Dear Shareholders!

It is a great pleasure for me that I can share with you again the results of a truly successful business year: sales volumes of our flagship brand, Unicum, increased yet again, our Hubertus brand continued its march forward, our Fütyülős brand maintained its good market position and, besides all these, the international brands marketed by the Company can also boast a considerable increase.
Perhaps the most important event in the life of Zwack Unicum last year was the January 2017 debut of Unicum Riserva which was the first innovation not only in Hungary, but also in Europe, to enter the super-premium herb liqueur market. This very special brand owes its unique taste to the „double barrel" ageing process: Unicum, which serves as its base, is aged in the biggest and oldest - over 80 years old - cask in the cellars in Soroksári street. This is followed by the ageing in barrels from the cellars of Tokaj. Unicum Riserva was introduced to representatives of the spirits market and the press with the help of our master distillers during our renewed mentor programs, meeting with a huge success.

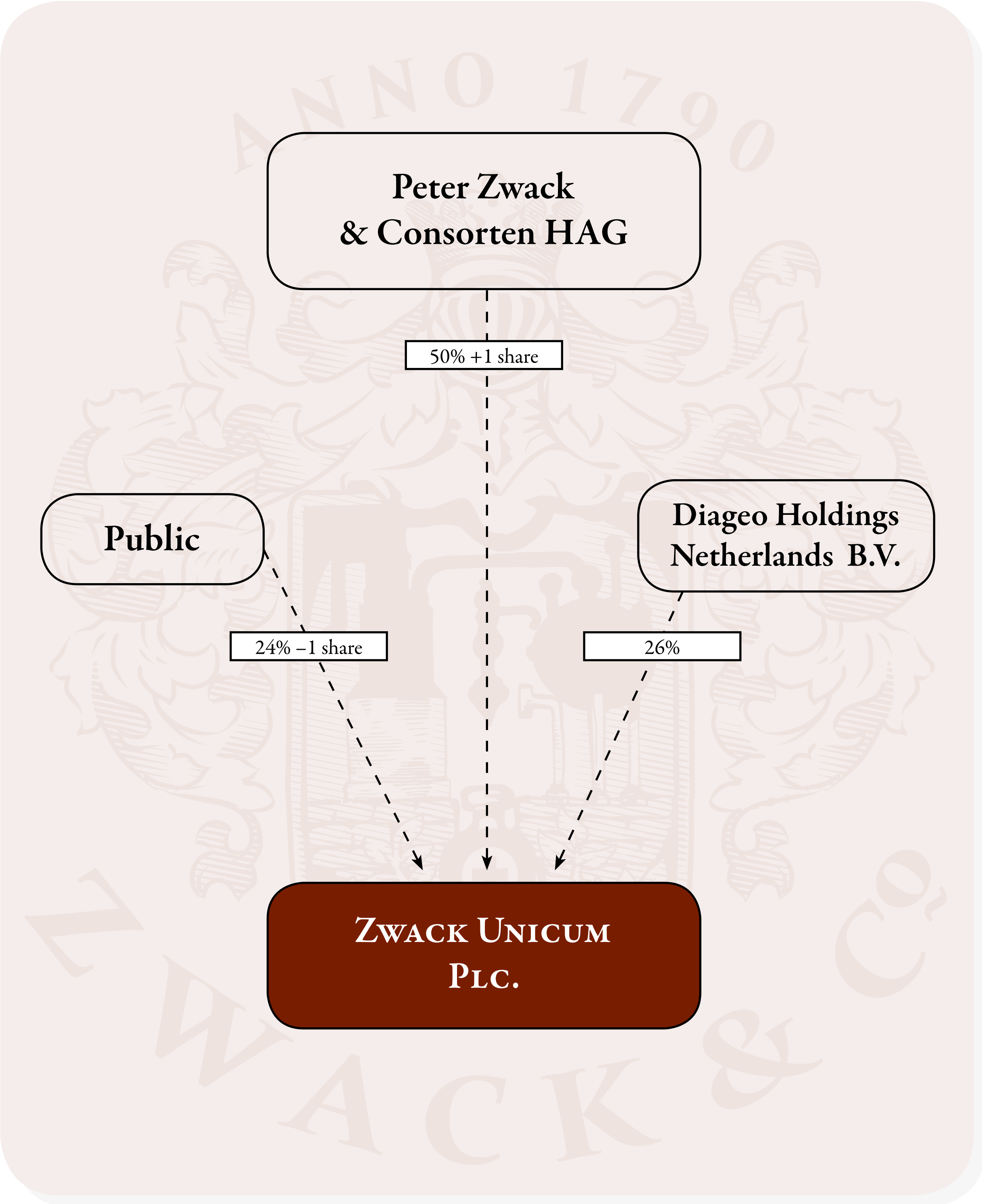
The main theme of summer 2017 was water and water sports. In line with that, we presented a very special life story which can serve as an example for all those who are looking for motivation in order to achieve their goals. Swimmer Tamas Sors, multiple paralympic world and European champion, is a living proof of how much we can achieve by a positive attitude, dedication and hard work.
No summer passes by without festivals and Unicum. We were present with our Unicum brand at all major festivals of the season, and the Unicum Bars were considered the most popular venues at each of these.
For the Zwack Museum and Visitors' Centre it is an important tradition to promote culture. Last year prominent artists, such as Mariann Falusi, Peter Sarik, Eva Bodrogi or Andrea Malek performed on the stage during the Museum's music and cultural events. The Herb Bar, venue of our various mentor programs and other events, was opened last year next to the Visitors' Centre .
Tradition, innovation, sustainability – as a socially responsible Company, we at Zwack Unicum believe in these values. For us sustainable development, economic efficiency, environmental protection and social responsibility are essential values. As a financially successful company, we feel obliged to set an example by supporting the young and those in need, so our social responsibility policy remained similar to the previous years: we again sponsored the Children's Clinic in Tűzoltó Street and the Molnár Ferenc Primary School. We also supported the Zwack József Commerce and Catering Vocational School, the Heim Pál Foundation, the Ferencvaros Community Foundation which is working to aid underprivileged children and the Hospital School Foundation whose aim is to help ill children receive a proper education.
I can declare in the name of my family and of the whole Company that we are proud of the achievements of last year. Besides endeavouring to maintain our traditions, it is innovation, the desire to create and explore potentials to the maximum that drives us, and we can promise that our dynamism will not decline in the years to come.

Sándor Zwack
Chairman of the Board of Directors

We again closed a business year in Zwack Unicum Plc. and we can state, that the management again has achieved outstanding financial results. We are proud of this performance, which demonstrates the strength of our brands, which is based on the long-term consistent common efforts of the team of all our employees. We are aware, that the good economic performance comes from the work of our colleagues and it is top priority for us to acknowledge their contribution.
We are at the same time a family owned and a publicly listed company. We believe in and rely on responsible, creative people. The increase of knowledge and professional competence on the part of our colleagues, as well as their keeping pace with the rapidly changing environment is ensured e.g. by constant professional training programs and by participation on conferences. We also make it possible for our colleagues to attend language courses. Last year the Company supported its employees again in the field of combining work and family life by organising children's camps, ensuring hot meals and creating the possibility and conditions for working from outside the Company (home office). We continue to lay great emphasis on the education and training of our people, as it is the driving force behind development and motivation.
We consider it is important to take part in various initiatives aimed to help others. We ensure an office place in our main building for the Magic Lamp Wish Granting Foundation, which, since its establishment in 2003, brought smiles to the faces of more than 3000 gravely ill children and helped their recovery by making their wishes come true, wishes their families were not in a position to fulfil.
The Supervisory Board would like to say thank you again to all the members of the management and to each and every employee of the Company who work day by day towards its long term success. Last, but not least, I would like to say thank you also to you, dear Shareholders, for the trust you placed in us. We take this with pride, and aim all the efforts of the Supervisory Board to fulfil this trust.

Dr. Hubertine Underberg-Ruder
Chair of the Supervisory Board

DISTRIBUTION OF VOTING SHARES OF ZWACK UNICUM PLC.



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DECLARATION

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 2017-2018 (1 April 2017 – 31 March 2018) 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 (Statement of Financial Position, Statement of Comprehensive Income, Cash Flow, Statement of Changes in Equity and 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.

Business and 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, 22 May 2018

Sándor Zwack
Chairman of the Board

Frank Odzuck
Chief Executive Officer

FINANCIAL CALENDAR

Event	Date
Payment of dividend	**As from 25 July 2018**
Publication of the report about the first quarter of 2018/2019*	**2 August 2018**
Publication of the report about the first half year of 2018/2019*	**6 November 2018**
Publication of the report about the first three quarter of 2018/2019*	**5 February 2019**
Publication of the report about the financial year 2018/2019*	**22 May 2019**
Annual General Meeting	**26 June 2019**

* not final dates

ZWACK UNICUM PLC. FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018
PREPARED ON COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

STATEMENT OF FINANCIAL POSITION FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	31 March 2018 HUF mill	31 March 2017 HUF mill	1 April 2016 HUF mill
ASSETS				
Non-current assets				
Property, plant and equipment	5	3 205	2 891	2 845
Intangible assets	6	89	106	119
Packaging materials	7	20	20	17
Investment in associate	8	16	16	16
Employee loans	9	14	15	24
Deferred tax asset	21	103	109	234
		3 447	3 157	3 255
Current assets				
Inventories	10	2 185	1 862	1 876
Trade and other receivables	11	2 275	2 208	2 162
Cash and cash equivalents	12	2 770	2 809	2 257
		7 230	**6 879**	**6 295**
TOTAL ASSETS		**10 677**	**10 036**	**9 550**
SHAREHOLDERS' EQUITY				
Share capital		2 000	2 000	2 000
Share premium		165	165	165
Retained earnings		4 662	4 558	4 017
Total shareholders' equity		6 827	6 723	6 182
LIABILITIES				
Non-current liabilities				
Other financial liabilities	13	410	427	360
		410	**427**	**360**
Current liabilities				
Trade and other liabilities	14	3 384	2 792	2 889
Provision for other liabilities and charges	15	56	94	119
		3 440	2 886	3 008
Total liabilities		3 850	3 313	3 368
TOTAL EQUITY AND LIABILITIES		**10 677**	**10 036**	**9 550**

The Financial Statements were accepted by the Board of Directors on 22 May 2018 and signed on their behalf by:

Zwack Sándor

Sándor Zwack
Chairman of the Board of Directors

Frank Odzuck
Chief Executive Officer

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	2018 HUF mill	2017 HUF mill
Revenue	16	13 958	14 281
Material cost of goods sold		(6 032)	(6 044)
Employee benefits expense	17	(2 717)	(2 646)
Depreciation and amortization	5-6	(488)	(515)
Other operating expenses	18	(2 846)	(2 861)
Operating expenses		**(12 083)**	**(12 066)**
Other operating income	19	705	743
Profit from operations		**2 580**	**2 958**
Interest income		2	8
Interest expense and other similar charges		0	(6)
Net financial income/loss	20	**2**	**2**
Profit before tax		**2 582**	**2 960**
Income tax expense	21	(378)	(719)
Profit for the year		**2 204**	**2 241**
Other comprehensive income for the year, net of tax		**0**	**0**
Total comprehensive income for the year		**2 204**	**2 241**
Earnings per share (HUF/share)		**1 102**	**1 121**

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Share Capital	Share premium	Retained Earnings	Total
	HUF mill	HUF mill	HUF mill	HUF mill
Balance at 1 April 2016	**2 000**	**165**	**4 017**	**6 182**
Dividend related to financial year ended 31 March 2016	-	-	(1 700)	(1 700)
Total comprehensive income for the year	-	-	2 241	2 241
Balance at 31 March 2017	**2 000**	**165**	**4 558**	**6 723**
Balance at 1 April 2017	2 000	165	4 558	6 723
Dividend related to financial year ended 31 March 2017	-	-	(2 100)	(2 100)
Total comprehensive income for the year	-	-	2 204	2 204
Balance at 31 March 2018	**2 000**	**165**	**4 662**	**6 827**

The total of authorized number of ordinary shares is 2 000 000 (31 March 2017: 2 000 000, 1 April 2016: 2 000 000) with a par value of HUF 1 000 per share (31 March 2017: HUF 1 000 per share, 1 April 2016: 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 are accounted for as a cash settled share-based compensation plan as described under Note 22. In addition dividends relating to these redeemable liquidity preference shares are recognised as part of Employee benefits expense. For further details refer to Note 17.

CASH FLOW
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	2018 HUF mill	2017 HUF mill
Profit before tax	2 582	2 960
Net financial income	(2)	(2)
Adjustment for depreciation and amortization	488	515
(Gain) on disposal of fixed assets	(13)	(18)
Increase / (decrease) in trade creditors and other liabilities	542	(46)
(Increase) / decrease in inventories	(323)	11
(Increase) in trade and other receivables	(103)	(2)
Loss on unrealized foreign exchange rate difference	6	1
Other changes	(38)	(25)
Cash generated from operations	**3 139**	**3 394**
Interest paid	0	(6)
Corporate income tax paid	(335)	(632)
Cash flow from operating activities	**2 804**	**2 756**
Purchases of property, plant and equipment	(753)	(551)
Purchases of intangible assets	(27)	(34)
Interest received	2	9
Proceeds from sale of property, plant and equipment	40	72
Cash flow from investing activities	**(738)**	**(504)**
Dividends paid	(2 100)	(1 700)
Cash flow from financing activities	**(2 100)**	**(1 700)**
Change in cash and cash equivalents	**(34)**	**552**
Cash and cash equivalents, beginning of the year	2 809	2 257
Exchange (losses) on cash and cash equivalents	(5)	0
Cash and cash equivalents, end of the year	**2 770**	**2 809**

NOTES TO FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018
PREPARED IN COMPLIANCE WITH INTERNATIONAL FINANCIAL REPRINTING STANDARDS

NOTE 1 – GENERAL BACKGROUND

(a) The Company and the nature of its operations

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

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

Peter Zwack & Consorten HAG is the ultimate majority owner of Zwack Unicum Nyrt. 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	2018		2017	
	%	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).

First time adoption of IFRS

According to Hungarian Accounting Law 9/A.§ (2), since the Company's shares are traded on the Hungarian state-regulated market, the Company's separate financial statements have to be prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU).

Our estimates are consistent with those made for the same dates for the purposes of the Company's financial statements prepared earlier according the Hungarian Accounting Regulations.

Exemptions applied:

In case of opening IFRS balances, the Company has chosen to use the net book value of investments in associates in accordance with the Hungarian Accounting Regulations as cost of investment.

Reconciliations between the Hungarian Accounting Regulations (HAR) and EU IFRS for the date of transition (1 April 2016) and for the end of the comparative period (31 March 2017)

Reconciliation of equity	Note	31 March 2017 HUF mill	1 April 2016 HUF mill
Equity according to HAR		**7 717**	**7 017**
Deferred tax	a)	109	234
Property, plant and equipment and Intangible assets	b)	(657)	(631)
Embedded leases	c)	(14)	(15)
Packaging materials	d)	(34)	(86)
Marketing materials	e)	(121)	(125)
Liabilities in relation with share-based compensations	f)	(230)	(167)
Accrual for holidays not taken	h)	(42)	(39)
Employee loans		(5)	(6)
Equity according to IFRS		**6 723**	**6 182**

Reconsiliation of comprehensive income	Note	2017 HUF mill
Profit for the year according to HAR		**2 430**
Deferred tax	a)	(125)
Property, plant and equipment and Intangible assets	b)	(26)
Embedded leases	c)	1
Packaging materials	d)	52
Marketing materials	e)	4
Liabilities in relation with share-based compensations – additions	f)	(63)
Dividends paid for shares involved in share-based compensations	g)	(30)
Accrual for holidays not taken	h)	(3)
Employee loans		1
Profit for the year according to IFRS		**2 241**

Notes to the reconciliation of equity and comprehensive income:

a) **Deferred tax**
No deferred tax asset or liability has been presented in the prior financial statements of the Company as the Hungarian Accounting Regulations do not allow the recognition of such assets or liabilities in the balance sheet.

b) **Property, plant and equipment and Intangible assets**
Difference due to the different valuation of cost or different useful lives under Hungarian Accounting Regulations and IFRS.
Fixed assets taken over by the Company at the cessation of subsidiaries have been valued at market value under HAR, while the original cost of these assets has been carried forward under IFRS.

c) **Embedded leases**
Financial leases have different criteria of recognition under Hungarian Accounting Regulations and IFRS. As a significant difference, related transactions are treated based on the economic content instead of legal form under IFRS.
The Company settles the price of glass tools used for specific shape bottles by the takeover of bottles, therefore the a related asset and a financial liability are recognised separately under IFRS.

d) **Packaging materials**
Deposit-system packings are recognised as depreciable fixed assets under IFRS, while these are presented under inventories in accordance with HAR.

e) **Marketing materials**
According to HAR, marketing and advertising materials are expensed when being used, while according to IFRS, these items are expensed when purchased, therefore there is a timing difference.

f) **Liabilities in relation with share-based compensations**
Accumulated costs related to redeemable preference shares and transferring of options are recognised as a liability under IFRS, while Hungarian Accounting Regulations do not allow the recognition of such liabilities in the balance sheet. Please refer to Note 22 for further information.

g) **Dividends paid for shares involved in share-based compensations**
Dividends paid for redeemable preference shares are recognised as dividend paid under HAR, while according to IFRS, these are presented under employee benefits.

h) **Accrual for holidays not taken**
Holidays not taken in the current year are presented as a liability under IFRS, while no such liability has been recognised previously under HAR.

Adoption of new and revised Standards

1. Certain new standards and interpretations have been issued that are not yet effective, and which the Company has not early adopted.

- IFRS 9 "Financial Instruments: Classification and Measurement" (amended in July 2014 and effective for annual periods beginning on or after 1 January 2018, the EU has endorsed the new standard). A key feature of the new standard that may potentially have an effect on the Company is:
  IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.
  The Company has assessed the impact of IFRS 9. Further amendments of the standard will probably not have a material impact on the Company's financial statements.
- IFRS 15, Revenue from Contracts with Customers (issued in May 2014 and effective for the periods beginning on or after 1 January 2018, the EU has endorsed the new standard). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Based on the Company's assessment the standard will not have significant effect on the Company's financial statements.
- IFRS 15, Revenue from Contracts with Customers (issued on 12 April 2016 and effective for annual periods beginning on or after 1 January 2018, the EU has endorsed the new standard).
  The amendments do not change the underlying principles of the Standard but clarify how those principles should be applied. The amendments clarify how to identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract; how to determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and how to determine whether the revenue from granting a licence should be recognised at a point in time or over time. In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a company when it first applies the new Standard. Based on the Company's assessment the standard will not have significant effect on the Company's financial statements.
- IFRS 16, Leases (issued in January 2016 and effective for annual periods beginning on or after 1 January 2019, the EU has endorsed the new standard). IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17. Lessees will be required to recognise: (a) assets and liabilities; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. Taking into consideration the financial impact of the Company's lease agreements, the effect of the application of IFRS 16 will likely be not material on the financial statements.
- IFRIC 22 - Foreign Currency Transactions and Advance Consideration (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018 the EU has endorsed the new interpretation).
  The interpretation addresses how to determine the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) on the derecognition of a non-monetary asset or non-monetary liability arising from an advance consideration in a foreign currency. Under IAS 21, the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which an entity initially recognises

the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transaction for each payment or receipt of advance consideration. IFRIC 22 only applies in circumstances in which an entity recognises a non-monetary asset or non-monetary liability arising from an advance consideration. IFRIC 22 does not provide application guidance on the definition of monetary and non-monetary items. An advance payment or receipt of consideration generally gives rise to the recognition of a non-monetary asset or non-monetary liability, however, it may also give rise to a monetary asset or liability. An entity may need to apply judgment in determining whether an item is monetary or non-monetary. Taking into consideration that the Company does not have significant transactions related to advances, the application of IFRIC 22 will not have a significant effect on the Company's financial statements.

2. The following other new pronouncements are not expected to have any material impact on the Company when adopted:

- IFRS 14, Regulatory deferral accounts (issued in January 2014, the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard).
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB. The EU endorsement is postponed as IASB effective date is deferred indefinitely.)
- Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to IAS 12 (issued on 19 January 2016 and effective for annual periods beginning on or after 1 January 2017, the EU has endorsed the new standard).
- Amendments to IFRS 2, Share-based Payment (issued on 20 June 2016 and effective for annual periods beginning on or after 1 January 2018, the EU has endorsed the new standard).
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4 (issued on 12 September 2016 the EU has endorsed the new standard).
- Annual Improvements to IFRSs 2014-2016 cycle (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2017 for amendments to IFRS 12, and on or after 1 January 2018 for amendments to IFRS 1 and IAS 28, the EU has endorsed the changes).
- Transfers of Investment Property - Amendments to IAS 40 (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018, the EU has endorsed the new standard)
- IFRS 17 Insurance Contracts (issued in May 2017, the EU has not yet endorsed the new standard)
- IFRIC 23 – Uncertainty over Income Tax Treatments (issued in June 2017, the EU has not yet endorsed the new interpretation)
- Amendments to IFRS 9: Prepayment Features with Negative Compensation (issued on 12 October 2017, the EU has endorsed the amendment).
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (issued on 12 October 2017, the EU has not yet endorsed the amendment).
- Annual Improvements to IFRS Standards 2015-2017 Cycle related to IFRS 3, IFRS 11, IAS 12 and IAS 23 (issued on 12 December 2017, the EU has not yet endorsed the changes).

Other new/amended standards/interpretations are not expected to have a significant effect for the Company.

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 Nyrt., 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.

The Company discloses information for product groups separately in Note 25.

(b) Investment in associates

Investments in associates are accounted for using the cost method of accounting. 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 23 (revised) 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 Note 5.

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, public health product 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 Company calculates its corporate income tax liability based on the IFRS financial statements starting with 1 April 2017. Based on the applicable tax regulations, if the corporate income tax for the years 2018 and 2019 does not reach the level of actual corporate income tax expense for the year ended 31 March 2017, the Company has to pay the latter amount as a minimum corporate income tax. Difference between the actual calculated tax and the minimum amount has to be booked as Other operating expense. With regards to its Property, plant and equipment, the Company has decided to calculate its corporate income tax as if IFRS has not been adopted.

Similar tax regulations apply for local business tax and innovation contribution.

(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.

(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 10 for the balance of impairment at 31 March 2018.

(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 16 for the amount recognised in 2018.

(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 13.

NOTE 3 - DISCLOSURES ON FINANCIAL INSTRUMENTS

All financial assets in the amount of HUF 4 883 million at 31 March 2018 (HUF 4 852 million at 31 March 2017, HUF 4 273 million at 1 April 2016) fall into the category of loans and receivables. The carrying values of these financial assets approximately equals to their fair value.

All of the total balance of HUF 2 260 million (31 March 2017: HUF 1 835 million, 1 April 2016: HUF 1 788 million) financial liabilities are categorized as financial liabilities measured at amortised cost. The carrying value of these financial liabilities approximately equals to their fair value.

Net financial assets of HUF 3 017 million at 31 March 2017 have decreased to HUF 2 623 million at 31 March 2018.

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

The table below shows the income and expenses relating to financial instruments in the 2017-2018 financial year.

31 March 2018	Loans and receivables HUF mill	Lease payables HUF mill	Financial liabilities measured at amortised cost HUF mill	Total HUF mill
Interest income	1	1	0	2
Exchange gain	11	0	21	32
Total income relating to financial instruments	**12**	**1**	**21**	**34**
Interest expense	0	0	0	0
Exchange loss	33	0	24	57
Impairment loss	2	0	0	2
Fee expense	74	0	0	74
Total expense and other similar charges relating to financial instruments	**109**	**0**	**24**	**133**
Total income and expense relating to financial instruments	(97)	1	(3)	(99)

The table below shows the income and expenses relating to financial instruments in the 2016-2017 financial year.

31 March 2017	Loans and receivables HUF mill	Lease payables HUF mill	Financial liabilities measured at amortised cost HUF mill	Total HUF mill
Interest income	8	0	0	8
Exchange gain	25	0	25	50
Total income relating to financial instruments	**33**	**0**	**25**	**58**
Interest expense	0	6	0	6
Exchange loss	22	0	16	38
Impairment loss	1	0	0	1
Fee expense	68	0	0	68
Total expense and other similar charges relating to financial instruments	**91**	**6**	**16**	**113**
Total income and expense relating to financial instruments	(58)	(6)	9	(55)

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 9% (31 March 2017: 17.4%, 1 April 2016: 16.9%), i.e. the impact on Profit for the year would be 91% (31 March 2017: 82.6%, 1 April 2016: 83.1%) 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 rate 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 2018	CAD HUF mill	EUR HUF mill	USD HUF mill	CHF HUF mill	HUF HUF mill	Total HUF mill
Trade receivables	24	324	23	0	1 665	2 036
Employee loans	0	0	0	0	21	21
Other financial receivables	0	20	0	0	20	40
Cash and cash equivalents	60	90	37	0	2 582	2 769
Total financial assets as per statement of financial position	**84**	**434**	**60**	**0**	**4 288**	**4 866**
Trade and other payables	11	729	0	0	467	1 207
Lease payable	0	28	0	0	0	28
Other financial liabilities	5	287	38	0	695	1 025
Total financial liabilities as per statement of financial position	**16**	**1 044**	**38**	**0**	**1 162**	**2 260**
Total financial assets and liabilities as per statement of financial position	**68**	**(610)**	**22**	**0**	**3 126**	**2 606**

31 March 2017	CAD HUF mill	EUR HUF mill	USD HUF mill	CHF HUF mill	HUF HUF mill	Total HUF mill
Trade receivables	31	313	0	0	1 543	1 887
Employee loans	0	0	0	0	22	22
Other financial receivables	0	42	0	0	76	118
Cash and cash equivalents	5	47	17	0	2 740	2 809
Total financial assets as per statement of financial position	**36**	**402**	**17**	**0**	**4 381**	**4 836**
Trade and other payables	0	391	0	1	354	746
Lease payable	0	35	0	0	0	35
Other financial liabilities	5	310	43	0	696	1 054
Total financial liabilities as per statement of financial position	**5**	**736**	**43**	**1**	**1 050**	**1 835**
Total financial assets and liabilities as per statement of financial position	**31**	**(334)**	**(26)**	**(1)**	**3 331**	**3 001**

1 April 2016	CAD HUF mill	EUR HUF mill	USD HUF mill	CHF HUF mill	HUF HUF mill	Total HUF mill
Trade receivables	35	286	23	0	1 497	1 841
Employee loans	0	0	0	0	33	33
Other financial receivables	0	34	0	0	92	126
Cash and cash equivalents	5	58	2	0	2 192	2 257
Total financial assets as per statement of financial position	**40**	**378**	**25**	**0**	**3 814**	**4 257**
Trade and other payables	0	406	111	1	300	818
Lease payable	0	33	0	0	0	33
Other financial liabilities	6	259	28	0	644	937
Total financial liabilities as per statement of financial position	**6**	**698**	**139**	**1**	**944**	**1 788**
Total financial assets and liabilities as per statement of financial position	**34**	**(320)**	**(114)**	**(1)**	**2 870**	**2 469**

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 2018 or as of 31 March 2017 as of 1 April 2016.

Compared to the spot FX rate as of 31 March 2018, a 1% weakening of HUF against EUR would cause approx. HUF 4 million loss in the net balance of financial assets and liabilities.

A reasonably possible 3% strengthening of HUF against EUR would cause approx. HUF 21 million gain 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. 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 Nyrt., 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 2018 HUF 1 589 million (HUF 1 511 million in 31 March 2017, HUF 1 436 million in 1 April 2016) 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 at least B, so the concentrations of credit risk are limited.

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

31 March 2018	**Domestic trade HUF mill**	**Foreign trade HUF mill**	**Related parties HUF mill**	**Employee loans HUF mill**	**Other financial HUF mill**	**Total HUF mill**
Neither past due nor impaired receivables	1 638	87	253	21	39	2 038
Past due but not impaired receivables	0	0	0	0	0	0
Past due and impaired receivables	53	5	0	0	0	58
Total	**1 691**	**92**	**253**	**21**	**39**	**2 096**

31 March 2017	**Domestic trade HUF mill**	**Foreign trade HUF mill**	**Related parties HUF mill**	**Employee loans HUF mill**	**Other financial HUF mill**	**Total HUF mill**
Neither past due nor impaired receivables	1 554	115	185	22	118	1 994
Past due but not impaired receivables	0	0	0	0	0	0
Past due and impaired receivables	11	22	0	0	0	33
Total	**1 565**	**137**	**185**	**22**	**118**	**2 027**

1 April 2016	**Domestic trade HUF mill**	**Foreign trade HUF mill**	**Related parties HUF mill**	**Employee loans HUF mill**	**Other financial HUF mill**	**Total HUF mill**
Neither past due nor impaired receivables	1 491	108	202	33	126	1 960
Past due but not impaired receivables	0	0	0	0	0	0
Past due and impaired receivables	24	16	0	0	0	40
Total	**1 515**	**124**	**202**	**33**	**126**	**2 000**

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

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**	**Total**
	HUF mill	**HUF mill**	**HUF mill**
1 April 2016	**5**	**0**	**5**
Reversal	(1)	0	(1)
Provision	0	0	0
Write-off	(1)	0	(1)
31 March 2017	**3**	**0**	**3**
1 April 2017	**3**	**0**	**3**
Reversal	0	0	0
Provision	3	0	3
Write-off	(1)	0	(1)
31 March 2018	**5**	**0**	**5**

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

The following table summarizes the collaterals held by the Company

Guarantee received	Type	Guarantor	Guarantee	31 March 2018	31 March 2017	1 April 2016	Falling due
				HUF mill	HUF mill	HUF mill	
Guarantee of employee's housing loans	mortgage	employee	employer	13	12	16	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 1 540 million as of 31 March 2018 (2017: HUF 1 540 million, 2016: HUF 1 540 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 2018
						HUF mill
Erste Bank Nyrt.	2 500	520	1 Month BUBOR+0.55%	980	03 April 2018	0
K&H Bank Zrt.	2 500	500	O/N BUBOR+0.55%	2 000	indefinite	0
UniCredit Bank ZRt.	2 500	520	1 Month BUBOR+0.80%	1 980	30 December 2050	0
	7 500	**1 540**		**4 960**		**0**

Bank	Facility	Consists of: facility of bank overdrafts	Interest rate	Consists of: others	Maturity	31 March 2017
						HUF mill
Erste Bank Nyrt.	1 500	520	1 Month BUBOR+0.55%	980	17 April 2017	0
K&H Bank Zrt.	2 500	500	O/N BUBOR+0.55%	2 000	indefinite	0
UniCredit Bank ZRt.	2 500	520	1 Month BUBOR+0.80%	1 980	30 December 2050	0
	6 500	**1 540**		**4 960**		**0**

Bank	Facility	Consists of: facility of bank overdrafts	Interest rate	Consists of: others	Maturity	1 April 2016
						HUF mill
Erste Bank Nyrt.	1 500	520	1 Month BUBOR+0.55%	980	17 April 2017	0
K&H Bank Zrt.	1 900	500	O/N BUBOR+0.55%	1 400	indefinite	0
UniCredit Bank ZRt.	2 500	520	1 Month BUBOR+0.80%	1 980	30 Dec. 2050	0
	5 900	**1 540**		**4 360**		**0**

The following tables summarize the maturity structure of the Company's financial liabilities as of 31 March 2018 and 2017 and 1 April 2016.

Financial liabilities 31 March 2018	Less than 1 year	Over 1 year	Total
Domestic trade payables	586	0	586
Foreign trade payables	385	0	385
Related parties payables	236	0	236
Lease liabilities	20	9	29
Other liabilities	1 025	0	1 025
Total financial liabilities	**2 252**	**9**	**2 261**

Financial liabilities 31 March 2017	Less than 1 year	Over 1 year	Total
Domestic trade payables	456	0	456
Foreign trade payables	198	0	198
Related parties payables	92	0	92
Lease liabilities	17	19	36
Other liabilities	1 054	0	1 054
Total financial liabilities	**1 817**	**19**	**1 836**

Financial liabilities 1 April 2016	Less than 1 year	Over 1 year	Total
Domestic trade payables	363	0	363
Foreign trade payables	359	0	359
Related parties payables	96	0	96
Lease liabilities	17	20	37
Other liabilities	937	0	937
Total financial liabilities	**1 772**	**20**	**1 792**

The other liabilities consist of primarily accruals of expenses arising from normal course of business and accruals of customer expenses.

(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 or issue new shares. 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 2017 and 2018.

The capital, which the Company manages, amounted to HUF 6 827 million at 31 March 2018 (31 March 2017: HUF 6 736 million, 1 April 2016: HUF 6 210 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 1 April 2016					
Cost	3 674	3 320	128	2 038	9 160
Accumulated depreciation	1 828	2 747	108	1 632	6 315
Net book value	**1 846**	**573**	**20**	**406**	**2 845**
Year ended 31 March 2017					
Opening net book amount	**1 846**	**573**	**20**	**406**	**2 845**
Additions	74	148	15	331	568
Disposals	0	(1)	0	(53)	(54)
Depreciation charge	(129)	(105)	(10)	(224)	(468)
Closing net book amount	**1 791**	**615**	**25**	**460**	**2 891**
At 31 March 2017					
Cost	3 748	3 451	127	2 159	9 485
Accumulated depreciation	1 957	2 836	102	1 699	6 594
Net book value	**1 791**	**615**	**25**	**460**	**2 891**
Year ended 31 March 2018					
Opening net book amount	**1 791**	**615**	**25**	**460**	**2 891**
Additions	76	438	0	271	785
Disposals	0	(4)	0	(22)	(26)
Depreciation charge	(135)	(115)	(6)	(189)	(445)
Closing net book amount	**1 732**	**934**	**19**	**520**	**3 205**
At 31 March 2018					
Cost	3 821	3 722	127	2 336	10 006
Accumulated depreciation	2 089	2 788	108	1 816	6 801
Net book value	**1 732**	**934**	**19**	**520**	**3 205**

Assets in course of construction and not yet taken into use amounted to HUF 12 million (31 March 2017: HUF 14 million, 1 April 2016: HUF 161 million) and are included in the related categories (HUF 3 million in plant and equipment, HUF 5 million in other assets and HUF 4 million in intangible assets).

NOTE 6 – INTANGIBLE ASSETS

	Trademarks licences and others	Intellectual property	Total
	HUF mill	HUF mill	HUF mill
At 1 April 2016			
Cost	252	690	942
Accumulated depreciation	179	644	823
Net book value	**73**	**46**	**119**
Year ended 31 March 2017			
Opening net book amount	**73**	**46**	**119**
Additions	17	17	34
Disposals			0
Depreciation charge	(18)	(29)	(47)
Closing net book amount	**72**	**34**	**106**
At 31 March 2017			
Cost	268	707	975
Accumulated depreciation	196	673	869
Net book value	**72**	**34**	**106**
Year ended 31 March 2018			
Opening net book amount	**72**	**34**	**106**
Additions	14	13	27
Disposals	(1)	0	(1)
Depreciation charge	(17)	(26)	(43)
Closing net book amount	**68**	**21**	**89**
At 31 March 2018			
Cost	280	720	1 000
Accumulated depreciation	212	699	911
Net book value	**68**	**21**	**89**

Intellectual property includes mainly softwares.

NOTE 7 – PACKAGING MATERIALS

	31 March 2018	31 March 2017	1 April 2016
	HUF mill	HUF mill	HUF mill
Crates	0	0	1
Pallets	20	20	16
Total	**20**	**20**	**17**

NOTE 8 – INVESTMENT IN ASSOCIATE

Name	Nature of business	Holding	31 March 2018	31 March 2017	1 April 2016
		%	HUF mill	HUF mill	HUF mill
Morello Kft.	Fruit production, processing	35.43	16	16	16
			16	**16**	**16**

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

NOTE 9 – EMPLOYEE LOANS

	31 March 2018 HUF mill	31 March 2017 HUF mill	1 April 2016 HUF mill
Employee loans	**14**	**15**	**24**

The effective interest rate used in the calculation was 6.3 %.

NOTE 10 – INVENTORIES

	31 March 2018 HUF mill	31 March 2017 HUF mill	1 April 2016 HUF mill
Raw materials and consumables	577	365	420
Semi-finished and finished products	1 168	1 148	1 193
Purchased finished products	440	349	263
	2 185	**1 862**	**1 876**

The provision for obsolete and slow-moving stock at 31 March 2018 amounts to HUF 36 million (31 March 2017: HUF 76 million, 1 April 2016: HUF 107 million).

NOTE 11 – TRADE AND OTHER RECEIVABLES

	31 March 2018 HUF mill	31 March 2017 HUF mill	1 April 2016 HUF mill
Trade receivables	2 036	1 887	1 841
Overpayment of tax	44	81	43
Other receivables	44	21	31
Other financial receivables	47	125	135
Prepayments	104	94	112
	2 275	**2 208**	**2 162**

Other financial receivables include HUF 7 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 22.

NOTE 12 – 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 2018 HUF mill	31 March 2017 HUF mill	1 April 2016 HUF mill
Cash at bank and in hand	2 770	2 809	337
Short term bank deposit	0	0	1 920
	2 770	2 809	2 257

NOTE 13 – OTHER FINANCIAL LIABILITIES

	31 March 2018 HUF mill	31 March 2017 HUF mill	1 April 2016 HUF mill
Finance lease liabilities	8	19	18
Accrual for jubilee payments	180	178	175
Share-based payment liabilities	222	230	167
	410	427	360

Note 22 shows detailed information about Share-based payment liabilities.

Financial leasing liabilities	31 March 2018 HUF mill	31 March 2017 HUF mill	1 April 2016 HUF mill
No later than 1 year	20	17	17
Later than 1 year and no later than 5 years	9	19	20
Minimum lease payments	**29**	**36**	**37**
Future finance charges	(1)	(1)	(4)
Present value of finance lease liabilities	**28**	**35**	**33**

Present value of finance lease liabilities	31 March 2018 HUF mill	31 March 2017 HUF mill	1 April 2016 HUF mill
No later than 1 year	20	16	15
Later than 1 year and no later than 5 years	8	19	18
	28	35	33

NOTE 14 – TRADE AND OTHER LIABILITIES

	31 March 2018 HUF mill	31 March 2017 HUF mill	1 April 2016 HUF mill
Trade and other payables	1 207	746	818
Value added and excise tax	624	540	608
Wage and salary	376	357	430
Other taxes	98	36	18
Taxes and other accruals	31	40	49
Payable to owners	7	7	13
Lease liabilities	19	16	15
Accruals	1 022	1 050	938
	3 384	2 792	2 889

NOTE 15 – PROVISION FOR OTHER LIABILITIES AND CHARGES

	31 March 2018 HUF mill	31 March 2017 HUF mill	1 April 2016 HUF mill
Provision for liabilities	56	94	119

	Termination benefit	Other	Total
	HUF mill	HUF mill	HUF mill
1 April 2017	90	4	94
Additions	35	5	40
Utilised	(78)	0	(78)
31 March 2018	47	9	56

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

	31 March 2018 HUF mill	31 March 2017 HUF mill	1 April 2016 HUF mill
Current	56	94	119

NOTE 16 – REVENUE

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

	2018 HUF mill	2017 HUF mill
Gross sales	23 071	24 792
Excise tax	(7 707)	(9 453)
Public health product tax	(1 406)	(1 058)
Revenue	13 958	14 281

The basis of calculation of excise tax is the alcohol content of the products multiplied by a fixed fee. The excise tax rate for alcohol products is 3 334 HUF/hlf (percentage alcohol content per hectolitre). From 1 January 2015 the public health product tax has been also extended for spirit products. The rate of the tax has been determined based on ranges in the alcohol content.

Refer to Note 25 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 2 774 million in this year (HUF 2 598 million in last year).

NOTE 17 – EMPLOYEE BENEFITS EXPENSE

	2018	2017
The average number of persons employed	241	231

The total cost of their remuneration amounted to	**2018 HUF mill**	**2017 HUF mill**
Wages and salaries (including bonus payments)	**2 141**	1 982
Share-based payment compensation	**29**	93
Termination benefit provision	**35**	21
Social security contributions	**512**	550
	2 717	**2 646**

Share-based payment compensation includes the change in the fair value of liabilities arising from share-based payment transactions as described in Note 22. Additionally dividends paid for redeemable liquidity preference shares are also recognised as part of share-based payment compensation.

NOTE 18 – OTHER OPERATING EXPENSES

	2018 HUF mill	**2017 HUF mill**
Advertising costs	1 481	1 475
Marketing costs	378	392
Expert fees	228	182
Warehousing costs	227	206
Other operating expenses net	187	202
Performing arts or sport donation	100	160
Security charges	84	76
Insurances	59	62
Operating expenses	39	41
Scrap, shortage and disposal of fixed assets	26	55
Foreign exchange losses net	25	0
Rental fees	7	10
Local tax	5	0
	2 846	**2 861**

The Company recognises the subsidies paid classified as income tax deductable expenses as Other operating expenses (2018: HUF 100 million, from which HUF 22 million related to sport donation and HUF 78 million related to performing arts donation, 2017: HUF 160 million, from which HUF 8 million related to sport donation and HUF 152 million related to performing arts donation).

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

NOTE 19 – OTHER OPERATING INCOME

	2018 HUF mill	2017 HUF mill
Reimbursement of marketing expenses	704	731
Foreign exchange gains net	0	12
Other operating income net	1	0
	705	743

NOTE 20 – NET FINANCIAL INCOME

	2018 HUF mill	2017 HUF mill
Interest income	2	8
Finance lease and other interest expenses	0	(6)
Net financial income	2	2

NOTE 21 – INCOME TAX

	2018 HUF mill	2017 HUF mill
Current tax on statutory profit based on tax rates set out below	108	326
Local tax	264	268
Deferred tax	6	125
	378	719

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 100 million during 2018 (2017: HUF 160 million) which was recognised as an income tax payable deductable item. The HUF 100 million subsidy was fully paid in 2018 (see Note 18).

	2018 HUF mill	2017 HUF mill
Profit before tax	2 582	2 960
Tax at 9% (2017: 10 / 19%)	232	514
Items not subject to tax	(27)	(66)
Performing arts or sport donations	(100)	(160)
Items not deductable for tax	9	71
Local tax	264	268
Change in tax rate	0	92
Taxation under IFRS	378	719

In 2016, an amendment was made to the corporate tax law, introducing a lower rate of corporate tax (9%) as of January 1, 2017. This regulation will be applicable to the Company from April 1, 2017. Deferred tax balances were recalculated accordingly, the impact of which is included on the line Change in tax rate.

The Company's deferred tax balances are as follows:

	31 March 2018 (to be reversed within 1 year)	31 March 2018 (to be reversed over 1 year)	Profit and loss effect	31 March 2017	Profit and loss effect	1 April 2016
	HUF mill	HUF mill	HUF mill	HUF mill	HUF mill	HUF mill
IFRS transition	7	7	14	0	0	0
Different depreciation of fixed assets	2	63	3	62	(44)	106
Different valuation of employee loans	0	0	0	0	(1)	1
Different impairment of accounts receivable	0	0	0	0	(1)	1
Different depreciation packaging material	0	0	0	0	(12)	12
Provision for expected liabilities	7	0	(21)	28	(28)	56
Liabilities for packaging materials held by customers	0	0	0	0	(2)	2
Liabilities for embedded leases	0	0	(3)	3	(2)	5
Different valuation of POS marketing materials	0	0	(11)	11	(10)	21
Other (jubilee, holiday accrual)	1	16	12	5	(25)	30
Total deferred tax assets	**17**	**86**	**(6)**	**109**	**(125)**	**234**

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 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.

Due to the IFRS transition, temporary differences between Hungarian Accounting Regulations and IFRS which are subject to deferred tax have been treated separately. Corporate income tax on this IFRS transition difference will be paid in 3 equal parts by the Company in the financial years ending 2018-2020.

NOTE 22 – 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 (HUF mill):

31 March 2018	Receivable from	Payable to	Revenues from	Other operating income from	Expenditures to
Zwack-Underberg Group	4	4	285	0	192
Diageo Magyarország Kft.	0	0	0	0	0
Diageo Scotland Ltd.	112	0	0	652	0
Diageo North America Inc.	12	0	22	0	0
Diageo Brands B.V.	0	231	0	0	1 907
Diageo Italia S.p.A	125	0	598	0	135
Dobogó Pincészet Kft.	0	1	0	0	22
Szecskay Ügyvédi Iroda	0	0	0	0	11
Total	**253**	**236**	**905**	**652**	**2 267**

31 March 2017	Receivable from	Payable to	Revenues from	Other operating income from	Expenditures to
Zwack-Underberg Group	31	4	227	0	133
Diageo Magyarország Kft.	0	0	1	0	0
Diageo Scotland Ltd.	85	0	0	702	0
Diageo North America Inc.	0	0	5	0	0
Diageo Brands B.V.	0	87	0	0	1 751
Diageo Italia S.p.A	69	0	583	0	150
Dobogó Pincészet Kft.	0	1	0	0	20
Szecskay Ügyvédi Iroda	0	0	0	0	16
Total	**185**	**92**	**816**	**702**	**2 070**

1 April 2016	Receivable from	Payable to	Revenues from	Other operating income from	Expenditures to
Zwack-Underberg Group	0	4	228	0	164
Diageo Magyarország Kft.	0	0	2	0	0
Diageo Scotland Ltd.	101	0	0	651	0
Diageo North America Inc.	17	0	22	0	0
Diageo Brands B.V.	0	92	18	0	1 441
Diageo Italia S.p.A	84	0	578	0	96
Dobogó Pincészet Kft.	0	0	0	0	25
Szecskay Ügyvédi Iroda	0	0	0	0	10
Total	**202**	**96**	**848**	**651**	**1 736**

Diageo Group has a 26% interest in Zwack Unicum Nyrt. through its fully owned subsidiary (Diageo Holdings Netherlands B.V.). Zwack Unicum Nyrt. 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. rented office space from the Company till 31 January 2017.
- From August 2005, 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	2018 HUF mill	2017 HUF mill
Short term benefits	418	372
Post employment benefits	78	84

There was no contractual termination benefit paid to key management during either 2018 or 2017.

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.

As the ten-year vesting period has elapsed for all those concerned, when assessing the program-related obligations, the relevant provisions of the Company's Memorandum and Articles of Association (Article 5.7.4 (V)) have been taken into account.

The Company does not have an expectation to settle these liabilities within 12 months according to the declaration of the senior managers.

Total liabilities arising from share-based payment transactions amounted to HUF 222 million as at 31 March 2018 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 7 million was recognised as an income in the current financial year relating to the option plan.

No option was exercised by 31 March 2018. 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 12 million (31 March 2017: HUF 14 million, 1 April 2016: HUF 24 million).

NOTE 23 – CONTINGENT LIABILITIES

According to the management there will not be any material future loss in connection with this legal case.

At 31 March 2018 the Company had contingent liabilities amounting to HUF 1 500 million in respect of bank guarantees arising from regulatory obligation (customs bond of untaxed excise products). The Company anticipates that no material liabilities will arise.

NOTE 24 – 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 2018 89% (90% in 2017) of the revenue of Zwack Unicum Nyrt. was generated by domestic sales while the remaining part relates to export.

NOTE 25 – PRODUCT GROUPS

The Company discloses information for similar product groups as last year within the segment disclosure note.

	Traded products	Traded products	Own produced	Own produced	Total	Total
	2018	2017	2018	2017	2018	2017
	HUF mill	HUF mill	HUF mill	HUF mill	HUF mill	HUF mill
Gross sales	4 608	4 150	18 463	20 642	23 071	24 792
less excise tax	(1 087)	(979)	(6 620)	(8 474)	(7 707)	(9 453)
less public health product tax	(560)	(477)	(846)	(581)	(1 406)	(1 058)
Product group revenue	**2 961**	**2 694**	**10 997**	**11 587**	**13 958**	**14 281**
Operating profit	**196**	**208**	**2 384**	**2 750**	**2 580**	**2 958**
Net financial income/loss					2	2
Income tax expense					(378)	(719)
Profit for the year					**2 204**	**2 241**

NOTE 26 – SUBSEQUENT EVENTS

The Company proposes to pay dividends for the financial year ended 31 March 2018, but the amount is not yet announced and will be subject to approval by the forthcoming Annual General Meeting.

NOTE 27 – ADDITIONAL PRESENTATIONS ACCORDING TO HUNGARIAN ACCOUNTING REGULATIONS

a) Person responsible for supervising transactional accounting and preparation of IFRS financial statements:

Name: Tibor András Dörnyei

Registration number: 161317

b) Reconciliation of equity

In accordance with paragraph 114/B of the Hungarian Accounting Law the financial statements include a reconciliation of the equity per financial statement prepared in accordance with IFRS principles and the equity per Hungarian Accounting Law.

Equity reconciliation between IFRS principles used during the preparation of financial statements and Hungarian Accounting Regulations:

	31 March 2018 HUF mill	31 March 2017 HUF mill
Section 114 B (4) Equity under IFRS		
Share capital	2 000	2 000
Reserves	2 623	2 482
Profit/(loss) for the year	2 204	2 241
Total equity	**6 827**	**6 723**
Section 114 B (4) a) Equity		
Equity under IFRS	6 827	6 723
Supplementary payments as liabilities under IFRS	-	-
Supplementary payments as assets under IFRS	-	-
Sum of the deferred income from cash, assets that received and transferred to the capital reserve under legislation	-	-
Sum of receivables from owners classified as equity instrumentunder capital contribution	-	-
Total equity	**6 827**	6 723

	31 March 2018 HUF mill	31 March 2017 HUF mill
Section 114 B (4) b) Share capital under IFRS		
Share capital according to the effective articles of association if classified as an equity instrument	2 000	2 000
Treasury shares at nominal value	-	-
Total share capital	**2 000**	2 000
Section 114 B (4) c) Registered but unpaid capital		
Unpaid capital under IFRS	-	-
Section 114 B (4) d) Capital reserve		
Sum of all equity components that are not considered as share capital, registered but unpaid capital, retained earnings, revaluation reserve, profit/(loss)for the period or tied-up reserve	165	165
Total capital reserve	**165**	**165**
Section 114 B (4) e) Retained earnings		
Accumulated profit after taxation of previous' years under IFRS that is not yet distributed among owners and not include other comprehensive income	2 458	2 317
Supplementary payments as assets under IFRS	-	-
Unused reserve for development purposes	-	-
Unused reserve for development purposes net of deferred tax liabilities under IAS 12	-	-
Total retained earnings	**2 458**	**2 317**
Section 114 B (4) f) Revaluation reserve		
Accumulated other comprehensive income from statement of other comprehensive income	-	-
Accumulated and current year other comprehensive income from statement of other comprehensive income	-	-
Total revaluation reserve	-	-

	31 March 2018 HUF mill	31 March 2017 HUF mill
Section 114 B (4) g) Profit after taxation		
Net profit or loss after tax from ongoing activities in the comprehensive income statement or in the statement of profit or loss	2 204	2 241
Net profit or loss after tax from discontinued activities in the comprehensive income statement or in the statement of profit or loss	-	-
Total profit after taxation	**2 204**	**2 241**
Section 114 B (4) h) Tied-up reserve		
Supplementary payments as liabilities under IFRS	-	-
Unused reserve for development purposes	-	-
Unused reserve for development purposes net of deferred tax liabilities under IAS 12	-	-
Total tied-up reserve	-	-
Section 114 B (5) a) Reconciliation of registered capital with the share capital under IFRS		
Registered share capital	2 035	2 035
Share capital under IFRS	2 000	2 000
Difference (redeemable liquidity preference shares at nominal value)	**35**	**35**
Section 114 B (5) b) Retained earnings available for distribution		
Retained earnings (include the net profit after tax for last financial year closed with annual financial statements)	4 662	4 558
Accumulated, unrealized profit from the increase of fair value of investment properties under IAS 40	-	-
Retained earnings available for distribution	**4 662**	**4 558**

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT
(Free translation)

To the shareholders of Zwack Unicum Nyrt.

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Zwack Unicum Nyrt. (the "Company") which comprise the statement of financial position as of 31 March 2018 (in which total assets is MHUF 10,677), the statement of comprehensive income (in which the total comprehensive income for the year is MHUF 2,204 profit), the statement of changes in equity, the cash flows statement for the year then ended and the notes to the financial statements including a summary of the significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and they have been prepared, in all material respects, in accordance with the supplementary requirements of Act C of 2000 on Accounting ("Accounting Act") relevant for the annual financial statements prepared in accordance with IFRS as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

Basis for opinion

We conducted our audit in accordance with Hungarian National Standards on Auditing ("HNSA") and with applicable laws and regulations in force in Hungary. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the applicable laws of Hungary, with the Hungarian Chamber of Auditors' Rules on ethics and professional conduct of auditors and on disciplinary process and, for matters not regulated in the Rules, with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board (IESBA Code of Ethics) and we also comply with further ethical requirements set out in these.

We have not provided to the Company non-audit services, in the period from 1 April 2017 to 31 March 2018.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Company are in accordance with the applicable laws and regulations in Hungary and that we have not provided non-audit services that are prohibited under Article 5 of Regulation of the European Parliament and Committee No 537/2014 and Subsection (1) and (2) of Section 67/A of Act LXXV of 2007 on the Chamber of Hungarian Auditors, the Activities of Auditors, and on the Public Oversight of Auditors.

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

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Our audit approach

Overview

Overall materiality	Overall materiality applied was MHUF 129
Key Audit Matters	• Liabilities arising from shared based payment compensation plan • Accruals for marketing services delivered by customers

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Materiality	MHUF 129 (31 March 2017: MHUF 138)
Determination	5% of the profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most commonly measured by users, and is a generally accepted benchmark. We chose 5%, which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector. This is consistent with the basis for our materiality calculation in the previous year.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Liabilities arising from share based payment compensation plan Liabilities arising from share based compensation plan available for senior management was MHUF 222 in the balance sheet as at 31 March 2018. The compensation payable is calculated based on the redeemable liquidity preference shares issued to senior management, based on the deed of foundation, and it is to be settled in cash and is re-measured at each balance sheet date. The compensation plan consist of the price of the redeemable preference shares and associated dividends as disclosed in Note 13 and Note 22. We particularly focused on the examination of the input figures – dividend and share price – of the calculation because these are subject to significant management judgement and estimates.	We performed the following procedures among others for liabilities arising from share based payment compensation plan: • we checked that those people, and only those who were included in the calculation, are eligible for share based payments; • we assessed whether the calculation is prepared in accordance with the provisions of the deed of foundation of the Company; • we agreed the vesting period used in the calculation to the deed foundation; • we agreed the share price increase applied in the calculation to historical data; • we recalculated the dividend increase of the redeemable liquidity preference shares used in the calculation based on historical dividend information. We have not identified material exceptions as a result of our procedures, management's estimation was within an acceptable range.
Accruals for marketing services delivered by customers The accrual for marketing costs, included within Accruals on Trade and Other liabilities line was MHUF 340 in the balance sheet as at 31 March 2018, as detailed in Note 14. The Company's customers' financial year mainly agrees with the calendar year, while the Company's financial year-end is 31 March. The three month's difference between the different financial periods represents non-invoiced advertising and marketing costs, which are accounted for based on management estimate. We particularly focused on this area because the estimation involves significant management judgement.	We performed the following procedures among others for accruals marketing services delivered by customers: • we obtained an understanding of the key controls management has in place to determine the estimate the accrual; • we understood the management's assumptions in respect of the accruals for advertising and marketing costs; • we reconciled prior year's estimates to actual figures in order to assess the accuracy and completeness of prior year's estimate, • we agreed the input data of the calculation prepared by the management to the contractual terms and condition of the agreements; • we assessed the completeness and accuracy of calculations prepared by management.

We have not identified material exceptions as a result of our procedures, management's estimation was within an acceptable range.

Other information: the business report and the annual report

Other information comprises the business report and the annual report (Business and management report about the Financial Year Ended on 31 March 2018, Everyday sustainability, Marketing highlights of the 2017-2018 business year) of the Company. Management is responsible for the preparation of the consolidated business report in accordance with the provisions of the Accounting Act and other relevant regulations, and for the preparation of the annual report in accordance with Act CXX. of 2001 on Capital Market. Our opinion on the financial statements expressed in the "Opinion" section of our independent auditor's report does not cover the business report or the annual report.

In connection with our audit of the financial statements, our responsibility is to read the business report and the annual report and, in doing so, consider whether the business report and the annual report is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on our work performed we conclude that the business report and the annual report is materially misstated we are required to report this fact and the nature of the misstatement.

Based on the Accounting Act, it is also our responsibility when reading the business report to consider whether the business report has been prepared in accordance with the provisions of the Accounting Act and other relevant regulations, if any, and to express an opinion on this and on whether the business report is consistent with the financial statements.

Because the Company's transferable securities are admitted to trading on a regulated market of a Member State of the European Economic Area, our opinion on the business report shall cover the information prepared under Paragraphs e) and f) of Subsection (2) of Section 95/B, and state whether the information referred to in Paragraphs a)-d), g) and h) of Subsection (2) of Section 95/B of the Accounting Act has been provided.

In our opinion, the 31 March 2018 business report and the annual report of the Company, also including the information prepared under Paragraphs e) and f) of Subsection (2) of Section 95/B, is consistent with the 31 March 2018 financial statements in all material respects, and the business report has been prepared in accordance with the provisions of the Accounting Act. As there is no other regulation prescribing further requirements for the business report, we do not express an opinion in this respect.

We are not aware of any other material inconsistency or material misstatement in the business report and the annual report and therefore we have nothing to report in this respect.

We state that the information referred to in Paragraphs a)-d), g) and h) of Subsection (2) of Section 95/B of the Accounting Act has been provided. As the conditions in Paragraph a) and b) of Subsection (1) of Section 95/C are not met at the balance sheet date, we have nothing to state.

pwc

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the International Financial Reporting Standards as adopted by the EU and to prepare the financial statements in accordance with the supplementary requirements of the Accounting Act relevant for the annual financial statements prepared in accordance with IFRS 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in the financial statements unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HNSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HNSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

We were first appointed as auditors of the Company on 30 September 1992. Our appointment has been renewed periodically by shareholder resolutions representing a total period of uninterrupted engagement appointment of 26 years.

The engagement partner on the audit resulting in this independent auditor's report is Balázs Mészáros.

Budapest, 22 May 2018

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

BUSINESS AND MANAGEMENT REPORT

about the Financial Year Ended on 31 March 2018

1. Analysis of the Company's performance

Total gross sales of the Company were HUF 23 071 million, a year-on-year decrease of 6.9%. Net sales (sales revenues excluding excise tax and public health product tax) were HUF 13 958 million – a year-on-year decrease of 2.3% (HUF 323 million). The fall in the volume of Kalinka sold caused the drop in sales (see the next passage).

There was a modest decrease in the net domestic sales (HUF 436 million; 3.4%). The net sales of own-produced goods decreased in the domestic market by HUF 704 million (6.9%) (HUF 10 161 million instead of HUF 9 458 million). But broken down, the sale of premium products increased sharply (by 9.4%). The sale of Unicum rose above the growth average, and Unicum Riserva super premium liqueur, which was introduced in on-trade at the beginning of the calendar year, was well received: it contributed to said growth of 9.4% by 1.6 percentage points. The sale of own-produced quality products showed a year-on-year decrease of 35.6%. That was a consequence of a spike in the sale of the Kalinka vodka at the end of 2016 – which we indicated in our earlier reports. The sale of St. Hubertus increased by about 20%.

The net sales revenue of traded products had a year-on-year increase of 9.9%. Broken down, the revenue of the Diageo portfolio went up by 11.3%, and the revenue of the other traded products grew by 7%.

Increase in the volume sold (excluding that of Kalinka) and a rise in sales prices contributed to those favourable sales figures.

Market research data for the business year indicate that the Hungarian market of spirits slightly decreased in volume (0.7%) but in went up in value by 4.1%. In terms of value, consumption rose in every segment: premium by 4.1%, quality by 5.3%, and non-branded by 2.9%.

Export earnings were HUF 1 540 million – a year-on-year increase of 7.9%. The export revenue of Unicum rose by 11.8%, but in the rest of that portfolio the net sales decreased by 5.2%. Sales in Germany jumped by 33%, which was due also to the fact that the promotional package for our goods to appear in the shops in summer were forwarded to the distributor as early as in March. Sales figures also increased in the Duty Free segment, and in Italy and Romania.

The material cost of goods sold stagnated (decrease of HUF 12 million; 0.2%) – and that figure was slightly below the 2.3% decrease in net sales. That is why the gross margin ratio of sales had a year-on-year decrease of 0.9 percentage points (56.8% instead of 57.7%). Changes in the composition of products traded were the main cause of that development: the proportion of traded products with a lower gross margin ratio increased while that of the own-produced goods somewhat decreased.

Employee benefit expense increased by HUF 71 million (2.7%). The bulk of the increase (HUF 72 million) was accounted for by a special bonus to our employees equalling two weeks' pay. As approved by the Board of Directors, it was in appreciation of the employees' part in the Company's achievements in the previous business year. Furthermore, at the start of the current business year, the Company granted an across-the-board average pay hike of 6.2%. The pay hike was differentiated according to income bands (ranging between 4 and 9%); it was higher in the lower income bands and lower in the higher ones. By contrast, the employee benefit expense considerably decreased because the social contribution tax was reduced by 5 percentage points.

The other operating expenses decreased by HUF 15 million (0.5%). The size of sponsorship under a tax benefit scheme went down to HUF 76 million. In the current business year we reclamed the tax that we had paid on our own advertising activities in previous years. (That meant a change of HUF 52 million.) There was increase in the following categories: fees paid to consultants, exchange rate loss, and the costs of warehousing and related services. Marketing spending on own-produced goods went up (by 5.3%) but that was fully compensated for by decrease in marketing expenditure posted for traded goods.

The "Other operating income" decreased by HUF 38 million (5.1%). Of that decrease HUF 27 million was due to the fact that brand owners of traded products had reduced their year-on-year marketing expenditure. In the previous business year the Company had exchange rate gain of HUF 12 million, but in the current business year there was no such item on the "Other operating income" line. Instead, we posted an exchange rate loss of HUF 25 million (which now appears on the line "Other operating expenses").

The Company's profit before taxation had a year-on-year decrease of HUF 378 million (12.8%) (HUF 2 582 million instead of HUF 2 960 million). The sale of Kalinka vodka considerably decreased but the Company could almost fully compensate for that by upping sales of products belonging to other brands. The gross margin was just slightly behind the comparable period's figure (3.8% HUF 311 million).
The Company's calculated tax (corporate tax, local business tax and deferred tax) decreased by HUF 341 million (47.4%), mostly because of the drop in the rate of corporate tax and, to a lesser extent, its profit before taxation was lower.
The Company's profit after taxation was HUF 2 204 million – a year-on-year decrease of 1.7% (previous: HUF 2 241 million) but it is substantially higher than the targeted plan.

The value of inventories grew by HUF 323 million (17.3%). Of that increase, raw materials accounted for HUF 206 million (the price of some of the herbs spiked) and the rest by increase in the volume of finished products and goods. The increase of inventories is justified both by the fact that the Company upped its sales volume and there was a moderate rise in purchase prices.
Trade and other liabilities went up by HUF 592 million (21.2%). The greater part of that increase was due to the expansion of inventories and hikes in the prices of raw materials the Company purchased.

2. Business environment of the Company

In recent years the domestic macroeconomic conditions have taken a favourable turn. Hungary's GDP has kept increasing year by year. Personal consumption – an indicator that is paramount for our Company – expanded in the past three years at a growing speed (by 3.1%, 4.2% and 4.7%, respectively).
The favourable market environment has helped the Company to achieve an about 10% sales increase in the premium segment.

In Hungary the off-trade is highly concentrated. A dominant part of the market is controlled by a relatively low number of powerful actors. That is even more so in the spirits category. The influence of the major retail chains keeps growing. The medium-sized supermarkets and discount stores – which offer a narrower assortment of products than hypermarkets – are growing the fastest.

3. 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 export markets and its strong presence in the premium and quality products segments.
In Hungary the Company is the exclusive distributor of the products of Diageo Plc.; and distributor of Moet-Hennessy and others. Thus, in addition to the self manufactured premium brands of determining importance in the Hungarian market (Unicum, Fütyülős, Vilmos, St. Hubertus) Zwack Unicum Plc.'s portfolio is coloured by world brands such as Johnnie Walker, Baileys, Captain Morgan 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 objective of deriving at least 10 % of its gross sales from exports and has the ambition to increase it.

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

MATERIAL RESOURCES

- **Production and Plant**

  The Company has three production plants. Unicum bulk production and early aging are done in the Unicum plant in Soroksári út. The Dunaharaszti plant takes care of additional aging and bottling of the

liquor, and also the bottling of the majority of the other products produced by the Company. The fruit palinka distillary operates in Kecskemét, and this is where the small series products are bottled.
The Company intends to maintain the present structure of three production facilities in the long term. Three years ago the Company launched a medium-term investment project, whose aim has been to upgrade bottling. As that project will continue is forthcoming years, the annual investments into fixed assets are likely to exceed depreciation by HUF 100 to 250 million annually.
Waberer's Holding provides comprehensive logistic services to Zwack Unicum Nyrt., including the warehousing of products, warehouse services and forwarding (distribution) of the products to the customer.

The Company spent HUF 780 million on fixed assets. Of that sum, more than HUF 400 million were spent on retrofitting plant. Outstanding projects included the purchase of a new machine for bottle filling, the rearrangement of our bottling unit in Kecskemét and supplying that unit with a new labelling machine, and entering into operation a new unit of extracting equipment. The rest of the sum was spent on projects of a supplemental type.

- **Financial position**

The Company's financial position is stable, always fulfills its financial obligations on time.
Financial transactions were made by Unicredit, Erste and K&H Bank from among the largest commercial banks.

HUMAN RESOURCES

On 31 March 2018 the Company's headcount stood at 237 (at the end of the 2016–2017 business year it was 227). The increase mostly affects blue-collar workers (+7).
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 affecting our Company is the change of the regulatory environment that may have a negative effect on domestic consumption or on the sales volume.
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 2018 was 16 M HUFs, and the Company also has fix interest assets whose book value is, by the order of magnitude, the same as their market 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 Nyrt. 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 undrawn credit line and the financial assets) based on the expected cash flow.

5. Environment protection, quality management, food safety

Our integrated policies continue complying with what the Management committed itself to in the document entitled "Our Mission and Key Values" and coincide with our long-term aspirations.
The Company's management systems have been operating reliably and successfully in line with internal and external expectations. Acting in cooperation with the supervisory authorities, our management systems can reduce the number of mistakes and avoid their repetition. In spring 2018 the Company successfully revised its quality- and environment-centred management and food-safety system. We plan to have those systems re-certified in spring 2019.
For further information about those matters, see the chapter entitled: "Everyday Sustainability".

6. Ownership structure, company structure

The ownership structure of Zwack Unicum Nyrt. remained unchanged. Of the ordinary shares, 50%+1 are owned by Peter Zwack & Consorten HAG, and 26% by Diageo Holding Netherlands B.V. The remaining 24%-1 shares are divided among domestic and foreign institutional and private investors.

The closing price of the Company's shares at the Budapest Stock Exchange was HUF 17 200 on 31 March 2018, which is 0.7% higher than the closing price of the previous business year..

7. Shareholders' equity, voting rights, management declaration

1. Number and value of shares issued

Number issued	Par value	Type of share	Currency
2 000 000	1 000	ordinary shares	HUF
35 000	1 000	redeemable liquidation preference share	HUF

All of the ordinary shares carry the same rights; redeemable liquidation preference shares carry no voting rights.
Ordinary shares are shares traded on the Budapest Stock Exchange (BÉT), redeemable liquidity preference shares are shares issued in closed circles.

2. Amendment of the Articles of Association, appointment of senior officers, issuing shares

The General Meeting of the Company has empowered the Board of Directors for five (5) years starting on 29 June 2017, to raise the shareholders' equity in a single go or in several steps only via issuing private redeemable liquidity preference shares up to altogether 200 000 shares (including the currently issued redeemable liquidation preference shares). There were no redeemable liquidity preference shares issued in the business year of 2017-2018.

3. Management declaration

The Civil Code (Ptk.) section 3:289 provides on the preparation, content and adoption of the Responsible Governance Report for Hungarian incorporated companies.
The Budapest Stock Exchange issued its Recommendations for Responsible Governance ("Recommendations") in 2004, providing certain recommendations for corporate governance for companies listed on the Budapest Stock Exchange, taking into consideration the internationally most used principles, Hungarian experience and the particularities of the Hungarian market.
In line with the above two regulations, Zwack Unicum Nyrt. Board of Directors pre-adopted and submitted to the General Meeting its Responsible Governance Report for the business year of 2016-2017,

which is accessible to the public on the Company website (http://www.zwack.hu) under Investors' Relations (Befektetői Kapcsolatok), on the page on Responsible Governance. The above Report provides information on compliance with the Responsible Governance Recommendations.

The Report also presents the Board of Directors, the Supervisory Board, the Audit Committee and the Management, describes how they function, and gives details on how they divide work. The Remuneration Declaration is also part of the Report, and so is the overview of the rules on the internal control system of the Company, its policy of making information public, its policy on insider trading, the rules of exercising shareholder rights and of how to organise and complete a General Meeting, and the explanation for deviations from certain points of the "Recommendation".

As per points 12.3 and 14.3 of the Articles of Association, members of the Board of Directors and of the Supervisory Board are elected by the General Meeting for a maximum period of four years.

The stipulation and the amendment of the Articles of Association (except amendments by the Board of Directors), including raising the shareholders' equity (except raising it by the Board of Directors) and its lowering (unless the Civil Code provides otherwise), are exclusive powers of the General Meeting (point 11.2). Detailed regulations to raise the equity and to repurchase own shares are provided in point 11.2 (a) and (k) of the Articles of Association.

The detailed rules of the powers and functioning of the Board of Directors are stipulated under point 12.4 of the Articles of Association, accessible on the Company website, under the menu For Investors/Investors Relations/Statutes (Befektetői Kapcsolatok/Részvényesi információk/Alapszabály).

8. Code of Conduct

The Zwack Unicum Plc. is a family enterprise both in its traditions and ownership structure. It is committed to perpetuating its traditions and adhering to its values – to the benefit of all the shareholders.

The Company considers itself an important player of the Hungarian economy and an internationally acknowledged representative of the spirits industry. It aspires to be an active participant in the life of society with a prudent business operation and commitments well beyond its core activities. The Company has been acting in business life in compliance with its social prestige, weight in the industry and its market-leading role. It seeks to define the norms of its operation in an exemplary manner. It aspires to be a paragon of business integrity, reliability and predictability in the eyes of its partners.

By making public its Code of Ethics, the Company enables all those interested to get an insight to a basic component of its organizational culture.

www.zwack.hu\Investor Relations\Guidelines of Corporate Governance\Code of Conduct

9. Results of the 2017-2018 business year and prospects for 2018-2019

This business year's after-tax sales figure is practically identical with that of the previous business year, and it considerably exceeds the target. That is why the dividend is going to be identical with last year's.

As for our innovative efforts, a key event was the introduction of Unicum Riserva super premium herbal liqueur. We are proud of Unicum Riserva especially because we could present a new product in the high-end price category.

Every third year our Company measures employee satisfaction. We are pleased to state that in 2017, 82% of the employees filled in the questionnaire. The average level of satisfaction stayed as high as 84%, just as in previous years. Employee satisfaction and feedback will continue being our top priority.

When compiling next year's business plan, our premise was that domestic consumption will keep growing dynamically (by about 4%). We expect the gross sales to go up by nearly 10%, which will be the combined result of a greater volume sold, higher prices and new products introduced.

The material cost of goods sold is likely to rise moderately due to increase in purchase prices and the weakening of the Hungarian national currency.

Wages have been pushed upwards due to a shortage of skilled labour in Hungary, and our Company has had to keep pace with that tendency. For that reason, there was an across-the-board wage hike of 8% at the beginning of the business year. The Company's burden of the wage hike has been eased by the fact that the social contribution tax has been lowered by 2.5%.

Our customers have also been affected by the rise in employee benefits. The perceivable increase of the skilled workers' minimum wage (12.1%) at the beginning of 2018 generated sizable growth in our buyers' costs, who in turn try to devolve a share of the rising costs to suppliers.
The next business year promises to be a year of innovations. We will introduce Unicum Riserva – which has already proved its worth in the on-trade – to the off-trade. The packaging of the Fütyülős line of products has been rejuvenated, and we will introduce Kalumba spiced gin. Those projects will require major marketing expenditure; and in Italy and Germany the Unicum will be promoted by a television advertisement campaign. Consequently, we expect the marketing costs of the own-label products to rise by more than 20%. All in all, we expect the Company's after-tax profit to be lower than in the previous business year (and to reach HUF 2 000 million).

10. Parameters and indicators of Company's performance (data in million HUF)

		2014-2015 business year**	2015-2016 business year**	2016-2017 business year*	2017-2018 business year*
Gross Sales	HUF mill	21 385	21 136	24 792	23 071
Sales net of taxes	**HUF mill**	**12 795**	**12 458**	**14 281**	**13 958**
Gross Margin	HUF mill	7 117	7 152	8 237	7 926
Profit from operations	HUF mill	2 236	2 160	2 958	2 580
Profit before tax	HUF mill	2 248	2 178	2 960	2 582
Profit for the year	HUF mill	1 714	1 694	2 241	2 204
Dividends paid / payable	HUF mill	2 400	1 700	2 100	2 100
Total assets	HUF mill	9 677	9 578	10 036	10 677
Cash and cash equivalents, end of the year	HUF mill	3 242	2 257	2 809	2 770
Average statistical staff number	Person	231	219	231	241
Gross margin ratio	%	55.6%	57.4%	57.7%	56.8%
Profit from operations / Net sales	%	17.5%	17.3%	20.7%	18.5%
Profit for the year / Net sales	%	13.4%	13.6%	15.7%	15.8%
Dividend / Profit for the year	%	140.0%	100.4%	93.7%	95.3%
Earnings per share	HUF	857	847	1 121	1 102

*separate IFRS financial statements;

**economic interest IFRS financial statements

11. Events after the balance sheet date

There was no event occurring after the balance sheet date that was not mentioned in the report and would significantly affect the Company's assets, finances, revenues and operations.

Budapest, 22 May 2018

Frank Odzuck
Chief Executive Officer

Tibor Dörnyei
Deputy CEO
Chief Financial Officer

EVERYDAY SUSTAINABILITY

In December 2017 our Company published its fifth Sustainability Report to present the sustainability strategy of the Company, as well as its activity and achievements in the 2015/2016 and 2016/2017 business years in the fields of social responsibility, environmental protection and economic efficiency. Besides the Sustainability Report a brochure and promo film were also prepared on sustainability. The latter, as well as the Report itself, are available on our Company website (www.zwackunicum.hu) under "Sustainability in these days".

Sustainable development remains for us a harmonious balance between economic efficiency, social responsibility and our efforts to protect the environment and we ensure this balance by innovative thinking, maintaining our values and traditions, as well as by our ethical conduct towards all our stakeholders.

During the 2017/2018 business year we again focused on the nine essential fields defined by our sustainability strategy.

In the field of social responsibility our main priority was the appreciation of our employees. The headcount of the Company increased by 5% from the previous financial year, and this was due to the increase of production.

In this period we continued to use those forms of appreciation which have proved effective so far, paying attention to the convergence of low wages to higher ones; however some new elements have been added in response to labour market changes and building on mutual benefits. For our non-manual workers we introduced the possibility of working from home, while for the manual workers in the factories we offered a hot meal free of charge once a week, and we immediately noticed the positive impact in terms of team cohesion. For the summer vacation of 2017 we created, with the help of several teachers from the Molnar Ferenc Primary School, a camp for our employees' children and 16 children became campers for one week. We would like to continue this initiative, as it provides considerable support for the parents and a real experience and joy for the children. We still offer our employees 2-3 health screening programs yearly. In the last business year, besides lung screening, they could also have ultrasonography and laboratory blood tests. On an average, 40% of our colleagues seized these opportunities.

The education of employees, as it is an important tool for their development and motivation, is a top priority for the Company. Increase of knowledge and keeping pace with the rapidly changing environment is ensured by professional training programs, while attending conferences and language classes also receive more attention.

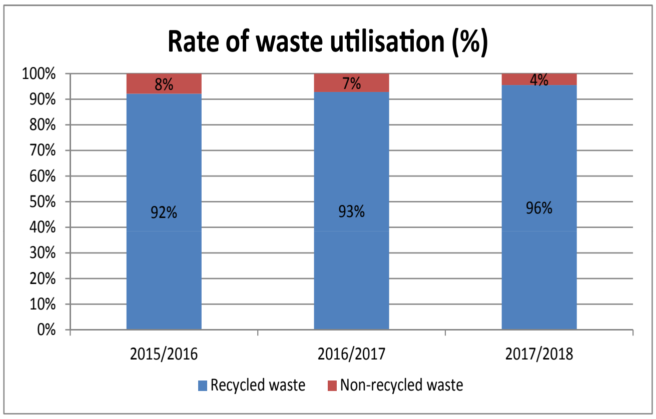
In order to bring our distillery and office staff closer to each other through common experiences and activities, our marketing colleagues worked one whole shift in the Dunaharaszti factory, while the office staff was invited to their yearly picnic.

Zwack Unicum Plc., as the market leader, considers the task of popularising the notion of responsible and moderate alcohol consumption a top priority. Within the framework of various projects accomplished in collaboration with other member companies of the Moderate Alcohol Consumption Department (MACD) of the Hungarian Spirit Association we popularised the basic principles during the most popular festivals featuring young people. During our promotions we devoted a lot of energy and attention to spreading the principles of moderate alcohol consumption and the prevention of underage drinking.

Mika Häkkinen, Johnnie Walker ambassador for the promotion of responsible alcohol consumption visited Hungary many times since 2009 in order to draw the attention to the hazards of drunk driving and to encourage everybody not to sit behind the wheel after drinking alcohol. Johnnie Walker's "Join The Pact" initiative is about people who, by joining it, make the commitment not to sit behind the wheel after drinking alcohol. On New Years' Eve of 2017, during the Formula 1 marathon broadcast of M4 sport channel, Mika Häkkinen told TV viewers that more than 7 million people had joined

the initiative, which they would like to continue. And how can one join it? Mika shared this "secret", too: the #jointhe-pact hashtag should be shared on social media, however, the most important is to "Never drink and drive!".
As usual, the catchy slogan "Zwack quality, but in moderation" continues to be visible in all our communication tools. The Advertising Self Regulatory Board certified that in 2017 our Company had committed itself again to responsible marketing communication by accepting the principles of the Hungarian Code of Advertising Ethics, which are more rigorous than the law itself, and by ensuring that these are respected in its advertising practice and continuously taught to employees.
In the field of social and cultural responsibility we have placed special focus on the strengthening of local communities, including the development of children and the protection of their health, as well as acknowledging outstanding achievements in the field of culture or sport. Thus, the Molnár Ferenc Primary School, which has achieved significant results in the differentiated development and talent management of children, was supported by us again in order to ensure continuity of the Complex Instruction Program (KPI) implemented by the school. The aim of the program is to help social integration of underprivileged children, and to help them overcome their disadvantages. Our cooperation with the Children's Clinic in Tűzoltó street also dates back many years, and this year the Clinic received a 5 million HUF donation from us. We also gave financial support to the Hospital School Foundation, the Heim Pál Foundation and the Fairy Circle Foundation.
As a family Company, cooperation based on mutual responsibility is an integral part of our corporate culture, thus we provide our employees with various initiatives, programs they can join: during the "Christmas of 100 children" campaign of the Horizont Foundation we raised 260 665 HUF to provide Christmas gifts for more than 135 underprivileged children and, in order to help the Uganda mission of a doctor from Kecskemét, we collected used spectacles in good condition. As of early 2018 we ensure office place for the Magic Lamp Wish Granting Foundation.
Business ethics and ethical business conduct remain among our basic values. In the 2017/2018 business year no suspicion of misuse arose in the fields examined by our internal audit which closed remarking on process development. We continuously strive to ensure compliance with legal regulations. In the past financial year, new requirements were implemented in our processes typically regarding energetics, and the implementation of the new excise law was closed successfully.
The authorities held 2 on-site inspections in areas closely related to our manufacturing activities and had 9 product examinations to check their compliance with legal requirements, based on samples taken from trade. Two of the product examinations were closed with warnings due to non-compliance with food labelling rules, after which our Company paid the 100 thousand HUF examination fee and food examination fine and made the necessary corrective actions.
Regarding environmental protection, we focused during the last financial year on the three areas most affected by the Company's manufacturing activities: waste management, the increase of energy efficiency and water management.

The amount of waste generated has increased as compared to the previous period, however it is not above the average of the last 4 years. A slight change can be noticed in waste structure: the percentage of hazardous waste has dropped thanks to the decreased quantity of waste generated by palinka production. In fact we could reclassify the waste of palinka production as by-product, since we managed to find a possibility for recycling: one of our partners uses it in the production of windscreen wash liquid. The rate of waste utilisation improved by 3% from last year; in the 2017/2018 business year it was 96%.



Energy consumption is another important field. Our Company had its energy management system (EIR) certified according to ISO 50001 standard, thus committing itself to continuously measure, evaluate and develop its energy performance. In the 2017/2018 business year the Company's energy consumption (gas and electricity) dropped by 3% from the previous year. The various indicators were evaluated within the framework of EIR.
The amount of water consumed by the Company in the last three years was on average slightly above 20 thousand m^3. A small increase of 3.1% took place since last year. In the 2016/2017 business year the Company's specific water consumption was 1.1 litre/bottle, while in the 2017/2018 business year it increased to 1.5 litre/bottle. We managed to produce the very low specific water consumption due to the significantly high number of bottles produced in the same period. Waste water discharge limits have been continuously controlled according to the control plans.
The Annual Report contains the detailed evaluation of the economic results. Besides the financial data, this briefly outlined non-financial information shared above also give evidence of the Company's responsible operational activities in the long-term. The next detailed information regarding the Company's sustainability activity will be shared in the 2019 edition of our Sustainability Report.

REPORT OF THE SUPERVISORY BOARD AND THE AUDIT BOARD

ON THE 2017–2018 BUSINESS YEAR

Zwack Unicum PLC.

REPORT OF THE SUPERVISORY BOARD AND THE AUDIT BOARD ON the business year starting on April 1, 2017 and terminating on March 31, 2018

In the business year starting on April 1, 2017 and terminating on March 31, 2018, 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, 2017 and terminating on March 31, 2018, 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 2 136 750 000 as a dividend 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.

The Supervisory Board and the Audit Board hereby establish that the mandate of PricewaterhouseCoopers Könyvvizsgáló Kft. as statutory auditor of the Company expires after the 2017-2018 business year. The Supervisory Board and the Audit Board wish to express their thanks and gratitude for all the high quality work and services provided by PricewaterhouseCoopers Könyvvizsgáló Kft. to the Company during our long and successful cooperation.

The Audit Board recommends to the Annual General Meeting for approval:

(i) the election of KPMG Hungary Kft. (H-1134 Budapest, Váci út 31., registration no.:000202; individual auditor in charge: Mr. Rezső Rózsai, registration no.: 005879, the substitute auditor appointed in the event of any extended absence of the auditor in charge is: Ms. Csilla Leposa, registration no.: 005299), as statutory auditor of the Company for a definite period expiring on August 31, 2020; and

(ii) honoraria - amounting to HUF 11 900 000 / year + VAT for KPMG Hungary Kft. for its services as auditor of the Company. The honoraria includes the fee for the auditing of the annual report concerning the 2018/19 and 2019/20 business years in accordance with the applicable regulations.

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 22, 2018

Dr. Hubertine Underberg Ruder	**Mag. Karin Trimmel**
Chair of the Supervisory Board	Chair of the Audit Board

Supervisory Board

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

Renato Juric
General Manager Diageo
Europe Partner Markets
Middle East & North Africa

Mag. Karin Trimmel
Managing Director Gurktaler AG
Export Director Semper Idem
Underberg GmbH

Zeisler Gábor
General Manager
Diageo Business Service Center

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

Dr. Salgó István
Senior Advisor
ING Bank N.V. Hungary

Board of Directors

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

Pavel Reyes
Commercial Finance Director
Diageo Europe Partner Markets
Middle East & North Africa

Mag. Wolfgang Spiller
Member of Board of Directors,
Schlumberger Plc.

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

Kalina Tsanova
Business Unit Director
Diageo Eastern Europe
Partner Markets

Dörnyei Tibor
Deputy CEO, CFO
Zwack Unicum Plc.

Frank Odzuck
CEO
Zwack Unicum Plc.

Management of the Company

Left to right:

Seprős László
Production-Technical Director

Dörnyei Tibor
Deputy CEO
Chief Financial Officer

Dr. Segesváry Gábor
Human Resource Director

Palcsó Sára
Marketing Director

Frank Odzuck
Chief Executive Officer

Belovai Csaba
Commercial and Export Director

MARKETING HIGHLIGHTS OF THE 2017-2018 BUSINESS YEAR

UNICUM AND UNICUM PLUM

During the 2017-2018 business year, as in previous years, our Unicum brand showed an increase yet again, both from a sales point of view and regarding the effectiveness of our marketing activities. This enabled us to maintain and strengthen the market leader position of our Unicum brand family.
The main theme of summer 2017 was water and water sports. In line with that, we presented a very special life story which serves as an example for all those who are looking for motivation in order to achieve their goals. Swimmer Tamas Sors, multiple World and European Paralympics champion, is living proof of how much we can achieve by a positive attitude, dedication and hard work.

- The campaign was launched by a press conference with the participation of Sandor Zwack and Tamas Sors, and the event generated a gratifying interest in the limited edition Unicum bottles.
- The online presence of the brand was very strong during the whole campaign. The unique film, produced especially for internet about the difficulties and successes in the life of Tamás Sors, was presented at the press conference and shared through the most popular video sharing sites, where it reached more than 1 500 000 people.
- The giant size 'waterman' Unicum bottles were visible at many locations throughout Budapest. The 1.60 m high bottles were exhibited during the summer at the most popular locations, a definite hit with fans.
- Our pub and tavern promotions were built around the theme of water, and wherever we appeared in a water context, the image of the limited edition bottle and of the 'waterman' could be seen, and our theme inspired gifts were also very popular.

It remained one of our major goals to give a more youthful image to the brand. Thus, we were present with our Unicum brand at all major festivals during the summer season.
We also created many new sales points: people could get their cocktails from special Unicum tricycles. Our visibility on the SZIGET festival was enhanced by LED walls, making our location opposite the big stage the most spectacular one there.

The waterman image also appeared at the festival and involved fans in a challenging game both offline and online. Our followers could also meet our opinion leaders – 'Halott Pénz' (Dead Money) and Mary Popkids - at *‚meet&greet'* - and could find out about their favourite stars again on Instagram, thus targeting a younger audience.

The Christmas season was also full of Unicum promotions. The emotional Christmas film, which debuted last year, got new background music, picked by public vote. In the background of the film which can be seen solely online, the Ferenc Demjen classic „Wait until the sun comes up" can be heard.

Before Christmas, on 16th and 17th December 2017, new guides welcomed visitors for a festive tour in the Zwack Museum and Visitors' Centre.
Visitors were guided through the history of the Zwack family and Unicum by Sandor Zwack and the 'Halott Pénz'. Though tickets for the four tours were sold out in several hours, no one needed to be disappointed, as those without a ticket could follow the event on the Unicum online channels.

It has become a tradition that we appear with various gift box packages for each Christmas season. For Christmas of 2017 our classic two-glass packages, as well as our metal boxes, appeared with a clean, unified look.

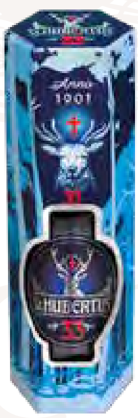
UNICUM RISERVA

Following the market introduction of Unicum Riserva, our super premium herb liqueur, which debuted January 2017, we focused on building up Unicum Riserva's brand awareness. In order to reach our target group we were present at top events and in premium magazines. At the same time we ensured unique visibility of the brand in the VIP box of the Papp Laszlo Budapest Sport Arena. We had mentor programs in many restaurants of Budapest, during which Unicum Riserva was introduced to the audience by a dedicated brand ambassador.

ST. HUBERTUS

This past business year St. Hubertus was again one of the most dynamically growing brands which was partly due to its binary profile as a quality brand with, at the same time, the most competitive prices on the market. Our primary aim was to strengthen the brand and its premium image. In the spring and winter season we continued to use our St. Hubertus TV spot as the most effective tool. This year the campaign was reinforced by our online presence as well. People could also watch our films on Facebook, and consumer interest was enhanced by behind-the-scenes secrets and games on message boards.
One of the primary aims of the brand is to invite potential consumers both in gastronomy and in retail to taste St. Hubertus Forest Berries which was introduced to the market in 2015.

During the Christmas season, as a result of the overwhelming success of the previous year, we put the brand in a premium gift box with a more youthful and clean design. Besides this, we also appeared on the market with a new gift box in which, for the first time after a long interval, we included a glass beside the St. Hubertus bottles, highlighting the current focus of the brand.



FÜTYÜLŐS

During the 2017/2018 business year the brand laid the emphasis on the popularisation of its different flavour options and its versatility as a drink.

In July 2017 we launched the brand's most complex and integrated communication campaign ever. We strengthened the brand's „live colourfully" message, and asked consumers to share their most "colourful" experiences in the social media. With the country wide outdoor communication of the campaign we appeared on 230 citylight posters and on 200 billboards and a big installation was also visible at Deak Ferenc square, the busiest square in Budapest.

In our digital communication, besides the successful banner and social media communication, the brand's messages reached consumers for the first time through opinion leaders.

The brand had a unique installation at Deak Ferenc square in Budapest, where both photos and films could be shot with accessories evoking the summer feeling. During the weekends almost one thousand photos and eleven thousand likes were registered.

The campaign was extremely successful: we could reach more than half a million people on our Facebook page and digital advertisements, our promotional sites were visited by more than eight thousand people, and many hundreds of consumers participated.

During the summer season we held Fütyülős tastings in twenty hypermarkets over two weekends. At the busiest locations we extended the promotion by distributing gifts.
No summer can pass without our presence at festivals. During the summer of 2017 Fütyülős sponsored seven events in the Color Festival series, which enabled us to reach more than ten thousand people. In autumn 2017 we could enhance our brand awareness by sponsoring TRIP, a novel reality show broadcast on RTL Klub in prime time.
During the Christmas season the brand offered consumers a new gift box package.

KALINKA

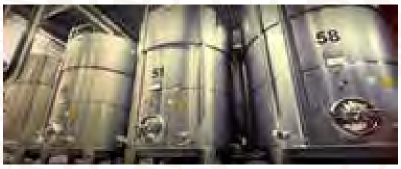
The 2017/2018 business year was another year full of surprises for Kalinka.

Kalinka was present at six festivals in the summer, reaching over 140 000 people. During the year we were also present at many other events, and we promoted the brand in gastronomy with hostesses during approximately 100 tastings of Kalinka Gold.

In autumn we promoted Kalinka and Kalinka Gold for three months with TV spots. The Kalinka and Kalinka Gold spots were shown on TV before programs relevant for the target group and with the highest viewing figures. With the sponsorship of 'Éjjel Nappal Budapest' of the RTL Klub we reached 50% of the target group, while with the sponsorship of Comedy Club and 'Agymenők' of Comedy Central we reached 30% .

Throughout the business year we had, of course, various activities also on social media, such as the special cocktail video made for the Halloween season. We had special prize winning games; the most popular one being a competition to find out if Vodka Soda or Vodka Orange is more popular among young people. During the introductory phase of the campaign we even asked passers-by on the streets, and it was also possible to vote for the drinks on Facebook. With this game we were able to reach more than 160 thousand people in a very short time.

After that *Wisecracks,* our almost one month long prize winning game was launched. In this game anybody could share his wisecracks and wisdom on Kalinka's Facebook site. The four best wisecracks were picked by live public voting and these were „carved into gold" and exhibited next to the Kalinka vats. We managed to reach more than 140 thousand people with this game.



JOHNNIE WALKER

During the 2017/18 business year the sales volumes of Johnnie Walker increased considerably.
One of the most important activities in the life of the brand was its presence at the Formula 1 Grand Prix which has been internationally sponsored by the brand for many years. This past business year its participation was globally organized, way more spectacular than ever before.

The brand, of course, could not miss out on a prize winning game for consumers. This time participants could win not only Formula 1 tickets, but could also choose from among luxury gifts. This promotion was communicated through bottle neck hangers, promotion strips on gift boxes, displays in outlets, as well as online.

The Aged 18 years Johnnie Walker, formerly known as Johnnie Walker Platinum Label, with its new name and design highlights selling points of the brand which are relevant to consumers, so the brand is more visible on the shelves.

During the Christmas period there were movie promotions. Targeting the adult audience our spots were aired after 8 in the evening before the following films: Star Wars VIII, Marvel: THOR – Ragnars, Murder on The Orient Express, DC: Justice League, Seven Sisters and the 'Viszkis'.

International Scotch Day is celebrated on 7th February. On this occasion we launched a game on Facebook, where the winners could participate in the mentor programs held by our master distiller in the Herb Bar of the Zwack Museum and Visitors' Centre. Besides the winners we also invited a professional audience, namely bartenders, in order to further their commitment to Scotch.

DIAGEO RESERVE

In this past business year we paid special attention to making the luxury brands of the Diageo portfolio active. We introduced the Bulleit Bourbon and Bulleit Rye American whiskies. The launching party took place in the Hotsy-Totsy bar in Budapest with an 'America in the twenties' feeling. Together with the various whisky cocktails, delicious BBQ food was catered by the 'Zabáljcsak' food truck, and rockabilly music was delivered by the Dynamite Dudes. The whisky's Instagram page targeting downtown tough guys was launched with the name #BulleitArcok.

Besides Bulleit, the luxury variant of Johnnie Walker, malt whiskies of the portfolio could also be tasted by the more than two thousand visitors to the most spectacular stand at the Budapest Whisky Show.

Special attention was given to the 12 year old Singleton of Dufftown whisky which, with its consumer friendly taste, can pave the way to the world of malt whiskies as a whole. Advanced fans were comforted by Talisker's 10-years-old smokey quench.

Tanqueray gin, the third strong pillar of the Reserve brand is the inimitable base of a true Gin & Tonic. The increasingly popular drink of spring and summer afternoons was a welcome addition even on a cold day to the opening of a showroom with a warm atmosphere, putting guests in a good mood at the opening of Kinga Cako's first showroom.

BAILEYS

Baileys has closed another year of success, its sales volumes increasing yet again.
In the life of the brand the key season is Christmas, as half of the yearly sales volume is sold during this period. The major focus of our marketing activities is on this season. In 2017, applying a new approach, we built up a new, 360° marketing strategy. Its central element is a media campaign with a new commercial spot. As well as TV, we also used online options this time, in the spirit of cost effectiveness.
"E-commerce" was a new initiative: our online presence directed consumers interested in Baileys to the webshop of Tesco, so that interest towards the brand can also be transformed into sales when possible.

Still in the spirit of the 360° strategy, last year we were present at Christmas fairs, too. The advent fair at the Basilika had a central role; however people in rural towns could also drink hot drinks with Baileys at many locations. In retail, our usual gift box packages appeared again, maintaining their habitually elegant style; however, for last Christmas we also had a limited edition of the 0.7 litre bottle with a Christmas label. The Baileys tastings are a long-standing tradition, of course: during the two pre-Christmas weekends we held tastings in 18 hypermarkets. Though our focus is on Christmas, our aim is also to keep consumer interest high during the rest of the year.
Our digital campaign was visible on NLCafé, NoSalty and WMN sites with articles and videos promoting the brand. We worked with many bloggers, who created their own Baileys recipe and shared them on their site, and we shared these further on the Facebook page of Baileys.

CAPTAIN MORGAN

As a result of the brand's continuous improvement, we reached a milestone yet again last year: we managed to give ATL support to the brand. This gave a new impetus to Captain Morgan, and the increase in its sales volumes is due in part to this. The media campaign itself focused on the summer festival season and - in line with the media consumption trends of younger people - was concentrated on internet: as a part of our digital campaign we launched prize winning games, where people could win festival tickets and passes. We also appeared on Spotify, on Funzine, on 'Szeretlek Magyarorszag' and on Indavideo.

Our successful festival presence of last year encouraged us to be present at three famous festivals: the FEZEN, the Campus and the SZIN.

Our Captain promotion remained very successful: this year the Captain and his two Morganettes visited pubs and bars on more than one hundred and fifteen occasions, introducing the most popular Captain Morgan long drinks to almost one hundred thousand consumers and distributing coupons, which Captain Morgan consumers could trade in for promotional gifts.

HENNESSY, MOËT & CHANDON, BELVEDERE

HENNESSY

The brand ambassador of Hennessy visited Hungary in October. On this occasion we organised a special program series: a mentor program held in the Herb Bar of Zwack Museum and Visitors' Centre for our business partners and for bartenders; following this, for journalists and opinion leaders, a Hennessy cocktail tasting in a luxury perfumery; and finally an exclusive dinner for a small circle of guests, with tastings of the most noble cognacs paired with delicious dishes.

The limited edition of Hennessy VS is most popular and its taste makes it very much a contemporary cognac – at the end of each year artists prominent on the art scene are asked to dress up the classic bottle. JonOne followed such names in this task as Scott Campbell, one of the most celebrated tattoo masters in the world, Ryan McGinness, who is compared to Andy Warhol or Futura, the first truly big star among graffiti artists.
During the Christmas season the two-glass gift box packages of Hennessy VS appeared with a newer design, and customers could also buy the limited edition JonOne Hennessy VS bottle.

MOËT & CHANDON

The Moët Party Day is a world famous party organised by the Moët & Chandon house, which has been surprising its fans with legendary rituals and unforgettable moments for more than two hundred and seventy years. On 17th June 2017 Budapest woke up to the Moët Party Day. We launched it in the High Note Sky Bar, where we invited celebrities and famous people in the spirit industry for a champagne breakfast. During the day Moët & Chandon was sipped from flutes at the most popular bars and restaurants of Budapest and Balatonfüred.

The *„Diner en Blanc”,* the white dinner, which debuted in Hungary last year, was born as a birthday party thirty years ago. Nowadays it is held in seventy cities in twenty five countries. The main principles of the dinner have not changed in the meantime: the guests spend an evening together around common tables being served delicious dishes, and the venue of the dinner is kept secret till the very last minute. While waiting for the guests to arrive, Moët & Chandon ICE Imperial was 'dressed', in accordance with the rules, in a white bottle.

BELVEDERE

Belvedere vodka is produced in Poland, the home country of vodka, and is made of good quality Polish golden rye. During its production the vodka is distilled four times giving it its characteristic creamy texture and its flowery and vanilla bouquet.

The latest after party of the Formula 1 Grand Prix was the most sensational bash in the city once again. It was held at the Buddha Bar Hotel where Belvedere Vodka flowed, wowing the audience who could also watch a dance routine accompanied by a special laser show.

IZABELLA ZWACK WINE SELECTION

Our portfolio was enriched yet again with exciting wines and a new winery, since we started to work with the wines of the Nyolcas és Fia winery from Eger.

This year the Zwack Open wine tasting events in the Zwack Museum were packed with wine lovers and wine makers on two occasions. Both events were followed by presentations by wine experts. At the first one Attila Gere spoke about the wines from Villany, and on the second Gianni Annoni spoke about Tuscan legends and about the wines of the Ornellaia and Sassicaia wineries.

The Budapest Wine Festival is always the most prominent and popular wine event of the year, and it was true again this year. We again prepared for it with a unique presence, and presented the best and most special part of our portfolio to the wine expert audience.

This year the 'Wine Menu of the year' prize was awarded for the first time at the Gala of Dining Guide Magazine. The prize was supported by the Izabella Zwack Wine Selection, awarded by a jury of wine experts and the winner was Borkonyha. During the event the guests could taste a part of our portfolio, for example the wines from Kislak and the Dobogo Furmint.

Unicum

Unicum Riserva

Vilmos

Fütyülős

Hírös

Zwack Maximilian

Zwack Sándor Nemes Pálinka

Kosher

St. Hubertus

Kalinka

Spirits

Johnnie Walker

Dimple

Caol ila 12

Talisker

Singleton

Glen elgin

VAT 69

Black Velvet

Baileys

Xuxu

Disaronno

Hennessy

Zacapa

Captain Morgan

Gordon's

Tanqueray

Smirnoff

Belvedere

Ciroc

Evian

Portorico

Marine Dry

Óbester

Casino

Trois Tours


MOËT
MOËT & CHANDON
Izabella utca
TOKAJ FURMINT 2011
MATACS
JANOSHEGY
kislaki
KISLAKI
100% Balaton

ZIB

Zwack Izabella
BORKERESKEDÉS
ANNO
1945

KEY TELEPHONE AND TELEFAX NUMBERS

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