

SEMI-ANNUAL REPORT | 2007

VETROPACK GROUP



Business Development within the First Half of 2006

DEAR SHAREHOLDERS:

During the first half of 2007, the Vetropack Group generated consolidated gross revenues of CHF 346.1 million (2006: CHF 283.7 million). This represents an increase in turnover of 22.0%, whereby currency adjustment plays a central role and corresponds to 17.6%. Vetropack Gostomel has effectively been consolidated within the



*Hans R. Rüegg
Chairman of the Board*

Group as at 1 March 2006, and has contributed CHF 35.2 million or 10.2% to gross revenues in the first six months of the 2007 fiscal year (2006: CHF 21.5 million or 7.6% respectively). Note: Four months were consolidated in last year's figures rather than six.

Sales of glass packaging rose to 2.16 billion units (2006: 1.91 billion), which corresponds to an increase of 13.1% (2006: 6.4%). The improvement is largely attributable to the general increase in demand. This trend first made itself felt in late the autumn of 2006, and has successively proceeded in 2007: subsequently both domestic and export markets were characterised by high demand. Despite all production facilities working to full capacity, exports were further reduced in order to fully meet domestic demand. Exports currently account for 33.0% of total sales (2006: 36.4%).

Full capacity utilisation and optimum deployment of three melting furnaces installed at Vetropack production facilities in Switzerland, Ukraine and Slovakia last year, coupled with the refurbishment of the flint glass furnace at the Kremsmünster plant in Austria, led to efficiency improvements and subsequent distinct increases in added value. Consolidated EBIT rose to CHF 58.5 million. This represents a 152.2% increase over last year's figure of CHF 23.2 million. The latter was impacted by the rising costs of energy and raw materials, as well as maintenance and acquisition costs. As a percentage of increased gross revenues, the EBIT margin amounted to 16.9% (2006: 8.2%). Consolidated profit for the first half of the year climbed 181.4% to CHF 43.9 million (2006: CHF 15.6 million), while cash flow increased 133.0% to CHF 79.7 million (2006: CHF 34.2 million). The cash flow margin thus represents 23.0% of gross revenues (2006: 12.1%).

The balance sheet total as at 30 June 2007 stood at CHF 816.0 million (2006: CHF 689.4 million). Investments made in the last 12 months led to a substantial increase in fixed assets to CHF 511.8 million (2006: CHF 420.0 million). Current assets climbed to CHF 304.2 million, owing to improved liquidity and increased trade receivables (2006: CHF 269.4 million). The equity ratio improved from 53.5% last year to 55.6% this year (31.12.2006: 54.5%). Furthermore, investment driven improvements in production efficiency subsequently reduced the workforce by 2.8% to 3,157 employees (2006: 3,247 employees).

Market Development

Demand for all segments of glass packaging is remarkably high throughout Europe. Vetropack is benefiting from this trend, but so is the entire European glass packaging industry. In the short term, the international glass packaging industry can not fully overcome the pan European supply bottlenecks caused by high demand and capacity related production constraints. The Vetropack Group fulfilled its customer obligations by partially withdrawing from its inventory. This positive environment of high demand enabled Vetropack to implement long overdue pricing adjustments without suffering consequential decline in sales volume. Energy costs rose moderately during the period under review, nevertheless this stable situation in the energy sector may not be transposed to the second half of the year.

Investments

During the first half of the year, Vetropack Group capitalised investments to the tune of CHF 42.6 million (2006: CHF 37.0 million). This was primarily in refurbishing a melting furnace at the production facility in Kremsmünster Austria, building a new furnace at the glassworks in Nemšová Slovakia, and financing the ongoing construction costs for a new melting furnace in Gostomel Ukraine. The latter will be completed as scheduled by the end of the third quarter of 2007. The new and refurbished furnaces represent a continuation of the energy efficiency strategy that Vetropack has been pursuing for past several years. The resulting technological advances achieved will provide further savings in energy consumption. Another reason for this is the knowledge that energy costs are due to rise again in the medium to long term. Constantly reducing energy consumption, while maintaining or even improving melting capacity, as in the case of new furnaces, makes the production facilities not only more economical, but also more environmentally friendly. More-

over, the usage of state-of-the-art technology reduces emissions of pollutants such as CO₂ and NO_x. The strategic decision to invest in a new furnace at St-Prex in 2006 has had the desired result. As expected, capacity, revenue and added value have all increased.

Outlook

The focus of the planned investment program lies in the second half of the year. In addition to the 380 tonne green glass furnace at the Gostomel production facility, the new warehouses at the Straža plant will also be completed by the end of the year. Despite the additional capacity provided by the new furnace in Gostomel, it is foreseeable that the excess demand will no longer be fully accommodated. Furthermore, given the existing low inventory levels, it may be impossible to counteract this development via additional inventory sales. Although all production facilities will also be working to full capacity during the second half of the year, this will be insufficient for achieving further revenue increases, or maintaining the full scope of the profit margin as compared with the first half of the year.

Vetropack Holding AG

Based on the earnings forecast, Vetropack Holding AG expects results for the 2007 fiscal year to be superior to those of last year.

Sincerely,



Hans R. Rüegg
Chairman of the Board

Bülach, 31 August 2007

Results as at 30.6.2007

Prepared in Accordance with Swiss GAAP FER.

CONSOLIDATED INCOME STATEMENT

In CHF Millions	1 st Half of 2007	1 st Half of 2006	+/-
Gross Revenue	346.1	283.7	22.0%
Net Revenue	319.0	258.6	23.4%
Income	320.6	264.2	21.3%
Operating Expenses	- 262.1	- 241.0	8.8%
Earnings Before Interest and Tax (EBIT)	58.5	23.2	152.2%
Operating Earnings After Interest	55.5	21.8	154.6%
Profit Before Tax	56.0	22.6	147.8%
Profit	43.9	15.6	181.4%
Cash Flow	79.7	34.2	133.0%
Cash Flow as % of Gross Revenue	23.0	12.1	-

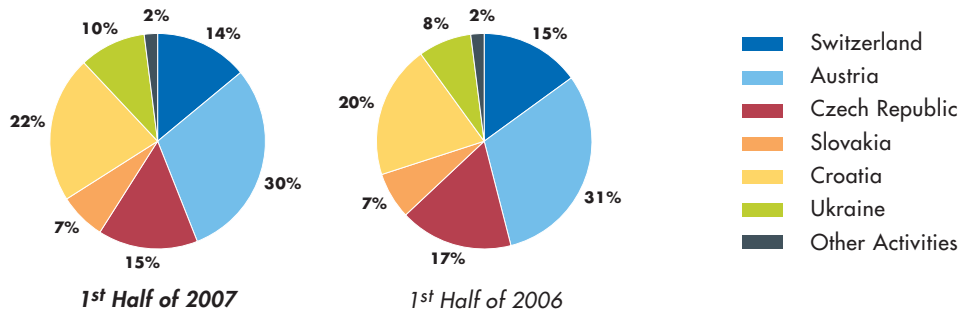
CONSOLIDATED BALANCE SHEET

In CHF Millions	30.6.2007	31.12.2006	30.6.2006
ASSETS			
Current Assets	304.2	261.8	269.4
Fixed Assets	511.8	488.5	420.0
Total Assets	816.0	750.3	689.4
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities	199.3	173.4	188.1
Medium and Long Term Liabilities	163.1	168.1	132.8
Total Liabilities	362.4	341.5	320.9
Shareholders' Equity excl. Minority Share Interests	443.3	399.1	360.2
Minority Interests	10.3	9.7	8.3
Total Shareholders' Equity	453.6	408.8	368.5
Total Liabilities and Shareholders' Equity	816.0	750.3	689.4

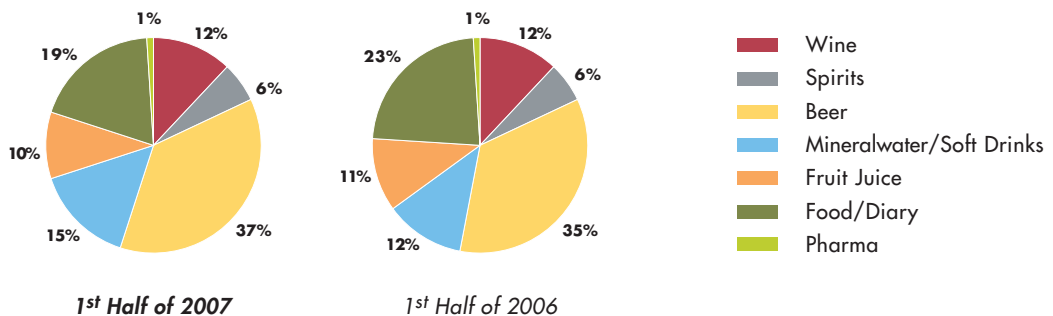
INDICATORS

		1 st Half of 2007	1 st Half of 2006	+/-	2006
Gross Revenue	CHF million	346.1	283.7	22.0%	594.7
EBIT	CHF million	58.5	23.2	152.2%	67.4
Profit	CHF million	43.9	15.6	181.4%	43.2
Cash Flow	CHF million	79.7	34.2	133.0%	97.2
Production	1 000 tonnes	582	496	17.3%	1 039
Unit Sales	billion pieces	2.16	1.91	13.1%	3.92
Exports	in %	33.0	36.4	-	34.6
Number of Employees		3 157	3 247	- 2.8%	3 137
Investments	CHF million	42.6	37.0	15.1%	112.4
Balance Sheet Total	CHF million	816.0	689.4	18.4%	750.3
Equity Ratio	in %	55.6	53.5	-	54.5
Share Price (registered shares) - high	CHF	1 920	1 475	-	1 475
Share Price (registered shares) - low	CHF	1 350	866	-	866

CONSOLIDATED REVENUE BY NATIONAL COMPANIES



GLASS PACKAGING BY PRODUCT SEGMENTS (Domestic and Export Markets)



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