

# '11 Jinro 1H Results

Leading the Future

창조적인 혁신과 도전으로 미래를 선도하는 기업



A dynamic splash of blue water is the background of the slide, with water droplets and bubbles scattered throughout. The water flows from the top left towards the bottom right, creating a sense of movement and freshness.

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# NOTES

This material is written by financial statements based on IFRS.  
Results material is based on Non Consolidated financial statements  
and consolidated financial statements is attached by appendix

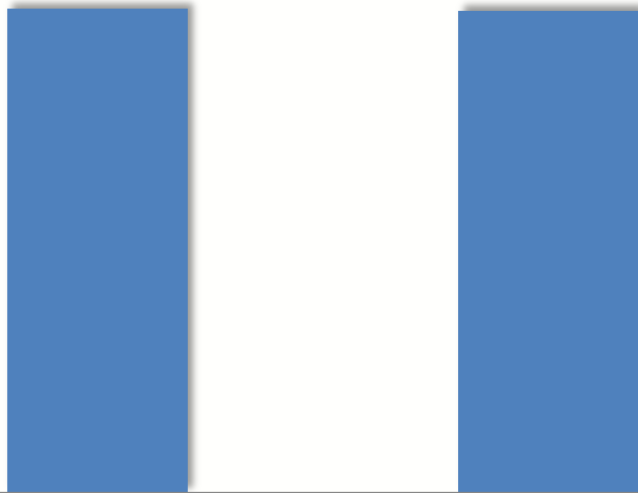
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창조적인 혁신과 도전으로 미래를 선도하는 기업

# 1. Sales

- Product sale slightly decreased cause of stagnant of domestic soju market
- Due to increase of the Makgeolli and Goods export , Sales achieved 358.8bn (-0.4% YoY)

Sales



## •Detail of Sales fluctuation

1. Due to stagnant of domestic soju market, Sales slightly decreased (-1.8% yoy)
2. Due to increase of exporting 'Makgeolli' to Japan, Goods Sales was huge increase.(+42.8% yoy)

※ Quantity of Makgeolli export

increased 162.5% 1H

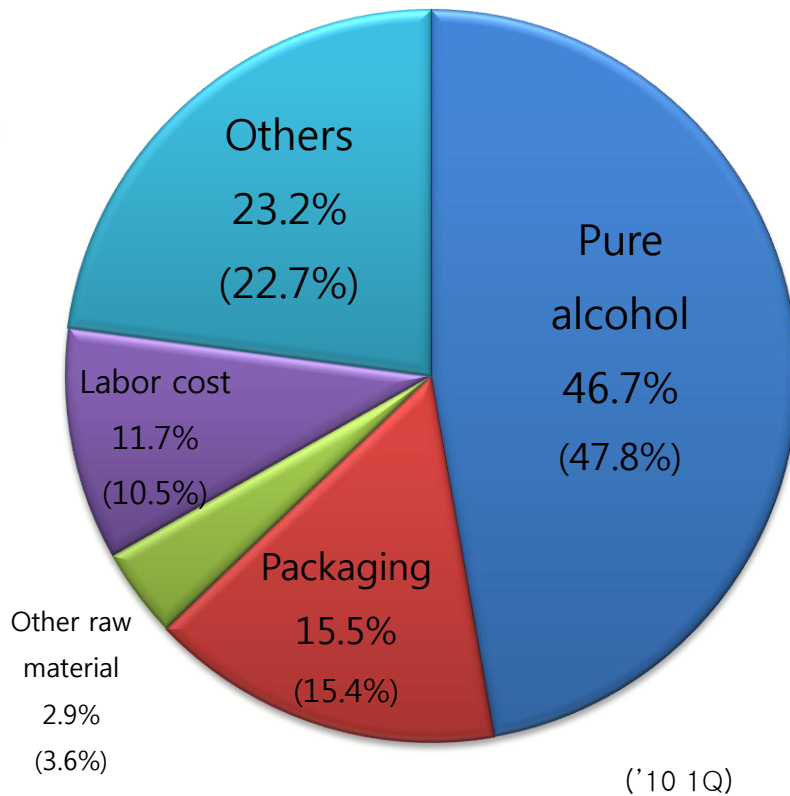
'10.1H 320 thousand c/s

'11.1H 840 thousand c/s

## 2. Cost breakdown

- **Gross Profit KW 148.9bn (-4.0%, YoY)**
- **Gross Profit Margin 57.0% (+1.5% YoY)**

### COGS breakdown Trend



- **Cause of Gross profit decline**

- Labor cost, Packaging and factory expense (depreciation cost, equipment cost) increase.

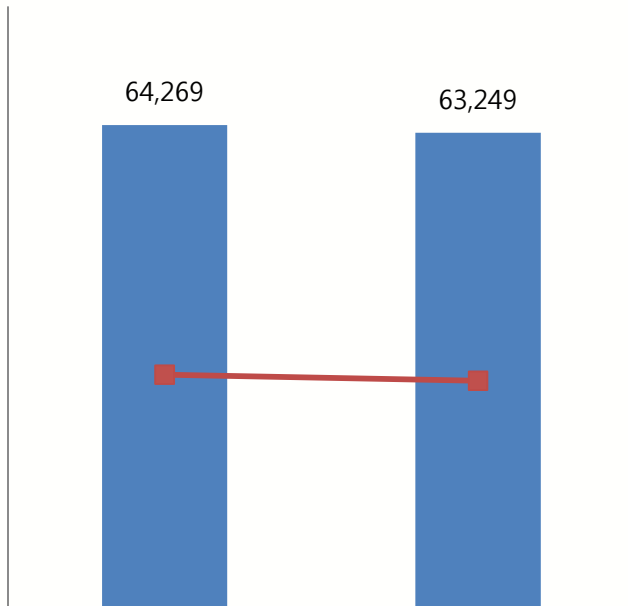
- **Major increase & decrease information**

- Packaging: 31.5bn (KW +0.9bn yoy)
- Labor cost: 23.7bn (KW +2.7bn, yoy)
- Factory expense: 47.2bn (KW +2bn, yoy)

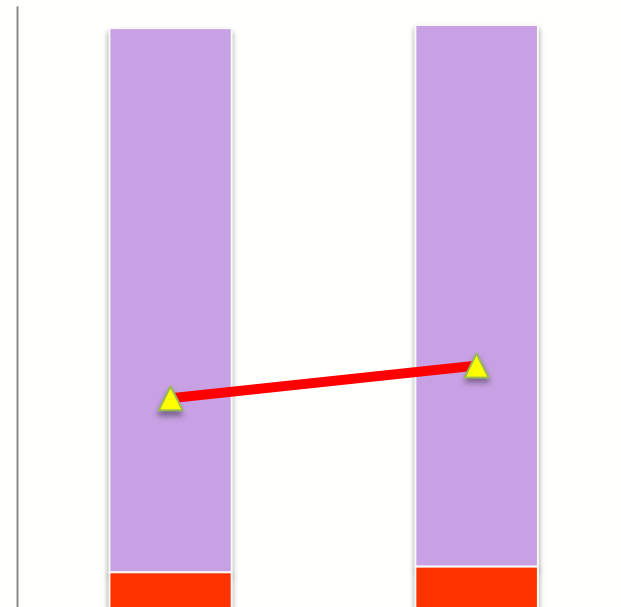
### 3. Operating Profit & Marketing Cost

- Operating Profit KW 63.2bn ( OPM 17.6%, -0.2% YoY)
- Marketing cost KW 29.1bn (8.1% of Sales, +1.1% YoY)
  - '10. DEC Due to launch of the 'JULGYOCHAKI', Advertising cost increase (KW 3.3bn +15.8% YoY)

Operating Profit Trend



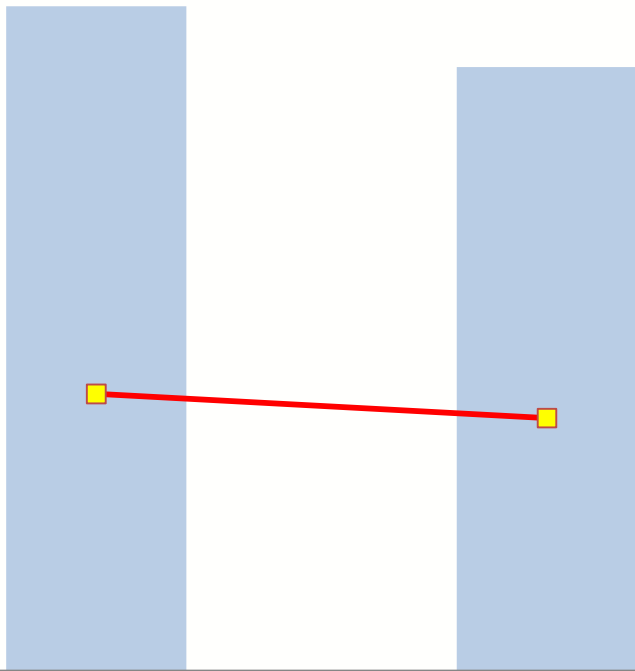
Marketing cost Trend



## 4. Net Profit

- **Net Profit KW 49.9bn (-9.2% YoY)**
- **Net profit margin 13.9% (-1.3% YoY)**

### Net Profit Trend



#### •Cause of Net Profit decline

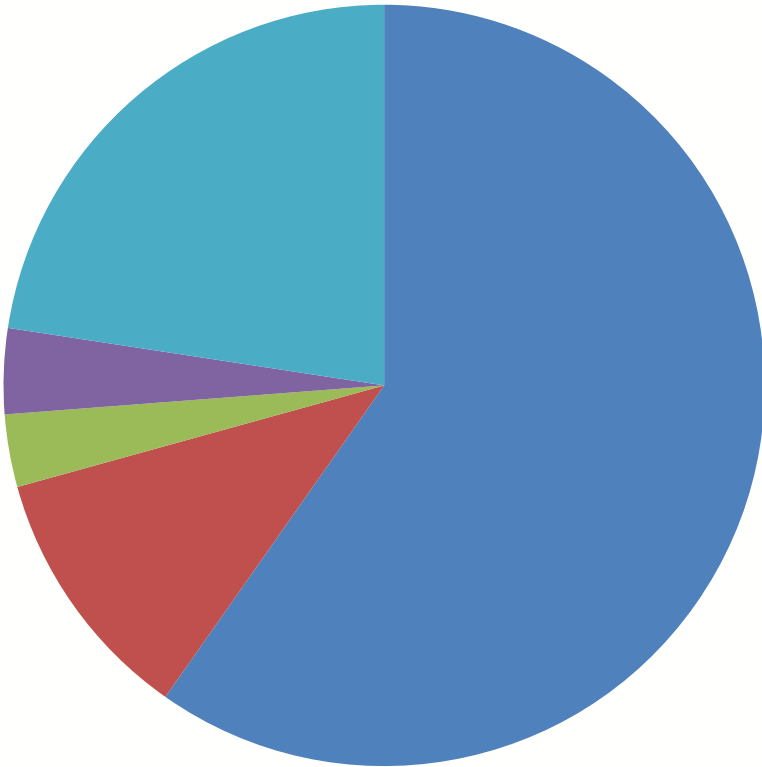
- Sales of goods sold and AD cost increase
- Interest profit KW 1.1bn decrease
- Interest cost KW 1.7bn Increase
- Donation KW 1.7bn Increase

#### • Others

- Refund the Penalty on price fixing  
(Won the case from the high Court '11.JUN)

## 5. Equity status of Jinro(all of the issued stocks until Jun30)

Jinro



Total Stocks: 40,500,000

- Equity share 40,495,303
- Preferred share 4,697

- ✓ Hite holdings 24,087,395 shares
- ✓ Real D.W 4,416,000 shares
- ✓ Employee ownership 1,243,924 shares
- ✓ Treasury stocks 1,463,699 shares  
(Except for the preferred stocks 257)
- ✓ Others (Institution&Private)  
9,284,285 shares



# Separate financial statements

## Statement of financial position

Unit : Mn won

Items	2011 1H	In/Decrease	Ratio	2010 1H
<b>Total assets</b>	<b>1,338,596</b>	<b>1.90%</b>	<b>100.00%</b>	<b>1,314,002</b>
1. Current assets	268,068	22.00%	20.00%	219,662
(1) Cash and cash equivalents	81,632	1.10%	6.10%	80,760
(2) Trade and other current receivables	116,461	28.70%	8.70%	90,507
(3) Other current financial assets	221	-50.00%	0.00%	442
(4) Other current assets	12,779	-13.80%	1.00%	14,832
(5) Inventories	34,612	4.50%	2.60%	33,121
(6) Non-current assets or disposal groups classified as held for sale	22,362		1.70%	0
2. Non-current assets	1,070,528	-2.20%	80.00%	1,094,340
(1) Other non-current financial assets	36,889	4.20%	2.80%	35,391
(2) Non-current available-for-sale financial assets	2,769	-7.00%	0.20%	2,979
(3) Investments in subsidiaries	294,485	2.40%	22.00%	287,467
(4) Property, plant and equipment	539,016	-2.20%	40.30%	550,861
(5) Intangible asset	3,862	-0.10%	0.30%	3,865
(6) Investment property	57,776	-14.40%	4.30%	67,476
(7) Deferred tax assets	135,731	-7.20%	10.10%	146,301
<b>Total liabilities</b>	<b>767,198</b>	<b>4.60%</b>	<b>57.30%</b>	<b>733,764</b>
1. Current liabilities	514,397	-9.00%	38.40%	565,037
(1) Short-term borrowings	250,488	-7.40%	18.70%	270,555
(2) Trade and other current payables	198,308	-14.30%	14.80%	231,492
(3) Other current financial liabilities	62,501	4.00%	4.70%	60,079
(5) Other current financial liabilities	3,101	6.60%	0.20%	2,910
2. Non-current liabilities	252,801	49.80%	18.90%	168,727
(1) Long-term borrowings, gross	229,309	53.40%	17.10%	149,501
(2) Present value of defined benefit obligation	23,491	22.20%	1.80%	19,226
<b>Total equity</b>	<b>571,398</b>	<b>-1.50%</b>	<b>42.70%</b>	<b>580,238</b>
1. Issued capital	215,000	0.00%	16.10%	215,000
2. Other equity interest	-59,461	0.30%	4.40%	-59,297
5. Retained earnings	415,859	-2.00%	31.10%	424,535

# Separate financial statements

## Income statement

Unit: Mn won

ITEM	2011 1H	In/Decrease	Ratio	2010 1H	Ratio
<b>Sales</b>	<b>358,779</b>	<b>-0.4%</b>	<b>100.0%</b>	<b>360,316</b>	<b>100.0%</b>
Cost of sales	209,866	2.3%	58.5%	205,214	57.0%
<b>Gross profit</b>	<b>148,913</b>	<b>-4.0%</b>	<b>41.5%</b>	<b>155,102</b>	<b>43.0%</b>
Selling general administrative expenses	100,634	9.6%	28.0%	91,813	25.5%
(Marketing cost)	(29,069)	14.9%	8.1%	(25,293)	7.0%
Other gains (losses)	20,373	91.2%	5.7%	10,655	3.0%
Other expense	(5,403)	-44.2%	1.5%	(9,676)	2.7%
<b>Operating Income(Loss)</b>	<b>63,249</b>	<b>-1.6%</b>	<b>17.6%</b>	<b>64,269</b>	<b>17.8%</b>
Finance income	8,400	-20.5%	2.3%	10,571	2.9%
Finance costs	(9,391)	17.1%	2.6%	(8,023)	2.2%
Other gains (losses)	(1,763)	6196.4%	0.5%	28	0.0%
<b>Profit (loss) before tax</b>	<b>60,495</b>	<b>20.8%</b>	<b>16.9%</b>	<b>50,083</b>	<b>13.9%</b>
Income tax expense	10,617	-10.7%	3.0%	11,885	3.3%
<b>Quaterly net incom</b>	<b>49,878</b>	<b>-9.2%</b>	<b>13.9%</b>	<b>54,904</b>	<b>15.2%</b>
Other comprehensive income	-163	-111.6%	0.0%	1,400	0.4%
Gain on valuation of available-for-sale financial	-163	-111.6%	0.0%	1,400	0.4%
<b>Total comprehensive income</b>	<b>49,715</b>	<b>-11.7%</b>	<b>13.9%</b>	<b>56,304</b>	<b>15.6%</b>
Earnings per share	<b>1,278won</b>			<b>1,338won</b>	

# Consolidated financial statements

## Statement of financial position

Consolidated financial statements include Connect subsidiaries of Jinro Japn Inc, Jinro Soju, Seoksu&Puris, JGC, The Hite-Jinro Group China, Jinro America Inc and Jinro RUS Food co, Seolak brewing.

Unit : Mn won

Items	2011 1H	In/Decrease	Ratio	2010 1H
<b>Total assets</b>	<b>1,444,379</b>	<b>2.2%</b>	<b>100.0%</b>	<b>1,413,449</b>
1. Current assets	454,917	11.5%	31.5%	408,131
(1) Cash and cash equivalents	158,110	2.1%	10.9%	154,837
(2) Trade and other current receivables	193,810	7.1%	13.4%	181,021
(3) Other current financial assets	408	-84.3%	0.0%	2,600
(4) Other current assets	14,892	-8.8%	1.0%	16,333
(5) Inventories	65,335	22.5%	4.5%	53,340
(6) Non-current assets as held for sale	22,362			
2. Non-current assets	989,462	-1.6%	68.5%	1,005,318
(1) Other non-current financial assets	38,675	2.9%	2.7%	37,592
(2) Non-current available-for-sale financial assets	57,217	-7.2%	4.0%	61,638
(3) Investments in subsidiaries	38,331	20.1%	2.7%	31,906
(4) Property, plant and equipment	630,640	-1.1%	43.7%	637,880
(5) Intangible asset	13,008	165.2%	0.9%	4,905
(6) Investment property	157	253.9%	0.0%	44
(7) Deferred tax assets	51,186	-15.9%	3.5%	60,862
(8) Other non-current assets	160,248	-6.0%	11.1%	170,490
<b>Total liabilities</b>	<b>836,011</b>	<b>4.5%</b>	<b>57.9%</b>	<b>799,853</b>
1. Current liabilities	565,312	-7.8%	39.1%	613,267
(1) Short-term borrowings	253,288	-6.4%	17.5%	270,555
(2) Trade and other current payables	233,405	-12.6%	16.2%	266,945
(3) Other current financial liabilities	63,108	0.7%	4.4%	62,666
(4) Payments of Income taxes payable	8,837	13.2%	0.6%	7,807
(5) Other current financial liabilities	6,674	26.1%	0.5%	5,294
2. Non-current liabilities	270,699	45.1%	18.7%	186,586
(1) Long-term borrowings, gross	229,389	53.4%	15.9%	149,581
(2) Present value of defined benefit obligation	30,196	19.4%	2.1%	25,288
(3) Other non-financial liabilities	9,407	-4.8%	0.7%	9,881
(4) Deferred tax liabilities	1,706	-7.1%	0.1%	1,837
<b>Total equity</b>	<b>608,368</b>	<b>-0.9%</b>	<b>42.1%</b>	<b>613,596</b>
1. Equity attributable to owners of parent	-1	-100.0%	0.0%	613,280
(1) Issued capital	215,000	0.0%	14.9%	215,000
(2) Other equity interest	(22,772)	56.4%	-1.6%	(14,564)
(3) Retained earnings	415,762	0.7%	28.8%	412,844
2. Non-controlling interests	378	19.6%	0.0%	316

# Consolidated financial statements

## Income statement

Consolidated financial statements include Connect subsidiaries of Jinro Japn Inc, Jinro Soju, Seoksu&Puris, JGC, The Hite-Jinro Group China, Jinro America Inc and Jinro RUS Food co, Seolak brewing.

ITEM	Unit : Mn won				
	2011 1H	In/Decrease	Ratio	2010 1H	Ratio
<b>Sales</b>	<b>530,657</b>	<b>2.4%</b>	<b>100.0%</b>	<b>518,395</b>	<b>100.0%</b>
Cost of sales	(314,468)	3.9%	-59.3%	(302,773)	-58.4%
<b>Gross profit</b>	<b>216,189</b>	<b>0.3%</b>	<b>40.7%</b>	<b>215,622</b>	<b>41.6%</b>
Selling general administrative expenses	(147,215)	9.6%	-27.7%	(134,374)	-25.9%
(Marketing cost)	(41,621)	9.6%	-7.8%	(37,975)	-7.3%
Other gains (losses)	21,369	82.1%	4.0%	11,735	2.3%
Other expense	(6,146)	-40.8%	-1.2%	(10,390)	-2.0%
<b>Operating Income(Loss)</b>	<b>84,198</b>	<b>1.9%</b>	<b>15.9%</b>	<b>82,592</b>	<b>15.9%</b>
Finance income	1,940	-36.6%	0.4%	3,060	0.6%
Finance costs	(9,421)	17.3%	-1.8%	(8,031)	-1.5%
Other gains	5,603	26.0%	1.1%	4,448	0.9%
Other expense	(1,734)	-1144.6%	-0.3%	166	0.0%
<b>Profit (loss) before tax</b>	<b>80,586</b>	<b>-2.0%</b>	<b>15.2%</b>	<b>82,236</b>	<b>15.9%</b>
Income tax expense	(19,061)	1.7%	-3.6%	(18,736)	-3.6%
<b>Quaterly net income</b>	<b>61,524</b>	<b>-3.1%</b>	<b>11.6%</b>	<b>63,500</b>	<b>12.2%</b>
<b>Other comprehensive income(loss)</b>	<b>(8,198)</b>	<b>-414.6%</b>	<b>-1.5%</b>	<b>2,606</b>	<b>0.5%</b>
Loss on valuation of available-for-sale financial	(1,642)	-79.7%	-0.3%	(8,104)	-1.6%
Loss on overseas operations translation	(6,556)	-161.2%	-1.2%	10,710	2.1%
<b>Total comprehensive income(loss)</b>	<b>53,326</b>	<b>-19.3%</b>	<b>10.0%</b>	<b>66,106</b>	<b>12.8%</b>
<b>Profit, attributable to</b>	<b>61,524</b>	<b>-3.1%</b>	<b>11.6%</b>	<b>63,500</b>	<b>12.2%</b>
Proprietor's equity	61,473	-3.2%	11.6%	63,475	12.2%
non-controlling equities	51	104.7%	0.0%	25	0.0%
<b>Attributable to total comprehensive income</b>	<b>(8,198)</b>	<b>-414.6%</b>	<b>-1.5%</b>	<b>2,606</b>	<b>0.5%</b>
<b>Profit, attributable to owners of parent</b>	<b>(8,208)</b>	<b>-415.1%</b>	<b>-1.5%</b>	<b>2,604</b>	<b>0.5%</b>
<b>Profit, attributable to non-controlling interests</b>	<b>10</b>	<b>789.1%</b>	<b>0.0%</b>	<b>1</b>	<b>0.0%</b>
Basic earnings per share	1,576won			1,548won	