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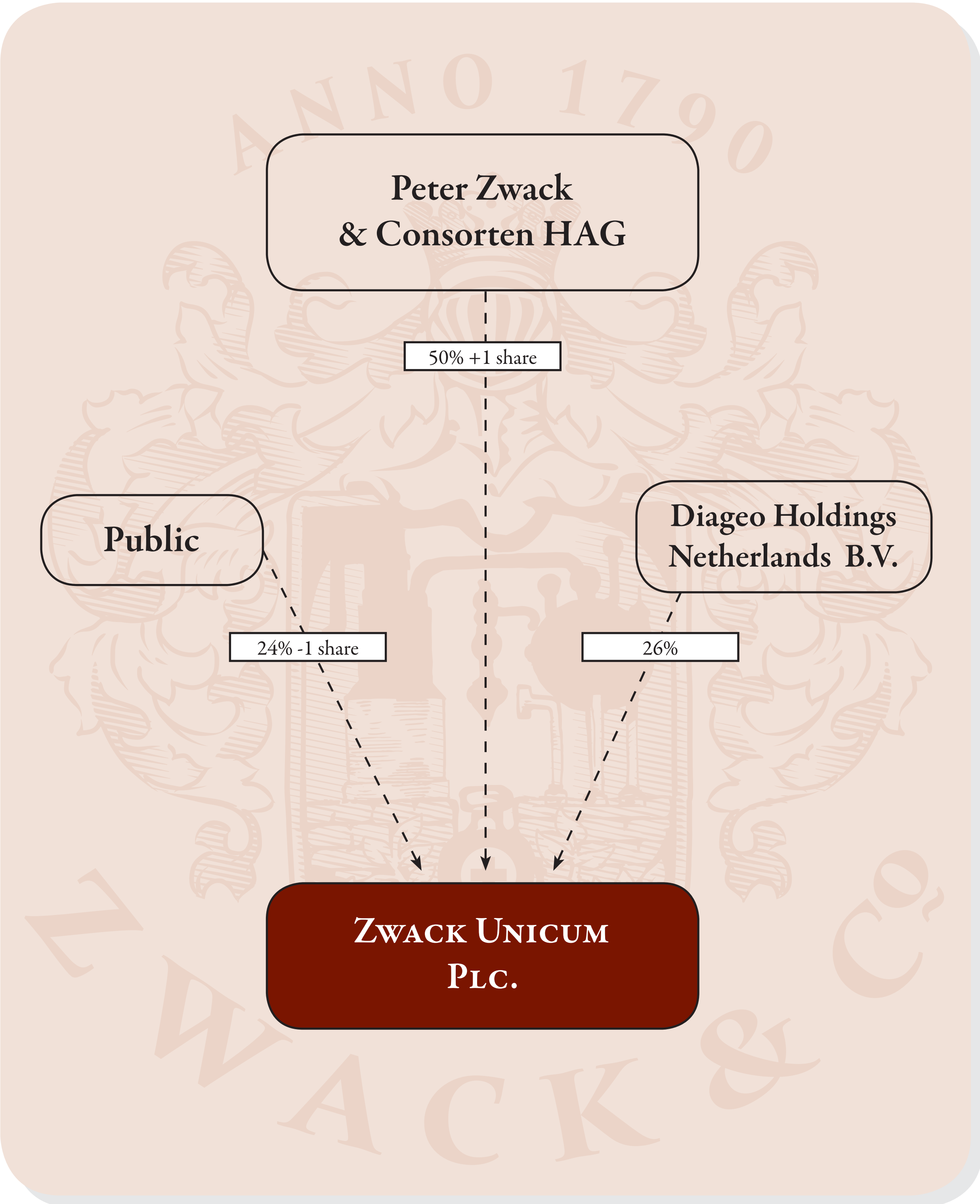
DISTRIBUTION OF VOTING SHARES OF ZWACK UNICUM Plc.



Dear Shareholders,

I am glad to inform you that we closed a profitable year!

This achievement is all the more noteworthy as we could make it in an environment of further decreasing sales in the spirit market and as we could not increase our sales volume in any of the price segments.

The fact that Zwack Unicum Plc managed to close another positive year is basically due to two factors. On the one hand to our cost reduction measures taken in various domains of the company, on the other hand to the good performance of our export, thanks to high sales results of Unicum and the introduction of Unicum Plum.

Despite the fact that the premium market was suffering last year and consumers' price sensibility continued to highten, we were focusing on our premium brands, continuing to build these and strengthen them on the market. The result of our persistent and deliberate efforts is that the market share of Unicum, our flagship product, could even be increased.

We paid significant attention to our social responsibility. Our mission is to support aid to children initiatives and those who give a good example to society, so we gave donations to the Children's Clinic of Tűzoltó Street and to the Each Child Should Have Enough to Eat Foundation. We were active in the fields of sport and culture, and contributed to the success of many projects.

As a market leader spirit producer and trading company we gave special attention to promoting moderate alcohol consumption.

We are proud to have a permanent in-house collection in the Zwack Museum representing an outstanding value from a cultural point of view, where each of the exhibits is telling about a chapter of my family's life, six generations and the shared traditions of past and presence. Therefore maintenance and support of our museum have an outstanding role for the company. I recommend it to you, you will have a special experience by visiting it.

This is my summary of our last year and after all these positive results I proudly declare that Zwack Unicum Plc continues to be a market leader, a successful and stable company.

Sándor Zwack
Chairman of the Board of Directors

The report in your hand reflects another challenging year in the long and proud history of our company Zwack Unicum Plc. In an attitude of custodians we are presenting to you the results of the last financial year. We do this, as we are aware that one will win the future all the more, when building on the strong roots one has. This year I want to refer to the roots formed by the values trust, governance, appreciation and last but not least nature.

As a Board we recognize the importance of trust: Trust of our consumers enjoying the broad values of our brands; trust of our clients in suitable and yet innovative offers, in our fairness and in the long lasting, future oriented business relationship; trust also in the management and in all the team that is day by day working with all their properties to enable this company to further flourish.

Another root besides a culture of trust is about governance. Being at the same time a public company and a family business gives the opportunity to incorporate elements from different cultures for the good of our business. Be assured, that both Boards are constantly thriving to apply the ´best of two worlds`.

Regarding our culture of appreciation I want to draw your attention to our consumers, employees and last but not least to you distinguished shareholders. Every day our consumers in retail and gastronomy decide to appreciate our brands. It is – and has to be – in the mind and heart of everybody in Zwack Unicum, that this is the fundament our company is built on. Everybody is working to fulfill with strongest commitment the promise our brands are making to the consumer. In this spirit - thank you to our consumers. The Supervisory Board likes to furthermore say thank you to all members of the team and management who are working day by day in the above mentioned exemplary way. Thank you for doing so in the past and let´s go together further! Finally, my thank you goes to you dear shareholdersof our company for the trust extended to us. All efforts of the work of Supervisory Board is targeted to fulfill this trust.

Dr. Hubertine Underberg-Ruder
Chair of the Supervisory Board

DECLARATIONS

We, the undersigned Zwack Unicum Liqueur Industry and Trading Public Limited Company, hereby declare that the facts and statements contained in the Annual Report covering the Company's business year of 2013-2014 (1 April 2013 – 31 March 2014) are true in all respects, and that the Annual Report does not hide any fact that is of importance in assessing the situation of the Company.

Financial reports (Balance Sheet, Profit & Loss, Notes to the Financial Statements) presented in the Annual Report were prepared according to the applicable accountancy regulations and our best knowledge. Financial reports give real and authentic picture of the assets, liabilities, financial situation and profit of the issuing company.

The Management Report, which is part of the Annual Report, gives authentic picture of the situation, development and achievement of the issuing company, reciting the major risks and factors of uncertainty.

The Company has fulfilled the periodic and extraordinary duties of disclosure, as required by the Capital Market law.

The Company's audit has been provided by PricewaterhouseCoopers LLC. The Auditor of the Company did not receive other assignment than the audit (according to the Hungarian Accounting Standards and International Financial Reporting Standards) of the annual report of the Company.

Budapest, 20 May 2014

Sándor Zwack
Chairman of the Board of Directors

Frank Odzuck
Chief Executive Officer

FINANCIAL CALENDAR

EVENT	DATE
Payment of dividend	**As from 24 July 2014**
Publication of the interim report about the first quarter of 2014/2015*	**8 August 2014**
Publication of the interim report about the first half year of 2014/2015*	**7 November 2014**
Publication of the interim report about the first three quarter of 2014/2015*	**13 February 2015**
Annual General Meeting	**25 June 2015**

* not final dates

BALANCE SHEET – ASSETS

Number		Names of items	Previous year (t HUF)	Reported year (t HUF)
a		b	c	d
01.	**A**	**FIXED ASSETS**	**3 729 747**	**3 601 514**
02.	I.	INTANGIBLE ASSETS	59 879	71 158
03.		Capitalised value of foundation and restructuring		
04.		Capitalised value of research and development		
05.		Intangible property rights	42 600	51 162
06.		Intellectual properties	17 279	19 996
07.		Goodwill		
08.		Advance payments on intangible assets		
09.		Value-adjustment of intangible assets		
10.	II.	TANGIBLE ASSETS	3 604 942	3 472 867
11.		Land and buildings and related intangible property rights	2 659 392	2 592 342
12.		Technical equipment, machinery, vehicles	433 973	397 505
13.		Other equipment, fittings, vehicles	446 126	441 649
14.		Breeding stock		
15.		Assets under construction, renovations	65 451	32 599
16.		Advance payments on assets under construction	0	8 772
17.		Value-adjustment of tangible assets		
18.	III.	FINANCIAL INVESTMENTS	64 926	57 489
19.		Long-term investments in related companies	15 718	15 718
20.		Long-term loans given to related companies		
21.		Other long-term investments	1 850	1 850
22.		Long-term loans given to other investees		
23.		Other long-term loans given	47 358	39 921
24.		Long-term debt securities		
25.		Value-adjustment of financial investments		
26.	**B**	**CURRENT ASSETS**	**9 270 379**	**9 999 604**
27.	I.	INVENTORIES	2 567 871	2 182 235
28.		Raw materials	561 270	481 446
29.		Work in progress and semi-finished products	826 253	677 813
30.		Animals		
31.		Finished products	615 631	512 917
32.		Goods	564 717	510 059
33.		Advance payments on inventories	0	0
34.	II.	RECEIVABLES	2 087 027	1 810 726
35.		Receivables from supply of goods and services (trade debtors)	1 872 533	1 694 107
36.		Receivables from related companies		
37.		Receivables from other investees		
38.		Bills of exchange receivable		
39.		Other receivables	214 494	116 619
40.	III.	SECURITIES	0	0
41.		Investments in related companies		
42.		Other investments		
43.		Treasury shares, own quotas		
44.		Debt securities held for sale		
45.	IV.	LIQUID ASSETS	4 615 481	6 006 643
46.		Cash in hand, cheques	350	205
47.		Bank deposits	4 615 131	6 006 438
48.	**C**	**PREPAID EXPENSES AND ACCRUED INCOME**	**127 482**	**141 693**
49.		Accrued income	34 454	29 544
50.		Prepaid costs and expenses	93 028	112 149
51.		Deferred expenses		
52.		**TOTAL ASSETS**	**13 127 608**	**13 742 811**

According to Hungarian Accounting Standards.

BALANCE SHEET – EQUITY & LIABILITIES

Number		Names of items	t HUF Previous year	t HUF Reported year
a		b	c	d
53.	**D**	**SHAREHOLDERS' EQUITY**	**9 538 249**	**11 053 067**
54.	I.	ISSUED CAPITAL	2 035 000	2 035 000
55.		thereof: repurchased treasury shares at face value		
56.	II.	ISSUED, BUT UNPAID CAPITAL		
57.	III.	CAPITAL RESERVE	264 044	264 044
58.	IV.	RETAINED EARNINGS	7 239 205	7 239 205
59.	V.	NON-DISTRIBUTABLE RESERVE		
60.	VI.	REVALUATION RESERVE		
61.	VII.	PROFIT OR LOSS FOR THE YEAR	0	1 514 818
62.	**E**	**PROVISIONS**	**213 221**	**198 502**
63.	1.	Provisions for expected liabilities	213 221	198 502
64.	2.	Provisions for future expenses		
65.	3.	Other provisions		
66.	**F**	**LIABILITIES**	**2 630 573**	**1 776 248**
67.	I.	SUBORDINATED LIABILITIES	0	0
68.		Subordinated liabilities to related companies		
69.		Subordinated liabilities to other investees		
70.		Subordinated liabilities to other businesses		
71.	II.	LONG-TERM LIABILITIES	0	0
72.		Long-term borrowings		
73.		Convertible bonds		
74.		Debts on the issue of bonds		
75.		Investment and development loans		
76.		Other long-term loans		
77.		Long-term liabilities to related companies		
78.		Long-term liabilities to other investees		
79.		Other long-term liabilities		
80.	III.	SHORT-TERM LIABILITIES	2 630 573	1 776 248
81.		Short-term credit		
82.		thereof: convertible bonds		
83.		Short-term loans		
84.		Advance payments received from customers		576
85.		Liabilities from supply of goods and services (trade creditors)	754 483	999 828
86.		Bills of exchange payable		
87.		Short-term liabilities to related companies	775 001	0
88.		Short-term liabilities to other investees		
89.		Other short-term liabilities	1 101 089	775 844
90.	**G**	**ACCRUED EXPENSES AND PREPAID INCOME**	**745 565**	**714 994**
91.		Deferred revenues	17 409	14 674
92.		Accrued costs and expenses	723 334	696 609
93.		Deferred income	4 822	3 711
94.		**TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY**	**13 127 608**	**13 742 811**

According to Hungarian Accounting Standards.

Zwack Unicum Plc.

PROFIT AND LOSS STATEMENT „A"

For the year ended 31 March 2014

Number	Names of items	t HUF 01.04.2012.-31.03.2013.	t HUF 01.04.2013.-31.03.2014.
a	b	c	d
01.	Net domestic sales	20 499 362	20 331 660
02.	Net external sales	1 763 591	1 816 178
I.	**Total sales (revenues) (01+02)**	**22 262 953**	**22 147 838**
03.	Variations in self-manufactured stocks	90 235	(251 154)
04.	Own work capitalized	165 141	120 853
II.	**Own performance capitalized (+03+04)**	**255 376**	**(130 301)**
III.	**Other income**	**201 720**	**155 850**
	including: write-back of impairment loss	7 187	11 665
05.	Cost of raw materials	3 177 184	3 002 776
06.	Value of services used	4 163 501	3 721 879
07.	Value of other services used	74 117	83 529
08.	Costs of goods sold	1 944 845	1 975 513
09.	Value of services sold (intermediated)	7 010	2 737
IV.	**Material type expenditures (05+06+07+08+09)**	**9 366 657**	**8 786 434**
10.	Wages and salaries	1 578 109	1 582 639
11.	Other payments to personnel	440 872	414 102
12.	Contributions on wages	520 660	512 401
V.	**Payments to personnel (10+11+12)**	**2 539 641**	**2 509 142**
VI.	**Depreciation**	**415 689**	**432 778**
VII.	**Other expenses**	**9 163 074**	**8 795 567**
	including: impairment loss	140 317	45 624
A	**Income from operations (I+II+III-IV-V-VI-VII)**	**1 234 988**	**1 649 466**
13.	Dividends and profit-sharing (received or due)		
	including: from affiliated undertakings		
14.	Capital gains on investments		
	including: from affiliated undertakings		
15.	Interest and capital gains on financial investments		
	including: from affiliated undertakings		
16.	Other interest and similar income (received or due)	201 875	163 054
	including: from affiliated undertakings		
17.	Other income from financial transactions	122 694	72 724
VIII.	**Income from financial transactions (13+14+15+16+17)**	**324 569**	**235 778**
18.	Losses on financial investments		
	including: to affiliated undertakings		
19.	Interest payable and similar charges	0	1
	including: to affiliated undertakings		
20.	Losses on shares, securities and bank deposits		
	including: to affiliated undertakings		
21.	Other expenses on financial transactions	144 901	66 358
IX.	**Expenses on financial transactions (18+19+20+21)**	**144 901**	**66 359**
B	**Profit or loss from financial transactions (VIII-IX)**	**179 668**	**169 419**
C	**Profit or loss of ordinary activities (+A+B)**	**1 414 656**	**1 818 885**
X.	**Extraordinary income**	**22 618**	**3 727**
XI.	**Extraordinary expenses**	**144 179**	**132 625**
D	**Extraordinary profit or loss (X-XI)**	**(121 561)**	**(128 898)**
E	**Income before taxes (+C+D)**	**1 293 095**	**1 689 987**
XII.	**Tax payable**	**94 631**	**175 169**
F	**Profit after taxes (+E-XII)**	**1 198 464**	**1 514 818**
22.	Profit reserves used for dividends and profit-sharing	378 661	
23.	Dividends and profit-sharing paid (payable)	1 577 125	
G	**Profit or loss for the year (+F+22-23)**	**0**	**1 514 818**

According to Hungarian Accounting Standards.

NOTES TO THE FINANCIAL STATEMENTS OF ZWACK UNICUM PLC. FOR THE PERIOD FROM 1 APRIL 2013 TO 31 MARCH 2014

A) GENERAL INFORMATION

1. **Name and Registered Seat of the Company**
   Zwack Unicum Likőripari és Kereskedelmi Nyilvánosan Működő Részvénytársaság
   1095 Budapest, Soroksári út 26.
   Homepage: www.zwackunicum.hu

2. **Legal Status of the Company**
   Public Company Limited by Shares

3. **Date of Incorporation**
   31 December 1992
   The Company's legal predecessor, Zwack Unicum Budapest Likőrgyár és Kereskedelmi Kft. was founded on 10 July 1989. The Company was transformed into a company limited by shares on 30 September 1992.
   Incorporation No: 01-10-042048/92
   Tax ID: 10795044-2-44

4. **Number and Value of Shares Issued**

Number	Par value	Type of share	Currency
2,000,000	1,000	ordinary share	HUF
35,000	1,000	redeemable liquidation preference share	HUF
2,035,000		Total	

Each ordinary share grants equal rights to their holders, while the redeemable liquidation preference shares do not grant voting rights.

5. **Owners and their Ownership Percentage**
   Peter Zwack & Consorten HAG (1190 Wien, Heiligenstadter strasse 43.) 50,00 % + 1 share
   Diageo Holdings Netherlands B.V. (1014 BG Amsterdam, Molenwerf 10-12.) 26,00 %
   Free-float percentage: 24,00 % - 1 share

According to the data of the share-book, the Company had 1,921 shareholders as at 31 March 2014.

Within free-float shares, Intrinsic Value Investors LLP has an investment exceeding 5% (120,549 shares, 5.92%).

Name	Position	Type of shares	Nominal value
Dr. András Szecskay	Supervisory Board Member	ordinary shares	THUF 651
Frank Odzuck	CEO, Board of Directors Member	redeemable liquidation preference shares	THUF 16 000
Tibor András Dörnyei	Deputy CEO, Board of Directors Member	redeemable liquidation preference shares	THUF 10 500
Csaba Belovai	Commercial and Export Director	redeemable liquidation preference shares	THUF 8 500

The closing price of the Company's publicly issued shares was HUF 12,500 as at 31 March 2014 on the Budapest Stock Exchange, which is 3% higher than the HUF 12,125 closing price as at 29 March 2013. During the 2013/2014 business year 38,168 Zwack Unicum shares changed owners on the Budapest Stock Exchange, and the turnover-weighted average share price was HUF 12,553.

6. **The Company's Core Activities according to the Articles of Association**
   Production of alcohol and alcoholic drinks
   Foreign trade
   Warehousing and storing
   Food wholesale and retail trade
   Advertisement activity
   Real estate utilisation

7. Short Description of the Accounting Policy

7.1. Date of the Financial Statements

The Company's business year lasts from 1 April to 31 March.
The date of balance sheet preparation is 14 April 2014.

7.2. Basis of Preparation of the Financial Statements

The Company prepared the financial statements in conformity with the regulations set forth in the currently in force Hungarian Act on Accounting (Act C of 2000).

7.3. Bookkeeping Method

The Company keeps double-entry books. Costs and expenses are primarily accounted for in account class 5 and account classes 6 and 7, in parallel.

7.4. The Selected Format of the Balance Sheet and the Profit and Loss Account

The Company prepares version "A" balance sheet.
The Company prepares version "A" profit and loss account by the cost by nature method.

7.5. Audit

Pursuant to Section 155 of Act C of 2000 the Company is subject to audit obligation.
The Company's auditor is PricewaterhouseCoopers Kft (PwC).
The signing auditor: Mészáros Balázs (1139 Budapest, Katona József u. 25. V.em.4., Chamber membership number: 005589)
The fee for the audit of the financial statements prepared according to the provisions of the Hungarian Act on Accounting and the accounting principles generally accepted in Hungary with issuance of an audit report on that is THUF 14,580.

7.6. Regulations Applied by the Company

- Accounting Policy
- Cash Management Regulations
- Inventory-keeping and Inventory-taking Regulations Applicable to Assets and Liabilities
- Valuation Regulations Applicable to Assets and Liabilities
- Cost Accounting Regulations
- Other Regulations

7.7. Tax Audit

The tax authority has started comprehensive tax audit for the years 2010, 2011, 2012 in the Company. The tax authority may examine the books and records and raise additional assessments and penalties at any time for up to six years after the respective taxation year. The Company's management is not aware of any circumstances that might result in a material tax liability for the Company in such a case.

7.8. Applied Valuation Principles

The guiding principle of valuation is the going concern assumption. The law prescribes that the valuation should be based on historical data; therefore assets may not be recorded in an amount higher than their acquisition or production cost, except for cases specifically named by law. Assets are valued at historical cost, net of recognised depreciation charge and impairment loss, plus any written back extraordinary depreciation and impairment loss. Specific cost factors are included in the purchase price if those can be directly allocated to the assets.

Valuation of Fixed Assets

Fixed assets are valued at acquisition or production cost, net of depreciation charge and impairment loss, plus any written back extraordinary depreciation and impairment loss. The historical cost of fixed assets is determined in conformity with the provisions of Sections 47-51 of the Act on Accounting, with taking into consideration of the following:

- Subsections (3), (4) of Section 25 of the Act on Accounting allow the capitalisation of the costs of foundation-restructuring and research & development. When such costs reach HUF 10 million, the Company exercises individual judgement whether to capitalise the costs or to charge those to the profit or loss in the year when incurred. In all other cases the Company does not capitalise these costs, but charges those in one amount to the profit or loss of the year when incurred.

- Equity investments held in business organisations are stated at the value prevailing as at the date of foundation as stated in the articles of association, or in the case of purchase at the purchase price, or in an amount net of recognised impairment loss.
- The purchase price of goodwill implies the difference between the consideration paid for the acquired company and the value of the company's assets net of liabilities, if the paid consideration is the higher. If the paid consideration significantly exceeds the market value in the case of acquisition of an interest exceeding 75.1%, the Company accounts for this difference as goodwill.
- The purchase price of interest-bearing securities stated among fixed assets or current assets may not include the amount of interest included in the purchase price.
- The purchase price of assets received free of charge implies the carrying amount stated at the transferor (or the realisable or market value). In the case of assets received as gift or heritage and assets identified as surplus, the purchase price is the market value prevailing as at the date of recording of the asset.
- In the case business organisations the purchase price of the assets received as non-cash contribution is the value of the assets, including non-deductible VAT, as stated in the articles of association.

Valuation of Current Assets

Within inventories, goods and materials are disclosed at cumulated average price, work in progress, semi-finished goods and finished goods are disclosed at production cost, with regard to the market value. If the carrying amount exceeds the market value, impairment loss must be accounted for.

Assets that do not satisfy the relevant regulations or are not suitable for their original purpose, or whose sale or use is doubtful, qualify as redundant inventories, and must be disclosed at impaired value.

Furthermore, the closing material and goods balances whose recorded purchase price is higher than their actual market value known as at the date of balance sheet preparation must also be stated in the balance sheet at impaired value. Determination of the market value is done in conformity with the provisions of the Valuation Regulations.

The valuation of receivables is done in conformity with the provisions of Section 65 of the Act on Accounting.

In the case of receivables below HUF 35,000 the Company's standpoint is that presumably the costs of collection would be incommensurate with the recoverable amount.

Outstanding forint and foreign currency receivables qualified as bad or past due debts must not be disclosed in the balance sheet, with adherence to the foreign exchange regulations.

For determination of the acquisition cost of securities recorded among current assets, purchased as not long-term investments, the general provisions of the Act on Accounting are applicable. Accordingly, the acquisition cost includes all expenses incurred in connection with the acquisition of the security and directly allocable to the asset, except for the paid commission fee or the fee paid for purchase of the buy option. Interest-bearing securities are exceptions, whose purchase price may not include the amount of interest included in the purchase price. In the case of repurchased own shares or business stakes the acquisition cost is the repurchase price as per the underlying contract. It is a guiding principle for the year-end valuation of securities, that the value disclosed in the balance sheet is the net book value of the securities net of the amount of the impairment loss allowable according to the Act on Accounting.

It is a guiding principle for the valuation of liquid assets, that liquid assets should be stated in the balance sheet at net book value.

Valuation of Shareholders' Equity and Liabilities

The general valuation principle applicable to shareholders' equity and liabilities says that the shareholders' equity, the provisions and the liabilities, excluding liabilities denominated in foreign currency, must be stated in the balance sheet at net book value.

The components of the shareholders' equity are valued at net book value both interim and at year-end.

Forint credits and loans are recorded in the amount specified in the underlying contract, and are reduced by the amount of repaid instalments. FX credits and loans are stated in the actually disbursed FX amount or the FX amount net of the amount of repaid instalments as translated at the official foreign exchange rate quoted by the National Bank of Hungary as at the date of performance. The year-end balance of credits and loans must agree with the bank statement as at the balance sheet date of the financial institution that provided the credit or the loan, and with the forint or FX amounts included in the confirmation letters received back.

Advance payments received from customers in forint are stated in the amount actually received as long as the performance takes place in a way acknowledged by the customer. Advance payments received from customers in foreign currency are recorded at the foreign exchange rate quoted by the National Bank of Hungary prevailing as at the date of performance.

The valuation of liabilities denominated in foreign currency is done in conformity with the provisions of Subsection (5) b of Section 68 of the Act on Accounting.

Special Valuation of Items Denominated in Foreign Currency

Foreign currency amounts held in the foreign currency petty cash, FX amounts held on FX accounts, receivables denominated in foreign currency, FX financial investments, FX securities and liabilities denominated in foreign

currency are disclosed at their forint value as translated at the foreign exchange rate of the National Bank of Hungary prevailing as at the date when incurred or as at the date of contractual performance, excluding foreign currency amounts purchased for forint, which are stated in the accounting records in the amount actually paid, and for which the foreign exchange rate at which those will be included in the records must be determined on the basis of the actually paid forint amount.
Assets and liabilities denominated in foreign currency must be re-valued in the balance sheet at the foreign exchange rate of the National Bank of Hungary prevailing as at the balance sheet date of the business year regardless of the size of revaluation differences arising from the revaluation.
If the aggregate amount of the revaluation difference is a loss, it must be recorded among other expenditures of financial transactions. If the aggregate amount of the revaluation difference is a gain, it must be recorded among other revenues of financial transactions.

Accounting for Depreciation

The Company determines the wear-out time of intangible and tangible assets considering its own circumstances, and determines the annual amount of ordinary depreciation at the date of capitalisation subject to the gross value net of residual value and the economic useful life. The amount of ordinary depreciation is determined every month for each asset by the straight-line method with prorated daily depreciation calculation or by the units of activity method. The recording of depreciation begins on the day of putting into operation and depreciation is accounted for on a monthly basis.
The Company determines residual value only for the asset group of cars (see depreciation rates). The residual value for all other asset groups is zero, because the Company uses these assets until the end of their economic useful life, or it is likely that the residual value will not be noteworthy. The residual value is considered immaterial if it is not likely to reach 10% of the historical cost of the asset.
Asset groups with outstanding importance for the business include: real properties where the Company carries out its production activity, production equipment, computers, software products and trademarks.
When an accessory that can be used with other equipment, as well, is mounted on an asset, the Company determines the expected economic useful life of the accessory, and charges amortisation on the accessory on that basis. Any extension, change of original function, transformation or renovation of an asset that cannot be utilised on its own, independently from the asset, enhances the historical cost of the original asset. In such cases the Company revises the economic useful life and the residual value of the asset, and if the change is fundamental on that basis, the annual ordinary depreciation is modified. In the case of a tangible asset with outstanding importance for the business, if the difference between the annual depreciation charge as calculated before and after the capitalisation of subsequent changes is significant, the effect on the profit or loss should be disclosed in the notes to the financial statements. The Company considers a change to be fundamental, if the change in the value of the asset is higher than 30% of the original cost, or if the change in the expected economic useful life is greater than 30%.
The historical cost of an asset must be modified, if a document received subsequently shows noteworthy difference (bigger than 10%, min. HUF 20,000) in relation to the historical cost already accounted for.
The acquisition or production cost of tangible assets with an individual acquisition or production cost below HUF 100,000 can be fully depreciated in one amount on taking into use on the basis of individual judgement.

Assets subject to individual judgement:

The installed beverage coolers are written down after two years due to the rapid wear, regardless of the brand.
The museum exhibits, except the pieces of art, are written down in a lump sum due to shift in function.
The Company reviews the useful life of the production equipment and of tools whose last year's depreciation exceeded 500,000 HUF/piece, and their useful life is amended, if necessary.
Trade-marks are recorded among capital WIP in the amount of payments incurred from the date of application for registration to the date of registration. Given that the registration has retroactive effect, the depreciation charges incurred so far are recognised immediately as of the date of registration and the useful life of trademarks lasts until the expiry date.
The Company accounts for extraordinary depreciation for intangible and tangible assets, if the carrying amount of the tangible and intangible assets permanently (for more than one year) and significantly (at least by 20% of the book value) exceeds the market value of the assets. The Company writes back any extraordinary depreciation accounted for before, if more than 20% difference arises between the carrying amount and the market value in favour of the market value.

Depreciation rates:

• Intangible assets	3 - 10 years
• Real Estate	3 - 50 years
• Technical equipment, machines, vehicles	2 - 11 years
• Other equipment, machines, vehicles	3 - 5 years + residual value

Calculation and Recognition of Impairment Loss

The Company accounts for impairment loss on equity investments in business organisations, debt securities with over one year maturity, purchased and own manufactured inventories, if their carrying amount is permanently (for more than one year) and significantly (by more than 10%) exceeds the market value.

If an inventory item is no longer suitable for its original function, or it has been damaged, has become redundant, or if its carrying amount permanently and significantly differs from the market value as detailed above, the acquisition cost of purchased inventories and the production cost of own manufactured inventories must be reduced to the market value prevailing as at the date of balance sheet preparation. This type of impairment loss can be recognised on the basis of individual judgement.

The Company accounts for impairment loss on receivables outstanding as at the balance sheet date of the business year and financially not settled by the date of balance sheet preparation.

The impairment loss for customers with an annual turnover in excess of HUF 200 million and in extraordinary cases is determined on the basis of individual judgment, and otherwise in all other instances the impairment loss is 10% up to the amount of insurance, and if the receivable amount per customer or debtor is low the following depreciation rates are applied:

Classification	Rate
Within maturity	0%
Overdue by:	
1-30 days	2%
31-60 days	15%
61-90 days	25%
91-120 days	50%
121-180 days	75%
181-360 days	100%
over 360 days	100%
Litigated debts	100%

Any impairment loss accounted for before must be written back, if the market value significantly (by more than 10%) and permanently (for more than two years) exceeds the carrying amount. When an impairment loss is written back, the book value may not exceed the original book value or the acquisition cost, or the nominal value, or the originally acknowledged and accepted amount or the historical cost.

Recognition as Non-hedging Transaction

The Company accounts for the expected, calculated yield of its derivative transactions open as at the balance sheet date among the expenditures of the period with application of the accounting rule applicable to non-hedging transactions.

Material Errors

The Company considers an error to be material if, in the year when disclosed by various reviews, the total of all errors and the impacts thereof (whether negative or positive) disclosed for a given year – increasing or decreasing the profit (or loss) or the equity – exceeds 2% of the balance sheet total of the reviewed business year or HUF 1 million, if the 2% of the balance sheet total is higher than HUF 1 million.

An error is not considered to be material if, in the year when disclosed by various reviews, the total of all errors and the impacts thereof (whether negative or positive) disclosed for a given year– increasing or decreasing the profit (or loss) or the equity – does not exceed the materiality level referred to in the previous paragraph.

8. Ratios Reflecting the Company's Capital, Financial and Income Position

The ratios reflecting the Company's capital, financial and income position are included in Appendix 1.

9. **Cash Flow Statement**
The Cash Flow Statement is included in Appendix 3.

B/ SPECIFIC INFORMATION

1. **Notes to the Balance Sheet**
In the analysis of the balance sheet items, those are compared to the balances of the balance sheet as at 31 March 2013.

1.1. Incomparable data
Compared to the previous year, the report does not contain any incomparable data.

FIXED ASSETS Description	t HUF Previous year	t HUF Current year
Intangible assets	59 879	71 158
Tangible assets	3 604 942	3 472 867
Financial investments	64 926	57 489
Total	**3 729 747**	**3 601 514**

1.2. Intangible assets, tangible assets and financial investments, as well as their depreciation

Description	t HUF Previous year	t HUF Current year
Intangible property rights	42 600	51 162
Intellectual properties	17 279	19 996
Total	**59 879**	**71 158**

Within intangible property rights the Company recognises domain names as well as software and related developments.
Within intellectual properties the Company recognises product trademarks registered at different points of the world.

Tangible assets Description	t HUF Previous year	t HUF Current year
Real estates and related intangible property rights	2 659 392	2 592 342
Technical equipment, machinery, vehicles	433 973	397 505
Other equipment, fittings, vehicles	446 126	441 649
Assets under construction, renovations	65 451	32 599
Advent payments on account under construction	0	8 772
Total	**3 604 942**	**3 472 867**

In the category of tangible assets the Company recognises the following:
- lands and buildings and structures;
- technical equipment and machinery include machines, equipment and containers directly used in production; and
- other equipment include office and other equipment, computers and vehicles.

This business year, Zwack Unicum Plc. spent MHUF 345 on CAPEX investments.

Capex investments were mostly of replacement nature.

The movements schedule of intangible and tangible assets is presented in Appendix 2.

Description	t HUF Previous year	t HUF Current year
Long-term investments in related companies	15 718	15 718
Other long-term investments	1 850	1 850
Other long-term loans	47 358	39 921
Total	**64 926**	**57 489**

Long-term investments in related companies include the Company's 35.43% investment in Morello Kft.

Other long-term investments include the interest the Company acquired in Öko-Pannon Nonprofit Kft. in the value of THUF 1,850, representing 2.94% ownership percentage.

Other long-term loans include the long-term portion of the housing loans the Company provided to its employees.

CURRENT ASSETS

Description	t HUF Previous year	t HUF Current year
Inventories	2 567 871	2 182 235
Receivables	2 087 027	1 810 726
Securities	0	0
Liquid assets	4 615 481	6 006 643
Total	**9 270 379**	**9 999 604**

1.3 Inventories

Description	t HUF Previous year	t HUF Current year
Raw materials	561 270	481 446
Work in progress and semi-finished products	826 253	677 813
Finished products	615 631	512 917
Goods for resale	564 717	510 059
Advance payments on inventories	0	0
Total	**2 567 871**	**2 182 235**

The Company recognised impairment loss on products whose sale has become doubtful and on slow-moving inventories and inventories showing no movement at all.

The positive effects of the changes introduced in inventory management resulted in a 15% reduction of the inventory, the value of which is MHUF 386.

1.4 Accounts receivable from supply of goods and services (trade debtors)

Description	t HUF Previous year	t HUF Current year
Trade accounts receivable	1 896 687	1 701 904
Domestic trade accounts receivable	1 649 793	1 399 443
Foreign trade accounts receivable	246 894	302 461
Impairment loss	(24 154)	(7 797)
Total	**1 872 533**	**1 694 107**

82% of the accounts receivable balance is comprised of domestic trade debtors.

Changes in domestic accounts receivable are in line with revenues from domestic sales; overdue debts have decreased further.

The increase in foreign accounts receivable is due to the significant rise in export revenues at the end of the business year.

The Company recognised impairment loss on those receivables existing as at the balance sheet date of the business year, which have not yet been financially settled and were overdue. In accordance with the principle of prudence, the impairment loss was calculated individually in the case of customers with a yearly turnover above MHUF 200 and in extraordinary cases, and by category in all other cases.

The following table shows the aging analysis of receivables:

	Domestic debtors (t HUF)	Foreign debtors (t HUF)	Total (t HUF)
Within maturity	1 374 846	302 046	1 676 892
1-30 days	13 470	415	13 885
31-60 days	403	0	403
61-90 days	3 236	0	3 236
91-120 days	0	0	0
121-180 days	0	0	0
181-364 days	0	0	0
Over 365 days	1 209	0	1 209
Under litigation	6 279	0	6 279
Total	**1 399 443**	**302 461**	**1 701 904**

1.5 Movements schedule of impairment loss of inventories and receivables

The movements schedule of impairment loss of inventories and receivables is presented in Appendix 6.

1.6 Other receivables

Description	t HUF Previous year	t HUF Current year
Advance payments made	405	4 668
Receivables from employees	16 344	15 613
Other receivables from trade creditors	11 832	33 558
Local taxes	37 521	28 078
Corporate tax	89 335	22 573
Excise tax	24 305	0
VAT	22 575	0
Contributions (employer's contribution, health-care contribution)	4 430	4 015
Sundry other receivables	7 747	8 114
Total	**214 494**	**116 619**

The increase in suppliers' other receivables was caused by the increase in the rate of suppliers with a negative (debt) balance which includes the compensated amount of the claimed and unaccepted invoices.

The reduction in overpayment is due to the lower amount of corporate tax advance determined based on the results of the previous business year, as well as to the higher tax obligations of the year under review.

Excise tax and VAT show a debt obligation; details are given under point 1.14.

1.7 Liquid assets

Description	t HUF Previous year	t HUF Current year
Cash in hand, cheques	350	205
Bank deposits	4 615 131	6 006 438
Total	**4 615 481**	**6 006 643**

The balance of liquid assets increased by MHUF 1 391 in comparison with 31 March 2013.
The Company held its free liquid assets in term deposits.

The bank deposits are as follows:

Description	t HUF Previous year	t HUF Current year
HUF deposits	77 287	103 897
FX deposits	4 815	3 554
Term deposits	4 533 029	5 898 987
Total	**4 615 131**	**6 006 438**

1.8 Prepaid expenses and accrued income

Description	t HUF Previous year	t HUF Current year
Accrued income	34 454	29 544
Deferred costs and expenses	93 028	112 149
Total	**127 482**	**141 693**

Among prepaid expenses and accrued income already booked items are recorded, which do not burden the costs and expenses of the target year (e.g. insurance premiums, subscription fees, annual tolls).

1.9 Shareholders' equity

Description	Opening balance (t HUF)	Increases (t HUF)	Decreases (t HUF)	Reclassi-fications (t HUF)	Closing balance (t HUF)
Issued capital	2 035 000				2 035 000
Issued, but unpaid capital	0				0
Capital reserve	264 044				264 044
Retained earnings	7 239 205				7 239 205
Non-distributable reserve	0				0
Revaluation reserve	0				0
Profit or liss for the year	0	1 514 818			1 514 818
Total shareholders' equity	**9 538 249**	**1 514 818**	**0**	**0**	**11 053 067**

The issued capital comprises 2,000,000 dematerialised ordinary shares with a par value of HUF 1,000 each and 35,000 redeemable liquidation preference shares with a par value of HUF 1,000 each.
The dividend payable for the 2013/2014 business year has not yet been deducted from the amount of the profit or loss for the year as at 31 March 2014, because it will be recognised only after approval by the general meeting.

1.10 Provisions

Description	Opening (t HUF)	Provisioning (t HUF)	Release (t HUF)	Reversal (t HUF)	Closing (t HUF)
Provision for expected liabilities	213 221	13 962	(28 681)	0	198 502
Total	**213 221**	**13 962**	**(28 681)**	**0**	**198 502**

The balance of provision for expected liabilities comprises the following major items:

- Provisions for costs brought forward for downsizing was MHUF 5, MHUF 26 was used in the previous year,

- Provisions amounting to MHUF 9 made in the previous financial year for liabilities related to products the distribution of which was finished by the Company,
- Employees who have worked for more than 10 years for the Company are rewarded at every 5-year anniversary, provisions for this liability amount to MHUF 9, MHUF 2 was used in the previous year,
- Provisions of MHUF 5 for other purposes.

1.11 Liabilities

Description	t HUF Previous year	t HUF Current year
Short term loans	0	576
Accounts payable from supply of goods and services (trade creditors)	754 483	999 828
Sort-term liabilities to related companies	0	0
Other short-term liabilities	298 965	775 844
Total trade accounts payable	**1 053 448**	**1 776 248**

The Company had no long-term liabilities.

1.12 Accounts payable from supply of goods and services (trade creditors)

Description	t HUF Previous year	t HUF Current year
Domestic trade creditors	361 976	466 624
Deliveries not invoiced	72 925	166 074
Foreign trade creditors	319 582	367 130
Total trade accounts payable	**754 483**	**999 828**

The 32.5 % increase in suppliers is caused by a large, negative change in received but not invoiced suppliers' deliveries.

1.13 Short-term liabilities to related companies

Description	t HUF Previous year	t HUF Current year
Peter Zwack & Consorten HAG	775 001	0
Total	**775 001**	**0**

The dividends due after the target year shall be decided on by the Company's general meeting on 26 June 2014, therefore this liability is not stated among the actual data of the year.

1.14 Other short-term liabilities

Description	t HUF Previous year	t HUF Current year
Liabilities to employees	74 051	75 529
Personal income tax	18 444	17 358
Excise tax	0	322 548
Contributions	58 446	57 709
Local taxes	16 408	16 391
VAT	0	119 967
Environmental product fee	3 159	2 104
Settlements with the state budget	6 783	140
Subsequent discounts	100 581	143 161
Dividend to Diageo Holdings Netherlands B.V.	403 000	0
Other dividend payable	415 489	16 403
Sundry other short term liabilities	4 728	4 534
Total	**1 101 089**	**775 844**

Excise tax and VAT payment obligations were caused by the increase in the revenues in the last month of the year under review, and in case of excise tax, also by the low level of advance payment obligations determined based on the obligations in the same period in the previous year.
The dividends due after the current year shall be decided on by the Company's general meeting on 26 June 2014, therefore this liability is not stated among the actual data of the year.

1.15 Accrued expenses and prepaid income

Description	t HUF Previous year	t HUF Current year
Deferred on income	17 409	14 674
Accrued cost and expenses	723 334	696 609
Other deferrals	4 822	3 711
Total	**745 565**	**714 994**

Accrued expenses include overhead costs (MHUF 254), wage costs and social contributions (MHUF 210), as well as services paid to customers (MHUF 232)
The changes in the above deferrals originate from the decrease of services paid to customers and the overhead costs.
Among deferred income promotion material and goods for promotional purposes are stated.

1.16 Liabilities with maturity over five years

The Company had no liabilities with maturity over five years.

1.17 Liabilities secured by collaterals

The Company had no liabilities secured by collaterals.

1.18 Liabilities not acknowledged by the Company

The Company has no unacknowledged liabilities.

1.19 Off-balance sheet contingent and future liabilities

Mast/Jägermeister brought an action in Italy regarding the application for registration of the trademark “stag’s head and crucifix” on the label of the St. Hubertus product. The Roman Civil Court rejected the claim of Mast/Jägermeister at first instance. The appeal lodged by Mast/Jägermeister was also dismissed by the Roman Court of Appeal, later, based on a new action brought by Mast/Jägermeister the Italian Court of Appeal repealed the previous decision and ordered the Roman Court of Appeal to bring a new proceeding.
The court case is “restarted” based on Mast/Jägermeister’s motion for a new trial.
No loss is anticipated in connection with litigations.

1.20 Open forward positions as at the balance sheet date

As at the balance sheet date the Company has no open forward positions.

2. Notes to the Profit and Loss Account

In the analysis of the profit and loss account, the comparison is made to the account balances of the business year ending on 31 March, 2013.

2.1. Incomparable items

Compared to the previous year, the report does not contain any incomparable items.

REVENUES

Description	t HUF Previous year	t HUF Current year
Net domestic sales	20 499 362	20 331 660
Net external sales	1 763 591	1 816 178
Total sales	**22 262 953**	**22 147 838**
Other income	201 720	155 850
Total	**22 464 673**	**22 303 688**

2.2 Net domestic sales revenues

Description	t HUF Previous year	t HUF Current year
Domestic sales revenues from sale of goods	20 466 304	20 302 096
Domestic sales revenues from services	19 229	18 834
Other domestic sales revenues	13 829	10 730
Total net domestic sales	**20 499 362**	**20 331 660**

Revenues from domestic sales decreased by MHUF 168.

A nearly 7% drop could be seen in the business year in the volume of the spirits market in Hungary, which means a 1.3% drop in value. Zwack Unicum Plc. performed just a shade better than the market average (revenues from domestic sales of our products dropped by 0.8%). Domestic premium revenues remained practically on the same level as last year (a drop of 0.3%), the net revenues of quality products dropped by 8.0%, and the revenues of the commerce portfolio dropped by 41.3%. The unfavourable changes in the non-branded products market was due to the joint effect of the spreading of home palinka brewing and the continuous increase in excise taxes.

2.3 Net external sales revenues analysed by geographic market

Geographic market	t HUF Previous year	t HUF Current year
EU	1 051 858	1 141 680
Other within Europe	15 785	18 392
USA	193 389	144 673
Other	19 365	25 618
Total goods export sales	**1 280 397**	**1 330 363**

Geographic market	t HUF Previous year	t HUF Current year
EU	477 204	485 815
Other	5 990	0
Total service goods sales	**483 194**	**485 815**

2.4 Other incomes

Description	t HUF Previous year	t HUF Current year
Proceeds from sale of intangible and tangible assets	56 125	58 109
Late payment interests and compensations received	44 990	24 913
Revenues related to accidental damages	18 406	10 448
Subsequent discounts received	19 375	15 631
Release of provisions	53 091	28 681
Write-back of impairment loss	7 187	11 665
Sundry other revenues	2 546	5 487
Payments to loan losses on customers	0	916
Total other income	**201 720**	**155 850**

Other income decreased by MHUF 46, meaning 23%.
The amount of the invoiced damages to be paid dropped as a result of improvements in the quality assurance systems of the suppliers.
The loss of value of customers' accounts receivable is shown as a net value.
Details of provision released are included in point 1.10.

The Company did not receive any state subsidy during the financial year.

COSTS AND EXPENDITURES

Description	t HUF Previous year	t HUF Current year
Own performance capitalised	(255 376)	130 301
Material costs	9 366 657	8 786 434
Payments to personnel	2 539 641	2 509 142
Depreciation charge	415 689	432 778
Other expenses	9 163 074	8 795 567
Total	**21 229 685**	**20 654 222**

2.5 Own performance capitalized

Description	t HUF Previous year	t HUF Current year
Change in self-manufactured inventories	90 235	(251 154)
Own work capitalised	165 141	120 853
Own performance capitalised	**255 376**	**(130 301)**

The reduction in own performance capitalized can be explained by the changes in the inventories. See point 1.3.

2.6 Material type expenditures

Description	t HUF Previous year	t HUF Current year
Cost of raw materials	**3 177 184**	**3 002 776**
Direct raw materials	2 673 494	2 542 438
Indirect raw materials	205 529	201 661
Energy consumption	298 161	258 677
Value of services used	**4 163 501**	**3 721 879**
Maintenance	167 077	150 733
Wage work	68 808	58 521
Transportation and warehousing charges	373 243	345 863
Lease fee	162 914	151 602
Marketing costs	2 681 110	2 431 377
Expert activity, advisory services	191 938	175 431
Other	518 411	408 352
Value of other services used	**74 117**	**83 529**
Costs of goods sold	**1 944 845**	**1 975 513**
Cost of domestic sales	1 920 795	1 983 482
Cost of export sales	24 050	(7 969)
Value of services sold (intermediated)	**7 010**	**2 737**
Material type of expenditures	**9 366 657**	**8 786 434**

In the year under review, the Company showed savings in all types of expenditures. Due to the long lasting difficult market situation, Company Management has been paying special attention for years to the efficient management of operational expenditures. As a result, we managed to reduce, among others, experts' fees, maintenance costs and rental fees.

The drop in direct material type of expenditures, energy consumption and transportation was caused primarily by the reduction in produced and sold volumes.

The Company spent a significant amount on the introduction of Unicum Szilva (Plum) last year. This was the main reason for the drop in marketing and consumers expenditures.

2.7 Import purchases analysed geographic markets

Geographical markets	t HUF Previous year	t HUF Current year
EU	3 047 689	2 815 074
Non-EU	50 311	22 687
Total import product purchase	**3 098 000**	**2 837 761**

Geographical markets	t HUF Previous year	t HUF Current year
EU	163 308	242 567
Non-EU	26 751	11 865
Total import product purchase	**190 059**	**254 432**

2.8 Average statistical staff number, wage costs and other payments to personnel

Description	t HUF Previous year	t HUF Current year
Wages and salaries	1 578 109	1 582 639
Other payments to personnel	440 872	414 102
Contributions on wages	520 660	512 401
Payments to personnel	**2 539 641**	**2 509 142**

Payments to personnel decreased by 1.2%.
At the beginning of the business year, the Company increased wages by 3%. The increase in costs due to this wage increase was partially compensated by a nearly 2% reduction in the employee headcount in the business year.

Description	Staff number	Wage and salaries
	(Person)	(t HUF)
Full-time blue collar	73	225 405
Full-time white collar	162	1 312 884
Part-time white collar	4	14 913
Not on the payroll	0	29 437
Total wages and salaries	**239**	**1 582 639**

2.9 Depreciation charge

Description	t HUF Previous year	t HUF Current year
Depreciation charge	415 689	432 778
Total	**415 689**	**432 778**

Appendix 2 shows the movements schedule.
Depreciation charge increased only seemingly because the accounting system of the software monitoring fees changed in the previous year (they are accounted as immediate expenditures). This change affecting several years reduced the base inventory by MHUF 53.

2.10 Other expenditures

Description	t HUF Previous year	t HUF Current year
Intangible and tangible assets sold	32 596	40 492
Fines, penalties	6 852	2 840
Default interests and damages paid	14 463	147
Discounts, bonuses given subsequently	569 323	477 684
Provisions made	204 241	13 962
Impairment loss accounted for (inventories and receivables)	140 317	45 624
Taxes paid to local governments	219 789	211 236
VAT to be paid by the Company	3 613	2 397
Environment protection fee	1 264	528
Excise tax	7 770 410	7 808 657
Innovation contribution	29 007	27 650
Inventory shortages, scrapping of inventories, inventory losses	109 902	116 093
Missing, destroyed and scrapped intangible and tangible assets	9 163	913
Sundry other expenditures	52 134	47 344
Other expenses	**9 163 074**	**8 795 567**

Other expenses dropped altogether by MHUF 368. Nearly half of this was due to the earmarked provisions for employees' anniversary bonuses introduced in the previous year: a budget of MHUF 173 was set aside for this purpose. Starting this year, only the effects of the changes in staff will appear (MHUF 9). The accounted impairment losses also dropped significantly. The mentioned significant reduction in the inventory improved the speed of inventory movement, therefore a lower level in impairment loss needed to be accounted.

Details of provision recognized are included in point 1.10.

2.11 Trading profit

The trading profit was as follows:

Description	t HUF Previous year	t HUF Current year
Total revenues	22 464 673	22 303 688
Total costs and expenditures	21 229 685	20 654 222
Operating (trading) profit	**1 234 988**	**1 649 466**

The Company increased its income from operations in the year under review by more than MHUF 400 (34%). This was due basically to the following two reasons:

- Zwack Unicum Plc. maintained practically the same level of revenues (-0.7%) on a domestic spirits market that has been significantly shrinking.
- We managed to reduce operational costs and expenditures significantly: by MHUF 575 (2.7%).

2.12 Revenues and expenditures of financial transactions

Description	t HUF Previous year	t HUF Current year
Interest received	201 875	163 054
Foreign exchange gain	122 694	72 724
Revenues from financial transactions	**324 569**	**235 778**
Interest paid	0	1
Foreign exchange loss	144 901	66 358
Expenditures of financial transactions	**144 901**	**66 359**
Financial profit	**179 668**	**169 419**

Revenues from interests dropped by 19%. This is a significantly lower drop than the changes in interests after deposits because the Company had significantly larger deposits in the year under review, mostly due to the drop in the inventory.

2.13 Profit or loss of ordinary activities

The profit or loss of ordinary activities is composed of the operating profit and the financial profit as follows:

Description	t HUF Previous year	t HUF Current year
Income from operations	1 234 988	1 649 466
Profit or loss from financial transactions	179 668	169 419
Profit or loss of ordinary activities	**1 414 656**	**1 818 885**

2.14 Extraordinary income and expenses

Description	t HUF Previous year	t HUF Current year
Extraordinary income	22 618	3 727
Extraordinary expenses	144 179	132 625
Extraordinary profit or loss	**(121 561)**	**(128 898)**

Extraordinary expenses include sponsoring performing artists, which was MHUF 35 in the previous business year and 65 MHUF in the year under review, as well as sponsoring spectacle sport teams which was MHUF 95 in the previous business year, and MHUF 55 in the year under review.

2.15 Profit before taxation

The net profit before taxation is composed of the profit or loss of ordinary activities and loss on extraordinary activities and it adds up to as follows:

Description	t HUF Previous year	t HUF Current year
Profit or loss of ordinary activities	1 414 656	1 818 885
Extraordinary profit or loss	(121 561)	(128 898)
Profit before taxation	**1 293 095**	**1 689 987**

The Company's net profit before taxation totalled MHUF 1,690 in the financial year from 1 April 2013 to 31 March 2014.

2.16 Tax liability

The calculated corporate and special tax liability totals MHUF 175, the calculation of which is shown in Appendix 7.

2.17 The profit or loss for the year

The profit for the year stated in the financial statements amounts to MHUF 1,515, as reported prior to dividend payment.

C) ADDITIONAL INFORMATION

1. 1 Remuneration of senior executives

In the financial year ended 31 March 2014, the Company paid MHUF 25 emoluments to members of the Board of Directors, Management and Supervisory Board.
The closing balance of the loans provided to members of the Board of Directors, Management and Supervisory Board was MHUF 34 as at 31 March 2013 and the amount of debts recorded as at 31 March 2014 was MHUF 29.
The Company charges the prevailing central bank base rate + 5 percentage points on the loans provided to members of the Board of Directors, Management and Supervisory Board.

2. Persons authorised to represent the Company

Frank Odzuck
1121 Budapest, Csillagvölgyi út 4/F

Tibor András Dörnyei (person in charge of the accounting)
8000 Székesfehérvár, Királykút lakónegyed 21. I/24.
Regisztrációs szám: 161317

3. Details of related companies

Morello Kft.
8200 Veszprém, Kórház u. 2.
Share capital: THUF 35,590
Ownership percentage: 35.43%

On 21 November 1990, Budapesti Likőripari Vállalat, Balatonfüred-Csopak Tája MGTSZ and NOVOFRUCT Kft. set up a joint investment in order to ensure the fruit base. Morello Kft. was founded for that purpose, in which BULIV Kft. had a share of 35.43%. Following the voluntary dissolution of BULIV Kft., this share was vested in the Company.

Morello Kft.'s equity as at 31 December 2013 (tHUF):

Description	31.12.2013.
Equity	435 654
Share capital	35 590
Capital reserve	36 726
Profit reserve	317 531
Non-distributive reserve	41 088
Net profit per balance sheet	4 719

Morello Kft. did not prepare financial statements as at 31 March 2014.

4. **Details of other related companies:**

ÖKO Pannon Nonprofit Kft.
1146 Budapest, Hungária krt 179-187.
Ownership percentage: 2.94%

5. **Off balance sheet financial liabilities (tHUF)**

The Company undertook the following guarantees:

Bank	Beneficiary	Content	Guarantee No	Amount	Expiration date
Erste	NTCA Central-Hungary Regional Customs General Directorate Priority Affairs and Large Taxpayers Customs Directorate	Activity related delayed customs payment permit	18/2013/GAR	100 000	31.10.2014
Erste	NTCA Central-Hungary Regional Customs General Directorate Priority Affairs and Large Taxpayers Customs Directorate	Customs guarantee for excise permit related untaxed products forwarded for export	3/2013	200 000	30.06.2014

6. **Inventory data of hazardous waste**

Waste materials produced during technological processes are recorded by the Company in a breakdown by EWC codes in line with the Decree of the Ministry of Environment Protection (KÖM) No 16/2001, which does not include hazard categories regarding hazardous wastes. The quantity and value of hazardous waste materials are included in Appendix 4. The movements schedule of tangible assets directly used for environment protection purposes is included in Appendix 5.

Budapest, 20 May 2014

Sándor Zwack
Chairman of the Board of Directors

Frank Odzuck
Chief Executive Officer

PROFITABILITY, LIQUIDITY AND GEARING RATIOS 2013-2014.

Item	Description	2013	2014	2014/2013
Assets structure		**%**	**%**	
1.	Ratio of key asset groups Current assets/Fixed assets	248,55	277,65	1,12
2.	Ratio of investments Financial investment/Fixed assets	1,74	1,60	0,92
3.	Degree of depreciation of tangible assets Accumulated depreciation of tangible assets/Gross value of tangible assets	54,01	55,64	1,03
4.	Renewal ratio of tangible assets Equipment put into operation in the year/Gross value of tangible assets	3,84	4,34	1,13
5.	Ratio of coverage on investment projects Depreciation charge for the year/Investment projects during the year	124,13	126,08	1,02
Liabilities structure		**%**	**%**	
1.	Financial leverage Debt/Equity	27,58	16,07	0,58
2.	Indebtedness ratio Debt/Total liabilities and shareholders' equity	20,04	12,92	0,65
3.	Current liability ratio Short-term liabilities/Total liabilities	100,00	100,00	1,00
4.	Own capital ratio Reserves made from the profit/Equity	78,66	67,88	0,86
Financial ratios				
1.	Cash liquidity Liquid assets/Short-term liabilities	1,75	3,38	1,93
2.	Quick ratio Liquid assets+Receivables+Securities/Short-term liabilities	2,55	4,40	1,73
3.	Liquidity ratio Current assets+Prepaid expenses and accrued income/ Short-term liabilities	3,57	5,71	1,60
4.	Operational safety ratio Equity+Long-term liabilities/Fixed assets	2,56	3,07	1,20
Profitability ratios		**%**	**%**	
1.	Rate of return on sales Operating profit/Net sales revenue	5,55	7,45	1,34
2.	Profit margin on sales After-tax profit/Net sales revenue	5,38	6,84	1,27
3.	Rate of return on equity Profit before taxation/Equity	13,56	15,29	1,13
4.	Rate of return on assets Profit before taxation/Total assets	9,85	12,30	1,25
5.	Profit rate After-tax profit/Share capital	63,54	74,44	1,17
6.	Fixed assets productivity Net sales revenue/Fixed assets	596,90	614,96	1,03

According to Hungarian Accounting Standards.

MOVEMENT TABLE OF INTANGIBLE AND TANGIBLE ASSETS 2013-2014.

(tHUF)

Intangible assets	Intangible property rigths	Goodwill	Intellectual properties	Capitalised value of research and development	Capitalised value of foundation and restructuring costs	Total
GROSS VALUE						
Opening balance	683 215	0	63 253	0	0	746 468
Capitalisation	31 397	0	7 300	0	0	38 697
Self-revision of capitalisation	0	0	0	0	0	0
Disposals	627	0	1 566	0	0	2 193
Self-revision of disposals	0	0	0	0	0	0
Transfer	0	0	0	0	0	0
Closing balance	713 985	0	68 987	0	0	782 972
DEPRECIATION						
Opening balance	640 615	0	45 974	0	0	686 589
Additions - ordinary	22 667	0	4 474	0	0	27 141
Self-revision of additions	0	0	0	0	0	0
Additions - extraordinary	0	0	0	0	0	0
Disposals	459	0	1 457	0	0	1 916
Transfer	0	0	0	0	0	0
Closing balance	662 823	0	48 991	0	0	711 814
NET BOOK VALUE						
Opening balance	42 600	0	17 279	0	0	59 879
Change	8 562	0	2 717	0	0	11 279
Closing balance	51 162	0	19 996	0	0	71 158

Tangible assets	Land and buildings	Technical equipment, machinery, vehicles	Other equipment, fittings, vehicles	Construction work in progress	Total
GROSS VALUE					
Opening balance	3 479 158	2 415 518	1 878 224	66 176	7 839 076
Additions	36 366	114 003	188 329	306 549	645 247
Self-revision of additions	0	0	0	0	0
Disposals	5 007	136 723	196 491	340 126	678 347
Self-revision of disposals	0	(589)	(2 060)	0	(2 649)
Transfer	0	0	0	0	0
Closing balance	3 510 517	2 393 387	1 872 122	32 599	7 808 625
DEPRECIATION					
Opening balance	819 766	1 981 545	1 432 098	725	4 234 134
Additions - ordinary	103 273	145 955	156 350	0	405 578
Self-revision of additions	0	3	56	0	59
Additions - extraordinary	0	0	2 557	0	2 557
Disposals	4 864	131 621	160 588	725	297 798
Transfer	0	0	0	0	0
Closing balance	918 175	1 995 882	1 430 473	0	4 344 530
NET BOOK VALUE					
Opening balance	2 659 392	433 973	446 126	65 451	3 604 942
Change	(67 050)	(36 468)	(4 477)	(32 852)	(140 847)
Closing balance	2 592 342	397 505	441 649	32 599	3 464 095

According to Hungarian Accounting Standards.

CASH-FLOW STATEMENT 2013-2014.

	Description	01.04.2012 - 31.03.2013	01.04.2013 - 31.03.2014	Variance	Variance
		tHUF	tHUF	%	%
I.	**Cash flows from operating activities (lines 1-13)**	**(746 360)**	**1 687 071**	**2 433 431**	**(326,04)**
1	Profit before income tax (adjusted)	1 293 095	1 689 987	396 892	30,69
2	Depreciation and amortization	415 689	432 778	17 089	4,11
3	Impairment losses charged and reversed	116 805	36 515	(80 290)	(68,74)
4	Change in provisions	151 151	(14 719)	(165 870)	(109,74)
5	Profit or loss on the sale of non current assets	95 340	(11 192)	(106 532)	(111,74)
6	Change in accounts payable	(266 544)	245 345	511 889	(192,05)
7	Change in other current liabilities	(624 596)	477 417	1 102 013	(176,44)
8	Change in accruals	(335 420)	(30 571)	304 849	(90,89)
9	Change in accounts receivable	110 375	179 337	68 962	62,48
10	Change in current assets (without accounts receivable and cash and cash equivalents)	173 122	448 641	275 519	159,15
11	Change in prepayments	56 881	(14 211)	(71 092)	(124,98)
12	Income tax paid	(94 631)	(175 169)	(80 538)	85,11
13	Divididens paid and payable	(1 837 627)	(1 577 087)	260 540	(14,18)
II.	**Cash flows from investing activities (lines 14 - 16)**	**(301 666)**	**(295 909)**	**5 757**	**(1,91)**
14	Acquisition of fixed assets and financial investments	(357 791)	(354 018)	3 773	(1,05)
15	Proceeds from sale of non current assets	56 125	58 109	1 984	3,53
16	Dividend received			n.a.	n.a.
III.	**Cash flows from investing activities (lines 17-25)**	**0**	**0**	**0**	**n.a.**
17	Proceeds from issue of shares			n.a.	n.a.
18	Loans received			n.a.	n.a.
19	Change in liabilities to founders and other non current liabilities			n.a.	n.a.
20	Redemption from non current loans granted and bank deposits			n.a.	n.a.
21	Share capital decrease			n.a.	n.a.
22	Repayment of bonds			n.a.	n.a.
23	Repayment of loans			n.a.	n.a.
24	Non-repayable donations given			n.a.	n.a.
25	Treasury stock repurchases			n.a.	n.a.
IV.	**Change in cash (lines I+II+II.)**	**(1 048 026)**	**1 391 162**	**2 439 188**	**(232,74)**

According to Hungarian Accounting Standards.

Appendix 4.

HAZARDOUS WASTE
1. APRIL 2013 – 31. MARCH 2014

Hazardous waste	quantity kg	value (tHUF)
Opening balance	0	0
Additions	18 595	1 313
Disposals	18 595	1 313
Closing balance	**0**	**0**

Appendix 5.

TANGIBLE ASSETS WITH ENVIRONMENTAL PROTECTION PURPOSES 31. MARCH 2014

(tHUF)

Tangible assets directly used for environment protection purposes	
GROSS VALUE	
Opening balance	9 092
Additions	0
Self-revision of additions	0
Disposals	0
Self-revision of disposals	0
Transfer	0
Closing balance	9 092
DEPRECIATION	
Opening balance	9 092
Additions - ordinary	0
Additions - extraordinary	0
Self-revision of additions	0
Disposals	0
Self-revision of disposals	0
Transfer	0
Closing balance	9 092
NET BOOK VALUE	
Opening balance	0
Change	0
Closing balance	0

Appendix 6.

IMPAIRMENT MOVEMENT TABLE 2014

(tHUF)

Balance sheet item	Opening	Additions	Disposals	Write-back	Closing
Advance payments given	0	0	0	0	0
ADVANCE PAYMENTS GIVEN	**0**	**0**	**0**	**0**	**0**
Raw materials	100 668	26 584	(30 548)	0	96 704
Work in progress and semi-finished products	69 312	2 352	(15 033)	(10 046)	46 585
Finished products	9 591	13 927	(3 614)	0	19 904
Goods	11 248	2 053	(1 882)	0	11 419
of this: packaging material	7 795	0	(491)	0	7 304
INVENTORIES	**190 819**	**44 916**	**(51 077)**	**(10 046)**	**174 612**
Receivables from supply of goods and services	24 154	708	(15 446)	(1 619)	7 797
Other receivables	1 409	0	(1 409)	0	0
RECEIVABLES	**25 563**	**708**	**(16 855)**	**(1 619)**	**7 797**

According to Hungarian Accounting Standards.

CALCULATION OF CORPORATE TAX 2014.

	tHUF
Profit before taxation	**1 689 987**
Tax deductibles	**515 603**
Amount recognised as income in the tax year owing to use of provision made for expected liabilities and future costs, as well as settlement of provision made earlier to cover expected losses from receivables and shown as a tax addition in the previous year	44 585
Amount of depreciation charge recognised as per the Corporate Tax Law, and calculated carrying value of assets upon reversal	346 565
Bad debts, amount paid for debts qualified as bad debts in the tax years preceding the current tax year and recognised as taxable income for the tax year, as well as impairment loss recognised on the basis of temporary provisions	10 222
Amount assessed by tax audit or self-revision and recognised as income for the tax year or capitalised value of own performance	112 305
Certified amount of donations	1 926
Tax additions	**593 452**
Provision made for expected liabilities and future costs, amount increasing the provision	28 710
Ordinary and extraordinary depreciation expensed on the basis of the Accounting Law, and amount recognised as expenditure upon reversal of tangible and intangible assets from the books	476 799
Amount of costs and expenditures not related to business, income-generating activity	6 419
Fine assessed by final decision, amount of legal sanctions recognised as expenditure	1 715
Amount of impairment loss recognised on receivables in the tax year, as well as amount shown as tax deductible in the tax year preceding the current tax year	708
Amount of bad debts written off in the tax year, as well as amount shown as tax deductible in the tax year preceding the current tax year	20 882
Amount assessed by tax audit or self-revision and recognised as cost, expenditure for the tax year	58 219
Corporate tax base	**1 767 836**
Tax rate	**10 %/19 %**
Calculated tax	**290 889**
Tax credit	**(120 000)**
Corporate tax	**170 889**
Self-revision adjustment	**4 280**
Corporate tax liability	**175 169**

AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF ZWACK UNICUM PLC.

pwc

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Zwack Unicum Nyrt.

Report on the financial statements

We have audited the accompanying financial statements of Zwack Unicum Nyrt. ("the Company") which comprise the balance sheet as of 31 March 2014 (in which the balance sheet total is THUF 13 742 811, the profit per balance sheet is THUF 1 514 818, the related profit and loss account for the year then ended, and the notes to the financial statements including a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Accounting Act and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Hungarian Standards on Auditing and with applicable laws and regulations in force in Hungary. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers Könyvvizsgáló Kft., 1055 Budapest, Bajcsy-Zsilinszky út 78.
T: +36 1 461 9100, F: +36 1 461 9115, www.pwc.com/hu

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Zwack Unicum Nyrt. as of 31 March 2014, and of the results of its operations for the year then ended in accordance with the provisions of the Accounting Act.

Other Matters

We draw attention to the fact that the attached financial statements have been prepared for the consideration of the shareholders at the forthcoming General Meeting and, as such, do not reflect the effects, if any, of resolutions that might be adopted at that meeting. Our opinion is not qualified in respect of this matter.

Other reporting requirements regarding the business report

We have examined the accompanying business report of Zwack Unicum Nyrt. ("the Company") for the financial year ended 31 March 2014.

Management is responsible for the preparation and fair presentation of the business report in accordance with the provision of the Accounting Act. Our responsibility is to assess whether or not the accounting information disclosed in the business report is consistent with that contained in the financial statements. Our work in respect of the business report was limited to checking it within the aforementioned scope and did not include a review of any information other than that drawn from the audited accounting records of the Company. In our opinion the business report for the financial year ended 31 March 2014 is consistent with the disclosures in the financial statements as of 31 March 2014.

Budapest, 20 May 2014

Mészáros Balázs
Partner
Statutory auditor
Licence number: 005589
PricewaterhouseCoopers Könyvvizsgáló Kft.
1055 Budapest, Bajcsy-Zsilinszky út 78.
License Number: 001464

Translation note:

Our report has been prepared in Hungarian and in English. In all matters of interpretation of information, views or opinions, the Hungarian version of our report takes precedence over the English version. The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in jurisdictions other than Hungary.

MANAGEMENT REPORT

ABOUT THE BUSINESS YEAR ENDED ON 31 MARCH 2014

In the Management Report the Company presents the main processes and factors that influenced the Company's business performance, development and position in the period under review and in the foreseeable future. The financial data of the Report are in compliance with the accounts made pursuant to the current Hungarian Act on Accounting in force. The Management Report complies with the provisions of Act 24/2008 of the Ministry of Finance.

1. Business Environment of the Company

The macro-economic indicators of Hungary improved significantly in 2013. GDP increased once again, unemployment and the inflation rate dropped. Real wages increased, though consumption of the public did not increase, but at least it remained at the same level, which is some progress compared to the previous years. However, these changes have not appeared on the spirits market due to the following reasons: on the one hand, the 15% excise tax increase at the beginning of 2013 resulted in significant price increases. According to Statistic Office (KSH) data, the consumer price index of alcoholic beverages and tobacco was 10.9% against the average 1.7%. On the other hand because of the excellent fruit harvest, an unprecedented quantity of palinka was ordered to be distillated in service distilleries and distillated in private homes with no excise tax on them. At the same time, according to NAV (Tax Authority) data, the amount of – taxed – alcoholic products put on the free market dropped by nearly 25% (compared to 2009, this drop is nearly 40%). This way, according to certain estimates published in the press, the total amount of spirits consumed in Hungary did not drop, but half of it is untaxed products, therefore the taxed market has been shrinking year by year. This latter phenomenon is also substantiated by market research data.

Market research figures for the present business year indicate decrease of 6.8% in volume in the Hungarian market of spirits. Although the pace of shrinking of the market slowed down (last year the market decreased by 9.6%), it is still considerable. Of the three segments, the premium one is doing the best but even there we witnessed decrease of 3.1%. The volume in the segment of quality and non-branded products went down considerably (-9.2% and 7.6%). The figures were very similar in the two main channels of sales (off trade and on trade). In both channels of sales the overall volume decreased (-7.2% and -6%), and that shrinkage affected each of the three segments. The premium volume was the least affected by decrease (4.6% in off trade and 1.6% in on trade). In on trade the sales of quality products decreased slightly (-2.4%) but those of non-branded products fell remarkably (-11-1%). In off trade however the decrease in sales affected the quality products in the first place (-11.7%), whereas the non-branded products performed relatively better there (-5.9%).

2. Objectives and Strategy of the Company

The Company's primary activity is producing and selling alcoholic drinks. The principal aim of Zwack Unicum Plc. is to maintain its market leading role in Hungary's market of spirits and further strengthen its dominant presence in the premium and quality products segments.

The Company is the exclusive distributor of the products of Diageo Plc. and Moet-Hennessy in Hungary as well. Thus, in addition to the self manufactured premium brands of determining importance in the Hungarian market (Unicum, Fütyülős, Vilmos) Zwack Unicum Plc.'s portfolio is coloured by world brands such as Johnnie Walker, Smirnoff, Baileys and Hennessy cognac and Moët&Chandon champagne.

With such a portfolio our Company offers an impressively rich assortment of branded products for consumers.

The product development and the successful product lunch are the most important means to keep and strengthen the market leader position.The Company has the strategic objective of deriving at least ten per cent of its gross sales from exports.

3. Main Resources and Risks of the Company's Activities

MATERIAL RESOURCES

- **Production and Plant**

  The Company has three production plants. Production and early fermentation of Unicum bulk are done in the Unicum plant in Soroksári Road. The Dunaharaszti plant was completed as a green field project in 2005. Its two bottling machine lines cover 90% of the Company's overall output. Further fermentation and bottling of Unicum liqueur are also done in that plant. . The fruit palinka distillary operates in Kecskemét, and this is where the small series products are bottled.

  During this business year, the Company terminated the production of two product families in the commerce segment (PéterPál and Krajczár) at the end of 2013. The machinery used to bottle these products was sold.

  The Company intends to maintain the present structure of three production facilities in the long term. Said plants have appropriate capacity for bulk production and bottling; which means there is no need for substantial investment of further production capacity in the near future. In forthcoming years, in a similar manner to the practice of recent years, the Company's capital projects will be in the cost range of the annual sum of depreciation.

- **Financial position**

  The financial situation of the Company is stable, throughout the financial year it was in a position to deposit. Even with dividend payment of nearly 1.6 BHUF in August, the Company closed the business year with a positive cash flow: we managed to increase our financial assets by BHUF 1.4 compared to 31 March, 2013.

  The financial transactions were done by some of the largest commercial banks: Unicredit, Erste and ING Bank.

HUMAN RESOURCES

On 31 March 2014 the Company had a staff of 234. In the Hungarian spirits market the Zwack Unicum Plc. has the biggest human resources for sales and marketing. Indeed, the related competitive edge in distribution and innovation are among the Company's most important strengths.

RISK FACTORS

The most important risk factor regarding our Company finances is the changes in the regulatory environment that might have a negative impact on domestic consumption (VAT and excise tax increases) or on sales volumes (changing the current structure of spirits trade).

Company activities are exposed to various financial risks: market risks, credit risks, and liquidity risks. Keeping in mind the unpredictability of the financial market, the Company tries to keep the possible negative implications affecting Company finances at the minimum. In line with the accounting policy, the Company applies derivative financial tools to counter certain financial risks.

Regarding its market risks, to reduce the foreign exchange risks arising from the export and import activities and from the Euro deposits, the Finance Department monitors, in line with the hedging policy, the foreign exchange liabilities, and keeps the necessary amount of forex on its bank accounts. Furthermore, the Company completes derivative transactions to reduce the same risks. Therefore the changes in exchange rate within the financial year have no significant implications on the profit and loss statement, nor on shareholders' equity.

The Company is not exposed to significant commodity market and other price risks either, not to interest risks because the amount of liquid investments on 31 March, 2013 was MHUF 18 (2012: MHUF 18), and the

Company also has fix interest assets whose book value is, by the order of magnitude, the same as their real value; the Company has no interest bearing loans either.

The Company has no significant credit risks, nor related to accounts receivables, due to the diversity of its customers. Also a significant portion of the accounts receivable is insured by financial institution up to 90% of single liabilities. The Company applies no other credit rating methods since this credit guarantee method is deemed to be effective enough to manage credit risks.

Company financial assets and fix deposits are mostly in HUF. The credit risk is low since Zwack Unicum Plc. placed its funds with reliable financial institutions.

Liquidity management of the Company covers the necessary amount of financial tools and also the necessary credit lines. The Management continuously monitors the necessary liquidity provisions (consisting of the loan facility not called and of liquid assets) based on the expected cash flow.

4. Results of the 2013-2014 business year and prospects for 2014-15

The 2013/14 business year was successful for Zwack Unicum Plc. When we look back to our financial goals set a year ago we can say that practically all were achieved.

As expected, the taxed spirits market continued to shrink even more, nevertheless, our Company revenues dropped at a lesser rate than that and the gross margin increased slightly (we plan to achieve the same level in case of both indicators as last year). As we managed to stand firm under very difficult domestic market conditions, we could even increase our export. The nearly 15% expansion of Unicum export was our greatest successes in recent years.

We set the goal of maintaining our operational expenditures at the nominal level, yet we managed to do even more than that and finally achieved a more than 2% reduction in expenditures. As a result, altogether we surpassed the planned and last year's actual after tax profits (14 and 3 %, respectively).

Our Company has always paid a lot of attention to financial stability and special attention to cash-flow. In this past year just closed, we managed to achieve an even more outstanding result than before. The operational cash-flow was BHUF 3, therefore even with the BHUF 1.5 dividend payment, the closing cash amount at the end of year increased by BHUF 1.4.

Our operating premise when drafting our next business plan is that the market environment will be slightly better. Regarding consumption of spirits by the public that had been declining in previous years in Hungary, and which is stagnating at present, we expect a slight (1-2%) increase in the year ahead of us. We hope that this could halt the drop on the premium alcoholic beverages market and possibly bring about a slight increase. In order to achieve this, this year too, we try to draw the attention of our consumers to our portfolio through several new products. Within the Fütyülős brand we introduce a new development this year also, while in the premium vodka segment under the name Szikra we launched four different flavored carbonated products.

On the export markets, we would like to repeat last year's successes. The primary task here is to expand with the distribution of Unicum Szilva, mostly on the Italian and Austrian markets. Increasing the export remains a strategic goal for our Company, where we wish to continue the significant development we achieved in the previous years.

The strict control over expenditure covering every area remains an important element in our daily activities, but after the significant expenditure cuts in the past few years, this year our goal is to maintain last year's level.

On the whole, this year we wish to achieve an after tax profit of BHUF 1.4, which is MHUF 100 more than last year's plans. Our brands, the innovative capability and market power of the Company provide solid foundations for achieving the identified goals. Furthermore, Company management and all the employees will work towards outdoing the plans.

Achieving the above business objectives is realistic if there will be no significant changes in the regulatory environment. There are rumours around the market that trading in spirits (whether retail in a shop, wholesale or catering) would be changed. Since no specifics are known about possible steps in this area, we cannot quantify them, and therefore they could not be incorporated into our business plan. In our opinion the current trade structure provides for the highest tax revenues (excise, VAT, taxes and contributions after wages), therefore we trust that there would be no significant changes in this area.

5. Parameters and indicators of Company's performance

(data in thousand HUF)

	2011-12	2012-13	2013-14
Net sales revenues	24 001 303	22 262 953	22 147 838
Trading profit	1 931 269	1 234 988	1 649 466
Profit before taxation	2 115 965	1 293 095	1 689 987
After tax profit	1 862 931	1 198 464	1 514 818
Dividends paid	1 837 627	1 577 125	
Trading profit / Net sales revenues	8,0%	5,5%	7,4%
Dividend / After tax profit	99%	132%	
Total assets	14 842 180	13 127 608	13 742 811
Cash and cash equivalents, end of the year	5 663 507	4 615 481	6 006 643

Budapest, 20 May 2014

Frank Odzuck
Chief Executive Officer

Dörnyei Tibor
Deputy CEO
Chief Financial Officer

CHIEF EXECUTIVE OFFICER'S REPORT ABOUT THE ACTIVITY OF THE 2013–2014 BUSINESS YEAR (according to IFRS)

The 2013/14 business year was successful for Zwack Unicum Plc. When we look back to our financial goals set a year ago we can say that practically all were achieved.

As expected, the taxed spirits market continued to shrink even more, nevertheless, our Company revenues dropped at a lesser rate than that and the gross margin increased slightly (we plan to achieve the same level in case of both indicators as last year). As we managed to stand firm under very difficult domestic market conditions, we could even increase our export. The nearly 15% expansion of Unicum export was our greatest successes in recent years.

We set the goal of maintaining our operational expenditures at the nominal level, yet we managed to do even more than that and finally achieved a more than 2% reduction in expenditures. As a result, altogether we surpassed the planned and last year's actual after tax profits (14 and 3 %, respectively).

Our Company has always paid a lot of attention to financial stability and special attention to cash-flow. In this past year just closed, we managed to achieve an even more outstanding result than before. The operational cash-flow was BHUF 3, therefore even with the BHUF 1.5 dividend payment, the closing cash amount at the end of year increased by BHUF 1.4.

The macro-economic indicators of Hungary improved significantly in 2013. GDP increased once again, unemployment and the inflation rate dropped. Real wages increased, though consumption of the public did not increase, but at least it remained at the same level, which is some progress compared to the previous years. However, these changes have not appeared on the spirits market due to the following reasons: on the one hand, the 15% excise tax increase at the beginning of 2013 resulted in significant price increases. According to Statistic Office (KSH) data, the consumer price index of alcoholic beverages and tobacco was 10.9% against the average 1.7%. On the other hand because of the excellent fruit harvest, an unprecedented quantity of palinka was ordered to be distilled in service distilleries and distilled in private homes with no excise tax on them. At the same time, according to NAV (Tax Authority) data, the amount of – taxed – alcoholic products put on the free market dropped by nearly 25% (compared to 2009, this drop is nearly 40%). This way, according to certain estimates published in the press, the total amount of spirits consumed in Hungary did not drop, but half of it is untaxed products, therefore the taxed market has been shrinking year by year. This latter phenomenon is also substantiated by market research data. (See the section "Market Situation" for more details below.)

Based on the above mentioned domestic spirit market trends we can be proud of the Company's annual performance.

Main financial figures of the Zwack Unicum Plc. (in HUF million)

		2010-2011 business year	2011-2012 business year	2012-2013 business year	2013-2014 business year	Plan 2014-2015 business year
Gross sales	HUF mill	20 351	20 452	19 593	19 767	20 268
Net sales	HUF mill	12 209	12 354	12 078	11 775	12 131
Gross margin	HUF mill	6 785	6 833	6 487	6 549	6 608
Profit before taxation	HUF mill	1 938	2 168	1 777	1 852	1 810
Profit after taxation	HUF mill	1 555	1 696	1 444	1 492	1 384
Dividend	HUF mill	1 700	1 800	1 550		
Gross margin	%	55,6%	55,3%	53,7%	55,6%	54,5%
Net profit margin	%	12,7%	13,7%	12,0%	12,7%	11,4%
Earnings per share	HUF	778	848	722	746	692
Dividend/Profit after Tax	%	109,3%	106,1%	107,3%		

Market situation

Market research figures for the present business year indicate decrease of 6.8% in volume in the Hungarian market of spirits. Although the pace of shrinking of the market slowed down (last year the market decreased by 9.6%), it is still considerable. Of the three segments, the premium one is doing the best but even there we witnessed decrease of 3.1%. The volume in the segment of quality and non-branded products went down considerably (-9.2% and 7.6%). The figures were very similar in the two main channels of sales (off trade and on trade). In both channels of sales the overall volume decreased (-7.2% and -6%), and that shrinkage affected each of the three segments. The premium volume was the least affected by decrease (4.6% in off trade and 1.6% in on trade). In on trade the sales of quality products decreased slightly (-2.4%) but those of non-branded products fell remarkably (-11-1%). In off trade however the decrease in sales affected the quality products in the first place (-11.7%), whereas the non-branded products performed relatively better there (-5.9%).

Within premium market in large volume sub-categories, whiskies (+3.1%) and the bitters (-0.9%) performed better, however, sales and the market share of vodkas (-4%), liqueurs (-7.9%) and palinkas (-8.7%) dropped.

Marketing Activities

The long term success of our Company could be guaranteed by the strong brands. Therefore we always keep it in mind to provide the necessary level and quality market support to the Zwack brands to the extent the given market conditions and possibilities allow.

Unicum is, naturally, our number one product and also the leading premium spirit brand in Hungary, therefore tradition and manufacturing expertise stand in the focus of its communication. Within it, the Zwack Museum and the Visitors' Centre received more emphasis than before; there we can show Unicum and Unicum Szilva lovers the entire manufacturing process, the values and traditions of this special product with the highest possible credibility providing in depth knowledge.

Fütyülős surprised its fans who are searching for novelties and are very open to them with new tastes this year. The sales volume of Fütyülős Mézes Kékáfonya (honey and blueberries) and Karamellás Zöldalma (caramel green apple) brought really nice results, thus proving that our developments were perfectly in line with consumer expectations.

Due to changes in consumer habits, the vodka category is growing in importance on the Hungarian market. Accordingly, our Company put several innovations on the market regarding these products. Kalinka Citrus became the market leader already in the first year among the flavoured vodkas. In addition, the premium segment category Szikra vodka was introduced in gastronomy.

Our Company pays special attention to Diageo products because with this addition to our own premium brands we can offer an exceptionally wide ranging portfolio to our partners and to the consumers. Accordingly, we increased the marketing activities for three main brands (Johnnie Walker, Baileys, Captain Morgan).

Financial report

Net domestic sales were down by 3.5% (a year-on-year decrease from HUF 10,799 million to HUF 10,420 million). Within domestic sales, the turnover of own-produced goods decreased by 4.2%. Domestic sales of premium products practically remained at the previous year's level (decreased by 0.3%); the net sale of quality products decreased by 8.0%, and that of non-branded products decreased by 41.3%. As announced in the previous Interim Management Report, the Company discontinued the production of two product lines (PéterPál and Krajczár) at the end of 2013. We are selling off the remaining stock of said products.

The net earnings from traded products (including the Diageo portfolio) practically stagnated (a year-on-year decrease of 0.6%), in a similar manner to the own-produced premium goods.

Export earnings amounted to HUF 1,355 million – by 6% higher than a year before. The earnings of Unicum went up by nearly 15% due especially to its sales in Italy and Germany and the introduction of Unicum Szilva

(Unicum Plum) in neighbouring countries. However, the sales of lower-margin products (pálinka and rum) were below those a year before.

The gross margin level increased by 1.9 percentage points. That was mainly because, as from 2013, we have managed to secure more favourable purchase prices for a part of our traded products. That has reduced our cost of goods. Meantime, the funds available for the marketing support of the same brands also decreased – as can be seen in the "Other operating income" line. The increase in the gross margin rate was also due to the fact that within Company revenues, the weight of the most profitable own produced premium products and export continued to increase. Because of those factors and due to the slightly decreasing revenues, the gross margin increased by HUF 63 million (1%).

Overall, the operating expenses showed a year-on-year decrease of 2.3% (HUF 122 million). In light of the consistently unfavourable market conditions, for years now the Company has been laying special attention to manage operating expenses effectively. Thanks to those efforts, savings were achieved in numerous cost categories.

Due to above-mentioned causes (see the passage starting with the words: "The gross margin"), the other operating income decreased. By contrast, this year a part of the owners of the traded products increased their marketing expenditure. As the sum total of those factors the other operating income only decreased by HUF 9 million (1.7%).

Interest income decreased by 19.3% (HUF 39 million). The interest income decreased to a lesser degree than the deposit interest level because in this business year the Company had a much higher sum in deposits than in the previous one (due especially to the decrease in inventories).

Interest expenses disclosed are related to interest portions of finance lease related charges incurred throughout the year. Financial lease calculations are utilised as means to measure the value of bottle production equipment set up for Zwack by the glass factories. Upon the annual re-evaluation of the attributes which form a basis for the estimated market value of bottles produced, the portion attributed to interest expenses within the annual embedded lease liabilities has increased. That explains the increase in interest expense.

The Company's profit after taxation according to the International Financial Reporting Standards (IFRS) stood at HUF 1,493 million, a year-on-year increase of 3.4% (previous: HUF 1,444 million).

Within current assets there was a year-on-year decrease of 13.6% (300 million) in the value of inventories. That was due to the favourable effects of the changes implemented in the asset management processes.

The figure on the "Trade and other receivables" line increased by HUF 720 million (39.1%), due chiefly to increase in the Company's tax liabilities (excise tax and VAT).

During the current business year the Zwack Unicum Plc. spent HUF 358 million on fixed assets (2012/13: HUF 376 million). The investments were of a supplementary character and complied with the plan.

Organizational and personnel changes

The regular Annual General Meeting of the Company closing the 2012-2013 business year held on 27 June, 2013 acknowledged the resignation of Jamie Clayton Alistair Anderson from the Board of Directors. The AGM elected Ms. Ulrica Fearn as Member of the Board of Directors. Sándor Zwack, Isabella Zwack, Lars Jörgen Andersson, Frank Odzuck and Tibor Dörnyei were re-elected as Members of the Board of Directors until 31 July, 2017 because their earlier appointment had expired. For the same reason Dr. Hubertine Underberg-Ruder, Dr. György Geiszl, Dr. András Szecskay and Dr. István Salgó were re-elected as members of the Supervisory Board.

During the 2013–2014 business year there was no change in the organization of the Company.

The Company has 234 employees (a year ago it was 237).

Prospects for the 2014–2015 business year

Our operating premise when drafting our next business plan is that the market environment will be slightly better. Regarding consumption of spirits by the public that had been declining in previous years in Hungary, and which is stagnating at present, we expect a slight (1-2%) increase in the year ahead of us. We hope that this could halt the drop on the premium alcoholic beverages market and possibly bring about a slight increase. In order to achieve this, this year too, we try to draw the attention of our consumers to our portfolio through several new products. Within the Fütyülős brand we introduce a new development this year also, while in the premium vodka segment under the name Szikra we launched four different flavored carbonated products.

On the export markets, we would like to repeat last year's successes. The primary task here is to expand with the distribution of Unicum Szilva, mostly on the Italian and Austrian markets. Increasing the export remains a strategic goal for our Company, where we wish to continue the significant development we achieved in the previous years.

The strict control over expenditure covering every area remains an important element in our daily activities, but after the significant expenditure cuts in the past few years, this year our goal is to maintain last year's level.

On the whole, this year we wish to achieve an after tax profit of BHUF 1.4, which is MHUF 100 more than last year's plans. Our brands, the innovative capability and market power of the Company provide solid foundations for achieving the identified goals. Furthermore, Company management and all the employees will work towards outdoing the plans.

Achieving the above business objectives is realistic if there will be no significant changes in the regulatory environment. There are rumours around the market that trading in spirits (whether retail in a shop, wholesale or catering) would be changed. Since no specifics are known about possible steps in this area, we cannot quantify them, and therefore they could not be incorporated into our business plan. In our opinion the current trade structure provides for the highest tax revenues (excise, VAT, taxes and contributions after wages), therefore we trust that there would be no significant changes in this area.

Frank Odzuck
Chief Executive Officer

SUSTAINABILITY IN EVERYDAY LIFE

Our sustainability strategy continues to be defined by the economic, environmental and social dimensions of operations, in other words profitability, corporate social responsibility and environment consciousness. Our Company followed the principles of sustainability with special attention in decision-making in the past financial year too.

In 2013, our Company joined the initiative of the Business Council for Sustainable Development in Hungary, and Izabella Zwack signed, on behalf of the Shareholders, the recommendation to executives entitled “Complex interpretation of company sustainability”. The intention of BCSDH with this recommendation of seven points is to promote the practical application and use of the three pillars of sustainable development – the principles of financial success, ecological equilibrium and quality of life in society – in Hungarian companies.

As the leading distributor and manufacturer on the market, Zwack Unicum feels it is its special duty to promote responsible and moderate alcohol consumption.
Accordingly, we have a number of our own initiatives and projects, and as a member of the Hungarian Spirits Association (Magyar Szeszipari Szövetség) we participate in a number of joint programmes.
In our promotions we pay special attention to moderate alcohol consumption and to the prevention of alcohol consumption by minors.

All our communication instruments continue to carry the slogan “Zwack quality but in moderation” Besides the slogan, we also call attention to the recommended quantity to be consumed: easy to understand icons show how many portions we recommend to ladies and how many to gentlemen, and when we do not recommend alcohol consumption at all.

In this past period too, we paid special attention to the support of families and children in disadvantaged situation. Zwack Unicum Plc. has been supporting the special H2O programme for five years already; the main goal of this programme is to promote the social integration of the disadvantaged and to overcome such disadvantages in society. Special education has been going on in the local, 9th district Molnár Ferenc Elementary School for four years, and the programme showing excellent results as well as this special form of support were promoted by our Company last year at the CSR Market 2013 exhibition organised by the KÖVET Association.

Company Management, standing behind employee initiatives, provided an opportunity for the staff to participate in charity programmes such as for example the collection of Advent presents (food, toys, clothing, books) for the children in the Burattino Elementary and Vocational School and Children’s Home in Csepel, and our employees made homemade cakes and pastry as a surprise for the children in the Carnival masquerade.

Year by year more and more of our employees join the “Red Dress” campaign. Our colleagues dressed in red and the Company itself too, supported the “Szemem Fénye” (“Apple of my Eye”) Foundation transporting ill children and running a children’s hospice using financial donations.

For years we have been supporting the Full Belly to All Children Foundation (Minden gyerek lakjon jól alapítvány) which helps disadvantaged families in regions lagging behind by providing food to them. Last year we were proud to contribute to providing sawing seeds and live animals to several thousand disadvantaged families.

We have had contact with the Tűzoltó Street Children's Hospital for years: last year they could start to create and equip a one-day therapy room with our help.

We have had close contacts with the Zwack József School in Békéscsaba also for years: we sponsor the catering and business adult students of this vocational school achieving excellent results and being the most renown school in the region by giving them scholarships and opportunities for study tours and further training courses.

Another significant area of our corporate social responsibility is showing our appreciation to our employees and their development. Last year we put the emphasis on health promotion programmes. Besides participating in the regular lung screening organised by our Company and in the voluntary health fund and medical insurance possibilities within the cafeteria system, more than 40% of our employees took part in the comprehensive screening called Signal MediCall, and in the spring, 101 persons had themselves checked by a dermatologist especially to screen out cancerous lesions and to prevent them by screening for melanomas.

Besides the compulsory annual environmental, labour safety and hygiene training courses, we organise – for employees participating actively in sensory assessment and classification – a special course for product specific sensory analysis. The competence assessment system for medium level management is ready and the first assessment talks have already taken place. Another survey by questionnaire will take place in 2014 among our employees in order to learn their opinion on the Company, on its running and on how they feel in their jobs.

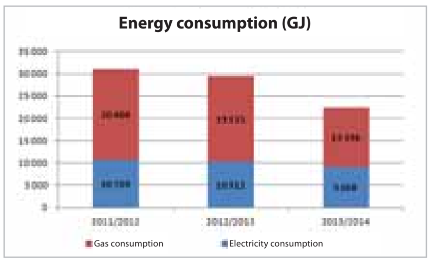
Fairness in business, meaning ethical business conduct continues to be an important core value for us. Besides the processes overseen by the well functioning internal audit, we had comprehensive preventive and fact finding audits in the 2013/14 financial year involving an external consulting company. The audit stressed that the control environment of the Company is strong, and neither internal audit, nor the external audit discovered any corruption suspicious cases.

We are continuously making efforts to comply with the legal requirements during our operations. Food production and consumer protection were the typical main areas last year where we built in new requirements in our processes. The changes that will be effective this year regarding labelling of foodstuff are gradually being put on the labels of our products.

The authorities carried out six audits in areas closely linked to our production activities and checked 14 times our compliance with legal requirements based on samples taken from trade. In these audits, every single time our products as well as the production activities were found to be fully compliant, including our practice of managing emergency.

There were two areas of focus last year in environment control: waste management and energy efficiency. The amount of waste dropped significantly compared to the previous period, causing no changes in waste recycling; 97% of waste was recycled. Efficient waste management is also characterised by the good expenditure/sales revenue ratio; our Company managed to save a significant amount compared to previous years by the revision of the method of waste recycling and by switching service partners.

Another important area is the efficient use of and saving energy which is perfectly in line with the principles of sustainability. There was an energy efficiency review in all three factories, and the main outcome was – besides mapping the current situation – to collect and show the possible developments and to lay the foundations for decisions necessary for further steps to be taken. The basis for environment conscious operations continues to be awareness raising and professional training courses. As part of our "green office" development, we placed high performance multifunctional equipments on the corridors of our office building in place of the local table top printers.



The Annual Report gives a detailed assessment of the financial performance. Just as the financial data therein, the non-financial data briefly presented above also substantiate our long term responsible operations, which we present at this place in years when we do not publish a separate Sustainability Report. Our Sustainability Report published last year enjoyed the appreciation of our shareholders, and it also received the "Green Frog Prize", meaning that the board evaluating the Central-European sustainability reports assessed our Report as outstanding. In the future we plan to continue to publish information on sustainability in compliance with the recommendations of the Global Reporting Initiative therefore we have started to adapt the latest, G4 version recommendations in the reporting process.

REPORT OF THE SUPERVISORY BOARD AND THE AUDIT BOARD

ON THE 2013-2014 BUSINESS YEAR

Zwack Unicum PLC.

REPORT OF THE SUPERVISORY BOARD AND THE AUDIT BOARD ON the business year starting on April 1, 2013 and terminating on March 31, 2014

In the business year starting on April 1, 2013 and terminating on March 31, 2014, the Supervisory Board held 3 sessions in order to monitor and supervise the activities of the Board of Directors and the management of the Company. The Company management submitted detailed written reports at the sessions of the Supervisory Board. After receiving sufficient information on specific issues, the Chair of the Supervisory Board was requested to take a position on each issue, and such position was respected. The members of the Supervisory Board continuously monitored the individual areas of operation. The Supervisory Board was allowed access to all the information required for the satisfactory fulfilment of its supervisory function.

The Supervisory Board did not make any complaint against the activities of the Board of Directors or the management.

The Supervisory Board and the Audit Board, after examining and discussing the draft of the Company's Annual Report concerning the business year starting on April 1, 2013 and terminating on March 31, 2014, containing the balance sheet and profit and loss statement prepared by the Board of Directors and audited by PricewaterhouseCoopers Ltd., statutory auditor of the Company, unanimously approved both documents and agreed to submit them to the Annual General Meeting with a recommendation for approval.

The Supervisory Board also agreed with the Board of Directors' proposal to declare and distribute HUF 5 087 500 000 as a dividend (from HUF 1 514 818 000 after tax profit and HUF 3 572 682 000 profit reserve), to be allocated in proportion to shareholding and submitted the proposal to the Annual General Meeting with a recommendation for approval.

The Supervisory Board also examined the Corporate Governance Report prepared by the Board of Directors, agreed thereto and submitted it to the Annual General Meeting with a recommendation for approval.

The Audit Board did not make any complaint against the activities of the Auditor of the Company and recommends to the Annual General Meeting for approval:

(i) the re-election of PricewaterhouseCoopers Ltd. (H-1077 Budapest, Wesselényi utca 16, registration no.:001464; individual auditor in charge: Mr. Balázs Mészáros, registration no.: 005589, the substitute auditor appointed in the event of any extended absence of the auditor in charge is: Ms. Szilvia Szabados, registration no.: 005314), as statutory auditor of the Company for a definite period expiring on July 31, 2015; and

(ii) a honoraria - amounting to HUF 14 300 000 + VAT for PricewaterhouseCoopers Ltd. (H-1077 Budapest, Wesselényi utca 16, registration no.:001464;) for its services as auditor of the Company. The honoraria includes the fee for the auditing of the annual report concerning the business year starting on April 1, 2014 and terminating on March 31, 2015 in accordance with the Hungarian accounting principles and international accounting standards (IFRS).

The Audit Board prepared the agreement to be concluded with the Auditor.

The Audit Board found the operation of the financial reporting system of the Company satisfactory and did not make any recommendations in connection thereto.

The Supervisory Board expressed its appreciation of the Board of Directors and the Company management for their efforts to maintain the successful operation of the Company.

The Supervisory Board would like to take this opportunity to express its thanks to the employees of the company.

Budapest, May 20, 2014

Dr. Hubertine Underberg Ruder

Chair of the Supervisory Board

Dr. Rudolf Kobatsch

Chairman of the Audit Board

ZWACK UNICUM PLC. FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014
PREPARED ON COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

STATEMENT OF FINANCIAL POSITION FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

	Note	31 March 2014	31 March 2013
		HUF mill	HUF mill
ASSETS			
Non-current assets			
Property, plant and equipment	5	2 951	3 146
Intangible assets	6	78	64
Packaging materials	7	33	24
Investments in associates	8	65	65
Available-for-sale financial assets	9	2	2
Employee loans	10	29	34
Deferred tax asset	22	145	120
		3 303	**3 455**
Current assets			
Inventories	11	1 901	2 201
Trade and other receivables	12	1 937	2 203
Cash and cash equivalents	13	6 007	4 615
		9 845	**9 019**
TOTAL ASSETS		**13 148**	**12 474**
Shareholders' equity			
Share capital		2 000	2 000
Share premium		165	165
Retained earnings		8 037	8 094
Total shareholders' equity		**10 202**	**10 259**
LIABILITIES			
Non-current liabilities			
Other financial liabilities	14	365	332
		365	**332**
Current liabilities			
Trade and other liabilities	15	2 563	1 843
Provision for other liabilities and charges	16	18	40
		2 581	**1 883**
Total liabilities		**2 946**	**2 215**
TOTAL EQUITY AND LIABILITIES		**13 148**	**12 474**

The Financial Statements were accepted by the Board of Directors on 20 May 2014 and signed on their behalf by:

Sándor Zwack
Chairman of the Board of Directors

Frank Odzuck
Chief Executive Officer

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

	Note	2014	2013
		HUF mill	HUF mill
Revenue	**17**	**11 775**	**12 078**
Material cost of goods sold		(5 225)	(5 591)
Employee benefits expense	18	(2 399)	(2 441)
Depreciation and amortization	5-6	(505)	(540)
Other operating expenses	19	(2 398)	(2 444)
Operating expenses		**(10 527)**	**(11 016)**
Other operating income	20	487	496
Profit from operations		**1 735**	**1 558**
Interest income		163	202
Interest expense and other similar charges		(48)	(5)
Net financial income	**21**	**115**	**197**
Share of profit of associates	**8**	**2**	**22**
Profit before tax		**1 852**	**1 777**
Income tax expense	22	(359)	(333)
Profit for the year		**1 493**	**1 444**
Other comprehensive income for the year, net of tax		0	0
Total comprehensive income for the year		**1 493**	**1 444**
Earnings Per Share (HUF/Share)		**747**	**722**

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

	Share Capital	Share premium	Retained Earnings	Total
	HUF mill	HUF mill	HUF mill	HUF mill
Balance at 1 April 2012	**2 000**	**165**	**8 450**	**10 615**
Dividend related to financial year ended 31 March 2012	–	–	(1 800)	(1 800)
Total comprehensive income for the year	–	–	1 444	1 444
Balance at 31 March 2013	**2 000**	**165**	**8 094**	**10 259**
Balance at 1 April 2013	**2 000**	**165**	**8 094**	**10 259**
Dividend related to financial year ended 31 March 2013	–	–	(1 550)	(1 550)
Total comprehensive income for the year	–	–	1 493	1 493
Balance at 31 March 2014	**2 000**	**165**	**8 037**	**10 202**

The total of authorized number of ordinary shares is 2 000 000 (31 March 2013: 2 000 000) with a par value of HUF 1 000 per share (31 March 2013: HUF 1 000 per share). All issued shares are fully paid. Each share carries the same voting rights.

The share capital does not include 35 000 redeemable liquidity preference shares issued to senior managers which is accounted for as a cash settled share based compensation plan as described under Note 23. In addition dividends relating to these redeemable liquidity preference shares is recognised as part of Employee benefits expense. For further details refer to Note 18.

CASH FLOW FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

	2014	2013
	HUF mill	HUF mill
Profit before tax	**1 852**	**1 777**
Net financial income	(115)	(197)
Share of profit of associates	(2)	(22)
Adjustment for depreciation and amortization	505	540
(Gain) on disposal of fixed assets	(17)	(16)
Increase/(decrease) in trade creditors	750	(1 236)
Decrease in inventories	291	19
Decrease in trade and other receivables	192	336
(Gain) on unrealized foreign exchange rate difference	(7)	(40)
Impairment of investments in associates	2	22
Other changes	(22)	(14)
Cash generated from operations	**3 429**	**1 169**
Interest paid	(48)	(5)
Corporate income tax paid	(308)	(350)
Cash flow from operating activities	**3 073**	**814**
Purchases of property, plant and equipment	(317)	(358)
Purchases of intangible assets	(41)	(18)
Interest received	163	214
Proceeds from sale of property, plant and equipment	58	56
Proceeds from other financial assets	0	1 478
Cash flow from investing activities	**(137)**	**1 372**
Dividends paid	(1 550)	(1 800)
Cash flow from financing activities	**(1 550)**	**(1 800)**
Change in cash and cash equivalents	**1 386**	**386**
Cash and cash equivalents, beginning of the year	4 615	4 186
Exchange gains on cash and cash equivalents	6	43
Cash and cash equivalents, end of the year	**6 007**	**4 615**

NOTES TO FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

PREPARED IN COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

NOTE 1 – GENERAL BACKGROUND

(a) The Company and the nature of its operations

The Zwack Unicum Plc. (hereafter referred to as "the Company") is incorporated in the Republic of Hungary and it is manufacturer and distributor mainly of alcoholic beverages. The Company seat is located at 26 Soroksári út, Budapest, 1095.

Zwack Unicum Plc. is listed on the Budapest Stock Exchange.

Peter Zwack & Consorten HAG is the ultimate majority owner of Zwack Unicum Plc. holding 50% + 1 share of the issued shares (registered ordinary shares). The ultimate controlling parties are the Zwack and Underberg families together.

Registered ordinary shares of the Company	2014		2013	
	%	HUF mill	%	HUF mill
PZ HAG.	50%+1 share	1 000	50%+1 share	1 000
Diageo Holdings Netherlands B.V.	26%	520	26%	520
Public	24%-1 share	480	24%-1 share	480
Total	**100%**	**2 000**	**100%**	**2 000**

(b) Basis of preparation

The financial statements have been prepared in millions of Hungarian Forints (HUF) under the historical cost convention, except for the revaluation of available-for-sale financial assets, and financial assets and liabilities at fair value through profit or loss, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The financial statements of the Company were approved for issue by the Company's Board of Directors (the Board), however, the Annual General Meeting (AGM) of the owners, authorized to accept these financials, has the right to require amendments before acceptance.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2 (v).

In the year ended 31 March 2008 and the preceding years Zwack Unicum Plc. prepared consolidated financial statements according to IFRS as adopted by the European Union. Since the voluntary dissolution of the last subsidiary (BULIV Kft.) the Company does not have any legal obligation to prepare financial statements under IFRS. Zwack Unicum Plc. decided to keep on publishing financial statements prepared in accordance with IFRS as adopted by the European Union.

1. *Standards early adopted by the Company*

No standards were early adopted by the Company.

2. *Standards, amendments and interpretations effective and adopted by the Company in 2014*

- IAS 1 (amended) – The IASB published amendments to IAS 1 Presentation of Financial Statements in June 2011. The amendments to IAS 1 retain the ‚one or two statement' approach at the option of the entity and only revise the way other comprehensive income is presented: requiring separate subtotals for those elements which may be reclassified to the profit or loss section of the income statement (recycled) and those elements that will not. The Company adopted the amended standard as of April 1, 2013. The amended standard did not have any significant impact on the disclosures in the Company's financial statements.

- IAS 19 (amended) – The IASB published amendments to IAS 19 – Employee Benefits in June 2011. The amendments mostly focus on areas which are not relevant for the Company (defined benefit plans), while the ones relevant for the Company did not result in any change in the recognition, measurement or disclosure of employee benefits.
- IFRS 7 (amended) – The IASB published amendments to IFRS 7 – Amendments to IFRS 7 Financial Instruments: Disclosures in December 2011. The IASB and the Financial Accounting Standards Board (FASB) issued common disclosure requirements that are intended to help assessing better the effect or potential effect of offsetting arrangements on a company's financial position. The common disclosure requirements also improve transparency in the reporting of how companies mitigate credit risk, including disclosure of collateral pledged or received. The Company adopted the amended standard as of April 1, 2013. The amended standard did not have a significant impact on the disclosures in the Company's financial statements.
- IFRS 13 - The IASB published IFRS 13 – Fair Value Measurement in May 2011 in order to replace the guidance on fair value measurement in existing IFRS accounting literature with a single standard. The IFRS is the result of joint efforts by the IASB and FASB to develop a converged fair value framework. IFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However, IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. IFRS 13 seeks to increase consistency and comparability in fair value measurements and related disclosures through a ‚fair value hierarchy'. The hierarchy categorizes the inputs used in valuation techniques into three levels. The hierarchy gives the highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. If the inputs used to measure fair value are categorized into different levels of the fair value hierarchy, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement (based on the application of judgment). The Company adopted the amended standard as of April 1, 2013. The new standard did not have a significant impact on the Company's financial statements.

3. *Standards, amendments and interpretations effective in 2014 but not relevant*

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 April 2013 but are not relevant to the Company's operations:

- IFRIC 20 – In October 2011, the IASB published IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine. As Zwack Unicum Plc. does not have mining activity, the interpretation did not have any impact on the Company's financial statements.
- IFRS 1 – In 2012, the IASB published amendments to IFRS 1. As Zwack Unicum Plc. already adopted IFRS, the amendments did not have any impact on the Company's financial statements.

4. *Standards, amendments and interpretations that are not yet effective and have not been early adopted by the Company*

- IAS 32 (amended) - The IASB published amendments to IAS 32 Financial Instruments: Presentation in December 2011. The amendments to IAS 32 clarify the IASB's requirements for offsetting financial instruments. The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32. The pronouncement clarifies:
  - the meaning of „currently has a legally enforceable right of set off the recognized amounts"; and
  - that some gross settlement systems may be considered equivalent to net settlement.

  The application of the amendment is required for annual periods beginning on or after January 1, 2014. A reporting entity must apply the amended standard retrospectively. We do not expect that the adoption of the amended standard would result in significant changes in the financial statements of the Company. The European Union has endorsed the amendment of the standard.
- IFRS 9 Financial Instruments. The standard forms the first part of a three-phase project to replace IAS 39 (Financial Instruments: Recognition and Measurement) with a new standard, to be known as IFRS 9 Financial Instruments. IFRS 9 prescribes the classification and measurement of financial assets and liabilities. The remaining phases of this project, dealing with the impairment of financial instruments and hedge accounting, as well as a further project regarding derecognition, are in progress.

  Financial assets - At initial recognition, IFRS 9 requires financial assets to be measured at fair value. After initial recognition, financial assets continue to be measured in accordance with their classification under IFRS 9. Where a financial asset is classified and measured at amortized cost, it is required to be tested for impairment in accordance with the impairment requirements in IAS 39. IFRS 9 defines the below rules for classification.

IFRS 9 requires that financial assets are classified as subsequently measured at either amortized cost or fair value. There are two conditions needed to be satisfied to classify financial assets at amortized cost: (1) The objective of an entity's business model for managing financial assets has to be to hold assets in order to collect contractual cash flows; and (2) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Where either of these conditions is not satisfied, financial assets are classified at fair value.

Fair Value Option: IFRS 9 permits an entity to designate an instrument, that would otherwise have been classified in the amortized cost category, to be at fair value through profit or loss if that designation eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch').

Equity instruments: The default category for equity instruments is at fair value through profit or loss. However, the standard states that an entity can make an irrevocable election at initial recognition to present all fair value changes for equity investments not held for trading in other comprehensive income. These fair value gains or losses are not reported as part of a reporting entity's profit or loss, even when a gain or loss is realized. Only dividends received from these investments are reported in profit or loss.

Embedded derivatives: The requirements in IAS 39 for embedded derivatives have been changed by no longer requiring that embedded derivatives be separated from financial asset host contracts.

Reclassification: IFRS 9 requires reclassification between fair value and amortized cost when, and only when there is a change in the entity's business model. The ‚tainting rules' in IAS 39 have been eliminated.

Financial liabilities - IFRS 9 "Financial Instruments" sets the requirements on the accounting for financial liabilities and replaces the respective rules in IAS 39 "Financial Instruments: Recognition and Measurement". The new pronouncement

- Carries forward the IAS 39 rules for the recognition and derecognition unchanged.
- Carries forward most of the requirements in IAS 39 for classification and measurement.
- Eliminates the exception from fair value measurement for derivative liabilities that are linked to and must be settled by delivery of an unquoted equity instrument.
- Changes the requirements related to the fair value option for financial liabilities to address own credit risk.

The IASB issued amendments to IFRS 9 in December 2011 and deferred the mandatory effective date of IFRS 9. The deferral will make it possible for all phases of the IFRS 9 project to have the same mandatory effective date. The amendments also provide relief from the requirement to restate comparative financial statements for the effect of applying IFRS 9. This relief was originally only available to companies that chose to apply IFRS 9 prior to 2012. Instead, additional transition disclosures will be required to help investors understand the effect that the initial application of IFRS 9 has on the classification and measurement of financial instruments. The adoption of the new standard will likely result in changes in the financial statements of the Company, the exact extent of which we are currently analyzing. The European Union has not yet endorsed either the standard or its amendment.

- IFRS 12 and IAS28 (amended) – The IASB published IFRS 12 – Disclosures of Interests in Other Entities and amendments to IAS 28 – Investments in Associates and Joint Ventures in May 2011.

  IFRS 12 will require enhanced disclosures about both consolidated entities and unconsolidated entities in which an entity has involvement. The objective of IFRS 12 is to require information so that financial statement users may evaluate the basis of control, any restrictions on consolidated assets and liabilities, risk exposures arising from involvements with unconsolidated structured entities and non-controlling interest holders' involvement in the activities of consolidated entities.

- IFRS 12 and IAS28 (amended) – The IASB published IFRS 12 – Disclosures of Interests in Other Entities and amendments to IAS 28 – Investments in Associates and Joint Ventures in May 2011.

  IFRS 12 will require enhanced disclosures about both consolidated entities and unconsolidated entities in which an entity has involvement. The objective of IFRS 12 is to require information so that financial statement users may evaluate the basis of control, any restrictions on consolidated assets and liabilities, risk exposures arising from involvements with unconsolidated structured entities and non-controlling interest holders' involvement in the activities of consolidated entities.

  IAS 28 – Investments in Associates and Joint Ventures is amended for conforming changes based on the issuance of IFRS 10, IFRS 11 and IFRS 12.

  The IASB issued amendments to IFRS 12 in June 2012. The amendments provide transition relief IFRS 12 Disclosure of Interests in Other Entities, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Furthermore, for disclosures related to unconsolidated structured entities, the amendments remove the requirement to present comparative information for periods before IFRS 12 is first applied.

An entity shall apply this package of new and revised standards for annual periods beginning on or after January 1, 2014. We do not expect that their adoption would result in significant changes in the financial statements of the Group, the exact extent of which we are currently analyzing. The European Union has endorsed the new standards and the 2011 May amendments.

- IAS 36 (amended) – The IASB published Recoverable Amount Disclosures for Non-Financial Assets, amendments to IAS 36 – Impairment of Assets in May 2013. The amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. When developing IFRS 13 Fair Value Measurement, the IASB decided to amend IAS 36 to require disclosures about the recoverable amount of impaired assets. The amendments clarify the IASB's original intention: that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal. The application of the amendment is required retrospectively for annual periods beginning on or after January 1, 2014. We do not expect that the adoption of the amendment would result in significant changes in the financial statements of the Company. The European Union has endorsed the amended standard.
- IAS 39 (amended) – The IASB published „Novation of Derivatives and Continuation of Hedge Accounting", amendments to IAS 39 – Financial Instruments: Recognition and Measurement in June 2013. The amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one). This relief has been introduced in response to legislative changes across many jurisdictions that would lead to the widespread novation of over-the-counter derivatives. These legislative changes were prompted by a G20 commitment to improve transparency and regulatory oversight of over-the-counter derivatives in an internationally consistent and non-discriminatory way. Similar relief will be included in IFRS 9 Financial Instruments. The application of the amendment is required for annual periods beginning on or after January 1, 2014. We do not expect that the adoption of the amendment would result in significant changes in the financial statements of the Company. The European Union has endorsed the amended standard.
- IFRIC 21 – The IASB issued IFRIC Interpretation 21: Levies, an Interpretation on the accounting for levies imposed by governments in May 2013. IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The new interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The application of IFRIC 21 is required for annual periods beginning on or after January 1, 2014. We do not expect that the adoption of the new interpretation would result in significant changes in the financial statements of the Company as our interpretation of IAS 37 has been in line with the newly issued IFRIC. The European Union has not yet endorsed the interpretation.

5. *Standards, amendments and interpretations that are not yet effective and are not relevant to the Company's operations*

   - IFRS 11 – Joint arrangements
   - IFRS 10 – Consolidated financial statements
   - IAS 27 (amended) – Consolidated and separate financial statements
   - IFRS 10, IFRS 12, IAS 27 (amended) – The IASB published „Investment Entities" (Amendments to IFRS 10, IFRS 12 and IAS 27) in October 2012. As Zwack Unicum Plc. does not have investment entities, the amended standards will not have any impact on the Company's financial statements. The European Union has endorsed the amended standards.
   - IAS 19 (amended) – The IASB published amendments to IAS 19 – Employee Benefits in November 2013. The amendments apply to contributions from employees or third parties to defined benefit plans which are not relevant for the Company. Therefore the amended standard will not have any impact on the Company's financial statements. The European Union has not yet endorsed the amended standard.
   - IFRS 14 – The IASB issued an interim Standard, IFRS 14 Regulatory Deferral Accounts in January 2014. The new interim standard is applicable for first-time adopters which is not relevant for the Company. The European Union has not yet endorsed the new interim standard.

The standards have been endorsed by the EU unless otherwise indicated.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Segment reporting

The CEO of Zwack Unicum Plc., is the Company's chief operating decision maker ('CODM'), as the CEO is responsible for allocating resources to, and assessing the performance of the Company on a monthly basis. Operating results are only reviewed at the Company level by the CODM hence the Company is deemed to be one segment. The balances in the reports reviewed by the CODM are in line with those presented in these financial statements.

On a voluntary basis the Company discloses information for product groups separately in Note 26.

(b) Investment in associates

Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of the acquisition. The share of post acquisition profit or loss is recognised in the income statement. The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the income statement.

(c) Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in HUF, which is the company's functional and presentation currency.

Monetary assets and liabilities denominated in foreign currencies are translated into HUF at the official rates of exchange prevailing at the balance sheet date. Items of income and expense in foreign currencies are translated at an appropriate rate, prevailing on the date of the transaction. All resulting differences are included in operating expenses.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation. Depreciation is calculated on a straight line basis (or by reference to physical output) from the time the assets are deployed over their estimated useful lives.

Assets in the course of construction are stated at cost, reflecting their state of completion as of the balance sheet date.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss for the year when they are incurred.

The Company does not have any significant borrowings that would fall under the scope of IAS 23R as a result of which no interest is capitalised in the cost of fixed assets.

Useful lives are as follows:

Buildings	20 - 50 years
Plant and equipment	7 - 10 years
Motor vehicles	3/5 years, or 150/160 000 km
Other assets	2 - 7 years

Land is not depreciated.

On an annual basis, the Company reviews the useful lives and residual values. For further details on the groups of assets impacted by the most recent useful life revisions refer to Note5.

Gains and losses on disposals are determined by comparing proceeds with carrying amount.

These are included in the profit or loss for the year among other operating expenses.

(e) Intangible assets

Trademarks and licences are shown at historical cost. Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives of 5- 10 years.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3 - 6 years.

(f) Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels which generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(g) Financial assets

The Company classifies its financial assets in the following categories: loans and receivables, available for sale and derivative financial assets. Held to maturity is not relevant to the Company. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Regular way purchases and sales of financial assets are recognized on the trade-date, the date on which the Company commits to purchase or sell the asset.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are carried at amortised cost using the effective interest rate method.

Employee loans are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Difference between the nominal value of the loan granted and the initial fair value of the employee loan is recognized as prepaid employee benefits. Interest income on the loan granted calculated by using the effective interest method is recognized as finance income, while the prepaid employee benefits are amortized to Employee related expenses evenly over the term of the loan.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the Company intends to dispose the investments within 12 months of the balance sheet date.

Available for sale financial assets are initially and subsequently carried at fair value. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in Other comprehensive income. The fair value of quoted investments is based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

(h) Derivative financial instruments and hedging activities

IAS 39 requires that every derivative instrument be recorded in the statement of financial position as either an asset or a liability measured at its fair value. The statement requires that changes in the derivative's fair value be recognised through the profit or loss for the year unless specific hedge accounting criteria are met. The Company does not apply hedge accounting for its financial instruments, all gains and losses are recognised in the profit or loss for the year.

(i) Packaging materials

Returnable packaging materials are recorded among Non-current assets at cost less accumulated depreciation less any impairment loss.

The useful lives applied in the preparation of these financial statements are as follows:

Pallets	3 years
Crates	4 years
Bottles	4 years

(j) Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Inventories of spare parts are stated at cost less a provision for obsolete and slow moving items.

(k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the profit or loss for the year within 'other operating expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'other operating expenses' in the profit or loss for the year.

(l) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(m) Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest method.

(n) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, excise tax, returns, rebates and discounts. Additionally those advertising and marketing costs which relate to fees that are payable to retailers and other distributors of the Company's products for various services including showing the products on attractive or advantageous shelf spaces, gondola head payments, advertising in the retailer's newspaper and various other services are also deducted from gross sales revenue.

Revenue is recognised as follows:

Sales of goods are recognised when the Company has delivered products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

Interest income is recognised on a time-proportion basis using the effective interest method.

(o) Other operating expenses

Point of sale materials ('POS') which serve the main purpose to advertise the Company's products are recognised as part of other operating expenses immediately after the Company gains the right to use these assets or upon the Company getting access to these materials.

(p) Other operating income

Reimbursement of marketing expenses is recognised as other operating income when the invoiced expenditure arise in line with the recognition criteria of such expenses.

(q) Provisions for liabilities

A provision for liabilities is recognised when and only when the Company has a present obligation (legal or constructive) as a result of past events, it is probable that the outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The Company recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

(r) Financial lease

Leases of equipments where the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the commencement of the lease at the lower of the fair value of the leased equipment and the present value of the minimum leases payments.

Based on the requirements of IFRIC 4 – Determining whether an Arrangement contains a Lease, if a contract includes embedded lease elements the transaction is treated according to the regulation of IAS 17 Leases.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The finance lease obligations, net of finance charges, are included in the statement of financial position (other financial liabilities). The interest element of the lease payment is charged to the profit or loss for the year (finance expense) over the lease period. Equipments acquired under finance lease are depreciated over the shorter of the useful life of the asset or the lease term.

(s) Income taxes

(1) Corporate income tax

Corporate income taxes are payable to the tax authorities. The basis of the tax is the accounting profit adjusted for non-deductible and non-taxable items. The corporate tax rate in Hungary was 19% in 2010. In 2010, an amendment was made to the corporate tax law, introducing a lower rate of corporate tax (10%) as of July 1, 2010 for the first HUF 500 million tax base (on an annual basis) of the legal entities, above which the regular rate of 19% applies.

The law on the determination of local business tax expense has changed effective from January 1, 2013. In accordance with the new rules the amount of tax deductible items in the local business tax calculation can be taken into account only to an extent as set out in the law. Bands were set up in the law based on the amount of tax deductible items. These bands determine the extent to which the tax deductible item can be included in the tax base. Furthermore, the local business tax base is required to be determined in aggregate by adding up the tax base of all related parties according to the amendments made to the local business tax law. The changes to the law with respect to the local business tax did not have any impact on the Company's result for the year ended 31 March 2014.

(2) Deferred taxes

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using income tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset realized or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is generally provided on temporary differences arising from the depreciation of fixed assets and packaging materials, impairment for receivables and from provisions made against assets and for future liabilities.

(t) Employee benefits

(1) Short term employee benefits

Short term employee benefits are recognized as a current expense in the period when employees render their services. These include wages, social security contributions, bonuses, paid holidays, meal and holiday contributions and other fringe benefits and the tax charges thereon.

(2) Jubilee payments

Employees are entitled for jubilee payments working at the Company from 10 years in every five years. The Company recognises actuarial gains and losses on long term employee benefits in profit or loss, the value of this actuarial gain and loss is immaterial to the financial statements.

(3) Pensions

Payments to defined contribution pension and other welfare plans are recognized as an expense in the period in which they are earned by the employee.

There are no other pensions.

(4) Share based compensation

IFRS 2 – Share-based Payment requires the Company to reflect in its Statement of comprehensive income and statement of financial position the effects of share based payment transactions, including expenses associated with transactions in which share options are granted to employees. Accordingly, the Company recognises the cost of services received from its employees in a share based payment transaction when services are received. Since the services are received in a cash-settled share based payment transaction, the Company recognises the expense against a liability that is re-measured at each balance sheet date. Share based compensation also includes dividends paid in respect of preference shares granted to employees under share based payment schemes.

(5) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits are recognised as an estimated employee expense and liability.

(u) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. Share capital and share premium are not available for dividend distribution purposes.

(v) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(1) Useful lives of assets

The determination of the useful lives of assets is based on historical experience with similar assets as well as any anticipated technological development. The appropriateness of the estimated useful lives is reviewed whenever there is an indication of significant changes in the underlying assumptions. Assuming that a 10% increase in the useful life of assets would cause a 10% decrease in the annual depreciation such a change would result a decrease in the expenses by approximately HUF 51 million in 2014 (2013: HUF 54 million). See Note 5 for the changes made to useful lives in 2014.

(2) Provision for impairment of inventories

The Company calculates impairment for inventories based on estimated losses resulting from the future sale of own produced and traded products. The basis of the estimate is the ageing of inventories, obsolescence and other information relating to the position of those products on the market. These involve assumptions about future market conditions. See Note 11 for the balance of impairment at 31 March 2014.

(3) Payments to retailers

The Company incurs fees that are payable to retailers and other distributors of the Company's products for various services including showing the products on attractive or advantageous shelf spaces, gondola head payments, advertising in the retailer's newspaper and various other services. These payments are shown as a reduction of the sales revenue from the respective retailers even if certain services are provided by the retailers in exchange for these payments.

See Note 17 for the amount recognised in 2014.

(4) Embedded leases

Depreciation of the tools used for the production of Zwack bottles is built in their selling prices by glass manufacturing companies. The Company estimates the net present value, finance lease liability, interest charges of current year, cost of sales and depreciation based on the tools' gross value and total number of production. Embedded leases are disclosed as part of Note 14.

NOTE 3 –DISCLOSURES ON FINANCIAL INSTRUMENTS

The table below shows the categorization of financial assets as at 31 March 2014.
The fair value of these financial assets approximately equals to the carrying value.

31 March 2014	Loans and receivables	Assets at fair value through P&L	Available for sale	Total on net book value
	HUF mill	HUF mill	HUF mill	HUF mill
Available-for-sale financial assets	0	0	2	2
Trade receivables	1 694	0	0	1 694
Employee loans	39	0	0	39
Other financial receivables	52	0	0	52
Cash and cash equivalents	6 007	0	0	6 007
Total	**7 792**	**0**	**2**	**7 794**

The table below shows the categorization of financial liabilities as at 31 March 2014.
The fair value of these financial liabilities approximately equals to the carrying value.

31 March 2014	Liabilities at fair value through P&L	Financial liabilities measured at amortised cost	Total on net book value
	HUF mill	HUF mill	HUF mill
Trade and other payables	0	1 000	1 000
Lease payable	0	66	66
Other financial liabilities	0	619	619
Total	**0**	**1 685**	**1 685**

Assumptions for fair value estimations see at Note 4 (b).

The table below shows the categorization of financial assets as at 31 March 2013.
The fair value of these financial assets approximately equals to the carrying value.

31 March 2013	Loans and receivables	Assets at fair value through P&L	Available for sale	Total on net book value
	HUF mill	HUF mill	HUF mill	HUF mill
Available-for-sale financial assets	0	0	2	2
Trade receivables	1 873	0	0	1 873
Employee loans	46	0	0	46
Other financial receivables	37	0	0	37
Cash and cash equivalents	4 615	0	0	4 615
Total	**6 571**	**0**	**2**	**6 573**

The table below shows the categorization of financial liabilities as at 31 March 2013.
The fair value of these financial liabilities approximately equals to the carrying value.

31 March 2013	Liabilities at fair value through P&L	Financial liabilities measured at amortised cost	Total on net book value
	HUF mill	HUF mill	HUF mill
Trade and other payables	0	754	754
Lease payable	0	53	53
Other financial liabilities	0	652	652
Total	**0**	**1 459**	**1 459**

The table below shows the income and expenses relating to financial instruments in the 2013 – 2014 financial year.

31 March 2014	Loans and receivables	Assets at fair value through P&L	Lease payables	Financial liabilities measured at amortised cost	Total
	HUF mill	HUF mill	HUF mill	HUF mill	HUF mill
Interest income	163	0	0	0	163
Exchange gain	42	0	0	30	72
Total income relating to financial instruments	**205**	**0**	**0**	**30**	**235**
Interest expense	0	0	48	0	48
Exchange loss	21	0	0	45	66
Impairment loss	10	0	0	0	10
Fee expense	57	0	0	0	57
Total expense and other similar charges relating to financial instruments	**88**	**0**	**48**	**45**	**181**
Total income and expense relating to financial instruments	**117**	**0**	**(48)**	**(15)**	**54**

The table below shows the income and expenses relating to financial instruments in the 2012 – 2013 financial year.

31 March 2013	Loans and receivables	Assets at fair value through P&L	Lease payables	Financial liabilities measured at amortised cost	Total
	HUF mill	HUF mill	HUF mill	HUF mill	HUF mill
Interest income	202	0	0	0	202
Exchange gain	98	0	0	25	123
Total income relating to financial instruments	**300**	**0**	**0**	**25**	**325**
Interest expense	0	0	5	0	5
Exchange loss	73	0	0	72	145
Impairment loss	14	0	0	0	14
Fee expense	50	0	0	0	50
Total expense and other similar charges relating to financial instruments	**137**	**0**	**5**	**72**	**214**
Total income and expense relating to financial instruments	**163**	**0**	**(5)**	**(47)**	**111**

NOTE 4 – FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. In accordance with its accounting policy, the Company may use derivative financial instruments to hedge certain risk exposures.

Sensitivity analyses include potential changes in the profit before tax. The impacts disclosed below are subject to an average income tax rate of approximately 16,5% (31 March 2013: 15,9%), i.e. the impact on Profit for the year would be 83,5% (31 March 2013: 84,1%) of the impact on the before tax amount. The potential impacts disclosed (less tax) are also applicable to the Company's equity.

(i) Market risk

(a) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Company operates internationally and is exposed to exchange rate movements on one hand due to its import and export activity on the other hand due to its bank accounts and term deposits denominated in EUR.

The following tables show the currency denomination of the Company's financial assets and liabilities.

31 March 2014	CAD	EUR	USD	AUD	HUF	Total
	HUF mill	HUF mill	HUF mill	HUF mill	HUF mill	HUF mill
Available-for-sale financial assets	0	0	0	0	2	2
Trade receivables	17	233	25	1	1 418	1 694
Employee loans	0	0	0	0	39	39
Other financial receivables	0	15	0	0	37	52
Cash and cash equivalents	1	616	1	0	5 389	6 007
Total financial assets as per statement of financial position	**18**	**864**	**26**	**1**	**6 885**	**7 794**
Trade and other payables	2	615	7	0	376	1 000
Lease payable	0	66	0	0	0	66
Other financial liabilities	0	93	23	0	503	619
Total financial liabilities as per statement of financial position	**2**	**774**	**30**	**0**	**879**	**1 685**
Total financial assets and liabilities as per statement of financial position	**16**	**90**	**(4)**	**1**	**6 006**	**6 109**

31 March 2013	CAD	EUR	USD	AUD	HUF	Total
	HUF mill	HUF mill	HUF mill	HUF mill	HUF mill	HUF mill
Available-for-sale financial assets	0	0	0	0	2	2
Trade receivables	35	179	37	0	1 622	1 873
Employee loans	0	0	0	0	46	46
Other financial receivables	0	16	0	0	21	37
Cash and cash equivalents	13	1 251	20	0	3 331	4 615
Total financial assets as per statement of financial position	**48**	**1 446**	**57**	**0**	**5 022**	**6 573**
Trade and other payables	1	383	31	0	339	754
Lease payable	0	53	0	0	0	53
Other financial liabilities	1	153	12	0	486	652
Total financial liabilities as per statement of financial position	**2**	**589**	**43**	**0**	**825**	**1 459**
Total financial assets and liabilities as per statement of financial position	**46**	**857**	**14**	**0**	**4 197**	**5 114**

The finance department continuously monitors the liabilities in foreign currency and it holds the necessary amounts on its bank accounts or as term deposits in order to mitigate the currency risk arising in connection with those liabilities. Exchange rate fluctuations therefore have no significant effect on profit or loss, or equity.

The Company occasionally enters into derivative contracts for risk reduction purposes. These foreign currency forward contracts are taken to reduce the exchange rate risk related to the foreign exchange denominated payment obligations.

The Company had no open forward positions either as of 31 March 2014 or as of 31 March 2013.

Compared to the spot FX rate as of 31 March 2014, a 2% weakening of HUF against EUR would cause approx. HUF 2 million gain in the net balance of financial assets and liabilities. A reasonably possible 6% strengthening of HUF against EUR would cause approx. HUF 4 million loss in the net balance of financial assets and liabilities.

The foreign exchange exposure arising from the net position denominated in other foreign currencies is not material.

Management's estimations on the possible change of exchange rates are based on the historical time series of the Hungarian National Bank.

(b) Other price risk

The Company's exposure to other price risk is immaterial because the investments held by the Company and classified on the statement of financial position as available for sale financial assets are amounting to HUF 2 million as of 31 March 2014 (2013: HUF 2 million). The Company is not exposed to significant commodity price risk.

(c) Interest rate risk

The Company does not have significant interest-bearing assets with variable interest therefore the Company is not exposed to cash flow interest rate risk. However, it has interest-bearing assets with fixed interest rates which would expose the Company to some fair value interest rate risk.

The Company does not have any borrowings.

(ii) Credit risk

Credit risk is the risk of counterparties defaulting.

The maximum exposure to credit risk is represented by the carrying amounts of the financial assets that are carried in the statement of financial position.

The Company is not exposed to significant concentration of credit risk related to trade receivables due to the diversity of its customers. On the other hand Zwack Unicum Plc., manages credit risk through insuring, major part of trade receivables by financial institutions in 90% of the individual amounts of receivables from customers. At 31 March 2014 HUF 1 320 million (HUF 1 462 million in 2013) worth of accounts receivables was insured with a financial institution which is rated A.

There is no independent rating or assessment of the credit quality of customers because the Company considers that arranging credit insurance agreements is effective enough to mitigate credit risk.

As the Company places its most cash and cash equivalents and bank deposits with substantial credit institutions, which are rated A or B, so the concentrations of credit risk are limited.

The following tables give information about the past due and impaired receivables.

31 March 2014	Domestic trade receivables	Foreign trade receivables	Related parties receivables	Employee loans	Other financial receivables	Total
	HUF mill	HUF mill	HUF mill	HUF mill	HUF mill	HUF mill
Neither past due nor impaired receivables	1 374	133	169	39	52	1 767
Past due but not impaired receivables	0	0	0	0	0	0
Past due and impaired receivables	17	1	0	0	0	18
Total	**1 391**	**134**	**169**	**39**	**52**	**1 785**

The Company has no impaired receivable that is not past due.

31 March 2013	Domestic trade receivables	Foreign trade receivables	Related parties receivables	Employee loans	Other financial receivables	Total
	HUF mill	HUF mill	HUF mill	HUF mill	HUF mill	HUF mill
Neither past due nor impaired receivables	1 547	124	92	46	37	1 846
Past due but not impaired receivables	0	0	0	0	0	0
Past due and impaired receivables	79	31	0	0	0	110
Total	**1 626**	**155**	**92**	**46**	**37**	**1 956**

Movements on the Company provision for impairment of trade receivables and other financial assets are as follows.

Impairment of receivables	Domestic trade receivables	Foreign trade receivables	Related parties receivables	Employee loans	Other financial receivables	Total
	HUF mill	HUF mill	HUF mill	HUF mill	HUF mill	HUF mill
1 April 2012	**24**	**0**	**0**	**0**	**4**	**28**
Reversal	(1)	0	0	0	0	(1)
Provision	13	0	0	0	0	13
Write-off	(12)	0	0	0	(2)	(14)
31 March 2013	**24**	**0**	**0**	**0**	**2**	**26**
1 April 2013	**24**	**0**	**0**	**0**	**2**	**26**
Reversal	(2)	0	0	0	0	(2)
Provision	1	0	0	0	0	1
Write-off	(15)	0	0	0	(2)	(17)
31 March 2014	**8**	**0**	**0**	**0**	**0**	**8**

The other classes of financial assets do not contain impaired assets.

The following table summarizes the collaterals held by the Company.

Guarantee received Content	Type	Guarantor	Guarantee	31 March 2014 HUF mill	31 March 2013 HUF mill	Falling due
Guarantee of employee's housing loans	mortgage	employee	employer	19	25	expiry of contract

(iii) Liquidity risk

Liquidity risk is the risk that an entity may encounter difficulty in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash, cash equivalents and term deposits as well as available funding through adequate amount of committed credit lines.

Management monitors rolling forecasts of the Company's liquidity reserve (comprises undrawn borrowing facility and cash and cash equivalents) on the basis of expected cash flow.

The Company has ongoing overdraft facilities of HUF 1 390 million as of 31 March 2014 (2013: HUF 1 390 million). The other remaining facilities represent regular bank loan facilities available to the Company.

Bank	Facility	Consists of: facility of bank overdrafts	Interest rate	Consists of: others	Maturity	31 March 2014
Erste Bank Nyrt.	1 820	370	1 Month BUBOR+0,55%	1 450	15 April 2014	0
ING Bank N.V.	1 300	800	O/N BUBOR+1,1%	500	30 January 2015	0
UniCredit Bank ZRt.	2 500	220	1 Month BUBOR+0,90%	2 280	30 December 2050	0
	5 620	**1 390**		**4 230**		**0**

Bank	Facility	Consists of: facility of bank overdrafts	Interest rate	Consists of: others	Maturity	31 March 2013
Erste Bank Nyrt.	1 820	370	1 Month BUBOR+0,55%	1 450	15 April 2014	0
ING Bank N.V.	1 300	800	O/N BUBOR+1,1%	500	31 January 2014	0
UniCredit Bank ZRt.	2 500	220	1 Month BUBOR+0,90%	2 280	30 December 2050	0
	5 620	**1 390**		**4 230**		**0**

The following two tables summarize the maturity structure of the Company's financial assets and liabilities as of 31 March 2014 and 2013.

Financial assets and liabilities 31 March 2014	Less than 1 year	Over 1 year	Total
Domestic trade payables	517	0	517
Foreign trade payables	221	0	221
Related parties payables	262	0	262
Lease liabilities	26	64	90
Other liabilities	619	0	619
Total financial liabilities	**1 645**	**64**	**1 709**
Domestic trade receivables	1 391	0	1 391
Foreign trade receivables	134	0	134
Related parties receivables	169	0	169
Other receivables	62	29	91
Total financial assets	**1 756**	**29**	**1 785**
Total net financial position	**111**	**(35)**	**76**

Financial assets and liabilities 31 March 2013	Less than 1 year	Over 1 year	Total
Domestic trade payables	406	0	406
Foreign trade payables	135	0	135
Related parties payables	213	0	213
Lease liabilities	19	42	61
Other liabilities	652	0	652
Total financial liabilities	**1 425**	**42**	**1 467**
Domestic trade receivables	1 626	0	1 626
Foreign trade receivables	155	0	155
Related parties receivables	92	0	92
Other receivables	49	34	83
Total financial assets	**1 922**	**34**	**1 956**
Total net financial position	**497**	**(8)**	**489**

(b) Fair value estimation

The nominal value less impairment provision of trade receivables and payables approximate their fair values, due to their short maturity.

The fair value of financial instruments traded in active market is based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets held by the Company are the current bid prices. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques.

Cash and cash equivalents, trade receivables, other current financial assets, trade payables and other current financial liabilities have short times to maturity. For this reason, their carrying amounts at the reporting date approximate the fair values.

(c) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company continuously monitors whether it meets the requirements of laws and regulations applicable in Hungary. The Company complied with all the relevant laws and regulations in the financial years ended 31 March 2013 and 2014.

The capital, which the Company manages, amounted to HUF 10 202 million at 31 March 2014 (2013: HUF 10 259 million). The Company solely manages itself through capital and does not use any long term loans or borrowings.

NOTE 5 – PROPERTY, PLANT AND EQUIPMENT

	Freehold land and building	Plant and Equipment	Leased equipment	Other assets	Total
	HUF mill	HUF mill	HUF mill	HUF mill	HUF mill
At 31 March 2012					
Cost	3 530	3 243	127	2 075	8 975
Accumulated depreciation	1 291	2 620	63	1 656	5 630
Net book value	2 239	623	64	419	3 345
Year ended 31 March 2013					
Opening net book amount	**2 239**	**623**	**64**	**419**	**3 345**
Additions	33	73	15	231	352
Disposals	(1)	(7)	(5)	(27)	(40)
Depreciation charge	(137)	(174)	(24)	(176)	(511)
Closing net book amount	**2 134**	**515**	**50**	**447**	**3 146**
At 31 March 2013					
Cost	3 561	3 126	108	2 036	8 831
Accumulated depreciation	1 427	2 611	58	1 589	5 685
Net book value	2 134	515	50	447	3 146
Year ended 31 March 2014					
Opening net book amount	**2 134**	**515**	**50**	**447**	**3 146**
Additions	41	82	19	182	324
Disposals	(1)	(5)	0	(35)	(41)
Depreciation charge	(137)	(158)	(26)	(157)	(478)
Closing net book amount	**2 037**	**434**	**43**	**437**	**2 951**
At 31 March 2014					
Cost	3 597	2 937	126	2 019	8 679
Accumulated depreciation	1 560	2 503	83	1 582	5 728
Net book value	2 037	434	43	437	2 951

Assets in course of construction and not yet taken into use amounted to HUF 33 million (31 March 2013: HUF 65 million) and are included in the related categories of property, plant and equipment (HUF 4 million in freehold land and building, HUF 21 million in plant and equipment and HUF 8 million in intangible assets).

The Company accounted for an impairment charge of HUF 11 million for tools held under finance lease and HUF 3 million for cars. In the prior year there was no impairment of PPE.

The reviews of the useful lives (and residual values) of property, plant and equipment during 2014 affected the lives of a large number of assets primarily used for production. In case of these revised assets, the revision resulted in a slower depreciation in 2014 and 2015 as a result of the later expected replacement than originally planned. The revision results in the following change in the original trend of depreciation in the current and future years.

In HUF millions	2014	2015	2016	2017	After 2017
(Decrease) / increase in depreciation expense	(9)	(3)	5	4	3

NOTE 6 – INTANGIBLE ASSETS

	Trademarks licences and others	Intellectual property	Total
	HUF mill	HUF mill	HUF mill
At 31 March 2012			
Cost	198	595	793
Accumulated depreciation	142	576	718
Net book value	56	19	75
Year ended 31 March 2013			
Opening net book amount	**56**	**19**	**75**
Additions	10	8	18
Disposals	0	0	0
Depreciation charge	(15)	(14)	(29)
Closing net book amount	**51**	**13**	**64**
At 31 March 2013			
Cost	208	603	811
Accumulated depreciation	157	590	747
Net book value	51	13	64
Year ended 31 March 2014			
Opening net book amount	**51**	**13**	**64**
Additions	18	23	41
Disposals	0	0	0
Depreciation charge	(14)	(13)	(27)
Closing net book amount	**55**	**23**	**78**
At 31 March 2014			
Cost	224	626	850
Accumulated depreciation	169	603	772
Net book value	55	23	78

Intellectual property includes mainly softwares.

NOTE 7 – PACKAGING MATERIALS

	31 March 2014 HUF mill	31 March 2013 HUF mill
Bottles	21	3
Crates	5	8
Pallets	7	13
	33	24

NOTE 8 – INVESTMENTS IN ASSOCIATES

	Investments in associates HUF mill
1 April 2012	65
Share of profit	22
Impairment of investments in associates	(22)
31 March 2013	**65**
1 April 2013	65
Share of profit	2
Impairment of investments in associates	(2)
31 March 2014	**65**

The company's share of the result of its associate, and its aggregated assets and liabilities, are as follows:

Name	Assets	Liabilities	Revenues	Profit	Interest held
	HUF mill	HUF mill	HUF mill	HUF mill	%
31 March 2014					
Morello Kft.	444	11	76	5	35,43
	447	11	76	5	
31 March 2013					
Morello Kft.	444	13	137	61	35,43
	444	13	137	61	
31 March 2012					
Morello Kft.	380	10	157	66	35,43
	380	10	157	66	

For details of the accounting of investments in associates please refer Note 2 (b).

NOTE 9 – AVAILABLE-FOR-SALE FINANCIAL ASSETS (NON-CURRENT)

	31 March 2014	31 March 2013
	HUF mill	HUF mill
Domestic shareholdings	2	2

Name	Nature of business	Holding	31 March 2014	31 March 2013
		%	HUF mill	HUF mill
ÖKO-Pannon Nonprofit Kft.	Packaging waste recovery	2,94	2	2
			2	2

NOTE 10 – EMPLOYEE LOANS

	31 March 2014	31 March 2013
	HUF mill	HUF mill
Employee loans	29	34

The effective interest rate used in the calculation was 6,3%.

NOTE 11 – INVENTORIES

	31 March 2014	31 March 2013
	HUF mill	HUF mill
Raw materials and consumables	370	438
Semi-finished and finished products	1 190	1 443
Purchased finished products	341	320
	1 901	2 201

The provision for obsolete and slow-moving stock at 31 March 2014 amounts to HUF 175 million (31 March 2013: HUF 191 million).

NOTE 12 – TRADE AND OTHER RECEIVABLES

	31 March 2014 HUF mill	31 March 2013 HUF mill
Trade receivables	1 694	1 873
Overpayment of tax	51	183
Other receivables	18	5
Other financial receivables	62	49
Prepayments	112	93
	1 937	**2 203**

Other financial receivables include HUF 10 million short term employee loans (Note 3).
The provision for impairment of trade and other receivables is disclosed in Note 4 (a).
Related party receivables are disclosed in Note 23.

NOTE 13 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in banks, at hand and bank deposits with original maturity less than 3 months.

	31 March 2014 HUF mill	31 March 2013 HUF mill
Cash at bank and in hand	108	82
Short term bank deposit	5 899	4 533
	6 007	**4 615**

NOTE 14 – OTHER FINANCIAL LIABILITIES

	31 March 2014 HUF mill	31 March 2013 HUF mill
Finance lease liabilities	50	37
Accrual for jubilee payments	167	159
Share-based payment liabilities	148	136
	365	**332**

Note 23 shows detailed information about Share-based payment liabilities.

Financial leasing liabilities	31 March 2014 HUF mill	31 March 2013 HUF mill
No later than 1 year	26	19
Later than 1 year and no later than 5 years	64	42
Minimum lease payments	**90**	**61**
Future finance charges	(24)	(8)
Present value of finance lease liabilities	**66**	**53**

Present value of finance lease liabilities	31 March 2014	31 March 2013
	HUF mill	HUF mill
No later than 1 year	16	16
Later than 1 year and no later than 5 years	50	37
	66	53

NOTE 15 – TRADE AND OTHER LIABILITIES

	31 March 2014	31 March 2013
	HUF mill	HUF mill
Trade and other payables	1 000	754
Value added and excise tax	431	0
Wage and salary	397	339
Other taxes	27	31
Taxes and other accruals	33	36
Payable to owners	16	16
Lease liabilities	16	16
Other liabilities	643	651
	2 563	1 843

In the prior year HUF 56 million balance of Value added and excise tax was disclosed as Overpayment of tax in the Trade and other receivables. (Note 12)

NOTE 16 – PROVISION FOR OTHER LIABILITIES AND CHARGES

	31 March 2014	31 March 2013
	HUF mill	HUF mill
Provision for liabilities	18	40

	Termination benefit	Other	Total
	HUF mill	HUF mill	HUF mill
1 April 2013	26	14	40
Additions	4	0	4
Utilised	(26)	0	(26)
31 March 2014	4	14	18

Other provision is related to products that are not marketed any longer.

	31 March 2014	31 March 2013
	HUF mill	HUF mill
Current	18	40
	18	**40**

NOTE 17 – REVENUE

Gross sales represent the value of goods invoiced to customers gross of indirect excise taxes and net of packaging materials held by customers and discounts allowed as described under Note 2 (n).

	2014	2013
	HUF mill	HUF mill
Gross sales	19 767	19 593
Excise tax	(7 992)	(7 515)
Revenue	**11 775**	**12 078**

The basis of calculation of excise tax is the alcohol content of the products multiplied by a fixed fee. The excise tax rate changed to 4 763 or 3 334 HUF/hlf from 4 142 or 2 899 HUF/hlf (percentage alcohol content per hectolitre) for alcohol products on 1 January 2013.
Refer to Note 26 for detailed breakdown of revenue per product groups.
Those advertising and marketing costs which are deducted from gross sales (as detailed in Note 2 (n)) amount to HUF 1 912 million in this year. (HUF 2 196 million in last year)

NOTE 18 – EMPLOYEE BENEFITS EXPENSE

	2014	2013
The average number of persons employed	238	243

The total cost of their remuneration amounted to	2014	2013
	HUF mill	HUF mill
Wages and salaries (including bonus payments)	1 843	1 850
Share-based payment compensation	40	44
Termination benefit provision	4	26
Social security contributions	512	521
	2 399	**2 441**

Share based payment compensation includes the change in the fair value of liabilities arising from share based payment transactions as described in Note 23. Additionally dividends paid for redeemable liquidity preference shares are also recognised as part of share based payment compensation.

NOTE 19 – OTHER OPERATING EXPENSES

	2014	2013
	HUF mill	HUF mill
Advertising costs	1 160	1239
Marketing costs	311	331
Other operating expenses net	183	26
Expert fees	175	192
Rental fees	145	157
Performing arts or sport donation	120	130
Warehousing costs	97	103
Security charges	69	77
Insurances	53	58
Operating expenses	42	43
Scrap, shortage and disposal of fixed assets	41	45
Impairment of investments in associates	2	22
Foreign exchange losses	0	21
	2 398	**2 444**

The Company recognises the subsidies paid classified as income tax deductable expenses as Other operating expenses (2014: HUF 120 million, from which HUF 55 million related to sport donation and HUF 65 million related to performing arts donation, 2013: HUF 130 million, from which HUF 95 million related to sport donation and HUF 35 million related to performing arts donation).

The impairment of investments in associates represents the impairment on the investment in Morello Kft. The impairment was necessary to be recognised ensuring that the book value of the investment represents the market value of the share in associate.

Other operating expenses net includes other taxes, authority fees, educational expenditures and other overheads.

NOTE 20 – OTHER OPERATING INCOME

	2014 HUF mill	2013 HUF mill
Reimbursement of marketing expenses	481	496
Foreign exchange gains	6	0
	487	**496**

NOTE 21 – NET FINANCIAL INCOME

	2014 HUF mill	2013 HUF mill
Interest income	163	202
Finance lease and other interest expenses	(48)	(5)
Net financial income	**115**	**197**

NOTE 22 – INCOME TAX

	2014 HUF mill	2013 HUF mill
Current tax on statutory profit based on tax rates set out below	175	94
Local tax	209	219
Deferred tax	(25)	20
	359	**333**

Certain sport or performing arts donations are classified as tax deductible expense under Hungarian Corporate tax law and the payment is also deductible from income tax payable.

The Company utilised subsidies worth of HUF 120 million during 2014 (2013: HUF 130 million) which was recognised as an income tax payable deductable item. All of the HUF 120 million is the subsidy paid in 2014 (see Note 19).

	2014	2013
	HUF mill	HUF mill
Profit before tax	1 852	1 777
Tax at 19%	352	338
Tax effect of profit taxable at lower tax rate at 10%	(47)	(55)
Items not subject to tax	(53)	(75)
Performing arts or sport donations	(120)	(130)
Items not deductable for tax	15	32
Local tax	209	219
Change in tax rate	3	4
Taxation under IFRS	**359**	**333**

In 2010, an amendment was made to the corporate tax law, introducing a lower rate of corporate tax (10%) as of July 1, 2010 for the first HUF 500 million tax base of the legal applicable to the Company from April 1, 2011 above which the regular rate of 19% applies. A further amendment was made to the Hungarian tax law in 2010, which states that the corporate tax rate from January 1, 2013 will be 10%, but this amendment was abolished during the prior year and the current rates are effective since January 1, 2013 as well. Deferred tax balances were recalculated accordingly, the impact of which is included the line Change in tax rate

The Company's deferred tax balances are as follows:

	31 March 2014 (to be reversed within 1 year)	31 March 2014 (to be reversed over 1 year)	Profit and loss effect	31 March 2013	Profit and loss effect	31 March 2012
	HUF mill	HUF mill	HUF mill	HUF mill	HUF mill	HUF mill
Different depreciation of fixed assets	(19)	55	30	6	12	(6)
Different valuation of employee loans	0	2	0	2	(1)	3
Different impairment of accounts receivable	1	0	(2)	3	(2)	5
Different depreciation packaging material	1	22	(9)	32	(2)	34
Provision for expected liabilities	7	27	(2)	36	23	13
Different valuation of derivative financial instruments	0	0	0	0	1	(1)
Liabilities for packaging materials held by customers	0	3	1	2	(2)	4
Liabilities for embedded leases	3	8	3	8	(3)	11
Different valuation of POS marketing materials	17	0	(1)	18	(8)	26
Other (jubilee, holiday accrual, trade bonuses)	7	11	5	13	(38)	51
Total deferred tax assets	**17**	**128**	**25**	**120**	**(20)**	**140**

Local income taxes are levied in Hungary on the companies' net margins, determined at a substantially higher level than the corporate tax base. These taxes are deductible expenses for corporate tax purposes. The local business tax has no impact on the calculation of the deferred tax as none of the above temporary differences are included in the tax base of local business tax calculation.

Under Hungarian law, tax returns are never formally agreed by the tax authority and a system of self-assessment operates. Under this system, tax years are left open for six years and can be subject to a full audit by the tax authority.

The preparation of the financial statements in accordance with IFRS has required adjustments to the Hungarian statutory accounts. These adjustments principally relate to the values attributable to the Company's assets and the reflection in profit before tax of certain non-taxable income and disallowable expenses. To the extent that they are included in income in any year, the statutory tax charge for the year (which remains unaffected by such adjustments) no longer reflects the rate of tax prevailing for the year.

The temporary differences caused by the IFRS adjustments arise mainly, but not only, from the provisions for liabilities and receivables and depreciation differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

NOTE 23 – RELATED PARTY TRANSACTIONS

Transactions with related parties are carried out on an arm's length basis. The Company carried out the following transactions with related parties:

31 March 2014	Receivable from	Payable to	Revenues from	Expenditures to
Zwack-Underberg Group	20	14	215	123
Diageo Magyarország Kft.	0	0	2	0
Diageo Scotland Ltd.	40	0	451	0
Diageo Brands B.V.	0	150	13	1 238
Diageo Italia S.p.A	109	96	518	219
Dobogó Pincészet Kft	0	2	1	33
Szecskay Ügyvédi Iroda	0	0	0	9
Total	**169**	**262**	**1 200**	**1 622**

31 March 2013	Receivable from	Payable to	Revenues from	Expenditures to
Zwack-Underberg Group	0	7	192	140
Diageo Magyarország Kft.	0	0	9	0
Diageo Scotland Ltd.	12	0	485	0
Diageo Norway	0	0	9	0
Diageo Brands B.V.	13	205	35	1 358
Diageo Italia S.p.A	67	0	438	25
Dobogó Pincészet Kft	0	1	1	36
Szecskay Ügyvédi Iroda	0	0	0	26
Total	**92**	**213**	**1 169**	**1 585**

Diageo Group has a 26% interest in Zwack Unicum Plc. through its fully owned subsidiary (Diageo Holdings Netherlands B.V.). Zwack Unicum Plc. is the sole distributor of Diageo spirits in Hungary and also provides marketing services to the Diageo Group. Trading parties of Diageo:

- Marketing services are provided to Diageo Scotland Ltd. from 1 July 2004.
- Spirits are purchased from Diageo Brands B.V. from 1 July 2004.
- Diageo Magyarország Kft. rents office space from the Company.
- From August 2006, the Company's Italian distributor is Diageo Italy.

Zwack-Underberg Group consists of entities which are controlled by the family members of Zwack or Underberg family. The business relations with the Zwack and Underberg Group include distribution of products, providing marketing and various expert services. Dr Hubertine Underberg Ruder is member of the Underberg family, Chairwoman of the Supervisory Board.

Dobogó Pincészet Kft. (owned by Zwack family) sells own produced wines to the Company, and pays for the marketing expenses that are incurred on its behalf by the Company.

Szecskay Iroda acts as the legal representative of the Company in all significant matters and Dr Szecskay András is a member of the Supervisory Board.

Key management compensation	2014	2013
	HUF mill	HUF mill
Short term benefits	379	355
Post employment benefits	90	83

There was no contractual termination benefit paid to key management during either 2014 or 2013.

In November 2007 the Company issued 35 000 redeemable liquidity preference shares to its senior managers for a value of HUF 35 million, which shares provide the Company with a call option and the registered holders of such share with a put option as well as a liquidation preference. This is a cash-settled share based compensation plan with an original vesting periods of 10 years .

Total liabilities arising from share based payment transactions amounted to HUF 148 million as at 31 March 2014 which includes the value of redeemable preference shares (classified as other financial liabilities in accordance with IAS 32) and the accumulated expenses. The fair value of the employees' services received in exchange for the grant of the options is recognised as an expense over the vesting period. HUF 13 million was recognised as an expense in the current financial year relating to the option plan

Significant assumptions used for the valuation of the liability:
- discount rate of 3,15% (31 March 2013: 6,04%)
- average remaining vesting period of 3 years (31 March 2013: 4 years)
- dividend growth rate of 6,58% (31 March 2013: 11%)
- average share price increase of 8,53% (31 March 2013: 9,09%)

Changes in assumptions compared to the previous year do not have significant impact on the valuation of the liability.

No option was exercised by 31 March 2014. At each balance sheet date, the Company re-measures the fair value of the liability and recognises the impact in the profit or loss for the year.

Dividends paid for redeemable liquidity preference shares granted to the Company's employees are included in short term benefits.

Loans given to key management amounted to HUF 31 million (31 March 2013: HUF 34 million).

NOTE 24 – CONTINGENT LIABILITIES

Lawsuits have been initiated by Mast/Jägermeister in Italy with regard to the trademark registration application of the St. Hubertus stag design with a cross. The Civil Court of Rome, acting as a court of first instance, has rejected the claim of Mast/Jägermeister. The Court of Appeal of Rome has also rejected the appeal filed by Mast/Jägermeister. As result of the newer statement of claim filed by Mast/Jägermeister, the Italian High Court of Appeal rendered ineffective the former judgement and ordered the Court of Appeal for retrial the case. Regarding the petition of Mast/Jägermeister for revision proceedings, the lawsuit starts to run afresh. The financial impact of the legal case cannot be quantified and cannot be material to the financial statement.

According to the management the probability of any material future loss in connection with this legal case is low.

At 31 March 2014 the Company had contingent liabilities amounting to HUF 300 million in respect of bank guarantees arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

NOTE 25 – SEGMENT REPORTING

The Company considers that it has no separate operating segments but rather the whole Company can be deemed as one operating segment.

The balances reviewed by the CODM include revenue, depreciation and amortisation, interest income and expense, income tax expense and profit for the year all of which are disclosed as part of the Statement of comprehensive income.

In 2014 88% (89% in 2013) of the revenue of Zwack Unicum Plc. was generated by domestic sales while the remaining part relates to export.

NOTE 26 – PRODUCT GROUPS

On a voluntary basis the Company discloses information for similar product groups as last year within the segment disclosure note.

	Traded products 2014	Traded products 2013	Own produced 2014	Own produced 2013	Total 2014	Total 2013
	HUF mill	HUF mill	HUF mill	HUF mill	HUF mill	HUF mill
Gross sales	2 979	2 927	16 788	16 666	19 767	19 593
less excise tax	(827)	(762)	(7 165)	(6 753)	(7 992)	(7 515)
Product group revenue	**2 152**	**2 165**	**9 623**	**9 913**	**11 775**	**12 078**
Operating profit	**142**	**73**	**1 593**	**1 485**	**1 735**	**1 558**
Net financial income					115	197
Share of profit of associates					2	22
Income tax expense					(359)	(333)
Profit for the year					**1 493**	**1 444**

NOTE 27 – SUBSEQUENT EVENTS

The Company proposes to pay dividends for the financial year ended 31 March 2014, but the amount is not yet announced and will be subject to approval by the forthcoming Annual General Meeting.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Zwack Unicum Nyrt.

We have audited the accompanying financial statements of Zwack Unicum Nyrt. ("the Company"), which comprise the statement of financial position as of 31 March 2014 (in which the financial position total is HUF 13 148 million, the total comprehensive income for the year is HUF 1 493 million), the statement of comprehensive income, statement of changes in equity and cash flows for the year then ended, and the notes comprising a significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the EU and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Hungarian Standards on Auditing and with applicable laws and regulations in force in Hungary. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers Könyvvizsgáló Kft., 1055 Budapest, Bajcsy-Zsilinszky út 78.
T: +36 1 461 9100, F: +36 1 461 9115, www.pwc.com/hu

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Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Zwack Unicum Nyrt. as of 31 March 2014, and of the results of its operation for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Budapest, 20 May 2014

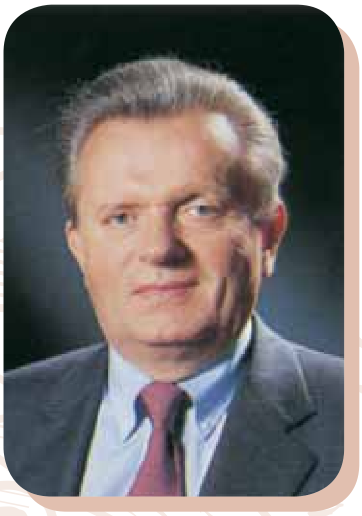
PricewaterhouseCoopers Könyvvizsgáló Kft.

PricewaterhouseCoopers Könyvvizsgáló Kft.

Supervisory Board

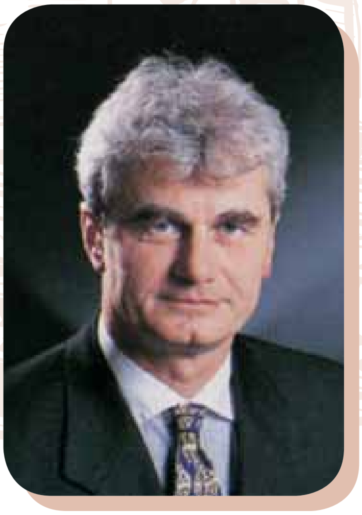
Stephen Morley
Managing Director
Diageo Russia and Eastern Europe

Dr. Hubertine Underberg-Ruder
Chair of the Supervisory Board
Chair of the Board of Directors
of Underberg Plc.



Dr. Rudolf Kobatsch
Member of the Supervisory Board
of Schlumberger AG. Wien

Dr. György Geiszl
Finance Director
Diageo Russia and Eastern Europe



Dr. András Szecskay
Lawyer
Legal Advisor
of Zwack Unicum Plc.
Szecskay Law Firm

Dr. István Salgó
General Manager
ING Bank Hungary

Board of Directors

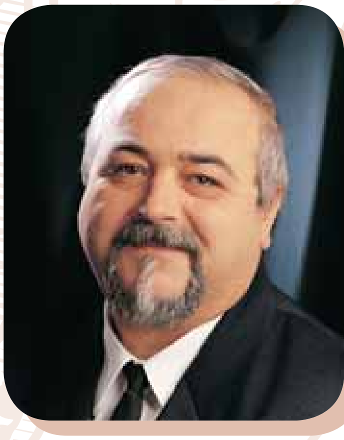
Izabella Zwack
Member of the Board of Directors
of Zwack Unicum Plc.

Ulrica Fearn
General Manager
Diageo Business Services Center

Mag. Wolfgang Spiller
CFO/CIO - Schlumberger Plc. Vienna,
Board of Directors positions
in Schlumberger Plc. companies

Sándor Zwack
Chairman
of the Board of Directors
of Zwack Unicum Plc.

Lars Jörgen Andersson
General Manager
Diageo Eastern Europe Venture Markets



Tibor Dörnyei
Deputy CEO, CFO
Zwack Unicum Plc.

Frank Odzuck
CEO
Zwack Unicum Plc.

Management of the Company

Left to right:

Dr. Gábor Segesváry
Human Resource
Director

Csaba Belovai
Commercial and Export
Director

László Seprős
Production-technical
Director

Frank Odzuck
Chief Executive Officer

Márta Márfi
Marketing
Director

Tibor Dörnyei
Deputy CEO
Chief Financial Officer

MARKETING HIGHLIGHTS OF THE 2013-2014 BUSINESS YEAR

UNICUM AND UNICUM PLUM

During the 2013-2014 business year our Unicum brand achieved an outstanding result as it managed to increase its market share in a diminishing market, thus weakening its competitors.

Our brand building activity was focused on supporting the parent brand. Our primary strategic goal in 2013 was to strengthen its role on the premium market. Production expertise and tradition were given a preeminent role in our communications which, thanks to the Zwack Unicum Heritage Visitors' centre, was transmitted with significant impact to the domestic market.

As regards our marketing activity, three major campaigns defined the year.

A strong image communication was launched at Easter time, while the Christmas season was characterized by a series of aligned and mutually supportive marketing activities. Apart from the customary TV and outdoor campaigns, brand communication received increased attention, in a quite novel way, with unique radio commercials.

On 12th December, with the involvement of Class Fm an „Unicum Day" was held during which Sándor and Izabella Zwack were interviewed by radio host Ferenc Rákóczi about Unicum production, the family history, as well as about all the events visitors could join in the Zwack Unicum Heritage Vistors' Centre.

In retail, apart from the promotional Unicum gift box package with 2 glasses, another real novelty was the unique gift box for the 0, 5 liter Unicum Plum.

Thirdly, in the summer of 2013, we pursued our campaigns promoting Unicum at various festivals. During the year we widened our circle, and debuted at events like Fishing in Orfű, the Pannónia Festival, the CAMPUS, the Strand Festival and the FEZEN. Thus we almost covered the whole country reaching all our important target groups and could present the world of Unicum to our customers, to almost 220 000 people.

In 2013, the Unicum website was given a new look and from now on it can be reached in 4 languages on www.unicum.hu. It places great emphasis on our production expertise and the exceptionally rich traditions of the brand. The Unicum brand continues to be very active on social networks. The success of our Facebook campaign is demonstrated by the fact that our fan club of 50 thousand in 2012 grew to 70 thousand by 2013!

Apart from the communication of the parent brand another success product of 2013 continued to be Unicum Plum.

Our marketing activity was aimed at making the brand known and to popularize it by tastings in gastronomy and retail.

In gastronomy we reached almost 80 thousand people in pubs and party places, where people were very receptive to the brand and the accompanying gifts.

Our foremost goal with the brand was to offer competitive Long Drink variations to our consumers and to popularize them. The promotion of the Unicum Plum and Soda Long Drink played an outstanding role and had its biggest success in Top gastronomy in Budapest. This long drink with its unique bouquet quickly became the favourite drink of many consumers and a popular party drink.

One of our most successful tasting promotions so far took place in retail, mainly in hypermarkets, where during one month over 150 000 people tasted Unicum Plum.

The launching of Unicum Plum continued in our major export regions. After Romania, the product is available this year in Slovakia too and its introduction to the Austrian and Italian markets is under way. As with its introduction to the Hungarian market in 2012, Unicum Plum was introduced by Sándor and Izabella Zwack to the sales representatives and opinion leaders in these countries within the framework of a broad mentor program. Furthermore Unicum Plum was abundantly featured in various media and on-line.

As well as our brand building efforts, we always strive to meet consumer needs, so that Unicum Plum is available also in 0,7 and 0,05 liter bottles.

FÜTYÜLŐS

This past year was also an exceptionally successful year for one of the favourite drinks among young adults, our Fütyülős, which is constantly reinventing itself.

In April 2013, the brand's variegated range of taste options was joined by two new members. The **Fütyülős Honey Blueberry**, which blends in perfectly with the existing honey range, and owes its elegant purple colour, intense fruity flavour and bouquet to its blueberry content. The **Fütyülős Caramel Green Apple** broke with the honey flavoured tradition by using caramel to round out and mellow the fresh, tart green apple flavour.

Our consumers were able to get acquainted with the new taste options thanks to a **country-wide outdoor campaign**.

The main focus of our brand building activity remains gastronomy. More than 80 thousand people were introduced to the brand at **120 tastings during the spectacular disco promotions** held country-wide and 33 thousand gifts were distributed. During our **200 night pub promotions**, also country-wide, we were able to address 680 thousand people and acquaint them with the new Fütyülős varieties.

Fütyülős refreshing lemonades were also popularized. In gastronomy we introduced our consumers to new ways of enjoying our Fütyülős brand with the aid of coasters, wine lists and other point of sale materials.

The brand pursued its brand building activity in the world of social networks, and by the Spring the huge total of 80.000 fans had been reached on Facebook, and of all the alcoholic beverages in Hungary, Futyulos has the second biggest fan club on Facebook.

In order to boost brand experience as well as to popularize its consumption in lemonade, the brand **appeared for the second time at the most popular domestic festivals** – receiving an enthusiastic response from the guests of VOLT, Balaton Sound, the SZIGET and the EFOTT Festivals, where some 680 thousand people could be familiarized with the brand.

The **Christmas season** is a very important time in the life of the Fütyülős brand. The season was kicked off by a **TV campaign on the leading channels** while 7 different Fütyülős varieties in elegant **gift box** packaging with a glass in the shape of the Fütyülős bottle itself were made available to consumers.

VILMOS

One of Hungary's most well-known brands, Vilmos appeared this year with a brand strategy similar to that of last year.

As in previous years we exploited the already soundly established image of the brand and surprised our customers during the vitally important Christmas season with unique and elegant gift box packaging with glasses.

Another major goal for us has been to maintain the competitiveness of the brand, so we strengthened the brand's presence in gastronomy by various promotions, with a series of sales and distribution events.

KALINKA

The 2013-2014 business year was one of innovation and success in the life of the Kalinka brand.

We introduced our new, flavoured vodka, the **Kalinka Citrus**, which in less than a year has become the most popular product in its category in Hungary. When dreaming up the product, we had high quality vodka in mind. As a result of extensive research in mixology and numerous tastings we can proudly say that we have managed to create a very special and delicious drink. The intense bouquet and taste of Kalinka Citrus are achieved with the perfect balance of the crystalline purity of Kalinka vodka and natural lemon and lime aromas.

In the summer of 2013 unique **sleeve** packaging was designed for our 1,0 liter product, communicating to gastronomy on more than 20 thousand bottles the **gold medal** received at the World Spirits Award 2012 and the brand's eminent mixability (in the form of long drink options).

The brand's **social network** strategy was continued based on our success in the past: premium, brand-focused, image-boosting photo shoots and gags. As a result of this our fan club has **increased by 38%** in one year, and the number of its members exceeded 21 thousand.

„A good cocktail can be made only with premium products”, is our motto and in 2013-2014 we continued to make Kalinka even more popular with a series of promotional events which took us to numerous locations in various parts of Hungary. We constantly emphasized not only its excellent quality, but also its exceptional mixability and high class design. Young party people were welcomed on arrival with delicious drinks prepared by professional mixologists while our hostesses distributed party gifts during the promotions.

ST. HUBERTUS

St. Hubertus remains one of Hungary’s most well-known brands and we continued to work this year on the basis of our last year’s brand and marketing strategy.

In the Easter and Christmas seasons our spectacular and emotionally charged TV commercial was well received by consumers. Our aim was primarily to send a positive message and to strengthen the premium image of the brand.

In March, members of the product family were given a more premium packaging, while the style and character of the label remained the same. The fresh look, however, suggests the same high quality, to which St. Hubertus owes its continuing success for over 100 years. The unmistakable taste and harmonious character of St. Hubertus and St. Hubertus 33 is derived from the traditional recipe, the carefully selected herbs and extracts, the ageing in oak barrels and the fresh taste of orange.

Fishing, one of the most popular hobby sports in Hungary, is ideally suited to our target group and our market positioning. This year we came to an agreement with two fishing lakes considered to be among the most important in Hungary, the fishing lakes of Maconka and Háromfa.

The main focus of our activity remained gastronomy. The brand was promoted among our consumers in pubs and student clubs with various promotions.

JOHNNIE WALKER

In 2013, we pursued Johnnie Walker’s promotion „Taste it in your own home!”, during which more than 2 500 consumers could get to know the history of whisky and Johnnie Walker, as well as the secrets of its production.

At the end of last year the brand launched a new, successful promotion in gastronomy with the slogan „Where taste is king!” where consumers with schutzpah can win the stove-pipe hat of the well-known dandy, Johnnie Walker, by having their photos taken with Johnnie Walker himself or with his helpers.

In the autumn of 2013 the whole whisky range of Zwack Unicum, together with Johnnie Walker, was featured at the 3rd Budapest Whisky Show, where fans could even have a taste of Johnnie Walker Blue Label, the brand’s top product.

In retail, there was the value added package for Christmas, while the main events were the „Product of the Month” promotion which has been going on for years in a hypermarket chain, the Whisky Festival held for the second time and our traditional promotion for the Formula One Championship. Johnnie Walker was given special packaging in honour of the Formula One Championship, emblazoned with a photo of Jensen Button, the Vodafone McLaren Mercedes team pilot, and those taking part could win a souvenir with his signature.

A last year addition to our portfolio was the introduction of Johnnie Walker Double Black, an even more distinctive, even more intense variant of Johnnie Walker Black Label, the world’s leading deluxe whisky. The blending of natural whisky with a strong peat taste and of whisky aged in deeply charred oak casks, offer the smokiest possible character to whisky lovers.

BAILEYS – a favourite with women consumers

In 2013, Baileys received a dynamic new look and communications. The slimmer bottle with its embossed double B gold logo and the colour scheme of its elegant gold-black design highlighted and strengthened the brand's premium image.

In order to further enhance brand popularity we surprised our consumers with a 6 week TV campaign. The spot addressed women in a completely new style, with the new slogan, „the veil falls off the Baileys bottle".

A novelty of the Christmas season was the new gift box which was offered to our customers with 2 premium gold, decorated glasses, as well as a free 0,2 liter bottle.

Tasting campaigns in the big hypermarkets were of course an important part of our promotions, thanks to which the market share of Baileys in the hypermarkets involved in the campaign increased by 20%.

Continuing the success of the last 6 years we again held the Baileys Cream & Spirit Day, when we captured our customers' attention with eye-catching displays during the festive seasons.

The brand was very active throughout the year in social networks. We launched some attractive new visuals and stimulating initiatives on our Facebook site for Valentine's Day, March 8th, Mother's Day and for the summer cocktail season, as a result of which our fan club is over 31 500 members.

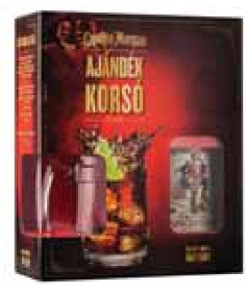
We also surprised fans of the brand with a new ways of drinking Baileys.. We were present on the Macaroon day, selling Baileys macaroon, and offered our profits to charity. Baileys ambassador Zséda actively participated in this event, as well as at our other events. News on the event and the accompanying game could be followed on our Facebook site.

In gastronomy we continued the coffee-house program which has been running successfully for some years. We ensured continuous visibility of the brand, arranged promotions for our consumers and intensified the commitment of the personnel with inspirational programs. Our promotion for consumers was very versatile. Our target group could take part in tarot card, fortune wheel, caricature and tasting promotions alike.

The brand was represented at numerous prestigious events and balls with welcome drinks, visibility, prizes, for example at the Valentine Ball of the Diplomacy and Trade Club, on the evening held by the Women's Club of the French-Hungarian Chamber of Commerce and on pre-premiere parties.

CAPTAIN MORGAN – the "must have" party drink

An indisputable strength of Captain Morgan Spice Gold is its characteristic, special flavour. We can say that whoever tastes it will become a devoted fan. That is why the most important goal of the brand is to reach as many people as possible with tastings.



The two pretty Captain Morgan Morganettes travelled all over the country all year long, so that they could meet their fans in pubs and student clubs, where they arranged tastings for young party people, entertained them with games and distributed surprise gifts among them

The Captain party boat on the Petőfi sétány in Siófok invited brand lovers to a great variety of programs.

In social networks, on our Facebook site our groupies could participate in exciting brand games and quizzes offering high end prizes. Evidence of its success is that the number of our fans almost reached 30 thousand!

The brand is predominantly consumed in a Captain & Cola drink. This was strengthened by our Christmas gift box with a tankard, a present to our consumers.

MOËT & CHANDON

In 2013 Champagne, also called the drink of the kings, could be tasted by our guests at numerous premium events. The most important were: the Festival of Bubbles held in Budapest downtown on the weekend of the Formula One Hungarian Grand Prix, the World Top Model International Final, the Design Week and the 3rd Champagne World event.

The first outstanding Moët & Chandon event of 2014 was the lecture held by Elise Losfelt, winemaker from Moët & Chandon at VinCE, the biggest wine event of Central Europe. Some weeks before the event all the tickets had already been sold out. In the fully packed room everyone could taste special products, while Elise acquainted them with the world of champagne production and the history and philosophy of Moët & Chandon. The success of the event was demonstrated by the almost 100 printed and online publications regarding the event, these reaching more than 1 million people.

HENNESSY

The world's leading brand on the cognac market united its forces with the Dining Guide, and at the award gala event of the Restaurant of the Year contest held in the Sofitel Chain Bridge Hotel, as well as in countless publications covering the event, Hennessy acted as the sponsor and name-giver of the award. At the award ceremony, in the presence of more than 200 local opinion leaders, Onyx Restaurant won the Hennessy "Restaurant of the Year" prize. A limited quantity of home-made macaroons stuffed with nougat praline, Hennessy jelly and vanilla with white chocolate ganache was prepared on the spot by Jeremy Cayron, chef of the Sofitel. The Hennessy macaroons could be tasted and purchased on the spot. The organizers offered all profits from the sales to charity.

IZABELLA ZWACK WINE HOUSE

Big wines, Small Batches – we remain faithful to our slogan, since the aim of the Izabella Zwack Wine House is to make the new faces of Hungarian wineries known, to discover new generations of wineries producing small quantities, but with outstanding quality and to help them to emerge on the market.

Our wine selection was enriched this year too: the wines of Krisztina Csetvai of Mor Winery and the wines of the Balatonfüred-Csopak region made by the Homola Winery can now be found in our selection.

Our webshop has a new look and our whole wine selection can be found on the www.zwacunicum.hu site among other Zwack products, however slightly modified to reflect our image. Apart from the description of the wines, information is available about the various wine regions, about winemakers, and we also share food recipes supplied by the wineries.

We were able to take part in the popular Picnic in Etyek, where visitors could become acquainted with our wines as guests of a winery.

Zwack Open remained a very successful event, while the series of exclusive professional lectures was continued and each time 200-300 wine lovers could taste new labels with the winemakers.

2013 brought another world success to Dobogó Winery. For the first time a dry Tokaji Furmint received such a prestigious award: the 2011 vintage of Dobogó Tokaji Furmint received the Trophy at the Decanter World Wine Awards wine contest. The winery's Tokaji Aszu 6 Puttonyos was again hailed as the Best Wine by the Top 100 Wines of Hungary listed by Nepszabadság.

The VinCE Budapest Wine Show has become over the last few years not only Hungary's most prominent wine event, but the biggest wine event in Central Europe. For the first time this year, we were present not only as exhibitors, but as lecturers as well. The subject of our lecture was the blending of wines. Together with Izabella Zwack, Attila Domokos, Géza Légli and Pál Rókusfalvi, those present could see how blending is working in practice, how much a slightly more or slightly less quantity of Furmint can change the character of a base wine.

We continued our Zwack Open Exclusive series, where Tamás Szecskő took the leading role: his new wines were introduced to the gastronomy at an exclusive professional tasting.

Unicum

Fütyülős

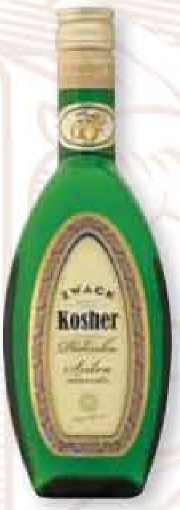
Vilmos

Hírös

Zwack Maximilian

Sándor Zwack Noble Pálinka

Kosher



St. Hubertus

Kalinka

Spirits

Johnnie Walker

Dimple

Caol ila 12

Talisker

Singleton

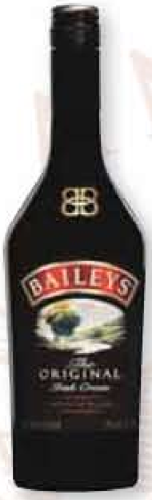
Glen elgin

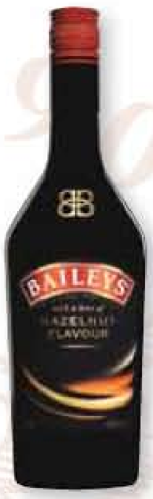
VAT 69

Bushmills

Black Velvet

Baileys





Xuxu

Drambuie

Grand Marnier

Disaronno

Zacapa

Captain Morgan

Gordon's

Hennessy

Tanqueray

Smirnoff

Belvedere

Ciroc

Evian

Portorico

Marine Dry

Óbester

Lánchíd

Trois Tours


MOËT
MOËT & CHANDON
BRUT IMPÉRIAL
MOËT
MOËT & CHANDON
ROSÉ IMPÉRIAL
Schlumberger
WHITE
GOLD
GOLD


TOKAJI
FURMINT
2011
Izabella utca


satöbbi
SATÖBBI
DISZNÓKŐ
MATACS

ZIB
Zwack Izabella
BORKERESKEDÉS
ANNO
1945

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	Fax:	36-1-216-6040
	e-mail:	muzeum@zwackunicum.hu
Zwack Kecskeméti Pálinka Production Facility	Tel.:	36-70-372-4732
(Zwack Kecskeméti Pálinka Manufaktúra)	Fax:	36-76-481-768
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