16 CZK'000 |
|---------------------------------------|-----------------|-----------------|
| Provided donations, sponsorship | 1 651 | 918 |
| Paid penalties and damages | 4 | 12 |
| Other | - | 255 |
| Total other operating expenses | 1 655 | 1 155 |

4.5. FINANCE INCOME

| Finance income | 6M17 CZK'000 | 6M16 CZK'000 |
|--------------------------------------|-----------------|-----------------|
| Interest from: | | |
| – bank deposits | 1 | 1 295 |
| – credits and loans granted | 4 929 | 5 392 |
| Exchange gains | 1 397 | - |
| Gain from revaluation of derivatives | 7 976 | - |
| Gain from guarantees | - | 6 801 |
| Other | 866 | 812 |
| Total finance income | 15 169 | 14 300 |

4.6. FINANCE COSTS

| Finance costs | 6M17 CZK'000 | 6M16 CZK'000 |
|---|-----------------|-----------------|
| Interest from: | | |
| – bank loans and credits, finance lease and bonds | 24 586 | 30 845 |
| Exchange losses | - | 12 202 |
| Bank costs and charges | 1 588 | 2 369 |
| Loss from revaluation of derivatives | - | 10 939 |
| Total finance costs | 26 174 | 56 355 |

4.7. INCOME TAX

4.7.1 INCOME TAX RECOGNISED IN PROFIT OR LOSS

Main income tax elements for the six-month period ended 30 June 2017 and 30 June 2016 were as follows:

| Income tax expense | 6M17 CZK'000 | 6M16 CZK'000 |
|---|-----------------|-----------------|
| Current income tax | - | (133) |
| Deferred income tax | (1 995) | (11 361) |
| Related to arising and reversing of temporary differences | (1 995) | (11 361) |
| Related to tax losses | - | - |
| Income tax benefit | (1 995) | (11 494) |

The income tax rate applicable to the Company in 2017 and 2016 income is 19%.

4. NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS



4.8. EARNINGS PER SHARE

The basic earnings per share ratio is calculated by dividing the profit for the period attributable to owners of Kofola ČeskoSlovensko a.s. by the weighted average number of ordinary shares outstanding during the period.

The diluted earnings per share ratio is calculated by dividing the profit for the period attributable to ordinary shareholders (after deducting the interest on redeemable preferred shares convertible to ordinary shares) by the weighted average number of ordinary shares outstanding during the period (adjusted by the effect of diluting options and own shares not subject to dividends).

Data relating to the profits and shares used to calculate basic and diluted earnings per share are presented below:

| | 6M17 CZK'000 | 6M16 CZK'000 |
|---|-------------------|-------------------|
| Profit for the period attributable to owners of Kofola ČeskoSlovensko a.s. | 503 185 | 359 108 |
| | | |
| | 6M17 pcs | 6M16 pcs |
| Weighted average number of ordinary shares for EPS calculation | 22 295 000 | 22 295 000 |
| Effect of own shares | (2 356) | (2 720) |
| Weighted average number of ordinary shares used to calculate basic earnings per share | 22 292 644 | 22 292 280 |
| Dilution adjustments | - | - |
| Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share | 22 292 644 | 22 292 280 |

Based on the above information, the basic and diluted earnings per share amounts to:

| Basic earnings per share (CZK/share) | 6M17 CZK'000 | 6M16 CZK'000 |
|--|-----------------|-----------------|
| Profit for the period attributable to owners of Kofola ČeskoSlovensko a.s. | 503 185 | 359 108 |
| Weighted average number of ordinary shares used to calculate basic earnings per share (pcs) | 22 292 644 | 22 292 280 |
| Basic earnings per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK) | 22.57 | 16.11 |
| | | |
| Diluted earnings per share (CZK/share) | 6M17 CZK'000 | 6M16 CZK'000 |
| Profit for the period attributable to owners of Kofola ČeskoSlovensko a.s. | 503 185 | 359 108 |
| Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share (pcs) | 22 292 644 | 22 292 280 |
| Diluted earnings per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK) | 22.57 | 16.11 |

4.9. INVESTMENT IN SUBSIDIARIES

| Investment in subsidiaries Name of entity | Ownership interest | | Cost | | Carrying amount | |
|--|--------------------|-----------------|----------------------|-----------------------|----------------------|-----------------------|
| | 30.6.2017 % | 31.12.2016 % | 30.6.2017 CZK'000 | 31.12.2016 CZK'000 | 30.6.2017 CZK'000 | 31.12.2016 CZK'000 |
| Kofola a.s. (CZ) | 100.00% | 100.00% | 197 498 | 197 498 | 197 498 | 197 498 |
| Kofola a.s. (SK) | 100.00% | 100.00% | 51 023 | 51 023 | 51 023 | 51 023 |
| Hoop Polska Sp. z o.o. | 100.00% | 100.00% | 2 460 176 | 2 460 176 | 1 067 574 | 1 067 574 |
| SANTA-TRANS s.r.o. | 100.00% | 100.00% | 8 760 | 8 760 | 8 760 | 8 760 |
| UGO Trade s.r.o. | 90.00% | 90.00% | 111 401 | 111 401 | 111 401 | 111 401 |
| RADENSKA d.o.o. | 100.00% | 100.00% | 1 860 411 | 1 860 411 | 1 860 411 | 1 860 411 |
| Alofok Ltd. | 100.00% | 100.00% | 354 450 | 354 450 | 68 531 | 68 531 |
| Total investment in subsidiaries | | | 5 043 719 | 5 043 719 | 3 365 198 | 3 365 198 |

4.10. PROPERTY, PLANT AND EQUIPMENT

The investment projects realised by the Company in 2017 comprise primarily low-cost equipment.

4. NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS



4.11. INTANGIBLE ASSETS

The Goodwill arose on merger with Pinelli spol. s r.o. Amortisation of trademarks and other rights is charged to Selling, marketing and distribution costs.

The value of trademarks includes, among others, the value of such trademarks as: Kofola, Citrocola, Semtex and Erektus.

In the reporting period of six-months ended 30 June 2017, the additions to intangible assets were of CZK 3 373 thousand. The most significant additions were purchases of software licence.

4.12. EFFECT OF MERGER

The structure of the equity as of 12 March 2016 was formed by consolidation of the equity components of the merging entities (described in section 2.1.) as presented in the table below.

Merger adjustments in equity represent mainly:

- the elimination of investments between the merging entities in the amount of (CZK 6 021 458 thousand),
- the goodwill related to acquisition of Pinelli spol. s r.o. in the amount of CZK 30 675 thousand,
- the reclassification from Other reserves to Retained earnings relating to the dividend fund created from prior period profits at Kofola S.A. in the amount of CZK 37 392 thousand, and
- retained earnings of merged companies in the amount of CZK 230 907 thousand.

4.13. BONDS

On 4 October 2013, according to the resolution of the Board of Directors from 12 August 2013, amended on 25 September 2013, KOFOLA S.A. issued 110 pieces of bonds denominated in Czech crowns with total nominal value of CZK 330 000 thousand.

Bonds issued:

- were not subject to public offering,
- were offered in private placements through underwriters, i.e. Česká spořitelna a.s. and PPF banka a.s., based on a subscription agreement from 3 October 2013,
- nominal value of one bond was CZK 3 000 000,
- issue price of one bond represented 99.0% of the nominal value,
- maturity of bonds was 60 months from the date of issue, i.e. 4 October 2018,
- interest shall be calculated annually, the end of the first interest period was planned for 4 October 2014,
- interest rate – 12M PRIBOR plus a margin of 415 basis points,
- purpose of the bond issue was to obtain funds which will be used primarily to diversify the sources of financing and refinance part of the existing debt of the Group.

Bonds issued have been put on the regulated market of the Prague Stock Exchange, the first listing took place on 7 October 2013.

INDEBTEDNESS OF THE COMPANY FROM ISSUED BONDS

As at 30 June 2017, the Company has a liability from issued bonds in the total amount of CZK 339 079 thousand. Liabilities from interests and obligations from bonds maturing in October 2018 of CZK 327 867 thousand are disclosed in non-current liabilities, and the liabilities from interests of CZK 11 212 thousand are presented in current liabilities. The interest was paid on 4 October 2016.

4. NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS



4.14. BANK CREDITS AND LOANS

INDEBTEDNESS OF THE GROUP FROM THE CREDITS AND LOANS

As at 30 June 2017, the Company's total bank loans and credits amounted to CZK 1 694 974 thousand.

4.15. FUTURE COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

As at 30 June 2017 the Company provided the following guarantees for other entities:

| Entity providing guarantees | Entity receiving guarantees | Currency | Guarantee amount FCY'000 | Guarantee amount CZK'000 | Guarantee period | Guarantees provided for | Relationship |
|--------------------------------|-----------------------------|----------|-----------------------------|-----------------------------|-----------------------|-------------------------|--------------|
| Kofola ČeskoSlovensko a.s. | Oberbank Leasing | CZK | 199 | 199 | 10/2017 | Kofola a.s. (CZ) | subsidiary |
| | ČSOB a.s. | CZK | 20 339 | 20 339 | 3/2019 | Kofola a.s. (CZ) | subsidiary |
| | ČSOB a.s. | CZK | 290 000 | 290 000 | notice of termination | Kofola a.s. (CZ) | subsidiary |
| | ČSOB a.s. | CZK | 3 667 | 3 667 | 2/2018 | Kofola a.s. (CZ) | subsidiary |
| | Unicredit Bank a.s. | EUR | 4 165 | 109 112 | 12/2022 | Santa-Trans.SK s.r.o. | third party* |
| | City-Arena PLUS a.s. | EUR | 7 | 183 | 8/2020 | UGO Trade s.r.o. | subsidiary |
| | Toyota Leasing S.A. | EUR | - | - | 2/2018 | Hoop Polska Sp. z o.o. | subsidiary |
| Total guarantees issued | | | 423 500 | | | | |

* The fair value of the guarantees is close to zero (fair valuation in level 3).

4.16. FINANCIAL INSTRUMENTS

4.16.1 FINANCIAL INSTRUMENTS CATEGORIES

Fair value of Trade receivables, Other financial receivables, Cash and cash equivalents, Trade liabilities and Other financial liabilities is close to carrying amounts since the interest payable on them is either close to market rates or they are short-term.

| 30.6.2017 | Financial assets at amortised cost CZK'000 | Derivatives at fair value through profit or loss CZK'000 | Financial liabilities at amortised cost CZK'000 | Total CZK'000 |
|-----------------------------|--|---|---|--------------------|
| Trade and other receivables | 87 031 | - | - | 87 031 |
| Cash and cash equivalents | 3 849 | - | - | 3 849 |
| Derivatives (i) | - | (7 679) | - | (7 679) |
| Bank credits and loans | - | - | (1 694 974) | (1 694 974) |
| Bonds issued | - | - | (339 079) | (339 079) |
| Trade and other payables | - | - | (352 213) | (352 213) |
| Total | 90 879 | (7 679) | (2 386 267) | (2 303 066) |

(i) Fair value of derivatives

The Group has concluded interest rate swap. These derivatives are classified as held for trading and accounted for at fair value through profit or loss.

Measured derivatives are not traded in active markets, however all significant inputs required for fair value measurement are observable and as such the Company has included this instrument in Level 2 of fair value hierarchy levels.

4. NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS



| 31.12.2016 | Financial assets at amortised cost | Derivatives at fair value through profit or loss | Financial liabilities at amortised cost | Total |
|-----------------------------|------------------------------------|--|---|--------------------|
| | CZK'000 | CZK'000 | CZK'000 | CZK'000 |
| Trade and other receivables | 470 837 | - | - | 470 837 |
| Cash and cash equivalents | 27 749 | - | - | 27 749 |
| Derivatives (ii) | - | (15 655) | - | (15 655) |
| Bank credits and loans | - | - | (1 753 286) | (1 753 286) |
| Bonds issued | - | - | (330 740) | (330 740) |
| Trade and other payables | - | - | (70 684) | (70 684) |
| Total | 498 586 | (15 655) | (2 154 710) | (1 671 779) |

(ii) Fair value of derivatives

The Group has concluded interest rate swap. These derivatives are classified as held for trading and accounted for at fair value through profit or loss.

Measured derivatives are not traded in active markets, however all significant inputs required for fair value measurement are observable and as such the Company has included this instrument in Level 2 of fair value hierarchy levels.

4.17. RELATED PARTY TRANSACTIONS

4.17.1 SHAREHOLDERS STRUCTURE

| Share capital structure | 30.6.2017 | | | 31.12.2016 | | |
|-------------------------|-------------------|--------------------|--------------------|-------------------|--------------------|--------------------|
| Name of entity | Number of shares | % in share capital | % in voting rights | Number of shares | % in share capital | % in voting rights |
| AETOS a.s. | 12 483 804 | 56.00% | 56.00% | - | - | - |
| KSM Investment S.A. | - | - | - | 11 321 383 | 50.78% | 50.78% |
| CED GROUP S. a r.l. | 8 311 196 | 37.28% | 37.28% | 8 311 196 | 37.28% | 37.28% |
| René Musila | - | - | - | 581 231 | 2.61% | 2.61% |
| Tomáš Jendřejek | - | - | - | 581 190 | 2.61% | 2.61% |
| Others | 1 500 000 | 6.72% | 6.72% | 1 500 000 | 6.72% | 6.72% |
| Total | 22 295 000 | 100.00% | 100.00% | 22 295 000 | 100.00% | 100.00% |

As of 30 June 2017, the ultimate controlling party is AETOS a.s. The seat of AETOS a.s. is Nad Porubkou 2278/31a, Poruba, 708 00 Ostrava.

KSM Investment S.A. ("KSM"), René Musila and Tomáš Jendřejek restructured their shareholdings in Kofola ČeskoSlovensko a.s. ("Kofola") and transferred their shares in Kofola to AETOS a.s., a newly established wholly owned subsidiary of KSM. René Musila and Tomáš Jendřejek became shareholders of AETOS a.s. (next to KSM). Since 30 June 2017, AETOS a.s. is a shareholder of the Company holding shares in Kofola representing 56% of the total share capital of the Company. Subsequently, KSM (which is currently owned by Czech nationals) intends to merge into AETOS a.s. and thus AETOS a.s. as the controlling shareholder of Kofola would be held solely by Czech nationals.

4.17.2 SUBSIDIARIES AND ASSOCIATES

Interests in subsidiaries and associates are set out in section A 2.3.

4. NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS



4.17.3 REMUNERATION OF THE COMPANY'S KEY MANAGEMENT PERSONNEL

Presented below is the structure of the remuneration paid out to persons with executive authority in 2017. All costs were paid by the Company, except for the remuneration of Other key management personnel which was paid by other Group entities.

| Remuneration of the Group's key management personnel | Amounts paid for activities in the Company's Board of Directors | | Amounts paid for activities in the Company's Supervisory board | | Amounts paid for activities in the Company's Audit committee | | Amounts paid for other activities within the Group | |
|---|---|----------------------------|--|----------------------------|--|----------------------------|--|----------------------------|
| | Financial compensation | Non-financial compensation | Financial compensation | Non-financial compensation | Financial compensation | Non-financial compensation | Financial compensation | Non-financial compensation |
| | CZK'000 | CZK'000 | CZK'000 | CZK'000 | CZK'000 | CZK'000 | CZK'000 | CZK'000 |
| Members of the Company's Board of Directors | - | - | - | - | - | - | 14 837 | 544 |
| Members of the Company's Supervisory board | - | - | 681 | - | - | - | 3 099 | 210 |
| Members of the Company's Audit committee | - | - | - | - | 105 | - | - | - |
| Other key management personnel of the Group | - | - | - | - | - | - | 4 718 | - |
| Total remuneration of the Group's key management personnel | - | - | 681 | - | 105 | - | 22 654 | 754 |

4.17.4 OTHER RELATED PARTY TRANSACTIONS

Presented below are the total amounts of transactions concluded with the Company's related parties:

| Other related party transactions | Profit or loss impact 6M17 | | Balance as at 30.6.2017 | |
|----------------------------------|----------------------------|---------------|-------------------------|-------------|
| | Revenues* | Costs | Assets | Liabilities |
| | CZK'000 | CZK'000 | CZK'000 | CZK'000 |
| Alofok Ltd. | - | - | 1 239 | - |
| Hoop Polska Sp. z o.o. | 6 934 | 138 | 221 699 | 99 |
| Kofola a.s. (CZ) | 91 425 | 1 516 | 181 201 | - |
| Kofola a.s. (SK) | 77 719 | 8 959 | 254 382 | 289 |
| RADENSKA d.o.o. | 17 627 | - | 115 948 | 28 |
| Radenska, d.o.o. (HR) | 25 | - | 25 | - |
| SANTA-TRANS s.r.o. | 638 | 282 | 1 059 | 18 |
| Studenac d.o.o. | 4 616 | - | 4 616 | - |
| UGO Trade s.r.o. | 3 935 | 68 | 72 095 | 45 |
| Total | 202 919 | 10 963 | 852 265 | 479 |

* including financial revenues

All transactions with related parties have been concluded at market terms.

4.18. SUBSEQUENT EVENTS

ACQUISITION OF SUBSIDIARY PREMIUM ROSA

Kofola ČeskoSlovensko a.s. acquired on 10 July 2017 a 100% business share in the company Premium Rosa Sp. z o.o. based in Złotokłos, Poland. The company operates in the premium segment and produces high quality natural products such as syrups, juices and jams. The acquisition is described in section B.4.19.

On 12 July 2017, Kofola increased the financial investment in Premium Rosa Sp. z o.o. by increase of equity outside the share capital.

RADENSKA'S BUY OUT OF KOFOLA'S SHARES

RADENSKA d.o.o., a subsidiary of Kofola ČeskoSlovensko a.s. ("Kofola") submitted on 10 July 2017 a public offer for up to 5% of Kofola's shares at a price of CZK 440.

No other events have occurred after the end of the reporting period that would require adjusting the amounts recognised and disclosures made in the separate financial statements.

STATUTORY DECLARATION AND APPROVAL FOR PUBLICATION



STATUTORY DECLARATION OF PERSONS RESPONSIBLE FOR THE INTERIM REPORT OF KOFOLA ČESKOSLOVENSKO A.S.

To the best of our knowledge, the 6M17 interim report of Kofola ČeskoSlovensko a.s. gives a true and fair view of the financial position, business activities and financial performance of Kofola ČeskoSlovensko a.s. and its group for the six-month period ended 30 June 2017 and of the outlook for future development of the financial position, business activities and financial performance.

The 6M17 interim report was approved for publication on 7 August 2017.

| | | | |
|-----------------|-------------------------|---|---|
| 7.8.2017 | Janis Samaras | Chairman of the Board of Directors |  |
| <i>date</i> | <i>name and surname</i> | <i>position/role</i> | <i>signature</i> |
| 7.8.2017 | René Musila | Member of the Board of Directors |  |
| <i>date</i> | <i>name and surname</i> | <i>position/role</i> | <i>signature</i> |
| 7.8.2017 | Tomáš Jendřejek | Member of the Board of Directors |  |
| <i>date</i> | <i>name and surname</i> | <i>position/role</i> | <i>signature</i> |
| 7.8.2017 | Daniel Buryš | Member of the Board of Directors |  |
| <i>date</i> | <i>name and surname</i> | <i>position/role</i> | <i>signature</i> |
| 7.8.2017 | Jiří Vlasák | Member of the Board of Directors |  |
| <i>date</i> | <i>name and surname</i> | <i>position/role</i> | <i>signature</i> |
| 7.8.2017 | Marián Šefčovič | Member of the Board of Directors |  |
| <i>date</i> | <i>name and surname</i> | <i>position/role</i> | <i>signature</i> |

