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KOFOLA GROUP

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



CZK 3.0 BN 6M19
REVENUES



8
PRODUCTION PLANTS



1 947
EMPLOYEES



LISTED ON
PRAGUE STOCK EXCHANGE



❖ no. 2 player in the soft drinks market



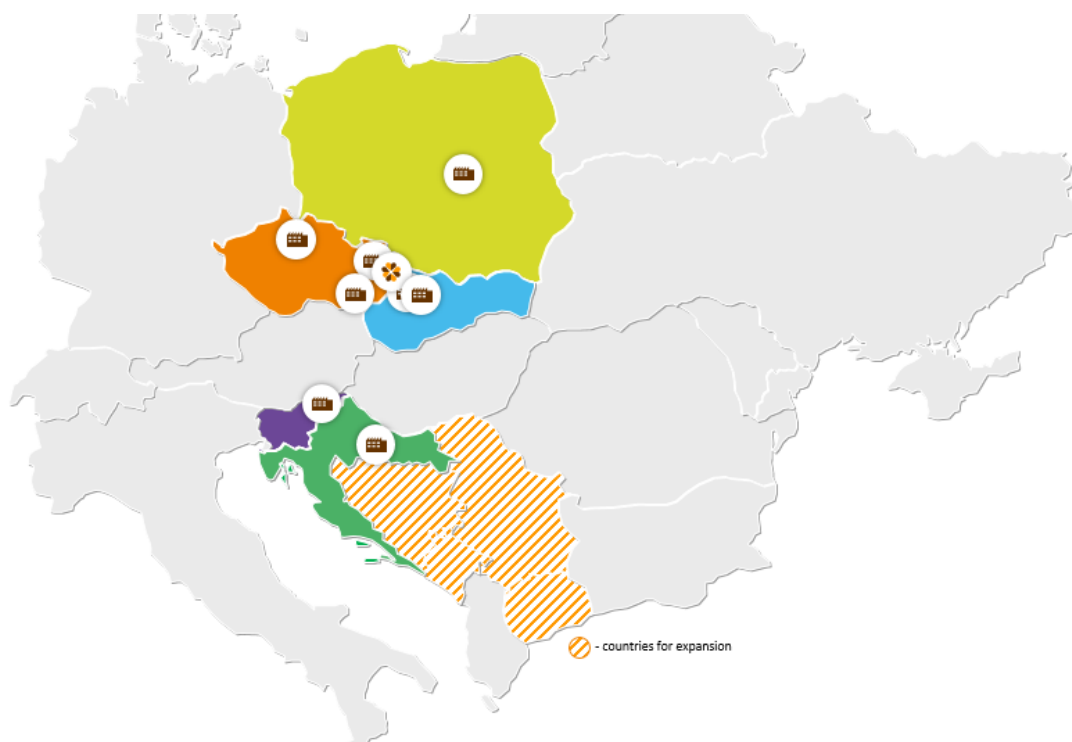
❖ no. 1 water brand
❖ no. 1 player in the soft drinks market



❖ no. 1 player in the soft drinks market



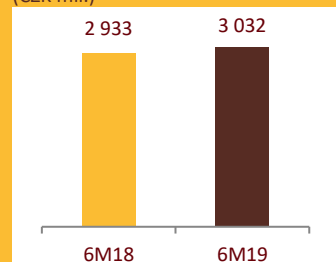
❖ no. 2 water brand



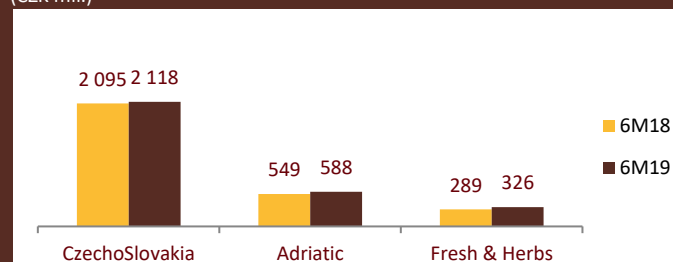
1. KOFOLA AT A GLANCE

FOR THE 6M PERIOD (CONTINUING OPERATIONS)

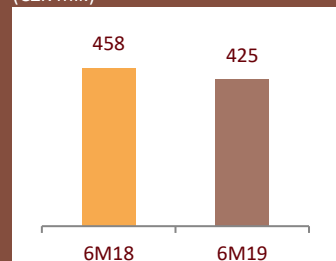
Revenue
(CZK mil.)



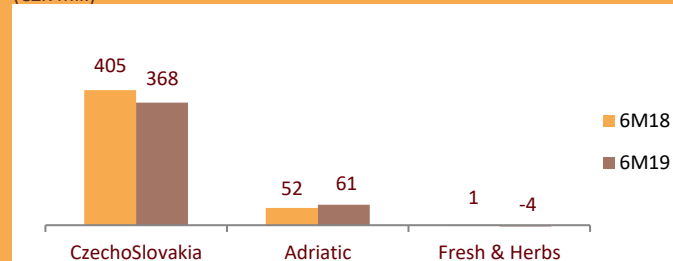
Revenue per business segments
(CZK mil.)



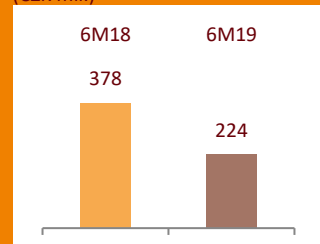
EBITDA
(CZK mil.)



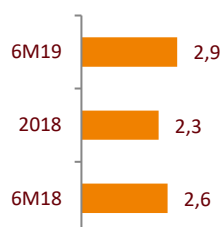
EBITDA per business segments
(CZK mil.)



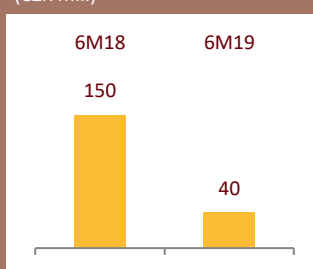
Operating CF
(CZK mil.)



Net debt/LTM EBITDA



Profit for the period
(CZK mil.)



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.

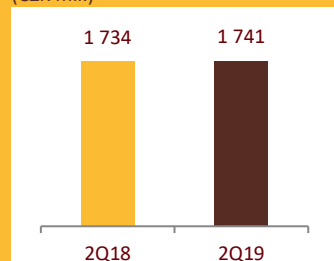
1. KOFOLA AT A GLANCE

MAIN INFORMATION IN 6M19:

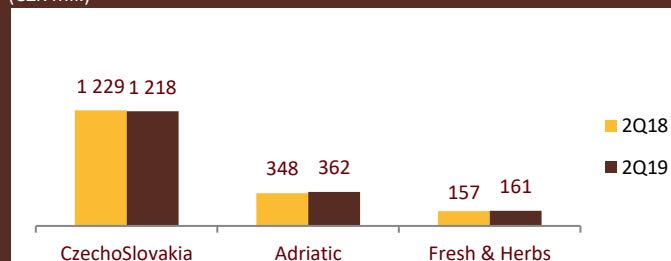
- GROUP'S REVENUE FROM CONTINUING OPERATIONS INCREASED BY CZK 98.9 MIL. (3.4%), WITHOUT LEROS INCREASED BY CZK 71.4 MIL. (2.4%).
- GROUP'S EBITDA FROM CONTINUING OPERATIONS DECREASED BY CZK 33.3 MIL. (7.3%).
- THE COLDEST AND RAINIEST WEATHER IN MAY 2019 FOR THE LAST DECADE.
- INCREASED LOGISTIC, PAYROLL, PACKAGING AND REPAIR AND MAINTENANCE COSTS, PARTIALLY COMPENSATED BY SAVINGS FROM LOWER SUGAR PRICE.
- THE HIGHEST HORECA MARKET SHARES ON CZECH (26%) AND SLOVAKIA (41%) MARKET.

FOR THE 2Q PERIOD (CONTINUING OPERATIONS)

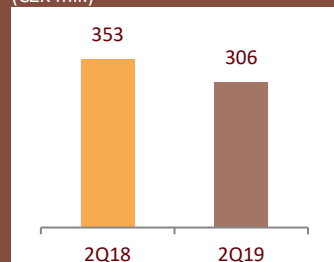
Revenue
(CZK mil.)



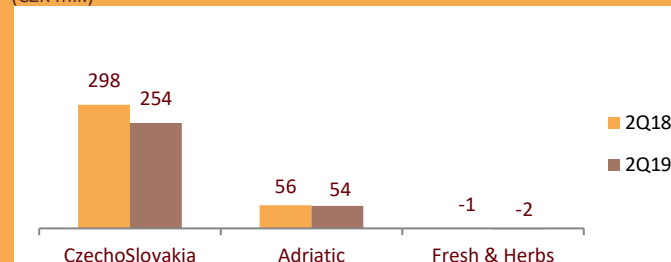
Revenue per business segments
(CZK mil.)



EBITDA
(CZK mil.)



EBITDA per business segments
(CZK mil.)



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

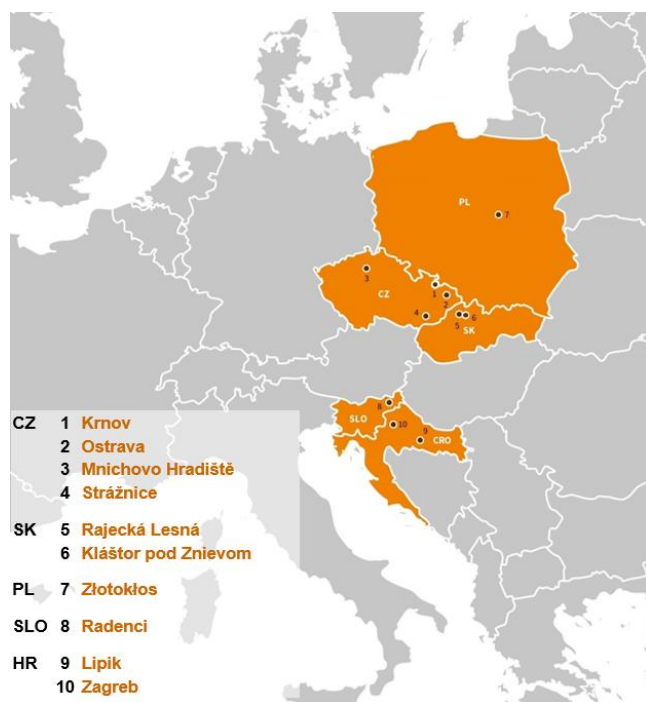


2.1. KOFOLA ČESKOSLOVENSKO

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. LEI: 3157005DO9L5OWHBQ359.

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 success in other CEE markets. The Group has limited activities in Russia.

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

The Group distributes its products using a wide variety of packaging, including kegs that are used in the HoReCa channel to serve our widely popular drink „Kofola Draught” and keep its high-quality standard. The Group distributes its products through Retail, HoReCa and Impulse channels.

KEY BRANDS

Key own brands include carbonated beverages Kofola and Vinea, waters Radenska, Studenac and Rajec, syrup Jupí, beverages for children Jupík, energy drinks Semtex and UGO fresh juices and salads. In selected markets, the Group distributes among others Rauch, Evian, Badoit or Vincentka products and under the licence produces Royal Crown 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.

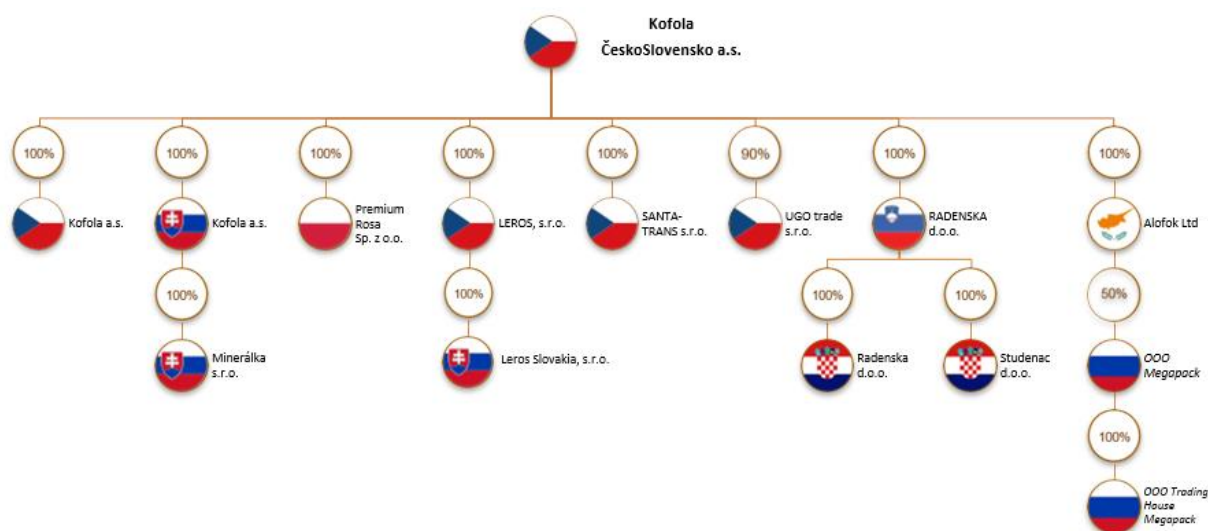
2. KOFOLA GROUP

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



2.3. GROUP STRUCTURE

GROUP STRUCTURE CHART AS AT 30 JUNE 2019



2. KOFOLA GROUP



DESCRIPTION OF THE GROUP COMPANIES

Name of entity	Place of business	Segment (Note B 4.1)	Principal activities	Ownership interest and voting rights	
				30.6.2019	31.12.2018
Holding companies					
Kofola ČeskoSlovensko a.s. Alofok Ltd	Czech Republic Cyprus	CzechoSlovakia n/a	top holding company holding	100.00%	100.00%
Production and trading					
Kofola a.s.	Czech Republic	CzechoSlovakia	production and distribution of non-alcoholic beverages	100.00%	100.00%
Kofola a.s.	Slovakia	CzechoSlovakia	production and distribution of non-alcoholic beverages	100.00%	100.00%
Hoop Polska Sp. z o.o.*	Poland	n/a	production and distribution of non-alcoholic beverages	n/a	100.00%
UGO trade s.r.o.	Czech Republic	Fresh & Herbs	operation of fresh bars chain, production of salads	90.00%	90.00%
RADENSKA d.o.o.	Slovenia	Adriatic	production and distribution of non-alcoholic beverages	100.00%	100.00%
Studenac d.o.o.	Croatia	Adriatic	production and distribution of non-alcoholic beverages	100.00%	100.00%
Radenska d.o.o. - in liquidation	Croatia	Adriatic	in liquidation	100.00%	100.00%
Premium Rosa Sp. z o.o.	Poland	Fresh & Herbs	production and distribution of syrups and jams	100.00%	100.00%
LEROS, s.r.o.	Czech Republic	Fresh & Herbs	production and distribution of products from medicinal plants and quality natural teas	100.00%	100.00%
Leros Slovakia, s.r.o.	Slovakia	Fresh & Herbs	distribution of products from medicinal plants and quality natural teas	100.00%	100.00%
Minerálka s.r.o.	Slovakia	CzechoSlovakia	inactive	100.00%	100.00%
Transportation					
SANTA-TRANS s.r.o.	Czech Republic	CzechoSlovakia	road cargo transport	100.00%	100.00%
Associated companies					
OOO Megapack	Russia	n/a	production of non-alcoholic and low-alcoholic beverages	50.00%	50.00%
OOO Trading House Megapack	Russia	n/a	sale and distribution of non-alcoholic and low-alcoholic beverages	50.00%	50.00%

* On 18 March 2019 was sold.

2. KOFOLA GROUP



2.4. SUCCESSES AND AWARDS IN 2019



Czech TOP 100 - Kofola ČeskoSlovensko a.s. the 2nd most admired company in the Czech Republic in 2019. Repeatedly in top 5 since 2007.

Randstad Award - Kofola in top 10 most attractive employers in the Czech Republic.



ADC Czech Creative Award - 12 Medal Awards including Client of the Year.

POPAI AWARDS - Gold and Silver for our creative Royal Crown Cola and Kofola displays.



Agra Awards - Great Gold medal for INKA Tonic Water and Gold Medal for INKA Bitter Lemon and Studena Ice Tea Peach.



3. BUSINESS OVERVIEW AND OTHER MATTERS



3.1. BUSINESS OVERVIEW

REVENUES DEVELOPMENT IN 6M19 (CONTINUING OPERATIONS)

Kofola Group achieved growth in sales from continuing operations (revenues of Hoop Polska are presented within discontinued operation) by CZK 98.9 million (3.4%) to CZK 3 032.3 million. After exclusion of LEROS' revenue growth due to its acquisition in March 2018 ("the acquisition effect"), the increase would be 2.4%.

The weather in May 2019 was one of the coldest and rainiest for many years. Despite this fact, the Group's revenue in the CzechoSlovakia segment increased by 1.1%, which is therefore considered as a successful result. Increasing sales of the Royal Crown Cola lead to its increased share in our Cola drinks segment. Kofola Group's HoReCa shares on Czech and Slovakia market are the highest level. This successful market share increase is less visible in the Group's results due to overall market decrease in all Slovakia channels.

Adriatic region continued with a positive revenue growth of 7.2%. Negative weather effect was compensated by increased sales of Pepsi and increased sales of Radenska brand due to its 150th anniversary. Higher revenue was reached in both RADENSKA and Studenac companies.

The total sales of CzechoSlovakia and Adriatic markets represented 89.3% of total Group sales (90.1% in 6M18). Slight decrease is caused mainly by further growth of revenues in the Fresh & Herbs segment (B 4.1).

The revenue growth in the Fresh & Herbs segment of CZK 36.0 million (12.4%) was influenced not only by the acquisition of LEROS (effect of CZK 27.5 million), but also by a growth of the rest of the segment by CZK 8.5 million.

The Group has already started to sell the mineral water Klášťorná and during first few months has already sold to its customers over 1.5 million bottles and we can proudly say that our mineral water reached 2.5% market share in Slovakia. Sales of Klášťorná are reported under the CzechoSlovakia segment.

IMPORTANT MATTERS AFTER 30 JUNE 2019

On 9 July 2019, Kofola ČeskoSlovensko a.s. purchased a 100% stake in Espresso s.r.o. and thanks to this new acquisition the Group's portfolio has been expanded by high quality coffee Café Reserva and tea brand Dilmah which are expected to bring positive effects, especially in our HoReCa market share.

No other significant events or matters occurred after 30 June 2019.

ADJUSTMENTS OF REPORTED PERFORMANCE AND POSITION

Presented below is a description of the financial performance and financial position of Kofola Group in 6M19. 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. Please note that due to the sale of Hoop Polska, the whole result of this former subsidiary is presented within discontinued operation. The division of the income statement into continuing and discontinued operations is done also for the comparative period.

3. BUSINESS OVERVIEW AND OTHER MATTERS

3.1.1 ADJUSTED CONSOLIDATED FINANCIAL RESULTS

Adjusted consolidated financial results 6M19	6M19 CZK' 000 000	One-off adjustments CZK' 000 000	6M19 adjusted CZK' 000 000
Revenue	3 032.3	-	3 032.3
Cost of sales	(1 621.5)	-	(1 621.5)
Gross profit	1 410.8	-	1 410.8
Selling, marketing and distribution costs	(1 031.0)	-	(1 031.0)
Administrative costs	(220.6)	-	(220.6)
Other operating income/(costs), net	(11.7)	12.4	0.7
Operating profit/(loss)	147.5	12.4	159.9
Depreciation and amortisation	264.8	-	264.8
EBITDA	412.3	12.4	424.7
Finance costs, net	(49.4)	-	(49.4)
Income tax	(71.2)	0.8	(70.4)
Profit/(loss) for the period (continuing operations)	26.9	13.2	40.1
Profit/(loss) for the period (discontinued operation)	76.0	(89.4)	(13.4)
Profit/(loss) for the period (continuing + discontinued operations)	102.9	(76.2)	26.7
- attributable to owners of Kofola ČeskoSlovensko a.s.	106.4	(76.2)	30.2

* EBITDA refers to operating profit/(loss) 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, including in particular results from the sale of non-current and financial assets, costs not arising from ordinary operations, such as those associated with the impairment of non-current 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 2019 was affected by the following one-off items:

In Other operating income/(costs), net – Continuing operations:

- Costs connected with the maintenance of closed Grodzisk Wielkopolski plant of CZK 4.1 million (Fresh & Herbs segment).
- Gain on sold items of Property, plant and equipment (mainly machines) of CZK 4.7 million and loss on sale of artworks of CZK 0.3 million recognized in the Adriatic segment (tax 19% applies).
- Advisory costs – CzechoSlovakia segment incurred costs of CZK 11.2 million.
- Severance costs in LEROS of CZK 1.5 million.

In Profit/(loss) for the period – Discontinued operation:

- Gain on sale of Hoop Polska of CZK 8.0 million.
- Gain of CZK 81.4 million arising from the release of the cumulated foreign currency translation reserve related to the historical consolidation of the disposed subsidiary.

3. BUSINESS OVERVIEW AND OTHER MATTERS

Adjusted consolidated financial results 6M18	6M18 CZK' 000 000	One-off adjustments CZK' 000 000	6M18 adjusted CZK' 000 000
Revenue	2 933.4	-	2 933.4
Cost of sales	(1 553.2)	1.1	(1 552.1)
Gross profit	1 380.2	1.1	1 381.3
Selling, marketing and distribution costs	(970.8)	-	(970.8)
Administrative costs	(213.1)	16.5	(196.6)
Other operating income/(costs), net	3.0	5.7	8.7
Operating profit/(loss)	199.3	23.3	222.6
Depreciation and amortisation	235.4	-	235.4
EBITDA	434.7	23.3	458.0
Finance costs, net	(24.3)	-	(24.3)
Income tax	(47.9)	(0.5)	(48.4)
Profit/(loss) for the period (continuing operations)	127.1	22.8	149.9
Profit/(loss) for the period (discontinued operation)	(63.6)	(0.6)	(64.2)
Profit/(loss) for the period (continuing + discontinued operations)	63.5	22.2	85.7
- attributable to owners of Kofola ČeskoSlovensko a.s.	65.5	22.2	87.7

* EBITDA refers to operating profit/(loss) 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, including in particular results from the sale of non-current assets and financial assets, costs not arising from ordinary operations, such as those associated with the impairment of non-current 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 2018 was affected by the following one-off items:

In Cost of sales – Continuing operations:

- Severance costs – Croatian operation incurred costs of CZK 1.1 million (effect of changed Trade Union agreement).

In Administrative costs – Continuing operations:

- Acquisition costs – CzechoSlovakia segment incurred costs of CZK 16.5 million.

In Other operating income/(costs), net – Continuing operations:

- Costs connected with maintenance of closed Grodzisk Wielkopolski plant and other restructuring costs of CZK 5.7 million (Fresh & Herbs segment).

In Profit/(loss) for the period – Discontinued operation:

- Net other operating income from the sale of production lines of CZK 4.5 million.
- Costs connected with maintenance of closed Bielsk Podlaski plant of CZK 3.9 million.

3. BUSINESS OVERVIEW AND OTHER MATTERS

3.1.2 FINANCIAL PERFORMANCE

Adjusted consolidated financial results	6M19 CZK'000 000	6M18 CZK'000 000	Change CZK'000 000	Change %
Revenue	3 032.3	2 933.4	98.9	3.4%
Cost of sales	(1 621.5)	(1 552.1)	(69.4)	4.5%
Gross profit	1 410.8	1 381.3	29.5	2.1%
Selling, marketing and distribution costs	(1 031.0)	(970.8)	(60.2)	6.2%
Administrative costs	(220.6)	(196.6)	(24.0)	12.2%
Other operating income/(costs), net	0.7	8.7	(8.0)	(92.0%)
Operating profit/(loss)	159.9	222.6	(62.7)	(28.2%)
EBITDA	424.7	458.0	(33.3)	(7.3%)
Finance costs, net	(49.4)	(24.3)	(25.1)	103.3%
Income tax	(70.4)	(48.4)	(22.0)	45.5%
Profit/(loss) for the period (continuing operations)	40.1	149.9	(109.8)	(73.2%)
Profit/(loss) for the period (discontinued operation)	(13.4)	(64.2)	50.8	79.1%
Profit/(loss) for the period (continuing + discontinued operations)	26.7	85.7	(59.0)	(68.8%)
- attributable to owners of Kofola ČeskoSlovensko a.s.	30.2	87.7	(57.5)	(65.6%)

REVENUE (CONTINUING OPERATIONS)

In 6M19, the Group's revenue amounted to CZK 3 032.3 million and increased by CZK 98.9 million or 3.4% from CZK 2 933.4 million in 6M18.

The increase was caused by higher sales in all Group's segments. Part of the growth in the amount of CZK 27.5 million is attributable to the acquisition effect of LEROS (purchased in March 2018).

The following table sets forth revenue split by business segments for 6M19 and 6M18.

Business segments	6M19		6M18	
	Revenue CZK'000 000	Share %	Revenue CZK'000 000	Share %
CzechoSlovakia	2 118.3	69.9%	2 095.1	71.4%
Adriatic	588.3	19.4%	548.6	18.7%
Fresh & Herbs	325.7	10.7%	289.7	9.9%
Total	3 032.3	100.0%	2 933.4	100.0%

CzechoSlovakia segment sales grew by 1.1% and the growth was mainly driven by sales of Kofola, Rajec, Royal Crown Cola and Semtex. Share of Royal Crown Cola sales in the CzechoSlovakia segment is still growing by double digit percentage thanks to its great popularity among customers (especially in the HoReCa channel).

Sales realized by the Adriatic segment grew basically in all main brands with further increase of sales from the distribution of Pepsi.

Fresh & Herbs segment achieved a double digit growth of 12.4% thanks to the acquisition of LEROS (the like-to-like growth, without the effect of LEROS, is 2.9%). UGO as of 30 June 2019 operated 81 fresh and salad bars (as of 30 June 2018: 78) of which 46 in the form of franchises (as of 30 June 2018: 42).

The following table sets forth sales split by category of products for 6M19 and 6M18.

Product lines	6M19		6M18	
	Revenue CZK'000 000	Share %	Revenue CZK'000 000	Share %
Carbonated beverages	1 244.4	41.0%	1 190.3	40.6%
Waters	856.3	28.2%	814.9	27.8%
Non-carbonated beverages	329.8	10.9%	343.4	11.7%
Syrups	239.0	7.9%	230.8	7.9%
Fresh bars & Salads	206.2	6.8%	196.7	6.7%
Other	156.6	5.2%	157.3	5.3%
Total	3 032.3	100.0%	2 933.4	100.0%

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 88.0% of the Group's revenue in 6M19 (in 6M18: 88.0%). The carbonated beverages achieved the biggest growth of CZK 54.1 million (4.5%), mainly due to increased sales of Kofola and Royal Crown Cola. Successful were also sales of

3. BUSINESS OVERVIEW AND OTHER MATTERS

waters which demonstrated an increase of CZK 41.4 million (5.1%), mainly due to increased sales of Rajec and Radenska. Non-carbonated beverages decreased by CZK 13.6 million (4.0%) due to decreased sales of UGO bottles and Jupík.

The following table contains information about the geographical areas.

Sales by countries (per end customer)	6M19		6M18	
	Revenue	Share	Revenue	Share
	CZK'000 000	%	CZK'000 000	%
Czech Republic	1 574.1	51.9%	1 518.3	51.8%
Slovakia	811.4	26.8%	808.6	27.6%
Slovenia	381.5	12.6%	364.7	12.4%
Croatia	166.0	5.5%	148.4	5.1%
Poland	34.4	1.1%	30.6	1.0%
Other	64.9	2.1%	62.8	2.1%
Total	3 032.3	100.0%	2 933.4	100.0%

The allocation of revenue to a particular country segment is based on the geographical location of customers.

Despite the very cold and rainy weather in May 2019, the Group revenues increased in all countries where the particular subsidiaries have their place of business.

COST OF SALES (CONTINUING OPERATIONS)

In 6M19, the Group's cost of sales amounted to CZK 1 621.5 million and increased by CZK 69.4 million or 4.5% from CZK 1 552.1 million in 6M18.

In 6M19, the Group's cost of products and services sold amounted to CZK 1 390.8 million and increased by CZK 47.8 million from CZK 1 343.0 million in 6M18. The cost of products and services sold increased by 3.6%, which is more than 3.3% increase of revenue from the sale of finished products and services, mainly due to the higher costs of the packaging, salaries and repair and maintenance expenses.

GROSS PROFIT (CONTINUING OPERATIONS)

In 6M19, the Group's gross profit amounted to CZK 1 410.8 million and increased by CZK 29.5 million or 2.1% from CZK 1 381.3 million in 6M18. Higher gross profit was mainly influenced by increased sales. Gross profit margin decreased due to above mentioned reasons by 0.6 p.p. from 47.1% in 6M18 to 46.5% in 6M19.

SELLING, MARKETING AND DISTRIBUTION COSTS (CONTINUING OPERATIONS)

In 6M19, the Group's selling, marketing and distribution costs amounted to CZK 1 031.0 million and increased by CZK 60.2 million or 6.2% from CZK 970.8 million in 6M18. The increase was caused by increased payroll costs, higher logistic costs in the Czechoslovakia segment and costs arising in LEROS which was acquired in March 2018.

ADMINISTRATIVE COSTS (CONTINUING OPERATIONS)

In 6M19, the Group's administrative costs amounted to CZK 220.6 million and increased by CZK 24.0 million or 12.2% from CZK 196.6 million in 6M18. The increase is mainly attributable to costs of LEROS which was acquired in March 2018, costs connected with the option scheme, higher payroll costs and higher depreciation expense.

OPERATING PROFIT (CONTINUING OPERATIONS)

Due to the reasons described above, in 6M19, the Group's adjusted operating profit amounted to CZK 159.9 million as compared to an adjusted operating profit of CZK 222.6 million in 6M18.

EBITDA (CONTINUING OPERATIONS)

The following table sets forth information regarding adjusted EBITDA for 6M19 and 6M18.

Adjusted EBITDA	6M19	6M18
	CZK'000 000/%	CZK'000 000/%
EBITDA*	424.7	458.0
EBITDA margin**	14.0%	15.6%

* EBITDA refers to operating profit/(loss) plus depreciation and amortisation.

** Calculated as (EBITDA/Revenue) *100%.

3. BUSINESS OVERVIEW AND OTHER MATTERS

The following table sets forth information regarding adjusted EBITDA split by business segments for 6M19 and 6M18.

Adjusted EBITDA by business segments	6M19		6M18	
	EBITDA	EBITDA margin	EBITDA	EBITDA margin
	CZK'000 000	%	CZK'000 000	%
CzechoSlovakia	368.2	17.4%	405.1	19.3%
Adriatic	61.0	10.4%	51.8	9.4%
Fresh & Herbs	(4.2)	(1.3%)	1.5	0.5%
Other	(0.3)	n/a	(0.4)	n/a
Total	424.7	14.0%	458.0	15.6%

The total Group's adjusted EBITDA decreased by CZK 33.3 million (7.3%) from CZK 458.0 million in 6M18 to CZK 424.7 million.

The adjusted EBITDA in the CzechoSlovakia segment reached CZK 368.2 million which represents a decline of CZK 36.9 million (9.1%). Decrease is influenced mainly by logistics, payroll and repair and maintenance expenses, but also by low revenues in May 2019.

Performance in the Adriatic segment was better than in the comparative period with increased adjusted EBITDA by CZK 9.2 million (17.8%) to CZK 61.0 million, mainly as a result of higher sales of own brands (Radenska is celebrating its 150th anniversary) and sales from the distribution of Pepsi.

The adjusted EBITDA of the Fresh & Herbs segment decreased by CZK 5.7 million which was influenced mainly by the results of LEROS which is investing in its marketing activities and positioning on the Czech and Slovak markets.

As such, the net decrease of the adjusted EBITDA is a result of decreased adjusted EBITDA in the CzechoSlovakia and Fresh & Herbs segments.

The Group's EBITDA margin in 6M19 achieved 14.0% and due to reasons described above decreased by 1.6 p.p. in comparison with the EBITDA margin in 6M18.

FINANCE COSTS, NET (CONTINUING OPERATIONS)

In 6M19, the Group's net finance costs amounted to CZK 49.4 million and in comparison with 6M18 increased by CZK 25.1 million, mainly as a result of higher market interest rates, the loan drawings in 6M19 and foreign exchange gains in 6M18 (Group realized foreign exchange losses in 6M19).

INCOME TAX (CONTINUING OPERATIONS)

In 6M19, the Group's adjusted income tax amounted to CZK 70.4 million and increased in comparison to 6M18 by CZK 22.0 million, which is mainly a result of partial release of the deferred tax asset related to the investment incentives and the decrease of the deferred tax receivable from provisions between 30 June 2019 and 31 December 2018 (timing effect of quarterly reporting). High income tax to profit before tax ratio is mainly influenced by non-recognition of the deferred tax asset in UGO.

NET PROFIT/LOSS FOR THE PERIOD (CONTINUING OPERATIONS)

As a result of above described effects, the Group's adjusted profit for the period amounted to CZK 40.1 million as compared to the adjusted profit of CZK 149.9 million in 6M18.

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3.1.3 FINANCIAL PERFORMANCE IN 2Q

Adjusted consolidated financial results	2Q19 CZK'000 000	2Q18 CZK'000 000	Change CZK'000 000	Change %
Revenue	1 741.1	1 733.7	7.4	0.4%
Cost of sales	(888.1)	(850.0)	(38.1)	4.5%
Gross profit	853.0	883.7	(30.7)	(3.5%)
Selling, marketing and distribution costs	(567.9)	(547.6)	(20.3)	3.7%
Administrative costs	(114.1)	(106.1)	(8.0)	7.5%
Other operating income/(costs), net	0.9	5.9	(5.0)	(84.7%)
Operating profit/(loss)	171.9	235.9	(64.0)	(27.1%)
EBITDA	306.4	352.6	(46.2)	(13.1%)
Finance costs, net	(27.0)	(2.4)	(24.6)	1 025.0%
Income tax	(52.3)	(45.0)	(7.3)	16.2%
Profit/(loss) for the period (continuing operations)	92.6	188.5	(95.9)	(50.9%)
Profit/(loss) for the period (discontinued operation)	-	(34.7)	34.7	100.0%
Profit/(loss) for the period (continuing + discontinued operations)	92.6	153.8	(61.2)	(39.8%)
- attributable to owners of Kofola ČeskoSlovensko a.s.	94.2	154.5	(60.3)	(39.0%)

Revenues in the second quarter were to a big extent influenced by very cold and rainy May 2019. Despite this significant external condition, the Group was able to increase its sales by 0.4% (CZK 7.4 million), which is considered as a satisfactory result considering the fact that year 2018 was overall a very successful year as well.

Increase in cost of sales by CZK 38.1 million (4.5%) is mainly connected with higher costs of the material for packaging, salaries and repair and maintenance expenses.

Rationing for increases in administrative costs and selling, marketing and distribution costs in 2Q19 is basically the same as for 6M19.

Increase in net finance costs by CZK 24.6 million is mainly due to higher market rates on bank loans in 2Q19 and foreign exchange gains in 2Q18 compared to foreign exchange losses realized in 2Q19.

Increase of income tax expense is mainly connected with the partial release of the deferred tax asset related to the investment incentives.

The following table sets forth revenue split by business segments for 2Q19 and 2Q18.

Business segments	2Q19		2Q18	
	Revenue CZK'000 000	Share %	Revenue CZK'000 000	Share %
CzechoSlovakia	1 217.5	69.9%	1 229.4	70.9%
Adriatic	362.4	20.8%	347.9	20.1%
Fresh & Herbs	161.2	9.3%	156.4	9.0%
Total	1 741.1	100.0%	1 733.7	100.0%

Decrease in the CzechoSlovakia business segment of CZK 11.9 million (1.0%) is mainly influenced by the weather effect in May 2019 and also by decreased sales of transportation services to external parties due to higher utilization of transportation services for Group purposes.

Negative weather effect was in the Adriatic region more than compensated by increased sales of Radenska (celebration of 150th anniversary) and Pepsi which lead into overall increase of sales by CZK 14.5 million (4.2%).

Increased revenue in the Fresh & Herbs segment is coming mainly from sales of salads and sales in fresh bars chain with a support of increased revenue in LEROS.

3. BUSINESS OVERVIEW AND OTHER MATTERS

The following table sets forth sales split by category of products for 2Q19 and 2Q18.

Product lines	2Q19		2Q18	
	Revenue CZK'000 000	Share %	Revenue CZK'000 000	Share %
Carbonated beverages	724.5	41.6%	722.3	41.7%
Waters	523.6	30.1%	500.8	28.9%
Non-carbonated beverages	159.7	9.2%	177.3	10.2%
Syrups	133.4	7.7%	125.8	7.3%
Fresh bars & Salads	110.8	6.4%	112.7	6.5%
Other	89.1	5.1%	94.8	5.5%
Total	1 741.1	100.0%	1 733.7	100.0%

Increase in sales of waters by CZK 22.8 million (4.6%) is influenced mainly by higher sales of Rajec and Radenska. Decrease in sales of non-carbonated beverages is influenced by drop in sales of UGO bottles and sales of Jupík.

The following table contains information about the geographical areas.

Sales by countries (per end customer)	2Q19		2Q18	
	Revenue CZK'000 000	Share %	Revenue CZK'000 000	Share %
Czech Republic	888.4	51.0%	874.6	50.4%
Slovakia	463.4	26.6%	485.4	28.0%
Slovenia	232.6	13.4%	232.3	13.4%
Croatia	109.5	6.3%	100.3	5.8%
Poland	10.4	0.6%	9.0	0.5%
Other	36.8	2.1%	32.1	1.9%
Total	1 741.1	100.0%	1 733.7	100.0%

Development of revenues in 2Q19 was influenced mainly by the very cold and rainy May 2019 which had a negative impact on revenues in the seasonal period.

The following table sets forth information regarding adjusted EBITDA for 2Q19 and 2Q18.

Adjusted EBITDA	2Q19	2Q18
	CZK'000 000/%	CZK'000 000/%
EBITDA*	306.4	352.6
EBITDA margin**	17.6%	20.3%

* EBITDA refers to operating profit/(loss) plus depreciation and amortisation.

** Calculated as (EBITDA/Revenue) *100%.

The following table sets forth information regarding adjusted EBITDA split by business segments for 2Q19 and 2Q18.

Adjusted EBITDA by business segments	2Q19		2Q18	
	EBITDA CZK'000 000	EBITDA margin %	EBITDA CZK'000 000	EBITDA margin %
CzechoSlovakia	254.5	20.9%	297.6	24.2%
Adriatic	53.5	14.8%	56.2	16.2%
Fresh & Herbs	(1.7)	(1.1%)	(1.0)	(0.6%)
Other	0.1	n/a	(0.2)	n/a
Total	306.4	17.6%	352.6	20.3%

Adjusted EBITDA in case of Adriatic and Fresh & Herbs segment is relatively flat. Decrease in the CzechoSlovakia segment is attributable to more individual reasons, such as partial recognition of option scheme which has to be recognized fully in 2019, increased salaries, increased material (packaging) and repair and maintenance costs. Decrease was also significantly influenced by decreased sales due to cold and rainy weather in May 2019.

3. BUSINESS OVERVIEW AND OTHER MATTERS

3.1.4 FINANCIAL POSITION

Consolidated statement of financial position	30.6.2019 CZK'000 000	31.12.2018 CZK'000 000	Change CZK'000 000	Change %
Total assets	6 678.9	6 563.0	115.9	1.8%
Non-current assets, out of which:	4 318.8	4 348.8	(30.0)	(0.7%)
Property, plant and equipment	3 056.6	2 960.0	96.6	3.3%
Intangible assets	919.7	1 054.4	(134.7)	(12.8%)
Goodwill	93.4	93.5	(0.1)	(0.1%)
Investment in equity accounted investee	93.2	66.9	26.3	39.3%
Deferred tax assets	46.0	52.8	(6.8)	(12.9%)
Other	109.9	121.2	(11.3)	(9.3%)
Current assets, out of which:	2 360.1	2 214.2	145.9	6.6%
Inventories	476.6	496.1	(19.5)	(3.9%)
Trade and other receivables	1 503.2	1 095.0	408.2	37.3%
Cash and cash equivalents	364.3	619.3	(255.0)	(41.2%)
Other	16.0	3.8	12.2	321.1%
Total equity and liabilities	6 678.9	6 563.0	115.9	1.8%
Equity	1 259.6	1 523.5	(263.9)	(17.3%)
Non-current liabilities	2 626.9	2 565.6	61.3	2.4%
Bank credits and loans	2 162.4	2 308.4	(146.0)	(6.3%)
Lease liabilities	266.7	88.3	178.4	202.0%
Deferred tax liabilities	139.4	106.3	33.1	31.1%
Other	58.4	62.6	(4.2)	(6.7%)
Current liabilities	2 792.4	2 473.9	318.5	12.9%
Bank credits and loans	757.3	605.3	152.0	25.1%
Lease liabilities	91.8	47.5	44.3	93.3%
Other	1 943.3	1 821.1	122.2	6.7%

ASSETS

As at 30 June 2019, the Group's Property, plant and equipment amounted to CZK 3 056.6 million and increased by CZK 96.6 million from CZK 2 960.0 million as at 31 December 2018. This change was mainly caused by additions and lease additions totalling CZK 550.7 million, and on the other hand by the depreciation charge of CZK 233.8 million (continuing operations) and disposal of items of Property, plant and equipment attributable to Hoop Polska with the carrying amount of CZK 192.7 million. The most significant additions realized by the Group in 6M19 were represented by assets arising as a result of the initial application of IFRS 16 (mostly leased fresh and salad bars premises and leased administrative building), investments into the production machinery, vehicles and the returnable packages.

As at 30 June 2019, Intangible assets were of CZK 919.7 million and decreased by CZK 134.7 million or 12.8% in comparison with 31 December 2018 which is mainly a result of the amortization of CZK 30.9 million and disposal of Intangible assets attributable to Hoop Polska with the carrying amount of CZK 107.3 million.

As at 30 June 2019, other non-current assets were of CZK 109.9 million and decreased by CZK 11.3 million in comparison with 31 December 2018, mainly because of the reclassification of receivable from bonds which are repayable in less than 1 year since the balance sheet date to current assets. Next to the non-current receivables from bonds, the balance as at 30 June 2019 contains mainly non-current advances and principals.

The Group's current assets as at 30 June 2019 amounted to CZK 2 360.1 million, of which 63.7% is represented by Trade and other receivables, 15.4% is represented by Cash and cash equivalents and 20.2% is formed by Inventories. The net increase of CZK 145.9 million or 6.6% is due to increase of receivables (mainly short-term receivable from the sale of Hoop Polska, temporary short-term loan provided to the parent company, but also trade receivables due to seasonality) which outweighed decrease in cash and cash equivalents.

LIABILITIES

As at 30 June 2019, the Group's current and non-current liabilities amounted to CZK 5 419.3 million, which constitutes the increase by 7.5% (CZK 379.8 million) in comparison to CZK 5 039.5 million as at 31 December 2018. Bank credits and loans of CZK 2 919.7 million as at 30 June 2019 increased by CZK 6.0 million in comparison to balance as at 31 December 2018 which is a result of regular repayments and additional drawings made during 6M19.

Lease liabilities increased by CZK 222.7 million to CZK 358.5 million, mainly as a result of the initial application of IFRS 16 standard on leasings.

3. BUSINESS OVERVIEW AND OTHER MATTERS



Deferred tax liabilities increased by CZK 33.1 million which is mainly connected with the sale of Hoop Polska and partial release of the deferred tax asset related to the investment incentives.

The Group's provisions decreased by CZK 36.8 million from CZK 118.5 million to CZK 81.7 million, which is mainly due to the usage of annual bonuses provisions.

The Group's consolidated net debt (calculated as total non-current and current liabilities relating to credits, loans, leases and other debt instruments less cash and cash equivalents) amounted to CZK 2 922.5 million as at 30 June 2019, which represents an increase of CZK 492.3 million or 20.3% compared to CZK 2 430.2 million as at 31 December 2018 which was influenced by the capitalization of leases due to initial application of IFRS 16, short-term temporary loan provided to a parent company and capital expenditures.

The Group's consolidated net debt/Adjusted LTM EBITDA as at 30 June 2019 was of 2.9 compared to 2.3 as at 31 December 2018.

3.1.5 CASHFLOWS

NET CASH FLOW FROM OPERATING ACTIVITIES

In 6M19, the Group's net cash flow from operating activities amounted to CZK 224.3 million and decreased by CZK 153.2 million from CZK 377.5 million in 6M18. Decreased operating cash flow in 6M19 is mainly a result of lower net cash flow from operating result and higher payments in relation to income tax.

NET CASH FLOW FROM INVESTING ACTIVITIES

In 6M19, the Group's net cash flow from investing activities amounted to CZK (376.9) million and decreased by CZK 64.5 million from CZK (312.4) million in 6M18. The decrease is a net effect of higher capital expenditures, cash outflows connected with the acquisition of subsidiary in 6M18 which didn't arise in 6M19 and net loans provided in 6M19 (short-term temporary loan provided to the parent company and repayment of the loan provided to Hoop Polska).

NET CASH FLOW FROM FINANCING ACTIVITIES

In 6M19, the Group's net cash flow from financing activities amounted to CZK (101.1) million and decreased by CZK 252.3 million from CZK 151.2 million in 6M18. This is mainly a result of lower net loan drawings. Higher outflows in relation to interest expense are mainly due to higher market rates. Dividends for 2018 will be paid in 3Q19.

3.1.6 EXPECTED DEVELOPMENT IN SUBSEQUENT 6 MONTHS

Kofola Group will continue to deliver its products across Central and Eastern Europe and improve the efficiency of direct distribution in the Czech Republic.

In the Adriatic region, our key goal remains to significantly increase market share of our water brands in Croatia. In Slovenia, we celebrate the 150 year anniversary of the Radenska brand.

We will continue in our endeavour to enhance synergies between LEROS, s.r.o. and Premium Rosa Sp. z o.o. We are creating new marketing story of LEROS to support our sales (Story of Herbs) and gain the market position in all relevant distribution channels.

In UGO trade s.r.o., we will continue to stabilize the revenue growth. We're focused on qualitative growth and portfolio optimization: preparing great seasonal proposals, high quality coffee drinks to support breakfast and affordable finger food to acquire more young people and groups. In July 2019, we have already moved the production of our packaged products into a new modern plant, which is helping us in the improvement of the productivity and production capacity.

We will focus on further increase of sales of our new mineral water Klášťorná which already reached 2.5% market share in Slovakia.

We will also integrate our newly acquired subsidiary Espresso which has expanded our portfolio and is expected to help us gain higher market shares, especially in HoReCa segment.

We will further continue in our significant contributions to the environmental protection. We plan to further support the development of our own brands and also the distribution of our partners' brands with focus on CEE region. We will continue in our acquisitions related activities to search for potential brands that satisfy both our and our customers' preferences.

3. BUSINESS OVERVIEW AND OTHER MATTERS

3.1.7 ALTERNATIVE PERFORMANCE INDICATORS

Even though ESMA (European Securities and Markets Authority) does not require a reconciliation of Alternative Performance Indicators (APM) to financial statements if the APM can be defined from the financial statements, we add such a reconciliation for better understanding of our calculation of EBITDA and Net Debt.

Definition and reconciliation of APM to the financial statements (FS)		FS	Line in FS
Revenue	A	Statement of Profit or Loss	Revenue
Cost of sales	(B)	Statement of Profit or Loss	Cost of sales
Gross profit	A+B=C	Statement of Profit or Loss	Gross profit
Selling, marketing and distribution costs	(D)	Statement of Profit or Loss	Selling, marketing and distribution costs
Administrative costs	(E)	Statement of Profit or Loss	Administrative costs
Other operating income/(costs), net	F	Statement of Profit or Loss	Other operating income + Other operating expenses
Operating profit/(loss)	C+D+E+F=G	Statement of Profit or Loss	Operating profit/(loss)
Depreciation and amortisation	H	Statement of Cash Flows	Depreciation and amortization
EBITDA	G+H=I	-	-
Bank credits and loans	J	Statement of Financial Position	Bank credits and loans*
Bonds issued	K	Statement of Financial Position	Bonds issued
Lease liabilities	L	Statement of Financial Position	Lease liabilities*
Cash and cash equivalents	M	Statement of Financial Position	Cash and cash equivalents
Net debt	J+K+L-M=N	-	-
Net debt/EBITDA	N/I	-	-

* In both current and non-current liabilities.

PURPOSE OF APM:

A. EBITDA

The Company uses EBITDA because it is an important economic indicator showing a business's operating efficiency comparable to other companies, as it is unrelated to the Company's depreciation and amortization policy, capital structure and tax treatment. EBITDA indicator is also treated as a good approximation for operating cash flow. Additionally, it is one of the fundamental indicators used by companies worldwide to set their key financial and strategic objectives.

The Company uses EBITDA indicator also in budgeting process, benchmarking with its peers and as a basis for remuneration for key management staff. Such indicator is also used by stock exchange and bank analysts.

B. NET DEBT

The Company uses Net debt indicator because it shows the real level of a Company's financial debt, i.e. the nominal amount of debt net of cash, cash equivalents, and highly liquid financial assets held by the Company. The indicator allows assessing the overall indebtedness of the Company.

C. NET DEBT/EBITDA

The Company uses Net debt/EBITDA indicator because it indicates a Company's capability to pay back its debt as well as its ability to take on additional debt to grow its business. Additionally, the Company uses this indicator to assess the adequacy of its capital structure and stability of its expected cash flows. Such indicator is also used by stock exchange and bank analysts.

3.1.8 DIVIDEND POLICY

On General Meeting held on 21 June 2017, the Company announced the change in 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.

3. BUSINESS OVERVIEW AND OTHER MATTERS



3.2. SUBSEQUENT EVENTS

On 9 July 2019, Kofola ČeskoSlovensko a.s. purchased a 100% stake in Espresso s.r.o. The annual turnover of the company is approximately CZK 93 million, EBITDA approximately CZK 8 million. No further information could be provided because the initial accounting for the business combination is incomplete at the time the financial statements are authorised for issue.

No other events have occurred after the end of the reporting period that would require disclosures in the Board of directors' report.

4. CORPORATE GOVERNANCE

4.1. SHARES AND SHAREHOLDERS

4.1.1 SHARE CAPITAL

As at 30 June 2019, the registered share capital of Kofola ČeskoSlovensko a.s. totalled CZK 1 114 597 400 (as at 31 December 2018: CZK 1 114 597 400) and comprised 22 291 948 (as at 31 December 2018: 22 291 948) common registered shares with a nominal value of CZK 50 (as at 31 December 2018: CZK 50) 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.

On 5 June 2019, the General meeting has approved a distribution of dividends in the amount of CZK 13.5 per share, i.e. CZK 301 million.

4.1.2 SHAREHOLDERS STRUCTURE

Group shareholders structure		30.6.2019
	Number of shares pcs	Share %
AETOS a.s.	14 984 204	67.22%
RADENSKA d.o.o.	1 114 109	5.00%
Others	6 193 635	27.78%
Total	22 291 948	100.00%

Group shareholders structure		31.12.2018
	Number of shares pcs	Share %
AETOS a.s.	15 159 204	68.00%
RADENSKA d.o.o.	1 114 109	5.00%
Others	6 018 635	27.00%
Total	22 291 948	100.00%

On 26 March 2019, AETOS a.s. sold 175 000 shares of the Company to a Czech investor, at a price per share of CZK 311. The free float increased to 27.78%.



INTERIM CONSOLIDATED FINANCIAL STATEMENTS 6M 2019
KOFOLA ČESKOSLOVENSKO A.S.

1. INTERIM CONSOLIDATED FINANCIAL STATEMENTS



1.1. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the 6-month period ended 30 June 2019 and 30 June 2018 in CZK thousand.

Consolidated statement of profit or loss	Note	6M19 CZK'000	6M18 Restated (note 4.19) CZK'000
Continuing operations			
Revenue from the sale of finished products and services	4.1, 4.2	2 780 067	2 691 677
Revenue from the sale of goods and materials	4.1, 4.2	252 248	241 702
Revenue		3 032 315	2 933 379
Cost of products and services sold	4.3	(1 390 775)	(1 343 987)
Cost of goods and materials sold	4.3	(230 744)	(209 172)
Cost of sales		(1 621 519)	(1 553 159)
Gross profit		1 410 796	1 380 220
Selling, marketing and distribution costs	4.3	(1 030 986)	(970 775)
Administrative costs	4.3	(220 614)	(213 146)
Other operating income	4.4	14 161	12 633
Other operating expenses	4.5	(25 819)	(9 651)
Operating profit/(loss)		147 538	199 281
Finance income	4.6	3 021	12 192
Finance costs	4.7	(71 751)	(47 161)
Share of profit/(loss) of equity accounted investee	4.12	19 305	10 675
Profit/(loss) before income tax		98 113	174 987
Income tax expense	4.8	(71 227)	(47 897)
Profit/(loss) from continuing operations		26 886	127 090
Discontinued operation			
Profit/(loss) from discontinued operation	4.19	76 028	(63 613)
Profit/(loss) for the period (continuing and discontinued operations)	1.2	102 914	63 477
<i>Attributable to:</i>			
Owners of Kofola ČeskoSlovensko a.s.	1.5	106 399	65 497
Non-controlling interests	1.5	(3 485)	(2 020)
Earnings/(loss) per share for profit/(loss) attributable to the ordinary equity holders of the Company (in CZK)			
Basic earnings/(loss) per share	4.9	4.77	2.94

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

1. INTERIM CONSOLIDATED FINANCIAL STATEMENTS



1.2. CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the 6-month period ended 30 June 2019 and 30 June 2018 in CZK thousand.

Consolidated statement of other comprehensive income (continuing and discontinued operations)	Note	6M19 CZK'000	6M18 Restated (note 4.19) CZK'000
Profit/(loss) for the period (continuing and discontinued operations)	1.1	102 914	63 477
Other comprehensive income			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign subsidiaries		(97 476)	12 901
- from continuing operations		(16 054)	7 877
- from discontinued operation	4.19	(81 422)	5 024
Exchange differences on translation of foreign equity accounted investee	4.12	7 015	(4 037)
Derivatives - Cash flow hedges		962	547
Deferred tax from Cash flow hedges	4.8	(183)	(104)
Other comprehensive income/(loss) for the period, net of tax		(89 682)	9 307
Total comprehensive income/(loss) for the period	1.5	13 232	72 784
Attributable to:			
Owners of Kofola ČeskoSlovensko a.s.		16 717	74 804
- from continuing operations		22 111	133 393
- from discontinued operation		(5 394)	(58 589)
Non-controlling interests		(3 485)	(2 020)

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

1. INTERIM CONSOLIDATED FINANCIAL STATEMENTS



1.3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2019 and 31 December 2018 in CZK thousand.

Assets	Note	30.6.2019 CZK'000	31.12.2018 CZK'000
Non-current assets		4 318 850	4 348 833
Property, plant and equipment	4.10	3 056 565	2 959 954
Goodwill	4.11	93 421	93 467
Intangible assets	4.11	919 740	1 054 524
Investment in equity accounted investee	4.12	93 214	66 894
Other receivables		107 660	118 959
Other assets		2 238	2 261
Deferred tax assets		46 012	52 774
Current assets		2 360 081	2 214 197
Inventories		476 569	496 103
Trade and other receivables		1 300 943	1 095 035
Loans provided to related parties		202 287	-
Income tax receivables		15 959	3 759
Cash and cash equivalents		364 323	619 300
Total assets		6 678 931	6 563 030
Liabilities and equity			
		CZK'000	CZK'000
Equity attributable to owners of Kofola ČeskoSlovensko a.s.	1.5	1 271 267	1 531 669
Share capital	1.5	1 114 597	1 114 597
Share premium and capital reorganisation reserve	1.5	(1 962 871)	(1 962 871)
Other reserves	1.5	2 446 991	2 438 776
Foreign currency translation reserve	1.5	(61 507)	28 954
Distribution fund	1.5	-	618 331
Own shares	1.5	(490 208)	(490 208)
Retained earnings/(Accumulated deficit)	1.5	224 265	(215 910)
Equity attributable to non-controlling interests	1.5	(11 641)	(8 156)
Total equity	1.5	1 259 626	1 523 513
Non-current liabilities		2 626 886	2 565 592
Bank credits and loans	4.13	2 162 386	2 308 429
Lease liabilities		266 691	88 288
Provisions		32 808	34 063
Other liabilities		25 618	28 470
Deferred tax liabilities		139 383	106 342
Current liabilities		2 792 419	2 473 925
Bank credits and loans	4.13	757 330	605 295
Lease liabilities		91 823	47 490
Trade and other payables		1 586 632	1 697 724
Income tax liabilities		21 857	38 936
Dividend payables		285 901	-
Provisions		48 876	84 480
Total liabilities		5 419 305	5 039 517
Total liabilities and equity		6 678 931	6 563 030

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

1. INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1.4. CONSOLIDATED STATEMENT OF CASH FLOWS

for the 6-month period ended 30 June 2019 and 30 June 2018 in CZK thousand.

Consolidated statement of cash flows (continuing and discontinued operations)	Note	6M19 CZK '000	6M18 CZK '000
Cash flows from operating activities			
Profit/(loss) before income tax (continuing and discontinued operations)		174 141	111 374
Adjustments for:			
Non-cash movements			
Depreciation and amortisation		268 321	269 901
Net interest		55 031	38 322
Share on equity accounted investee result	4.12	(19 305)	(10 675)
Change in the balance of impairments		(5 789)	(17 597)
Change in the balance of provisions		(33 953)	18 954
Derivatives	4.6, 4.7	(1 102)	2 816
Realised (gain)/loss on sale of PPE and Intangible assets		(8 664)	(7 740)
Net exchange differences		220	(2 783)
(Profit)/loss on sale of subsidiary	4.19	(7 979)	-
Gain on release of the foreign currency translation reserve	4.19	(81 422)	-
Other		14 574	10 624
Cash movements			
Income taxes paid		(82 658)	(31 387)
Change in operating assets and liabilities			
Change in receivables		(188 099)	(244 404)
Change in inventories		(70 433)	(101 823)
Change in payables		211 419	341 967
Net cash inflow/(outflow) from operating activities		224 302	377 549
Cash flows from investing activities			
Sale of property, plant and equipment		12 372	17 071
Acquisition of PPE and Intangible assets		(312 428)	(231 913)
Proceeds from sale of subsidiary, net of cash disposed		21 195	-
Acquisition of subsidiary, net of cash acquired		-	(113 724)
Interest and dividends received		27	16 147
Proceeds from repaid loans		104 206	-
Loans granted	4.16.4	(202 287)	-
Net cash inflow/(outflow) from investing activities		(376 915)	(312 419)
Cash flows from financing activities			
Lease payments		(49 574)	(27 100)
Proceeds from loans and bank credits		198 204	874 760
Repayment of loans and bank credits		(195 216)	(328 635)
Dividends paid to Company's shareholders		-	(339 931)
Interest and bank charges paid		(55 611)	(29 733)
Derivates		1 102	1 804
Net cash inflow/(outflow) from financing activities		(101 095)	151 165
Net increase/(decrease) in cash and cash equivalents		(253 708)	216 295
Cash and cash equivalents at the beginning of the period	1.3	619 300	289 594
Effects of exchange rate changes on cash and cash equivalents		(1 269)	1 175
Cash and cash equivalents at the end of the period	1.3	364 323	507 064

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

1. INTERIM CONSOLIDATED FINANCIAL STATEMENTS



1.5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 6-month period ended 30 June 2019 and 30 June 2018 in CZK thousand.

Consolidated statement of changes in equity (continuing and discontinued operations)	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	Distribution fund	Own shares	Retained earnings/ (Accumulated deficit)	Total		
Balance as at 31 December 2017		2 229 500	(1 962 871)	2 048 985	37 030	-	(491 565)	116 591	1 977 670	(3 684)	1 973 986
IFRS 9 adjustment		-	-	-	-	-	-	7 594	7 594	-	7 594
Balance as at 1 January 2018		2 229 500	(1 962 871)	2 048 985	37 030	-	(491 565)	124 185	1 985 264	(3 684)	1 981 580
Profit/(loss) for the period	1.1	-	-	-	-	-	-	65 497	65 497	(2 020)	63 477
Other comprehensive income/(loss)	1.2	-	-	443	8 864	-	-	-	9 307	-	9 307
Total comprehensive income/(loss) for the period	1.2	-	-	443	8 864	-	-	65 497	74 804	(2 020)	72 784
Dividends		-	-	-	-	-	-	(361 130)	(361 130)	-	(361 130)
Transactions with owners in their capacity as owners		-	-	-	-	-	-	(361 130)	(361 130)	-	(361 130)
Balance as at 30 June 2018		2 229 500	(1 962 871)	2 049 428	45 894	-	(491 565)	(171 448)	1 698 938	(5 704)	1 693 234
Balance as at 31 December 2018		1 114 597	(1 962 871)	2 438 776	28 954	618 331	(490 208)	(215 910)	1 531 669	(8 156)	1 523 513
Effect of initial application of IFRS 16		-	-	-	-	-	-	1 346	1 346	-	1 346
Balance as at 1 January 2019		1 114 597	(1 962 871)	2 438 776	28 954	618 331	(490 208)	(214 564)	1 533 015	(8 156)	1 524 859
Profit/(loss) for the period	1.1	-	-	-	-	-	-	106 399	106 399	(3 485)	102 914
Other comprehensive income/(loss)	1.2	-	-	779	(9 039)	-	-	-	(8 260)	-	(8 260)
Release of the cumulated foreign currency translation reserve attributable to disposed operation	1.2, 4.19	-	-	-	(81 422)	-	-	-	(81 422)	-	(81 422)
Total comprehensive income/(loss) for the period	1.2	-	-	779	(90 461)	-	-	106 399	16 717	(3 485)	13 232
Dividends		-	-	-	-	(285 901)	-	-	(285 901)	-	(285 901)
Option scheme		-	-	7 436	-	-	-	-	7 436	-	7 436
Transactions with owners in their capacity as owners		-	-	7 436	-	(285 901)	-	-	(278 465)	-	(278 465)
Transfer from the distribution fund		-	-	-	-	(332 430)	-	332 430	-	-	-
Balance as at 30 June 2019		1 114 597	(1 962 871)	2 446 991	(61 507)	-	(490 208)	224 265	1 271 267	(11 641)	1 259 626

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

1. INTERIM CONSOLIDATED FINANCIAL STATEMENTS



RELEASE OF THE CUMULATED FOREIGN CURRENCY TRANSLATION RESERVE ATTRIBUTABLE TO DISPOSED OPERATION

Release of the cumulated foreign currency translation reserve is the total balance of cumulated foreign exchange differences arising on the consolidation of Hoop Polska within the Group consolidated financial statements. These differences arise when the functional currency of the consolidated subsidiary differs from the presentation currency of the consolidated financial statements. These differences are recognized since the acquisition of the subsidiary within other comprehensive income and are reclassified from equity to the profit or loss on the disposal of the subsidiary. The gain of CZK 81 422 thousand (which compensates the loss of CZK 81 422 thousand recorded in the other comprehensive income) is presented under discontinued operation (see Note 4.19).

DIVIDEND DISTRIBUTION

On 5 June 2019, the General meeting has approved a distribution of dividends in the amount of CZK 13.5 per share, i.e. CZK 285 901 thousand.

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. LEI: 3157005DO9L5OWHBQ359.

Main area of activity of Kofola ČeskoSlovensko a.s. in the six-month period ended 30 June 2019 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 the parent of the Kofola Group. Besides the traditional markets of the Czech Republic and Slovakia, the Group is also present in Slovenia, Croatia and in Poland with limited activities in Russia. The Group produces drinks in eight production plants and key trademarks include Kofola, Jupí, Jupík, Rajec, Radenska, Semtex and Vinea. On selected markets, the Group distributes among others Rauch, Evian or Badoit products and under the licence produces Royal Crown Cola or Orangina.

Based on the information known to the Board of Directors of the Company acting with due care, the Company was for until 31 August 2018 part of the group controlled by KSM Investment S.A. („Group“). Registered office: Rue de Neudorf 560A, L-2220 Luxembourg, Luxembourg. Since 31 August 2018, after the merger of KSM Investment S.A. to AETOS a.s., the ultimate parent of the Company is AETOS a.s. The ownership structure is described in section 4.16.1.

STOCK EXCHANGE LISTING

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

MANAGEMENT

As at 30 June 2019, the composition of the Board of Directors, Supervisory Board and Audit Committee was as follows:

BOARD OF DIRECTORS

- Janis Samaras – Chairman
- René Musila – Vice-Chair
- Daniel Buryš – Vice-Chair
- Pavel Jakubík
- Jiří Vlasák
- Marián Šefčovič

SUPERVISORY BOARD

- René Sommer – Chairman
- Tomáš Jendřejek
- Moshe Cohen-Nehemia
- Petr Pravda

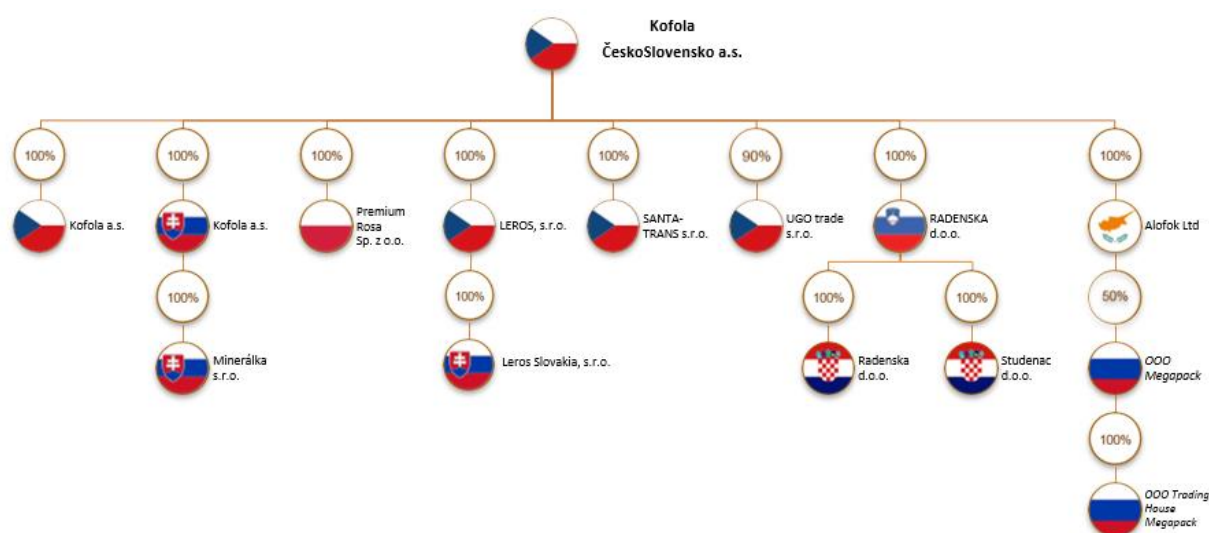
AUDIT COMMITTEE

- Petr Šobotník – Chairman
- Zuzana Prokopcová
- Lenka Frostová

2. GENERAL INFORMATION

2.2. GROUP STRUCTURE

GROUP STRUCTURE CHART AS AT 30 JUNE 2019



DESCRIPTION OF THE GROUP COMPANIES

Name of entity	Place of business	Segment (Note B 4.1)	Principal activities	Ownership interest and voting rights	
				30.6.2019	31.12.2018
Holding companies					
Kofola ČeskoSlovensko a.s.	Czech Republic	CzechoSlovakia	top holding company	100.00%	100.00%
Alofok Ltd	Cyprus	n/a	holding		
Production and trading					
Kofola a.s.	Czech Republic	CzechoSlovakia	production and distribution of non-alcoholic beverages	100.00%	100.00%
Kofola a.s.	Slovakia	CzechoSlovakia	production and distribution of non-alcoholic beverages	100.00%	100.00%
Hoop Polska Sp. z o.o.*	Poland	n/a	production and distribution of non-alcoholic beverages	n/a	100.00%
UGO trade s.r.o.	Czech Republic	Fresh & Herbs	operation of fresh bars chain, production of salads	90.00%	90.00%
RADENSKA d.o.o.	Slovenia	Adriatic	production and distribution of non-alcoholic beverages	100.00%	100.00%
Studenac d.o.o.	Croatia	Adriatic	production and distribution of non-alcoholic beverages	100.00%	100.00%
Radenska d.o.o. - in liquidation	Croatia	Adriatic	production and distribution of non-alcoholic beverages in liquidation	100.00%	100.00%
Premium Rosa Sp. z o.o.	Poland	Fresh & Herbs	production and distribution of syrups and jams	100.00%	100.00%
LEROS, s.r.o.	Czech Republic	Fresh & Herbs	production and distribution of products from medicinal plants and quality natural teas	100.00%	100.00%
Leros Slovakia, s.r.o.	Slovakia	Fresh & Herbs	distribution of products from medicinal plants and quality natural teas	100.00%	100.00%
Minerálka s.r.o.	Slovakia	CzechoSlovakia	inactive	100.00%	100.00%
Transportation					
SANTA-TRANS s.r.o.	Czech Republic	CzechoSlovakia	road cargo transport	100.00%	100.00%
Associated companies					
OOO Megapack	Russia	n/a	production of non-alcoholic and low-alcoholic beverages	50.00%	50.00%
OOO Trading House Megapack	Russia	n/a	sale and distribution of non-alcoholic and low-alcoholic beverages	50.00%	50.00%

On 18 March 2019 was sold.

3.1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

BASIS OF PREPARATION

The 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 on 1 January 2019.

The 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, employee benefits measured at fair value and the assets, liabilities and contingent liabilities of the acquiree which are measured at their acquisition-date fair values as required by IFRS 3.

The 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 consolidated financial statements cover the period of six months ended 30 June 2019 and contain comparatives for the period of six months ended 30 June 2018 and 31 December 2018 (consolidated statement of financial position). The comparative consolidated statement of profit or loss and consolidated statement of other comprehensive income have been restated due to the sale of Hoop Polska Sp. z o.o. which is presented as a discontinued operation.

The 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 exercises 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 are disclosed in section 3.7.

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:

- cost of sales – 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.

3. SIGNIFICANT ACCOUNTING POLICIES

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

Closing exchange rates	30.6.2019	31.12.2018	30.6.2018
CZK/EUR	25.445	25.725	26.020
CZK/PLN	5.988	5.980	5.950
CZK/RUB	0.355	0.323	0.356
CZK/USD	22.363	22.466	22.318
CZK/HRK	3.440	3.471	3.524

Average exchange rates	1.1.2019 - 30.6.2019	1.1.2018 - 31.12.2018	1.1.2018 - 30.6.2018
CZK/EUR	25.684	25.643	25.500
CZK/PLN	5.984	6.020	6.043
CZK/RUB	0.348	0.347	0.355
CZK/USD	22.733	21.735	21.080
CZK/HRK	3.461	3.457	3.438

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,
- cash-flow 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 “Effects of exchange rate changes on cash and cash equivalents” item of the consolidated statement of cash flows.

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.

Foreign exchange gains and losses recognized in profit or loss are offset on individual company level.

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 2018.

3.5. ACCOUNTING METHODS

The accounting policies adopted are consistent with those used in the annual consolidated financial statements for the twelve-month period ended 31 December 2018, except for the adoption of new and amended standards as set out below.

3.6. NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

IFRS 16 LEASES

All leases where the Group is a lessee and which met the requirements set by the new standard were recognised on the balance sheet as the distinction between operating and finance leases was removed. Under the new standard, a right-of-use asset (right to use leased item) and a financial liability to pay rentals are recognised. IFRS 16 leads to a replacement of the straight-line operating lease expense with a depreciation charge (operating costs) for right-of-use asset and an interest expense (finance costs) on lease liabilities. Although the depreciation charge is typically even, the interest expense reduces over the life of the lease which leads into a reducing total expense as individual lease matures. New standard doesn't impact the amount of cash transferred between the lessor and lessee, it however has an impact on the presentation of the consolidated statement of cash flows. Cash outflows connected with the leases previously classified as operating expenses are presented under financing activities instead of operating activities. The Group has decided to utilize the following practical expedients allowed by the new IFRS 16 standard:

- Leases of low value assets (i.e. those with value lower than CZK 80 000) are not accounted under the IFRS 16 lease model.
- Leases with a lease term of 12 months or less that do not contain a purchase option (i.e. short-term leases) are not accounted under the IFRS 16 lease model.
- Leases for which the lease term ends within 12 months of the date of initial application of IFRS 16 (leases without extension option or with an option which is not to be used) are not accounted under the IFRS 16 lease model.
- For leases commencing before 1 January 2019 and representing operating leases before that date, the Group recognizes the lease liability in the amount equal to the present value of the remaining lease payments, discounted using lessee's incremental borrowing rate at the date of initial application. Right-of-use asset is recognized in the amount of lease liability (adjusted by the amount of any previously recognized prepaid or accrued lease payments relating to that lease) less impairment provision calculated under IAS 36.
- A single discount rate is applied to a portfolio of leases with reasonably similar characteristics.
- For leases commencing before 1 January 2019, the initial direct costs are excluded from the measurement of the right-of-use asset at the date of initial application.
- Hindsight is used, such as in determining the lease term if the contract contains options to extend or terminate the lease.

ADJUSTMENTS RECOGNISED ON ADOPTION OF IFRS 16

For leases previously classified as finance leases the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

The standard affected primarily the accounting for the Group's operating leases. The following adjustments were made as of 1 January 2019 in the consolidated statement of financial position:

- Right-of-use asset: CZK 177 million,
- Lease liabilities – current: CZK 33 million,
- Lease liabilities – non-current: CZK 143 million,
- Retained earnings: CZK 1 million.

The Group's activities as a lessor are not material and hence there wasn't any impact on the consolidated financial statements.

Application of the IFRS 16 standard did not have any material qualitative impacts on the Group's daily operations and financial reporting process.

3. SIGNIFICANT ACCOUNTING POLICIES



THE GROUP'S LEASING ACTIVITIES AND HOW THESE ARE ACCOUNTED FOR

The Group leases mainly the head office administrative building, premises for fresh and salad bars, production equipment and vehicles. Rental contracts are typically made for fixed periods of 1 to 10 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate,
- amounts expected to be payable by the lessee under residual value guarantees,
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use asset is measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

3.7. SIGNIFICANT ESTIMATES AND KEY MANAGEMENT JUDGEMENTS

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 considered at their calculation, new information or past experience. For this reason, the estimates made as at 30 June 2019 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 equity accounted investee	Key assumptions used to determine the recoverable amount: Impairment indicators, used models, discount rates, growth rates.
Useful life of trademarks	The history of the trademark 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.
Impairment of receivables	Historical experience, credit assessment, current and forward-looking information available to the management.
Deferred tax asset from investment incentives and tax losses	Historical experience, current and forward-looking information available to the management.

3.8. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors approved the present consolidated financial statements for publication on 12 August 2019.

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.1. SEGMENT INFORMATION (CONTINUING OPERATIONS)

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. After the sale of Hoop Polska Sp. z o.o., management has decided to adjust the structure of segment information. Based on this assessment, three main business segments are presented within these financial statements. These are:

- CzechoSlovakia,
- Adratic,
- Fresh & Herbs.

Division of particular Group companies between the segments is outlined in the section 2.2.

For presented periods, the segment information contains only values related to the continuing operations.

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,
- Fresh bars & Salads,
- Other (e.g. energy drinks, isotonic drinks, transportation and other services).

In compliance with the relevant requirements of IFRS 8 Operating Segments, the management presents also the distribution of revenues and non-current assets (other than financial instruments and deferred tax assets) distributed into geographical areas.

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.

Column Other in the segment information below represents a reconciling item to get to the consolidated financial statements.

The Group did not identify any customer in the period of six months ended 30 June 2019 and in the comparative period of six months ended 30 June 2018 that generated more than 10% of the Group’s consolidated revenue.

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



BUSINESS SEGMENTS (CONTINUING OPERATIONS)

1.1.2019 – 30.6.2019	CzechoSlovakia	Adriatic	Fresh & Herbs	Other*	Subtotal	Consolidation adjustments	Russia	Total
	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000
Revenue	2 187 211	591 254	326 281	-	3 104 746	(72 431)	-	3 032 315
External revenue – excl. services	2 105 120	585 756	309 525	-	3 000 401	-	-	3 000 401
External revenue – services	13 102	2 590	16 222	-	31 914	-	-	31 914
Inter-segment revenue	68 989	2 908	534	-	72 431	(72 431)	-	-
Operating expenses	(1 993 730)	(572 959)	(390 068)	(451)	(2 957 208)	72 431	-	(2 884 777)
Related to external revenue	(1 924 741)	(570 051)	(389 534)	(451)	(2 884 777)	-	-	(2 884 777)
Related to inter-segment revenue	(68 989)	(2 908)	(534)	-	(72 431)	72 431	-	-
Operating profit/(loss)	193 481	18 295	(63 787)	(451)	147 538	-	-	147 538
Finance income/(costs), net	55 486	12 412	(6 421)	(169)	61 308	(130 038)	-	(68 730)
- within segment	(62 666)	(2 067)	(3 828)	(169)	(68 730)	-	-	(68 730)
- inter-segment	118 152	14 479	(2 593)	-	130 038	(130 038)	-	-
Share of profit/(loss) of equity accounted investee	-	-	-	-	-	-	19 305	19 305
Profit/(loss) before income tax	248 967	30 707	(70 208)	(620)	208 846	(130 038)	19 305	98 113
Income tax (expense)/benefit	(61 450)	(9 815)	38	-	(71 227)	-	-	(71 227)
Profit/(loss) for the period	187 517	20 892	(70 170)	(620)	137 619	(130 038)	19 305	26 886
EBITDA**	357 027	65 400	(9 690)	(451)	412 286	-	-	412 286
One-offs (A 3.1.1)	11 208	(4 388)	5 535	-	12 355	-	-	12 355
Adjusted EBITDA (A 3.1.1)	368 235	61 012	(4 155)	(451)	424 641	-	-	424 641

* Other doesn't represent a separate segment, but reconciling item to the consolidated statement of profit or loss.

**EBITDA refers to operating profit/(loss) plus depreciation and amortisation.

Other segment information	CzechoSlovakia	Adriatic	Fresh & Herbs	Other*	Subtotal	Consolidation adjustments	Russia	Total
	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000
Additions to PPE and Intangible assets	293 886	78 863	186 243	-	558 992	-	-	558 992
Depreciation and amortisation	163 546	47 105	54 097	-	264 748	-	-	264 748
Other Impairment losses	2 279	-	472	-	2 751	-	-	2 751
Other Impairment losses reversals	(5 732)	(360)	(524)	-	(6 616)	-	-	(6 616)
Provisions - Increase due to creation	32 917	-	3 804	-	36 721	-	-	36 721
Provisions - Decrease due to usage/release	(56 894)	(7 377)	(5 685)	-	(69 956)	-	-	(69 956)

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



1.1.2018 – 30.6.2018	CzechoSlovakia	Adriatic	Fresh & Herbs	Other*	Subtotal	Consolidation adjustments	Russia	Total
Restated	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000
Revenue	2 156 059	549 905	289 729	-	2 995 693	(62 314)	-	2 933 379
External revenue – excl. services	2 049 255	544 334	276 382	-	2 869 971	-	-	2 869 971
External revenue – services	45 774	4 304	13 330	-	63 408	-	-	63 408
Inter-segment revenue	61 030	1 267	17	-	62 314	(62 314)	-	-
Operating expenses	(1 919 209)	(548 978)	(327 892)	(333)	(2 796 412)	62 314	-	(2 734 098)
Related to external revenue	(1 858 179)	(547 711)	(327 875)	(333)	(2 734 098)	-	-	(2 734 098)
Related to inter-segment revenue	(61 030)	(1 267)	(17)	-	(62 314)	62 314	-	-
Operating profit/(loss)	236 850	927	(38 163)	(333)	199 281	-	-	199 281
Finance income/(costs), net	93 869	17 651	(3 428)	268	108 360	(143 329)	-	(34 969)
- within segment	(34 099)	1 322	(2 467)	275	(34 969)	-	-	(34 969)
- inter-segment	127 968	16 329	(961)	(7)	143 329	(143 329)	-	-
Share of profit/(loss) of equity accounted investee	-	-	-	-	-	-	10 675	10 675
Profit/(loss) before income tax	330 719	18 578	(41 591)	(65)	307 641	(143 329)	10 675	174 987
Income tax (expense)/benefit	(47 869)	(3 851)	3 823	-	(47 897)	-	-	(47 897)
Profit/(loss) for the period	282 850	14 727	(37 768)	(65)	259 744	(143 329)	10 675	127 090
EBITDA**	388 572	50 700	(4 191)	(333)	434 748	-	-	434 748
One-offs (A 3.1.1)	16 496	1 126	5 703	-	23 325	-	-	23 325
Adjusted EBITDA (A 3.1.1)	405 068	51 826	1 512	(333)	458 073	-	-	458 073

* Other doesn't represent a separate segment, but reconciling item to the consolidated statement of profit or loss.

**EBITDA refers to operating profit/(loss) plus depreciation and amortisation.

Other segment information	CzechoSlovakia	Adriatic	Fresh & Herbs	Other*	Subtotal	Consolidation adjustments	Russia	Total
	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000
Additions to PPE and Intangible assets	143 521	46 884	23 811	-	214 216	-	-	214 216
Depreciation and amortisation	151 722	49 773	33 972	-	235 467	-	-	235 467
Other Impairment losses	1 379	-	823	-	2 202	-	-	2 202
Other Impairment losses reversals	(12 656)	(609)	(24)	-	(13 289)	-	-	(13 289)
Provisions - Increase due to creation	44 913	-	2 320	-	47 233	-	-	47 233
Provisions - Decrease due to usage/release	(25 726)	(1 081)	(164)	-	(26 971)	-	-	(26 971)

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



PRODUCT LINES (CONTINUING OPERATIONS)

1.1.2019 - 30.6.2019	Carbonated beverages CZK '000	Non-carbonated beverages CZK '000	Waters CZK '000	Syrups CZK '000	Fresh bars & Salads CZK '000	Other CZK '000	Total CZK '000
Revenue	1 244 372	329 811	856 332	238 979	206 238	156 583	3 032 315
External revenue – excl. services	1 244 372	329 811	856 332	238 979	190 460	140 447	3 000 401
External revenue – services	-	-	-	-	15 778	16 136	31 914
1.1.2018 - 30.6.2018	Carbonated beverages CZK '000	Non-carbonated beverages CZK '000	Waters CZK '000	Syrups CZK '000	Fresh bars & Salads CZK '000	Other CZK '000	Total CZK '000
Revenue	1 190 306	343 401	814 861	230 780	196 673	157 358	2 933 379
External revenue – excl. services	1 190 306	343 401	814 861	230 780	183 343	107 280	2 869 971
External revenue – services	-	-	-	-	13 330	50 078	63 408

INFORMATION ABOUT GEOGRAPHICAL AREAS — REVENUE PER END CUSTOMER (CONTINUING OPERATIONS)

1.1.2019 - 30.6.2019	Czech Republic CZK '000	Slovakia CZK '000	Slovenia CZK '000	Croatia CZK '000	Poland CZK '000	Other CZK '000	Total CZK '000
Revenue	1 574 085	811 401	381 478	165 963	34 444	64 944	3 032 315
External revenue – excl. services	1 552 282	803 880	379 080	165 945	34 444	64 770	3 000 401
External revenue – services	21 803	7 521	2 398	18	-	174	31 914
1.1.2018 - 30.6.2018	Czech Republic CZK '000	Slovakia CZK '000	Slovenia CZK '000	Croatia CZK '000	Poland CZK '000	Other CZK '000	Total CZK '000
Revenue	1 518 321	808 583	364 701	148 431	30 578	62 765	2 933 379
External revenue – excl. services	1 470 617	797 183	360 397	148 431	30 578	62 765	2 869 971
External revenue – services	47 704	11 400	4 304	-	-	-	63 408
Non-current assets (excluding financial assets and deferred tax assets)	Czech Republic CZK '000	Slovakia CZK '000	Slovenia CZK '000	Croatia CZK '000	Poland CZK '000	Other CZK '000	Total CZK '000
30.6.2019	2 059 405	1 000 708	658 011	169 317	245 202	447	4 133 090
31.12.2018	1 865 613	916 683	646 319	159 051	557 706	713	4 146 085

SEASONAL AND CYCLICAL NATURE OF THE OPERATIONS

SEASONALITY

Seasonality is associated with periodic deviations in demand and supply and has certain effect on 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 2018, about 20% (19% in 2017) of revenue was earned in the 1st quarter, with 28% (29% in 2017), 29% (29% in 2017) and 23% (23% in 2017) of the annual consolidated revenue 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”.

KOFOLA ČESKOSLOVENSKO GROUP

Interim consolidated financial statements for the six-month period ended 30 June 2019

In accordance with IAS 34 as adopted by EU

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.2. REVENUE (CONTINUING OPERATIONS)

Revenue streams, Timing of revenue recognition	6M19 CZK'000	6M18 CZK'000
Revenue from contracts with customers		
- Sales of finished products/goods/materials (transferred at a point in time)	3 000 401	2 869 971
- Sales of transportation services (transferred over time)	5 347	26 098
- Franchise licences (transferred over time)	15 162	13 330
- Sales of other services (transferred over time)	11 405	23 980
Total revenue	3 032 315	2 933 379

Revenue from contracts with customers is represented mostly by finished products, goods and materials sold which are recognized at a point in time. For further allocation between particular segments refer to section 4.1.

The Group doesn't have any material contract assets, contract liabilities or performance obligations satisfied (or partially satisfied) in previous periods.

4.3. EXPENSES BY NATURE (CONTINUING OPERATIONS)

Expenses by nature	6M19 CZK'000	6M18 CZK'000
Depreciation of Property, plant and equipment and amortisation of Intangible assets	264 748	235 467
Employee benefits expenses (i)	671 249	617 834
Consumption of materials and energy	1 075 114	1 093 808
Cost of goods and materials sold	230 744	209 172
Services **	584 806	555 905
Rental costs	40 139	48 375
Taxes and fees	30 644	27 922
Insurance costs	7 673	2 921
Inventory write-down/(back)	(921)	(1 470)
Change in allowance to receivables	(2 944)	(3 652)
Change in finished products and work in progress	(36 317)	(57 328)
Other costs	12 352	8 126
Total expenses by nature*	2 877 287	2 737 080
Depreciation recognized in Other operating expenses	(4 168)	-
Reconciliation of expenses by nature to expenses by function	2 873 119	2 737 080
Selling, marketing and distribution costs	1 030 986	970 775
Administrative costs	220 614	213 146
Costs of products and services sold	1 390 775	1 343 987
Cost of goods and materials sold	230 744	209 172
Total costs of products and services sold, merchandise and materials, sales costs and administrative costs	2 873 119	2 737 080

* Excluding Other operating income, Other operating expenses (except for depreciation) and Impairment.

** One-off administrative services are in the 6M19 period reported in Other operating expenses.

Growth of depreciation between periods is influenced by the application of IFRS 16 on operating leases which were previously presented in operating expenses. Higher personnel expenses are connected with the general salary increase. Increase of expenses for services is influenced by increase of revenues, higher distribution costs and costs arising in LEROS which was acquired in March 2018.

(i) Employee benefits expenses

Employee benefits expenses	6M19 CZK'000	6M18 CZK'000
Salaries	493 096	449 860
Social security and other benefit costs (including healthcare insurance)	86 559	84 393
Pension benefit plan expenses	91 594	83 581
Total employee benefits expenses	671 249	617 834

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.4. OTHER OPERATING INCOME (CONTINUING OPERATIONS)

Other operating income	6M19 CZK'000	6M18 CZK'000
Net gain from the sale of PPE and Intangible assets	8 664	4 118
Release of allowance to receivables	6	-
Reinvoiced payments	1 858	1 865
Grants	344	224
Compensation claims	655	71
Write-off liabilities	30	-
Penalties and compensation for damages	667	1 804
Tax return	171	26
Release of provisions	375	164
Other	1 391	4 361
Total other operating income	14 161	12 633

4.5. OTHER OPERATING EXPENSES (CONTINUING OPERATIONS)

Other operating expenses	6M19 CZK'000	6M18 CZK'000
Net loss from disposal of PPE and Intangible assets	-	1 540
Provided donations, sponsorship	3 367	1 914
Penalties and damages	419	-
Other tax expenses	156	124
Services*	11 208	-
Other	10 669	6 073
Total other operating expenses	25 819	9 651

* One-off services were in the 6M18 period reported in Administrative expenses.

4.6. FINANCE INCOME (CONTINUING OPERATIONS)

Finance income	6M19 CZK'000	6M18 CZK'000
Interest from:		
– bank deposits	27	4
– credits and loans granted	126	-
– bonds	1 075	-
Exchange gains	408	11 840
Derivatives	1 102	-
Gain from guarantees	271	340
Other	12	8
Total finance income	3 021	12 192

4.7. FINANCE COSTS (CONTINUING OPERATIONS)

Finance costs	6M19 CZK'000	6M18 CZK'000
Interest from:		
– bank loans and credits	50 698	25 832
– finance lease	5 048	2 035
– bonds	-	8 620
– other	81	11
Exchange losses	10 861	261
Bank costs and charges	4 855	7 406
Derivatives	-	2 816
Other	208	180
Total finance costs	71 751	47 161

Growth of interest between periods is influenced by higher market rates, the loan drawings and on the other hand by the decrease of interest from bonds which were repaid in October 2018.

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.8. INCOME TAX (CONTINUING OPERATIONS)

4.8.1 INCOME TAX RECOGNISED IN PROFIT OR LOSS

Main income tax elements for the six-month period ended 30 June 2019 and 30 June 2018 were as follows:

Income tax	6M19 CZK'000	6M18 CZK'000
Current income tax expense/(benefit)	52 761	58 957
Current income tax on profits for the year	50 759	58 957
Adjustments for current income tax of prior periods	2 002	-
Deferred income tax expense/(benefit)	18 466	(11 060)
Related to arising and reversing of temporary differences	12 275	(16 503)
Related to tax losses	6 191	5 443
Income tax expense/(benefit)	71 227	47 897

The income tax rate applicable to the majority of the Group's 2019 and 2018 income is 19%.

4.8.2 INCOME TAX RECOGNISED DIRECTLY IN EQUITY

Income tax elements for the six-month period ended 30 June 2019 and 30 June 2018 were as follows::

Income tax recognised directly in equity	6M19 CZK'000	6M18 CZK'000
Deferred income tax	183	104
Tax from Cash flow hedges	183	104
Income tax recognised directly in equity	183	104

4.9. EARNINGS PER SHARE

The basic earnings per share ratio is calculated by dividing the profit/(loss) 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/(loss) 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). The diluted earnings per share ratio is not applicable to the Company because it didn't issue any of above-mentioned financial instruments.

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

	6M19 CZK'000	6M18 CZK'000
Profit/(loss) for the period attributable to owners of Kofola ČeskoSlovensko a.s.	106 399	65 497

	6M19 Pcs	6M18 Pcs
Weighted average number of ordinary shares for EPS calculation	22 291 948	22 295 000
Effect of own shares	-	(3 052)
Weighted average number of ordinary shares used to calculate basic earnings per share	22 291 948	22 291 948

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

Basic earnings per share	6M19	6M18
Profit/(loss) for the period attributable to owners of Kofola ČeskoSlovensko a.s. (CZK '000)	106 399	65 497
Weighted average number of ordinary shares used to calculate basic earnings per share (pcs)	22 291 948	22 291 948
Basic earnings per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK/share)	4.77	2.94

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.10. PROPERTY, PLANT AND EQUIPMENT

The additions to Property, plant and equipment were of CZK 550 726 thousand in the six-month period ended 30 June 2019 (including lease additions). The most significant additions are mainly caused by the effect of the initial application of IFRS 16 (note 3.6), purchases of cars, production machinery and returnable packages.

The additions to Property, plant and equipment were of CZK 321 410 thousand in the six-month period ended 30 June 2018 (including additions from acquisitions of subsidiaries). The investment projects realised by the Group in 6M18 comprise primarily additions to a production machinery, mainly in Czechia and Slovenia, assets from acquisition of LEROS, Minerálka and sales support equipment in CzechoSlovakia.

4.11. INTANGIBLE ASSETS

The Goodwill consists of the goodwill from acquisition of PINELLI spol. s r.o. in April 2011, goodwill from acquisition of production part of Klimo s.r.o. by Kofola a.s. (Czech Republic) in 2006, goodwill from acquisition of LEROS s.r.o. acquired in March 2018 and goodwill from acquisition of Minerálka s.r.o. in June 2018.

Amortisation of trademarks with finite useful lives is charged to Selling, marketing and distribution costs. The main trademarks are not amortized – such trademarks with indefinite useful lives are tested for impairment.

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

In the reporting period of six-months ended 30 June 2019, the additions to intangible assets were of CZK 8 266 thousand. The most significant addition was technical enhancement of SAP software.

In the reporting period of six-months ended 30 June 2018, the additions to intangible assets were of CZK 147 400 thousand (including additions from acquisitions of subsidiaries). The most significant additions were connected with acquisition of LEROS, acquisition of Minerálka, technical enhancement of SAP in Kofola ČeskoSlovensko and cash register system in UGO.

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.12. INVESTMENT IN EQUITY ACCOUNTED INVESTEE

4.12.1 000 MEGAPACK

000 MEGAPACK is an equity accounted investee of the Group as Group doesn't have the power over the investee and the control over the investee is shared (Group can not direct the activities of an investee on its own due to expiration of the deciding vote in choosing the general director of the 000 MEGAPACK on 31 December 2012). 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	6M19 CZK'000	6M18 CZK'000
Opening balance	66 894	70 260
Share of profit/(loss) attributable to the Group	19 305	10 675
Dividend	-	(16 024)
Exchange difference	7 015	(4 037)
Closing balance	93 214	60 874

Dividend from 000 MEGAPACK in relation to its result for the year ended 31 December 2018 will be received in 3Q19 (gross amount of RUB 65 000 thousand, net amount after deduction of the withholding tax RUB 61 750 thousand).

Statement of financial position	30.6.2019 CZK'000	31.12.2018 CZK'000
Current assets	396 332	282 283
Non-current assets	141 665	127 500
Current liabilities	(249 253)	(174 758)
Non-current liabilities	(20 724)	(27 001)
Net assets	268 020	208 024

Statement of profit or loss	6M19 CZK'000	6M18 CZK'000
Revenue	252 263	202 612
Profit/(loss) for the period	38 610	21 350
Share of profit/(loss) attributable to Kofola ČeskoSlovensko group	19 305	10 675

4.13. BANK CREDITS AND LOANS

INDEBTEDNESS OF THE GROUP FROM THE CREDITS AND LOANS

As at 30 June 2019, the Group's total bank loans and credits amounted to CZK 2 919 716 thousand (as at 31 December 2018: CZK 2 913 724 thousand) and increased by CZK 5 992 thousand.

The Facility loan agreement (which refinanced current loans and a loan for financing RADENSKA d.o.o. acquisition) with carrying amount of CZK 2 514 465 thousand as at 30 June 2019 was a main component of Group's liabilities.

CREDIT TERMS AND TERMS AND CONDITIONS

Based on credit agreements, the Company is required to meet specified covenants. In accordance with the requirements of IAS 1, a breach of credit terms that may potentially limit unconditional access to credits in the nearest year makes it necessary to classify such liabilities as current.

All bank loan covenants were met.

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.14. FUTURE COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

As at 30 June 2019, 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	2 651	67 455	12/2022	SANTA-TRANS.SK s.r.o.	third party*
Total guarantees issued				67 455			

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

As at 31 December 2018 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	3 030	77 936	12/2022	SANTA-TRANS.SK s.r.o.	third party*
Total guarantees issued				77 936			

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

4.15. 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 d.o.o. – 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 not ruled. Although the current decisions are favourable for RADENSKA d.o.o., there is a possible 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. If the denationalisation beneficiaries were to eventually succeed with their claims on an in-kind return, RADENSKA's enterprise would need to be returned to the beneficiaries together with significant compensation payments. The value of net assets of RADENSKA d.o.o. as of 30 June 2019 is CZK 991 million.

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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.16. RELATED PARTY TRANSACTIONS

4.16.1 SHAREHOLDERS STRUCTURE

Share capital structure		30.6.2019			31.12.2018	
Name of entity	Number of shares	% in share capital	% in voting rights	Number of shares	% in share capital	% in voting rights
AETOS a.s.	14 984 204	67.22	70.75	15 159 204	68.00	71.58
RADENSKA d.o.o.	1 114 109	5.00	0.00	1 114 109	5.00	0.00
Others	6 193 635	27.78	29.25	6 018 635	27.00	28.42
Total	22 291 948	100.00	100.00	22 291 948	100.00	100.00

On 26 March 2019, AETOS a.s. sold 175 000 shares of the Company to a Czech investor at a price per share of CZK 311. The free float increased to 27.78%.

On 20 June 2018, CED Group sold 1 905 000 shares of the Company, corresponding to 8.54% of the Company's share capital as of the transaction date, at a price per share of CZK 270. On 20 September 2018, CED Group sold its remaining stake in the Company (2 768 445 shares representing 12.42% of the Company's share capital as of that date), at a price per share of CZK 255. The free float increased to 27.00%.

4.16.2 EQUITY ACCOUNTED INVESTEE

Interest in equity accounted investee is set out in sections 2.2 and 4.12.

4.16.3 REMUNERATION OF THE GROUP'S KEY MANAGEMENT PERSONNEL

Presented below is the structure of the remuneration paid out to persons with executive authority in 6M19 and 6M18. Increase of the remuneration is due to bonuses which weren't paid in 6M18.

Remuneration of the Group's key management personnel 6M19		Members of the Company's Board of Directors	Members of the Company's Supervisory Board	Members of the Company's Audit Committee	Other key management personnel of the Group	Total
compensation		CZK'000	CZK'000	CZK'000	CZK'000	CZK'000
Amounts paid for activities in the Company's Board of Directors	Financial	14 679	-	-	-	14 679
	Non-financial	467	-	-	-	467
Amounts paid for activities in the Company's Supervisory Board	Financial	-	600	-	-	600
	Non-financial	-	109	-	-	109
Amounts paid for activities in the Company's Audit Committee	Financial	-	-	144	-	144
	Non-financial	-	-	-	-	-
Amounts paid for other activities within the Group	Financial	3 204	5 001	727	7 291	16 223
	Non-financial	-	180	29	101	310

Remuneration of the Group's key management personnel 6M18		Members of the Company's Board of Directors	Members of the Company's Supervisory Board	Members of the Company's Audit Committee	Other key management personnel of the Group	Total
compensation		CZK'000	CZK'000	CZK'000	CZK'000	CZK'000
Amounts paid for activities in the Company's Board of Directors	Financial	10 081	-	-	-	10 081
	Non-financial	471	-	-	-	471
Amounts paid for activities in the Company's Supervisory Board	Financial	-	514	-	-	514
	Non-financial	-	-	-	-	-
Amounts paid for activities in the Company's Audit Committee	Financial	-	-	72	-	72
	Non-financial	-	-	-	-	-
Amounts paid for other activities within the Group	Financial	3 923	2 122	-	4 137	10 182
	Non-financial	-	216	-	101	317

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.16.4 OTHER RELATED PARTY TRANSACTIONS

Other related party transactions		30.6.2019		31.12.2018
Balance sheet impact	Assets	Liabilities	Assets	Liabilities
	CZK'000	CZK'000	CZK'000	CZK'000
AETOS a.s.	202 287*	(202 287)**	-	-
Total	202 287	(202 287)	-	-

* Temporary short-term loan with due date in July 2019. Accrued interest is presented on the row Trade and other receivables.

** Dividend payable.

Interest rate from loan provided to the parent company is concluded at market terms and fixed. The loan is not pledged.

Except for above stated, there were no other transactions concluded with the Group's related parties in 6M19 and 6M18.

4.17. FINANCIAL INSTRUMENTS

4.17.1 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.

30.6.2019	Financial assets at amortised cost	Derivatives at fair value through OCI	Financial liabilities at amortised cost	Total
	CZK'000	CZK'000	CZK'000	CZK'000
Trade and other financial receivables	1 367 787	-	-	1 367 787
Cash and cash equivalents	364 323	-	-	364 323
Derivatives (i)	-	2 042	-	2 042
Bank credits and loans	-	-	(2 919 716)	(2 919 716)
Lease liabilities	-	-	(358 514)	(358 514)
Trade and other financial liabilities	-	-	(1 675 546)	(1 675 546)
Total	1 732 110	2 042	(4 953 776)	(3 219 624)

(i) Fair value of derivatives

In 1Q 2018, the Group has concluded interest rate swaps and established a hedge accounting. Revaluation of derivatives in relation to the effective portion of the hedging relationship is accounted through other comprehensive income.

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.

31.12.2018	Financial assets at amortised cost	Derivatives at fair value through OCI	Financial liabilities at amortised cost	Total
	CZK'000	CZK'000	CZK'000	CZK'000
Trade and other financial receivables	1 026 809	-	-	1 026 809
Cash and cash equivalents	619 300	-	-	619 300
Derivatives (ii)	-	1 082	-	1 082
Bank credits and loans	-	-	(2 913 724)	(2 913 724)
Lease liabilities	-	-	(135 778)	(135 778)
Trade and other financial liabilities	-	-	(1 526 154)	(1 526 154)
Total	1 646 109	1 082	(4 575 656)	(2 928 465)

(ii) Fair value of derivatives

In 1Q 2018, the Group has concluded interest rate swaps and established a hedge accounting. Revaluation of derivatives in relation to the effective portion of the hedging relationship is accounted through other comprehensive income.

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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.18. ACQUISITION OF SUBSIDIARIES

ACQUISITION OF SUBSIDIARY LEROS

On March 13, 2018, the Company concluded an agreement to purchase a 100% stake in LEROS, s.r.o., a producer of high-quality products from medicinal plants and quality natural teas.

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	27 416	-	27 416
Intangible assets	104	126 373	126 477
Inventories	27 477	-	27 477
Trade receivables and other receivables	32 844	-	32 844
Cash and cash equivalents	3 595	-	3 595
Other non-current liabilities	(8 356)	-	(8 356)
Bank credits and loans	(39 500)	-	(39 500)
Deferred tax liability	-	(20 177)	(20 177)
Trade liabilities and other liabilities	(38 665)	-	(38 665)
Total identifiable net assets acquired	4 915	106 196	111 111

The following table summarizes the consideration transferred, net assets acquired and goodwill.

Goodwill calculation	CZK'000
Consideration transferred	113 976
Net assets acquired	111 111
Goodwill	2 865

ACQUISITION OF SUBSIDIARY MINERÁLKA

On June 13, 2018, Kofola a.s. (SK) concluded an agreement to purchase a 100% stake in Minerálka s.r.o., a producer of mineral water.

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

Fair value of assets and liabilities	CZK'000
Property, plant and equipment	28 942
Trade receivables and other receivables	48
Non-current liabilities	(31 224)
Trade liabilities and other liabilities	(1 986)
Total identifiable net assets acquired	(4 220)

The following table summarizes the consideration transferred, net assets acquired and goodwill.

Goodwill calculation	CZK'000
Consideration transferred	130
Net assets acquired	(4 220)
Goodwill	4 350

4.19. DISCONTINUED OPERATION

On 18 March 2019, the Group sold Hoop Polska Sp. z o.o. to ZMB Capital Sp. z o.o. Based on this fact, the consolidated statement of profit or loss is divided into continuing and discontinued operations. Profit/(loss) from discontinued operation for the period of six months ended 30 June 2019 contains the loss attributable to Hoop Polska Sp. z o.o. for the period since 1 January 2019 till 18 March 2019 of CZK 13 373 thousand, the income arising from the release of the cumulated foreign currency translation reserve attributable to Hoop Polska Sp. z o.o. of CZK 81 422 thousand and the gain on sale of CZK 7 979 thousand. Profit/(loss) from discontinued operation for the period of six months ended 30 June 2018 contains the loss attributable to Hoop Polska Sp. z o.o. of CZK 63 613 thousand. Continuing operations for the respective periods contain the transactions that will remain in the Group after the disposal and are therefore comparable.

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



FINANCIAL PERFORMANCE AND CASH FLOW INFORMATION

Financial information relating to the discontinued operation for the period to the date of disposal and for the period of six months ended 30 June 2018 is set out below.

An analysis of the result from discontinued operation	6M19	6M18
Revenue	157 203	508 714
Expenses	(170 576)	(572 327)
Gain on sale of the subsidiary	7 979	-
Income on release of the foreign currency translation reserve ("FCTR")	81 422	-
Profit/(loss) before tax from discontinued operation	76 028	(63 613)
Profit/(loss) from discontinued operation	76 028	(63 613)
Exchange differences on translation of discontinued operation	(81 422)	5 024
Other comprehensive income from discontinued operation	(81 422)	5 024
Earnings per share for profit/(loss) from discontinued operation attributable to the ordinary equity holders of the Company (in CZK)	3.41	(2.85)

Analysis of the cash flows from discontinued operation	6M19	6M18
Cash flows from operating activities	29 850	(1 537)
Cash flows from investing activities	(1 716)	(1 795)
Cash flows from financial activities	(2 655)	(6 229)

DETAILS OF THE SALE OF THE SUBSIDIARY

	CZK*000
Consideration received	67 983
Consideration receivable (unconditional short-term receivable)	142 439
Total consideration received	210 422
Carrying amount of net assets sold	202 443
Gain on sale	7 979

4.20. SUBSEQUENT EVENTS

On 9 July 2019, Kofola ČeskoSlovensko a.s. purchased a 100% stake in Espresso s.r.o. The annual turnover of the company is approximately CZK 93 million, EBITDA approximately CZK 8 million. No further information could be provided because the initial accounting for the business combination is incomplete at the time the financial statements are authorised for issue.

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

1. INTERIM SEPARATE FINANCIAL STATEMENTS

1.1. SEPARATE STATEMENT OF PROFIT OR LOSS

for the 6-month period ended 30 June 2019 and 30 June 2018 in CZK thousand.

Separate statement of profit or loss	Note	6M19 CZK'000	6M18 CZK'000
Revenue from the sale of finished products and services	4.2	214 417	205 700
Revenue		214 417	205 700
Cost of products and services sold	4.3	(18 986)	(23 248)
Cost of sales		(18 986)	(23 248)
Gross profit		195 431	182 452
Selling, marketing and distribution costs	4.3	(102 620)	(95 287)
Administrative costs	4.3	(124 388)	(118 018)
Dividends		551 950	433 057
Other operating income	4.4	1 248	465
Other operating expenses	4.5	(14 126)	(832)
Operating profit/(loss)		507 495	401 837
Finance income	4.6	9 733	10 468
Finance costs	4.7	(58 678)	(40 235)
Profit/(loss) before income tax		458 550	372 070
Income tax (expense)/benefit	4.8	5 055	2 327
Profit/(loss) for the period		463 605	374 397
Earnings/(loss) per share (in CZK)			
Basic earnings/(loss) per share	4.9	20.80	16.80

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 2019 and 30 June 2018 in CZK thousand.

Separate statement of other comprehensive income	Note	6M19 CZK'000	6M18 CZK'000
Profit/(loss) for the period		463 605	374 397
Other comprehensive income			
Derivatives - Cash flow hedges		962	547
Deferred tax from Cash flow hedges	4.8	(183)	(104)
Other comprehensive income/(loss) for the period		779	443
Total comprehensive income/(loss) for the period		464 384	374 840

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

1. INTERIM SEPARATE FINANCIAL STATEMENTS

1.3. SEPARATE STATEMENT OF FINANCIAL POSITION

as at 30 June 2019 and 31 December 2018 in CZK thousand.

Assets	Note	30.6.2019 CZK'000	31.12.2018 CZK'000
Non-current assets		3 673 570	3 983 902
Property, plant and equipment	4.11	106 016	78 012
Goodwill	4.12	30 675	30 675
Intangible assets	4.12	335 899	342 481
Investments in subsidiaries	4.10	2 045 411	2 293 680
Other receivables		35 293	48 350
Loans provided to related parties	4.16.4	1 120 076	1 190 504
Other assets		200	200
Current assets		1 320 625	535 868
Trade and other receivables		1 102 134	504 147
Loans provided to related parties		202 287	-
Income tax receivables		2 051	2 943
Cash and cash equivalents		14 153	28 778
Total assets		4 994 195	4 519 770
Liabilities and equity			
		30.6.2019 CZK'000	31.12.2018 CZK'000
Total equity		1 618 973	1 448 094
Share capital	1.5	1 114 597	1 114 597
Other reserves	1.5	18 227	10 012
Distribution fund	1.5	-	618 331
Retained earnings/(Accumulated deficit)	1.5	486 149	(294 846)
Non-current liabilities		2 215 276	2 339 304
Bank credits and loans	4.13	2 149 169	2 286 478
Lease liabilities		35 602	14 054
Other liabilities		6 458	7 918
Deferred tax liabilities		24 047	30 854
Current liabilities		1 159 946	732 372
Bank credits and loans	4.13	746 246	591 828
Lease liabilities		16 625	5 931
Trade and other payables		69 918	86 515
Dividend payables		300 942	-
Provisions		26 215	48 098
Total liabilities		3 375 222	3 071 676
Total liabilities and equity		4 994 195	4 519 770

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

1. INTERIM SEPARATE FINANCIAL STATEMENTS

1.4. SEPARATE STATEMENT OF CASH FLOWS

for the 6-month period ended 30 June 2019 and 30 June 2018 in CZK thousand.

Separate statement of cash flows	Note	6M19 CZK '000	6M18 CZK '000
Cash flows from operating activities			
Profit/(loss) before income tax	1.1	458 550	372 070
Adjustments for:			
Non-cash movements			
Depreciation and amortisation	4.3	26 928	19 492
Net interest	4.6, 4.7	42 308	27 541
Dividends		(551 950)	(433 057)
Change in the balance of provisions		(21 883)	17 499
Loss on sale of Hoop Polska Sp. z o.o.	4.5	1 823	-
Derivatives	4.6, 4.7	(1 102)	2 816
Realised (gain)/loss on sale of PPE and Intangible assets	4.4, 4.5	(675)	109
Net exchange differences		242	(4 234)
Other		9 586	4 796
Cash movements			
Income tax		(1 935)	-
Change in operating assets and liabilities			
Change in receivables		112 068	(77 674)
Change in payables		(14 204)	4 712
Net cash inflow/(outflow) from operating activities		59 756	(65 930)
Cash flows from investing activities			
Sale of property, plant and equipment		740	-
Acquisition of PPE and Intangible assets		(15 723)	(9 985)
Acquisition of subsidiary	4.17	-	(117 191)
Proceeds from sale of subsidiary		67 983	-
Dividends received		40 000	-
Interest received		7 391	2 927
Proceeds from loans		275 000	-
Loans granted	4.16.4	(406 769)	(156 358)
Net cash inflow/(outflow) from investing activities		(31 378)	(280 607)
Cash flows from financing activities			
Lease payments		(7 546)	(1 779)
Proceeds from loans and bank credits		198 204	874 757
Repayment of loans and bank credits		(184 095)	(154 581)
Dividends paid to the shareholders of the Company		-	(355 273)
Interest and bank charges paid		(50 668)	(24 813)
Derivatives		1 102	1 804
Net cash inflow/(outflow) from financing activities		(43 003)	340 115
Net increase/(decrease) in cash and cash equivalents		(14 625)	(6 422)
Cash and cash equivalents at the beginning of the period	1.3	28 778	12 765
Cash and cash equivalents at the end of the period	1.3	14 153	6 343

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

1. INTERIM SEPARATE FINANCIAL STATEMENTS



1.5. SEPARATE STATEMENT OF CHANGES IN EQUITY

for the 6-month period ended 30 June 2019 and 6-month period ended 30 June 2018 in CZK thousand.

Separate statement of changes in equity	Note	Share capital CZK'000	Other reserves CZK'000	Distribution fund CZK'000	Own shares CZK'000	Retained earnings / (Accumulated deficit) CZK'000	Total equity CZK'000
Balance as at 1 January 2018		2 229 500	(493 456)	-	(1 357)	395 403	2 130 090
Profit/(loss) for the period	1.1	-	-	-	-	374 397	374 397
Other comprehensive income/(loss)	1.2	-	443	-	-	-	443
Total comprehensive income/(loss) for the period		-	443	-	-	374 397	374 840
Dividends		-	-	-	-	(361 130)	(361 130)
Transactions with owners in their capacity as owners		-	-	-	-	(361 130)	(361 130)
Balance as at 30 June 2018		2 229 500	(493 013)	-	(1 357)	408 670	2 143 800
Balance as at 1 January 2019		1 114 597	10 012	618 331	-	(294 846)	1 448 094
Profit/(loss) for the period	1.1	-	-	-	-	463 605	463 605
Other comprehensive income/(loss)	1.2	-	779	-	-	-	779
Total comprehensive income/(loss) for the period		-	779	-	-	463 605	464 384
Transfer to Retained earnings		-	-	(317 390)	-	317 390	-
Dividends		-	-	(300 941)	-	-	(300 941)
Option scheme		-	7 436	-	-	-	7 436
Transactions with owners in their capacity as owners		-	7 436	(618 331)	-	317 390	(293 505)
Balance as at 30 June 2019		1 114 597	18 227	-	-	486 149	1 618 973

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

DIVIDEND DISTRIBUTION

On 5 June 2019, the General meeting has approved a distribution of dividends in the amount of CZK 13.5 per share, i.e. CZK 300 941 thousand.

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. LEI: 3157005DO9L5OWHBQ359.

Main area of activity of Kofola ČeskoSlovensko a.s. in 2019 was holding of the subsidiaries and 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 the parent of the Kofola Group. Besides the traditional markets of the Czech Republic and Slovakia, the Group is also present in Slovenia, Croatia and in Poland with limited activities in Russia. The Group produces drinks in eight production plants and key trademarks include Kofola, Jupí, Jupík, Rajec, Radenska, Semtex and Vinea. On selected markets, the Group distributes among others Rauch, Evian or Badoit products and under the licence produces Royal Crown Cola or Orangina.

Based on the information known to the Board of Directors of the Company acting with due care, the Company was for until 31 August 2018 part of the group controlled by KSM Investment S.A. („Group“). Registered office: Rue de Neudorf 560A, L-2220 Luxembourg, Luxembourg. Since 31 August 2018, after the merger of KSM Investment S.A. to AETOS a.s., the ultimate parent of the Company is AETOS a.s. The ownership structure is described in section 4.16.1.

STOCK EXCHANGE LISTING

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

MANAGEMENT

As at 30 June 2019, the composition of the Board of Directors, Supervisory Board and Audit Committee was as follows:

BOARD OF DIRECTORS

- Janis Samaras – Chairman
- René Musila – Vice-Chair
- Daniel Buryš – Vice-Chair
- Pavel Jakubík
- Jiří Vlasák
- Marián Šefčovič

SUPERVISORY BOARD

- René Sommer – Chairman
- Tomáš Jendřejek
- Moshe Cohen-Nehemia
- Petr Pravda

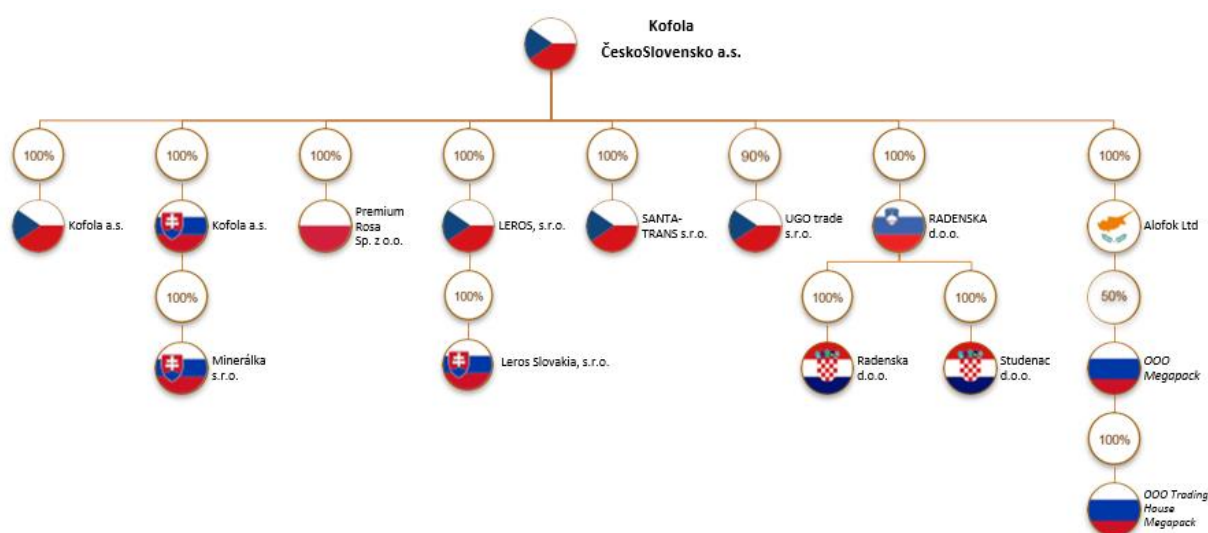
AUDIT COMMITTEE

- Petr Šobotník – Chairman
- Zuzana Prokopcová
- Lenka Frostová

2. GENERAL INFORMATION

2.2. GROUP STRUCTURE

GROUP STRUCTURE CHART AS AT 30 JUNE 2019



DESCRIPTION OF THE GROUP COMPANIES

Name of entity	Place of business	Segment (Note B 4.1)	Principal activities	Ownership interest and voting rights	
				30.6.2019	31.12.2018
Holding companies					
Kofola ČeskoSlovensko a.s.	Czech Republic	CzechoSlovakia	top holding company	100.00%	100.00%
Alofok Ltd	Cyprus	n/a	holding		
Production and trading					
Kofola a.s.	Czech Republic	CzechoSlovakia	production and distribution of non-alcoholic beverages	100.00%	100.00%
Kofola a.s.	Slovakia	CzechoSlovakia	production and distribution of non-alcoholic beverages	100.00%	100.00%
Hoop Polska Sp. z o.o.*	Poland	n/a	production and distribution of non-alcoholic beverages	n/a	100.00%
UGO trade s.r.o.	Czech Republic	Fresh & Herbs	operation of fresh bars chain, production of salads	90.00%	90.00%
RADENSKA d.o.o.	Slovenia	Adriatic	production and distribution of non-alcoholic beverages	100.00%	100.00%
Studenac d.o.o.	Croatia	Adriatic	production and distribution of non-alcoholic beverages	100.00%	100.00%
Radenska d.o.o. - in liquidation	Croatia	Adriatic	production and distribution of non-alcoholic beverages in liquidation	100.00%	100.00%
Premium Rosa Sp. z o.o.	Poland	Fresh & Herbs	production and distribution of syrups and jams	100.00%	100.00%
LEROS, s.r.o.	Czech Republic	Fresh & Herbs	production and distribution of products from medicinal plants and quality natural teas	100.00%	100.00%
Leros Slovakia, s.r.o.	Slovakia	Fresh & Herbs	distribution of products from medicinal plants and quality natural teas	100.00%	100.00%
Minerálka s.r.o.	Slovakia	CzechoSlovakia	inactive	100.00%	100.00%
Transportation					
SANTA-TRANS s.r.o.	Czech Republic	CzechoSlovakia	road cargo transport	100.00%	100.00%
Associated companies					
OOO Megapack	Russia	n/a	production of non-alcoholic and low-alcoholic beverages	50.00%	50.00%
OOO Trading House Megapack	Russia	n/a	sale and distribution of non-alcoholic and low-alcoholic beverages	50.00%	50.00%

* On 18 March 2019 was sold.

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 on 1 January 2019.

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 are measured at their acquisition-date fair values 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 2019 and contain comparatives for the period of six months ended 30 June 2018 and 31 December 2018 (separate statement of financial position).

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 exercises its judgement in the process of applying the Company'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 are disclosed in section 3.6.

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.

3.3. 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.

Foreign exchange gains and losses recognized in profit or loss are offset.

3. SIGNIFICANT ACCOUNTING POLICIES



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

Closing exchange rates	30.6.2019	31.12.2018	30.6.2018
CZK/EUR	25.445	25.725	26.020
CZK/PLN	5.988	5.980	5.950
CZK/RUB	0.355	0.323	0.356
CZK/USD	22.363	22.466	22.318
CZK/HRK	3.440	3.471	3.524

Average exchange rates	1.1.2019 - 30.6.2019	1.1.2018 - 31.12.2018	1.1.2018 - 30.6.2018
CZK/EUR	25.684	25.643	25.500
CZK/PLN	5.984	6.020	6.043
CZK/RUB	0.348	0.347	0.355
CZK/USD	22.733	21.735	21.080
CZK/HRK	3.461	3.457	3.438

3.4. ACCOUNTING METHODS

The accounting policies adopted are consistent with those used in the annual separate financial statements for the twelve-month period ended 31 December 2018, except for the adoption of new and amended standards as set out below.

3.5. NEW AND AMENDED STANDARDS ADOPTED BY THE COMPANY

IFRS 16 LEASES

All leases where the Company is a lessee and which met the requirements set by the new standard were recognised on the balance sheet as the distinction between operating and finance leases was removed. Under the new standard, a right-of-use asset (right to use leased item) and a financial liability to pay rentals are recognised. IFRS 16 leads to a replacement of the straight-line operating lease expense with a depreciation charge (operating costs) for right-of-use asset and an interest expense (finance costs) on lease liabilities. Although the depreciation charge is typically even, the interest expense reduces over the life of the lease which leads into a reducing total expense as individual lease matures. New standard doesn't impact the amount of cash transferred between the lessor and lessee, it however has an impact on the presentation of the separate statement of cash flows. Cash outflows connected with the leases previously classified as operating expenses are presented under financing activities instead of operating activities. The Company has decided to utilize the following practical expedients allowed by the new IFRS 16 standard:

- Leases of low value assets (i.e. those with value lower than CZK 80 000) are not accounted under the IFRS 16 lease model.
- Leases with a lease term of 12 months or less that do not contain a purchase option (i.e. short-term leases) are not accounted under the IFRS 16 lease model.
- Leases for which the lease term ends within 12 months of the date of initial application of IFRS 16 (leases without extension option or with an option which is not to be used) are not accounted under the IFRS 16 lease model.
- For leases commencing before 1 January 2019 and representing operating leases before that date the Company recognizes the lease liability in the amount equal to the present value of the remaining lease payments, discounted using lessee's incremental borrowing rate at the date of initial application. Right-of-use asset is recognized in the amount of lease liability (adjusted by the amount of any previously recognized prepaid or accrued lease payments relating to that lease) less impairment provision calculated under IAS 36.
- A single discount rate is applied to a portfolio of leases with reasonably similar characteristics.
- For leases commencing before 1 January 2019 the initial direct costs are excluded from the measurement of the right-of-use asset at the date of initial application.
- Hindsight is used, such as in determining the lease term if the contract contains options to extend or terminate the lease.

ADJUSTMENTS RECOGNISED ON ADOPTION OF IFRS 16

For leases previously classified as finance leases the Company recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

The standard affected primarily the accounting for the Company's operating leases. The following adjustments were made as of 1 January 2019 in the separate statement of financial position:

- Right-of-use asset: CZK 24 million,
- Lease liabilities – current: CZK 7 million,
- Lease liabilities – non-current: CZK 17 million.

The Company's activities as a lessor are not material and hence there wasn't any impact on the separate financial statements.

Application of the IFRS 16 standard did not have any material qualitative impacts on the Company's daily operations and financial reporting process.

THE COMPANY'S LEASING ACTIVITIES AND HOW THESE ARE ACCOUNTED FOR

The Company leases mainly the head office administrative building and vehicles. Rental contracts are typically made for fixed periods of 1 to 10 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate,
- amounts expected to be payable by the lessee under residual value guarantees,
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use asset is measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES



3.6. SIGNIFICANT ESTIMATES AND KEY MANAGEMENT JUDGEMENTS

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 experience. For this reason, the estimates made as at 30 June 2019 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	Key assumptions used to determine the recoverable amount: Impairment indicators, used models, discount rates, growth rates.
Useful life of trademarks	The history of the trademark 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.
Deferred tax asset from tax losses	Historical experience, current and forward-looking information available to the management.

3.7. APPROVAL OF SEPARATE FINANCIAL STATEMENTS

The Board of Directors approved the present separate financial statements for publication on 12 August 2019.

4. NOTES TO THE 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.

4.2. REVENUE

Revenue streams, Timing of revenue recognition	6M19 CZK'000	6M18 CZK'000
Revenue from contracts with customers		
- Sales of services (transferred over time)	214 417	205 700
Other revenue		
- Dividend income (transferred at a point in time)	551 950	433 057
Total revenue	766 367	638 757

Revenue from contracts with customers is represented mostly by revenue from shared services and brand fees.

The Company doesn't have any material contract assets, contract liabilities or performance obligations satisfied (or partially satisfied) in previous periods.

4.3. EXPENSES BY NATURE

Expenses by nature	6M19 CZK'000	6M18 CZK'000
Depreciation of Property, plant and equipment and amortisation of Intangible assets	26 928	19 492
Employee benefits expenses (i)	138 212	135 854
Consumption of materials and energy	4 969	4 275
Services**	72 541	70 356
Rental costs	541	4 334
Taxes and fees	802	635
Insurance costs	883	559
Other costs	1 118	1 048
Total expenses by nature*	245 994	236 553
Selling, marketing and distribution costs	102 620	95 287
Administrative costs	124 388	118 018
Costs of products and services sold	18 986	23 248
Total costs of products and services sold, sales costs and administrative costs	245 994	236 553

* Excluding Other operating income, Other operating expenses (except for depreciation) and Impairment.

** One-off administrative services are in the 6M19 period reported in Other operating expenses.

Growth of depreciation between periods is influenced by the application of IFRS 16 on operating leases which were previously presented in operating expenses.

(i) Employee benefits expenses

Employee benefits expenses	6M19 CZK'000	6M18 CZK'000
Salaries	104 061	100 902
Social security and other benefit costs (including healthcare insurance)	15 312	15 254
Pension benefit plan expenses	18 839	19 698
Total employee benefits expenses	138 212	135 854

4. NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

4.4. OTHER OPERATING INCOME

Other operating income	6M19 CZK'000	6M18 CZK'000
Net gain from the sale of PPE and Intangible assets	675	-
Compensation claims	359	-
Other	214	465
Total other operating income	1 248	465

4.5. OTHER OPERATING EXPENSES

Other operating expenses	6M19 CZK'000	6M18 CZK'000
Net loss from disposal of PPE and Intangible assets	-	109
Provided donations, sponsorship	1 095	723
Services*	11 208	-
Loss on sale of Hoop Polska Sp. z o.o.	1 823	-
Total other operating expenses	14 126	832

* One-off services were in the 6M18 period reported in Administrative expenses.

4.6. FINANCE INCOME

Finance income	6M19 CZK'000	6M18 CZK'000
Interest from:		
– credits and loans granted	7 284	5 894
– purchased bonds	1 076	-
Exchange gains	-	4 234
Derivatives	1 102	-
Gain from guarantees	271	340
Total finance income	9 733	10 468

4.7. FINANCE COSTS

Finance costs	6M19 CZK'000	6M18 CZK'000
Interest from:		
– bank loans and credits	49 956	24 726
– finance lease	712	88
– bonds	-	8 620
Exchange losses	5 734	-
Bank costs and charges	2 276	3 985
Derivatives	-	2 816
Total finance costs	58 678	40 235

Growth of interest between periods is influenced by higher market rates, the loan drawings and on the other hand by the decrease of interest from bonds which were repaid in October 2018.

4. NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

4.8. INCOME TAX

4.8.1 INCOME TAX RECOGNISED IN PROFIT OR LOSS

Main income tax elements for the six-month period ended 30 June 2019 and 30 June 2018 were as follows:

Income tax	6M19 CZK'000	6M18 CZK'000
Current income tax expense/(benefit)	1 935	-
Deferred income tax expense/(benefit)	(6 990)	(2 327)
Related to arising and reversing of temporary differences	(6 990)	(2 327)
Income tax expense/(benefit)	(5 055)	(2 327)

The income tax rate applicable to the Company's in 2019 and 2018 income is 19%.

4.8.2 INCOME TAX RECOGNISED DIRECTLY IN EQUITY

Income tax elements for the six-month period ended 30 June 2019 and 30 June 2018 were as follows:

Income tax recognised directly in equity	6M19 CZK'000	6M18 CZK'000
Deferred income tax	183	104
Tax from Cash flow hedges	183	104
Income tax recognised directly in equity	183	104

4.9. EARNINGS PER SHARE

The basic earnings per share ratio is calculated by dividing the profit/(loss) 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/(loss) 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). The diluted earnings per share ratio is not applicable to the Company because it didn't issue any of above-mentioned financial instruments.

Data relating to the profit/(loss) and shares used to calculate basic earnings per share are presented below:

	6M19 CZK'000	6M18 CZK'000
Profit/(loss) for the period attributable to owners of Kofola ČeskoSlovensko a.s.	463 605	374 397

	6M19 pcs	6M18 pcs
Weighted average number of ordinary shares for EPS calculation	22 291 948	22 295 000
Effect of own shares	-	(3 052)
Weighted average number of ordinary shares used to calculate basic earnings per share	22 291 948	22 291 948

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

Basic earnings per share	6M19	6M18
Profit/(loss) for the period attributable to owners of Kofola ČeskoSlovensko a.s. (CZK'000)	463 605	374 397
Weighted average number of ordinary shares used to calculate basic earnings per share (pcs)	22 291 948	22 291 948
Basic earnings per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK/share)	20.80	16.80

4. NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

4.10. INVESTMENT IN SUBSIDIARIES

Investment in subsidiaries Name of entity	Ownership interest		Cost		Carrying amount	
	30.6.2019 %	31.12.2018 %	30.6.2019 CZK'000	31.12.2018 CZK'000	30.6.2019 CZK'000	31.12.2018 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.	n/a	100.00%	-	2 460 176	-	250 082
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%	209 362	209 362	209 362	209 362
RADENSKA d.o.o.	100.00%	100.00%	1 324 280	1 324 280	1 324 280	1 324 280
Premium Rosa Sp. z o.o.	100.00%	100.00%	68 160	68 160	68 160	68 160
LEROS, s.r.o.	100.00%	100.00%	113 976	113 976	113 976	113 976
Alofok Ltd	100.00%	100.00%	354 450	354 450	68 531	68 531
Option scheme (Kofola a.s. (SK), RADENSKA d.o.o.)	n/a	n/a	3 821	2 008	3 821	2 008
Total investment in subsidiaries			2 331 330	4 789 693	2 045 411	2 293 680

The investment in Hoop Polska Sp. z o.o. has been disposed as at 18 March 2019, the Company realised loss on sale of CZK 1 823 thousand (note 4.5). Unpaid part of the purchase price of CZK 142 439 thousand as at 30 June 2019 is presented within Trade and other receivables.

4.11. PROPERTY, PLANT AND EQUIPMENT

In the reporting period of six months ended 30 June 2019, the additions to property, plant and equipment (including lease additions) were of CZK 42 266 thousand. The most significant additions are mainly caused by the effect of the initial application of IFRS 16 (note 3.6) and purchases of cars.

In the reporting period of six months ended 30 June 2018, the additions to tangible assets were of CZK 3 642 thousand. The most significant additions were purchases of cars, computers and low-cost equipment.

4.12. INTANGIBLE ASSETS

In the reporting period of six months ended 30 June 2019, the additions to intangible assets were of CZK 6 290 thousand. The most significant addition was technical enhancement of SAP software.

In the reporting period of six months ended 30 June 2018, the additions to intangible assets were of CZK 8 803 thousand. The most significant addition was technical enhancement of SAP software.

The Goodwill arose on merger with PINELLI spol. s r.o. acquired in April 2011. Amortisation of trademarks with finite useful lives is charged to Selling, marketing and distribution costs. The main trademarks are not amortized – such trademarks with indefinite useful lives are tested for impairment.

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

4.13. BANK CREDITS AND LOANS

INDEBTEDNESS OF THE COMPANY FROM THE CREDITS AND LOANS

As at 30 June 2019, the Company's total bank loans and credits amounted to CZK 2 895 415 thousand (as at 31 December 2018: CZK 2 878 306 thousand).

The Facility loan agreement (which refinanced current loans and a loan for financing RADENSKA d.o.o. acquisition) with carrying amount of CZK 2 514 465 thousand as at 30 June 2019 was a main component of Company's liabilities.

CREDIT TERMS AND TERMS AND CONDITIONS

Based on credit agreements, the Company is required to meet specified covenants. In accordance with the requirements of IAS 1, a breach of credit terms that may potentially limit unconditional access to credits in the nearest year makes it necessary to classify such liabilities as current.

All bank loan covenants were met.

4. NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS



4.14. FUTURE COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

As at 30 June 2019 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	Unicredit Bank a.s.	EUR	2 651	67 455	12/2022	SANTA-TRANS.SK s.r.o.	third party
ČeskoSlovensko a.s.	City-Arena PLUS a.s.	EUR	7	180	8/2020	UGO trade s.r.o.	subsidiary
Total guarantees issued			67 635*				

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

As at 31 December 2018 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.	Unicredit Bank a.s.	EUR	3 030	77 936	12/2022	SANTA-TRANS.SK s.r.o.	third party
	City-Arena PLUS a.s.	EUR	7	180	8/2020	UGO trade s.r.o.	subsidiary
	PRO-FLEX S.A.	PLN	272	1 627	9/2019	Hoop Polska Sp. z o.o.	subsidiary
	ALPLA Sp. z o.o.	PLN	2 785	16 654	12/2019	Hoop Polska Sp. z o.o.	subsidiary
	Bogucki Folie Sp. z o.o.	PLN	498	2 980	10/2019	Hoop Polska Sp. z o.o.	subsidiary
	UAB Putokšnis	EUR	120	3 099	until end of contract	Hoop Polska Sp. z o.o.	subsidiary
Total guarantees issued			102 476*				

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

4.15. FINANCIAL INSTRUMENTS

4.15.1 FINANCIAL INSTRUMENTS CATEGORIES

Fair value of Trade receivables, Cash and cash equivalents, other financial receivables, 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.

30.6.2019	Financial assets at amortised cost CZK'000	Derivatives through OCI CZK'000	Financial liabilities at amortised cost CZK'000	Total CZK'000
Trade and other financial receivables	2 451 582	-	-	2 451 582
Cash and cash equivalents	14 153	-	-	14 153
Derivatives (i)	-	2 042	-	2 042
Bank credits and loans	-	-	(2 895 415)	(2 895 415)
Lease liabilities	-	-	(52 227)	(52 227)
Trade and other financial liabilities	-	-	(352 034)	(352 034)
Total	2 465 735	2 042	(3 299 676)	(831 899)

(i) Fair value of derivatives

In 1Q 2018 the Company has concluded interest rate swaps and established a hedge accounting. Revaluation of derivatives in relation to the effective portion of the hedging relationship is accounted through other comprehensive income.

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 INTERIM SEPARATE FINANCIAL STATEMENTS

31.12.2018	Financial assets at amortised cost CZK'000	Derivatives through OCI CZK'000	Financial liabilities at amortised cost CZK'000	Total CZK'000
Trade and other financial receivables	1 736 481	-	-	1 736 481
Cash and cash equivalents	28 778	-	-	28 778
Derivatives (ii)	-	1 082	-	1 082
Bank credits and loans	-	-	(2 878 306)	(2 878 306)
Lease liabilities	-	-	(19 985)	(19 985)
Trade and other financial liabilities	-	-	(75 411)	(75 411)
Total	1 765 259	1 082	(2 973 702)	(1 207 361)

(ii) Fair value of derivatives

In 1Q 2018 the Company has concluded interest rate swaps and established a hedge accounting. Revaluation of derivatives in relation to the effective portion of the hedging relationship is accounted through other comprehensive income.

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.

4.16. RELATED PARTY TRANSACTIONS

4.16.1 SHAREHOLDERS STRUCTURE

Share capital structure	30.6.2019			31.12.2018		
Name of entity	Number of shares	% in share capital	% in voting rights	Number of shares	% in share capital	% in voting rights
AETOS a.s.	14 984 204	67.22	70.75	15 159 204	68.00	71.58
RADENSKA d.o.o.	1 114 109	5.00	0.00	1 114 109	5.00	0.00
Others	6 193 635	27.78	29.25	6 018 635	27.00	28.42
Total	22 291 948	100.00	100.00	22 291 948	100.00	100.00

On 26 March 2019, AETOS a.s. sold 175 000 shares of the Company to a Czech investor, at a price per share of CZK 311. The free float increased to 27.78%.

On 20 June 2018, CED Group sold 1 905 000 shares of the Company, corresponding to 8.54% of the Company's share capital as of the transaction date, at a price per share of CZK 270. On 20 September 2018, CED Group sold its remaining stake in the Company (2 768 445 shares representing 12.42% of the Company's share capital as of that date), at a price per share of CZK 255. The free float increased to 27.00%.

4.16.2 SUBSIDIARIES

Interests in subsidiaries are set out in sections 2.2 and 4.10.

4.16.3 REMUNERATION OF THE COMPANY'S KEY MANAGEMENT PERSONNEL

Presented below is the structure of the remuneration of Company's key management personnel in 6M19 and 6M18. Increase of the remuneration is due to bonuses which weren't paid in 6M18.

Remuneration of the Company's key management personnel 6M19		Members of the Company's Board of Directors CZK'000	Members of the Company's Supervisory Board CZK'000	Members of the Company's Audit Committee CZK'000	Other key management personnel of the Group CZK'000	Total CZK'000
Amounts paid for activities in the Company's Board of Directors	Financial	14 679	-	-	-	14 679
	Non-financial	467	-	-	-	467
Amounts paid for activities in the Company's Supervisory Board	Financial	-	600	-	-	600
	Non-financial	-	109	-	-	109
Amounts paid for activities in the Company's Audit Committee	Financial	-	-	144	-	144
	Non-financial	-	-	-	-	-
Amounts paid for other activities within the Group	Financial	-	4 299	727	4 055	9 081
	Non-financial	-	180	29	101	310

4. NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

Remuneration of the Company's key management personnel 6M18		Members of the Company's Board of Directors	Members of the Company's Supervisory Board	Members of the Company's Audit Committee	Other key management personnel of the Group	Total
	compensation	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000
Amounts paid for activities in the Company's Board of Directors	Financial	10 081	-	-	-	10 081
	Non-financial	471	-	-	-	471
Amounts paid for activities in the Company's Supervisory Board	Financial	-	514	-	-	514
	Non-financial	-	-	-	-	-
Amounts paid for activities in the Company's Audit Committee	Financial	-	-	72	-	72
	Non-financial	-	-	-	-	-
Amounts paid for other activities within the Group	Financial	-	1 583	-	4 137	5 720
	Non-financial	-	107	-	101	208

4.16.4 OTHER RELATED PARTY TRANSACTIONS

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

Other related party transactions	6M19		6M18	
Profit or loss impact	Revenue*	Costs/Purchases	Revenue*	Costs/Purchases
	CZK'000	CZK'000	CZK'000	CZK'000
Alofok Ltd	-	-	7	-
Hoop Polska Sp. z o.o.	2 376	(82)	7 384	(15)
Kofola a.s. (CZ)	352 625	(21 043)	235 296	(1 190)
Kofola a.s. (SK)	271 957	(3 163)	249 581	(2 399)
LEROS, s.r.o.	1 193	(17)	107	(18)
Premium Rosa Sp. z o.o.	2 739	-	389	-
RADENSKA d.o.o.	130 477	(44)	142 069	-
SANTA-TRANS s.r.o.	1 710	(358)	816	(371)
Studenac, d.o.o.	4 012	(1 981)	5 441	-
UGO trade s.r.o.	4 588	(66)	3 461	(48)
Total	771 677	(26 754)	644 551	(4 041)

* Including finance income and dividends.

Other related party transactions	30.6.2019		31.12.2018	
Balance sheet impact	Assets*	Liabilities	Assets*	Liabilities
	CZK'000	CZK'000	CZK'000	CZK'000
AETOS a.s.	202 287**	(202 287)	-	-
Hoop Polska Sp. z o.o.	-	-	277 989	(566)
Kofola a.s. (CZ)	734 012	(50)	577 877	-
Kofola a.s. (SK)	573 353	-	392 783	-
LEROS, s.r.o.	71 892	-	71 532	-
Premium Rosa Sp. z o.o.	254 322	-	50 314	-
RADENSKA d.o.o.	358 205	(15 084)***	246 854	(3 571)
SANTA-TRANS s.r.o.	22 372	(97)	21 876	-
Studenac, d.o.o.	2 046	(3 738)	7 512	(10 287)
UGO trade s.r.o.	7 177	-	4 513	(12)
Total	2 225 666	(221 256)	1 651 250	(14 436)

* Including Loans provided to related parties (described below).

** Temporary short-term loan with due date in July 2019. Accrued interest is presented on the row Trade and other receivables.

*** Out of which is dividend (CZK 15 040 thousand).

4. NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

Receivables from Loans provided to related parties	30.6.2019			31.12.2018	
	Short-term CZK'000	Long-term CZK'000	Maturity	Long-term CZK'000	Maturity
AETOS a.s.	202 287	-	7/2019	-	-
Hoop Polska Sp. z o.o.	-	-	-	275 000	12/2020
Kofola a.s. (CZ)	-	355 373	12/2020	355 373	12/2020
Kofola a.s. (CZ)	-	134 608	8/2024	134 608	8/2024
Kofola a.s. (SK)	-	169 146	8/2024	169 146	8/2024
LEROS, s.r.o.	-	17 000	12/2020	17 000	12/2020
LEROS, s.r.o.	-	7 319	12/2023	7 319	12/2023
LEROS, s.r.o.	-	43 000	8/2024	43 000	8/2024
LEROS, s.r.o.	-	3 400	12/2020	3 400	12/2020
Premium Rosa Sp. z o.o.	-	29 990	12/2022	29 900	12/2022
Premium Rosa Sp. z o.o.	-	19 200	12/2020	19 200	12/2020
Premium Rosa Sp. z o.o.	-	204 482	12/2020	-	-
RADENSKA d.o.o.	-	114 769	12/2020	114 769	12/2020
SANTA-TRANS s.r.o.	-	20 035	12/2020	20 035	12/2020
SANTA-TRANS s.r.o.	-	1 754	8/2024	1 754	8/2024
Total	202 287	1 120 076		1 190 504	

Interest rates from loans provided to related parties are concluded at market terms and fixed. The loans are not pledged. Loans provided to related parties are connected with the Facility loan agreement which refinanced current loans and a loan for financing RADENSKA d.o.o. acquisition. In 1Q19, the Company provided a loan to Premium Rosa Sp. z o.o. (in the amount of CZK 204 482 thousands) connected with the purchase of production plant in Grodzisk Wielkopolski.

The reason for the execution of the Facility Loan Agreement was a consolidation of Group financing. Previous bank loans in Company's subsidiaries were repaid and refinanced by a loan from the Company.

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

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. NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS



4.17. ACQUISITION OF SUBSIDIARIES

ACQUISITION OF SUBSIDIARY LEROS

On March 13, 2018, the Company concluded an agreement to purchase a 100% stake in LEROS, s.r.o., producer of high-quality products from medicinal plants and quality natural teas. Consideration transferred amounted to CZK 113 976 thousand.

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

Book value of assets and liabilities	Book value CZK' 000
Property, plant and equipment	27 416
Intangible assets	104
Inventories	27 477
Trade receivables and other receivables	32 844
Cash and cash equivalents	3 595
Other non-current liabilities	(8 356)
Bank credits and loans	(39 500)
Trade liabilities and other liabilities	(38 665)
Total identifiable net assets acquired	4 915

4.18. SUBSEQUENT EVENTS

On 9 July 2019, Kofola ČeskoSlovensko a.s. purchased a 100% stake in Espresso s.r.o. The annual turnover of the company is approximately CZK 93 million, EBITDA approximately CZK 8 million. No further information could be provided because the initial accounting is incomplete at the time the financial statements are authorised for issue.

No other significant 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 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 2019 and of the outlook for future development of the financial position, business activities and financial performance.

SIGNATURES OF THE COMPANY'S REPRESENTATIVES

12.8.2019	Janis Samaras	Chairman of the Board of Directors	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>
12.8.2019	René Musila	Vice-Chair of the Board of Directors	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>
12.8.2019	Daniel Buryš	Vice-Chair of the Board of Directors	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>
12.8.2019	Pavel Jakubík	Member of the Board of Directors	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>
12.8.2019	Jiří Vlasák	Member of the Board of Directors	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>
12.8.2019	Marián Šefčovič	Member of the Board of Directors	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>

