

SEMI-ANNUAL REPORT | 2008

VETROPACK GROUP



Business Development within the First Half of 2008

DEAR SHAREHOLDERS:

During the first half of 2008 Vetropack Group generated consolidated gross revenues CHF 380.1 million (2007: CHF 346.1 million). This represents a revenue increase of 9.8% (10.1% after currency adjustments).

Sales increased by 3.2% to 2.23 billion units of glass packaging compared with the same period last year (2007: 2.16 billion). These



*Hans R. Rüegg
Chairman of the Board*

supplementary sales were primarily attributed to the deployment of a new green glass furnace at OJSC Vetropack Gostomel (Ukraine) in August 2007. This new furnace more than compensated for production losses that incurred during the cyclical revision of a furnace at Vetropack Moravia Glass, a.s. (Czech Republic), as well as the reconstruction of a new green glass furnace at Vetropack Straža d.d. (Croatia).

During the period under review, domestic and export markets were characterised by continued rising demand. Thanks to full utilisation of all available melting capacity within Vetropack Group, it was possible to meet domestic demand in line with contractual obligations, whilst keeping exports relatively stable at 32.7% (2007: 33.0%).

Consolidated EBIT reached CHF 61.0 million (2007: CHF 58.5 million). Measured against the increased gross revenues the EBIT margin was 16.0% (2007: 16.9%). The slight fall in the EBIT margin during the first year was attributed to two factors. Firstly, there were the additional costs associated with the previously mentioned furnace revision in the Czech Republic and furnace reconstruction in Croatia. Secondly, there was a disproportionate increase in the cost of energy and raw materials.

Consolidated profit for the first half year rose by 16.9% to CHF 51.3 million (2007: CHF 43.9 million). This improvement was significantly supported by a gratifying increase in financial income. Cash flow grew by 3.3% to CHF 82.3 million (2007: CHF 79.7 million). The cash flow margin thus represents 21.7% of gross revenues (2007: 23.0%).

The balance sheet total as per 30th June 2008 stood at CHF 885.0 million (2007: CHF 816.0 million). As a result of capital expenditure in the last twelve months fixed assets rose to CHF 557.1 million (2007: CHF 515.1 million), while current assets grew by CHF 27.0 million to CHF 327.9 million due to additional liquidity. The equity ratio improved from 55.6% last year to 62.5% this year (31.12.2007: 59.8%).

Thanks to efficiency gains and production process streamlining, employee headcount for the Vetropack Group fell by 107 to 3,050 during the period under review.

Market Development

Glass remains increasingly popular as a packaging material. The entire market is growing: In Western Europe it is growing continually, and in some Central and Eastern European segments it is growing at double digit percentage rates. The current market situation has affected the pan European glass manufacturing industry, which is operating at full capacity. Increasing demand against a background of full capacity utilisation creates supply bottlenecks that concern the entire industry. Consequently, Vetropack Group was unable to accept some additional short-term orders. Whereas, planned and contractually agreed upon delivery commitments to customers were met in full.

The rise in energy and raw material cost during the period under review significantly exceeded expectations. This led to a strained cost structure, since some customer contracts extend for several years and only permit price adjustments at given intervals. Whilst production output grew by 5.5% (2008: 614 000 t; 2007: 582 000 t), energy costs rose by 28.0% and totalled CHF 61.2 million in the first half year (2007: CHF 47.8 million).

Investments

During the first half year, investments amounting to CHF 63.8 million (2007: CHF 42.6 million) were directed primarily towards the revision of a melting furnace at Vetropack Moravia Glass, a.s. (Czech Republic), and the reconstruction of a new furnace at Vetropack Straža d.d. (Croatia). This investment resulted in a capacity increase of 50 tonnes per day. Both projects were implemented on time and within budget. To further increase capacity, group wide investments in expanding glass-blowing equipment were made.

Outlook

Initial indications of a slowdown in growth in individual markets are expected during the second half of 2008. Nevertheless, production capacity remains fully utilised. Since investment activity emphasised revision and reconstruction of furnaces during the first half year, no further production interruptions are expected. This optimal situation indeed provides a sound basis for further increasing the Group's gross revenues. However the upward trend in energy and raw material costs will hold back added value development.

The second half year commenced with selling surplus warehousing capacity in Bulach. The gross volume of this transaction, which took place after the closing date for the first half year, was CHF 17.4 million.

Vetropack Holding Ltd.

Vetropack Holding Ltd. expects the fiscal year end results for 2008 to be substantially better than last year's.

Sincerely,



Hans R. Rüegg
Chairman of the Board

Bulach, 29th August 2008

Results as per 30.06.2008

Prepared in Accordance with Swiss GAAP FER, 2007.

CONSOLIDATED INCOME STATEMENT

In CHF Millions	Half Year 2008	Half Year 2007	+/-
Gross Revenue	380.1	346.1	9.8%
Net Revenue	351.4	319.0	10.2%
Income	354.9	320.6	10.7%
Raw Material Costs	- 56.6	- 48.3	17.2%
Energy Costs	- 61.2	- 47.8	28.0%
Personnel Expenses	- 69.7	- 65.8	5.9%
Other Operating Expenses	- 106.4	- 100.2	6.2%
Earnings Before Interest and Tax (EBIT)	61.0	58.5	4.3%
Operating Earnings After Interest	63.5	55.5	14.4%
Profit Before Tax	64.2	56.0	14.6%
Profit	51.3	43.9	16.9%
Cash Flow	82.3	79.7	3.3%
Cash Flow as % of Gross Revenue	21.7	23.0	-

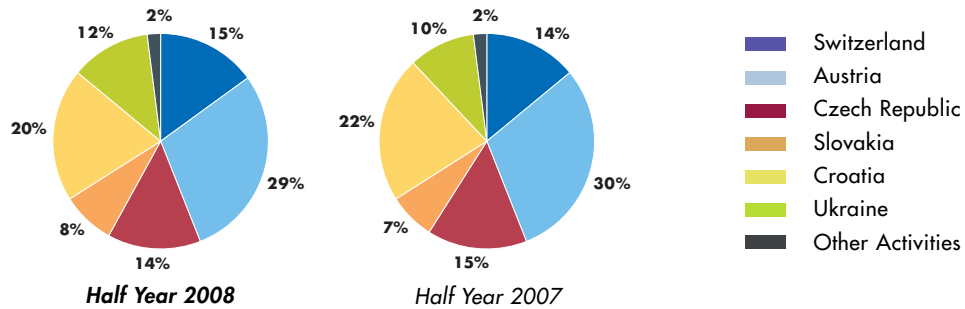
CONSOLIDATED BALANCE SHEET

In CHF Millions	30.06.2008	30.06.2007	31.12.2007
ASSETS			
Current Assets	327.9	300.9	333.8
Fixed Assets	557.1	515.1	525.8
Total Assets	885.0	816.0	859.6
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities	184.6	199.3	190.8
Medium and Long Term Liabilities	147.7	163.1	154.8
Total Liabilities	332.3	362.4	345.6
Shareholders' Equity excl. Minority Share Interests	542.5	443.3	504.8
Minority Interests	10.2	10.3	9.2
Total Shareholders' Equity	552.7	453.6	514.0
Total Liabilities and Shareholders' Equity	885.0	816.0	859.6

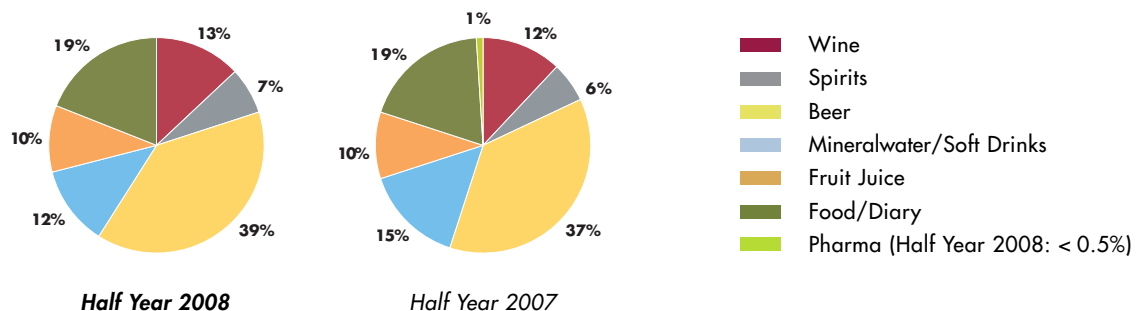
INDICATORS

		30.06.2008	30.06.2007	+/-	31.12.2007
Gross Revenue	CHF million	380.1	346.1	9.8%	699.6
EBIT	CHF million	61.0	58.5	4.3%	132.1
Profit	CHF million	51.3	43.9	16.9%	100.9
Cash Flow	CHF million	82.3	79.7	3.3%	156.0
Production	1 000 tonnes	614	582	5.5%	1 195
Unit Sales	billion pieces	2.23	2.16	3.2%	4.26
Exports	in %	32.7	33.0	-	33.3
Number of Employees		3 050	3 157	- 3.4%	3 099
Investments	CHF million	63.8	42.6	49.8%	86.9
Balance Sheet Total	CHF million	885.0	816.0	8.5%	859.6
Equity Ratio	in %	62.5	55.6	-	59.8
Share Price (registered shares) - High	CHF	2 710	1 920	-	2 439
Share Price (registered shares) - Low	CHF	1 661	1 350	-	1 350

CONSOLIDATED REVENUE BY NATIONAL COMPANIES



GLASS PACKAGING BY PRODUCT SEGMENTS (Domestic and Export Markets)



Vetropack Holding Ltd

CH-8180 Bülach
 Phone +41-44-863 31 31
 Fax +41-44-863 31 21

www.vetropack.com

Group Companies

Vetropack Ltd

CH-8180 Bülach
 Phone +41-44-863 34 34
 Fax +41-44-863 31 23

CH-1162 St-Prex
 Telefon +41-21-823 13 13
 Fax +41-21-823 13 10

Vetropack Austria Holding Ltd

AT-3380 Pöchlarn
 Phone +43-2757-7541
 Fax +43-2757-7674

Vetropack Austria GmbH

AT-3380 Pöchlarn
 Phone +43-2757-7541
 Fax +43-2757-7674

AT-4550 Kremsmünster
 Phone +43-7583-5361
 Fax +43-7583-5361 112

Vetropack Moravia Glass, a.s.

CZ-69729 Kyjov
 Phone +420-518-733 111
 Fax +420-518-612 024

Vetropack Nemšová, s.r.o.

SK-914 41 Nemšová
 Phone +421-32-6557 111
 Fax +421-32-6589 901

Vetropack Straža d.d.

HR-49231 Hum na Sutli
 Phone +385-49-326 326
 Fax +385-49-341 041

OJSC Vetropack Gostomel

UA-08290 Gostomel
 Phone +380-4497-3 13 44
 Fax +380-4497-3 20 77

Müller + Krempel Ltd

CH-8180 Bülach
 Phone +41-44-863 35 35
 Fax +41-44-863 31 24

Vetroconsult Ltd

CH-8180 Bülach
 Phone +41-44-863 32 32
 Fax +41-44-863 31 22

Vetro-Recycling Ltd

CH-8180 Bülach
 Phone +41-44-863 36 36
 Fax +41-44-863 36 26

Vetoreal Ltd

CH-8180 Bülach
 Phone +41-44-863 33 33
 Fax +41-44-863 31 30

