



A M B R A

THE SPIRIT OF WINE

**Condensed interim report  
for the first half-year of 2017/2018,  
i.e. for the period from 1 July 2017 to 31 December 2017  
according to  
the International Financial Reporting Standards**

*Warsaw, 19 February 2018*

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## 1. KEY PERFORMANCE INDICATORS

Consolidated data (in '000 PLN) <sup>1</sup>	First half			Second quarter		
	2017/2018	2016/2017	% change	2017/2018	2016/2017	% change
Sales volume (in '000 average 0,75 l bottles)	46 956	43 627	7,6%	30 558	28 597	6,9%
Net sales revenue <sup>2</sup>	298 391	281 646	5,9%	194 324	185 061	5,0%
Margin on sales	132 436	123 516	7,2%	87 617	81 727	7,2%
<i>% margin</i>	<i>44,4%</i>	<i>43,9%</i>		<i>45,1%</i>	<i>44,2%</i>	
Gross profit on sales	107 708	101 418	6,2%	72 292	69 020	4,7%
<i>% margin</i>	<i>36,1%</i>	<i>36,0%</i>		<i>37,2%</i>	<i>37,3%</i>	
Profit on sales	47 972	44 416	8,0%	39 514	38 222	3,4%
<i>% margin</i>	<i>16,1%</i>	<i>15,8%</i>		<i>20,3%</i>	<i>20,7%</i>	
EBITDA	56 106	47 326	18,6%	42 639	39 024	9,3%
EBIT	50 178	41 727	20,3%	39 597	36 228	9,3%
<i>% margin</i>	<i>16,8%</i>	<i>14,8%</i>		<i>20,4%</i>	<i>19,6%</i>	
Net profit attributable to owners of the parent company	29 111	26 743	8,9%	23 332	22 350	4,4%
EPS (in PLN)	1,15	1,06	8,9%	0,93	0,89	4,4%
Net cash flows from operating activities	(7 009)	(5 269)	-33,0%	(11 738)	(17 593)	33,3%
Total assets	517 855	508 371	1,9%	517 855	508 371	1,9%
Equity attributable to owners of the parent company	260 880	253 782	2,8%	260 880	253 782	2,8%
Net liabilities from loans and borrowings <sup>3</sup>	54 656	68 117	-19,8%	54 656	68 117	-19,8%

- Continuation of dynamic sales growth, in particular in still and sparkling wines as well as spirits.
- An increase of sales of the Polish segment by 6,6% - at the level of the market dynamics. Further rapid increase in CENTRUM WINA, very good results of the FRESCO and the CIN&CIN wines.
- Stable profitability level of gross profit on sales with increased costs of marketing support, including the CIN&CIN promotional campaign.
- Profit on sales increased by 8,0% over the sales revenue dynamics despite an increase of payroll expenses by 6,9% resulting from planned pay rises.
- EBIT in the amount of PLN 50,2 million increased by PLN 8,5 million or 20,3% as compared with prior year. EBIT was positively affected by one-off items in the amount of PLN 1,6 million. Adjusted EBIT increased by PLN 5,5 million or 12,8%.
- Further optimization of working capital and shorter cash conversion cycle allowed the net debt to fall by PLN 13,5 million or 19,8%.
- Net profit attributable to owners of the parent company in the amount of PLN 29,1 million increased by PLN 2,4 million or 8,9%. Adjusted net profit attributable to owners of the parent company increased by PLN 4,0 million or 14,4%.

<sup>1</sup> KPIs are presented in '000 PLN, unless stated otherwise

<sup>2</sup> Net sales revenue after excise tax and customer bonuses

<sup>3</sup> Loans and borrowings less cash

## 2. INTERIM MANAGEMENT REPORT FOR THE FIRST HALF OF 2017/2018

### 2.1. Management comments

#### Markets and sales

Wine market in Poland – the most important for the AMBRA Group – increased by 6,1%<sup>1</sup> in 2017. Higher market dynamics resulted primarily from growing still wines and sparkling wines returning to the growth path.

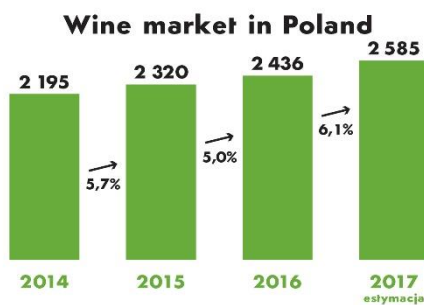


Figure 1 Value of the wine market in Poland 2014-2017 (in PLN million). Source: AC Nielsen

In the first half of 2017/2018 the AMBRA Group increased its net sales revenue by 5,9% continuing growth in the most valuable market segments.



Figure 2 Consolidated HY net sales revenue of the AMBRA Group in 2014-2018 (in PLN million)

The most significant increase of sales was noted in the Polish market and amounted to 6,6%<sup>2</sup>, primarily as a result of very good results of still wines, particularly the FRESCO brand as well as wines sold in the CENTRUM WINA wine stores and in catering.

High sales dynamics was also noted in the sparkling wines segment, in particular with respect to the CIN&CIN and premium wines. Another significant source of growth in the Polish market were also spirits - the PLISKA brandy and the J.A. BACZEWSKI vodka among others. Sales of aperitif wines and cider was slightly lower primarily due to weaker performance of these product categories in Poland.

Increase of sales in Romania in local currency amounted to 8,1%. It was another period of dynamic growth of the ZAREA brand, both in sparkling wines as well as in brandy. In the Czech Republic and Slovakia sales revenue has not increased. While sales of the MUCHA SEKT sparkling wines grew, sales of other product categories went down.

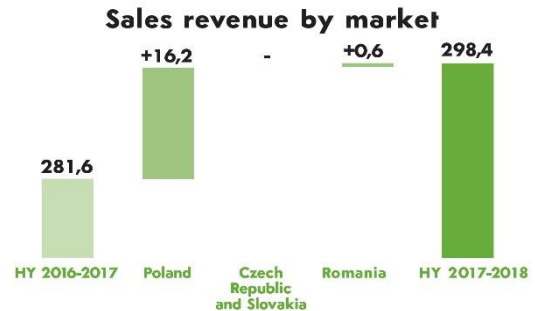


Figure 3 Development of consolidated HY net sales revenue of the AMBRA Group in 2016-2018 per geographical segment (in PLN million)

Sales structure of the AMBRA Group is stable. Still wines constitute the main category both in terms of value and volume. Sales of still wines, focused primarily on the Polish market, grow dynamically and most significantly contribute to the growth of the AMBRA Group. Sparkling wines are the second most significant category in terms of sales revenue – they increased even faster than still wines, primarily thanks to CIN&CIN in Poland, MUCHA SEKT in the Czech Republic and Slovakia and ZAREA Romania. Another category – soft beverages for children increased dynamically in Poland and Romania, but decreased in the Czech Republic and Slovakia.

<sup>1</sup> As at the date of this report available market data in Poland comprised the period until the end of November 2017. Hence consumption in 2017 in this report comprises the period from December 2016 to November 2017.

<sup>2</sup> Increase of sales adjusted by revenue reported in the Poland segment comprising sales to customers seated outside Poland (export).

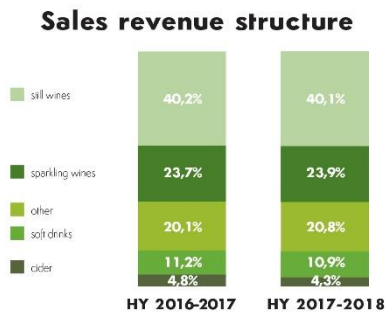


Figure 4 Structure of HY net sales revenue of the AMBRA Group by category.

### Financial results and profitability

Increased sales revenue affected positively financial results. Gross profit on sales increased by PLN 6,3 million or 6,2% and amounted to PLN 107,7 million. Slightly higher profitability resulted primarily from favourable changes in the product mix: increase of key brands and the premium segment wines with simultaneous increase of marketing expenses.

Growing market remuneration levels - in particular in Poland and Romania – resulted in planned pay rises and increased bonuses and an increase in remuneration costs by 6,6%. Depreciation costs related to the modernization of production plants in Wola Duża and in Bucharest also increased. Despite the increase of these expenses profit on sales in the amount of PLN 48,0 million was by 8,0% higher as compared with the first half of the previous year. EBIT increased by PLN 8,5 million or 20,3%. One-off revenue from claims related to previous periods in the amount of PLN 1,6 million improved EBIT. Adjusted EBIT increased by PLN 5,5 million.

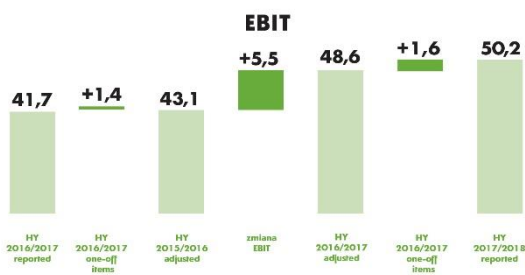


Figure 5 EBIT of the AMBRA Group – reported and adjusted in HY 2016/2017 and HY 2017/2018 (in PLN million)

Net profit attributable to owners of the parent company in the amount of PLN 29,1 million increased by PLN 2,4 million or 8,9%. The net profit attributable to owners of the parent company was

affected by a reversal of deferred tax asset in the amount of PLN 3,3 million and after the adjustment increased by PLN 4,0 million or 14,4%.

### Financial standing and debt

The AMBRA Group dividend policy assumes a stable increase in the dividend payment. Further optimization of working capital allowed the debt to fall by 19,8% to PLN 54,7 million. The decrease in debt was achieved despite the payment of a dividend in a higher by PLN 2 million as compared with prior year, which was a continuation of the growing dividend trend since 2008/2009.



Figure 6 Dividend per share (in PLN)

### Development perspectives and projected financial situation

The AMBRA Group's strategy assumes an increase in valuable categories of the alcohol beverages market. Such categories include still and sparkling wines as well as regional products such as cider. Sales of key brands will develop primarily in these categories. CENTRUM WINA will continue to grow rapidly in direct sales and in catering.

Expected increase in consumption in the following periods will drive higher wage expectations. This factor may limit the potential for faster growth of the AMBRA Group's profitability. The strategic objective of the Group is to maintain the growth of total operating costs below the growth rate of sales and the value of the AMBRA Group in the coming years.

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**2.1.1. Reconciliation of reported and adjusted financial results**

<i>(in PLN million)</i>	EBIT	Net profit	Net profit attributable to owners of the parent company
<b>HY 2016/2017 - reported</b>	<b>41,7</b>	<b>33,6</b>	<b>26,7</b>
<i>One-off items - HY 2016/2017</i>	<u>1,4</u>	<u>1,1</u>	<u>1,1</u>
	1,4	1,1	1,1
<b>HY 2016/2017 - adjusted</b>	<b>43,1</b>	<b>34,7</b>	<b>27,8</b>
Operating activities HY 2017/2018:			
- Change of segment results - Poland	5,6	3,8	3,8
- Change of segment results - Czech Republic and Slovakia	0,5	0,4	0,4
- Change of segment results - Romania	(0,6)	(0,4)	(0,2)
- Other	-	-	-
	<u>5,5</u>	<u>3,8</u>	<u>4,0</u>
<b>HY 2017/2018 - adjusted</b>	<b>48,6</b>	<b>38,5</b>	<b>31,8</b>
<i>One-off items - HY 2017/2018</i>			
- Received claims related to previous periods	1,6	1,2	0,6
- Reversal of deferred tax asset	-	(3,3)	(3,3)
	<u>1,6</u>	<u>(2,1)</u>	<u>(2,7)</u>
<b>HY 2017/2018 - reported</b>	<b>50,2</b>	<b>36,4</b>	<b>29,1</b>

**3. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE AMBRA GROUP FOR THE FIRST HALF OF 2017/2018 ACCORDING TO THE IFRS**

**3.1. Condensed interim consolidated statement of financial position**

	<u>31.12.2017</u>	<u>30.06.2017</u>	<u>31.12.2016</u>
	<i>HY</i> 2017/2018	<i>Financial</i> year 2016/2017	<i>HY</i> 2016/2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Tangible fixed assets	105 449	104 890	104 113
Goodwill	44 126	44 055	44 199
Other intangible fixed assets	15 116	15 451	15 898
Investment property	13 314	13 853	14 643
Investments in associates	678	678	706
Other long-term assets	200	198	205
Deferred tax asset	2 733	7 701	8 357
<b>Total non-current assets</b>	<b><u>181 616</u></b>	<b><u>186 826</u></b>	<b><u>188 121</u></b>
<b>Current assets</b>			
Inventory	107 149	105 529	95 995
Income tax receivables	217	563	207
Short-term receivables and other current assets	218 869	105 096	217 322
Cash and cash equivalents	10 004	14 429	6 726
<b>Total current assets</b>	<b><u>336 239</u></b>	<b><u>225 617</u></b>	<b><u>320 250</u></b>
<b>TOTAL ASSETS</b>	<b><u>517 855</u></b>	<b><u>412 443</u></b>	<b><u>508 371</u></b>

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	<u>31.12.2017</u>	<u>30.06.2017</u>	<u>31.12.2016</u>
	<i>HY</i> <i>2017/2018</i>	<i>Financial</i> <i>year</i> <i>2016/2017</i>	<i>HY</i> <i>2016/2017</i>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	25 207	25 207	25 207
Share premium	67 718	67 718	67 718
Translation reserve	2	1 089	3 221
Retained earnings	138 842	130 893	130 893
Net profit attributable to owners of the parent company	29 111	23 073	26 743
<b>Total equity attributable to owners of the parent company</b>	<b>260 880</b>	<b>247 980</b>	<b>253 782</b>
Non-controlling interest	35 908	34 523	34 725
<b>Total equity</b>	<b>296 788</b>	<b>282 503</b>	<b>288 507</b>
<b>Long-term liabilities</b>			
Long-term liabilities from loans and borrowings	10 255	1 142	30 072
Long-term trade and other liabilities	320	320	389
Employee benefits	431	431	211
Deferred tax liabilities	3 388	5 779	2 874
<b>Total long-term liabilities</b>	<b>14 394</b>	<b>7 672</b>	<b>33 546</b>
<b>Short-term liabilities</b>			
Short-term liabilities from loans and borrowings	54 405	32 436	44 771
Income tax liabilities	8 427	1 817	7 117
Short-term trade and other liabilities	143 841	88 015	134 430
<b>Total short-term liabilities</b>	<b>206 673</b>	<b>122 268</b>	<b>186 318</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>517 855</b>	<b>412 443</b>	<b>508 371</b>



3.1.1. Book value per share

	<u>31.12.2017</u>	<u>30.06.2017</u>	<u>31.12.2016</u>
	<i>HY</i> 2017/2018	<i>Financial</i> <i>year</i> 2016/2017	<i>HY</i> 2016/2017
<b>Book value</b>	<b>260 880</b>	<b>247 980</b>	<b>253 782</b>
<i>Number of shares</i>	25 206 644	25 206 644	25 206 644
<b>Book value per share (in PLN)</b>	<b>10,35</b>	<b>9,84</b>	<b>10,07</b>
<i>Diluted number of shares</i>	25 206 644	25 206 644	25 206 644
<b>Diluted book value per share (in PLN)</b>	<b>10,35</b>	<b>9,84</b>	<b>10,07</b>

**3.2. Condensed interim consolidated statement of profit and loss and other comprehensive income**

	<b>1.07.2017 - 31.12.2017</b>	<b>1.07.2016 - 31.12.2016</b>	<b>1.10.2017 - 31.12.2017</b>	<b>1.10.2016 - 31.12.2016</b>
	<i>HY 2017/2018</i>	<i>HY 2016/2017</i>	<i>Q2 2017/2018</i>	<i>Q2 2016/2017</i>
Net sales revenue	298 391	281 646	194 324	185 061
Cost of materials and merchandise sold	(165 955)	(158 130)	(106 707)	(103 334)
<i>Margin on sales</i>	<i>132 436</i>	<i>123 516</i>	<i>87 617</i>	<i>81 727</i>
Marketing, distribution, licence and commission expenses	(24 728)	(22 098)	(15 325)	(12 707)
<b>Gross profit on sales</b>	<b>107 708</b>	<b>101 418</b>	<b>72 292</b>	<b>69 020</b>
Other expenses from operating activities	(16 103)	(16 030)	(8 730)	(8 538)
Employee expenses	(37 705)	(35 373)	(21 006)	(19 464)
Depreciation and amortization	(5 928)	(5 599)	(3 042)	(2 796)
<b>Profit on sales</b>	<b>47 972</b>	<b>44 416</b>	<b>39 514</b>	<b>38 222</b>
Other operating revenue	3 172	1 015	611	686
Other operating expenses	(966)	(3 704)	(528)	(2 680)
<b>EBIT</b>	<b>50 178</b>	<b>41 727</b>	<b>39 597</b>	<b>36 228</b>
Interest revenue	23	13	6	-
Interest expenses	(697)	(840)	(433)	(477)
Other financial revenue	316	595	154	72
Other financial expenses	(343)	(124)	(280)	(52)
<b>Profit before tax</b>	<b>49 477</b>	<b>41 371</b>	<b>39 044</b>	<b>35 771</b>
Current income tax	(10 416)	(8 505)	(8 719)	(7 650)
Deferred income tax	(2 635)	727	(1 993)	1 047
Total income tax	(13 051)	(7 778)	(10 712)	(6 603)
<b>Net profit from continued activities</b>	<b>36 426</b>	<b>33 593</b>	<b>28 332</b>	<b>29 168</b>
<b>Current net profit</b>	<b>36 426</b>	<b>33 593</b>	<b>28 332</b>	<b>29 168</b>
Current net profit attributable to owners of the parent company	29 111	26 743	23 332	22 350
Non-controlling interest	7 315	6 850	5 000	5 003
<b>Other comprehensive income</b>	<b>(1 760)</b>	<b>(226)</b>	<b>(2 590)</b>	<b>702</b>
Other comprehensive income attributable to owners of the parent company	(1 087)	(148)	(1 719)	577
Other comprehensive income attributable to non-controlling interest	(673)	(78)	(871)	125
<b>Total comprehensive income</b>	<b>34 666</b>	<b>33 367</b>	<b>25 742</b>	<b>29 870</b>
Comprehensive income attributable to owners of the parent company	28 024	26 595	21 613	22 927
Comprehensive income attributable to non-controlling interest	6 642	6 772	4 129	5 128

In the consolidated interim report for the first half of previous financial year 2016/2017 net sales revenue for the period from 1 July 2016 to 31 December 2016 were presented in the amount of PLN 283 523 thousand and marketing, distribution, licence and commission expenses – in the amount of PLN 23 975 thousand, and for the second quarter of 2016/2017 in the amounts of PLN 186 404 thousand and PLN 14 050 thousand, respectively. As at 31 December 2016 reclassifications of customer bonuses presented previously within distribution costs from line „Marketing, distribution, licence and commission expenses” to line “Net sales revenue” were made. The reclassification adjustments amounted to PLN 1 877 thousand for the first half of 2016/2017 and PLN 1 343 thousand for the second quarter of 2016/2017.

The above described reclassifications had no impact on the net profit, earnings per share and diluted earnings per share of the Group.

### 3.2.1. Earnings per share

	<b>1.07.2017 - 31.12.2017</b>	<b>1.07.2016 - 31.12.2016</b>	<b>1.10.2017 - 31.12.2017</b>	<b>1.10.2016 - 31.12.2016</b>
	<i>HY 2017/2018</i>	<i>HY 2016/2017</i>	<i>Q2 2017/2018</i>	<i>Q2 2016/2017</i>
<b>Current net profit attributable to owners of the parent company</b>	<b>29 111</b>	<b>26 743</b>	<b>23 332</b>	<b>22 350</b>
<i>Weighted average number of common shares</i>	<i>25 206 644</i>	<i>25 206 644</i>	<i>25 206 644</i>	<i>25 206 644</i>
<b>EPS (in PLN)</b>	<b>1,15</b>	<b>1,06</b>	<b>0,93</b>	<b>0,89</b>
<i>Diluted weighted average number of common shares</i>	<i>25 206 644</i>	<i>25 206 644</i>	<i>25 206 644</i>	<i>25 206 644</i>
<b>Diluted EPS (in PLN)</b>	<b>1,15</b>	<b>1,06</b>	<b>0,93</b>	<b>0,89</b>

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**3.3. Condensed interim consolidated statement of changes in equity**

	Share capital	Share premium	Translation reserve	Retained earnings	Current net profit attributable to owners of the parent company	Equity attributable to owners of the parent company	Non-controlling interest	Total equity
<i>HY 2017/2018</i>								
<i>1.07.2017 - 31.12.2017</i>								
<b>Opening balance</b>	<b>25 207</b>	<b>67 718</b>	<b>1 089</b>	<b>130 893</b>	<b>23 073</b>	<b>247 980</b>	<b>34 523</b>	<b>282 503</b>
Current net profit	-	-	-	-	29 111	29 111	7 315	36 426
Distribution of profit	-	-	-	23 073	(23 073)	-	-	-
Dividend payment	-	-	-	(15 124)	-	(15 124)	-	(15 124)
Dividend payment - subsidiaries	-	-	-	-	-	-	(4 965)	(4 965)
FX differences from translation of foreign entities	-	-	-	-	-	-	(292)	(292)
Inne korekty	-	-	(1 087)	-	-	(1 087)	(673)	(1 760)
<b>Closing balance</b>	<b>25 207</b>	<b>67 718</b>	<b>2</b>	<b>138 842</b>	<b>29 111</b>	<b>260 880</b>	<b>35 908</b>	<b>296 788</b>
<i>Financial year 2016/2017</i>								
<i>1.07.2016 - 30.06.2017</i>								
<b>Opening balance</b>	<b>25 207</b>	<b>67 718</b>	<b>3 369</b>	<b>126 132</b>	<b>17 869</b>	<b>240 295</b>	<b>31 837</b>	<b>272 132</b>
Current net profit	-	-	-	-	23 073	23 073	9 426	32 499
Distribution of profit	-	-	-	17 869	(17 869)	-	-	-
Dividend payment	-	-	-	(13 108)	-	(13 108)	-	(13 108)
Dividend payment - subsidiaries	-	-	-	-	-	-	(5 712)	(5 712)
FX differences from translation of foreign entities	-	-	(2 280)	-	-	(2 280)	(1 028)	(3 308)
<b>Closing balance</b>	<b>25 207</b>	<b>67 718</b>	<b>1 089</b>	<b>130 893</b>	<b>23 073</b>	<b>247 980</b>	<b>34 523</b>	<b>282 503</b>
<i>HY 2016/2017</i>								
<i>1.07.2016 - 31.12.2016</i>								
<b>Opening balance</b>	<b>25 207</b>	<b>67 718</b>	<b>3 369</b>	<b>126 132</b>	<b>17 869</b>	<b>240 295</b>	<b>31 837</b>	<b>272 132</b>
Current net profit	-	-	-	-	26 743	26 743	6 850	33 593
Distribution of profit	-	-	-	17 869	(17 869)	-	-	-
Dividend payment	-	-	-	(13 108)	-	(13 108)	-	(13 108)
Dividend payment - subsidiaries	-	-	-	-	-	-	(3 884)	(3 884)
FX differences from translation of foreign entities	-	-	(148)	-	-	(148)	(78)	(226)
<b>Closing balance</b>	<b>25 207</b>	<b>67 718</b>	<b>3 221</b>	<b>130 893</b>	<b>26 743</b>	<b>253 782</b>	<b>34 725</b>	<b>288 507</b>

### 3.4. Condensed interim consolidated statement of cash flows

	<u>1.07.2017 - 31.12.2017</u>	<u>1.07.2016 - 31.12.2016</u>
	<u>HY 2017/2018</u>	<u>HY 2016/2017</u>
<b>Cash flows from operating activities</b>		
Current net profit	29 111	26 743
Adjustments:		
Non-controlling interest	7 315	6 850
Depreciation and amortization	5 928	5 599
FX gains/losses	551	(18)
Gains/losses on sales of non-current assets	(554)	(154)
Interests and dividends	674	827
Current income tax	10 416	8 505
Operating income before changes in working capital and provisions	53 441	48 352
Change in receivables	(113 773)	(110 494)
Change in inventory	(1 620)	11 255
Change in liabilities, except loans and borrowings	55 826	48 651
Change in provisions	(2 391)	(712)
Change in deferred tax asset	4 968	(20)
Net cash generated on operating activities	(3 549)	(2 968)
Income tax paid	(3 460)	(2 301)
<b>Net cash flows from operating activities</b>	<b>(7 009)</b>	<b>(5 269)</b>
<b>Cash flows from investing activities</b>		
Cash receipts		
Sales of non-current assets	681	231
Interest received	23	13
	704	244
Cash paid		
Acquisition of non-current assets	(8 372)	(6 219)
	(8 372)	(6 219)
<b>Net cash flows from investing activities</b>	<b>(7 668)</b>	<b>(5 975)</b>

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	<u>1.07.2017 - 31.12.2017</u>	<u>1.07.2016 - 31.12.2016</u>
	<u>HY 2017/2018</u>	<u>HY 2016/2017</u>
<b>Cash flows from financing activities</b>		
Cash receipts		
Bank loans and borrowings received	31 082	25 940
	<u>31 082</u>	<u>25 940</u>
Cash paid		
Dividends paid	(20 089)	(16 992)
Interest paid	(697)	(840)
	<u>(20 786)</u>	<u>(17 832)</u>
<b>Net cash flows from financing activities</b>	<b>10 296</b>	<b>8 108</b>
<b>Total net cash flows</b>	<b><u>(4 381)</u></b>	<b><u>(3 136)</u></b>
Change in FX rates on cash	(44)	(4)
<b>Balance sheet change of cash</b>	<b>(4 425)</b>	<b>(3 140)</b>
Opening balance of cash	14 429	9 866
Closing balance of cash	10 004	6 726

### *3.4.1. Operating segments*

The Group established its operating segments according to IFRS 8 *Operating Segments* applied from 1 January 2009. Management of the Group is divided between primary business activities comprising manufacturing and sales of alcoholic and soft beverages and other activities comprising investment properties located in Romania. Each segment is a component of the Group earning revenues and incurring expenses in accordance with IFRS 8.

The following segments are identified within the Group:

- Primary business activities - Poland,
- Primary business activities – Czech Republic and Slovakia,
- Primary business activities - Romania,
- Other activities – investment property (Romania).

Segmental reporting for the first half of 2017/2018 are presented on the following page. In comparison with the first half of previous financial year there were no changes in the basis for segment presentation. Revenue of each segment comprise both intrasegment sales and export sales (beyond the segment).

In the first half of 2017/2018 as well as in the previous year the company did not have a supplier whose contribution to the supplies exceeded 10%. Also sales revenue derived from a single customer of the company do not exceed 10% of total sales revenue.

No operating segments are identified on the separate financial statement level.

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*Operating segments – first half of the financial year*

	Primary business activities						Other activities				Total consolidated	
	Poland		Czech Republic and Slovakia		Romania		Investment property		Eliminations			
	HY		HY		HY		HY		HY			
	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017
External sales	232 620	216 382	20 531	20 527	45 240	44 737	-	-	-	-	298 391	281 646
- attributed to the country of domicile	223 962	210 152	20 531	20 527	44 587	43 885	-	-	-	-	289 080	274 564
- attributed to foreign countries	8 658	6 230	-	-	653	852	-	-	-	-	9 311	7 082
Intrasegment sales	12 474	12 007	21	18	13	-	-	-	(12 508)	(12 025)	-	-
<b>Total net sales revenue</b>	<b>245 094</b>	<b>228 389</b>	<b>20 552</b>	<b>20 545</b>	<b>45 253</b>	<b>44 737</b>	-	-	<b>(12 508)</b>	<b>(12 025)</b>	<b>298 391</b>	<b>281 646</b>
Cost of materials and merchandise sold	(139 220)	(132 159)	(13 353)	(13 702)	(25 899)	(22 467)	-	-	12 517	12 075	(165 955)	(156 253)
Marketing, distribution, licence and commission expenses	(21 758)	(18 639)	(1 595)	(1 617)	(1 401)	(3 719)	-	-	26	-	(24 728)	(23 975)
<b>Gross profit on sales</b>	<b>84 116</b>	<b>77 591</b>	<b>5 604</b>	<b>5 226</b>	<b>17 953</b>	<b>18 551</b>	-	-	<b>35</b>	<b>50</b>	<b>107 708</b>	<b>101 418</b>
Other expenses from operating activities	(12 863)	(12 540)	(1 053)	(1 063)	(2 056)	(2 275)	(144)	(156)	13	4	(16 103)	(16 030)
Employee expenses	(29 541)	(27 619)	(1 431)	(1 511)	(6 721)	(6 230)	(12)	(13)	-	-	(37 705)	(35 373)
Depreciation and amortization	(5 270)	(5 001)	(45)	(37)	(545)	(488)	(68)	(73)	-	-	(5 928)	(5 599)
<b>Profit/(loss) on sales</b>	<b>36 442</b>	<b>32 431</b>	<b>3 075</b>	<b>2 615</b>	<b>8 631</b>	<b>9 558</b>	<b>(224)</b>	<b>(242)</b>	<b>48</b>	<b>54</b>	<b>47 972</b>	<b>44 416</b>
Other operating revenue	2 764	862	65	40	291	36	103	129	(51)	(52)	3 172	1 015
Other operating expenses	(773)	(3 445)	(35)	(13)	(163)	(234)	-	-	5	(12)	(966)	(3 704)
<b>EBIT</b>	<b>38 433</b>	<b>29 848</b>	<b>3 105</b>	<b>2 642</b>	<b>8 759</b>	<b>9 360</b>	<b>(121)</b>	<b>(113)</b>	<b>2</b>	<b>(10)</b>	<b>50 178</b>	<b>41 727</b>
Interest revenue	293	281	-	-	-	-	-	-	(270)	(268)	23	13
Interest expenses	(374)	(485)	(23)	(22)	(302)	(330)	(268)	(280)	270	277	(697)	(840)
Other financial revenue	168	578	148	17	-	-	-	-	-	-	316	595
Other financial expenses	(308)	(100)	(34)	(21)	(1)	(3)	-	-	-	-	(343)	(124)
<b>Profit/(loss) before tax</b>	<b>38 212</b>	<b>30 122</b>	<b>3 196</b>	<b>2 616</b>	<b>8 456</b>	<b>9 027</b>	<b>(389)</b>	<b>(393)</b>	<b>2</b>	<b>(1)</b>	<b>49 477</b>	<b>41 371</b>
Income tax	(11 289)	(6 024)	(720)	(544)	(1 106)	(1 277)	64	67	-	-	(13 051)	(7 778)
<b>Net profit/(loss)</b>	<b>26 923</b>	<b>24 098</b>	<b>2 476</b>	<b>2 072</b>	<b>7 350</b>	<b>7 750</b>	<b>(325)</b>	<b>(326)</b>	<b>2</b>	<b>(1)</b>	<b>36 426</b>	<b>33 593</b>
<b>Assets, equity and liabilities</b>												
Non-current assets	315 779	256 952	320	366	34 975	36 186	13 139	14 573	(177 562)	(119 956)	186 651	188 121
Current assets	272 961	256 233	22 308	19 499	58 081	56 426	213	241	(16 794)	(12 149)	336 769	320 250
Equity	406 523	342 053	6 132	6 861	46 217	45 846	1 565	135	(163 649)	(106 388)	296 788	288 507
Liabilities	182 217	171 132	16 496	13 004	46 839	46 766	11 787	14 679	(30 707)	(25 717)	226 632	219 864



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*Operating segments – second quarter of the financial year*

	Działalność podstawowa						Działalność pozostała				Razem skonsolidowane	
	Polska		Czechy i Słowacja		Rumunia		Nieruchomości inwestycyjne		Eliminacje			
	Q2		Q2		Q2		Q2		Q2		Q2	
	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017
External sales	147 159	138 420	14 916	15 315	32 249	31 326	-	-	-	-	194 324	185 061
- attributed to the country of domicile	143 265	134 846	14 916	15 315	31 819	30 794	-	-	-	-	190 000	180 955
- attributed to foreign countries	3 894	3 574	-	-	430	532	-	-	-	-	4 324	4 106
Intrasegment sales	8 979	8 790	5	5	13	-	-	-	(8 997)	(8 795)	-	-
<b>Total net sales revenue</b>	<b>156 138</b>	<b>147 210</b>	<b>14 921</b>	<b>15 320</b>	<b>32 262</b>	<b>31 326</b>	-	-	<b>(8 997)</b>	<b>(8 795)</b>	<b>194 324</b>	<b>185 061</b>
Cost of materials and merchandise sold	(87 330)	(84 577)	(9 624)	(10 134)	(18 726)	(15 545)	-	-	8 973	8 799	(106 707)	(101 457)
Marketing, distribution, licence and commission expenses	(13 195)	(10 093)	(1 158)	(1 225)	(993)	(3 266)	-	-	21	-	(15 325)	(14 584)
<b>Gross profit on sales</b>	<b>55 613</b>	<b>52 540</b>	<b>4 139</b>	<b>3 961</b>	<b>12 543</b>	<b>12 515</b>	-	-	<b>(3)</b>	<b>4</b>	<b>72 292</b>	<b>69 020</b>
Other expenses from operating activities	(6 941)	(6 564)	(640)	(655)	(1 081)	(1 245)	(75)	(78)	7	4	(8 730)	(8 538)
Employee expenses	(16 524)	(15 252)	(770)	(798)	(3 707)	(3 407)	(5)	(7)	-	-	(21 006)	(19 464)
Depreciation and amortization	(2 713)	(2 489)	(22)	(18)	(273)	(252)	(34)	(37)	-	-	(3 042)	(2 796)
<b>Profit/(loss) on sales</b>	<b>29 435</b>	<b>28 235</b>	<b>2 707</b>	<b>2 490</b>	<b>7 482</b>	<b>7 611</b>	<b>(114)</b>	<b>(122)</b>	<b>4</b>	<b>8</b>	<b>39 514</b>	<b>38 222</b>
Other operating revenue	461	589	36	17	69	14	63	73	(18)	(7)	611	686
Other operating expenses	(547)	(2 457)	(30)	(2)	28	(234)	-	-	21	13	(528)	(2 680)
<b>EBIT</b>	<b>29 349</b>	<b>26 367</b>	<b>2 713</b>	<b>2 505</b>	<b>7 579</b>	<b>7 391</b>	<b>(51)</b>	<b>(49)</b>	<b>7</b>	<b>14</b>	<b>39 597</b>	<b>36 228</b>
Interest revenue	148	139	-	-	-	-	-	-	(142)	(139)	6	-
Interest expenses	(257)	(300)	(12)	(11)	(166)	(164)	(140)	(139)	142	137	(433)	(477)
Other financial revenue	54	61	100	11	-	-	-	-	-	-	154	72
Other financial expenses	(249)	(41)	(30)	(18)	(1)	7	-	-	-	-	(280)	(52)
<b>Profit/(loss) before tax</b>	<b>29 045</b>	<b>26 226</b>	<b>2 771</b>	<b>2 487</b>	<b>7 412</b>	<b>7 234</b>	<b>(191)</b>	<b>(188)</b>	<b>7</b>	<b>12</b>	<b>39 044</b>	<b>35 771</b>
Income tax	(9 215)	(5 182)	(553)	(474)	(975)	(981)	31	34	-	-	(10 712)	(6 603)
<b>Net profit/(loss)</b>	<b>19 830</b>	<b>21 044</b>	<b>2 218</b>	<b>2 013</b>	<b>6 437</b>	<b>6 253</b>	<b>(160)</b>	<b>(154)</b>	<b>7</b>	<b>12</b>	<b>28 332</b>	<b>29 168</b>

**4. CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS OF AMBRA S.A. FOR THE FIRST HALF OF 2017/2018 ACCORDING TO THE IFRS**

**4.1. Condensed interim separate statement of financial position**

	<u>31.12.2017</u>	<u>30.06.2017</u>	<u>31.12.2016</u>
	<i>HY</i> 2017/2018	<i>Financial</i> <i>year</i> 2016/2017	<i>HY</i> 2016/2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Tangible fixed assets	69 638	68 876	68 107
Intangible fixed assets	8 268	8 358	8 483
Other long-term assets	172	170	177
Shares	64 427	62 150	62 149
Long-term loan receivables	11 273	12 984	14 269
Deferred tax asset	4 106	7 055	9 730
<b>Total non-current assets</b>	<b><u>157 884</u></b>	<b><u>159 593</u></b>	<b><u>162 915</u></b>
<b>Current assets</b>			
Inventory	56 155	56 643	50 321
Short-term receivables and other current assets	123 371	55 015	118 962
Short-term loan receivables	418	-	-
Cash and cash equivalents	1 592	7 548	1 038
<b>Total current assets</b>	<b><u>181 536</u></b>	<b><u>119 206</u></b>	<b><u>170 321</u></b>
<b>TOTAL ASSETS</b>	<b><u><u>339 420</u></u></b>	<b><u><u>278 799</u></u></b>	<b><u><u>333 236</u></u></b>

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	<u>31.12.2017</u>	<u>30.06.2017</u>	<u>31.12.2016</u>
	<i>HY</i>	<i>Financial</i>	<i>HY</i>
	<i>2017/2018</i>	<i>year</i>	<i>2016/2017</i>
	<u>2017/2018</u>	<u>2016/2017</u>	<u>2016/2017</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	25 207	25 207	25 207
Share premium	67 718	67 718	67 718
Retained earnings	111 842	105 784	105 784
Net profit attributable to owners of the parent comp.	24 485	21 182	21 835
<b>Total equity</b>	<b><u>229 252</u></b>	<b><u>219 891</u></b>	<b><u>220 544</u></b>
<b>Long-term liabilities</b>			
Long-term liabilities from loans and borrowings	9 773	603	20 080
Long-term trade and other liabilities	320	320	389
Employee benefits	431	431	211
<b>Total long-term liabilities</b>	<b><u>10 524</u></b>	<b><u>1 354</u></b>	<b><u>20 680</u></b>
<b>Short-term liabilities</b>			
Short-term liabilities from loans and borrowings	13 891	-	8 427
Income tax liabilities	5 492	987	4 498
Short-term trade and other liabilities	80 261	56 567	79 087
<b>Total short-term liabilities</b>	<b><u>99 644</u></b>	<b><u>57 554</u></b>	<b><u>92 012</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u><u>339 420</u></u></b>	<b><u><u>278 799</u></u></b>	<b><u><u>333 236</u></u></b>

4.1.1. *Book value per share*

	<u>31.12.2017</u>	<u>30.06.2017</u>	<u>31.12.2016</u>
	<i>HY</i> <i>2017/2018</i>	<i>Financial</i> <i>year</i> <i>2016/2017</i>	<i>HY</i> <i>2016/2017</i>
<b>Book value</b>	<b>229 252</b>	<b>219 891</b>	<b>220 544</b>
<i>Number of shares</i>	25 206 644	25 206 644	25 206 644
<b>Book value per share (in PLN)</b>	<b>9,09</b>	<b>8,72</b>	<b>8,75</b>
<i>Diluted number of shares</i>	25 206 644	25 206 644	25 206 644
<b>Diluted book value per share (in PLN)</b>	<b>9,09</b>	<b>8,72</b>	<b>8,75</b>

**4.2. Condensed interim separate statement of profit and loss and other comprehensive income**

	1.07.2017 - 31.12.2017	1.07.2016 - 31.12.2016	1.10.2017 - 31.12.2017	1.10.2016 - 31.12.2016
	<u>HY 2017/2018</u>	<u>HY 2016/2017</u>	<u>Q2 2017/2018</u>	<u>Q2 2016/2017</u>
Net sales revenue	170 473	159 504	114 360	107 255
Cost of materials and merchandise sold	(89 650)	(86 513)	(60 021)	(58 135)
<i>Margin on sales</i>	<u>80 823</u>	<u>72 991</u>	<u>54 339</u>	<u>49 120</u>
Marketing, distribution, licence and commission expenses	(17 548)	(15 366)	(10 673)	(8 109)
<b>Gross profit on sales</b>	<b>63 275</b>	<b>57 625</b>	<b>43 666</b>	<b>41 011</b>
Other expenses from operating activities	(10 235)	(9 951)	(5 372)	(5 068)
Employee expenses	(21 060)	(20 187)	(11 929)	(11 241)
Depreciation and amortization	(4 382)	(4 195)	(2 254)	(2 102)
<b>Profit on sales</b>	<b>27 598</b>	<b>23 292</b>	<b>24 111</b>	<b>22 600</b>
Other operating revenue	1 024	700	333	487
Other operating expenses	(427)	(2 299)	(223)	(2 178)
<b>EBIT</b>	<b>28 195</b>	<b>21 693</b>	<b>24 221</b>	<b>20 909</b>
Interest revenue	292	280	147	139
Interest expenses	(111)	(250)	(90)	(158)
Other financial revenue	5 322	4 603	1 906	932
Other financial expenses	(307)	(99)	(248)	(38)
<b>Profit before tax</b>	<b>33 391</b>	<b>26 227</b>	<b>25 936</b>	<b>21 784</b>
Current income tax	(5 959)	(4 857)	(5 763)	(4 857)
Deferred income tax	(2 947)	465	(2 281)	828
Total income tax	<u>(8 906)</u>	<u>(4 392)</u>	<u>(8 044)</u>	<u>(4 029)</u>
<b>Net profit from continued activities</b>	<b>24 485</b>	<b>21 835</b>	<b>17 892</b>	<b>17 755</b>
Other comprehensive income	-	-	-	-
<b>Total other comprehensive income</b>	<b>24 485</b>	<b>21 835</b>	<b>17 892</b>	<b>17 755</b>

4.2.1. *Earnings per share*

	<b>1.07.2017 - 31.12.2017</b>	<b>1.07.2016 - 31.12.2016</b>	<b>1.10.2017 - 31.12.2017</b>	<b>1.10.2016 - 31.12.2016</b>
	<i>HY 2017/2018</i>	<i>HY 2016/2017</i>	<i>Q2 2017/2018</i>	<i>Q2 2016/2017</i>
<b>Current net profit</b>	<b>24 485</b>	<b>21 835</b>	<b>17 892</b>	<b>17 755</b>
<i>Weighted average number of common shares</i>	25 206 644	25 206 644	25 206 644	25 206 644
<b>EPS (in PLN)</b>	<b>0,97</b>	<b>0,87</b>	<b>0,71</b>	<b>0,70</b>
<i>Diluted weighted average number of common shares</i>	25 206 644	25 206 644	25 206 644	25 206 644
<b>Diluted EPS (in PLN)</b>	<b>0,97</b>	<b>0,87</b>	<b>0,71</b>	<b>0,70</b>

**4.3. Condensed interim separate statement of changes in equity**

	Share capital	Share premium	Retained earnings	Current net profit	Total equity
<i>HY 2017/2018</i>					
<i>1.07.2017 - 31.12.2017</i>					
<b>Opening balance</b>	<b>25 207</b>	<b>67 718</b>	<b>105 784</b>	<b>21 182</b>	<b>219 891</b>
Current net profit	-	-	-	24 485	24 485
Distribution of profit	-	-	21 182	(21 182)	-
Dividend payment	-	-	(15 124)	-	(15 124)
<b>Closing balance</b>	<b>25 207</b>	<b>67 718</b>	<b>111 842</b>	<b>24 485</b>	<b>229 252</b>

*Financial year 2016/2017*  
1.07.2016 - 30.06.2017

<b>Opening balance</b>	<b>25 207</b>	<b>67 718</b>	<b>104 844</b>	<b>14 048</b>	<b>211 817</b>
Current net profit	-	-	-	21 182	21 182
Distribution of profit	-	-	14 048	(14 048)	-
Dividend payment	-	-	(13 108)	-	(13 108)
<b>Closing balance</b>	<b>25 207</b>	<b>67 718</b>	<b>105 784</b>	<b>21 182</b>	<b>219 891</b>

*HY 2016/2017*  
1.07.2016 - 31.12.2016

<b>Opening balance</b>	<b>25 207</b>	<b>67 718</b>	<b>104 844</b>	<b>14 048</b>	<b>211 817</b>
Current net profit	-	-	-	21 835	21 835
Distribution of profit	-	-	14 048	(14 048)	-
Dividend payment	-	-	(13 108)	-	(13 108)
<b>Closing balance</b>	<b>25 207</b>	<b>67 718</b>	<b>105 784</b>	<b>21 835</b>	<b>220 544</b>

**4.4. Condensed interim separate statement of cash flows**

	<b>1.07.2017 - 31.12.2017</b>	<b>1.07.2016 - 31.12.2016</b>
	<i>HY</i>	<i>HY</i>
	<u>2017/2018</u>	<u>2016/2017</u>
<b>Cash flows from operating activities</b>		
Current net profit	24 485	21 835
Adjustments:		
Depreciation and mortization	4 382	4 195
FX gains/losses	100	7
Gains/losses on investment activities	(448)	(98)
Interest and dividends	(5 356)	(4 072)
Current income tax	5 959	4 857
Operating income before changes in working capital and provisions	29 122	26 724
Change in receivables	(67 338)	(54 346)
Change in inventory	488	5 471
Change in liabilities, except loans and borrowings	23 694	25 428
Change in deferred tax asset	2 949	(464)
Net cash generated on operating activities	(11 085)	2 813
Income tax paid	(1 454)	(425)
<b>Net cash flows from operating activities</b>	<b>(12 539)</b>	<b>2 388</b>
<b>Cash flows from investing activities</b>		
Cash receipts		
Dividends received	4 155	4 042
Sales of non-current assets	498	176
Loans repaid	1 603	-
Interest received	377	-
Other	-	624
	6 633	4 842
Cash paid		
Acquisition of non-current assets	(7 458)	(4 474)
Loans granted	(418)	-
	(7 876)	(4 474)
<b>Net cash flows from investing activities</b>	<b>(1 243)</b>	<b>368</b>



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	<b>1.07.2017 - 31.12.2017</b>	<b>1.07.2016 - 31.12.2016</b>
	<i>HY</i>	<i>HY</i>
	<i>2017/2018</i>	<i>2016/2017</i>
<b>Cash flows from financing activities</b>		
Cash receipts		
Bank loans and borrowings received	23 061	9 627
	23 061	9 627
Cash paid		
Dividends paid	(15 124)	(13 108)
Interest paid	(111)	(250)
	(15 235)	(13 358)
<b>Net cash flows from financing activities</b>	<b>7 826</b>	<b>(3 731)</b>
<b>Total net cash flows</b>	<b>(5 956)</b>	<b>(975)</b>
<b>Balance sheet change of cash</b>	<b>(5 956)</b>	<b>(975)</b>
Opening balance of cash	7 548	2 013
Closing balance of cash	1 592	1 038