SEMI-ANNUAL REPORT 2016
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DECLARATION

According to the best of our knowledge and having taken all reasonable care, this semi-annual report provides a true and fair view of the financial position, business and results of operations for 1H 2016 and of the outlook for the financial situation and our business and economic results. No facts that could change the meaning of this message have been omitted.

In Prague 30 September 2016

Leoš Novotný
Chairman of the board of directors

Peter Köhler
Deputy chairman of the board of directors

This report was not audited by independent auditors.
COMPANY DESCRIPTION

- **Business name:** LEO Express a.s.
- **Place of business:** Prague 3 – Žižkov, Řehořova 908/4, postal code 130 00
- **Company identification number:** 290 16 002
- **Registered on:** 8 January 2010
- **Registered at:** Prague Municipal Court, section B, 15847
- **Legal form:** joint-stock company
- **Share capital:** CZK 122 227 000

**Scope of business**
- production, trade and services not specified in Annexes 1-3 of the Trade Act ("živnostenský zákon")
- operation of rail transport
- catering activity
OWNERSHIP STRUCTURE OF THE LEO EXPRESS GROUP AS AT 30 JUNE 2016

Leoš Novotný

100,00 %

LEO Transport N.V.
100,00 %

AAKON Capital s.r.o.

80,53 %

LEO Express N.V.

2,40 %

Peter Köhler
1,55 %

Martin Burda
14,00 %

Radek Máca
0,05 %

ROCKAWAY RAIL s.r.o.
1,47 %

LEO Express a.s.

100,00 %

LEO Express Slovensko, s.r.o.

100,00 %

LEO Express Tenders s.r.o.

100,00 %

LEO Express Polska Sp. z o.o.
BOARD OF DIRECTORS

Leoš Novotný
Chief Executive Officer, chairman of the BoD
- In 2009 Leoš Novotný founded LEO Express where he holds the position of CEO and chairman of the board
- Previously he worked in senior positions at Hamé company where he participated in projects in the United Kingdom, Austria, Czech Republic, Poland, Russia, Romania and China
- He also gained experience in investment banks in Vienna and London
- Holds a degree from the University of Warwick

Peter Köhler
CEO for Europe, deputy chairman of the BoD, minority shareholder
- Responsible for operation in Europe
- Over 15 years of extensive experience in PE and banking at Raiffeisen Bank, JPMorgan and KPMG, in London, Vienna and Prague
- Managed and successfully executed a number of investments in the transport and industrial sector and several start-up projects
- Holds a first-class degree in Physics from Imperial College London and a degree in Economics from the University of Economics in Prague

Michal Miklenda
Operational Director, member of the BoD, License Holder
- Over 20 years of experience in the railway industry acquired during working for Rail Inspection, Czech Railways and European Railway Agency
- Responsible for technical support of Flirt EMU vehicles, technical training of staff and safety regulations
- Holds a degree in Electrotechnics from Brno University of Technology
SUPERVISORY BOARD

Leoš Novotný sr.
Chairman of the supervisory board
- Former owner of Hamé, a leading CEE food producer with more than €200m of annual revenues
- Started a business in food industry in 1991 and through acquisitions as well as organic growth gained dominant market shares in relevant markets
- Successfully exited the company in 2008
- Holds a degree in food industry from VŠCHT in Prague

Hana Továrková
Member of the supervisory board
- Attorney with an active practice at Továrek, Horký a partneři, advokátní kancelář, s.r.o.
- Specializes in company law, financial law and tenders
- Holds a degree in Law from Masaryk University, Faculty of Law in Brno and Business from University of Technology, Faculty of Business and Management in Brno

Haydn Abbott
Member of the supervisory board
- Over ten years of experience in the rolling stock leasing industry
- Between 1999 and 2010 acted as the CEO of Angel Trains, the largest rolling stock company (ROSCO) in the UK, with a fleet of more than 4,500 vehicles
- Holds M.A. degree in Mathematics from King’s College in Cambridge and certificates of several other courses including Harvard Business School courses

Richard Tolmach
Member of the supervisory board, director of business strategy, chairman of the audit committee
- Cares for further development strategy, identification of new opportunities in train and bus transport, new transport models and interconnection in LEO Express
- Started career on railways in California, USA, in 1976 where by himself designed (in 1980) model of railway and bus connections which is still working today
- Continually throughout his career he pursued start-up projects in public transport in several US and European countries
AUDIT COMMITTEE

Richard Tolmach  
Chairman of the audit committee, member of the supervisory board, director of business strategy
- Cares for further development strategy, identification of new opportunities in train and bus transport, new transport models and interconnection in LEO Express
- Started career on railways in California, USA, in 1976 where by himself designed (in 1980) model of railway and bus connections which is still working today
- Continually throughout his career he pursued start-up projects in public transport in several US and European countries

Martin Ježek  
Member of audit committee
- Holds a degree from University of Pardubice, Jan Perner Transport Faculty
- Job experience includes working for Deloitte, Advanced World Transport and Czech Railways
- His experiences connect the worlds of financial management and rail transport in audit committee

Libor Švadlenka  
Member of audit committee
- Head of Department of transport management, marketing and logistics at University of Pardubice, Jan Perner Transport Faculty
- Acted as transportation expert for the Czech Postal Service, since 2011 also a member of the working group on transportation of the Slovak Accreditation Committee
- Conducts research in the field of transport and communications, publishes articles in Czech and international periodicals
REPORT OF THE BOARD OF DIRECTORS

Dear customers, colleagues, investors, partners or friends of LEO Express,

As we have entered the autumn of this year at full speed, it is the time to sum up the first half of 2016 and also take a look at what the rest of the year is bringing in the world of LEO Express. Increase in transported passengers across whole network has continued at increasing rate during the first half of 2016, compared to stand alone results for the first half of 2015 by more than 31%! Expanding the entire network is the continuing process, today you can travel with our buses to European cities such as Munich, Linz, Salzburg, Lvov, Rzeszow, Wroclaw, Vienna or Warsaw.

In June 2016 expansion of the Group has got a strong impulse by acquiring TigerExpress, the unique transport company specialized in Czech-Polish transportation, airport shuttle and door-to-door service. Integration of TigerExpress into the LEO Express Group is going to continue in the next months. Besides new lines we have introduced many product offerings – worldwide pilot project with advantage of shuttle transportation home from train station in Ostrava has showed positive response, therefore we are going to advance the idea in the future. Further, we have introduced the best internet service on rail, brand new LTE technology on boards of our trains. Good work has been done on our internal ERP system ELVIS, that increases effectiveness of whole Company business today. After introducing a new reservation system in April 2016, which is hundredfold faster than the last one, we changed to new discounts and new loyalty program. Loyal customers are rewarded with our own currency – LEO crowns, that can be spent on a range of extra services such as renting of electric scooter. Regarding the door-to-door policy, which is in hands of Jan Charouz this year, we advanced our services by renting of electric scooters at cash desks in Prague or on boards of our trains.

The results for the first half of 2016, besides the already mentioned growth in number of passengers by 31 %, show growth in revenues by 10 % to total 142 MCZK. EBITDA result amounted 15 MCZK, i.e. increase by 16 % compared to result for the first half of 2015. Total loss decreased by 17 % to 31,7 MCZK (from 38 MCZK for the first half of 2015) while the result includes the start-up costs for new bus lines and group costs. Without these costs, the loss would be around CZK 27 MCZK. Bank loans further decreased to 673 MCZK. Capital position of the company has been strengthened with the entry of new investor, Martin Burda, expert for FMCG and retail markets. Equity of the Group now exceeds a quarter billion of Czech crowns.

In terms of HR, we have grown our team with the entry of Peter Jancovic as partner of LEO Express and Jaroslav Richter, the expert with more than 25 year experience with railway transportation, as Head of Public Service Obligation. Also, after adoption of the 4th Railway Package in the EU LEO Express prepares for competing in area of regional and suburban public transport. Robert Sládek, a strong personality in online marketing and e-commerce, joined our team as new Head of Marketing, as Head of Bus Operations we welcome Mirek Petru, an experienced specialist in the field of international bus transport.

To all of you and your families who continue to support our company and vision of public passenger transport without barriers, we would like to express our big thanks. We continue to hold on in our effort and in deployment of new ideas and we look forward to present the realization later this year.

[Signature]

Peter Köhler
Deputy chairman of the board of directors and CEO of LEO Express for Europe
REPORT OF THE BOARD OF DIRECTORS

ASSET STRUCTURE

<table>
<thead>
<tr>
<th>Year</th>
<th>Long-term assets</th>
<th>Short-term assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 HY 2016</td>
<td>867,799</td>
<td>207,922</td>
</tr>
<tr>
<td>2015</td>
<td>892,607</td>
<td>67,614</td>
</tr>
</tbody>
</table>

EQUITY AND LIABILITIES STRUCTURE

<table>
<thead>
<tr>
<th>Year</th>
<th>Equity</th>
<th>Long-term liabilities</th>
<th>Loan from related party</th>
<th>Short-term liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 HY 2016</td>
<td>262,509</td>
<td>591,305</td>
<td>20,139</td>
<td>201,768</td>
</tr>
<tr>
<td>2015</td>
<td>85,149</td>
<td>640,617</td>
<td>24,172</td>
<td>210,283</td>
</tr>
</tbody>
</table>

Long-term liabilities do not contain loans from related parties.
REPORT OF THE BOARD OF DIRECTORS

EQUITY STRUCTURE

1 HY 2016
- Share capital: -513,776
- Revaluation: -43,068
- Other capital funds: 122,227
- Retained earnings: 697,126

2015
- Share capital: -482,083
- Revaluation: -44,877
- Other capital funds: 122,227
- Retained earnings: 489,882

2015
- Share capital: 122,227
- Revaluation: -44,877
- Other capital funds: 489,882
- Retained earnings: -482,083

1 HY 2016
- Share capital: 122,227
- Revaluation: -43,068
- Other capital funds: 697,126
- Retained earnings: -513,776
REPORT OF THE BOARD OF DIRECTORS

TOTAL PROFIT/LOSS STRUCTURE

1 HY 2016
-19,372  -25,192  12,871
1 HY 2015
-33,276  -18,476  13,863

-60,000 -50,000 -40,000 -30,000 -20,000 -10,000 0 10,000 20,000

Operating result before depreciation
Depreciation and amortization
Financial net expenses and revenues

OTHER PROFIT/LOSS STRUCTURE

1 HY 2016
1,809
1 HY 2015
11,806
1 HY 2016
1,809

0 2,000 4,000 6,000 8,000 10,000 12,000 14,000

Change in fair value of hedging instruments

1 HY 2015
11,806
1 HY 2016
1,809
REPORT OF THE BOARD OF DIRECTORS

REVENUE STRUCTURE

1 HY 2015
-1,145
1 HY 2016
-6,561

1 HY 2015
100,717
1 HY 2016
120,272

- Compensation for state-mandated discounts
- Provision for loyalty program
- Other services

OPERATING COST STRUCTURE

1 HY 2015
-9,034
1 HY 2016
-4,094

1 HY 2015
-74,539
1 HY 2016
-85,237

- Production consumption
- Employee benefit expenses
- Depreciation and amortization
- Other operating losses
**EBITDA STRUCTURE***

- **1 HY 2016**: 15.3
- **1 HY 2015**: 13.2

*standardized EBITDA result on CEE markets where business development costs on other than CEE markets were excluded

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**CASH FLOW STRUCTURE**

- **1 HY 2016**
  - Net cash flows from operating activities: -9,215
  - Net cash used in investment activities: -871
  - Net cash flows from financing activities: 132,332

- **1 HY 2015**
  - Net cash flows from operating activities: -5,892
  - Net cash used in investment activities: -2,137
  - Net cash flows from financing activities: 4,708
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>863,669</td>
<td>888,816</td>
<td>877,978</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>4,130</td>
<td>3,791</td>
<td>349</td>
</tr>
<tr>
<td>Advances paid</td>
<td>--</td>
<td>--</td>
<td>25,000</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td>867,799</td>
<td>892,607</td>
<td>903,327</td>
</tr>
<tr>
<td>Inventories</td>
<td>15,768</td>
<td>15,583</td>
<td>15,716</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>6,805</td>
<td>5,369</td>
<td>16,127</td>
</tr>
<tr>
<td>Other receivables</td>
<td>56,351</td>
<td>39,389</td>
<td>50,127</td>
</tr>
<tr>
<td>Tax receivables</td>
<td>3,453</td>
<td>3,972</td>
<td>893</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>125,547</td>
<td>3,301</td>
<td>5,430</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td>207,923</td>
<td>67,614</td>
<td>88,293</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>1,075,721</strong></td>
<td><strong>960,221</strong></td>
<td><strong>991,621</strong></td>
</tr>
</tbody>
</table>

The notes on pages 22 to 28 are an integral part of the semi-annual consolidated financial statements.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EQUITY</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Registered capital</td>
<td>122,227</td>
<td>122,227</td>
<td>122,227</td>
</tr>
<tr>
<td>Other funds</td>
<td>654,058</td>
<td>445,005</td>
<td>109,369</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>-513,776</td>
<td>-482,083</td>
<td>-427,181</td>
</tr>
<tr>
<td><strong>Total Equity</strong></td>
<td>262,509</td>
<td>85,149</td>
<td>-195,585</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans and borrowings</td>
<td>545,815</td>
<td>594,032</td>
<td>635,730</td>
</tr>
<tr>
<td>Loan from a related party</td>
<td>20,315</td>
<td>24,334</td>
<td>285,643</td>
</tr>
<tr>
<td>Bonds</td>
<td>17,070</td>
<td>16,835</td>
<td>17,343</td>
</tr>
<tr>
<td>Fair value of financial derivatives</td>
<td>28,237</td>
<td>29,568</td>
<td>34,019</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>7</td>
<td>20</td>
<td>37</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td>611,444</td>
<td>664,789</td>
<td>972,771</td>
</tr>
<tr>
<td>Trade payables</td>
<td>27,943</td>
<td>24,159</td>
<td>26,036</td>
</tr>
<tr>
<td>Loans and borrowings</td>
<td>127,212</td>
<td>133,061</td>
<td>127,883</td>
</tr>
<tr>
<td>Bonds</td>
<td>651</td>
<td>69</td>
<td>70</td>
</tr>
<tr>
<td>Fair value of financial derivatives</td>
<td>14,830</td>
<td>15,308</td>
<td>16,437</td>
</tr>
<tr>
<td>Tax liabilities</td>
<td>--</td>
<td>680</td>
<td>3,568</td>
</tr>
<tr>
<td>Provisions</td>
<td>1,738</td>
<td>1,792</td>
<td>351</td>
</tr>
<tr>
<td>Other payables</td>
<td>29,394</td>
<td>35,214</td>
<td>40,090</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>201,768</td>
<td>210,283</td>
<td>214,435</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>813,212</td>
<td>875,072</td>
<td>1,187,207</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY AND LIABILITIES</strong></td>
<td>1,075,721</td>
<td>960,221</td>
<td>991,621</td>
</tr>
</tbody>
</table>

The notes on pages 22 to 28 are an integral part of the semi-annual consolidated financial statements.
## SEMI-ANNUAL CONSOLIDATED STATEMENT OF PROFIT OR LOSS

<table>
<thead>
<tr>
<th>(CZK thousands)</th>
<th>For the period to 30. 6. 2016</th>
<th>For the period to 30. 6. 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GOING CONCERN ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues from principal operations</td>
<td>141,965</td>
<td>129,219</td>
</tr>
<tr>
<td>Production consumption</td>
<td>-85,237</td>
<td>-73,394</td>
</tr>
<tr>
<td>Employee benefit expenses</td>
<td>-39,762</td>
<td>-32,929</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>-25,192</td>
<td>-18,476</td>
</tr>
<tr>
<td>Other operating revenues</td>
<td>-4,094</td>
<td>-9,034</td>
</tr>
<tr>
<td><strong>Operating loss</strong></td>
<td>-12,321</td>
<td>-4,613</td>
</tr>
<tr>
<td>Financial revenues</td>
<td>258</td>
<td>71</td>
</tr>
<tr>
<td>Financial expenses</td>
<td>-19,630</td>
<td>-33,347</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>-31,693</td>
<td>-37,889</td>
</tr>
<tr>
<td>Income tax expenses</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>Profit after tax</strong></td>
<td>-31,693</td>
<td>-37,889</td>
</tr>
</tbody>
</table>

*The notes on pages 22 to 28 are an integral part of the semi-annual consolidated financial statements.*

## SEMI-ANNUAL CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<table>
<thead>
<tr>
<th>(CZK thousands)</th>
<th>For the period to 30. 6. 2016</th>
<th>For the period to 30. 6. 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Profit after tax</strong></td>
<td>-31,693</td>
<td>-37,889</td>
</tr>
<tr>
<td><strong>Items that are or may be reclassified to profit or loss:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flow hedging</td>
<td>1,809</td>
<td>11,806</td>
</tr>
<tr>
<td>Revaluation of foreign subsidiaries</td>
<td>--</td>
<td>-12</td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong></td>
<td>1,809</td>
<td>11,794</td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td>-29,884</td>
<td>-26,095</td>
</tr>
</tbody>
</table>

*The notes on pages 22 to 28 are an integral part of the semi-annual consolidated financial statements.*
# Semi-Annual Consolidated Statement of Changes in Equity

<table>
<thead>
<tr>
<th>(CZK thousands)</th>
<th>Equity</th>
<th>Other capital funds</th>
<th>Cash flow hedging provision</th>
<th>Accumulated loss</th>
<th>Total Equity</th>
<th>Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at 30.6.2015</strong></td>
<td>122 227</td>
<td>159 838</td>
<td>-50 456</td>
<td>-12</td>
<td>-427 181</td>
<td>-195 585</td>
</tr>
<tr>
<td>Loss for the accounting period</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>-54 902</td>
<td>-54 902</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Cash flow hedging</td>
<td>--</td>
<td>--</td>
<td>5 579</td>
<td>--</td>
<td>--</td>
<td>5 579</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>--</td>
<td>--</td>
<td>5 579</td>
<td>12</td>
<td>--</td>
<td>5 591</td>
</tr>
<tr>
<td>Comprehensive income</td>
<td>--</td>
<td>--</td>
<td>5 579</td>
<td>12</td>
<td>-54 902</td>
<td>-49 311</td>
</tr>
<tr>
<td><strong>Transactions with shareholders of the Company</strong></td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Contribution to other capital fund</td>
<td>--</td>
<td>330 045</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>330 045</td>
</tr>
<tr>
<td>Dividends paid to shareholders</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>Balance at 31.12.2015</strong></td>
<td>122 227</td>
<td>489 883</td>
<td>-44 877</td>
<td>--</td>
<td>-482 083</td>
<td>85 149</td>
</tr>
<tr>
<td>Loss for the accounting period</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>-31 693</td>
<td>-31 693</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Cash flow hedging</td>
<td>--</td>
<td>--</td>
<td>1 809</td>
<td>--</td>
<td>--</td>
<td>1 809</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>--</td>
<td>--</td>
<td>1 809</td>
<td>--</td>
<td>--</td>
<td>1 809</td>
</tr>
<tr>
<td>Comprehensive income</td>
<td>--</td>
<td>--</td>
<td>1 809</td>
<td>--</td>
<td>-31 693</td>
<td>-29 884</td>
</tr>
<tr>
<td><strong>Transactions with shareholders of the Company</strong></td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Contribution to other capital fund</td>
<td>--</td>
<td>207 243</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>207 243</td>
</tr>
<tr>
<td>Dividends paid to shareholders</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>Balance at 30.6.2016</strong></td>
<td>122 227</td>
<td>697 126</td>
<td>-43 068</td>
<td>--</td>
<td>-513 776</td>
<td>262 509</td>
</tr>
</tbody>
</table>

*The notes on pages 22 to 28 are an integral part of the semi-annual consolidated financial statements.*
## SEMI-ANNUAL CONSOLIDATED STATEMENT OF CASH FLOWS

<table>
<thead>
<tr>
<th>(CZK thousands)</th>
<th>For the period to 30. 6. 2016</th>
<th>For the period to 30. 6. 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss before tax</td>
<td>-31,693</td>
<td>-37,889</td>
</tr>
<tr>
<td>Financial expenses</td>
<td>2,226</td>
<td>3,140</td>
</tr>
<tr>
<td>Profit on disposal of non-current assets</td>
<td>--</td>
<td>-8</td>
</tr>
<tr>
<td>Depreciation and amortization of non-current assets</td>
<td>25,192</td>
<td>18,476</td>
</tr>
<tr>
<td>Change in allowance and provisions</td>
<td>-4,467</td>
<td>74</td>
</tr>
<tr>
<td>Interests</td>
<td>17,404</td>
<td>30,097</td>
</tr>
<tr>
<td>Adjustments of other non-financial operations</td>
<td>5,179</td>
<td>-3,147</td>
</tr>
<tr>
<td><strong>Cash from operating activities before changes in working capital</strong></td>
<td><strong>13,841</strong></td>
<td><strong>10,743</strong></td>
</tr>
<tr>
<td>Decrease (increase) in receivables</td>
<td>-1,436</td>
<td>-5,667</td>
</tr>
<tr>
<td>Decrease (increase) in inventories</td>
<td>-185</td>
<td>-1,895</td>
</tr>
<tr>
<td>Decrease (increase) in other assets</td>
<td>-10,443</td>
<td>2,808</td>
</tr>
<tr>
<td>Increase (decrease) in payables</td>
<td>3,903</td>
<td>-8,704</td>
</tr>
<tr>
<td>Increase (decrease) in other payables</td>
<td>-6,554</td>
<td>578</td>
</tr>
<tr>
<td><strong>Working capital changes total</strong></td>
<td><strong>-14,712</strong></td>
<td><strong>-12,880</strong></td>
</tr>
<tr>
<td>Cash from operating activities</td>
<td>-871</td>
<td>-2,137</td>
</tr>
<tr>
<td><strong>Net cash from operating activities</strong></td>
<td><strong>-871</strong></td>
<td><strong>-2,137</strong></td>
</tr>
</tbody>
</table>
### SEMI-ANNUAL CONSOLIDATED STATEMENT OF CASH FLOWS

<table>
<thead>
<tr>
<th>(CZK thousands)</th>
<th>For the period to 30. 6. 2016</th>
<th>For the period to 30. 6. 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH FLOWS FROM INVESTMENT ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments related to acquisition of non-current assets</td>
<td>-3 473</td>
<td>-61</td>
</tr>
<tr>
<td>Incomes from disposal of property, plant and equipment</td>
<td>--</td>
<td>65</td>
</tr>
<tr>
<td>Advances paid for general repair</td>
<td>-6 000</td>
<td>-6 000</td>
</tr>
<tr>
<td>Loans provided to related parties</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Interest received</td>
<td>258</td>
<td>104</td>
</tr>
<tr>
<td><strong>Net cash used in investment activities</strong></td>
<td><strong>-9 215</strong></td>
<td><strong>-5 892</strong></td>
</tr>
</tbody>
</table>

| CASH FLOWS FROM FINANCING ACTIVITIES                  |                               |                               |
| Proceeds from loans and borrowings                   | --                           | 65 000                        |
| Repayments of loans and borrowings                   | -55 106                      | -51 739                       |
| Surcharge outside share capital                      | 207 000                      | --                            |
| Change in operating financing                        | -6 000                       | 10 150                        |
| Interests paid                                       | -13 562                      | -18 703                       |
| **Net cash flows from financing activities**         | **132 332**                  | **4 708**                     |

Net increase in cash and cash equivalents: 122 246  -3 321
Cash and cash equivalents at the beginning of the period: 3 301  8 752

**Cash and cash equivalents at the end of the period**: 125 547  5 430

*The notes on pages 22 to 28 are an integral part of the semi-annual consolidated financial statements.*
NOTES TO SEMI-ANNUAL CONSOLIDATED FINANCIAL STATEMENTS
1 GENERAL INFORMATION

1.1. SEMI-ANNUAL CONSOLIDATED FINANCIAL STATEMENTS FOR 1H 2016 PREPAREAD UNDER IFRS AS ADOPTED BY THE EU

- Name of the Company: LEO Express a.s.
- Registered office: Prague 3 – Žižkov, Řehořova 908/4, postal code 130 00
- Corporate ID: 290 16 002
- Registered on: 8 January 2010
- Registered at: Prague Municipal Court, section B, 15847
- Legal status: joint-stock company
- Registered capital: CZK 122 227 000

Components of the Semi-annual consolidated Financial Statements for 1st half-year 2016
- Semi-annual consolidated Statement of Financial Position
- Semi-annual consolidated Statement of Profit or Loss
- Semi-annual consolidated Statement of Comprehensive Income
- Semi-annual consolidated Statement of Changes in Equity
- Semi-annual consolidated Cash Flow Statement
- Notes to the semi-annual consolidated Financial Statements

The semi-annual consolidated financial statements were prepared on 30 September 2016.

Leoš Novotný
Chairman of the board of directors
1. GENERAL INFORMATION

1.2. INFORMATION ABOUT COMPANY

The group has been principally engaged in providing public transportation through successive as well as independent train and bus connections combined with additional services.

Rail transport is operated by five fully interconnecting low-floor STADLER Flirt units on routes Prague – Ostrava, Prague – Košice and Prague – Staré město u Uherského Hradiště. Rail transport operation on the route Prague – Ostrava was started in November 2012.

In November 2014 the Company started operating passenger bus transportation on the route Bohumin - Krakow. Thenceforth the Company has been continuing in bus expansion; as at 30 June 2016 lines to Mukachevo and Český Krumlov were operated, during the period from the 30 June 2016 to the publication of this report the Company launched new lines to Munich, Linz/Salzburg, Vienna, Lvov, Warsaw, Banská Bystrica and more.

TigerExpress, the company that operates passenger minibus transportation, entered the Group (not included in consolidation) during the year. The acquisition pursues the goal of the Group to offer door-to-door transport services since some of their connections facilitate customized stops. Within the door-to-door concept the Company offers renting of electric scooters and cooperation with bike sharing companies.

1.3. INFORMATION ABOUT FINANCIAL STATEMENTS AND CONSOLIDATED GROUP

The interim financial statements have been prepared in condensed form, do not contain all information required in the annual financial statements and should be read in conjunction with the annual report of the Company for the year 2015. This annual report is available on the web site of LEO Express at www.le.cz, in the About Us section.

The semi-annual consolidated financial statements of the Group have been prepared as at 30 June 2016.

The accounting period of the parent company as well as the subsidiaries included in the Group is the calendar year from 1 January 2016 to 31 December 2016.

On the 16 January 2016 LEO Express a.s. became the sole founder and owner of LEO Express Slovensko s.r.o., the foreign subsidiary with its registered office at Wolkrova 37, Bratislava, Slovakia.

1.4. CHANGES IN COMPANY’S BODIES

In June 2016 Mrs. Hana Továrková was appointed as another member of supervisory board.
2 STATEMENT OF COMPLIANCE, ACCOUNTING POLICIES

2.1. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (hereinafter IFRS) as adopted by the European Union as well as in accordance with the Accounting Act and regulations valid in the Czech Republic as at 30 June 2016.

The term „IFRS“ is also meant to include the International Accounting Standards (IAS) and the interpretation of the International Financial Reporting Interpretations Committee (IFRIC) or the previous Standard Interpretation Committee.

During the interim period ending by 30 June 2016 certain amendments to IFRS standards came into effect. The amendments had no material impact on the reported financial results of the Company.

Since these are interim financial statements, they have been prepared in accordance with IAS 34.

All standards compulsory for the accounting period of 2016 adopted by the European Union were applied.

The Company did not apply any standard prior to their mandatory implementation by the European Union.

The interim consolidated financial statements were not audited by independent auditors.

Since the Company does not have tradable shares, it does not show earnings per share.

2.2. ACCOUNTING POLICIES

The accounting policies used for the presentation of the interim financial results in this interim report do not differ from the accounting policies that have been used for the presentation of financial results in the consolidated and individual financial statements of the Company for the year 2015. For this reason, these accounting policies are not presented in the semi-annual report for 2016.

More information about the accounting policies used in the preparation of this interim report are available in the Annual Report for LEO Express 2015 which can be found on the Company’s website at www.le.cz in the About Us section.
3 ADDITIONAL INFORMATION TO IMPORTANT NOTES

3.1. CHANGES IN EQUITY

SHARE CAPITAL, SHAREHOLDER STRUCTURE, OTHER CAPITAL FUNDS

There were no changes in the share capital amount in the interim period. Martin Burda, the new investor, who entered the Group in April 2016, owns 14% of Company shares by the end of June 2016. As a part of this transaction, there was an increase in other capital funds in total amount of 207 MCZK.

CASH FLOW HEDGING RESERVE

The cash flow hedging reserve is composed of valuation differences arising from the revaluation of derivatives.

The Company received a loan with a floating interest rate PRIBOR 3M + 1,15% in the past. The Company negotiated an interest swap with an annual fixed interest rate of 4,33% where the Group is a payer of a fixed interest rate and a payee of a floating interest rate to decrease the risk of cash flow changes arising from interest payments.

During the reporting period there was a further revaluation of the interest rate swap whereby the Company reported positive revaluation in amount of 1 809 TCZK.

3.2. LOANS

The Company paid the scheduled loan repayment of the loan to Credit Suisse in amount of 50,8 MCZK in June 2016.

Current loans and borrowings include loans and borrowings due within one year from the end of the first half of 2016. These are mainly two installments of the loan by Credit Suisse in total amount exceeding 100 MCZK.

3.3. BONDS

In the reporting period, there were no early repurchases nor the Company did not bought any of its own bonds. As of 30 June 2016 a total of 17 507 485 pieces of bonds were held by creditors.
3 ADDITIONAL INFORMATION TO IMPORTANT NOTES

3.4. TANGIBLE AND INTANGIBLE NON-CURRENT ASSETS/OTHER RECEIVABLES
In accordance with credit agreement with Credit Suisse, the Company creates deposit on substantial repairs on an escrow account regularly, the account balance is more than 38 MCZK as of 30 June 2016. The deposit is recognized among other receivables.

3.5. PROVISIONS AND ALLOWANCES
As of 30 June 2016 the Company created provision for unused vacation days in amount of 0.5 MCZK and provision for legal disputes in amount of 0.5 MCZK. At the same time the provision for loyalty program in amount of 4 MCZK was cancelled since it expired due to the loyalty program change.

3.6. INCOME TAX
As of 30 June 2016 the Company calculated the deferred tax receivable. Given the fact that there is no certainty that this asset will be realized in the future, the Company does not report this deferred tax receivable.

3.7. SUBSEQUENT EVENTS
In September 2016 the Company announced signing of a framework agreement on new trains purchase with a Chinese contractor. The new trains are to be launched in operation during 2018. The acquisition will be financed externally.
4 APPROVAL OF THE CONSOLIDATED SEMI-ANNUAL FINANCIAL STATEMENTS

This semi-annual consolidated financial statements have been approved on 30 September 2016.

Leoš Novotný
Chairman of the board of directors of LEO Express and CEO of LEO Express Group

Peter Köhler
Deputy chairman of the board of directors and CEO of LEO Express for Europe