



Management Report
on the results of the
Zwack Unicum Plc.
during the 2012–2013 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 2012–2013 business year.

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

The present report differs from the one closing the 2011–2012 business year in the following items:

- Accounting of software standard support fees. The Company regularly pays these fees to its suppliers which enables the Company to download and install patch upgrades. From now the Company recognises software support fees as other operating expenses. In the previous years the Company capitalised these fees as intangible assets and recognised a regular depreciation through the useful lifetime of 3 years.
- Accounting of the share in Morello LLC. In 2013 Zwack Unicum Plc. recognises its stake of 35.43% in Morello (which it has had for a long time) in the line "Investments in associates". The value of the capital interest is assessed with the equity method. In earlier reports the Company recognised the investment at cost in Available-for-sale financial assets.

In this report both the figures of the year in review and those of the previous year are shown in this new structure. On the whole the changes do not modify the profit after taxation of the previous year.

Total gross sales of the Company stood at HUF 19,593 million, a year-on-year decrease of 4.2%. Net sales were HUF 12,078 million, a year-on-year decrease of 2.2% (HUF 12,354 million).

Net domestic sales were down by 2.6% (a year-on-year decrease from HUF 11,090 million to HUF 10,799 million). Within domestic sales, the turnover of own-produced goods decreased by 3.6%. Domestic sales of premium products increased by 1.3%, while the net sale of quality products decreased by 7.2% and that of non-branded products decreased by 51.8%.

The net earnings from traded products increased by 1.5%. Within that portfolio the net sale of products of Diageo stagnated (-0.7%), and that of other imported products increased by 2.5%. The revenues of the wine division increased by 9.2%.

Market research for the 2012–2013 business year indicates that the volume of the consumption of spirits decreased by 9.6% in the Hungarian market. The negative market tendencies have accelerated again as this year's decrease is exactly twice as big as last year's (-4.8%) and it is similar to that in the early years of the crisis (in 2009 and 2010 it was -10%).

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Period	2012-2013. business year (01.04.2012-31.03.2013)	Investment relations	György Guttengéber

Over the past four years the Hungarian domestic spirit market – which is of prime importance for the Company – has decreased continuously and considerably. The present full market-volume is by 30% lower than four years ago. The volume of premium products sold decreased by 25% and of non-branded products by 41%. Only the volume of quality products sold has been relatively stable with decrease at only 5% as compared to the figures four years ago.

Export earnings amounted to HUF 1,279 million, 1.1% higher than a year before (HUF 1,264 million).

The gross margin level decreased as planned by 1.6 percentage points. That was mainly due to a considerable increase in the costs of materials (which in turn was due to the weakening of the forint and the major increase since last spring in the costs of raw materials of agricultural origin).

The shelf prices of spirits increased mainly because of the increase in taxes (VAT and excise tax). As the market of spirits shrank anyway, there was little opportunity to compensate the increased cost of goods by raising the selling prices.

As a consequence of slightly decreasing sales and increase in the costs of materials, the gross margin of the Company decreased by HUF 346 million (-5.1%).

An even more stringent management of operating expenses was introduced, the company thus realized a year-on-year saving of HUF 365 million (6.3%).

The other operating incomes decreased by HUF 326 million (39.7%). In our Interim Management Report for the first three quarters of the business year we indicated an ongoing transition to a new method of reimbursement calculation with a major brand owner of our distributed portfolio. That transition has by now taken place. Indeed, the other operating incomes decreased mostly due to that transition. On the favourable side, that transition decreased material cost of goods sold – whose increase would have been considerable higher.

The net financial income decreased by 29.5% (HUF 82 million). As from beginning of 2012 the Zwack Unicum Plc. – because of the conservative approach of the company – has been keeping a higher part of its funds in foreign exchange, where a considerably lower deposit interest rate can be realized. That kept the interest income lower than before. Furthermore, in the second half of the business year the Company's available funds were on average lower than a year before by nearly HUF 1 billion due to a temporary increase in demand for working capital (related mainly to the inventories and the accounts receivable) – and that was another factor in the decrease of the net financial income.

The Company's profit after taxation according to the International Financial Reporting Standards (IFRS) stood at HUF 1,444 million, a year-on-year decrease of 14.8% (previous: HUF 1.696 million) but by 11% higher than planned (target: HUF 1,301 million).

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Accounts receivable and other receivables decreased by 44.7% (HUF 1,778 million). At the end of the previous business year the Company had bank deposits tied up for periods longer than three months in the value of HUF 1,478 million, and that had to be posted in this line of the balance sheet. On the day when the Company closes the current business year the Zwack Unicum Plc. does not have such bank deposits and that mostly explains the decrease in that line of the balance sheet.

During the business year the Zwack Unicum Plc. spent HUF 376 million on fixed assets. The investments were of a supplementary character and complied with the plan.

The Company has 237 employees (at the end of the 2011/2012 business year the figure was 247.) In spring 2012 – due to the sharp decrease in the volume of non-branded products sold and the steadily uncertain market predictions – the Company was forced to reduce the size of staff directly engaged in manufacturing.


This Interim 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.

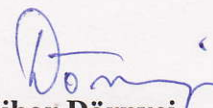
Additional information:

- There was no change in the ownership structure of the Company.
- During the 2012–2013 business year there was no change in the organization of the Company.
- The Company does not possess shares of its own, just as before.

23 May 2013

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


Frank Odzuck
General Manager


Tibor Dörnyei
Deputy General Manager

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Financial Statements

PK3. Balance Sheet (according to IFRS)

Data in million HUF

	31.03.2012	31.03.2013	Variance	%
ASSETS				
Non-current assets				
Property, plant and equipment	3 345	3 146	-200	-6,0%
Intangible assets	75	64	-11	-14,9%
Returnable packaging materials	25	24	-1	-4,0%
Investments in associates	65	65	0	0,0%
Available-for-sale financial assets	2	2	0	0,0%
Non-current receivables	39	34	-5	-11,7%
Deferred tax asset	140	120	-19	-13,8%
	3 691	3 455	-236	-6,4%
Current assets				
Inventories	2 219	2 201	-18	-0,8%
Trade and other receivables	3 980	2 203	-1 778	-44,7%
Cash and cash equivalents	4 186	4 615	430	10,3%
	10 385	9 019	-1 366	-13,2%
TOTAL ASSETS	14 076	12 474	-1 602	-11,4%
Shareholders' equity				
Share capital	2 000	2 000	0	0,0%
Share premium	165	165	0	0,0%
Retained earnings	8 450	8 094	-356	-4,2%
	10 615	10 259	-356	-3,4%
Liabilities				
Non-current liabilities				
Other financial liabilities	320	332	12	3,9%
	320	332	12	3,9%
Current liabilities				
Trade and other liabilities	3 087	1 843	-1 243	-40,3%
Provisions for other liabilities and charges	54	40	-15	-27,0%
	3 141	1 883	-1 258	-40,0%
Total liabilities	3 461	2 215	-1 246	-36,0%
TOTAL EQUITY & LIABILITIES	14 076	12 474	-1 602	-11,4%

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PK4. Profit & Loss Statement (according to IFRS)

Data in million HUF

	2011-2012. business year	2012-2013. business year	Variance	%
Gross Sales	20 452	19 593	-859	-4,2%
Excise Tax	8 098	7 515	-583	-7,2%
Sales net of excise tax	12 354	12 078	-276	-2,2%
Material cost of goods sold	5 521	5 591	70	1,3%
Gross Margin	6 833	6 487	-346	-5,1%
	55,31%	53,71%		-1,60%
Employee benefits expense	2 362	2 441	79	3,3%
Depreciation and amortization	631	540	-91	-14,4%
Other operating expenses	2 796	2 444	-353	-12,6%
Total operating expenses	5 789	5 424	-365	-6,3%
Other operating income	822	496	-326	-39,7%
Profit from operations	1 866	1 558	-307	-16,5%
Interest income	288	202	-86	-29,9%
Interest expense and other similar charges	9	5	-4	-43,5%
Net financial income	279	197	-82	-29,5%
Share of profit of associates	23	22	-2	-6,7%
Profit before tax	2 168	1 777	-391	-18,0%
Tax (corporate, deferred and local industrial)	472	333	-140	-29,6%
Profit after tax	1 696	1 444	-252	-14,8%

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PK5. Cash-flow (according to IFRS)

Cash-Flow	Data in million HUF
	2012-2013.business year
Profit before tax	1 777
Net financial income	(197)
Share of profit of associates	(22)
Depreciation and amortisation	540
(Gain)/loss on disposal of fixed assets	(16)
Increase\decrease) in trade creditors	(1 236)
(Increase)\decrease in inventories	19
(Increase)\decrease in trade and other receivables	336
(Gain)/loss on unrealized foreign exchange rate difference	(40)
Impairment of investments in associates	22
Other changes	(14)
Cash generated from operations	1 169
Interest paid	(5)
Tax paid	(350)
Cash inflow from operating activities	814
Capital expenditures	(376)
Interest received	214
Proceeds from sale of fixed assets	56
Proceeds from sale of (Payments for) other financial assets	1 478
Cash outflow from investing activities	1 372
Dividends paid	(1 800)
Cash outflow from financing activities	(1 800)
Change in cash and cash equivalents	386
Cash and cash equivalents, beginning of the period (01.04.2012)	4 186
Exchange gains/(losses) on cash and bank	43
Cash and cash equivalents, end of the period	4 615
Consists of:	
Overdraft	0
Cash in banks and on hand	4 615
Balance end of the period	4 615

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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	2011-2012. business year	2012-2013. business year	Variance	%
Gross Sales	2 901	2 927	26	0,9%
Excise Tax	766	761	(5)	-0,6%
Sales net of excise tax	2 134	2 165	31	1,5%
Profit from operations	81	73	(7)	-8,9%

Own produced	2011-2012. business year	2012-2013. business year	Variance	%
Gross Sales	17 551	16 666	(885)	-5,0%
Excise Tax	7 331	6 753	(578)	-7,9%
Sales net of excise tax	10 220	9 913	(307)	-3,0%
Profit from operations	1 785	1 485	(300)	-16,8%

Total	2011-2012. business year	2012-2013. business year	Variance	%
Gross Sales	20 452	19 593	(859)	-4,2%
Excise Tax	8 098	7 515	(583)	-7,2%
Sales net of excise tax	12 354	12 078	(276)	-2,2%
Profit from operations	1 866	1 558	(307)	-16,5%

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PK3. Balance Sheet (according to Hungarian Accounting Standards)

Data in million HUF

	31.03.2012	31.03.2013	Variance	%
Non-current assets	3 939	3 730	-209	-5,3%
Intangible assets	120	60	-61	-50,3%
Tangible assets	3 747	3 605	-142	-3,8%
Financial investment	72	65	-7	-9,9%
Current assets	10 719	9 270	-1 448	-13,5%
Inventories	2 626	2 568	-58	-2,2%
Receivables	2 429	2 087	-342	-14,1%
Securities	0	0	0	
Liquid assets	5 664	4 615	-1 048	-18,5%
Prepaid expenses and accrued income	184	127	-57	-30,9%
TOTAL ASSETS	14 842	13 128	-1 715	-11,6%
Shareholders' equity	9 917	11 115	1 198	12,1%
Share capital	2 035	2 035	0	
Capital reserve	264	264	0	
Retained earnings	7 586	7 618	31	0,4%
Profit per balance sheet	31	1 198	1 167	3713,0%
Provisions	62	213	151	243,5%
Liabilities	3 782	1 053	-2 729	-72,1%
Subordinated liabilities	0	0	0	
Long term liabilities	0	0	0	
Short term liabilities	3 782	1 053	-2 729	-72,1%
Accrued expenses and prepaid income	1 081	746	-335	-31,0%
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	14 842	13 128	-1 715	-11,6%

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

Data in million HUF

	2011-2012. business year	2012-2013. business year	Variance	%
Net sales revenues	24 001	22 263	-1 738	-7,2%
Capitalised value of own performance	218	255	37	17,1%
Other income	314	204	-109	-34,9%
Material type expenditures	10 043	9 367	-677	-6,7%
Payments to personnel	2 485	2 540	55	2,2%
Depreciation charge	598	416	-182	-30,5%
Other expenditures	9 476	9 166	-310	-3,3%
TRADING PROFIT	1 931	1 235	-696	-36,1%
Revenues from financial transactions	466	325	-141	-30,3%
Expenditures of financial transactions	173	145	-29	-16,5%
FINANCIAL PROFIT	292	180	-113	-38,5%
PROFIT ON ORDINARY BUSINESS	2 224	1 415	-809	-36,4%
PROFIT / (LOSS) ON EXTRAORDINARY ITEMS	-108	-122	-14	12,9%
PROFIT BEFORE TAXATION	2 116	1 293	-823	-38,9%
Tax liability	253	95	-158	-62,6%
PROFIT AFTER TAX	1 863	1 198	-664	-35,7%
Dividends paid out of accumulated profit reserve	0	0		
Dividends paid	1 832	0	-1 832	-100,0%
NET PROFIT PER BALANCE SHEET	31	1 198	1 167	3713,0%