



Management Report
on the results of the
Zwack Unicum Plc.
for the 2011–2012 business year

The Board of the Directors of the Zwack Unicum Plc. has approved the Management's report about the results of the Company during the 2011–2012 business year.

The data are audited (those prepared according to the IFRS standards and those according to the Hungarian accounting rules).

The present report differs from the one covering the 2010/2011 business year in posting sponsorship for performing arts. Presently that sponsorship increases the other operating expenses but decreases the tax liability. At the end of the former business year sponsorship was not posted among the expenses; it was posted on the tax liability line. In the present report the data referring to the current year and the previous one are shown in the new structure.

Total gross sales of the Company stood at HUF 20,452 million, a year-on-year increase of 0.5%. Net sales were HUF 12,354 million, a year-on-year increase of 1.2%.

Net domestic sales were up by 1.3% (a year-on-year increase from HUF 10,946 million to HUF 11,090 million). Within domestic sales, the turnover of own-produced goods increased by 1.8%. Domestic sales of premium products increased by 8.6% and those of quality products decreased by 5.7%. Sales of non-branded products decreased by 27.5%. In net earnings from traded products there was a year-on-year decrease of 1.5%. Within that portfolio the sale of products of Diageo stagnated (+0.4%). Revenues from other imported products decreased by 1.9% and from the wine division decreased by 7.7%.

Domestic spirit consumption showed a year-on-year decrease of 4.8%. The volume of premium products consumption decreased in line with the market average (4.7%) and that of the non-branded products by 8.1%. Only the volume of quality products increased (+3.4%). There was less decrease in the off-trade (3.4%) but the decrease accelerated in the second half year. In the on-trade there was a year-on-year decrease of 7.2%. The relatively favourable tendencies of the first half year (decrease in volume slowed down and the quality segment increased) reversed and in the second half consumption decreased more in the domestic spirit market.

The Company's own figures mirror the same tendencies: in the first half of the business year net sales increased by 8.1% but in the second half net sales decreased by 4.8%. Within domestic sales the own-produced premium products—whose net sales increased in every quarter—continued doing better than the other segments.

Zwack Unicum Plc.

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Name of the Company	Zwack Unicum Plc.	Telephone	(36)-1-476-2315,
Address:	1095 Bp. Soroksári út 26	Fax	(36)-1-455-7845
	Food industry	E-mail	guttengeber@zwackunicum.hu
Period	2011-2012. business year (01.04.2011-31.03.2012)	Investment relations	György Guttengéber

Export earnings amounted to HUF 1,264 million—which coincided with that a year before (previous: HUF 1,263 million, +0.1%).

Gross margin decreased by 0.26 percentage points. The favourable changes in the product mix were counteracted by increase in the costs of raw materials (a considerable rise in the prices of raw materials of agricultural origin—pure alcohol and sugar—and rising costs of imports due to the weakening of the local currency: the forint) and by increase in the use of marketing materials.

Within operating expenses, payroll expenditure had a year-on-year decrease of 2.4% (-HUF 57 million). There was a 5% wage increase among employees with a monthly pay below HUF 300,000 but there was no pay increase for those earning more. An average of 2% year-on-year decrease in headcount during this business year compensated for the increase in expenditure caused by the pay hike.

Depreciation expenditure (-HUF 106 million, -13.7%) decreased primarily because investment in fixed assets was less intensive. Depreciation also reduced the revision of the realistic lifetime of the fixed assets- e.g. from this year on the value of the steel tanks used in production are written off in ten years instead of seven. The yearly effect of this revision is HUF 38 million.

Other operating expenses remained at last year's level (+HUF 5 million; +0.2%). Overall, the Management kept operating expenses under strict control in a similar way to earlier practice and by adjusting to market requirements. Although inflation stood at 5%, we managed to reduce fixed costs by HUF 158 million (2.7%).

Other operating income decreased by HUF 57 million, of which HUF 48 million derived from unrealized exchange rate gain. (Previous: HUF 52 million; current: HUF 4 million.)

Overall, the increased gross margin that derived from the higher sales of premium products and the above-described changes in costs caused an increase of HUF 150 million (8.6%) in the profit from operations.

Net financial income increased by HUF 80 million (40.2%). That was due to a higher amount of available funds and higher interest rates.

The Company's profit after taxation according to the International Financial Reporting Standards (IFRS) stood at HUF 1,696 million, a year-on-year increase of 9.1% (previous: HUF 1,555 million).

The value of inventories increased by HUF 271 million (13.9%). The value of each category of inventory rose because the weakening of the forint has made imports more expensive. The increase in the value of inventories was due, in addition to the above-mentioned increase in the prices of raw materials, to the fact that, within the portfolio of own-produced goods, there

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was a considerable increase in the proportion of goods for which the Company uses wine distillates and pálinka that are purchased from other companies.

The value of trade and other receivables increased by HUF 603 million (+17.9%). In this line of the balance we post bank deposits tied up for more than three months, whose value at the end of the current business year was HUF 1,478 million. The stock of liquid assets has consequently decreased. Without this reclassification the stock of liquid assets would be HUF 5,664 million and it would show a year-on-year increase of nearly HUF 1.1 billion (24%).

During the business year the Zwack Unicum Plc. spent HUF 369 million on fixed assets. Investments connected to production and marketing, both of them related to the introduction of new products, accounted for one-fifth of the investments. The remainder of investments was primarily of a supplementary character.

The Company has 247 employees (at the end of the 2010/2011 business year the figures was 248.)

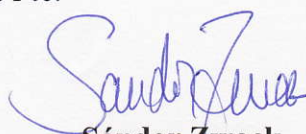
This Management Report for the business year has been made according to the relevant accounting regulations and the financial statements made on the basis of our best knowledge, and they are in accordance with both the Hungarian and the international standards. It gives a truthful and reliable account 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. To make this report comparable with earlier ones, it carries figures in compliance with the International Financial Reporting Standards.

Additional information:

- There was no change in the ownership structure of the Company.
- During the 2011–2012 business year there was no change in the organization of the Company.
- The Company does not possess shares of its own, just as before.

24 May 2012

*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)

	31.03.2011	31.03.2012	Variance	%
Data in million HUF				
ASSETS				
Non-current assets				
Property, plant and equipment	3 671	3 345	-326	-8,9%
Intangible assets	125	123	-2	-1,6%
Returnable packaging materials	44	25	-19	-43,2%
Available-for-sale financial assets	18	18	0	0,0%
Employee loans	39	39	0	0,0%
Deferred tax asset	118	140	22	19,0%
	4 015	3 690	-325	-8,1%
Current assets				
Inventories	1 948	2 219	271	13,9%
Trade and other receivables	3 377	3 980	603	17,9%
Cash and cash equivalents	4 567	4 186	-381	-8,3%
	9 892	10 385	493	5,0%
TOTAL ASSETS	13 907	14 075	168	1,2%
Shareholders' equity				
Share capital	2 000	2 000	0	0,0%
Share premium	165	165	0	0,0%
Retained earnings	8 453	8 449	-4	0,0%
	10 618	10 614	-4	0,0%
Liabilities				
Non-current liabilities				
Other financial liabilities	316	320	4	1,3%
	316	320	4	1,3%
Current liabilities				
Trade and other liabilities	2 925	3 087	162	5,5%
Provisions for other liabilities and charges	48	54	6	12,5%
	2 973	3 141	168	5,7%
Total liabilities	3 289	3 461	172	5,2%
TOTAL EQUITY & LIABILITIES	13 907	14 075	168	1,2%

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PK4. Profit & Loss Statement (according to IFRS)

Data in million HUF

	2010-2011. I-IV. quarters	2011-2012. I-IV. quarters	Variance	%
Gross Sales	20 351	20 452	101	0,5%
Excise Tax	8 142	8 098	-44	-0,5%
Sales net of excise tax	12 209	12 354	145	1,2%
Material cost of goods sold	5 424	5 521	97	1,8%
Gross Margin	6 785 55,57%	6 833 55,31%	48	0,7%
Employee benefits expense	2 419	2 362	-57	-2,4%
Depreciation and amortization	772	666	-106	-13,7%
Other operating expenses	2 733	2 738	5	0,2%
Total operating expenses	5 924	5 766	-158	-2,7%
Other operating income	878	822	-56	-6,4%
Profit from operations	1 739	1 889	150	8,6%
Interest income	208	288	80	38,5%
Interest expense and other similar charges	9	9	0	0,0%
Net financial income	199	279	80	40,2%
Profit before tax	1 938	2 168	230	11,9%
Tax (corporate, deferred and local industrial)	383	472	89	23,2%
Profit after tax	1 555	1 696	141	9,1%

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PK5. Cash-flow (according to IFRS)

Cash-Flow	Data in million HUF 2011-2012. I-IV. quarters
Operating income	1 889
Depreciation and amortisation	666
(Gain)/loss on disposal of fixed assets	-9
Increase\decrease in trade creditors	155
(Increase)\decrease in inventories	-252
(Increase)\decrease in trade and other receivables	796
(Gain)/loss on unrealized foreign exchange rate difference	32
Other changes	7
Cash generated from operations	3 284
Interest paid	(9)
Tax paid	(419)
Cash inflow from operating activities	2 856
Capital expenditures	(369)
Sales \ (purchase) of investments	0
Dividends received	0
Interest received	293
Proceeds from sale of fixed assets	44
(Payments for) other financial assets	(1 478)
Cash outflow from investing activities	(1 510)
Dividends paid	(1 700)
Cash outflow from financing activities	(1 700)
Change in cash and cash equivalents	(354)
Cash and cash equivalents, beginning of the period (01.04.2011)	4 567
Exchange gains/(losses) on cash and bank	(27)
Cash and cash equivalents, end of the period	4 186
Consists of:	
Overdraft	4 186
Cash in banks and on hand	0
Balance end of the period	4 186

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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.

Traded products	2010-2011 I-IV. quarters	2011-2012 I-IV. quarters	Variance	%
Gross Sales	2 882	2 898	16	0,6%
Excise Tax	719	766	48	6,7%
Sales net of excise tax	2 163	2 131	(32)	-1,5%
Profit from operations	81	65	(16)	-20,4%

Own produced	2010-2011 I-IV. quarters	2011-2012 I-IV. quarters	Variance	%
Gross Sales	17 469	17 554	84	0,5%
Excise Tax	7 423	7 331	(92)	-1,2%
Sales net of excise tax	10 046	10 223	177	1,8%
Profit from operations	1 658	1 825	167	10,0%

Total	2010-2011 I-IV. quarters	2011-2012 I-IV. quarters	Variance	%
Gross Sales	20 351	20 452	101	0,5%
Excise Tax	8 142	8 098	(44)	-0,5%
Sales net of excise tax	12 209	12 354	145	1,2%
Profit from operations	1 739	1 889	150	8,6%

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PK3. Balance Sheet (according to Hungarian Accounting Standards)

	31.03.2011	31.03.2012	Data in million HUF	
			Variance	%
Non-current assets	4 217	3 939	-278	-6,6%
Intangible assets	122	120	-2	-1,6%
Tangible assets	4 022	3 747	-275	-6,8%
Financial investment	73	72	-1	-1,3%
Current assets	10 366	10 719	353	3,4%
Inventories	2 313	2 626	313	13,5%
Receivables	3 486	2 429	-1 057	-30,3%
Securities	0	0	0	
Liquid assets	4 567	5 664	1 097	24,0%
Prepaid expenses and accrued income	132	184	52	39,7%
TOTAL ASSETS	14 715	14 842	127	0,9%
Shareholders' equity	9 885	11 748	1 863	18,8%
Share capital	2 035	2 035	0	0,0%
Capital reserve	264	264	0	0,0%
Retained earnings	7 586	7 586	0	0,0%
Profit per balance sheet	0	1 863	1 863	
Provisions	48	62	14	28,7%
Liabilities	4 553	1 951	-2 602	-57,2%
Subordinated liabilities	0	0	0	
Long term liabilities	0	0	0	
Short term liabilities	4 553	1 951	-2 602	-57,2%
Accrued expenses and prepaid income	229	1 081	852	373,0%
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	14 715	14 842	127	0,9%

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

	Data in thousand HUF			
	2010-2011. I-IV. quarters	2011-2012. I-IV. quarters	Variance	%
Net sales revenues	23 858	24 001	143	0,6%
Capitalised value of own performance	20	218	198	1009,5%
Other income	151	314	163	107,8%
Material type expenditures	9 459	10 043	584	6,2%
Payments to personnel	2 497	2 485	-13	-0,5%
Depreciation charge	735	598	-137	-18,7%
Other expenditures	9 561	9 476	-85	-0,9%
TRADING PROFIT	1 776	1 931	155	8,7%
Revenues from financial transactions	318	466	147	46,3%
Expenditures of financial transactions	56	173	118	211,2%
FINANCIAL PROFIT	263	292	30	11,3%
PROFIT ON ORDINARY BUSINESS	2 039	2 224	185	9,1%
PROFIT / (LOSS) ON EXTRAORDINARY ITEMS	-213	-108	106	-49,6%
PROFIT BEFORE TAXATION	1 825	2 116	291	15,9%
Tax liability	115	253	138	120,7%
PROFIT AFTER TAX	1 711	1 863	152	8,9%
Dividends paid out of accumulated profit reserve	19			
Dividends paid	1 730			
NET PROFIT PER BALANCE SHEET	0	1 863	1 863	