



**Interim Management Report**  
*on the results of the*  
**Zwack Unicum Plc.**  
*for the first quarter of the 2010-2011 business year*

The Board of Directors of the Zwack Unicum Plc. has approved the Management's report about the results of the Company during the first quarter of the 2010-2011 business year.

Total gross sales of the Company stood at HUF 5 125 million, 23.1% lower than in the corresponding period of the previous business year. The net sales of the Company were HUF 3 035 million, 27.9% lower than those at the same time a year before.

Export earnings amounted to HUF 268 million, 12.1% lower than the export performance of the corresponding period of the previous business year (HUF 305 million). The export earnings dropped because, as from this business year, the Company settles with its distributors the support it grants to certain market in the form of bonuses (which in that form reduce earnings). In previous years those items were posted as marketing costs. Without said change in accounting, the export earnings would be up by 4.4%.

The Company's profit before taxation according to the International Financial Reporting Standards (IFRS) stood at HUF 679 million, which was by 32.8% lower than in the corresponding period of the previous business year (HUF 1,011 million) and lagged behind the forecast for this quarter by 3.1%.

The tax payable is by 63% lower than a year before. The decrease in tax liability is bigger than that in the profit before taxation because during this quarter the Company paid HUF 90 million in sponsorship of cinema and performing arts and that reduced the tax burden. Profit after taxation is lower than in the corresponding period of last year by HUF 165 million (22.1%).

When compiling this Interim Management Report, the Company diverted from its routine due to changes both in the IFRS standards and in the magnitude of certain items. The new elements are as follows:

- In compliance with the new IFRS standards, the advertising materials are posted as a cost at purchase. Earlier they were posted only when they were used.
- As for the business year of 2010-2011, the Zwack Unicum Plc. shows in its books the net sum of gains/losses on exchange rates from business transactions (including gains/losses on derivative transactions) among the other operating expenses. During the previous business year the gains on exchange rates were shown in the line of other operating income, while the losses on exchange rates were shown in the line of other operating expenses.

In this report the figures for both the previous and the current business year are shown in compliance with the new format.

The data are not audited (either those prepared according to the IFRS standards or those according to the Hungarian accounting rules).

Name of the Company	Zwack Unicum Plc.	Telephone	(36)-1-476-2315,
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	Food industry	E-mail	guttengeber@zwackunicum.hu
Period	2010-2011. I. quarter year (01.04.2010-30.06.2010)	Investment relations	György Guttengéber

Gross domestic sales were down by 23.7% (HUF 4,857 million versus HUF 6,364 million). Within domestic sales, the turnover of own-produced goods dropped by 23.1%. The sale of premium products declined by 25.7%, quality products by 12.6% and non-branded products by 35.2%.

Earnings from traded products decreased by 27.3%. Within the portfolio the various categories (Diageo, other imports and wines) were affected roughly in the same manner.

There were two main components of the significant decline in domestic sales. In April-May the spirits consumption made an unprecedented dive. The volume of premium products – which is crucial for the Company – fell by 15%. Off-trade was especially badly hit: -21.6%. Another factor was that in June of last year both in the wholesale and retail channels a large amount of purchases were brought forward to avoid the effects of the hike in excise tax, which occurred on 1 July.

Material costs decreased by 25.2%, and the decrease is smaller than that in the net sales revenue. As a consequence, the gross margin went down slightly (59.0% instead of 60.5%).

The level of the operating expenses indicates that the Company continued its strict cost management. As for each of the major expense categories the Company operates at or below the expenses level of the corresponding period of last year. In addition, during the last business year the revaluation of forward deals pushed up the other operating expenses by HUF 312 million.

Net financial income increased (+HUF 6 million; 11.5%) due to a higher volume of available funds.

The decrease in trade and other receivables by HUF 1,446 million (24.5%) was due to a lower turnover, which in turn was the consequence of the above-mentioned factors.

During the first quarter of the year the Zwack Unicum Plc. spent HUF 177 million on fixed assets. Investments to improve energy efficiency continued. This year a boiler will be replaced at the Kecskemét plant and that project accounted for a quarter of the value of all spending on fixed assets in the first quarter. The remainder of investments was primarily of a supplementary character.

The Company has 258 employees (at the end of the 2009/2010 business year the figure was also 258. In the corresponding period of the previous business year the figure was 276.)

This Interim Management Report has been made according to the relevant accounting regulations and the financial statements made on the basis of our best knowledge, and they are in accordance with both the Hungarian and the international standards. It gives a truthful and reliable account of the assets, liabilities, financial standing and profits of Zwack Unicum Plc. This business report gives a reliable picture about the Company's situation, development and performance and it includes the major risks and factors of uncertainties. As all of our former

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reports were made in compliance with IFRS to make the comparison easier this report has been made in the same way.

**Additional information:**

- There was no change in the ownership structure of the Company.
- During the first quarter of the 2010-2011 business year there was no change in the organization of the Company.
- The Company does not possess shares of its own, just as before.

27 July 2010

*On behalf of the  
Board of Directors of the  
Zwack Unicum Plc.*

*Sándor Zwack  
Chairman*

*Frank Odzuck  
General Manager*

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## Financial Statements

### PK3. Balance Sheet (according to IFRS)

Data in million HUF

	30.06.2009	30.06.2010	Change	%
<b>ASSETS</b>				
<b>Non-current assets</b>				
Tangible assets	4 311	4 097	-213	-4,9%
Intangible assets	137	145	8	5,6%
Returnable packaging materials	54	41	-14	-25,1%
Available-for-sale financial assets	18	18	0	0,0%
Non-current receivables	43	56	13	31,2%
Deferred tax asset	199	140	-59	-29,6%
	<b>4 762</b>	<b>4 497</b>	<b>-265</b>	<b>-5,6%</b>
<b>Current assets</b>				
Inventories	2 352	2 416	64	2,7%
Trade and other receivables	5 896	4 450	-1 446	-24,5%
Liquid assets	3 112	4 810	1 697	54,5%
	<b>11 360</b>	<b>11 675</b>	<b>315</b>	<b>2,8%</b>
<b>TOTAL ASSETS</b>	<b>16 122</b>	<b>16 173</b>	<b>51</b>	<b>0,3%</b>
<b>Shareholders' equity</b>				
Share capital	2 000	2 000	0	0,0%
Share premium	165	165	0	0,0%
Retained earnings	7 276	7 446	169	2,3%
	<b>9 441</b>	<b>9 610</b>	<b>169</b>	<b>1,8%</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Other liabilities	178	199	21	11,6%
Provisions for other liabilities and charges	3	0	-3	-100,0%
<b>Non-current liabilities</b>	<b>181</b>	<b>199</b>	<b>18</b>	<b>10,1%</b>
<b>Current liabilities</b>				
Trade and other liabilities	6 383	6 308	-75	-1,2%
Provisions for other liabilities and charges	118	56	-62	-52,8%
	<b>6 501</b>	<b>6 363</b>	<b>-137</b>	<b>-2,1%</b>
<b>Total liabilities</b>	<b>6 681</b>	<b>6 562</b>	<b>-119</b>	<b>-1,8%</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>16 122</b>	<b>16 173</b>	<b>51</b>	<b>0,3%</b>

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#### PK4. Profit & Loss Statement (according to IFRS)

Data in million HUF

	2009-2010.	2010-2011.	Variance	%
	I. quarter	I. quarter		
Gross Sales	6 669	5 125	-1 543	-23,1%
Excise Tax	2 457	2 090	-367	-14,9%
<b>Sales net of excise tax</b>	<b>4 212</b>	<b>3 035</b>	<b>-1 177</b>	<b>-27,9%</b>
Material costs	1 665	1 245	-420	-25,2%
<b>Gross Margin</b>	<b>2 547</b>	<b>1 790</b>	<b>-757</b>	<b>-29,7%</b>
	60,47%	58,96%		
Employee benefits expense	631	594	-37	-5,9%
Depreciation and amortisation expense	174	192	18	10,1%
Other operating expenses	1 000	556	-444	-44,4%
<b>Total operating expenses</b>	<b>1 806</b>	<b>1 342</b>	<b>-464</b>	<b>-25,7%</b>
Other operating income	217	173	-44	-20,3%
<b>Profit from operations</b>	<b>958</b>	<b>621</b>	<b>-337</b>	<b>-35,2%</b>
Interest income	53	59	6	11,3%
Interest expense and other similar charges	0	0	0	-101,7%
<b>Net financial income</b>	<b>53</b>	<b>59</b>	<b>6</b>	<b>11,5%</b>
<b>Profit before tax</b>	<b>1 011</b>	<b>679</b>	<b>-331</b>	<b>-32,8%</b>
Tax (corporate, solidarity and local industrial)	264	98	-167	-63,0%
<b>Profit after tax</b>	<b>746</b>	<b>581</b>	<b>-165</b>	<b>-22,1%</b>

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## PK5. Cash-flow (according to IFRS)

Data in mill. HUF

Cash-Flow	2010-2011. I. quarter
<b>Operating income</b>	<b>621</b>
Depreciation and amortisation	192
(Gain) / loss on sale of fixed assets	0
Increase\decrease) in trade creditors	440
(Increase)\decrease in inventories	(145)
(Increase)\decrease in trade and other receivables	(347)
Other changes	59
<b>Cash generated from operations</b>	<b>821</b>
Interest paid	0
Tax paid	(277)
<b>Cash inflow from operating activities</b>	<b>544</b>
Capital expenditures	(177)
Interest received	59
Proceeds from sale of fixed assets	0
<b>Cash outflow from investing activities</b>	<b>(119)</b>
Dividends paid	(0)
<b>Cash outflow from financing activities</b>	<b>(0)</b>
<b>Change in cash and cash equivalents</b>	<b>424</b>
Cash and cash equivalents, beginning of the period	4 386
<b>Cash and cash equivalents, end of the period</b>	<b>4 810</b>
Consists of:	
Overdraft	0
Cash in banks and on hand	4 810
<b>Balance end of the period</b>	<b>4 810</b>

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## Additional data - Product groups (according to IFRS)

Data in million HUF

According to IFRS 8 all activities of the Zwack Unicum Plc. belong to the same segment. To make comparison easier with previous reports and to retain additional data, the Company publishes former product range information in the following reports too.

<b>Traded products</b>	<b>2009-2010</b>	<b>2010-2011</b>	<b>Variance</b>	<b>%</b>
	<b>I. quarter</b>	<b>I. quarter</b>		
Gross Sales	929	675	(253)	-27,3%
Excise Tax	207	179	(28)	-13,5%
<b>Sales net of excise tax</b>	<b>721</b>	<b>496</b>	<b>(225)</b>	<b>-31,2%</b>
<b>Profit from operations</b>	<b>31</b>	<b>57</b>	<b>25</b>	<b>80,8%</b>

  

<b>Own produced</b>	<b>2009-2010</b>	<b>2010-2011</b>	<b>Variance</b>	<b>%</b>
	<b>I. quarter</b>	<b>I. quarter</b>		
Gross Sales	5 740	4 450	(1 290)	-22,5%
Excise Tax	2 250	1 911	(339)	-15,0%
<b>Sales net of excise tax</b>	<b>3 490</b>	<b>2 539</b>	<b>(952)</b>	<b>-27,3%</b>
<b>Profit from operations</b>	<b>927</b>	<b>564</b>	<b>(363)</b>	<b>-39,1%</b>

  

<b>Total</b>	<b>2009-2010</b>	<b>2010-2011</b>	<b>Variance</b>	<b>%</b>
	<b>I. quarter</b>	<b>I. quarter</b>		
Gross Sales	6 669	5 125	(1 543)	-23,1%
Excise Tax	2 457	2 090	(367)	-14,9%
<b>Sales net of excise tax</b>	<b>4 212</b>	<b>3 035</b>	<b>(1 177)</b>	<b>-27,9%</b>
<b>Profit from operations</b>	<b>958</b>	<b>621</b>	<b>(337)</b>	<b>-35,2%</b>

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### PK3. Balance Sheet (according to Hungarian Accounting Standards)

Data in thousand HUF

	<b>30.06.2009</b>	<b>30.06.2010</b>	<b>Change</b>	<b>%</b>
<b>Non-current assets</b>	<b>4 830 822</b>	<b>4 638 253</b>	<b>-192 568</b>	<b>-4,0%</b>
Intangible assets	118 185	125 564	7 379	6,2%
Tangible assets	4 625 045	4 423 175	-201 871	-4,4%
Financial investment	87 591	89 514	1 923	2,2%
<b>Current assets</b>	<b>12 139 723</b>	<b>12 191 923</b>	<b>52 200</b>	<b>0,4%</b>
Inventories	2 646 605	2 710 586	63 981	2,4%
Receivables	6 380 751	4 671 576	-1 709 174	-26,8%
Securities	0	0	0	
Liquid assets	3 112 367	4 809 761	1 697 393	54,5%
<b>Prepayments</b>	<b>180 015</b>	<b>144 905</b>	<b>-35 110</b>	<b>-19,5%</b>
<b>TOTAL ASSETS</b>	<b>17 150 560</b>	<b>16 975 081</b>	<b>-175 479</b>	<b>-1,0%</b>
<b>Shareholders' equity</b>	<b>10 461 198</b>	<b>10 515 508</b>	<b>54 309</b>	<b>0,5%</b>
Share capital	2 035 000	2 035 000	0	
Share premium	264 044	264 044	0	0,0%
Retained earnings	7 171 126	7 605 411	434 285	6,1%
Profit for balance sheet	991 027	611 052	-379 976	
<b>Provisions</b>	<b>120 341</b>	<b>55 562</b>	<b>-64 779</b>	<b>-53,8%</b>
<b>Liabilities</b>	<b>6 313 049</b>	<b>6 169 943</b>	<b>-143 105</b>	<b>-2,3%</b>
Subordinated liabilities	0	0	0	
Long term liabilities	0	0	0	
Short term liabilities	6 313 049	6 169 943	-143 105	-2,3%
<b>Accrued expenses and deferred income</b>	<b>255 971</b>	<b>234 068</b>	<b>-21 904</b>	<b>-8,6%</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>17 150 560</b>	<b>16 975 081</b>	<b>-175 479</b>	<b>-1,0%</b>



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## PK4 Profit & Loss Statement (according to Hungarian Accounting Standards)

Data in thousand HUF

	2009-2010. I. quarter	2010-2011. I. quarter	Variance	%
<b>Net sales revenues</b>	<b>7 663 872</b>	<b>6 028 440</b>	<b>-1 635 432</b>	<b>-21,3%</b>
Capitalised value of own performance	-14 804	-4 740	10 064	-68,0%
Other revenues	244 991	56 720	-188 271	-76,8%
Material type expenditures	2 786 791	2 231 194	-555 597	-19,9%
Payments to personnel	792 444	637 313	-155 131	-19,6%
Depreciation charge	168 191	186 532	18 341	10,9%
Other expenditures	2 922 271	2 373 677	-548 594	-18,8%
<b>TRADING PROFIT</b>	<b>1 224 362</b>	<b>651 705</b>	<b>-572 658</b>	<b>-46,8%</b>
Revenues from financial transactions	98 816	98 616	-200	-0,2%
Expenditures of financial transactions	128 266	6 013	-122 254	-95,3%
<b>FINANCIAL PROFIT</b>	<b>-29 450</b>	<b>92 603</b>	<b>122 053</b>	<b>-414,4%</b>
<b>PROFIT ON ORDINARY BUSINESS</b>	<b>1 194 912</b>	<b>744 308</b>	<b>-450 604</b>	<b>-37,7%</b>
<b>PROFIT / (LOSS) ON EXTRAORDINARY ITEMS</b>	<b>-2 903</b>	<b>-97 868</b>	<b>-94 965</b>	<b>3270,8%</b>
<b>PROFIT BEFORE TAXATION</b>	<b>1 192 009</b>	<b>646 440</b>	<b>-545 569</b>	<b>-45,8%</b>
Tax liability	200 981	35 388	-165 593	-82,4%
<b>PROFIT AFTER TAX</b>	<b>991 027</b>	<b>611 052</b>	<b>-379 976</b>	<b>-38,3%</b>