

ANNUAL REPORT | 2007

VETROPACK HOLDING LTD



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2007 AT A GLANCE

		2007	2006	+/-
Gross revenues	CHF millions	699.6	594.7	17.6%
EBIT	CHF millions	132.0	67.4	95.9%
Annual profit	CHF millions	100.9	43.2	133.6%
Cash flow	CHF millions	156.0	97.2	60.5%
Production	1000 metric tons	1 195	1 039	15.0%
Unit sales	billions	4.26	3.92	8.7%
Exports	in %	33.3	34.6	-
Employees		3 099	3 137	- 1.2%
Investments	CHF millions	86.9	112.4	- 22.7%

AGENDA

- 2008** Annual General Assembly (Bulach)
14th May 2008, 11.15
Semi Annual Report, 29th August 2008
- 2009** Press Conference (Bulach)
26th March 2009, 10.15
Annual General Assembly (St-Prex)
13th May 2009, 11.15



Claude R. Cornaz, CEO (left)

Hans R. Rüegg, Chairman of the Board of Directors (right)

Board of Directors' Report

DEAR SHAREHOLDERS:

Vetropack Group reflects on an extremely successful 2007. All production facilities operated at full capacity. The new furnaces constructed in 2006 were fully operational throughout the year, thus leading to a significant increase in production capacity, efficiency and added value. During the year under review, Vetropack also pursued company strategy and grew with the market.

Substantial Increase in Revenues. During the 2007 fiscal year Vetropack Group achieved outstanding revenues and income growth. Consolidated gross revenues rose to CHF 699.6 million (2006: CHF 594.7 million), an increase of 17.6% over the previous year. Excluding a foreign exchange differential of 4.3%, real growth amounted to 13.3%. The acquisition effect of the first full consolidation of the Ukrainian glassworks OJSC Vetropack Gostomel amounted to 4.4%. In the previous reporting year only ten months of this affiliated company's contribution were consolidated. The Group therefore achieved organic growth of 8.9% (2006: 3.5%).

Vetropack AG Switzerland generated 13.8% of gross revenues (2006: 13.8%). Capacity and added value rose as expected, thanks to the new furnace construction at the St-Prex glassworks. The Austrian production facilities in Pöchlarn and Kremsmünster contributed 29.7% to gross revenues (2006: 31.1%). An influential factor in these results is that production interruption for furnace maintenance was unnecessary in 2007. Vetropack Straža d.d. made a contribution of 20.7% (2006: 19.7%). Vetropack Nemšová, s.r.o. and Vetropack Moravia Glass, a.s. contributed 7.4% (2006: 7.8%) and 16.0% (2006: 17.4%) respectively. The production share of OJSC Vetropack Gostomel, the most recent addition to the Vetropack Group, was 10.4% (2006: 8.1%). For the first time, the Ukrainian glassworks fully benefited from the increased production capacity provided by the state-of-the-art flint-glass furnace, which was completely renewed in 2006. A valuable contribution to increased production capacity

was likewise made via the new green-glass furnace, which came into operation in the autumn of 2007 along with Vetropack Group's first triple-gob machine.

Focus on Domestic Markets. The pan European growth in demand in both domestic and foreign markets led to an 8.7% increase in unit sales (2006: 9.8%). This growth was primarily generated by mineralwater/carbonated beverages and beer segments. During the year under review, Vetropack Group sold a total of 4.26 billion units of glass packaging (2006: 3.92 billion). Of these 66.7% were sold to domestic markets (2006: 65.4%), and the rest was allocated to export markets. Despite increased production output Vetropack was unable to fully satisfy rising demand. Focus was on strengthening domestic market positions. Export sales rose less steeply, whereby the proportion of exports to overall sales fell slightly.

Consistent Market Proximity. The demand for glass in all product segments remains high throughout Europe. During the fiscal year the entire European glass packaging industry benefited from this excess demand and was unable to satisfy it completely. Vetropack Group met its customer commitments not only by increasing production capacity by 15.0% in terms of Group-wide saleable tons, but also by further reducing inventory levels (2006: 1,039,314 saleable tons).

In addition, there was a noticeable trend across the market as a whole towards individual, customer-specific glass packaging solutions.

Standard glass packaging is becoming increasingly less significant, whereas specific models are gaining market share irrespective of their segments. Vetropack Group is extremely well prepared for this trend. It has always been developing glass packaging solutions in close collaboration with its customers. These solutions visually support product ideas and marketing strategies, as well as satisfy the demands of businesses and the consumers to the greatest extent possible.

Operational Earning Power Substantially Increased. Consolidated EBIT has almost doubled and reached CHF 132.0 million (2006: CHF 67.4 million). Full utilisation of production capacity, improved efficiency and the fact that there was no maintenance-related production interruption, led to a striking increase in added value once again. This positive development was supported by strict cost management. Furthermore Vetropack succeeded anew in increasing the amount of recycled glass used as raw material in production. The EBIT margin reached 18.9% of gross revenues (2006: 11.3%). This includes, however, extraordinary related income of CHF 4.9 million from a technical damage claim.

Record Levels Reached. Consolidated annual profits increased by 133.6% to CHF 100.9 million (2006: CHF 43.2 million) and cash flow increased by 60.5% to CHF 156.0 million (2006: CHF 97.2 million). The cash flow margin thus corresponds to 22.3% of gross revenues (2006: 16.3%). Thanks to this marked improvement in cash flow the Group's liquidity also rose by a gratifying CHF 48.1 million to CHF 87.0 million (2006: CHF 38.9 million).

Extremely Solid Balance Sheet. Consolidated total assets reached CHF 859.6 million (2006: CHF 750.3 million). This represents an increase of 14.6%. As a result of investment activity fixed assets rose by 6.8% to CHF 525.8 million (2006: CHF 492.4 million). Meanwhile current assets increased by 29.4% to CHF 333.8 million, thanks to the marked rise in liquidity (2006: CHF 257.9 million). As a result of high annual profit generated in 2007, shareholder's equity increased by CHF 105.2 million to CHF 514.0 million (2006: CHF 408.8 million). During the same period borrowed capital merely increased by CHF 4.1 million to CHF 345.6 million (2006: CHF 341.5 million). Subsequently, the equity ratio rose to 59.8% (2006: 54.5%). In effect this almost compensates for the decline in shareholder's equity following the acquisition of Vetropack Gostomel in 2006.

As per 31st December 2007 Vetropack Group had a workforce of 3,099 individuals (31st December 2006: 3,137).

Investments Secure Competitive Advantage. Investment activity during the year under review was also driven by the strategic requirement to expand individual market capacity. Vetropack Group invested a total of CHF 86.9 million – in plants, equipment, processes and production capacity. These investments were predominantly allocated to Vetropack Gostomel in Ukraine. The newly constructed green-glass furnace, including the concomitant expansion of associated infrastructure, replaces two old furnaces that were decommissioned in mid 2007. As a result of this project, the location's production capacity rose by 210 tons per day. Accordingly, Gostomel, with its daily production output of 820 tons, is currently the single largest production facility within Vetropack Group.

Vetropack Shares – Over Performing the Indices. Shareholders have benefited from Vetropack Group's successful developments via rising share prices. Over the past three years Vetropack shares have outperformed both the SPI and SSCI Indices (Vetropack registered shares +179.2%, SPI +63.5%, SSCI +105.5% as per 31st December 2007).

Increased Dividends. At the Annual General Assembly on 14th May 2008, the board of directors shall propose setting the dividend distribution for the past year at 70% of the nominal value. This represents a gross dividend of CHF 35.00 per bearer share (2006: CHF 16.00) and of CHF 7.00 per registered share (2006: CHF 3.20).

Outlook for 2008. Glass packaging is becoming increasingly popular. Its demand has been rising steadily across Europe for over two years. It can be assumed that excess demand will not diminish in the coming year. Correspondingly, all of Vetropack's production facilities will be working at full capacity in the coming months.

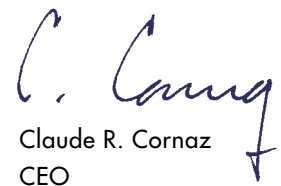
In the 2008 fiscal year Vetropack Group plans to continue with the high level of investment activity seen in recent years. For instance, a furnace at Vetropack Moravia Glass, a.s. in the Czech Republic will have its cyclical refurbishment, and a green-glass furnace at Vetropack Straža, d.d. in Croatia will be renewed, thus simultaneously resulting in an increased capacity of 50 tons per day. However, developments in energy and raw materials prices remain a cause of uncertainty. They have been rising sharply for a long period and will remain a challenge.

Thank You. During the past fiscal year we have achieved much, and Vetropack Group is clearly in very good shape. On behalf of the Board of Directors we would like to thank our employees who have made a crucial contribution to the success of the business. We would also like to thank our customers, shareholders and business partners for their support and for the confidence they have shown in us.

St-Prex, 12th March 2008



Hans R. Rüegg
Chairman of the
Board of Directors



Claude R. Cornaz
CEO

“A very Successful Year in Business”



*Claude R. Cornaz,
CEO of Vetropack
Group, on the
Company's Business
Developments in
2007 and Perspective
Outlook*

What is your assessment of the 2007 business results?

In 2007 we achieved our best results ever. Vetropack Group had an exceptionally good year. We naturally profited from an extremely high demand and a very positive market environment, as did incidentally the entire European glass industry. However, our own efforts also contributed to our success.

What precisely does this mean?

Our added value improved because we were able to increase both production and productivity. We were especially successful in the optimal utilisation of our new furnaces. I am referring to the in 2006 constructed furnaces in Switzerland, Ukraine and Slovakia, as well as the overhauled flint-glass furnace in Kremsmünster, Austria. Another important factor is that in 2007 Vetropack Gostomel made its first full 12 month contribution to the consolidated financial statements.

What makes Vetropack Group so successful?

I think that essentially there are three key factors. We think and act strategically in terms of our markets, our customer orientation, and our employees. All our investments are future orientated. We are expanding with the growing market. Consider the Vetropack Gostomel acquisition in 2006. We are gradually building

our production capacity by renewing furnaces. A good example is the Swiss glassworks in St-Prex, which was likewise equipped with a new furnace in 2006, thus increasing efficiency and added value. Moreover, our employees, experienced managers, qualified specialists and skilled technicians, make a crucial contribution to the commercial success of our Group by utilising their combined knowledge skills, experience and motivation.

Apart from results, what were the past year's most important milestones?

One of our key objectives in 2007 was bringing Vetropack Switzerland back into the black. This objective, towards which we have all worked long and hard, was achieved. In terms of earnings, Vetropack Switzerland managed a moderate turnaround. We not only made good progress in Switzerland, but also in Ukraine. The integration of Vetropack Gostomel is proceeding as planned. We achieved great progress. The processes were realigned and standardised and the new green-glass furnace was brought into operation as planned. All those involved in these two projects have truly excelled themselves, not just those based in Switzerland and Ukraine. This beautifully demonstrates how well Group-wide cooperation among the various Vetropack companies works.



The demand for glass packaging is very high. Do you expect this trend to continue?

The demand for glass packaging has been rising steadily across Europe since 2006. This has benefited not only Vetropack Group, but the entire European glass industry. In isolated cases, however, it has also led to delivery bottlenecks. All our production facilities were operating at full capacity, and we were no longer able to accept additional short notice orders. Despite the appearance of the first few clouds on the horizon, I assume that the excess demand will persist in 2008, thanks to positive consumer sentiment. We will have to wait and see what trends develop in 2009.

You have a presence in various markets that are developing in different ways. Can you give us a brief overview?

In general terms, glass is very popular packaging material and the entire market is growing. Even the Western European market, which was relatively stable until recently, is now showing steadily rising demand. Demand is at a very high level because packaging made from glass is intrinsically noble. It supports and raises a product's image and perceived value. One good example of this is the augmentation of customer-specific packaging designs. In Central and Eastern Europe one could even speak of an absolute boom. Depending on the market, some segments, particularly beer, are growing at

double-digit percentage rates. Currently the demand for glass packaging in these countries largely exceeds domestic supply.

Back to the present, what is on the agenda for Vetropack in 2008?

Switzerland and Ukraine will remain our biggest challenges in 2008. The Swiss company must now demonstrate that its positive results are sustainable, and that it can attain further profitability. Vetropack Gostomel will also be a key focus of our attention in 2008 and beyond. The integration process is far from complete. We want to continue growing together whilst making the most of all our market opportunities. This is no easy feat because Ukraine is a country in flux. It is a matter of keeping our eyes on the ball, staying abreast of developments and reacting rapidly. Furthermore, 2008 will be demanding in terms of competition, as well as rising energy and raw materials prices. As can be seen, there exists no shortage of challenges ahead.

Impressions 2007



1st Quarter

- Vetropack Austria GmbH, Kremsmünster: The flint glass furnace is successfully overhauled as part of the regular maintenance cycle. After a repair period of 67 days, glass is flowing once again. Production resumes on 7th January 2007.
- OJSC Vetropack Gostomel takes part in the important supra-regional exhibition “Wines of Ukraine and Moldova” in Odessa, which attracts more than 300 wine producers from Ukraine, Moldova and Hungary. Vetropack presents the extensive range of Vetropack bottles to the interested public; high-quality glass bottles, the ideal packaging for fine wines.
- Vetropack Straža d.d. exhibits a selection of its glass packaging range at the well attended and important “Guest” trade fair for food and beverages, as well as for hotel and restaurant equipment in Split, Croatia. “Guest” is the largest trade fair in Southern Croatia. The visitors’ attendance grows by approximately 35 percent per annum.
- Pleasing Retrospective View: Statistics for 2006 indicate that glass recycling quotas increased once again over the previous year. In 2006 recycling reached 95.6 percent in Switzerland (2005: 95.3 percent), 84 percent in Austria (2005: 83 percent) and 58 percent in Croatia (2005: 19 percent). In Croatia, Vetropack has launched a campaign to promote the collection of recycled glass, in conjunction with the public sector. All companies within the Vetropack Group are actively involved in glass recycling. Recycled glass is a valuable commodity in the glass production process. Thanks to its usage, expenditures in energy and raw materials are economised. This preserves the environment.



2nd Quarter

- Vetropack companies in Switzerland, Austria, Croatia, the Czech and Slovak Republics successfully complete a recertification audit in accordance with EN ISO 9001:2000. This norm forms the basis of the management systems and represents an additional guarantee of compliance with Vetropack's exacting quality standards irrespective of the production location.
 - Vetropack positions itself as a competent partner for glass packaging. Vetropack Straža d.d. participates in the two Croatian trade fairs – "Vinistra" in Poreč and "Vinovita" in Zagreb. It also presents its products at the international Novi Sad fair in Serbia. This Serbian agricultural fair is the most important of its kind in the Balkans and has a history dating back almost 75 years.
 - OJSC Vetropack Gostomel introduces the established NNPB technology for producing lightweight bottles. Lightweight bottles deliver enormous logistical benefits for customers.
- The introduction of this technology strengthens the company's position as the technical leader in Ukraine.
- The issue of recycling also plays an important role at "Swiss Public" in Berne, Switzerland's most important public sector trade fair. Switzerland's main recycling organisations show their offerings under the heading of "Swiss Recycling". Vetro-Recycling AG provides information about the value and significance of recycled glass. Many of the 20,000 participants visit the shared exhibition stand run by the Swiss recycling organisations.
 - The Austrian Glass Forum invites interested parties to the Vetrotalk at the Viennese Forum at Mozartplatz. The Glass Forum is a joint initiative and information platform developed by Vetropack Austria GmbH and Austria Glass Recycling GmbH. Renowned scientists and researchers give their thoughts on the topic: "In Enjoyment Lays the Future".



3rd Quarter

- On 30th August OJSC Vetropack Gostomel celebrates the completion of the largest furnace in Ukraine and the Vetropack Group. This new energy saving green-glass furnace possesses a melting capacity of 380 tons per day. It replaces two smaller older generation furnaces.
- Production commences with the new green-glass furnace at the Vetropack facility in Gostomel, Ukraine. The state-of-the-art equipment jointly installed with the furnace works as planned. This includes the triple gob machine. This machine, the first within the Vetropack Group, enables the simultaneous formation of three glass bottles per cycle at the hot end.
- As part of the International Wine Awards in Zurich, Vetropack Ltd Switzerland awards the “Prix Vetropack” for the best Swiss red wine produced from a major grape variety. The 2007 winner is Mounir Weine AG, Cave du Rhodan, in Salgesch. In addition to a glass trophy, the prize also includes a personalised bottle design with a set of moulds.
- Vetropack Moravia Glass, a.s. presents the full range of its glass packaging products at the “Pakfood” exhibition for the food and beverages packaging industry in Poznań, Poland. Jointly with two other exhibitors it is awarded a prize for the design of its stand. This first “Pakfood” exhibition with approximately 200 exhibitors from 18 countries was attended by 34,000 visitors.



4th Quarter

- OJSC Vetropack Gostomel, the newest member of the Vetropack Group reflects on a 95 year history, an excellent reason to celebrate with customers and business partners.
- Eminent awards for a Vetropack bottle from Switzerland. Vetropack is awarded a “Swiss Star” for a wine bottle that it specially developed for its customer Uvavins. The bottle is based on a design by Swiss artist Roger Pfund and produced in St-Prex. This prize is awarded by the Swiss Packaging Institute for outstanding packaging concepts. Shortly afterwards the World Packaging Organisation (WPO) awards this bottle a World Star.
- Vetropack Nemšová, s.r.o. celebrates a double anniversary. This historic Slovakian glassworks has been in existence for 105 years, and has been a member of the Vetropack Group for the past five years. The plant opens its doors to the public to mark this important day.
- The “Brau Bevale” in Nuremberg has long been one of the most important European trade fairs for the production and marketing of beer and soft drinks. It is held annually and attracts more than 1,400 exhibitors from 45 countries and 34,000 visitors. It is an important forum for the entire Vetropack Group, which utilises its stand to inform approximately 250 customers and guests about exclusive glass packaging design, glass refinement and special glass colours.
- For the first time Vetropack Group’s annual production exceeds four billion units. If all units were all placed in a line, they would circumnavigate the globe 6.5 times.



Growing with the Market. Stepan Girnyk, technical director of the Gostomel works in the Ukraine, was the project manager in charge of constructing the new green-glass furnace and the associated infrastructure. On site he ensured that specialists from Vetroconsult Ltd worked effectively and efficiently with expert staff from the Straža, Nemšová, and Kyjov production facilities and local suppliers. The new furnace is the largest in the Ukraine and within the Vetropack Group.

Company Reports

VETROPACK LTD (SWITZERLAND)

During the 2007 fiscal year Vetropack Ltd achieved revenues of CHF 100.6 million. In unit terms the company supplied 582.2 million units of glass packaging, nearly 100 million units more than in the previous year. This gratifying growth is an expression of positive market developments in glass packaging, which was evident not only in Switzerland but across Europe.

The domestic market's most apparent increase was in the beer segment, whereas food and wine segments remained at last year's level. Export activities were expanded due to increased capacity at the St-Prex glassworks, and strong demand from neighbouring countries. Exports sales accounted for 14.2% of total sales.

Following construction of the new furnace at the St-Prex glassworks, production flowed uninterrupted throughout 2007. The high level of overall employee commitment secured a substantial increase in efficiency and strengthened the company's market presence.

At the fiscal year end of 2007 Vetropack Ltd employed 204 individuals (2006: 199).

Vetropack Switzerland	2007	2006	+/-	Domestic Sales by Market Segment	2007	2006
<i>Sales in CHF millions</i>	100.6	83.3	20.8%	(in unit terms)		
<i>Unit sales in millions</i>	582.2	493.0	18.1%	<i>Wine/spirits</i>	31.3%	29.8%
<i>Exports in unit terms</i>	14.2%	6.5%	-	<i>Beer/mineral water/carbonated beverages/juice</i>	51.6%	48.6%
<i>Production in tons</i>	103 568	68 525	51.1%	<i>Food/dairy</i>	17.1%	21.6%

VETROPACK AUSTRIA GMBH (AUSTRIA)

Revenues at Vetropack Austria GmbH reached EUR 140.9 million in 2007, an increase of 7.3% over the already very high level achieved last year. Unit sales increased to 1,360.3 million units of glass packaging.

For Vetropack Austria GmbH the year under review was characterised by an appreciably strong pan European demand for glass packaging. In order to avoid delivery bottlenecks and justly satisfy customer demands, a high level of commitment and flexibility were required in both domestic and export markets. Essentially, domestic sales rose in all segments. Sales of disposable beers bottles, wine bottles and high-value oil bottles were particularly noteworthy.

On the export side, capacity bottlenecks led to a slight decline in both third party sales, as well as internal trading amongst Vetropack companies. Exports accounted for 32.5% of total sales.

On the investment front, the manufacturing facilities and testing equipment of both Austrian plants went through ongoing routine renovations and modernisation activities.

At the fiscal year end of 2007 Vetropack Austria GmbH employed a workforce of 606 individuals (2006: 613).

Vetropack Austria	2007	2006	+/-	Domestic Sales by Market Segment	2007	2006
<i>Sales in EUR millions</i>	140.9	131.3	7.3%	(in unit terms)		
<i>Unit sales in millions</i>	1 360.3	1 291.4	5.3%	<i>Wine/spirits</i>	19.3%	18.8%
<i>Exports in unit terms</i>	32.5%	34.6%	-	<i>Beer/mineral water/carbonated beverages/juice</i>	51.2%	51.9%
<i>Production in tons</i>	337 518	311 961	8.2%	<i>Food/dairy</i>	29.5%	29.3%
1 EUR = CHF	1.64280	1.57309				

VETROPACK MORAVIA GLASS, A.S. (CZECH REPUBLIC)

Vetropack Moravia Glass, a.s. reported revenues of CZK 2,246.0 million in 2007, an increase of 3.9% over the previous year. Unit sales amounted to 897.2 million units of glass packaging.

In the core food segment domestic sales were down on the previous year again, as a result of poor harvests. Sales attributable to this segment equalled 40.5%. The extremely strong market position established in the beer segment over previous years was maintained at high levels during 2007. The wine segment produced gratifying growth of 22.0%. Exports remained stable at 42.1%.

During the year under review, Vetropack Moravia Glass substantially reduced retooling losses by optimising the production planning process. In addition, improvement measures, taken to reduce energy consumption in the melting process, were continued with the aim of counteracting rising energy costs. The company's specialisation in glass packaging for the baby food segment was also further expanded. This is necessary due to steadily rising customer quality requirements in this segment.

At the fiscal year end of 2007 Vetropack Moravia Glass a.s. employed a workforce of 428 individuals (2006: 429).

Vetropack Moravia Glass	2007	2006	+/-	Domestic Sales by Market Segment	2007	2006
<i>Sales in CZK millions</i>	2 246.0	2 162.5	3.9%	(in unit terms)		
<i>Unit sales in millions</i>	897.2	869.4	3.2%	<i>Wine/spirits</i>	12.1%	10.5%
<i>Exports in unit terms</i>	42.1%	41.6%	-	<i>Beer/mineral water/carbonated beverages/juice</i>	47.4%	43.6%
<i>Production in tons</i>	201 042	200 011	0.5%	<i>Food/dairy</i>	40.5%	45.9%
100 CZK = CHF	5.923	5.552				

VETROPACK NEMŠOVÁ, S.R.O. (SLOVAKIA)

During the year under review, Vetropack Nemšová, s.r.o. generated revenues of SKK 1,621.8 million, representing an increase of 6.0% over the previous year. Capacity increased thanks to the new flint-glass furnace, which became operational in November 2006, augmenting unit output to 454.8 million.

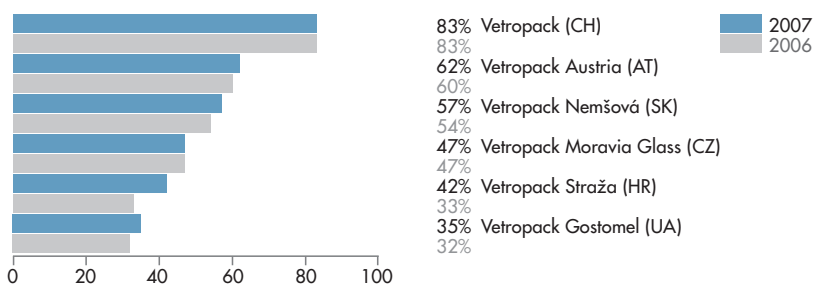
Increasing imports of prefilled wine and spirit bottles as well as international brands, has led to a fall in domestic demand. Unit sales in both sectors therefore fell slightly below last year's levels. The beer segment however generated significant growth. Despite the poor harvest in 2007, additional unit sales also rose in the food segment, particularly due to strong demand for mayonnaise and baby food packaging. Overall, Vetropack Nemšová succeeded in further strengthening its position in its domestic market. Exports remained practically stable at 38.0%.

Vetropack Nemšová utilises two energy efficient glass furnaces with state-of-the-art melting technology and is therefore extremely well equipped to succeed in the market. In addition, further improvement measures concerning production processes and quality management were implemented, and have led to a rise in technical quality.

At the fiscal year end of 2007 Vetropack Nemšová, s.r.o. employed a workforce of 366 individuals (2006: 369).

Vetropack Nemšová	2007	2006	+/-	Domestic Sales by Market Segment	2007	2006
<i>Sales in SKK millions</i>	1 621.8	1 529.6	6.0%	<i>(in unit terms)</i>		
<i>Unit sales in millions</i>	454.8	400.1	13.7%	<i>Wine/spirits</i>	35.0%	31.0%
<i>Exports in unit terms</i>	38.0%	39.2%	-	<i>Beer/mineral water/carbonated beverages/juice</i>	26.4%	27.6%
<i>Production in tons</i>	136 080	104 688	30.0%	<i>Food/dairy</i>	38.6%	41.4%
100 SKK = CHF	4.864	4.228				

Vetropack-Group: Cullet Ratio for Glass Production by Group Company





A Strong Network. All Vetropack production facilities work closely together. This is of direct benefit to customers because it increases delivery reliability and extends the product range. For Switzerland Vreni Bieri organises trade between Vetropack Group companies. She imports and exports glass packaging, and ensures that not a single client wish remains unfulfilled. Moreover, her responsibilities include processing orders from neighbouring countries.

VETROPACK STRAŽA, D.D. (CROATIA)

Vetropack Straža d.d. generated revenues of HRK 670.6 million, exceeding the previous year's total by 14.2%. Unit sales rose to 961.1 million, an increase of 5.9% compared with 2006. Since unit sales exceeded production, the shortfall was rectified by acquiring the required items from both inside and outside the Vetropack Group. Domestically additional unit sales of 19.2% were primarily attributed to bottle part exchanges in the beer, mineral water and soft drinks segments. Exports therefore fell slightly to 55.8%, whilst 89.9% of exports were sold to the countries of former Yugoslavia.

During the year under review, numerous glass packaging items were designed for specific products and customers. The proportion of recycled glass used in production rose strongly once again. In 2007 it reached 42.0% (2006: 33.0%).

In September staff moved from temporary facilities into the newly constructed office building. In addition, the production building was lengthened to facilitate the impending furnace refurbishment scheduled for 2008.

At the fiscal year end of 2007 Vetropack Straža d.d. employed a workforce of 584 individuals (2006: 580).

Vetropack Straža	2007	2006	+/-	Domestic Sales by Market Segment	2007	2006
<i>Sales in HRK millions</i>	670.6	587.3	14.2%	<i>(in unit terms)</i>		
<i>Unit sales in millions</i>	961.1	907.2	5.9%	<i>Wine/spirits</i>	15.1%	15.9%
<i>Exports in unit terms</i>	55.8%	59.5%	-	<i>Beer/mineral water/carbonated beverages/juice</i>	73.7%	70.7%
<i>Production in tons</i>	223 354	216 451	3.2%	<i>Food/dairy</i>	11.2%	13.4%
100 HRK = CHF	22.390	21.478				

OJSC VETROPACK GOSTOMEL (UKRAINE)

Revenues for OJSC Vetropack Gostomel totalling UAH 306.1 million are 56.7% higher than those of the previous year. Vetropack Gostomel became part of the Vetropack Group on 1st March 2006 and has made its first full 12 month contribution to the Vetropack Group in 2007 (2006: 10 months). During the year under review, 571.8 million units of glass packaging were sold, almost exclusively to the domestic market. Exports accounted for merely 4.3%.

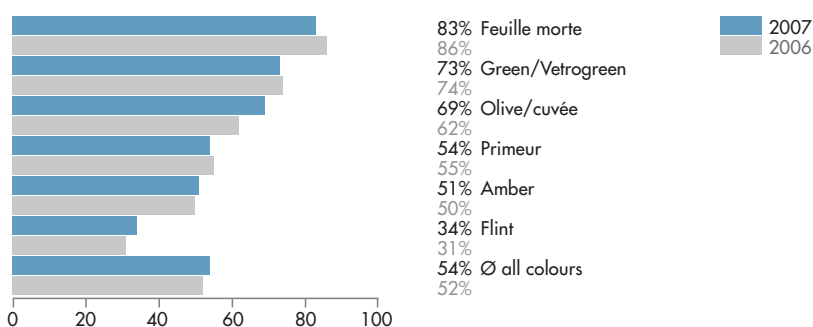
The Ukrainian market continues to develop very positively. This is especially true of the beer segment, which is growing at over 10% per annum. Domestic supply is unable to maintain pace with the strong glass packaging requirements from the food and beverage industry.

The completion of the new green-glass furnace in September 2007 represented the highpoint of the year. The new furnace, with a daily melting capacity of 380 tons, is not only the biggest in the Ukraine, but also the biggest within the Vetropack Group. The first triple gob machine within the Vetropack Group became operational simultaneously with the new furnace. Thanks to these two investments the production capacity at the Gostomel facility increased by approximately 40.0%.

At the fiscal year end of 2007 OJSC Vetropack Gostomel employed a workforce of 826 individuals (2006: 863).

Vetropack Gostomel	2007	2006	+/-	Domestic Sales by Market Segment	2007	2006
Sales in UAH millions	306.1	195.3	56.7%	(in unit terms)		
Unit sales in millions	571.8	427.3	33.8%	Wine/Spirits	21.1%	17.2%
Exports in unit terms	4.3%	1.4%	-	Beer/mineral water/carbonated beverages/juice	73.1%	70.9%
Production in tons	193 703	137 678	40.7%	Food/dairy	5.8%	11.9%
100 UAH = CHF	23.781	24.686				

Vetropack-Group: Cullet Ratio for Glass Production by Colours



MÜLLER + KREMPER LTD

The Bulach based trading house Müller + Krempel Ltd earned revenues of CHF 13.0 million in the 2007 fiscal year (2006: CHF 11.5 million). The segmental breakdown is follows: retail trade 36.9% (2006: 40.9%); glass packaging for the food & beverage industry 32.6% (2006: 30.7%); and glass and plastic packaging for the pharmaceutical & cosmetics industries 30.5% (2006: 28.4%).

The satisfying overall result was achieved through substantial sales increases in all three segments, despite escalating currency related pressure on margins. In the food and beverage industry Müller + Krempel has specialised in small quantities of exclusive premium quality glass packaging. The pharmaceutical and cosmetics industry indicates a concentration on the pharmaceutical side. The positive trend in the retail sector is primarily attributed to the expansion of customer oriented services.

At the fiscal year end of 2007 Müller + Krempel Ltd employed 14 individuals (2006: 13).

<i>Müller + Krempel</i>	<i>Revenue by Market Segment</i>	<i>2007</i>	<i>2006</i>
	<i>Retail Trade</i>	36.9%	40.9%
	<i>Food & Beverage</i>	32.6%	30.7%
	<i>Pharmaceutical & Cosmetics</i>	30.5%	28.4%

VETROCONSULT LTD

Vetroconsult Ltd is located in Bulach, and is comprised of three divisions: Technology, IT and Consultancy. Technology and IT services are provided exclusively to Group companies. In contrast consultancy services are provided to third parties. Consultancy services for Eastern Europe are based at Vetropack Moravia Glass, a.s. in the Czech Republic.

Major activities for the Technology division in 2007 included the planning, implementing and commissioning of the new production facility in Gostomel Ukraine. A production building was constructed for a green-glass furnace with three production lines and a daily melting capacity of 380 tons. As part of these activities, raw materials storage, batch preparation and infrastructure areas were expanded. With regards to energy consumption, productivity and environmental requirements, the Gostomel production facility is now state-of-the-art. The major focus for the IT division was supporting Vetropack's group wide IT infrastructure.



Spreading Know-how. Miloš Kostýlek is responsible for Vetroconsult's consultancy activities in Eastern Europe. He is always on the lookout for new and improved technical solutions, and supports customers in all aspects of cost efficiency, productivity and quality. The spectrum goes from know-how transfer, to conception, right through to detailed engineering. The engineer is also responsible for investment projects and maintenance at Vetropack Moravia Glass, a.s.

The Consultancy division continued its successful involvement in assisting a Nigerian glassworks with quality and productivity improvements. In addition, a number of engineering projects in Russia also progressed.

At the fiscal year end of 2007 Vetroconsult Ltd employed 24 individuals (2006: 27).

Vetroconsult AG	Revenue by Market Segment	2007	2006
	<i>Technical</i>	41.9%	44.6%
	<i>IT</i>	45.9%	44.3%
	<i>Consultancy</i>	12.2%	11.1%

VETRO-RECYCLING LTD

Vetro-Recycling Ltd supplies the Swiss glass industry with cullets made from recycled glass. It operates an efficient collection system and supports the glass recycling activities of public bodies and specialist organisations.

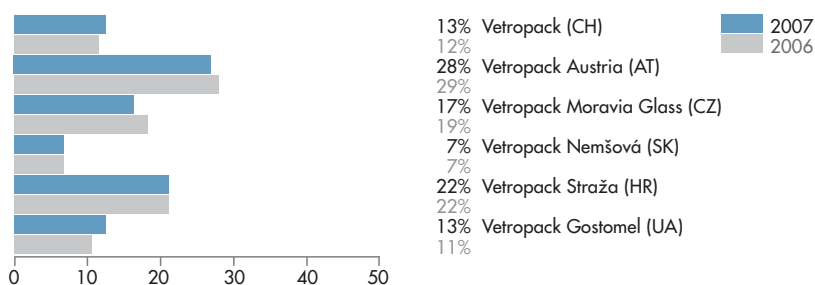
In 2007 Vetro-Recycling sold 79.0% (2006: 56.0%) of the collected glass to the glassworks in St-Prex. The rest, 21.0% (2006: 44.0%), was exported or put to alternative uses. In Switzerland the proportion of cullets used in the production of glass packaging equalled 82.0% (2006: 83.0%).

At the fiscal year end of 2007 Vetro-Recycling Ltd employed 5 individuals (2006: 5).

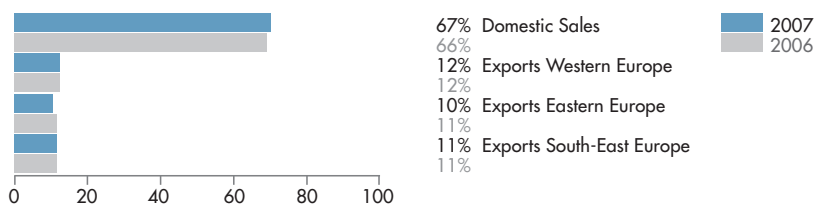
THE VETROPACK GROUP

Vetropack is one of Europe's leading manufacturers of container glass for the beverage and food industry with group management in Bulach (Switzerland). It produces in state-of-the-art production facilities in Switzerland, Austria, Czech Republic, Slovakia, Croatia and Ukraine. As a customer orientated company, Vetropack guarantees innovative packaging solutions, reliable product quality and just-in time deliveries. Tailor-made glass from Vetropack gives a basis for a successful market performance of our customer's products.

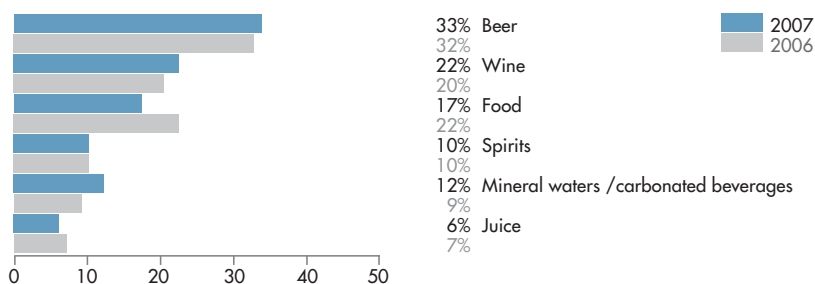
Sales by Group Company (total 4.26 billion units)



Sales by Markets (total 4.26 billion units)



Sales by Market Segments (total 1 183 900 tons)





VETROPACK GROUP | VETROPACK HOLDING LTD

Financial Reporting

VETROPACK GROUP

Financial Reporting

CONSOLIDATED BALANCE SHEET

CHF millions	Notes	31.12.2007	31.12.2006
ASSETS			
Short-Term Assets			
Liquid assets		87.0	38.9
Marketable securities		9.1	0.0
Accounts receivables	1	115.5	104.7
Other short-term receivables		14.8	14.0
Inventories	2	106.7	99.4
Accruals		0.7	0.9
Sub Total Short-Term Assets		333.8	257.9
Long-Term Assets			
Tangible assets	3	510.0	476.2
Financial assets	4	14.7	16.1
Intangible assets	5	1.1	0.1
Sub Total Long-Term Assets		525.8	492.4
Total Assets		859.6	750.3
LIABILITIES			
Liabilities			
Short-term liabilities			
– Accounts payables		57.9	56.4
– Short-term financial liabilities	6	71.1	67.3
– Other short-term liabilities	7	18.2	19.5
– Deferrals	8	32.9	17.5
– Short-term provisions	9	10.7	12.7
Long-term liabilities			
– Long-term financial liabilities	10	122.4	138.2
– Other long-term liabilities		0.2	0.3
– Long-term provisions	11	32.2	29.6
Sub Total Liabilities		345.6	341.5
Shareholders' Equity			
Share capital	12	21.4	21.4
Capital reserves		6.5	6.5
Retained earnings		376.0	328.0
Consolidated annual profit		100.9	43.2
Sub Total Shareholders' Equity excl. minorities		504.8	399.1
Minority interests	13	9.2	9.7
Sub Total Shareholders' Equity		514.0	408.8
Total Liabilities		859.6	750.3

CONSOLIDATED INCOME STATEMENT

CHF millions	Notes	2007	2006
Gross Revenues	20	699.6	594.7
Redemptions and transport costs	21	- 47.3	- 47.9
Net Revenues		652.3	546.8
Changes in inventories		3.7	0.9
Other operating income	22	18.4	13.3
Income		674.4	561.0
Raw materials and supplies costs	23	- 121.5	- 113.0
Energy costs		- 100.1	- 88.2
Personnel expenses	24	- 136.8	- 126.4
Other operating expenses	25	- 128.0	- 120.9
Depreciation of tangible assets		- 55.6	- 45.1
Amortisation of intangible assets		- 0.4	0.0
EBIT (Earnings Before Interest and Tax)		132.0	67.4
Financial results	26	- 5.8	- 5.4
Earnings After Interest		126.2	62.0
Non-operating results	27	- 1.6	- 0.3
Consolidated Profit Before Tax		124.6	61.7
Tax	28	- 23.5	- 17.9
Consolidated Annual Profit Before Minority Interests		101.1	43.8
Minority interest from Group Companies		- 0.2	- 0.6
Consolidated Annual Profit		100.9	43.2

CONSOLIDATED CASH FLOW STATEMENT

CHF millions	Notes	2007	2006
Cash Flow from Operating Activities			
		101.1	43.8
		56.0	46.1
+	Asset depreciation	56.0	46.1
+/-	Loss/gain from applying/removing impairments	2.1	0.8
+/-	Loss/gain from applying the equity method	- 0.1	- 0.1
+/-	Increase/decrease in provisions	- 1.7	6.1
+/-	Loss/gain from disposals of tangible assets	- 0.8	0.7
+/-	Other changes in non-cash items	- 0.6	- 0.2
=	Cash Flow	156.0	97.2
+/-	Decrease/increase in accounts receivables	- 8.6	- 16.4
+/-	Decrease/increase in inventories	- 7.3	- 6.3
+/-	Decrease/increase in other receivables and accruals	- 9.5	5.6
+/-	Increase/decrease in accounts payable	1.5	16.9
+/-	Increase/decrease in other short-term liabilities and deferrals	13.8	3.2
=	Cash Flow from Operating Activities	145.9	100.2
Cash Flow from Investment Activities			
-	Cash-out for investments in tangible assets	29	- 112.4
+	Cash-in from sales of tangible assets	1.9	2.6
-	Cash-out for investments in financial assets	- 1.2	- 0.3
-	Cash-out for acquisitions of consolidated companies	0.0	- 62.3
+	Cash-in from sales of financial investments	2.6	12.2
-	Cash-out for investments in intangible assets	- 0.4	- 0.1
=	Cash Flow from Investment Activities	- 84.0	- 160.3

CHF millions	Notes	2007	2006
Cash Flow from Financial Activities			
+	Cash-in from minorities for capital increase	0.0	0.9
-	Cash-out for dividend distribution	- 6.8	- 6.8
+/-	Formation/repayment of short-term financial liabilities	3.8	- 13.4
+/-	Formation/repayment of long-term financial liabilities	- 15.8	53.3
=	Cash Flow from Financial Activities	- 18.8	34.0
Currency Influences			
		5.0	- 1.0
Changes in Liquid Assets			
		48.1	- 27.1
Liquid assets as per 01.01.07			
		38.9	66.0
Liquid assets as per 31.12.07			
		87.0	38.9
Changes in Liquid Assets			
		48.1	- 27.1
Cash-in from Interest			
		3.2	
Cash-in from financial investments			
		0.1	
Cash-out for Interest			
		- 8.4	
Cash-out for Income taxes			
		- 11.5	

In accordance with the transitional provisions of the new Swiss GAAP ARR no adjustment was made to the previous year's values. Consequently, some positions may not be comparable with the previous year.

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

CHF millions	Share Capital	Capital Reserves (Agio)	Retained Earnings	Sub Total excl. Minority Share Interests	Minority Share Interests	Sub Total incl. Minority Share Interests
Shareholders' Equity as per 01.01.2006	21.4	6.5	360.8	388.7	0.0	388.7
Goodwill			- 39.3	- 39.3		- 39.3
Change in consolidation scope				0.0	8.8	8.8
Capital Increase				0.0	0.9	0.9
Annual Profit			43.2	43.2	0.6	43.8
FX Differentials			13.3	13.3	- 0.6	12.7
Dividends			- 6.8	- 6.8		- 6.8
Shareholders' Equity as per 31.12.2006	21.4	6.5	371.2	399.1	9.7	408.8
Annual Profit			100.9	100.9	0.2	101.1
FX Differentials			11.6	11.6	- 0.7	10.9
Dividends			- 6.8	- 6.8		- 6.8
Shareholders' Equity as per 31.12.2007	21.4	6.5	476.9	504.8	9.2	514.0

The legally non-distributable reserves of Vetropack Holding Ltd amount to CHF 4.3 million (2006: CHF 4.3 million).



One Brand – One Quality. Comprehensive quality assurance systems are standard practice at Vetropack. The production processes are certified and a comprehensive quality management system is established. The local quality management team is responsible for ensuring that processes remain stable and that possible problems are rapidly corrected. Anica Hriberski-Leskovar ensures that Vetropack's high quality standards are met at the Straža facility in Croatia.

CONSOLIDATION PRINCIPLES

Basic Principles for Group Consolidation

The consolidation of the group's financial statements provides a picture of the group's assets, finances and income, which corresponds to the actual relationships between them and regards the Vetropack Group as a single business entity.

Consolidated Group statements are based on the financial statements for the year and are prepared in accordance with the applicable national laws of each of the companies concerned. They are then converted in accordance with internal Group valuation and formatting principles. The consolidated financial statements conform to the regulations of Swiss equity law, as well as the principles of Swiss GAAP ARR (Swiss Accounting and Reporting Recommendations) in addition to the accounting prescriptions set out in the regulations for companies listed on the Swiss Stock Exchange.

The new accounting standards, as defined in Swiss GAAP ARR 2007, have been applied for the annual financial statements as per 31.12.2007. The regulations are applied in full. In line with the transitional provisions, only the balance sheet for the previous year as per 31.12.2006 was drawn up in accordance with the new regulations. Some positions, therefore, may not be fully comparable with the previous year. The implementation of the new accounting standards during the year under review led to reclassifications of Tangible Assets and Intangible Assets.

Consolidation Scope

The consolidated Group statements include Vetropack Holding Ltd, as well as all domestic and foreign subsidiaries in which Vetropack Holding Ltd has a direct or indirect interest of more than 50%. In such cases, the "Full Consolidation Method" is applied, i.e. assets, liabilities, expenses and incomes of the consolidated companies are consolidated 100%. Whereby all intra-Group transactions are eliminated (accounts receivables and payables, incomes and expenses). Minority interests are posted separately in the balance sheet and income statement.

Holdings between 20% and 50% are included in the Group accounts, and are carried out according to the "Equity Method". The Group's percentage share of the net assets is reported in the balance sheet under Financial Assets. The percentage share of net income is stated in the Consolidated Income Statement.

Holdings below 20% are posted in the consolidated balance sheet at acquisition cost less any necessary value adjustments.

During the year under review consolidation scope changed as follows: Vetropack Recycling, s.r.o. was liquidated as per 31.12.2007.

An overview of the companies within the Vetropack Group and the methods used to consolidate them into the Group financial statements is found on page 49.

Capital Consolidation Capital consolidation is carried out according to the "Purchase Method", whereby the acquisition cost of an acquired company is charged against its net assets according to Group principles at the time of the purchase. Any goodwill paid at the time of the acquisition is charged directly to Group's reserves in the year of the acquisition.

Foreign Currency Conversions The financial statements produced by foreign companies within the Group in their respective currencies are converted into Swiss francs as follows:

- The balance sheet figures are converted according to the exchange rate valid at year end.
- The income statement figures are converted according to the average annual exchange rate.
- The cash flow statement figures are converted according to average and year end rates respectively.

Exchange rate differentials resulting from such foreign currency conversions are charged to Group reserves. Exchange rate differentials caused by converting transactions and balance sheet items in foreign currencies are recorded in the books of the respective Group Company. Conversion differentials arising from Group loans in foreign currencies that have equity characteristics are debited or credited to the shareholders' equity.

	Average Exchange Rate		Year End Exchange Rate	
	2007	2006	2007	2006
EUR	1.64280	1.57309	1.65871	1.60965
CZK	0.05923	0.05552	0.06218	0.05844
HRK	0.22390	0.21478	0.22663	0.21876
SKK	0.04864	0.04228	0.04943	0.04643
UAH	0.23781	0.24686	0.22379	0.24161

VALUATION PRINCIPLES

The financial statements for the individual companies are consolidated into the Group's financial statements and valued in accordance with principles that are uniform across the Group. The most important valuation methods for the individual balance sheet positions are as follows:

Liquid Assets Liquid assets include cash, current account balances at banks and other financial institutions, as well as fixed term deposits with maturity of no more than 90 days. Liquid assets are valued at their nominal rate.

Marketable Securities Short-term securities include marketable and easily realisable securities investments and term deposits with a maturity of three to twelve months. Securities are valued at market prices. Term deposits are valued at their nominal rate.

<i>Receivables</i>	Receivables are valued at their nominal rate. Value adjustments are carried out for identifiable individual risks. Experienced based country-specific value adjustments (2% – 15%) are applied to the other risks.										
<i>Inventories</i>	Inventories are valued at either their acquisition or manufacturing costs. However, if the market price is lower, this figure is applied instead. Manufacturing costs include the cost of raw materials, individual production costs and a portion of allocated general overhead costs. The values used for items whose marketability is limited, are partially or entirely corrected in according to their recognisable risks of loss. Inventories of intra-Group distribution are not assigned an intermediate profit. Discounts are recorded as reductions in the cost of goods.										
<i>Tangible Assets</i>	<p>Tangible assets are valued at their acquisition or manufacturing cost less any applicable depreciation. Depreciation is linear over the expected useful life of the asset, taking residual values into account. The relevant depreciation periods are as follows:</p> <table border="0"> <tr> <td>– Buildings</td> <td>15 – 50 years</td> </tr> <tr> <td>– Production facilities</td> <td>10 – 20 years</td> </tr> <tr> <td>– Machinery and furnaces</td> <td>5 – 16 years</td> </tr> <tr> <td>– Vehicles</td> <td>5 – 7 years</td> </tr> <tr> <td>– Office and other equipment</td> <td>5 – 10 years</td> </tr> </table> <p>Assets of insubstantial value are directly expensed in the income statement upon acquisition. Intermediate profits arising from intra-Group asset transfers are eliminated.</p>	– Buildings	15 – 50 years	– Production facilities	10 – 20 years	– Machinery and furnaces	5 – 16 years	– Vehicles	5 – 7 years	– Office and other equipment	5 – 10 years
– Buildings	15 – 50 years										
– Production facilities	10 – 20 years										
– Machinery and furnaces	5 – 16 years										
– Vehicles	5 – 7 years										
– Office and other equipment	5 – 10 years										
<i>Leasing</i>	Leased assets (financial leases) are reported as assets in the balance sheet. At the beginning of the contract, leasing payments are established by applying either the leased goods' purchase value or market value respectively. Alternatively the cash value is applied if is lower. The corresponding liability toward the leasing grantor is carried as liabilities from financial leasing. Cost from rental agreements and operational leasing are recorded in the income statement.										
<i>Financial Assets</i>	Non-consolidated participations are recorded in the balance sheet at their proportionate equity or purchase values. Loans and marketable securities are recorded at their nominal values or purchase prices respectively less any applicable value adjustments.										
<i>Intangible Assets</i>	<p>Intangible assets include brands, patents, licences, software and other intangibles. Acquired intangible assets are reported in the balance sheet at acquisition cost and are subject to linear amortisation over their estimated useful life. If it is impossible to determine the useful life of an intangible asset, it is generally amortised over a period of five years.</p> <table border="0"> <tr> <td>– Licences, patents, brands</td> <td>5 years</td> </tr> <tr> <td>– Software</td> <td>3 – 5 years</td> </tr> <tr> <td>– Other intangible assets</td> <td>5 years</td> </tr> </table> <p>Assets of insubstantial value are directly expensed in the income statement upon acquisition.</p>	– Licences, patents, brands	5 years	– Software	3 – 5 years	– Other intangible assets	5 years				
– Licences, patents, brands	5 years										
– Software	3 – 5 years										
– Other intangible assets	5 years										

<i>Asset Impairment</i>	If there is evidence that the value of an asset has been impaired, an “Impairment Test” is carried out. If the test reveals that there is indeed an impairment of assets, the book value is reduced with a net income effect on the attainable value.
<i>Liabilities</i>	Short-term a.k.a. current liabilities are debts that are repayable within one year. When the due dates are beyond one year they are posted in the balance sheet under long-term liabilities. Liabilities are recorded in the balance sheet at nominal value.
<i>Provisions</i>	Provisions are formed when a legal or de facto obligation from past events has arisen. The outflow of funds to meet this obligation is likely, and provisionally it is possible to estimate its’ amount reliably. The future outflow of funds is reported in the balance sheet at nominal value. If necessary, it is discounted as per the balance sheet date.
<i>Taxes</i>	All tax obligations, irrespective of their due dates, are set aside. Ongoing income taxes are calculated on the basis of taxable income and reported in the balance sheet under Liabilities. Deferred taxes are calculated based on all temporary differences between the values from the tax statement and the operating values. Tax relevant losses carried forward are only taken into account if it seems possible to offset them against income. The country specific tax rates are applied when calculating deferred taxes. If there are changes to the relevant tax rates, deferred taxes are adjusted accordingly.
<i>Derivative Financial Instruments</i>	Derivative financial instruments are valued for trading and hedging purposes at their current value. Derivative financial instruments that are held for other purposes are reported in the balance sheet according to the “lowest value” principle. Balance sheet relevant derivatives are reported under Other short-term receivables or Other short-term liabilities. Valuation changes are reported in the income statement.



For the Sake of the Environment. Peter Reimann works in Bulach near Zurich, nevertheless his job covers all of Switzerland. On behalf of Vetro-Recycling Ltd he is responsible for collecting and recycling glass. This is conducted in close cooperation with communities, partner organisations as well as Vetropack customers. His main customer is the Swiss glassworks in St-Prex. Recycled glass is the most important raw material in the production of glass packaging. Up to 100 percent of new green glass can be produced using it. This preserves the environment and resources.

NOTES

All figures are in millions of Swiss francs unless otherwise indicated.

<i>1. Accounts</i>	CHF millions	31.12.2007	31.12.2006
<i>Receivables</i>	Gross receivables	132.5	123.9
	Value adjustments	- 17.0	- 19.2
	Net receivables	115.5	104.7

<i>2. Inventories</i>	CHF millions	31.12.2007	31.12.2006
	Raw materials and supplies	29.7	28.5
	Work-in-progress	0.9	1.4
	Finished goods, merchandise	75.6	69.2
	Advance payments	0.5	0.3
	Total	106.7	99.4

The total for inventories includes a write-down of CHF 21.3 million (2006: CHF 25.4 million).

3. Tangible Assets

CHF millions	Real Estate & Buildings non-operating*	Real Estate & Buildings operating	Furnaces Equipment Production Facilities	Other Tangible Assets	Advance Payments for Assets Under Construction	Total
Acquisition Value						
As per 01.01.2007	101.9	270.1	707.9	43.9	32.8	1 156.6
Additions		5.3	9.2	1.9	70.5	86.9
Disposals	- 0.1	- 3.9	- 26.5	- 1.6		- 32.1
Reclassifications	- 1.5	15.7	62.5	- 3.2	- 77.4	- 3.9
Foreign currency conversions	0.2	6.2	18.7	0.8	- 0.2	25.7
As per 31.12.2007	100.5	293.4	771.8	41.8	25.7	1 233.2
Accumulated Depreciation						
As per 01.01.2007	68.8	146.5	430.1	35.0	0.0	680.4
Depreciations 2007	1.2	7.8	43.4	3.2		55.6
Disposals	- 0.1	- 3.7	- 25.8	- 1.5		- 31.1
Reclassifications	- 1.8	1.4	0.4	- 3.0		- 3.0
Asset impairments**	1.0		1.1			2.1
Foreign currency conversions		3.8	14.7	0.7		19.2
As per 31.12.2007	69.1	155.8	463.9	34.4	0.0	723.2
Book Value						
As per 01.01.2007	33.1	123.6	277.8	8.9	32.8	476.2
As per 31.12.2007	31.4	137.6	307.9 *	7.4	25.7	510.0 **

This includes financial leases of CHF 0.8 million (2006: CHF 1.0 million).

* This includes vacant real estate plots valued at CHF 5.1 million (2006: CHF 4.6 million).

** Due to the changes in real estate and production facilities utilisation, the respective book values
*** have been newly appraised and their values readjusted by applying the Impairment Test method.

This resulted in an impairment of CHF 2.1 million for the period (2006: CHF 0.2 million).

The payments on assets under construction amount as per 31.12.2007 to CHF 7.9 million.

Consistent implementation of legal requirements for the classifications of accounts resulted in certain tangible assets being reclassified as intangible assets.

4. Financial Assets

CHF millions	Note	31.12.2007	31.12.2006
Employer's contribution reserves	19	8.7	8.3
Assets from pension funds	19	1.3	1.0
Deferred taxes		2.1	2.9
Marketable securities		1.2	1.6
Participations in associated companies		0.9	0.8
Other financial investments		0.5	1.5
Total		14.7	16.1

5. Intangible Assets

CHF millions	Licences	Patents	Brands	Software	Other Intangible Assets	Total
Acquisition Value						
As per 01.01.2007	0.0	0.0	0.0	0.0	0.3	0.3
Additions				0.4		0.4
Reclassifications				3.9	1.2	5.1
Foreign currency conversions				0.1		0.1
As per 31.12.2007	0.0	0.0	0.0	4.4	1.5	5.9
Accumulated Amortisation						
As per 01.01.2007	0.0	0.0	0.0	0.0	0.2	0.2
Amortisations 2007				0.4		0.4
Reclassifications				3.0	1.2	4.2
Asset impairments						0.0
Foreign currency conversions						0.0
As per 31.12.2007	0.0	0.0	0.0	3.4	1.4	4.8
Book Value						
As per 01.01.2007	0.0	0.0	0.0	0.0	0.1	0.1
As per 31.12.2007	0.0	0.0	0.0	1.0	0.1	1.1

No internally generated intangible assets were reported in the balance sheet. Consistent implementation of legal requirements for the classifications of accounts resulted in certain tangible assets being reclassified as intangible assets.

If goodwill had been reported in the balance sheet and were to be amortised over a five period, shareholders' equity would amount to CHF 538.7 million as per 31.12.2007 (2006: CHF 441.5 million), and annual profit for 2007 would amount to CHF 93.1 million (2006: CHF 36.6 million).

6. *Short-Term
Financial
Liabilities*

Short-term financial liabilities include credits, current accounts and loans of all kinds on which interest is payable. It also includes liabilities from financial leasing with a residual period of no more than one year.

CHF millions	31.12.2007	31.12.2006
Credits and loans	70.8	67.0
Short-term leasing	0.3	0.3
Total	71.1	67.3

7. *Other
Short-Term
Liabilities*

CHF millions	31.12.2007	31.12.2006
Prepaid recycling fees	6.0	5.7
Advance payments	1.1	3.1
Other short-term liabilities	11.1	10.7
Total	18.2	19.5

8. *Deferrals*

CHF millions	31.12.2007	31.12.2006
Ongoing income taxes	17.1	6.1
Unclaimed vacations and overtime compensations	6.2	4.5
Other deferrals	9.6	6.9
Total	32.9	17.5

9. *Short-Term
Provisions*

CHF millions	Service Anniversaries	Redevelop- ment of Bulach Site	Legal Proceedings	Guarantee/ Warranty	Other	Total
As per 01.01.2007	0.4	2.5	3.6	0.4	5.8	12.7
Reclassifications				0.1	- 0.1	0.0
Formations	0.1	2.2	0.1	1.3	1.3	5.0
Utilisations	- 0.1	- 1.9	- 3.4	- 0.4	- 1.4	- 7.2
Foreign currency conversions			0.1		0.1	0.2
As per 31.12.2007	0.4	2.8	0.4	1.4	5.7	10.7

Redevelopment of Bulach site: During the year under review, the planned disposal of contaminated materials within the context of redeveloping the former glassworks site in Bulach was completed. Subsequent measurements revealed additional contaminated materials that must be disposed of. The provision therefore was increased by CHF 2.2 million.

Legal proceedings: During the year under review, a legal case which arose prior to the acquisition of a company was closed. The aim of the litigation, namely to transfer costs of CHF 3.4 million to the original owner of the company, failed because the original owner is now bankrupt.

10. Long-Term Liabilities

Long-term financial liabilities include credits and loans of all kinds on which interest is payable, as well as financial leasing with a residual period of more than one year.

CHF millions	31.12.2007	31.12.2006
Credits and loans	121.7	137.3
Long-term leasing	0.7	0.9
Total	122.4	138.2

These are due for repayment as follows:

CHF millions	31.12.2007	31.12.2006
Residual period		
– 1 to 2 years	74.0	60.9
– 3 to 5 years	30.0	62.6
– > 5 years	18.4	14.7
Total	122.4	138.2

The credits are bound to the financial covenants of their loan agreements.

11. Long Term Provisions

CHF millions	Deferred Taxes	Service Anniversaries	Pensions	Other	Total
As per 01.01.2007	11.7	5.3	10.3	2.3	29.6
Reclassifications	0.3	– 0.5	0.4		0.2
Formations	0.6	0.3	1.8		2.7
Liquidations				– 0.3	– 0.3
Utilisations			– 0.3	– 0.2	– 0.5
Foreign currency conversions	0.1	0.1	0.3		0.5
As per 31.12.2007	12.7	5.2	12.5	1.8	32.2

Deferred Taxes: As per fiscal year end losses carried forward amounted to a total of CHF 29.0 million (2006: CHF 30.0 million). The calculation of deferred taxes includes losses carried forward in the sum of CHF 3.6 million (2006: CHF 0.6 million). This can be offset against tax. The calculation of deferred taxes is based on country-specific tax rates ranging from 3.8% to 25.0% (2006: 3.8% to 25.0%).

Service Anniversaries: As set out in the employment regulations, the provisions are made for employee service anniversaries containing remuneration for long-term service to the company. These provisions are reduced by applying a country-specific correction factor for fluctuation, and discounted at the discount rate for the country in question as per the balance sheet date.

Pension-Related Liabilities: Refer to Note 19.

12. Share Capital

Share capital remains unchanged since 1997. It is composed as follows:

CHF millions	Issued	31.12.2007	31.12.2006
Bearer shares, CHF 50 nominal value	251 438	12.6	12.6
Registered shares, CHF 10 nominal value	880 000	8.8	8.8
Total Share Capital		21.4	21.4

The bearer shares (Security 622 761) are listed on the Swiss Stock Exchange (Local Caps) with a year end closing price of CHF 2,080 their total capitalisation equalled CHF 889.1 million (2006: CHF 1,450 & 619.8 million respectively). Each registered and bearer share holds a voting right.

Major shareholders with > 5% of voting rights	31.12.2007	31.12.2006
Cornaz AG-Holding	61.1%	60.3%
Paul-Henri Cornaz	5.4%	5.4%
Elisabeth Leon-Cornaz	5.0%	5.0%

13. Minority Interest

The proportion of shareholders' equity held by minority shareholders of OJSC Vetropack Gostomel is 24.9% (2006: 24.9%).

14. Fire Insurance

Tangible assets are insured at their replacement value as follows:

CHF millions	31.12.2007	31.12.2006
Buildings	532.2	498.9
Furnaces, machinery, equipment, vehicles and furniture	1 129.3	996.8
Total	1 661.5	1 495.7

15. Off Balance Sheet Transactions

CHF millions	31.12.2007	31.12.2006
Recourse from drafts	6.1	5.1
Off balance sheet leasing	0.8	1.0
Other off balance sheet liabilities	2.5	0.0
Total	9.4	6.1

Contingent liabilities are stated at their maximum amounts (full sum of liability).

The repayment structure of the off balance sheet leasing liabilities is as follows:

CHF millions	31.12.2007	31.12.2006
Maturity		
– 1 to 2 years	0.6	0.2
– 3 to 5 years	0.2	0.8
– > 5 years	0.0	0.0
Total	0.8	1.0

16. Pledged Assets

The following assets' book values have been used as collateral to secure bank credits and mortgages:

CHF millions	31.12.2007	31.12.2006
Accounts receivables	17.0	23.1
Inventories	1.1	12.0
Marketable securities	1.3	1.0
Real estate	10.3	8.5
Total Pledged Assets	29.7	44.6

17. Derivative Financial Instruments

CHF millions	Purpose	31.12.2007	Purpose	31.12.2006
Interest Instruments				
Positive value		–	Hedging	0.1
Negative value		–		–
Currency Instruments				
Positive value		–		–
Negative value		–	Hedging	0.0
Shareholders' Equity Instruments				
Positive value	Other	0.0	Other	0.0
Negative value	Other	0.0	Other	0.0
Other Financial Instruments				
Positive value		–		–
Negative value		–		–

18. Transactions with
closely Associated
Persons

CHF millions	31.12.2007	31.12.2006
Pension Funds		
Accounts receivables	0.0	0.1
Accounts payables	3.1	3.9
Interest expenses	- 0.1	- 0.2
Associated Companies		
Accounts receivables	0.0	0.3
Accounts payables	0.9	1.1
Service income	0.0	0.5
Equity income	0.1	0.1
Glass cullets purchasing expenses	- 6.3	- 6.1
Maintenance and repairs expenses	- 0.6	- 1.6
Other service expenses	- 0.5	- 0.9
Other Closely Associated Persons		
Accounts receivables	0.1	0.5
Accounts payables	1.1	1.3
Distribution income	0.1	0.2
Packaging material expenses	- 0.8	- 1.2
Distribution expenses	- 0.1	- 0.1
Service expenses	- 0.6	- 0.7
Interest expenses	- 0.1	- 0.1
Tangible assets sales	0.0	0.4

The classification of "Other Closely Associated Persons" includes transactions with the following natural persons and legal entities, irrespective of the Vetropack Company in which they occurred: shareholders with voting rights of more than 20%, BoD members, MB members and all companies which are directly or indirectly controlled by these persons.

Transactions with closely associated persons and companies are handled on the basis of normal market terms and conditions.

19. Pension Fund

Various pension schemes, based on the regulations of the respective countries, exist within the Group. In Switzerland, these are contributor funded schemes in accordance with Swiss pension fund law; abroad they are state-guaranteed contribution-based pension schemes. The schemes are financed either through contributions to legally independent institutions and trusts, or by registering the pension fund liability in the financial statements of the Group companies.

Employer's Contribution Reserves	Company Sponsored Pension Funds
CHF millions	
Nominal value 31.12.2007	12.7
Utilisation waiver 31.12.2007	0.0
Other value adjustments 31.12.2007	0.0
Discounting effects 31.12.2007	- 4.0
Book value 31.12.2007	8.7
Book value 31.12.2006	8.3
Changes 2007	0.4
Changes 2006	-0.3

CHF millions	2007	2006
Key influential factors		
- Interest effect	0.4	0.2
- Utilisation	0.0	- 0.5
Total Change in Employer's Contribution Reserves	0.4	- 0.3

Assets and Liabilities from Pension Funds

CHF millions	Company Sponsored Pension Funds	Pension Funds with Excess Cover	Pension Funds without Own Assets	Total
Excess / deficiency cover 31.12.2007	4.3	3.8	0.0	8.1
Economic utilisation / liabilities 31.12.2006	0.0	0.0	- 9.7	- 9.7
Economic utilisation / liabilities 31.12.2007	0.0	0.0	- 11.2	- 11.2
Changes 2007	0.0	0.0	1.5	1.5
Pension fund contributions 2007	- 0.2	1.8	0.0	1.6
Pension expenses 2007	- 0.2	1.8	1.5	3.1
Pension expenses 2006	0.5	1.8	0.7	3.0

The values for pension funds of Swiss companies are based on the financial statements of the relevant previous years, whereby all substantive decisions in the current fiscal year are taken into account.

CHF millions	2007	2006
Key influential factors		
- Changes in employer's contribution reserves	- 0.4	0.3
- Changes in economic utilisation / liabilities	1.5	0.7
- Pension fund contributions	2.0	2.0
Total Pension Fund Expenses	3.1	3.0

20. Gross Revenues

Consolidated revenues increased 17.6% over the previous year. Currency differentials account for an increase of 4.3%. Therefore real organic revenue growth amounts to 13.3%. Vetropack Group consists of three business areas: glass packaging, speciality pharmaceutical glass, and other areas.

Revenue Breakdown	Change			
	2007	2006	Current Year	Previous Year
CHF millions				
Glass Packaging				
- Switzerland	96.4	81.9	17.7%	- 3.0%
- Austria	208.0	185.1	12.4%	8.3%
- Czech Republic	112.2	103.6	8.3%	8.0%
- Croatia	145.1	117.3	23.7%	0.7%
- Slovakia	51.8	46.2	12.1%	13.5%
- Ukraine	72.5	48.1	50.7%	100.0%
Specialty & Pharmaceutical Glass	12.9	11.5	12.2%	10.6%
Other Areas	0.7	1.0	- 30.0%	0.0%
Total	699.6	594.7	17.6%	14.4%

21. <i>Redemptions and Transport Costs</i>	CHF millions	2007	2006
	Transport costs	43.7	39.2
	Discounts, deductions and commissions	5.1	4.6
	Change in value adjustments for accounts receivables	- 2.7	1.9
	Other redemptions	1.2	2.2
	Total	47.3	47.9

22. <i>Other Operating Income</i>	CHF millions	2007	2006
	Materials and energy sales	4.1	3.0
	Ancillary services	3.1	3.3
	Real estate management income	1.0	1.2
	Internally produced additions to plant and equipment	0.8	2.7
	Other income	9.4	3.1
	Total	18.4	13.3

During the year under review, a payment of over CHF 4.9 million was received from an insurance claim relating to production equipment that was damaged in 2006.

23. <i>Cost of Raw Materials and Merchandise</i>	CHF millions	2007	2006
	Raw materials	99.7	86.7
	Merchandise	21.8	26.3
	Total	121.5	113.0

24. <i>Personnel Expenses</i>	CHF millions	2007	2006
	Wages and salaries	107.2	97.9
	Social benefits	25.5	25.2
	Other personnel expenses	4.1	3.3
	Total	136.8	126.4

Employee Headcount	Change			
	31.12.2007	31.12.2006	Current Year	Previous Year
- Switzerland	285	279	2.2%	1.1%
- Austria	610	617	- 1.1%	- 1.6%
- Czech Republic	428	429	- 0.2%	- 13.3%
- Croatia	584	580	0.7%	- 7.5%
- Slovakia	366	369	- 0.8%	- 2.9%
- Ukraine	826	863	- 4.3%	100.0%
Total	3 099	3 137	- 1.2%	30.4%

25. Other Operating Expenses	CHF millions	2007	2006
	Maintenance and repairs	33.5	36.0
	Moulds	23.5	18.6
	Packaging material	33.8	27.8
	Other administrative and operating expenses	37.2	38.5
	Total	128.0	120.9

26. Financial Results	CHF millions	2007	2006
	Interest income	3.5	1.8
	Interest expenses	- 9.8	- 7.3
	Currency income	- 0.4	0.4
	Results from associated companies	0.1	0.1
	Other financial income	0.8	- 0.4
	Total	- 5.8	- 5.4

27. Non-Operating Results	CHF millions	2007	2006
	Non-operating property income	4.3	4.3
	Sale of non-operating property	0.1	0.4
	Non-operating property expenses	- 1.7	- 1.4
	Redevelopment of Bulach site provision formations	- 2.2	- 2.6
	Non-operating property depreciation / impairments	- 2.2	- 1.2
	Other non-operating income	0.1	0.2
	Total	- 1.6	- 0.3

28. Taxes	CHF millions	2007	2006
	Ongoing income taxes	22.5	16.4
	Deferred taxes	1.0	1.5
	Total	23.5	17.9

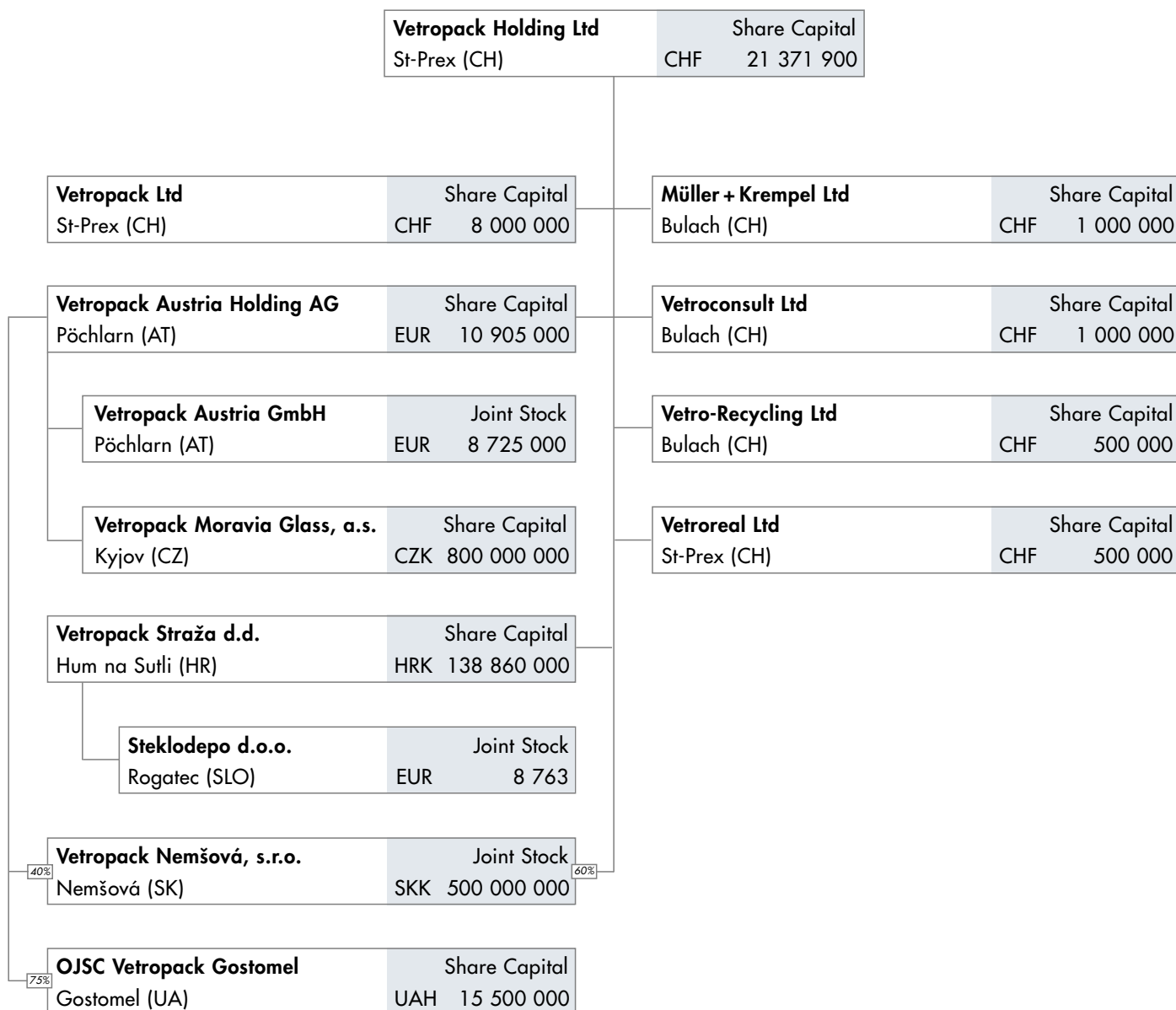
The calculation of deferred taxes is based on country specific tax rates ranging from 3.8% to 25.0% (2006: 3.8% to 25.0%).

29. Investments	Investment Breakdown		
	CHF millions	2007	2006
	- Switzerland	2.9	28.2
	- Austria	6.3	26.0
	- Czech Republic	2.4	4.1
	- Croatia	14.4	8.2
	- Slovakia	1.6	30.5
	- Ukraine	59.3	15.4
	Total	86.9	112.4



Customer Focused Planning. The key objective is to ensure that Vetropack customers receive their required articles when they require them, just as it is to ensure that furnaces operate at full capacity. Guillaume Fournier, who works as production planner at the green-glass production facility in St-Prex in Western Switzerland, has the responsibility of reconciling these two key objectives. He plans the batch sizes along with the time-consuming process of changing colours and moulds. He also coordinates the exchange of glass packaging in various colours among group companies.

OWNERSHIP STRUCTURE



COMPANY PARTICIPATIONS

Company	Domicile	Currency	Share Capital	% Share	Consolidation	Owner
Schweiz						
Vetropack Holding Ltd	St-Prex	CHF	21 371 900		C	Public
Vetropack Ltd	St-Prex	CHF	8 000 000	100	C	VPH
Vetroconsult Ltd	Bulach	CHF	1 000 000	100	C	VPH
Vetropack (International) Ltd	Bulach	CHF	100 000	100	C	VPH
Müller + Krempel Ltd	Bulach	CHF	1 000 000	100	C	VPH
Vetro-Recycling Ltd	Bulach	CHF	500 000	100	C	VPH
Vetoreal Ltd	St-Prex	CHF	500 000	100	C	VPH
GVZ Glasverbund Zentralschweiz AG	Dagmersellen	CHF	140 000	25	E	RECY
Austria						
Vetropack Austria Holding AG	Pöchlarn	EUR	10 905 000	100	C	VPH
Vetropack Austria GmbH	Pöchlarn	EUR	8 725 000	100	C	VAH
Austria Glas Recycling Ges.m.b.H	Vienna	EUR	50 000	44.5	E	VPA
Czech Republic						
Vetropack Moravia Glass, a.s.	Kyjov	CZK	800 000 000	100	C	VAH
Croatia						
Vetropack Straža d.d.	Hum na Sutli	HRK	138 860 000	100	C	VPH
Straža-Imo d.o.o.	Hum na Sutli	HRK	855 031	25.1	E	VST
Slovenia						
Steklodepo d.o.o.	Rogatec	EUR	8 763	100	C	VST
Slovakia						
Vetropack Nemšová, s.r.o.	Nemšová	SKK	500 000 000	60/40	C	VPH/VAH
Natur-Pack, a.s.	Bratislava	SKK	1 000 000	34	E	VPN
Ukraine						
OJSC Vetropack Gostomel	Gostomel	UAH	15 500 000	75.1	C	VAH

As per 31st December 2007

C = Fully consolidated companies
E = Equity method

VPH = Vetropack Holding Ltd
VAH = Vetropack Austria Holding AG
VPA = Vetropack Austria GmbH
VST = Vetropack Straža d.d.
VPN = Vetropack Nemšová, s.r.o.
RECY = Vetro-Recycling Ltd

GROUP AUDITORS' REPORT**To the Annual General Assembly of Vetropack Holding Ltd, Bulach**

As Group auditors, we have audited the consolidated financial statements (balance sheet, income statement, cash flow statement, change in shareholders' equity, and notes presented on pages 24 to 49) of Vetropack Holding Ltd for the year ending 31st December 2007.

These consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards, which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a true and fair basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP ARR and comply with Swiss law.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Markus Oppliger
Swiss Certified Accountant
(Head of the Audit)

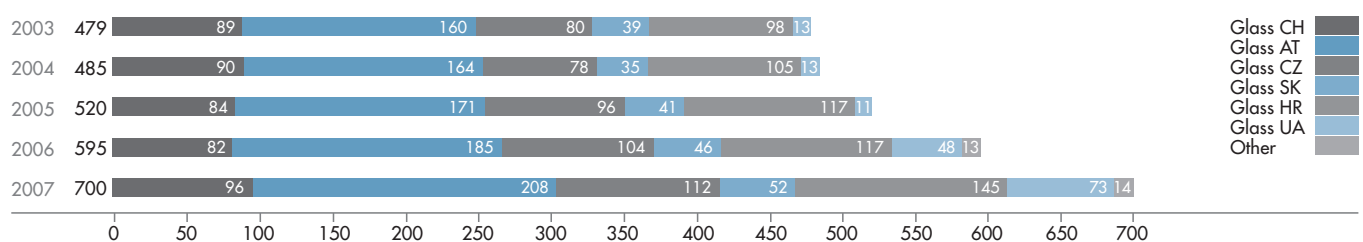
Christian Krämer
Swiss Certified Accountant

Zurich, 12th March 2008

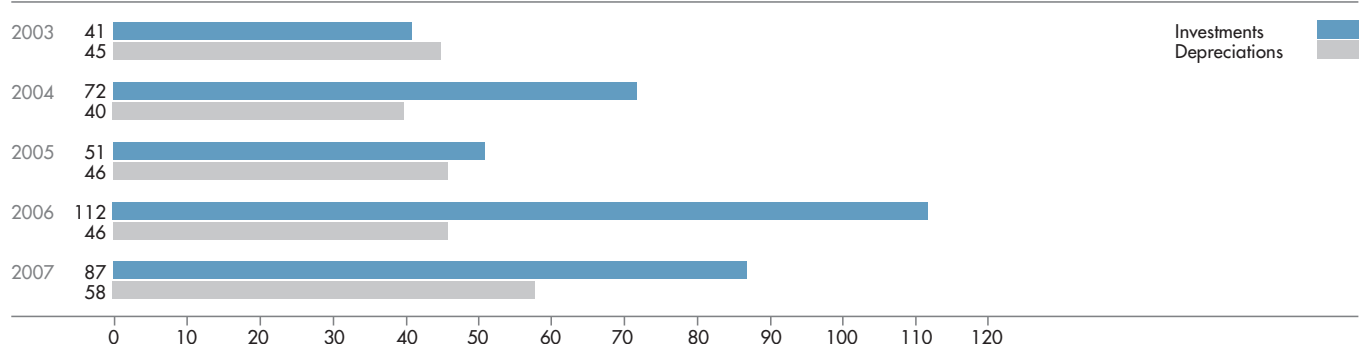
FIVE YEAR OVERVIEW

		2007	2006	2005	2004	2003
Consolidated Income Statement						
Revenues	CHF millions	699.6	594.7	519.8	485.4	479.0
Change from prior year	%	17.6	14.4	7.1	1.3	11.8
Number of employees	Positions	3 099	3 137	2 405	2 639	2 744
Revenues per employee	TCHF	226	190	216	184	175
Cash flow	CHF millions	156.0	97.2	97.2	84.7	84.4
Cash flow as % of gross revenues	%	22.3	16.3	18.7	17.5	17.6
Depreciation	CHF millions	57.7	46.3	45.8	40.3	44.6
Taxes	CHF millions	- 23.5	- 17.9	- 11.2	- 12.2	- 12.3
Net Profit	CHF millions	100.9	43.2	50.9	41.7	38.9
Consolidated Balance Sheet as per 31.12.2007						
Investments in tangible assets	CHF millions	86.9	112.4	50.7	72.2	41.2
Total assets	CHF millions	859.6	750.3	627.5	564.2	548.4
Short-term assets	CHF millions	333.8	257.9	263.6	215.9	230.0
Long-term assets	CHF millions	525.8	492.4	363.9	348.3	318.4
Liabilities	CHF millions	345.6	341.5	238.8	235.4	257.3
Shareholders' equity	CHF millions	514.0	408.8	388.7	328.5	290.8
Gearing ratio	%	59.8	54.5	61.9	58.2	53.0

Consolidated Revenues 2003 – 2007 in CHF millions



Investments and Depreciations 2003 – 2007 in CHF millions





An Eye for Detail. Reliable and accurate order commissioning is a competitive advantage for Swiss based Müller + Krempel Ltd. This glass packaging trading house sells the products of well-known manufacturers. In Bulach Thomas Albrecht ensures just in time delivery of the right quantities of goods for either dispatch or pickup. His customers include private individuals, small businesses and large companies requiring exclusive products in small quantities.

VETROPACK HOLDING AG

Financial Reporting

BALANCE SHEET

CHF millions	Notes	31.12.2007	31.12.2006
ASSETS			
Short-Term Assets			
Liquid assets		6.3	8.2
Accounts receivables from Group companies	1	46.8	54.3
Other receivables	2	0.4	0.3
Sub Total Short-Term Assets		53.5	62.8
Long Term Assets			
Tangible assets		0.1	0.1
Participations	3	71.9	73.4
Loans to Group companies	1	27.9	16.8
Sub Total Long-Term Assets		99.9	90.3
Total Assets		153.4	153.1
LIABILITIES			
Liabilities			
Short-Term Liabilities			
– Short-term financial debt	4	10.0	7.4
– Accounts payable to third parties	5	3.1	2.2
– Accounts payable to Group companies	1	2.6	5.7
– Provisions		0.9	1.0
Medium and Long-Term Liabilities			
– Debt	4	0.0	10.0
– Other liabilities	6	2.7	3.5
– Provisions		0.3	0.3
Sub Total Liabilities		19.6	30.1
Shareholders' Equity			
Share capital	7	21.4	21.4
General legal reserves		28.6	28.6
Free reserves		54.5	50.5
Profits			
– Retained earnings brought forward from prior year		11.7	9.6
– Annual profit		17.6	12.9
Sub Total Shareholders' Equity		133.8	123.0
Total Liabilities		153.4	153.1

INCOME STATEMENT

CHF millions	Notes	2007	2006
Income			
Dividends and other income from Group companies	8	34.3	26.6
Interest and financial income		4.6	2.5
Other income		0.6	0.6
Total Income		39.5	29.7
Expenses			
Personnel expenses	9	6.4	5.8
Interest and financial expenses		0.6	0.6
Provisions and depreciation	10	10.1	5.5
Other operating expenses		4.5	4.7
Income taxes		0.3	0.2
Total Expenses		21.9	16.8
Annual Profit		17.6	12.9

REMARKS CONCERNING CLOSING FIGURES

01. *Receivables and Liabilities amongst Group Companies* The changes in the current account and lending relationships reflect the current financial requirements of subsidiaries.

CHF millions	31.12.2007	31.12.2006
Reclaimable tax payments	0.16	0.13
Accruals	0.09	0.00
Other receivables	0.12	0.14
Total	0.37	0.27

03. *Participations* The change is attributable to a repayment of capital on one participation. The composition of the share capital held directly or indirectly by Vetropack Holding Ltd is depicted in the summary on page 49.

4. *Financial Debt* Financial debt provides financing for the subsidiaries.

5. <i>Accounts Payable to third parties</i>	CHF millions	31.12.2007	31.12.2006
	Suppliers	0.87	0.66
	Shareholders' current account	0.04	0.07
	Deferrals	0.93	0.55
	Other liabilities	1.30	0.95
	Total	3.14	2.23

6. *Other Long-Term Liabilities* This position consists of liabilities towards company sponsored pension funds.

7. *Share Capital* Share capital remained unchanged during the year under review. Details concerning this position can be found in the "Notes" to the Consolidated Balance Sheet, Note 12, page 40.

8. *Dividends and Other Income from Group Companies* In addition to dividend income from subsidiaries, this position also contains income generated from brand licenses, as well as from services rendered by the Holding company.

9. *Personnel Expenses* As per 31.12.2007 Vetropack Holding Ltd employed 31 individuals (2006: 28).

10. *Provisions and Depreciation* This position contains value adjustments on receivables and participations of CHF 10.0 million (2006: CHF 5.4 million).

ADDITIONAL INFORMATION

11. *Fire Insurance Value* The value of fixed assets insured against fire equalled 1.6 million (2006: CHF 1.1 million).

12. *Contingent Liabilities* In order to guarantee bank credits made to foreign subsidiaries, letters of comfort in the amount of CHF 133.9 million were signed (2006: CHF 135.3 million).

13. Disclosure in
 Accordance with
 Swiss Obligations
 Code 663 b^{bis}

The process by which remuneration levels are defined is found the Corporate Governance section on page 71.

BOARD OF DIRECTORS' (BOD) REMUNERATION

Only cash benefits were paid to members of the BoD in 2007. During the year under review, no shares, options, loans, additional fees and emoluments, severance payments nor remuneration of any other kind was disbursed neither to members of the BoD, former members of the BoD, nor persons closely associated with them.

BoD Remuneration in CHF	Cash	Social Security Contributions	Administrative Costs	Total Social Security Contributions	Total
Hans R. Rüegg Chairman	106 449	6 439	1 267	7 706	114 155
Richard Fritschi Vice-Chairman	55 348	3 348	659	4 007	59 355
Claude R. Cornaz CEO	47 393	2 393	564	2 957	50 350
Paul-Henri Cornaz Board Member	46 499	1 499	364	1 863	48 362
Werner Degen Board Member	46 499	1 499	364	1 863	48 362
Rudolf W. Fischer Board Member	47 897	2 897	570	3 467	51 364
Jean-Philippe Rochat Board Member	47 897	2 897	570	3 467	51 364
Total	397 982	20 972	4 358	25 330	423 312

MANAGEMENT BOARD'S (MB) REMUNERATION

During the year under review, no shares, options, loans, additional fees and emoluments, severance payments nor remuneration of any other kind was disbursed neither to members of the MB, former members of the MB, nor persons closely associated with them.

MB Remuneration in CHF	Basic Salary	Bonus	Pension / Social Security Contributions	Payments in Kind	Total
Total for MB	2 064 736	1 336 003	618 605	62 357	4 081 701
Highest level of remuneration: Rudolf Schraml Board Member Head of Business Area Switzerland / Austria	443 326	459 559	155 253	11 828	1 069 966

14. Disclosure in
Accordance with
Swiss Obligations
Code 663c

The table below lists the number of shares held by members of the BoD and MB as per 31.12.2007. Shares held by closely associated persons are included in the total for the respective individual.

	Registered shares	Voiting Rights in %	Bearer shares	Voiting Rights in %
Hans R. Rüegg	-	-	40	< 0.1
Paul-Henri Cornaz	60 167	5.36	532	< 0.1
Werner Degen	-	-	10	< 0.1
Rudolf Fischer	-	-	10	< 0.1
Richard Fritschi	-	-	40	< 0.1
Jean-Philippe Rochat	-	-	10	< 0.1
Total	60 167	5.36	642	< 0.1
Claude R. Cornaz	1 381	0.1	215	< 0.1
David Zak	-	-	93	< 0.1
Günter Lubitz	-	-	48	< 0.1
Marcello Montisci	-	-	-	-
Rudolf Schraml	-	-	-	-
Dragutin Špiljak	-	-	-	-
Total	1 381	0.1	356	< 0.1

THE BOARD OF DIRECTORS' PROPOSAL FOR CORPORATE PROFIT APPROPRIATION

The Board of Directors proposes the following appropriation of profits to the general assembly of shareholders:

CHF millions	2007	2006
Retained earnings brought forward from prior year	11.7	9.6
Annual profit	17.6	12.9
Total profit at the disposal of the AGA	29.3	22.5
Dividend Distribution of 70%	15.0	6.8
Allocation to free reserves	4.0	4.0
Retained earnings	10.3	11.7

Acceptance of this proposal results in the following dividend payments:

CHF	Gross Dividend	35% Withholding Tax	Net Dividend
Bearer shares, CHF 50 nominal value	35.00	12.25	22.75
Registered shares, CHF 10 nominal value	7.00	2.45	4.55

The dividend payment is to be paid to registered shareholders on 20th May 2008 via the usual appointed paying agents. Payment to holders of bearer shares is to be made in exchange for coupon number 11 at the Swiss branch offices of the following banks:

Banque Cantonale Vaudoise
Credit Suisse
UBS
Zürcher Kantonalbank



Cost Optimised Purchasing. In addition to the cost of raw materials and energy, operating costs are particularly heavy. Part of Alexandra Porubská's job involves ensuring that all the necessary materials and services are available at the right time and price for the Vetropack production facilities in Nemšová and Kyjov. Costs are further optimised through group-wide coordination, thus making an important contribution to the customer friendly pricing strategies of Vetropack products.

STATUTORY AUDITORS' REPORT**To the Annual General Assembly of Vetropack Holding Ltd, St-Prex**

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement and notes presented on pages 53 to 59) of Vetropack Holding Ltd for the year ending 31st December 2006.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements and the proposed appropriation of available earnings comply with Swiss law and the company's articles of incorporation.

We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Markus Oppliger
Swiss Certified Accountant
(Head of the Audit)

Christian Krämer
Swiss Certified Accountant

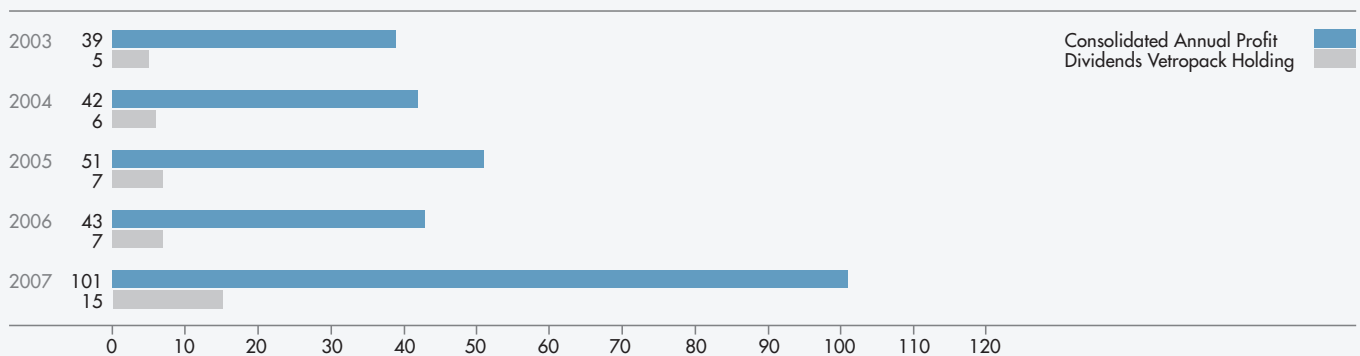
Zurich, 12th March 2008

FIVE YEAR OVERVIEW

	2007	2006	2005	2004	2003
Income Statement & Balance Sheet in CHF millions					
Dividends and other income from affiliated companies	34.3	26.6	23.9	22.4	19.6
Net profit	17.6	12.9	11.6	10.5	9.4
Total assets	153.4	153.1	139.3	135.2	142.0
Participations	71.9	73.4	78.8	82.6	86.5
Share capital	21.4	21.4	21.4	21.4	21.4
Shareholders' equity	133.8	123.0	116.9	111.3	106.1
Share Details in CHF					
Share prices					
– Bearer share high	2 439	1 475	979	760	486
– Bearer share low	1 350	866	742	461	290
Dividends					
– Bearer share *	35.00	16.00	16.00	14.00	12.50
– Registered share *	7.00	3.20	3.20	2.80	2.50
Distribution ratio in %	14.8	15.7	13.4	14.3	13.7

*Motion for the AGA on 14th May 2008

Consolidated Annual Profit and Dividends 2003 – 2007 in CHF millions





Reliable Partnership. Customer satisfaction is the foundation of long-term commercial success. Zuzana Hudecová and her team are responsible for the Slovakian market. With a great deal of vigour and dedication she advises and supports her customers in every aspect of ideal glass packaging. One crucial factor in this context is to identifying trends as early as possible, and the ability to react quickly to new requirements. This commitment pays off because the customer becomes a business partner.

VETROPACK HOLDING LTD

Corporate Governance

The following explanations contain fundamental information for the Vetropack Group as laid out in the Corporate Governance Guidelines defined by the SWX Swiss Exchange as per 1st July 2002, resp. 1st January 2008.

Operational Group Structure

Refer to the illustration on page 76.

Group Companies

For Shareholdings and their Percentage Breakdown refer to the illustration on page 49.

Capital Structure

For details of the share capital, refer to commentary 12 on page 40. Vetropack Holding Ltd does not issue options on participation rights.

Dividends

Registered and bearer shares are dividend bearing.

List of Major Shareholders with Holdings > 3%

	31.12.2007			31.12.2006		
	No. of Registered Shares	No. of Bearer Shares	Voiting Rights in %	No. of Registered Shares	No. of Bearer Shares	Voiting Rights in %
Cornaz Ltd-Holding Oberrieden	677 154	13 542	61.05	672 754	10 000	60.34
Paul-Henri Cornaz Luzern	60 167	532	5.36	60 167	532	5.36
Elisabeth Leon-Cornaz St-Prex	56 868		5.03	56 868		5.03
Claude Maurice Cornaz Les Monts de Corsier	50 722		4.48	50 722		4.48

A shareholders' lock-in agreement exists between the shareholders of Cornaz Holding Ltd. A shareholders' agreement exists between Cornaz Holding Ltd and the shareholders mentioned above as well as two further shareholders. The core elements of both agreements are:

- Uniform exercise of voting rights at the AGA.
- Mutual obligation to offer shares to parties to the agreement.

Board of Directors (BoD)

Principles Underlying the Voting Procedure for Members of the Board of Directors and their Terms of Office. BoD members are elected by the Annual General Assembly of shareholders (AGA) for a period of three years.

The BoD constitutes itself and elects from amongst its members a President, a Vice President and one or more Delegates. It also elects a Secretary, who need not be a BoD member.

BoD Duties. The BoD performs its duties as laid out in the Swiss Code of Obligations (CO) 716a items one to five. The BoD Chairman has the following additional main duties:

- Preparing and drawing up the invitations to the AGA jointly with the CEO.
- Drawing up the agenda for BoD meetings, and issuing invitations and relevant documentation jointly with the CEO.
- Chairing the AGA and the BoD meetings.
- Monitoring the implementation of resolutions passed by the AGA and BoD.
- In urgent cases, the BoD Chairman can conclude transactions that fall within the competence of the BoD by executive decision. Any such actions are communicated in writing without delay to the BoD.

Respective Areas of Responsibility for the BoD and Management Board (MB). The duties that the BoD has not reserved to itself as laid out in CO 716a items one to five are delegated to the MB. This means that the MB can act freely within the guidelines laid down by the BoD, but it is also fully responsible for the operational management of the Group.

Working Methods. The BoD forms no committees. The BoD carries out its overall supervisory and monitoring role by receiving oral and written reports from the MB at four regular quarterly meetings, by consulting amongst its members, and by reaching decisions in relation to any motions raised. Extraordinary BoD meetings may be held as necessary. Meetings normally last at least four hours. The head auditor is invited to the March meeting to report on the audit and its results. Moreover, a two-day strategy meeting is held every year in August. Additionally, at least nine meetings involving exclusively the BoD Chairman, the CEO and the CFO are held every year to discuss operational topics, preparations for the ordinary meetings, as well as reports from Internal Audit. The BoD is regularly informed about the Group's commercial situation and planning via written Monthly, Quarterly, Semi-Annual and Annual Reports, as well as dossier planning at both company and Group levels (three year plans). Moreover, the BoD approves the appointment of an external company to support the Group's Internal Audit unit. Internal Audit is organised on the basis of specialist areas within the company and covers all of the glass-producing companies. The BoD delegates the implementation of any necessary measures to the MB and verifies that these have been implemented by means of periodic feedback via internal auditing.

Members of the Board of Directors (BoD)

	Position	Nationality	Appointed	Elected till
Hans R. Rüegg	Chairman, non-executive	CH	1993	May 2009
Richard Fritschi	Vice-Chairman, non-executive	CH	2005	May 2009
Claude R. Cornaz	Delegate, executive	CH	1998	May 2009
Paul-Henri Cornaz	Member, non-executive	CH	1985	May 2009
Werner Degen	Member, non-executive	CH	1997	May 2009
Rudolf W. Fischer	Member, non-executive	CH	2000	May 2009
Jean-Philippe Rochat	Member, non-executive	CH	2006	May 2009

Elections for fiscal years 2006 – 2008 were held at the 2006 AGA.

Hans R. Rüegg (1946, Rüti ZH)

Dipl. El. Ing. ETH, Zurich, Switzerland/MBA, University of Florida, Gainesville, USA

1983 – present	BoD Delegate, Baumann Federn AG, Rueti
1993 – present	BoD President and Delegate, Baumann Federn AG
2005 – present	Chairman of the BoD of Vetropack Holding Ltd

Governing Mandates: VP Dätwyler Holding AG, Altdorf
President of the Audit Committee, Dätwyler Holding AG

Richard Fritschi (1960, Oberrieden ZH)

Dipl. Commercial Controller SIB

1979 – 1985	Various functions in Zurich and England, Luwa SA
1985 – 1987	Project Controller, Airchal-Luwa SA, Paris
1987 – 1991	Head of Finance and Administration, Isolag AG, Zurich
1991 – 1999	Head of Finance, Allo Pro/Sulzer Orthopädie, Baar/Winterthur
1999 – 2001	Head of Sales, Sulzer Orthopädie/Sulzermedica, Winterthur
2001 – 2003	President Europe/Asia/South America, Sulzer Orthopädie/ Sulzermedica, Winterthur
2003 – 2005	President Europe/Australasia, ZIMMER, Winterthur
2006 – present	CEO, Ypsomed AG, Burgdorf

Governing Mandates: Member of Cornaz AG-Holding, Oberrieden / President and BoD member of several companies within Ypsomed Group, Burgdorf

Claude R. Cornaz (1961, Bulach ZH)

Dipl. Mechanical Engineering, ETH/BWI, Zurich, Switzerland

1987 – 1989	Management Services Contraves AG, Zurich
1989 – 1993	Project Engineer, Nestec in Vevey Switzerland and Thailand
1993 – 1999	Head of Corporate Development and Head of Technology & Production Vetropack Group
1996 – present	MB Member, Vetropack Group
2000 – present	CEO of Vetropack Holding Ltd

Governing Mandates: BoD Member, Bucher Industries AG, Niederweningen
VP H. Goessler AG, Zurich / Vice President, Cornaz Holding Ltd, Oberrieden

Offices: BoD Member of the European Federation for Glass Packaging (FEVE), Brussels
Chairman of the Swiss Packaging Institute (SVI), Bern

Paul-Henri Cornaz (1938, Lucerne LU)

Dipl. Electrical Engineering, HTL Technikum, Geneva, Switzerland

1962 – 2001	Various functions within Controlling, including 25 years as Head of Price Calculation, Schindler Lifts, Ebikon
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Werner Degen (1941, Liestal BL)

Dipl. Electrical Engineering, ETH, Zurich, Switzerland

1979 – 1988	Various functions within the chemicals industry: CEO and Delegate, Plüss-Staufner AG, Oftringen COO and Head of Plastics Division, EMS Group Delegate, EMS-Chemie Holding, Herrliberg
1989 – present	Independent Industry Consultant

Governing Mandates: President, Bank Council, BLKB, Liestal (till 31st December 2007) /
President, Dolder AG, Basel

Rudolf W. Fischer (1952, Walchwil ZG)

PhD. Economics. publ. University of Zurich, Switzerland

1982 – 1991	Various management positions in Human Resources and Trade Marketing, Jacobs Suchard, Switzerland and Belgium
1991 – 1994	Managing Director, Jockey/Vollmöller AG, Uster part of the Austrian Huber Tricot Group, and later Hanro AG, Liestal
1994 – 1995	Partner, Executive Search firm Bjørn Johansson Associates, Zurich
1996 – present	Group Management Member, responsible for Personnel and Training, Schindler Lifts + Escalators, Ebikon

Governing Mandates: BoD Member, several companies within Schindler Group, Ebikon

Jean-Philippe Rochat (1957, Lausanne VD)

Lic. iur. Law, University of Lausanne, Switzerland

1980 – 1984	Internship, Publicitas Ltd, Lausanne, Bern and Basel
1984 – 1985	Internship, Fiduciaire Fidinter Ltd, Lausanne
1985 – 1987	Legal internship in Geneva
1987 – 1989	Lawyer, Pfyffer, Argand, Troller & Associates, Geneva
1989 – present	Partner at Etude Carrard, Paschoud, Heim et Associés, Lausanne

Governing Mandates: Chairman BoD, Beaulieu Exploitation SA, Lausanne
 Chairman BoD, Baumgartner Papier Holding Ltd, Crissier
 BoD Member, Banque Bénédict Hentsch SA, Geneva
 BoD Member, PKB Privatbank, Lugano
 BoD Member, CRH Gétaz Romang Holding AG, Näfels
 BoD Member, Investissements Fonciers SA – La Foncière, Lausanne
 BoD Member, Kessler Prévoyance Ltd, Geneva

Offices: President of “Commission des Appellations des Vins Vaudois”
 Member of the Strategy Council “Chambre Vaudoise du Commerce et de l’Industrie” (CVCI), Lausanne
 Honorary consul of Finland in Lausanne

Members of the BoD for Vetropack Holding Ltd do not sit with other BoD members on the boards of other listed companies, nor are there any business relationships between the BoD members and Vetropack Holding Ltd. Four BoD members (Claude R. Cornaz, Werner Degen, Jean-Philippe Rochat and Hans R. Rüegg) also act as directors of other listed companies as set out on pages 65 to 67 of this report.



Tailor-made Glass. The requirements to be met by glass packaging are multifaceted. They must visually support the product idea, the marketing strategy, as well as meet the demands of both businesses and consumers. Jean-Franck Haspel, a Swiss based designer, works closely with customers to quickly and professionally develop special solutions that also consider production parameters. Depending on the project in question, he also works with his colleagues at other Vetropack production facilities.

Members of the Management Board (MB)

	Position	Nationality	Appointed
Claude R. Cornaz	CEO	CH	1.5.1993
David Zak	CFO	CH	1.5.2002
Günter Lubitz	GM Technology and Production	DE	1.6.2003
Rudolf Schraml	GM Business Division Switzerland/Austria	AT	1.7.1986
Marcello Montisci	GM Business Division Czech & Slovak Republics an GM Sales/Marketing/Production Planning	IT	1.3.2005
Dragutin Špiljak	GM Business Division Croatia	HR	5.9.1996

Claude R. Cornaz (1961)

Dipl. Mechanical Engineering, ETH/BWI, Zurich, Switzerland

1987 – 1989	Management Services, Contraves AG, Zurich
1989 – 1993	Project Engineer, Nestec in Vevey Switzerland and Thailand
1993 – 1999	Head of Corporate Development for Technology and Production, Vetropack Group
1996 – present	MB Member, Vetropack Group
2000 – present	CEO of Vetropack Holding Ltd

David Zak (1965)

BSc., Business Administration, Boston University, USA

1989 – 1997	Various international Finance and Management positions within the ABB Group, including Controller for ABB Holding AG, Zurich, Switzerland VP ABB, s.r.o., Prague, Czech Republic
1998 – 2001	CFO, Studer Professional Audio AG, Regensdorf
2002 – present	CFO, Vetropack Holding Ltd MB Member, Vetropack Group

Günter Lubitz (1953)

Dipl. Engineer, Glass and Ceramics engineer, University of Duisburg, Germany

1977 – 1985	Management Positions as Production Engineer and Head of Production within the German glass packaging industry
1985 – 1988	Production Manager and Technical Director at Bangkok Glass Industry, Bangkok
1989 – 2003	Technical and Works Manager at various glass packaging companies in Germany
2003 – present	Head of Technology and Production for the Vetropack Group MB Member, Vetropack Group

Rudolf Schraml (1950)

Dipl. Mechanical Engineer, Technical University of Vienna,
Dept. of Engineering & Business Administration, Austria

1976 – 1977	Management Assistant, Böhler Bohr- und Drucklufttechnik, Vienna
1977 – 1978	Delegate, Iran Böhler Pneumatic, Teheran, Iran
1979 – 1983	Head of Controlling, Böhler Bohr- und Drucklufttechnik, Vienna
1983 – 1986	Head of Group Controlling and Accounting, Stölzle Oberglas AG (Vetropack Group acquired Stölzle Oberglas AG, Pöchlarn in 1986)
1986 – present	General Director, Vetropack Austria GmbH, Pöchlarn
2000 – present	Responsible of Business Division West, Vetropack Group, Pöchlarn MB Member, Vetropack Group

Marcello Montisci (1954)

PhD., Electrical Engineering, University of Rome, Rome, Italy
MBA, Università Commerciale Luigi Bocconi, Milan, Italy

1980 – 1985	Technical Sales, VARIAN, Turin
1985 – 1991	Various management functions, AXIS Spa, Florence Including four years in the USA
1991 – 2001	Commercial Director, AVIR Spa, Milan (O.I.)
2001 – 2005	MD, United Hungarian Glass, (O.I.), Oroshaza, Hungary
2005 – present	Head of Marketing/Sales/Production Planning, Vetropack Group
2006 – present	Division Head, Czech and Slovak Republics, Kyjov MB Member, Vetropack Group

Dragutin Špiljak (1947)

Dipl. Mechanical Engineering, University of Zagreb, Zagreb, Croatia

1972 – 1986	Head of Production, Straža Glassworks, Straža, Croatia
1986 – 1990	Major of the municipality of Pregrada Croatian Member of Parliament (MP)
1990 – 1992	Technical Director, Straža Glassworks, Straža, Croatia
1992 – present	MD, Straža Glassworks, Straža (taken over by Vetropack Group in 1996)
1996 – present	MD, Vetropack Straža d.d., Straža, Croatia Extended MB member, Vetropack Group
1.2.2006 – present	Division Head, Croatia MB Member, Vetropack Group

There are no management agreements between Vetropack Holding Ltd and companies or individuals outside the Group.

*Remuneration,
Shareholdings
and Loans*

Content and Method of Determining Remuneration. The level of remuneration to members of the BoD is determined by the BoD as a whole. Only cash benefits are paid. No share or option plans exist. The level of remuneration to the members of the MB is determined by the Chairman of the BoD. In addition to a basic level of remuneration that reflects the responsibility borne by an individual, there is a variable performance related component based on the results of the business unit and/or the Group. Remuneration will not be made in the form of shares or options, nor are there any loans. Details relating to remuneration and disclosure, as specified in CO 663b and 663c, can be found on pages 56 and 57.

*Shareholders'
Participation Rights*

Voting Rights, Voting Rights Restrictions and Representation. Each registered or bearer share has one voting right. There is no representation restriction in respect to bearer shares. Registered shares can only be represented by other holders of registered shares (persons or legal entities).

Statutory Quorums. The Articles of Association of Vetropack Holding Ltd specify only the statutory requirements as laid out in Articles 703 and 704 of the Code of Obligations.

Convocation of the AGA. The invitation is issued at least 20 days prior to proposed date of the assembly. Within the invitation the shareholders are informed of business items to be negotiated during the assembly, as well as motions proposed by the BoD and by shareholders who have demanded that a given business item be placed on the agenda. Extraordinary General Assemblies (EGAs) are convened as necessary and as defined by legal precedent. Shareholders representing at least one tenth of the share capital can demand the convocation of an EGA at any time.

Composition of the Agenda for the AGA. Shareholders who represent shares with a nominal value of CHF 1,000,000 can demand that a business item be placed on the agenda. This request must be submitted in writing to the Chairman of the BoD at least 40 days prior to AGA.

Transfer Provisions. There are no ownership or transfer restrictions for registered or bearer shares. Transfers of registered shares must be reported to the Shareholders' Office of Vetropack Holding Ltd.

Registrations in the Share Register. For the voting right to be exercised, registration must take place at least 20 days prior to the AGA.

Changes of Control and Defence Measures. There is no statutory regulation in relation to "opting-out" or "opting-up". There are no clauses on changes of control in favour of members of the BoD or the MB.

Auditors

Mandate. Ernst & Young Ltd have been auditors for Vetropack Holding Ltd since 1995. The head auditor has been responsible for the auditing mandate since 2006. The head auditor is changed every seven years.

Fees. During the year under review, Ernst & Young Ltd invoiced the Vetropack Group the sum of CHF 0.35 million for auditing services for accounts of individual Group companies and consolidated accounts. Some of the Group companies are audited by other auditors. Moreover, Ernst & Young Ltd also charged Vetropack Holding Ltd a fee in the sum of CHF 0.58 million for services relating to tax advice, due diligence and other advisory services.

Supervisory and Control Instruments Vis-à-Vis the Auditors. At the ordinary March meeting all BoD members will be informed in writing (Auditor's Report, Group Auditor's Report, Management Letter, Explanatory Notes) and verbally (the lead auditor attends the March meeting of the board of directors) about the results of the audit. The main points and results of the audits carried out at the subsidiaries are also discussed with the auditors at the ordinary meeting of the governing body of each subsidiary. A member of the board of directors is present at these meetings. The BoD will assess the performance, remuneration and independence of the auditors and the group auditor on an annual basis.

Information Policy

Vetropack Holding Ltd Provides Information Through the Following Channels: Annual Report, Annual Press Conference, Annual General Meeting, and Semi-Annual Report. Current information is available via the company's website at www.vetropack.com.

Contact Address

Shareholders' Office
c/o Vetropack Holding Ltd
PO Box
CH-8180 Bulach
Switzerland
Tel. +41 (44) 863 32 02
Fax +41 (44) 863 31 25



GROUP VETROPACK | VETROPACK HOLDING LTD

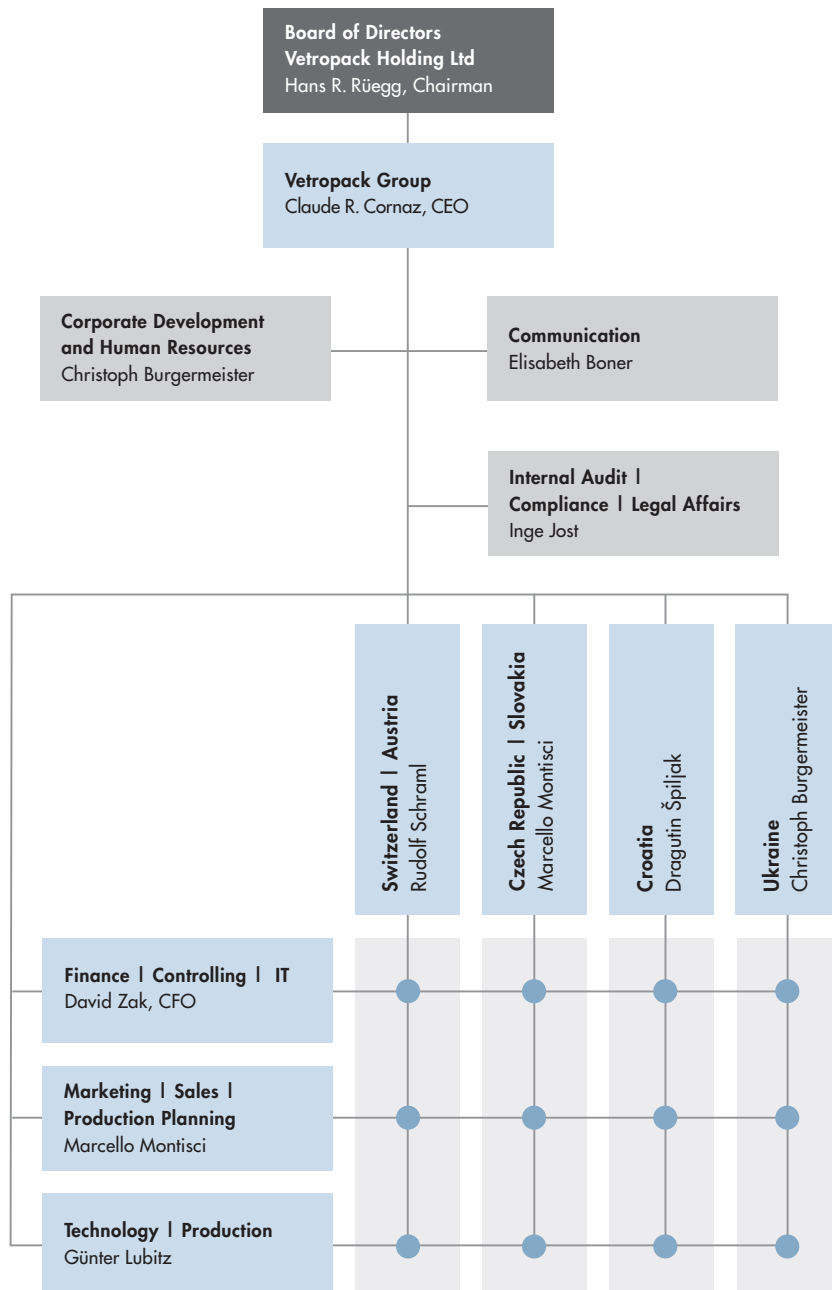
Organisation and Glassworks





Extended Group Management as per 1st January 2008. Behind from left to right: Christoph Burgermeister, Elisabeth Boner, Günter Lubitz, Rudolf Schraml, Dragutin Špiljak, Inge Jost, in front from left to right: Marcello Montisci, Claude R. Cornaz, David Zak

Organisation as per 1st January 2008



Group Management Board

Claude R. Cornaz, CEO	
David Zak, CFO	
Günter Lubitz	
Rudolf Schraml	
Marcello Montisci	
Dragutin Špiljak	

Finance, Controlling and IT

David Zak	
– Finance	Sara-Ida Möckli
– Controlling	Adriano Melchiorretto
– IT (till 31 st August 2007)	Jean-Jacques Müller
(as per 1 st September 2007)	Bruno Hennig

Marketing, Sales and Production Planning

Marcello Montisci

Technics and Production

Günter Lubitz

Corporate Development and Human Resources

Christoph Burgermeister

Communication

Hans-Rudolf Knauer (till 31 st March 2007)
Elisabeth Boner (as per 1 st April 2007)

Internal Audit, Compliance, Legal Affairs

Inge Jost (as per 1 st May 2007)

Business Division Switzerland/Austria

Rudolf Schraml	
Marketing + Sales	Herbert Kühberger
– Switzerland (till 30 th June 2007)	Jürg Mossdorf
(as per 1 st July 2007)	Christine Arnet
– Austria	Herbert Kühberger
– Export Europe West	Leopold Siegel
Finance + Administration	Eduard Steininger
Controlling Switzerland	Dieter Schellhammer
Logistic	Helmut Artacker
Technics	Knut Ludwig
– St-Prex Plant	
– Technical Management	Samuel Thirion
– Administrative Management	Dieter Schellhammer
– Pöchlarn Plant	Franz Kendl
– Kremsmünster Plant	Knut Ludwig

Business Division Czech Republic/Slovakia

Marcello Montisci	
Marketing + Sales	Dana Švejarová
– Czech Republic	Dana Švejarová
– Slovakia	Zuzana Hudecová
– Export Europe East	Vlastimil Ostrezi
Logistic	Jaroslav Mikliš
Kyjov Plant	
– Production	Attila Hosszú
– Technics	Miloš Kostýlek
– Finance	Adriano Melchiorretto
Nemšová Plant	
– Production	Róbert Adamčík
– Technics	Miroslav Šebík
– Finance	Eva Vanková

Business Division Croatia

Dragutin Špiljak	
Marketing + Sales	Darko Šlogar
Logistic	Josip Debeljak
Finance	Marija Špiljak
Personnel + IT	Damir Gorup
Production	Josip Šolman
Technics	Tihomir Premužak

Business Division Ukraine

Christoph Burgermeister	
General Management	Andriy Girnyk
Marketing + Sales,	(till 30 th September 2007)
Logistic	Vladimir Lysenko
Marketing + Sales	(as per 1 st October 2007)
	Sergey Isaenko
Finance	Nadezhda Solodovnik
Controlling	Julia Solodovnik
Personnel	Viktor Sytnikov
Production	Jaroslav Mudryk
Technics	Stepan Girnyk

Group Companies

Vetroconsult Ltd	Günter Lubitz
Müller + Krempel Ltd	(till 17 th April 2007)
	Urs Wohlgemuth
	(as per 1 st July 2007)
	Jürg Mossdorf
Vetro-Recycling Ltd	Jürg Mossdorf
Vetroreal Ltd	(till 30 th June 2007)
	Jakob Meier
	(as per 1 st July 2007)
	Hans Fahrni



365 Days a Year, 24 Hours a Day. Glass is melted in the Vetropack production facilities and formed by machines into bottles and food containers 24/7. The production output is then inspected and loaded onto pallets ready for shipping. This is strenuous and demanding work. Despite the use of modern technology, producing glass packaging remains more than just routine. Experience and a feel for the process are key prerequisites for successful production. Manfred Müller, who works at the Austrian production facility in Pöchlarn, has both.

Vetropack – Our Glassworks

*St-Prex Plant
(Switzerland)*



*Pöchlarn Plant
(Austria)*



*Kremsmünster Plant
(Austria)*



*Kyjov Plant
(Czech Republic)*



*Nemšová Plant
(Slovakia)*



*Hum na Sutli Plant
(Croatia)*



*Gostomel Plant
(Ukraine)*



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