ANNUAL REPORT | 2010

VETROPACK HOLDING LTD

vetropack

At a Glance

Key Figures 2010

		+/–	2009	2010
Gross Revenue	CHF millions	– 4.3%	671.5	642.6
EBIT	CHF millions	– 16.6%	100.9	84.2
Annual Profit	CHF millions	– 50.6%	78.4	38.7
Cash Flow	CHF millions	– 11.1%	137.9	122.6
Production	1 000 metric tons	2.9%	1 177	1 212
Unit Sales	billions	9.8%	3.97	4.36
Exports	in %	–	36.7	40.2
Employees	number	– 0.8%	3 000	2 975
Investments	CHF millions	18.6%	39.8	47.2

Agenda

2011

Annual General Assembly (St-Prex)
11th May 2011, 11:15

Open Day (St-Prex)
14th May 2011, 9:00 to 16:30

Semi-Annual Report
26th August 2011

2012

Press Conference (Bülach)
28th March 2012, 10:15

Annual General Assembly (Bülach)
9th May 2012, 11:15

Claude R. Cornaz, CEO (left), **Hans R. Rüegg,** Chairman of the board of Directors (right)

Board of Directors' Report

Dear Shareholders:

Despite stabilising somewhat in fiscal year 2010, the general economic environment remained difficult. Nevertheless, Vetropack Group managed to further increase imports and exports while maintaining full capacity at all its production facilities. However, the added value gained by this strategy was adversely affected by the strength of Swiss franc.

Negative Foreign Exchange Differentials Hit Revenue. During the 2010 fiscal year Vetropack Group generated consolidated a gross revenue of CHF 642.6 million, 4.3% down on the previous year (2009: CHF 671.5 million). In real terms revenue was actually 1.8% higher than in the previous year, as negative foreign exchange differentials amounted to 6.1%.

During the year under review JSC Vetropack Gostomel considerably increased its market share within Ukraine, resulting in a significant increase in revenue. The Ukrainian Vetropack company contributed 12.9% to Group revenue (2009: 9.8%). Thanks to continued expansion in its export markets, the Swiss company with its glassworks in St-Prex contributed 15.5% to consolidated gross revenue (2009: 15.1%). Once again, Vetropack Austria GmbH with its two production facilities in Pöchlarn and Kremsmünster made the largest single contribution to revenue at 30.3% (2009: 31.5%). The percentage decrease reported was entirely due to foreign exchange differentials. Vetropack Straža d.d. generated 18.6% of gross revenue (2009: 19.7%). The economic crisis, which is still a stark reality in Croatia, led to a decrease in the company's domestic revenue that could not be neutralised by increased exports. The contribution made by Vetropack Moravia Glass a.s. in the Czech Republic fell to 13.6% (2009: 14.8%), with low price levels in domestic and export markets dampening revenue development. Despite the unfavourable euro exchange rate, Vetropack's Slovakian plant Nemšová s.r.o contributed 7.1% to gross revenue, practically unchanged from the previous year (2009: 7.3%).

Calmer Economic Environment. The European glass industry reacted swiftly to decreased demand caused by the global economic crisis in 2009 by cutting production capacities temporarily, and in some cases permanently. This essentially helped calm the markets in 2010. The green shoots of economic recovery then began appearing, giving grounds for renewed optimism. Demand in Western Europe strengthened slightly, whereas in Central Europe it stagnated at the same low levels seen in the previous year. Market recovery was most evident in Eastern Europe. These countries enjoyed strong, above-average growth in demand, thanks to a welcomed return to stability within their economies. Even here, however, regaining the high sales volumes achieved in the years prior to the crisis proved impossible.

During the 2010 fiscal year Vetropack Group prioritised the clear goal of operating at full capacity, and henceforth continuously worked at expanding both its export and domestic markets. The high quality of Vetropack glass packaging, teamed with its customer-focused flexibility and extremely efficient production, enabled gains in market share and the achievement of full capacity utilisation at all locations.

Increased Production Capacity. During the year under review Vetropack Group produced 1,211,991 saleable tons of glass packaging, representing an increase of 2.9% over the previous year (2009: 1,177,351 tons). With the exception of Vetropack Moravia Glass a.s., where some production was lost as a result of cyclical furnace refurbishment, all Vetropack companies contributed to this increase in production capacity.

Increased Sales at Home and Abroad. A total of 4.36 billion units of glass packaging were sold in 2010 (2009: 3.97 billion). This gratifying 9.8% increase in sales was achieved primarily through the targeted intensification of export activities. Domestic markets also saw sales figures rise from the previous year. Overall, domestic markets accounted for 59.8% of total sales (2009: 63.3%), while export markets contributed 40.2% (2009: 36.7%).

Reduced Added Value. With prices lower than in the previous year, earning power was weakened. The shift within the product mix towards lighter glass packaging also had a negative impact on earnings. The resulting pressure on margins could not be absorbed, despite continual stringent cost management and reduced raw material and energy costs achieved during the year under review. The EBIT margin fell to 13.1% of gross revenue (2009: 15.0%). At CHF 84.2 million (2009: CHF 100.9 million), consolidated EBIT was down 16.6% on the previous year. While this reduction in EBIT is partly attributable to lower margins, currency development was another important contributory factor.

Annual Profit Hit by Foreign Exchange Differentials. Consolidated annual profit fell to CHF 38.7 million from CHF 78.4 million in the previous year. Negative foreign exchange differentials, coupled with decline in added value, contributed to this 50.6% reduction in annual profit. This effect was the result of the unusual strength of the Swiss franc against other currencies. Net exchange losses amounted to CHF 30.1 million, compared with exchange gains of CHF 2.9 million in the previous year.

High Liquidity. At CHF 122.6 million, cash flow was 11.1% below the previous year (2009: CHF 137.9 million). The cash flow margin was 19.1% of gross revenue (2009: 20.5%). With cash flow remaining at a healthy level, Vetropack Group was able to reduce its net indebtedness and boost its net liquidity which now stands at CHF 40.8 million (2009: net indebtedness CHF 5.0 million).

Improved Balance Sheet Structure. Consolidated total assets, which were severely impacted by negative foreign exchange developments, amounted to CHF 714.7 million (2009: CHF 804.8 million), representing a decrease of 11.2%. Long-term assets declined by 13.0% to CHF 399.7 million (2009: CHF 459.6 million). Due to ongoing inventory reductions at all locations short-term assets fell by 8.8% to CHF 315.0 million (2009: CHF 345.2 million). At CHF 546.5 million, shareholders' equity was down from the previous year (2009: CHF 582.9 million). During the same period liabilities were reduced by CHF 53.7 million to CHF 168.2 million (2009: CHF 221.9 million), some CHF 45.1 million of which relates to the reduction in interest-bearing loans. The equity ratio rose accordingly from 72.4% in 2009 to 76.9%.

As per fiscal year end Vetropack Group employed a workforce of 2,975 individuals (31st December 2009: 3,000).

Investing in the Future. During the year under review Vetropack Group made investments totalling CHF 47.2 million (2009: CHF 39.8 million). The main focus of the investment programme was the complete modernisation of a coloured glass furnace at Vetropack's Czech plant Moravia Glass a.s., which also saw the installation of an electrostatic precipitator filtration system and the reconfiguration of production lines. Another key investment was the installation of an electrostatic precipitator filter system at Vetropack's facility in St-Prex which became operational in January 2011. Production machinery was also cyclically replaced at several locations.

Investors and Shareholders Convey Continual Confidence. Vetropack shares are viewed as a solid investment by investors and shareholders alike. During the year under review Vetropack shares rose by 2.6% (SPI 2010: 2.4%).

Share Buyback Programme. The share buyback programme launched by Vetropack Holding AG on 21st January 2009 will expire at the Annual General Assembly to be held on 11th May 2011, at which a decision will be taken regarding the cancellation of bought-back shares. The entire programme involves a maximum of 7.0% of issued share capital from bearer shares listed in the Local Caps segment of the SIX Swiss Exchange (maximum 17,601 bearer shares). As per 31.12.2010, 74.4% (13,097 bearer shares) of the planned volume was bought back, from which 3,295 bearer shares with a nominal value of CHF 164,750 were already cancelled in 2009.

Reduced Dividends. At the Annual General Assembly on 11th May 2011 the BoD will propose reducing the gross dividend distribution for the previous year to CHF 30.00 per bearer share (2009: CHF 35.00), and CHF 6.00 per registered share (2009: CHF 7.00).

Centennial Dividend. Swiss glassworks Vetropack St-Prex celebrates its centennial in 2011. This production facility is the origin of today's Vetropack Group. Therefore, at the AGA the BoD will propose, in addition to the reduced dividend, a nonrecurring anniversary dividend distribution in the sum of CHF 15.00 per bearer share, and CHF 3.00 per registered share. The distribution is a capital repayment not subject to withholding tax.

Dividend Payments 2010. In summary the proposed total gross dividends amount to CHF 45.00 per bearer share and CHF 9.00 per registered share.

Outlook for 2011. It appears unlikely that the incremental economic stabilisation seen during 2010 will translate into the much hoped for upturn in the glass packaging industry in 2011. As yet there are no clear signs of any growth in demand. Economic development in the former East West divide is beginning to change. Market behaviour is becoming more regionalised, with countries in Western Europe continuing to be characterised by stable but saturated markets. In Central Europe, however, some countries are likely to reencounter rise in demand. The countries of Eastern Europe, Ukraine in particular, are expected to regain their status as growth markets. Developments in the currency situation represent a further element of uncertainty in the overall picture.

Once again the main focus for Vetropack Group in 2011 is ensuring full capacity utilisation. Meanwhile it is important that we take advantage of the slight improvement in market conditions, make essential price adjustments to cover rising energy and raw material costs, and improve the ratio between sales volumes and added value. To this end, positive changes to the product mix are also necessary.

In fiscal year 2011 Vetropack plans to refurbish a furnace at the Austrian facility in Kremsmünster. In order to maximise production flexibility, several Vetropack facilities will have many of their glassblowing machines enhanced and upgraded.

PRISMA, the in-house project launched in 2010 with the aim of standardising the IT landscape and harmonising all processes across the Group, will culminate in initial rollouts that will take place during the current fiscal year. Implementation of this investment-intensive project is of major strategic importance, since it will enable Vetropack Group to operate even more consistently and effectively in the market.

Thank You. On behalf of the Board of Directors we would like to thank our employees for their outstanding commitment and hard work during 2010. 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, 21st March 2011

Hans R. Rüegg Chairman of the Board of Directors	Claude R. Cornaz CEO




On the Right Path

What's your assessment of 2010? In terms of unit sales 2010 was a good year for us. We sold almost 10% more units of glass packaging than in the previous year. In fact we sold more than we were actually capable of manufacturing with all our production facilities operating at fully capacity. Furthermore, this enabled us to reduce our inventories. In 2009 we were still insufficiently capacitated and were required to reduce production.

...and are there any negatives? One major negative is the decline in added value. Maintaining the excellent margins of recent years was impossible. Although the economic environment stabilised and demand recovered, prices came under extreme pressure. Many of our competitors are pursuing an aggressive pricing policy and attempting to acquire volumes in our domestic markets.

Capacity utilisation, surely that's also an important factor for Vetropack. Of course, full capacity utilisation is the key to commercial success. That also applies to us, and that's exactly why our customer relationships are so vital. We offer more than just glass packaging: together we plan, develop and design added value for our customers' products, thereby developing long-term sustainable partnerships. With this philosophy in mind we expanded our export business in 2010 and acquired new customers in our domestic markets.

Claude R. Cornaz, Vetropack Group CEO: "In 2010 we aimed at returning to full capacity utilisation, and we succeeded."

Wouldn't this be the ideal time to freeze production capacities? Absolutely not. Experience indicates that the packaging market is cyclical; recovery is in sight. Just look for example at trends in Ukraine. It won't be long before this country is once again a flagship of growth. In 2010 alone our facility in Gostomel increased its unit sales by more than twenty percent. We are growing with and at the same rate as our markets. Every time we carry out cyclical repairs on a furnace, we also increase its capacity, provided that markets can absorb these additional quantities.

Where was the investment emphasis in 2010? One major project was the total reconstruction of a coloured glass furnace in our Czech facility Vetropack Moravia Glass a.s. The furnace was updated to the utmost modern technical standards. Now we'll save a great deal of melting energy. Moreover, we've significantly reduced our CO_2 emissions, installed an electrostatic precipitator and a whole lot more.

Does that make financial sense? Perhaps not today, but over the long term definitely. We believe in all our markets and invest where we see growth potential by expanding our production. In markets that we regard as stable, we continually modernise, not least for environmental reasons. We take our responsibilities seriously.

Where have you been modernising? In our Swiss facility in St-Prex we have installed an electrostatic precipitator filtration system that became operational in January 2011. The region is densely populated, thus emissions from road traffic, central heating systems etc. are substantial. Our production facility, seen in isolation, complies with the statutory limits. Yet, adding all factors, the total impact is too high. It's practically impossible to restrict private transport or central heating, the new electrostatic precipitator, however, makes a real contribution towards reducing emissions in the region.

Were there any other highlights in 2010? Oh yes, indeed there were. In the autumn the Presidents of Croatia and Slovenia inaugurated a very special bridge at Vetropack Straža d.d. in Croatia. This bridge connects not only the production facility with its finished goods warehouse, but also two countries. Now we can transport our goods from one country to the other without a lot of mileage or red tape, and store them in the warehouse, which is of course thoroughly secure. The factory celebrated its 150th anniversary in 2010. I can't imagine a better birthday present.

In 2011 the Vetropack factory in St-Prex will be celebrating its own centennial. What does this mean for the Vetropack Group? "La Verrerie de St-Prex" – that's the original name of the Swiss glassworks – is effectively the founding factory of the Vetropack Group, so we'll be celebrating Group-wide. After all, happiness shared is happiness multiplied. However, we won't be having one massive celebration, but rather an extra day off. All employees will be allowed to take their birthday as a holiday. Of course there will be other activities. I'm thinking of the open house on 14 May 2011, a celebration day for employees in Switzerland, and a very special event for our customers and other business partners. I don't want to say any more, because it would only spoil the surprise!

Impressions 2010

1st Half Year

JSC Vetropack Gostomel, Ukraine, successfully introduces the NNPB (Narrow Neck Press & Blow) process, and currently produces lightweight non-returnable beer bottles on its triple-gob glassblowing machine.

Greater energy awareness: Vetropack's Croatian facility Straža d.d. operates a pilot system for preheating batches and cullets. This method significantly reduces the amount of energy required for the melting process, since some of the heat lost from the melting process is used for preheating.

Cyclical maintenance of furnaces and other machinery must be planned just as far in advance as ongoing technical modernisation work. Minimum lead time of one year is essential. During the first half of 2010 planning work begins on furnace repairs at Vetropack's Austrian facility in Kremsmünster, followed a few months later by plans to refurbish a furnace at the Straža facility in Croatia. Additionally the installation of an electrostatic precipitator to filtrate emissions is already planned in 2010 and partially implemented at the Swiss facility in St-Prex, thereby facilitating a smooth transition to its commissioning in January 2011.

The Austrian Glass Forum awards prizes for outstanding glass packaging to several products from Vetropack Austria GmbH. Top three prizes in the beverage category are awarded to the 50cl Almdudler returnable screen-printed bottle, the 33cl Coca-Cola contour bottle with embossed design and the 50cl Wieselburger returnable beer bottle. In the food category, the top prizes are awarded to the 75cl Rapso oil bottle, the Darbo compote jar and Staud's range of octagonal jam jars.

At the Vetropack facilities in Switzerland, Croatia and Austria production begins on newly developed lightweight glass beer bottles for a well-known global key account. The combination of weight reduction and special engraving posed a major challenge during the development phase, and required close collaboration with both the customer and other suppliers. The effort paid off. These beer bottles are currently being utilised as the customer's global trademark.

2nd Half Year

Vetropack's Straža facility, which has been part of Vetropack Group since 1996, celebrates 150 years of existence with the opening of a bridge over the River Sutla. Previously the river separated Vetropack's production facility in Hum na Sutli (Croatia) from its finished goods warehouse in Rogatec (Slovenia). The Croatian and Slovenian Presidents inaugurate the only "customs-free" bridge between a non-EU country and an EU member state.

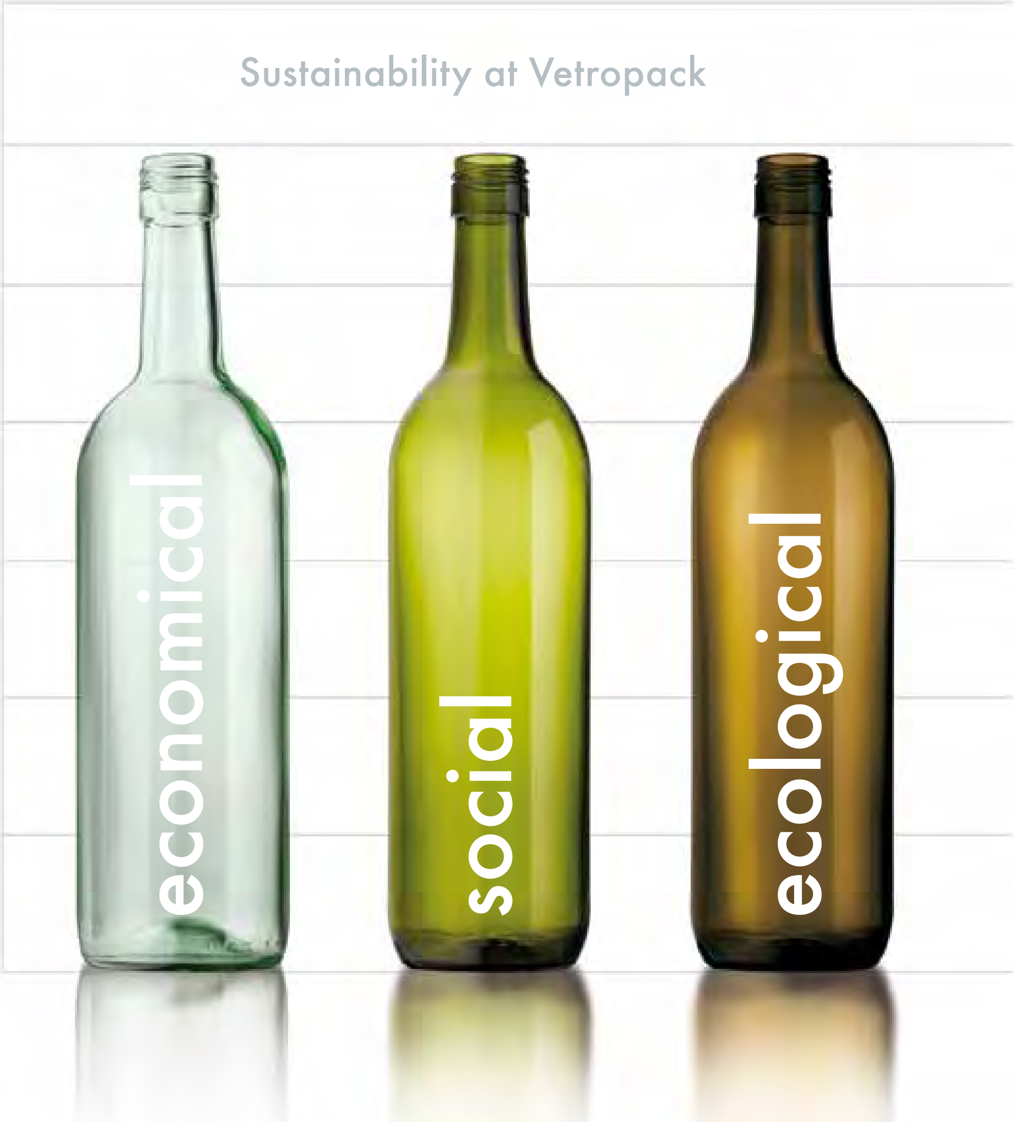
Vetropack Moravia Glass a.s. in the Czech Republic sets a modern, regenerative U-flame, coloured glass furnace into operation. With a melting area of 130.5 m^2 it has a daily melting capacity of 350 tons. This comprehensive modernisation project also includes installing a new electrostatic precipitator filtration system and reconfigurating production lines.

The carafe-shaped wine bottle produced at Vetropack's Czech facility for the "Tereziánske sklepy" winery is awarded the "Obal roka" national packaging prize.

Vetropack Group presents a new look at the "Brau Beviale" trade show in Nuremberg. The airy, discrete, and highly functional design of its stand draws visitors to view the objects on display: innovations in lightweight glass, exclusive design, finishings and special glass colours.

An independent jury from the Austrian Packaging Institute nominates the 0.33l lightweight glass beer bottle produced by Vetropack Austria GmbH for a national prize for exemplary packaging. Registering only 175g on the scales, it is 25g lighter than its predecessor. Material savings are enormous: with annual production of approximately 80 million units, 2,000 tons of glass can be saved.

By year end all Vetropack facilities, including the Müller + Krempel AG trading house, held the EN ISO 9001:2008 quality management certificate. Repeat audits carried out by SQS at the various facilities confirmed their certification for another three years. In contrast, Müller + Krempel AG had their management processes audited for the first time.



Everything in the "Green" Area

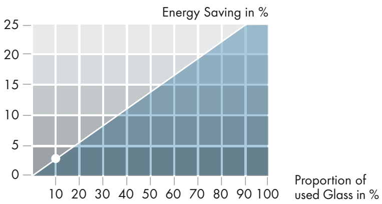
Vetropack Group is committed to the three-pillar model of sustainability and takes its economical, ecological and social responsibilities very seriously. Accordingly, sustainability is more than just a strategic paradigm for Vetropack Group; it is a fundamental attitude and therefore a key part of every management task. Devoted for a century to the production of glass packaging in all its forms, "la Verrerie de St-Prex" the glass-works where it all began for Vetropack Group, will celebrate its centennial anniversary in 2011. Sustainable thinking and action in all its aspects is a fixed component of the company's philosophy and responsibility.

Socially Committed – Right from the Start. Between 1915 and 1918 the company's founder Henri Cornaz enticed workers to migrate from Fribourg to St-Prex, where he built not only housing for them, but also a church on company grounds, so that Catholics workers from Fribourg would feel at home in Protestant St-Prex. He also ordered the construction of a community centre with a meeting hall, a small library and rooms for clubs. Nowadays such activities are regarded as sustainable "Social" conduct.

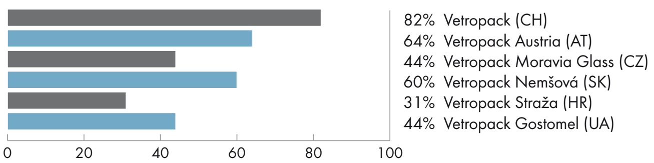
Social Responsibility Today. Espoused corporate governance; binding, transparent and clearly formulated code of conduct; comprehensive health and safety regulations; participative management style that empowers individuals in the decision-making processes; meeting employees' social requirements – irrespective of business location; these are the solid foundations of social responsibility at Vetropack.

Glass Recycling Pioneer. Already in the 1970s Vetropack established a glass recycling system in Switzerland, thereby making Vetropack Group the pioneer of glass recycling. In the six countries in which Vetropack Group has production facilities, the company operates either independently or in collaboration with other organisations to collect recycled glass and reuse it. This conscious effort to conserve raw materials is a key aspect of environmental sustainability. Moreover, the use of recycled glass saves energy in the melting process; every 10% of recycled glass saves 3% energy and 7% CO_2 emissions.

Saving Energy in Furnaces
(by Recycling Used Glass)



Cullet Ratio for Glass Production 2010
(by Group Company)



Recycling Saves Resources. Glass can be melted and reused into perpetuity without loss of quality. Vetropack Group is therefore a strong advocate of recycling – at all its locations. Today recycled glass is the most important raw material for glass production Group-wide. On average the proportion of recycled glass utilised in production at all Vetropack Glassworks is 55% – and rising.

Glass Recycling is Sustainable. Glass is a high-quality packaging material whose disposal causes no problems since it flows into the next production cycle. Consumers benefit from comprehensive glass recycling programs. Glass recycling also markedly reduces the quantity of urban waste. Last but not least, the reduced need for primary raw materials, and energy, as well as reduced air pollution and waste volumes, help mitigate the burden on the environment.

Economic Sustainability. Sustainability and long-term economic success are interdependent. For example, using energy and resources efficiently enables cost savings that are essential to survival in a competitive environment. Commercial success is a necessary prerequisite for securing financial backing for investment, investment in turn ensures that the Group can deliver quality, protect the environment and remain competitive.

Boarderless and Without End. Sustainable thinking and action within Vetropack Group knows no boarders. It is a Group-wide responsibility, a continuous process of improvement. Therefore an internal working group including employees from all production facilities was set up in 2010. This working group jointly defines subsequent steps, and is orientated towards customers' requirements, because in the role of business partner and supplier, aspects of sustainability play a central part.

Businessman Hans Staud, owner of Staud's GmbH, Austria.
A Vetropack customer for 40 years, because "there is nothing better."

Company Reports

Vetropack Ltd (Switzerland). During the 2010 fiscal year, Vetropack Ltd generated a revenue of CHF 104.0 million, unchanged compared to the previous year. Unit sales increased by 11.8% to 595.3 million units of glass packaging.

More glass packaging was sold both in Switzerland and in its export markets. In its domestic market, gratifying growth was achieved in the food sector thanks to the introduction of new products, whilst the wine, spirits and beer segments remained stable. Exports were expanded, with sales in the wine and beer segments showing strong above-average growth. Exports accounted for 21.5% of total sales. Production lines at the St-Prex facility operated at full capacity.

The unfavourable foreign exchange differential between CHF and EUR had a negative impact on the financial and operating income generated by Vetropack Ltd in 2010.

At fiscal year end Vetropack Ltd employed a workforce of 208 individuals (2009: 202).

Vetropack Switzerland

	+/–	2009	2010
Sales in CHF millions	0.0%	104.0	104.0
Unit sales in millions	11.8%	532.7	595.3
Exports in unit terms	–	13.2%	21.5%
Production in tons	1.0%	103 219	104 297

Sales by Market Segment (in unit terms)	2009	2010
Wine/spirits	34.9%	31.5%
Beer/mineral water/carbonated beverages/juice	50.3%	53.6%
Food/dairy	14.8%	14.9%

Vetropack Austria GmbH (Austria). During the 2010 fiscal year Vetropack Austria GmbH generated a revenue of EUR 156.9 million, representing a 2.3% increase on the previous year. Unit sales increased by 6.0% to 1,399.2 million units.

This positive development in sales and revenue reflects a general recovery in the macro economy. Domestic market development remained stable. Sales in many segments were up slightly on the previous year.

Once again, exports showed a slight increase compared to the previous year. Growth achieved in the beer and soft drinks segments is primarily the result of closer collaboration with major international customers. Exports accounted for

33.5% of total sales. Both of Vetropack's Austrian facilities operated at full capacity.

At fiscal year end Vetropack Austria GmbH employed a workforce of 603 individuals (2009: 608).

Vetropack Austria

	+/–	2009	2010		2009	2010
				Sales by Market Segment (in unit terms)		
Sales in EUR millions	2.3%	153.4	156.9	Wine/spirits	18.2%	18.3%
Unit sales in millions	6.0%	1 320.4	1 399.2	Beer/mineral water/carbonated beverages/juice	50.7%	51.5%
Exports in unit terms	–	32.0%	33.5%	Food/dairy	31.1%	30.2%
Production in tons	3.0%	328 209	337 938			
1 EUR = CHF		1.510	1.383			

Vetropack Moravia Glass a.s. (Czech Republic). During fiscal year 2010 Vetropack Moravia Glass a.s. generated a revenue of CZK 1,878.7 million, representing a 10.6% decrease from the previous year. Despite cyclical furnace refurbishment and the consequent loss of production, a total of 810.7 million units of glass packaging were sold, 4.5% more than in the previous year. Production lines operated at full capacity.

Domestically, market share was gained in the beer, food and wine segments, resulting in an increase in unit sales. Growth in exports is largely attributable to intensive and solution-focused collaboration with new and existing major customers. Exports accounted for 49.3% of total sales.

The investments scheduled for 2010 were implemented successfully. These included the above-mentioned total reconstruction and modernisation of a coloured-glass furnace. Furthermore, the production facilities underwent state-of-the-art renovations, including the installation of a new electrostatic precipitator filtration system.

At fiscal year end Vetropack Moravia Glass a.s. employed a workforce of 453 (2009: 450) individuals.

Vetropack Moravia Glass

	+/–	2009	2010		2009	2010
				Sales by Market Segment (in unit terms)		
Sales in CZK millions	– 10.6%	2 101.8	1 878.7	Wine/spirits	18.3%	15.1%
Unit sales in millions	4.5%	775.5	810.7	Beer/mineral water/carbonated beverages/juice	46.2%	42.5%
Exports in unit terms	–	48.9%	49.3%	Food/dairy	35.5%	42.4%
Production in tons	– 11.0%	188 876	168 020			
100 CZK = CHF		5.715	5.466			

Engineer Vladimír Darebník, Managing Director of Jan Becher-Karlovarská Becherovka a.s., the Czech Republic. A Vetropack customer for four years, because "our collaboration is characterised by courtesy, quality and impeccable service."

Franz Rieder, CEO of the Rivella Group, Switzerland. A Vetropack customer for over 40 years, because "only the best is good enough for our high-quality product."

Vetropack Nemšová s.r.o. (Slovakia). During the 2010 fiscal year Vetropack Nemšová s.r.o. generated a revenue of EUR 48.6 million, a figure which is broadly in line with the previous year (– 0.1%). 437.2 million units of glass packaging were sold, 64.2 units more than in the previous year. Production lines operated at full capacity.

Severe weather and flooding led to crop failures and a subsequent reduction in demand in the domestic market. Despite drop in sales caused by bad weather, Vetropack Nemšová s.r.o. still managed to maintain its leadership position in its domestic market. During the year under review, close working collaboration with key local customers was maintained while developing exclusive bottle designs, predominantly spirits, aimed at facilitating more effective product positioning. Export activity was also intensified, with exports accounting for an impressive 59.0% of total sales.

At fiscal year end Vetropack Nemšová s.r.o. employed a workforce of 357 individuals (2009: 361).

Vetropack Nemšová

	+/–	2009	2010		2009	2010
				Sales by Market Segment (in unit terms)		
Sales in EUR millions	– 0.1%	48.6	48.6	Wine/spirits	46.5%	40.1%
Unit sales in millions	17.2%	373.0	437.2	Beer/mineral water/carbonated beverages/juice	22.0%	29.0%
Exports in unit terms	–	48.7%	59.0%	Food/dairy	31.5%	30.9%
Production in tons	6.1%	127 536	135 312			
1 EUR = CHF		1.510	1.383			

Vetropack Straža d.d. (Croatia). Revenue generated by Vetropack Straža amounted to HRK 654.2 million, representing a 1.2% decrease from the previous year. Sales of glass packaging increased by 9.5% to 941.0 million units. Production lines operated at full capacity.

In 2009 the Croatian economy was hit particularly hard by the global economic and financial crisis. During the year under review no clear signs of recovery were apparent. Against this environment, domestic sales decreased to 29.2% of total sales. Exports as a portion of total sales increased to 70.8%, of which 49.9% went to the countries of former Yugoslavia.

During the year under review, construction of a new cross border bridge over the River Sutla was carried out. It directly links the facility with its warehouse in Slovenia, thereby escaping much longer transport routes over the official border crossing.

At fiscal year end 2010 Vetropack Straža d.d. employed a workforce of 582 individuals (2009: 580).

Vetropack Straža

	+/–	2009	2010
Sales in HRK millions	– 1.2%	662.4	654.2
Unit sales in millions	9.5%	859.6	941.0
Exports in unit terms	–	63.9%	70.8%
Production in tons	8.3%	213 866	231 571
100 HRK = CHF		20.573	18.978

	2009	2010
Sales by Market Segment (in unit terms)		
Wine/spirits	16.4%	16.5%
Beer/mineral water/carbonated beverages/juice	69.3%	67.3%
Food/dairy	14.3%	16.2%

JSC Vetropack Gostomel (Ukraine). JSC Vetropack Gostomel generated a revenue of UAH 635.0 million, thereby exceeding last year's figure by 33.6%. A total of 663.5 million units of glass packaging were sold, 120.2 million more than in the 2009 fiscal year. The domestic market accounted for 90.8% sales.

The first few months of the year continued to be characterised by the recessionary phase prevalent last year, in which competitors had to temporarily close production lines. In mid-March the market began to recover, and the reduced domestic production capacity led to surplus demand, particularly in the beer segment. This development, which was given an additional boost by the hot summer weather, ensured Vetropack's facility operated at full capacity, resulting in a 22.1% rise in sales. To cope with this high level of demand it was also necessary to reduce inventory levels.

In 2010 JSC Vetropack Gostomel successfully introduced the NNPB (Narrow Neck Press and Blow) process for non-returnable beer bottles. This production technique enables the manufacturing of lighter glass packaging without compromising safety or quality, thereby ensuring Vetropack's facility in Ukraine with a decisive technical advantage.

At year end JSC Vetropack Gostomel employed a workforce of 682 individuals (2009: 710).

Vetropack Gostomel

	+/–	2009	2010
Sales in UAH millions	33.6%	475.3	635.0
Unit sales in millions	22.1%	543.3	663.5
Exports in unit terms	–	5.0%	9.2%
Production in tons	8.9%	215 645	234 854
100 UAH = CHF		13.968	13.154

	2009	2010
Sales by Market Segment (in unit terms)		
Wine/spirits	34.0%	31.7%
Beer/mineral water/carbonated beverages/juice	65.8%	67.8%
Food/dairy	0.2%	0.5%

Franz Ehrenleitner, Managing Director of
Winzer Krems Sandgrube 13, Austria.
A Vetropack customer since 1938, because
"the comprehensive service and high quality
have left nothing to be desired for 73 years."

Master's graduate Martin Holub, Managing Director of Kláštorná s.r.o., Slovakia. A Vetropack customer for around 12 years, because "we not only appreciate the quality of the glass packaging, but also the expertise and flexibility with which new packaging ideas are implemented."

Müller + Krempel Ltd (Switzerland). Vetropack Group's Bülach-based trading house Müller + Krempel Ltd, generated a revenue of CHF 13.1 million during the 2010 fiscal year. Of this, 47.2% was generated in the retail sector, 26.2% in glass packaging for the food and beverage industry and 26.6% in glass and plastic packaging for the pharmaceutical and cosmetics industries.

All three business segments remained stable during the year under review. The highest growth in revenue was achieved in the food and beverage industry, particularly in the area of premium specialised packaging. Pharmaceuticals and cosmetics also delivered impressive growth thanks to brisk business via the online shop. Foreign competitors' aggressive pricing strategies were successfully counteracted by applying strict cost disciplines. In November 2010, Müller + Krempel's internal processes were certified in accordance with EN ISO 9001:2008.

At year end Müller + Krempel Ltd employed 15 individuals (2009: 14).

Müller + Krempel

Revenue by Market Segment	2009	2010
Retail Trade	51.1%	47.2%
Food & Beverage	23.8%	26.2%
Pharmaceutical & Cosmetics	25.1%	26.6%

Vetroconsult Ltd (Switzerland). Vetroconsult Ltd comprises three divisions: Technology, IT and Consultancy. Technology and IT services are provided exclusively to Group companies, whereas consultancy services are also provided to third parties. The company's headquarters are located in Bülach. Consultancy services for Eastern Europe are based at Vetropack Moravia Glass a.s. in the Czech Republic.

The Technology division's main activities included the planning of repairs to a coloured-glass furnace at the Kremsmünster facility in Austria, as well as the repair and commissioning of a coloured-glass furnace with an electrostatic precipitator to filtrate emissions at the Kyjov facility in the Czech Republic. An electrostatic precipitator filtration system was also installed at the Swiss facility in Saint-Prex. This emission reduction system has now been fitted in five of Vetropack's facilities. At the Straža facility in Croatia a pilot system for batch and cullet preheating was tested successfully. The future installation of such systems will make it possible to achieve significant reductions both in energy consumption and in the CO_2 emissions produced by the melting process. This is an important contribution towards improved environmental sustainability.

Within the IT division the focus was on supporting the IT infrastructure across the Group. Work also progressed on the PRISMA project, the aim of which is to standardise the IT landscape and harmonise processes across the Group.

At fiscal year end 2010 Vetroconsult Ltd employed a staff of 28 individuals (2009: 27).

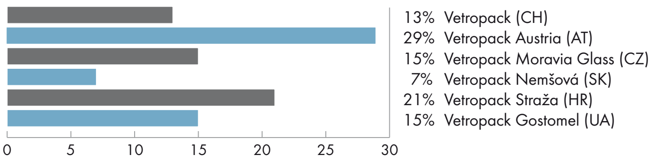
Vetroconsult

Revenue by Division	2009	2010
Technical	44.2%	45.5%
IT	53.4%	53.3%
Consultancy	2.4%	1.2%

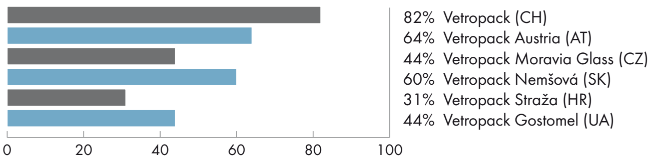
Vetropack Group

Vetropack is one of Europe's leading manufacturers of glass packaging for the food and beverage industry with group management in Bülach (Switzerland). It runs state-of-the-art production facilities, as well as sales and distribution centres 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 customers' products.

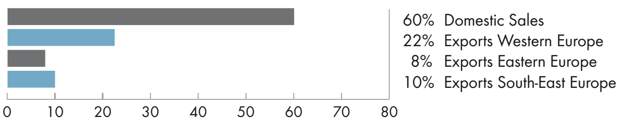
Sales by Group Company 2010
(total 4.36 billion units)



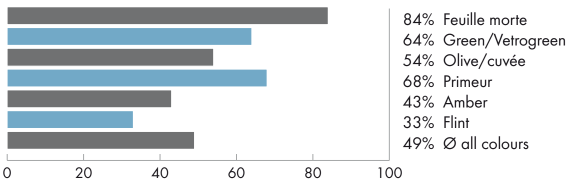
Cullet Ratio for Glass Production 2010
(by Group Company)



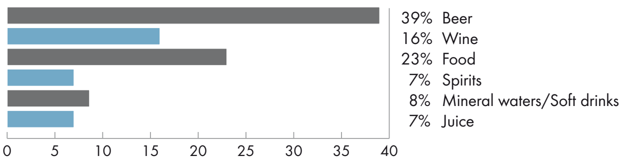
Sales by Markets 2010
(total 4.36 billion units)



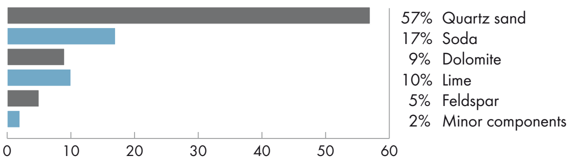
Cullet Ratio for Glass Production 2010
(by Colours)



Sales by Market Segments 2010
(total 4.36 billion units)



Primary Raw Materials Ratio 2010
(excluding Cullets)



Reinhard Vögele, Head of PPS Caves, the wine division of COOP Switzerland. A Vetropack customer for over 30 years, because "we only work with professionals who have a thorough understanding of their trade and know the market like the back of their hand."

Financial Reporting – Vetropack Group

Consolidated Balance Sheet

CHF millions	Notes	31.12.2009	31.12.2010
ASSETS			
Short-Term Assets			
Liquid assets		104.7	90.3
Marketable securities		0.0	15.1
Accounts receivables	1	102.8	92.7
Other short-term receivables	2	9.7	13.1
Inventories	3	126.4	99.5
Accruals	4	1.6	4.3
Sub Total Short-Term Assets		345.2	315.0
Long-Term Assets			
Tangible assets	5	442.7	378.1
Financial assets	6	15.3	15.1
Intangible assets	7	1.6	6.5
Sub Total Long-Term Assets		459.6	399.7
Total Assets		804.8	714.7
LIABILITIES			
Liabilities			
Short-term liabilities			
– Accounts payables		38.7	36.9
– Short-term financial debts	8	50.7	36.0
– Other short-term liabilities	9	17.8	16.6
– Deferrals	10	17.4	13.1
– Short-term provisions	11	4.3	2.9
Long-term liabilities			
– Long-term financial debts	12	59.1	28.7
– Long-term provisions	13	33.9	34.0
Sub Total Liabilities		221.9	168.2
Shareholders' Equity			
Share capital	14	21.2	21.2
Capital reserves		6.5	6.5
Own shares	15	– 8.0	– 16.3
Retained earnings		483.7	494.4
Consolidated annual profit		78.4	38.7
Sub Total Shareholders' Equity excl. Minorities		581.8	544.5
Minority interests	16	1.1	2.0
Sub Total Shareholders' Equity		582.9	546.5
Total Liabilities		804.8	714.7

Consolidated Income Statement

CHF millions	Notes	2009	2010
Gross Revenues	23	671.5	642.6
Redemptions and transport costs	24	– 43.5	– 38.0
Net Revenues		628.0	604.6
Changes in inventories		4.0	– 13.0
Other operating income	25	10.2	9.8
Income		642.2	601.4
Raw materials and supplies costs	26	– 114.3	– 101.9
Energy costs		– 131.9	– 119.8
Personnel expenses	27	– 133.7	– 131.0
Other operating expenses	28	– 104.7	– 110.2
Depreciation of tangible assets	5	– 56.2	– 53.8
Amortisation of intangible assets	7	– 0.5	– 0.5
EBIT (Earnings Before Interest and Tax)		100.9	84.2
Financial results	29	– 3.8	– 29.3
Earnings After Interest		97.1	54.9
Non-operating results*	30	0.2	0.3
Consolidated Profit Before Tax		97.3	55.2
Tax	31	– 19.0	– 15.3
Consolidated Annual Profit Before Minority Interests		78.3	39.9
Minority interest from Group companies		0.1	– 1.2
Consolidated Annual Profit		78.4	38.7

* This includes depreciation of CHF 0.5 million on non-operating real estate and buildings (2009: CHF 0.5 million).

Consolidated Cash Flow Statement

CHF millions		2009	2010
	Cash Flow from Operating Activities		
	Consolidated annual profit before minority interests	78.3	39.9
+	Asset depreciation	57.2	53.9
+/–	Loss/gain from applying/removing impairments	0.0	1.1
+/–	Loss/gain from applying the equity method	0.0	0.1
+/–	Increase/decrease in provisions	– 5.7	– 2.2
+/–	Loss/gain from disposals of tangible assets	1.7	0.1
+/–	Other changes in non-cash items	6.4	29.7
=	**Cash Flow**	137.9	122.6
+/–	Decrease/increase in accounts receivables	0.0	– 15.1
+/–	Decrease/increase in inventories	4.8	– 0.8
+/–	Decrease/increase in marketable securities	– 3.9	13.3
+/–	Decrease/increase in other receivables and accruals	0.4	– 7.9
+/–	Increase/decrease in accounts payable	– 10.6	3.8
+/–	Increase/decrease in other short-term liabilities and deferrals	– 0.6	– 2.6
=	**Cash Flow from Operating Activities**	128.0	113.3
	Cash Flow from Investment Activities		
–	Cash-out for investments in tangible assets (Note 32)	– 39.8	– 47.2
+	Cash-in from sales of tangible assets	0.8	1.2
–	Cash-out for investments in financial assets	– 1.5	0.0
–	Cash-out for acquisitions of consolidated companies	– 1.3	– 0.4
+	Cash-in from sales of financial investments	1.1	0.0
–	Cash-out for investments in intangible assets	– 0.5	– 5.4
=	**Cash Flow from Investment Activities**	– 41.2	– 51.8

CHF millions		2009	2010
	Cash Flow from Financial Activities		
+	Cash-in minorities for capital increase	1.2	0.0
–	Cash-out for dividend distribution	– 14.8	–14.7
+/–	Changes own shares	– 12.2	– 8.3
+/–	Formation/repayment of short-term financial debts	– 31.9	– 9.3
+/–	Formation/repayment of long-term financial debts	0.6	– 26.7
=	**Cash Flow from Financial Activities**	– 57.1	– 59.0
	Foreign Exchange Differentials	– 0.5	– 16.9
	Changes in Liquid Assets	29.2	– 14.4
	Liquid assets as per 1.1.	75.5	104.7
	Liquid assets as per 31.12.	104.7	90.3
	Changes in Liquid Assets	29.2	– 14.4
	Cash-in from interest	2.5	1.9
	Cash-in from financial investments	0.0	0.0
	Cash-out for interest	– 5.0	– 2.2
	Cash-out for income taxes	– 13.7	– 17.1

Changes in Consolidated Shareholders' Equity

CHF millions

	Share Capital	Capital Reserves (Agio)	Retained Earnings	Own Shares	Sub Total excl. Minority Share Interests	Minority Share Interests	Sub Total incl. Minority Share Interests
Shareholders' Equity as per 1.1.2008	21.4	6.5	476.9	0.0	504.8	9.2	514.0
Purchase of own shares					0.0		0.0
Capital decrease					0.0		0.0
Capital increase					0.0		0.0
Acquisition of minority interests					0.0		0.0
Annual profit			78.5		78.5	– 7.9	70.6
Foreign exchange differentials			– 36.7		– 36.7	– 0.9	– 37.6
Dividends			– 15.0		– 15.0		– 15.0
Shareholders' Equity as per 31.12.2008	21.4	6.5	503.7	0.0	531.6	0.4	532.0
Purchase of own shares				– 12.2	– 12.2		– 12.2
Capital decrease	– 0.2		– 4.0	4.2	0.0		0.0
Capital increase					0.0	1.2	1.2
Acquisition of minority interests			– 0.9		– 0.9	– 0.3	– 1.2
Annual profit			78.4		78.4	– 0.1	78.3
Foreign exchange differentials			– 0.3		– 0.3	– 0.1	– 0.4
Dividends			– 14.8		– 14.8		– 14.8
Shareholders' Equity as per 31.12.2009	21.2	6.5	562.1	– 8.0	581.8	1.1	582.9
Purchase of own shares				– 8.3	– 8.3		– 8.3
Capital increase					0.0		0.0
Capital decrease					0.0		0.0
Acquisition of minority interests			– 0.3		– 0.3	– 0.1	– 0.4
Annual profit			38.7		38.7	1.2	39.9
Foreign exchange differentials			– 52.7		– 52.7	– 0.2	– 52.9
Dividends			– 14.7		– 14.7		– 14.7
Shareholders' Equity as per 31.12.2010	21.2	6.5	533.1	– 16.3	544.5	2.0	546.5

The legally non-distributable reserves of Vetropack Holding Ltd amount to CHF 4.2 million (2009: CHF 4.2 million).

Master's graduate Karl Schwarz, Managing Director of Zwettl private brewery, Austria. A Vetropack customer since the early 1950s, because "we speak the same language, which has turned our business relationship into a genuine partnership."

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 financial statements for the year and are prepared in accordance with applicable national laws of each of the companies concerned. They are then converted in accordance with internal Group valuation and formatting principles. 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 accounting prescriptions set out in regulations for companies listed on the Swiss Stock Exchange.

Consolidated financial statements were approved by the Board of Directors during their meeting on 21st March 2011.

Consolidation Scope

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, "Full Consolidation Method" is applied, i.e. assets, liabilities, expenses and incomes of 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 Group accounts, and are carried out according to the "Equity Method". The Group's percentage share of net assets is reported in the balance sheet under Financial Assets. 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.

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

Capital Consolidation

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

Foreign Exchange (FX) Differentials

Financial statements produced by foreign companies within the Group in their respective currencies are converted into Swiss francs as follows:

- Balance sheet figures are converted according to the exchange rate valid at year end.
- Income statement figures are converted according to the average annual exchange rate.
- 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. Exchange rate 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	
	2009	2010	2009	2010
EUR	1.51004	1.38303	1.48770	1.24750
CZK	0.05715	0.05466	0.05606	0.04943
HRK	0.20573	0.18978	0.20369	0.16891
UAH	0.13968	0.13154	0.12995	0.11799

Valuation Principles

Financial statements for individual companies are consolidated into the Group's financial statements, and valued in accordance with uniform principles 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.

Receivables

Receivables are valued at their nominal rate. Value adjustments are carried out for identifiable individual risks. Experienced based country-specific value adjustments (2% to 15%) are applied to other risks.

Inventories

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 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.

Tangible Assets

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:

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

Assets of insubstantial value are directly expensed in the income statement upon acquisition. Intermediate profits arising from intra-Group asset transfers are eliminated.

Leasing

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 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.

Financial Assets

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.

Intangible Assets

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.

Licences, patents, brands	5 years
Software	3 – 5 years
Other intangible assets	5 years

Assets of insubstantial value are directly expensed in the income statement upon acquisition.

Asset Impairment

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.

Liabilities

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.

Provisions

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.

Taxes

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.

Derivative Financial Instruments

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.

Lana Pintarić and Neven Sitar, Product Manager and Marketing Manager of Podravka d.d., Croatia. A Vetropack customer since 1934, because "glass packaging offers added value and that matches our products."

Notes

1. Accounts Receivables

CHF millions	31.12.2009	31.12.2010
Gross receivables	119.7	103.1
Value adjustments	– 16.9	– 10.4
Net receivables	102.8	92.7

2. Other Short-Term Receivables

CHF millions	31.12.2009	31.12.2010
Receivables from subsidies	0.0	5.0
VAT (value added tax) credit	4.1	3.5
Withholding tax credit	2.6	2.3
Other short-term receivables	3.0	2.3
Total	9.7	13.1

3. Inventories

CHF millions	31.12.2009	31.12.2010
Raw materials	13.3	12.8
Materials and supplies	28.0	25.0
Work-in-progress	0.9	0.8
Finished goods, merchandise	109.9	83.5
Advance payments	0.2	0.1
Value adjustments	– 25.9	– 22.7
Total	126.4	99.5

4. Accruals

CHF millions	31.12.2009	31.12.2010
Ongoing income tax (credit)	0.0	3.6
Other active accruals	1.6	0.7
Total	1.6	4.3

5. 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 1.1.2009	88.4	277.2	728.5	38.9	16.3	1 149.3
Additions		5.4	23.4	2.2	8.8	39.8
Disposals	– 21.4	– 4.0	– 19.4	– 2.5		– 47.3
Reclassifications		8.3	7.9	0.6	– 17.1	– 0.3
Foreign exchange differentials		– 0.8	– 2.1	0.0	– 0.1	– 3.0
As per 1.1.2010	67.0	286.1	738.3	39.2	7.9	1 138.5
Additions		5.5	29.3	2.4	10.0	47.2
Disposals	– 1.8	– 1.1	– 10.6	– 1.1		–14.6
Reclassifications	0.4	0.9	6.4	– 0.1	– 7.6	0.0
Foreign exchange differentials	– 0.5	– 36.0	– 100.2	– 4.4	– 0.8	– 141.9
As per 31.12.2010	65.1	255.4	663.2	36.0	9.5	1 029.2
Accumulated Depreciation						
As per 1.1.2009	68.7	149.4	433.1	32.9	0.0	684.1
Ordinary depreciations 2009	0.5	8.4	45.3	2.5		56.7
Disposals	– 20.9	– 4.0	– 17.4	– 2.5		– 44.8
Reclassifications			– 0.2	0.2		0.0
Asset impairments						0.0
Foreign exchange differentials	– 0.1		– 0.1			– 0.2
As per 1.1.2010	48.2	153.8	460.7	33.1	0.0	695.8
Ordinary depreciations 2010	0.5	8.1	42.3	2.4		53.3
Disposals	– 0.6	– 1.2	– 10.6	– 0.9		– 13.3
Reclassifications				– 1.2	1.2	0.0
Asset impairments***		0.2	0.9			1.1
Foreign exchange differentials		– 19.3	– 62.7	– 3.8		– 85.8
As per 31.12.2010	48.1	141.6	430.6	29.6	1.2	651.1
Book Value						
As per 1.1.2010	18.8	132.3	277.6	6.1	7.9	442.7
As per 31.12.2010	**17.0	113.8	*232.6	6.4	8.3	378.1

* This includes financial leases of CHF 0.1 million (2009: CHF 0.2 million).

** This includes vacant real estate plots valued at CHF 6.3 million (2009: CHF 4.6 million).

*** These impairments concern the overstated useful life of obsolete buildings and production facilities.

As per 31.12.2010 payments on assets under construction amounted to CHF 3.2 million (2009: CHF 1.5 million).

6. Financial Assets

CHF millions	Note	31.12.2009	31.12.2010
Employer's contribution reserves	22	9.9	9.3
Assets from pension funds		0.8	0.8
Deferred taxes		2.1	3.0
Marketable securities		1.5	1.2
Participations in associated companies		0.7	0.5
Other financial investments		0.3	0.3
Total		15.3	15.1

7. Intangible Assets

CHF millions	Licences	Patents	Brands	Software	Other Intangible Assets	Total
Acquisition Value						
As per 1.1.2010	0.0	0.0	0.0	5.2	1.4	6.6
Additions				0.5	4.9	5.4
Disposals				– 0.3		– 0.3
Reclassifications						0.0
Foreign exchange differentials				– 0.2	– 0.1	– 0.3
As per 31.12.2010	0.0	0.0	0.0	5.2	6.2	11.4
Accumulated Amortisation						
As per 1.1.2010	0.0	0.0	0.0	3.7	1.3	5.0
Ordinary amortisations 2010				0.5		0.5
Disposals				– 0.2		– 0.2
Reclassifications						0.0
Asset impairments						0.0
Foreign exchange differentials				– 0.3	– 0.1	– 0.4
As per 31.12.2010	0.0	0.0	0.0	3.7	1.2	4.9
Book Value						
As per 1.1.2010	0.0	0.0	0.0	1.5	0.1	1.6
As per 31.12.2010	0.0	0.0	0.0	1.5	5.0	6.5

In the framework of an ongoing group-wide IT project, internal labour in the sum of CHF 1.0 million (2009: CHF 0.0 million) was booked under the other intangible assets category.

The effects of a theoretically adding goodwill of CHF 39.3 million in 2006 to the balance sheet and amortising it over a period of five years would produce shareholders' equity of CHF 547.8 million as per 31.12.2010 (2009: CHF 592.1 million), and annual profit of CHF 30.9 million (2009: CHF 70.5 million). There is no impairment.

8. Short-Term Financial Debts

CHF millions	31.12.2009	31.12.2010
Credits and loans	50.5	35.9
Short-term leasing	0.2	0.1
Total	50.7	36.0

9. Other Short-Term Liabilities

CHF millions	31.12.2009	31.12.2010
Prepaid recycling fees	5.6	5.3
Advance payments	1.3	1.3
Liabilities to employees	4.3	3.5
Other short-term liabilities	6.6	6.5
Total	17.8	16.6

10. Deferrals

CHF millions	31.12.2009	31.12.2010
Ongoing liable income taxes	5.6	0.6
Unclaimed vacations and overtime compensations	4.1	4.4
Other deferrals	7.7	8.1
Total	17.4	13.1

11. Short-Term Provisions

CHF millions					
	Service Anniversaries	Legal Proceedings	Guarantee Warranty	Other	Total
As per 1.1.2010	0.4	0.9	1.2	1.8	4.3
Reclassifications					0.0
Formations	0.1		0.5	1.8	2.4
Liquidations		– 0.4	– 0.1	– 0.6	– 1.1
Utilisations			– 1.0	– 1.1	– 2.1
Foreign exchange differentials	– 0.1	– 0.1	– 0.1	– 0.3	– 0.6
As per 31.12.2010	0.4	0.4	0.5	*1.6	2.9

* The redevelopment of the Bülach site amounting to CHF 0.1 million (2009: 0.1 million) was booked under the category Other Short-Term Provisions.

12. Long-Term Financial Debts

CHF millions	31.12.2009	31.12.2010
Credits and loans	59.0	28.7
Long-term leasing	0.1	0.0
Total	59.1	28.7

These long-term debts are due for repayment as follows:

CHF millions	31.12.2009	31.12.2010
Residual period		
– 1 to 2 years	25.8	16.4
– 3 to 5 years	27.9	6.9
– > 5 years	5.4	5.4
Total	59.1	28.7

The credits are bound to the financial covenants of their loan agreements. These were complied with during the entire reporting period.

13. Long-Term Provisions

CHF millions	Deferred Taxes	Service Anniversaries	Pensions	Other	Total
As per 1.1.2010	16.7	5.1	11.2	0.9	33.9
Reclassifications					0.0
Formations	3.5	0.4	0.6	0.4	4.9
Liquidations	– 0.2				– 0.2
Utilisations				– 0.3	– 0.3
Foreign exchange differentials	– 1.5	– 0.7	– 1.8	– 0.3	– 4.3
As per 31.12.2010	18.5	4.8	10.0	0.7	34.0

Deferred Taxes: As per fiscal year end losses carried forward stood at CHF 16.9 million (2009: CHF 10.6 million). Losses of CHF 3.4 million carried forward were included in calculating latent taxes (2009: CHF 0.0 million). The country-specific tax rates used in calculating deferred taxes range from 3.8% to 25.0% (2009: 3.8% to 25.0%).

Service Anniversaries: Provisions are formed in respect to remuneration for long service to the company as defined in the Employment Regulations. These provisions, which take into account country-specific corrective factors for the staff turnover, were discounted between 4% and 11% as per balance sheet date.

14. Share Capital

The share capital is structured as follows:

CHF millions	Issued	31.12.2009	31.12.2010
Bearer shares, CHF 50 nominal value (Issued & paid in full)	248 143	12.4	12.4
Registered shares, CHF 10 nominal value (Issued & paid in full)	880 000	8.8	8.8
Total		21.2	21.2

The bearer shares (Security no. 622 761) are listed on the SIX Swiss Exchange, Domestic Standard, with a year end closing price of CHF 1,775.00 (2009: CHF 1,730.00). Their total capitalisation equalled CHF 752.9 million (2009: CHF 733.8 million). Each registered and bearer share holds one voting right.

Major shareholders with > 3% of voting rights	31.12.2009	31.12.2010
Cornaz AG-Holding	63.7%	63.8%
Elisabeth Leon-Cornaz	5.0%	5.0%
La Licorne Holding SA	4.5%	4.5%
Paul-Henri Cornaz	3.6%	3.6%
Total	76.8%	76.9%

15. Own Shares

During the year under review Vetropack Holding Ltd repurchased 4,727 of its own bearer shares (2009: 8,370), with a nominal value of CHF 50.00 each, for an average price of CHF 1,748.12 (2009: CHF 1,453,80). As per 31.12. 2010 Vetropack Holding AG held 9,802 of its own bearer shares (2009: 5,075).

16. Minority Interests

The proportion of shareholders' equity held by minority shareholders of JSC Vetropack Gostomel equals 16.5% (2009: 17.2%).

17. Fire Insurance

Tangible assets are insured at their replacement value as follows:

CHF millions	31.12.2009	31.12.2010
Buildings	488.0	447.5
Furnaces, machinery and equipment, vehicles and furniture	1 320.7	1 223.5
Total	1 808.7	1 671.0

18. Off Balance Sheet Transactions

CHF millions	31.12.2009	31.12.2010
Recourse from drafts	5.8	5.0
Off balance sheet leasing	0.8	1.0
Other off balance sheet liabilities	2.4	0.0
Total	9.0	6.0

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	31.12.2009	31.12.2010
Maturity		
– 1 to 2 years	0.3	0.3
– 3 to 5 years	0.5	0.7
– > 5 years	0.0	0.0
Total	0.8	1.0

19. Pledged Assets

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

CHF millions	31.12.2009	31.12.2010
Accounts receivables	12.8	11.4
Marketable securities	0.8	0.8
Real estate	10.3	10.0
Total	23.9	22.2

20. Derivative Financial Instruments

CHF millions	Purpose	31.12.2009	Purpose	31.12.2010
Interest Instruments				
Positive value		–		–
Negative value		–		–
Currency Instruments				
Positive value		–		–
Negative value		–		–
Shareholders' Equity Instruments				
Positive value	Other	–		–
Negative value	Other	–		–
Other Financial Instruments				
Positive value		–		–
Negative value	*Hedging	0.0		–

* The Hedging relates to energy supplies.

21. Transactions with Closely Associated Persons

CHF millions	31.12.2009	31.12.2010
Pension Funds		
Accounts receivables	0.0	0.0
Accounts payables	1.8	0.8
Interest expenses	– 0.1	0.0
Associated Companies		
Accounts receivables	0.0	0.0
Accounts payables	0.8	0.5
Service income	0.0	0.0
Equity income	0.1	0.0
Glass culets purchasing expenses	– 5.2	– 5.8
Maintenance and repairs expenses	– 0.8	– 0.5
Other service expenses	– 0.2	– 0.1
Other Closely Associated Persons		
Accounts receivables	0.0	0.0
Accounts payables	0.1	0.2
Distribution income	0.8	0.1
Packaging material expenses	– 0.6	0.0
Distribution expenses	– 0.2	– 1.0
Service expenses	– 0.1	– 0.1
Interest expenses	0.0	0.0
Tangible assets sales	0.0	0.0

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 that 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.

22. Pension Fund

There exist various pension schemes within the Group, which are based on regulations of their respective countries. 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	2009	2010
Nominal value 31.12.	13.4	12.6
Utilisation waiver 31.12.	0.0	0.0
Other value adjustments 31.12.	0.0	0.0
Discounting effects 31.12	– 3.5	– 3.3
Book value 31.12.	9.9	9.3
Changes	– 0.4	– 0.6

CHF millions	2009	2010
Key influential factors		
– Interest effect incl. change in discount rate	0.6	0.4
– Utilisation and other effects	– 1.0	– 1.0
Total Change in Employer's Contribution Reserves	– 0.4	– 0.6

Assets and Liabilities from Pension Funds

CHF millions	Company Sponsored Pension Funds	Pension Funds with Excess Deficiency Cover	Pension Funds without Own Assets	Total
Excess / deficiency cover 31.12.2010	7.5	0.0	0.0	7.5
Economic utilisation / liabilities 31.12.2009	0.0	0.0	– 10.5	– 10.5
Economic utilisation / liabilities 31.12.2010	0.0	0.0	– 9.2	– 9.2
Changes 2010	0.0	0.0	– 1.3	– 1.3
Contributions restricted to 2010	0.6	2.1	0.1	2.8
Pension expenses 2009	0.4	2.1	– 0.1	2.4
Pension expenses 2010	0.6	2.1	– 1.3	1.4

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

CHF millions	2009	2010
Key influential factors		
– Changes in employer's contribution reserves	0.4	0.6
– Changes in economic utilisation / liabilities	– 0.1	– 1.3
– Pension fund contributions	2.1	2.1
Total Pension Fund Expenses	2.4	1.4

23. Gross Revenue

Consolidated revenue decreased 4.3% below the previous year. Foreign exchange differentials account for a decrease of 6.1%. Therefore real organic revenue growth amounts to 1.8%. Vetropack Group consists of two business areas: glass packaging and speciality & pharmaceutical glass.

Revenue Breakdown

	Change			
CHF millions	Previous Year	Current Year	2009	2010
Glass Packaging				
– Switzerland	– 4.3%	– 1.8%	101.3	99.5
– Austria	– 4.1%	– 7.9%	211.4	194.7
– Czech Republic	– 12.7%	– 12.5%	99.4	87.0
– Croatia	– 11.6%	– 9.5%	132.3	119.7
– Slovakia	– 21.1%	– 6.9%	49.1	45.7
– Ukraine	– 23.5%	26.9%	65.5	83.1
Specialty & Pharmaceutical Glass	– 5.3%	3.2%	12.5	12.9
Total	– 10.7%	– 4.3%	671.5	642.6

24. Redemptions and Transport Costs

CHF millions	2009	2010
Transport costs	34.2	35.3
Discounts, deductions and commissions	6.0	5.7
Change in value adjustments for accounts receivables	2.7	– 4.2
Other redemptions	0.6	1.2
Total	43.5	38.0

25. Other Operating Income

CHF millions	2009	2010
Materials and energy sales	3.0	4.2
Ancillary services	2.7	1.6
Real estate management income	1.3	1.1
Internally produced additions to plant and equipment	0.3	1.1
Other income	2.9	1.8
Total	10.2	9.8

26. Cost of Raw Materials and Merchandise

CHF millions	2009	2010
Raw materials	104.3	91.6
Merchandise	10.0	10.3
Total	114.3	101.9

27. Personnel Expenses

CHF millions	2009	2010
Wages and salaries	103.7	101.3
Social benefits	26.1	25.7
Other personnel expenses	3.9	4.0
Total	133.7	131.0

Employee Headcount	Change			
	Previous Year	Current Year	31.12.2009	31.12.2010
Switzerland	0.7%	2.1%	287	293
Austria	– 2.2%	– 0.7%	611	607
Czech Republic	2.3%	0.7%	450	453
Croatia	– 2.2%	0.3%	581	583
Slovakia	– 2.2%	– 1.1%	361	357
Ukraine	– 4.4%	– 3.9%	710	682
Total	– 1.8%	– 0.8%	3 000	2 975

28. Other Operating Expenses

CHF millions	2009	2010
Maintenance and repairs	26.1	27.3
Moulds	16.8	18.8
Packaging material	25.1	27.9
Other administrative and operating expenses	36.7	36.2
Total	104.7	110.2

29. Financial Results

CHF millions	2009	2010
Interest income	2.0	2.2
Interest expenses	– 3.8	– 1.8
Currency income*	– 2.9	– 30.1
Results from associated companies	0.0	– 0.1
Other financial income	0.9	0.5
Total	– 3.8	– 29.3

* Currency income mainly includes currency losses of CHF 32.2 million on liquid assets and internal Group loans that remained unrealised during the year under review (2009: CHF 7.9 million).

30. Non-Operating Results

CHF millions	2009	2010
Non-operating real estate income	2.7	2.6
Profit/loss from sale of non-operating real estate	– 0.1	– 0.2
Non-operating real estate expenses	– 2.0	– 1.8
Non-operating real estate depreciation / impairments	– 0.5	– 0.5
Other non-operating income	0.1	0.2
Total	0.2	0.3

31. Taxes

CHF millions	2009	2010
Ongoing income taxes	18.3	13.2
Deferred taxes	0.7	2.1
Total	19.0	15.3

32. Investments

Investment Breakdown

CHF millions	2009	2010
Switzerland	3.2	4.4
Austria	10.9	5.0
Czech Republic	5.4	26.7
Croatia	9.7	3.1
Slovakia	5.7	3.6
Ukraine	2.1	2.9
Slovenia	2.8	1.5
Total	39.8	47.2

Ownership Structure

- Vetropack Holding Ltd, St-Prex (CH) — Share Capital CHF 21 207 150
  - Vetropack Ltd, St-Prex (CH) — Share Capital CHF 8 000 000
  - Müller+Krempel Ltd, Bülach (CH) — Share Capital CHF 1 000 000
  - Vetropack Austria Holding Ltd, Pöchlarn (AT) — Share Capital EUR 10 905 000
    - Vetropack Austria GmbH, Pöchlarn (AT) — Joint Stock EUR 8 725 000
    - Vetropack Moravia Glass a.s., Kyjov (CZ) — Share Capital CZK 800 000 000
    - 40% Vetropack Nemšová s.r.o., Nemšová (SK)
    - 84% JSC Vetropack Gostomel, Gostomel (UA) — Share Capital UAH 55 500 000
  - Vetroconsult Ltd, Bülach (CH) — Share Capital CHF 1 000 000
  - Vetroreal Ltd, St-Prex (CH) — Share Capital CHF 500 000
  - Vetropack Straža d.d., Hum na Sutli (HR) — Share Capital HRK 138 860 000
    - Steklodepo d.o.o., Rogatec (SI) — Share Capital EUR 1 108 763
  - 60% Vetropack Nemšová s.r.o., Nemšová (SK) — Joint Stock EUR 16 596 960

Company Participations

Company	Domicile	Currency	Share Capital	% Share	Consolidation	Owner
Switzerland						
Vetropack Holding Ltd	St-Prex	CHF	21 207 150		K	Public
Vetropack Ltd	St-Prex	CHF	8 000 000	100	K	VPH
Vetroconsult Ltd	Bülach	CHF	1 000 000	100	K	VPH
Vetro-Recycling Ltd	Bülach	CHF	100 000	100	K	VPH
Müller + Krempel Ltd	Bülach	CHF	1 000 000	100	K	VPH
Vetroreal Ltd	St-Prex	CHF	500 000	100	K	VPH
GVZ GlasVerbundZukunft AG*	Dagmersellen	CHF	140 000	20	E	VPS
Austria						
Vetropack Austria Holding AG	Pöchlarn	EUR	10 905 000	100	K	VPH
Vetropack Austria GmbH	Pöchlarn	EUR	8 725 000	100	K	VAH
Austria Glas Recycling Ges.m.b.H.	Vienna	EUR	50 000	50	E	VPA
Czech Republic						
Vetropack Moravia Glass a.s.	Kyjov	CZK	800 000 000	100	K	VAH
Croatia						
Vetropack Straža d.d.	Hum na Sutli	HRK	138 860 000	100	K	VPH
Straža-Imo d.o.o.	Hum na Sutli	HRK	855 031	25.1	E	VST
Slovenia						
Steklodepo d.o.o.	Rogatec	EUR	1 108 763	100	K	VST
Slovakia						
Vetropack Nemšová s.r.o.	Nemšová	EUR	16 596 960	60/40	K	VPH/VAH
Ukraine						
JSC Vetropack Gostomel	Gostomel	UAH	55 500 000	83.5 **	K	VAH

* *During the year under review, GVZ Glasverbund Zentralschweiz AG was renamed GVZ GlasVerbundZukunft AG.*

** *During the year under review the Group's stake in JSC Vetropack Gostomel increased from 82.8% to 83.5%.*

K = Fully consolidated companies
E = Equity method

VPH = Vetropack Holding Ltd
VAH = Vetropack Austria Holding AG
VPA = Vetropack Austria GmbH
VST = Vetropack Straža d.d.

As per 31st December 2010

Engineer Martin Jagoš, CEO of Hamé s.r.o., Czech Republic. A Vetropack customer for 20 years, because "Hamé cannot do without high-quality glass packaging."

Report of the Statutory Auditor on the Consolidated Financial Statements

To the General Meeting of Vetropack Holding Ltd, St-Prex. As statutory auditor, we have audited the consolidated financial statements of Vetropack Holding Ltd, which comprise the balance sheet, income statement, cash flow statement, statement of changes in equity and notes (Pages 24 to 49), for the year ended 31st December 2010.

Board of Directors' Responsibility. The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Swiss GAAP FER and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion. In our opinion, the consolidated financial statements for the year ended 31st December 2010 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

Report on Other Legal Requirements. We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence. In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

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

Zurich, 21st March 2011, Ernst & Young Ltd

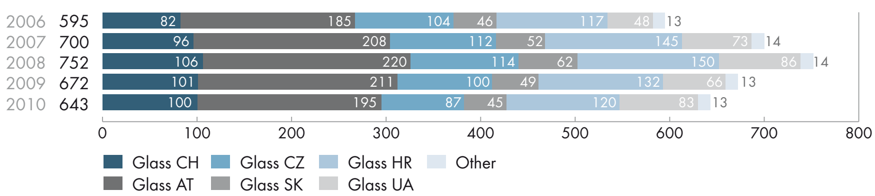
Markus Oppliger Licensed audit expert (Auditor in charge)	Christian Krämer Licensed audit expert

Five Year Overview

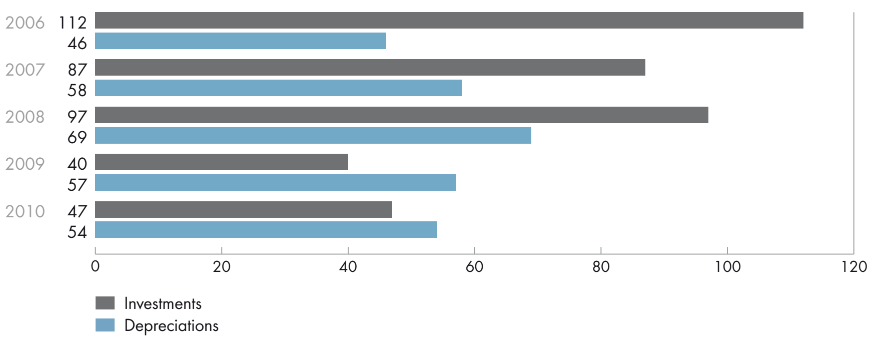
		2006	2007	2008	2009	2010
Consolidated Income Statement						
Revenue	CHF millions	594.7	699.6	752.0	617.5	642.6
Change from previous year	%	14.4	17.6	7.5	– 10.7	– 4.3
Number of employees	Positions	3 137	3 099	3 056	3 000	2 975
Revenue per employee	TCHF	190	226	246.0	224.0	216.0
Cash flow	CHF millions	97.2	156.0	150.0	137.9	122.6
Cash flow as % of gross revenue	%	16.3	22.3	19.9	20.5	19.1
Depreciations/Impairments on tangible assets*	CHF millions	46.3	57.7	69.0	56.7	54.4
Taxes	CHF millions	17.9	23.5	18.0	19.0	15.3
Net profit	CHF millions	43.2	100.9	78.5	78.4	38.7
Consolidated Balance Sheet as per 31.12.2010						
Investments in tangible assets	CHF millions	112.4	86.9	96.6	39.8	47.2
Total assets	CHF millions	750.3	859.6	801.5	804.8	714.7
Short-term assets	CHF millions	257.9	333.8	319.4	345.2	315.0
Long-term assets	CHF millions	492.4	525.8	482.1	459.6	399.7
Liabilities	CHF millions	341.5	345.6	269.5	221.9	168.2
Shareholders' equity	CHF millions	408.8	514.0	532.0	582.9	546.5
Gearing ratio	%	54.5	59.8	66.4	72.4	76.5

*This includes amortisation on non-operating real estate and buildings.

Consolidated Revenues 2006 – 2010 in CHF millions



Investments and Depreciations 2006 – 2010 in CHF millions



Darko Cesarec, Marketing Director of Jamnica d.d., Croatia. A Vetropack customer for over a century, because "Vetropack always fully satisfies our requirements as a market leader."

Financial Reporting – Vetropack Holding Ltd

Balance Sheet

CHF millions	Notes	31.12.2009	31.12.2010
ASSETS			
Short-Term Assets			
Liquid assets		37.7	55.8
Accounts receivables from Group companies		55.6	80.6
Other receivables	1	0.5	0.5
Sub Total Short-Term Assets		93.8	136.9
Long-Term Assets			
Tangible assets		0.4	0.4
Participations	2	66.9	73.8
Loans to Group companies		87.2	73.5
Sub Total Long-Term Assets		154.5	147.7
Total Assets		248.3	284.6
LIABILITIES			
Liabilities			
Short-Term Liabilities			
– Financial debts		0.0	11.0
– Accounts payable to third parties	3	5.3	4.0
– Accounts payable to Group companies		0.9	2.9
– Provisions		2.2	0.1
Long-Term Liabilities			
– Financial debts		0.0	0.0
– Provisions		0.1	0.1
Sub Total Liabilities		8.5	18.1
Shareholders' Equity			
Share capital	4	21.2	21.2
General legal reserves		28.6	28.6
Legal reserves from capital investments	5	0.0	4.0
Reserves for own shares		8.0	16.3
Free reserves		76.5	98.2
Profits			
– Retained earnings brought forward from previous year		37.0	60.7
– Annual profit		68.5	37.5
Sub Total Shareholders' Equity		239.8	266.5
Total Liabilities		248.3	284.6

Income Statement

CHF millions	Notes	2009	2010
Income			
Dividends and other income from Group companies	6	79.9	64.3
Interest and financial income		4.1	4.5
Other income		1.3	0.5
Total Income		85.3	69.3
Expenses			
Personnel expenses	7	7.8	7.2
Interest and financial expenses	8	1.4	21.3
Provisions and depreciation	9	0.1	– 2.8
Other operating expenses		5.4	6.0
Income taxes		2.1	0.1
Total Expenses		16.8	31.8
Annual Profit		68.5	37.5

Remarks Concerning Closing Figures

1. Other Receivables

CHF millions	31.12.2009	31.12.2010
Reclaimable tax payments	0.21	0.23
Accruals	0.25	0.24
Other receivables	0.05	0.05
Total	0.51	0.52

2. Participations

For details concerning the listing of Vetropack Holding Ltd's direct or indirect shareholdings refer to page 49. The increase of CHF 6.9 million is primarily due to the effects described in notes five and nine.

3. Accounts Payable to Third Parties

in Mio. CHF	31.12.2009	31.12.2010
Suppliers	0.95	0.83
Deferrals	0.95	0.71
Other liabilities	3.43	2.45
Total	5.33	3.99

4. *Share Capital*	No shares were cancelled during the year under review (2009: 3,295 shares). Share capital currently stands at CHF 21.2 million. For details concerning this position refer to note 14 of Vetropack Group's financial statements.
5. *Legal Reserves from Capital Investments*	These reserves arise from a previous capital increase. As of this year, the position is stated separately as legal reserves. The capital increase was previously offset against a participation impairment of CHF 4.0 million. During the year under review, this transaction was reversed.
6. *Dividends and Other Income from Group Companies*	In addition to dividend income from subsidiaries this position also contains income generated from brand licences, as well as from services rendered by the Holding company.
7. *Personnel Expenses*	As per 31.12.2010 Vetropack Holding Ltd employed 30 individuals (2009: 36).
8. *Interest and Financial Expenses*	This position contains unrealised currency losses on intercompany loans and cash holdings amounting to CHF 17.2 million (2009: 2.4 million).
9. *Provisions and Depreciation*	This position contains a liquidation of value adjustments no longer required on participations in the amount of CHF 3.0 million (2009: CHF 0.0 million).

Additional Information

10. *Liabilities Against Pension Funds*	As per 31.12.2010 liabilities amounted to CHF 0.8 million (2009: 1.8 Mio.)
11. *Hidden Reserves*	During the year under review, hidden reserves of CHF 2.9 million were utilised.
12. *Own Shares*	For details regarding own shares refer to note 15 of Vetropack Group's financial statements.
13. *Fire Insurance Value*	The value of fixed assets insured against fire equalled CHF 1.1 million (2009: CHF 1.1 million).
14. *Contingent Liabilities*	In order to guarantee bank credits made to foreign subsidiaries, letters of comfort in the amount of CHF 52.5 million were signed (2009: CHF 88.2 million).
15. *Risk Assessment*	The risk assessment was carried out at Group level. For the definition of principle of risk assessment, please refer to Corporate Governance section.

16. *Joint Liability*

In the framework of VAT group taxation, all affiliated Swiss companies within the Vetropack Group are solitarily liable for total debt owed to the federal tax authorities.

17. *Disclosure in Accordance with Swiss Obligations Code 663 b^bis^*

For information concerning the process by which remuneration levels are defined refer to the Corporate Governance section.

Board of Directors' (BoD) Remuneration

Only cash benefits were paid to members of the BoD in 2010. During the year under review, no shares, options, loans, additional fees and emoluments, severance payments nor remuneration of any other kind were disbursed neither to members of the BoD, former members of the BoD, nor persons closely associated with them.

in CHF	Cash	Social Security Contributions	FAK/Administrative Costs	Total Social Security Contributions	Total
2009 BoD Remuneration					
Hans R. Rüegg, Chairman	111 762	6 761	1 308	8 069	119 831
Richard Fritschi, Vice-Chairman	79 830	4 830	934	5 764	85 594
Claude R. Cornaz, CEO	52 659	2 659	616	3 275	55 934
Pascal Cornaz, Board Member	53 220	3 220	622	3 842	57 062
Werner Degen, Board Member	51 766	1 766	409	2 175	53 941
Rudolf W. Fischer, Board Member	53 220	3 220	622	3 842	57 062
Jean-Philippe Rochat, Board Member	53 220	3 220	622	3 842	57 062
Total	455 677	25 676	5 133	30 809	486 486
2010 BoD Remuneration					
Hans R. Rüegg, Chairman	111 907	6 820	1 337	8 157	120 064
Richard Fritschi, Vice-Chairman	80 000	5 000	968	5 968	85 968
Claude R. Cornaz, CEO	52 770	2 718	639	3 357	56 127
Pascal Cornaz, Board Member	53 333	3 333	645	3 978	57 311
Werner Degen, Board Member	51 803	1 803	424	2 227	54 030
Rudolf W. Fischer, Board Member	53 333	3 333	645	3 978	57 311
Jean-Philippe Rochat, Board Member	53 333	3 333	645	3 978	57 311
Total	456 479	26 340	5 303	31 643	488 122

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 were disbursed neither to members of the MB, former members of the MB, nor persons closely associated with them.

in CHF	Basic Salary	Bonus	Pension Social Security Contributions	Payments in Kind	Total
2009 MB Remuneration					
Total for MB	1 954 533	950 651	674 287	53 043	3 632 514
Highest level of remuneration**	600 600	247 470	201 899	4 282	1 054 251
2010 MB Remuneration					
Total for MB*	1 901 649	408 857	546 164	49 202	2 905 872
Highest level of remuneration**	600 600	142 516	185 326	4 282	932 724

* The new member of the MB (Johann Reiter) is accounted for as per 1st November 2010 (joining date).
** Claude R. Cornaz, CEO

18. Disclosure in Accordance with Swiss Obligations Code 663 c

The table below lists the number of shares held by members of the BoD and MB as per 31.12.2010. Shares held by closely associated persons are included in the total for the respective individual.

Voting Rights	Registered Shares 2009		Bearer Shares 2009		Registered Shares 2010		Bearer Shares 2010	
Hans R. Rüegg	0	(–)	60	(< 0.1%)	0	(–)	100	(< 0.1%)
Pascal Cornaz	5 000	(0.4%)	0	(–)	5 000	(0.4%)	0	(–)
Werner Degen	0	(–)	30	(< 0.1%)	0	(–)	20	(< 0.1%)
Rudolf Fischer	0	(–)	10	(< 0.1%)	0	(–)	10	(< 0.1%)
Richard Fritschi	0	(–)	250	(< 0.1%)	0	(–)	250	(< 0.1%)
Jean-Philippe Rochat	0	(–)	10	(< 0.1%)	0	(–)	10	(< 0.1%)
Total	5 000	(0.4 %)	360	(< 0.1%)	5 000	(0.4 %)	390	(< 0.1%)
Claude R. Cornaz	1 381	(0.1%)	215	(< 0.1%)	1 381	(0.1%)	215	(< 0.1%)
David Zak	0	(–)	73	(< 0.1%)	0	(–)	51	(< 0.1%)
Günter Lubitz	0	(–)	100	(< 0.1%)	0	(–)	100	(< 0.1%)
Marcello Montisci	0	(–)	40	(< 0.1%)	0	(–)	0	(< 0.1%)
Johann Reiter*	0	(–)	0	(–)	0	(–)	0	(–)
Dragutin Špiljak	0	(–)	0	(–)	0	(–)	0	(–)
Total	1 381	(0.1%)	428	(< 0.1%)	1 381	(0.1%)	366	(< 0.1%)

* Johann Reiter was appointed Head of Business Division Switzerland/Austria as per 1st November 2010, when he was jointly appointed as a member of the Management Board.

The Board of Directors' (BoD) Proposal for Corporate Profit Appropriation

The Board of Directors proposes the following appropriation of profits to the annual general assembly of shareholders (AGA):

CHF millions	2009	2010
Retained earnings brought forward from previous year	37.0	60.7
Annual profit	68.5	37.5
Total profit at the disposal of the AGA	105.5	98.2
Transfer of legal reserves from capital contribution into retained earnings	0.0	3.7
Transfer of free reserves from capital contribution into retained earnings*	0.0	2.5
Total amount available for dividend distribution	105.5	104.4
Dividend distribution of 90% (2009: 70%) of dividend authorised capital**	14.8	18.5
Allocation to free reserves	30.0	30.0
Retained earnings	60.7	55.9

* Due to the fact that free reserves from capital contribution will be submitted for pay out during the AGA on 11th May 2011, both the reclassification of this amount into legal reserves, as well as the subsequent transfer into retained earnings will be omitted.

** Dividend authorised capital entails share capital minus own shares held by the company, from which no dividends, nor repayments of capital investments were effected. As per 31.12.2010, the company held 9,802 of its own bearer shares (2009: 5,075). Relevant for actual dividend pay-out will be the number of shares not held by the company at the time of the AGA. The BoD assumes that the current share buyback programme will be finalised before the AGA and therefore the amount of own shares will reach 14,306. The above mentioned proposal for corporate profit appropriation was constructed on this basis. The proposed dividend distribution is as follows:

Dividend distribution from capital reserves	CHF 6.15 million
Dividend distribution from retained profit	CHF 12.30 million
Total dividend distribution	CHF 18.45 million

Engineer Martin Lipták, Managing Director of Prelika a.s., Slovakia. A Vetropack customer for almost 20 years, because "we like working with people who perform their work successfully and love what they do."

Acceptance of this proposal results in the following dividend payments:

in CHF	Capital Contribution Repayments	Dividends from Profit	Gross Dividend	35% Withholding Tax	Net Dividend
Bearer shares					
CHF 50 nominal value	15.00	30.00	45.00	10.50	34.50
Registered shares					
CHF 10 nominal value	3.00	6.00	9.00	2.10	6.90

The dividend payment is to be paid to registered shareholders on 19th May 2011 via the usual appointed paying agents. Payment to holders of bearer shares is to be made in exchange for coupon number 14 at the Swiss branch offices of the following banks: Banque Cantonale Vaudoise, UBS, Credit Suisse, Zürcher Kantonalbank.

Report of the Statutory Auditor on the Financial Statements

To the General Meeting of Vetropack Holding Ltd, St-Prex. As statutory auditor, we have audited the financial statements of Vetropack Holding Ltd, which comprise the balance sheet, income statement and notes (Pages 54 to 61), for the year ended 31st December 2010.

Board of Directors' Responsibility. The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion. In our opinion, the financial statements for the year ended 31st December 2010 comply with Swiss law and the company's articles of incorporation.

Report on Other Legal Requirements. We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence. In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Zurich, 21st March 2011, Ernst & Young Ltd

Markus Oppliger
Licensed audit expert
(Auditor in charge)

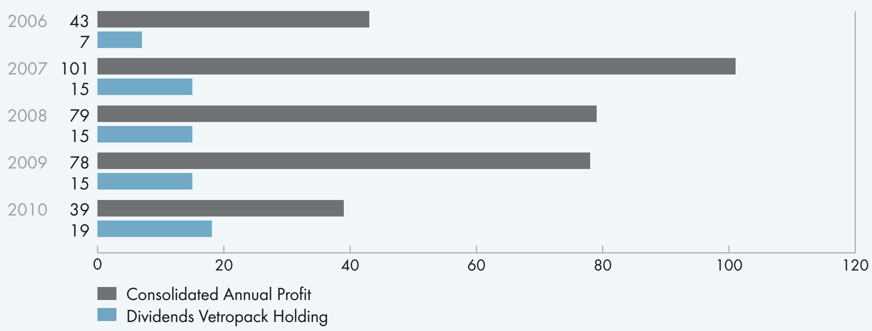
Christian Krämer
Licensed audit expert

Five Year Overview

	2006	2007	2008	2009	2010
Income Statement and Balance Sheet (in CHF millions)					
Dividends and other income from affiliated companies	26.6	34.3	90.6	79.9	64.3
Net profit	12.9	17.6	71.7	68.5	37.5
Total assets	153.1	153.4	196.5	248.3	284.6
Participations	73.4	71.9	66.9	66.9	73.8
Share capital	21.4	21.4	21.4	21.2	21.2
Shareholders' equity	123.0	133.8	190.5	239.8	266.5
Share Details (in CHF)					
Share prices					
– Bearer share high	1 475	2 439	2 710	1 860	2 055
– Bearer share low	866	1 350	1 180	1 032	1 525
Dividends					
– Bearer share	16.00	35.00	35.00	35.00	*45.00
– Registered share	3.20	7.00	7.00	7.00	*9.00
Distribution ratio in %	15.7	14.8	19.1	18.9	47.7

* This includes capital repayment. Motion for the AGA on 11th May 2011.

Consolidated Annual Profit and Dividends 2006 – 2010 in CHF millions



Grigoriy Kazankov, Head of Purchasing at Kiewer Sektkellerei "Stolichniy" GAG, Ukraine. A Vetropack customer for four years, because "Vetropack fulfils our high standards and requirements and our communication is excellent at all levels."

Corporate Governance

The following explanations contain fundamental information for the Vetropack Group as laid out in the Corporate Governance Guidelines defined by the SIX Swiss Exchange as per 1st July 2002, resp. 1st January 2007.

Operational Group Structure

Refer to the illustration on page 78.

Group Companies

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

Capital Structure

For details of the share capital, refer to commentary 14 on page 40. For details of changes in capital structure within the last three years, refer to table "Changes in Consolidated Shareholders' Equity" on page 28. 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%

			31.12.2009			31.12.2010
	No. of Registered Shares	No. of Bearer Shares	Voting Rights in %	No. of Registered Shares	No. of Bearer Shares	Voting Rights in %
Cornaz AG-Holding						
Oberrieden	698 796	19 347	63.7	700 796	19 347	63.8
Elisabeth Leon-Cornaz						
St-Prex	56 868		5.0	56 868		5.0
La Licorne Holding SA						
Martigny	50 722		4.5	50 722		4.5
Paul-Henri Cornaz						
Luzern	40 000	648	3.6	40 000	648	3.6

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. Each BoD member is individually 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 Managment 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. In 2010 the BoD exercercised its overall supervisory and monitoring role by receiving oral and written reports from the MB at five regular annual meetings, by consulting amongst its members, and by reaching decisions in relation to any motions raised. Ordinary BoD meetings normally last at least four hours. As of 2011 the BoD forms a compensation committee whose task is to regularly check the BoD and MB's renumeration scheme. If necessary they will make adjustments and recommend concrete compensation proposals to the entire BoD for resolution. The committee is formed of the following members: Rudolf Fischer, Richard Fritschi and Claude R. Cornaz. Its working methods and regulations will be determined by the BoD in 2011. With the exception of this compensation committee, the BoD forms no committees. The head auditor was invited to the March meeting to disclose the results of the external audit. Moreover, a two-day strategy meeting was held in August. During the November meeting internal audit results were discussed, and suggested improvement measures were deligated to the MB for implemention. A further nine annual meetings were held, exclusively involving the BoD Chairman, the CEO, and the CFO. They discussed operational topics, preparations for ordinary meetings, as well as reports from Internal Audit. The BoD is regularly informed regarding the Group's commercial state of affairs and planning via written Monthly, Quarterly, Semi-Annual and Annual Reports, and receives a planning dossier at both company and Group levels (three year plans).

Risk Assessment. Vetropack Holding Ltd utilises a risk management system that enables the identification, early recognition, and analysis of risks in order for the company to take appropriate action. The system's scope includes strategic, operational, financial, and compliance risks. It covers not only Vetropack Holding Ltd's risks, but also the key risks of its subsidiaries.

All systematically identified risks are listed according to rank. This risk ranking system is formulated from a risk probability matrix. Management is actively involved in drawing up annually the matrix and in keeping it up to date. During the year under review, the Board of Directors dealt with the topic of risk assessment in its August meeting.

BoD Members

	Position	Nationality	Appointed	Elected till
Hans R. Rüegg	Chairman, non-executive	CH	1993	May 2012
Richard Fritschi	Vice-Chairman, non-executive	CH	2005	May 2012
Claude R. Cornaz	Delegate, executive	CH	1998	May 2012
Pascal Cornaz	Member, non-executive	CH	2009	May 2012
Werner Degen	Member, non-executive	CH	1997	May 2012
Rudolf W. Fischer	Member, non-executive	CH	2000	May 2012
Jean-Philippe Rochat	Member, non-executive	CH	2006	May 2012

The reelection of each individual elected member was held at the 2009 ordinary AGA, and is valid from fiscal years 2009 – 2011.

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, Switzerland
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, Switzerland
President of the Audit Committee, Dätwyler Holding AG

Richard Fritschi (1960, Oberrieden ZH)
Dipl. Commercial Controller, SIB; Zurich, Switzerland

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

Governing Mandates: President of Cornaz AG-Holding, Oberrieden, Switzerland
President and BoD member of several companies within Ypsomed Group as well as BoD Member of Fromm Holding AG, Cham

Claude R. Cornaz (1961, Bülach ZH)
Dipl. Mechanical Engineering, ETH/BWI, Zurich, Switzerland

1987 – 1989	Management Services Contraves AG, Zurich, Switzerland
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, Switzerland VP, H. Goessler AG, Zurich, Switzerland VP, Cornaz Holding Ltd, Oberrieden, Switzerland
Offices:	BoD Member of the European Federation for Glass Packaging (FEVE), Brussels, Belgium Chairman of the Swiss Packaging Institute (SVI), Bern, Switzerland

Pascal Cornaz (1971, Les Paccots FR)
Dipl. Purchaser, Switzerland

1995 – 2005	Various functions in technical customer support, purchasing, and logistics, Switzerland
2005 – 2007	Member of the Executive Board of Giovanni Holding SA, Clarens, Switzerland
2008 – present	Member of the Executive Board of Ginox SA, Clarens, Switzerland Head of Customer Service

Werner Degen (1941, Liestal BL)
Dipl. Electrical Engineering, ETH, Zurich, Switzerland

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

Governing Mandates:	President, Sunstar Holding AG, Liestal, Switzerland

Rudolf W. Fischer (1952, Walchwil ZG)
PhD. Economics. publ. University of Zurich, Zurich, Switzerland

1982 – 1991	Various management positions in HR and Trade Marketing, Jacobs Suchard, Switzerland and Belgium
1991 – 1994	CEO Jockey (Switzerland), Uster, Switzerland part of the Austrian Huber Tricot Group (91/92), and Hanro AG, Liestal (93/94)
1994 – 1995	Partner Bjørn Johansson Associates, Executive Search, Zurich, Switzerland
1996 – present	Group Management Member, responsible for HR and Training Schindler Lifts + Escalators, Ebikon, Switzerland
Governing Mandates:	BoD Member, several companies within Schindler Group, Ebikon, Switzerland

Jean-Philippe Rochat (1957, Lausanne VD)
Lic. iur. Law, University of Lausanne, Lausanne, Switzerland

1980 – 1984	Internship, Publicitas Ltd, Lausanne, Bern and Basel, Switzerland
1984 – 1985	Internship, Fiduciaire Fidinter Ltd, Lausanne, Switzerland
1985 – 1987	Legal internship in Geneva, Switzerland
1987 – 1989	Lawyer, Pfyffer, Argand, Troller & Associates, Geneva, Switzerland
1989 – 2007	Partner Lawyer at Carrard, Paschoud, Heim et Associés, Lausanne, Switzerland
2008 – present	Partner Lawyer at Carrard et Associés, Lausanne, Switzerland
Governing Mandates:	Chairman BoD, Beaulieu Exploitation SA, Lausanne, Switzerland BoD Member, Banque Bénédict Hentsch SA, Geneva, Switzerland BoD Member, PKB Privatbank, Lugano, Switzerland BoD Member, Investissements Fonciers SA – La Foncière, Lausanne, Switzerland
Offices:	President of "Commission des Désignations des Vins Vaudois" Member of the Strategy Council "Chambre Vaudoise du Commerce et de l'Industrie" (CVCI), Lausanne, Switzerland Honorary consul of Finland in Lausanne, Switzerland

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 67 to 69 of this report.

Martin Foradori Hofstätter, owner of Kellerei Hofstätter, Italy. A Vetropack customer for over ten years, because "Vetropack is reliable, punctual and an extremely reputable partner."

MB Members

	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
Johann Reiter	GM Business Division Switzerland/Austria	AT	1.11.2010
Marcello Montisci	GM Marketing/Sales/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, Switzerland
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, Boston, 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 – 2002	CFO, Studer Professional Audio AG, Regensdorf, Switzerland
2002 – present	CFO, Vetropack Holding Ltd MB Member, Vetropack Group

Günter Lubitz (1953)
Dipl. Engineer, Glass and Ceramics Engineer, University of Duisburg, 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, Thailand
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

Johann Reiter (1960)
Dipl. Industrial & Mechanical Engineering, HTL, Kapfenberg, Austria

1976 – 2010	Diverse funtions at Böhler Edelstahl GmbH & Co KG, Kapfenberg, Austria, including business area manager for freeform forge and casting parts
1.11.2010 – present	GM Businees Division Switzerland / Austria 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, Italy
1985 – 1991	Various management functions, AXIS Spa, Florence, Italy Including four years in the USA
1991 – 2001	Commercial Director, AVIR Spa, Milan (O.I.), Italy
2001 – 2005	MD, United Hungarian Glass, (O.I.), Oroshaza, Hungary
2005 – present	Head of Marketing/Sales/Production Planning, Vetropack Group
2006 – present	MB Member, Vetropack Group
2006 – 2009	Division Head, Czech and Slovak Republics, Kyjov

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, Croatia, and Croatian Member of Parliament
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
2006 – present	Division Head, Croatia MB Member, Vetropack Group

There are no management agreements between Vetropack Holding Ltd and companies, nor individuals outside the Group.

Remuneration, Shareholdings and Loans

Content and Method of Determining Remuneration. The BoD exercise their discretionary authority to determine the principles underlying their own remuneration concept, including salary bands, as well as that of the MB.

The remuneration level allocated to BoD members is determined by the BoD as a whole, within the framework of the remuneration concept. Only fixed cash benefits are paid. No share nor option plans exist.

The remuneration level allocated to MB members is determined upon CEO's request by the Chairman of the BoD within the framework of the remuneration concept. In addition to a basic remuneration level reflecting the responsibility borne by an individual, there is a variable performance related component of up to 60% of basic remuneration, which is based on the results of the business unit and/or the Group. Remuneration is not made in the form of shares, options, nor loans. Details relating to remuneration and disclosure, as specified in CO Art. 663b and 663c, can be found on pages 57 and 58.

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 of 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 total share capital can demand 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 nor 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" nor "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 Vetropack Group the sum of CHF 0.3 million for auditing services regarding accounts of individual Group companies as well as consolidated accounts. Some of the Group companies are audited by other auditors. Moreover, Ernst & Young Ltd also charged Vetropack Group a fee in the sum of CHF 0.07 million for advisory services relating to taxes, as well as CHF 0.02 million for transaction advice.

Supervisory and Control Instruments Vis-à-Vis the External Auditors. At the ordinary November meeting the entire BoD reviews the scope and key aspects of the external audit, including key aspects for auditing the internal control system of the current year. At the ordinary March meeting all BoD members are informed of audit results both in writing (Auditors' Report, Group Auditors' Report, Management Letter, Explanatory Notes) and verbally (the lead auditor attends the BoD's March meeting). In February the main points and results of audits carried out at subsidiaries are also discussed with auditors at the ordinary meetings of the governing body of each subsidiary. A member of the BoD is present at these meetings. With the help of the above-mentioned information sources, the BoD annually assesses both the statutory auditors' and group auditors' performance and independence during the march meeting. The BoD annually analyses the development of external audit costs (multiple year comparison).

Information Policy

Vetropack Holding Ltd Provides Information Through the Following Channels: Annual Report, Annual Press Conference, Annual General Assembly, and Semi-Annual Report. Current information is available via the company's website at www.vetropack.com. Press releases are published under the "News" header (http://www.vetropack.com/htm/presse_list_3.htm). Under the "Investor Relations" header (http://www.vetropack.com/htm/investorrel_3.htm) key figures, financial agenda, news subscription, articles of association, minutes of the last AGA and contact information are published. By registering for the newletter (push mail), one automatically receives an e-mail directing to newly realeased investor relations information pages on the company's website (http://www.vetropack.com/htm/newsletter_3.htm).

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Aleksandr Gutsal, Head of Procurement for Slavutich Brewery (Carlsberg Group), Ukraine. A Vetropack customer for over ten years, because "the quality of the products is high and our partnership is based on stability, trust and understanding."

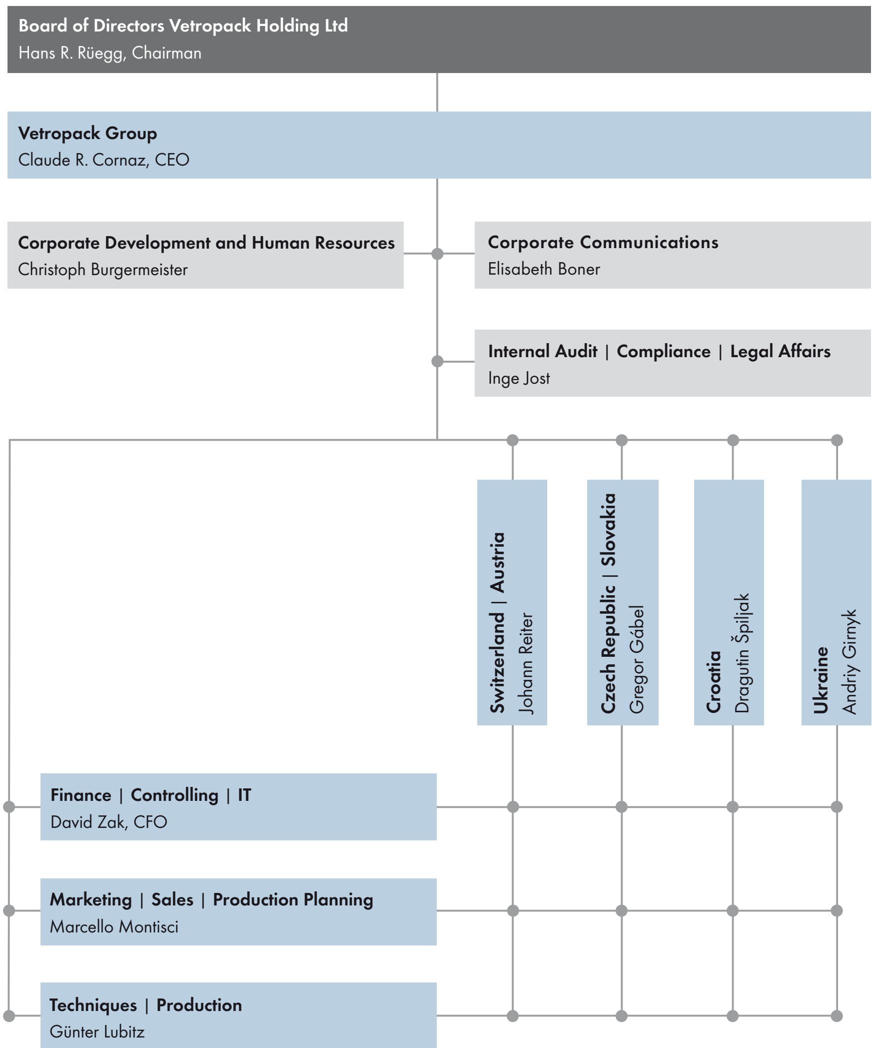
Johann Reiter Inge Jost Dragutin Špiljak Marcello Montisci Claude R. Cornaz

Glass at its Best. In 2011, Vetropack Group celebrates the centennial of la Verrerie de St-Prex, located in the Canton of Vaud, Switzerland. The St-Prex glassworks, the Group's foundation, is managed from Bülach. Henri Cornaz, the company's founder, was a visionary. He started up his company with sand, the most important raw material in glass manufacturing. However, in no way did he build his company on sand: meanwhile his family members have been managing the Group for four generations.
To commemorate the company's anniversary, Vetropack Switzerland created a special bottle with the engraving "1911–2011, 100 ans Verrerie de St-Prex".

Andriy Girnyk Günter Lubitz Elisabeth Boner Christoph Burgermeister David Zak Gregor Gábel

Organisation **Extended Group Management as per 1st Januay 2011**

Organisation as per 1st January 2011



Group Management Board	
Claude R. Cornaz, CEO	
David Zak, CFO	
Günter Lubitz	
Johann Reiter	
Marcello Montisci	
Dragutin Špiljak	

Finance, Controlling and IT	
David Zak	
– Shared Service Centre Switzerland	Florian Ibig
– Group Controlling and Accounting	Adriano Melchioretto
– IT	Bruno Hennig

Marketing, Sales and Production Planning	
Marcello Montisci	

Techniques and Production	
Günter Lubitz	

Corporate Development and Human Resources	
Christoph Burgermeister	

Corporate Communication	
Elisabeth Boner	

Internal Audit, Compliance, Legal Affairs	
Inge Jost	

Business Division Switzerland/Austria	
Johann Reiter	
Marketing + Sales	Herbert Kühberger
– Switzerland	Christine Arnet
– Austria	Herbert Kühberger
– Export Europe West	Leopold Siegel
Finance + Administration	Eduard Steininger
Logistics	Helmut Artacker
Techniques	Knut Ludwig
– St-Prex Plant	Dieter Schellhammer
– Pöchlarn Plant	Franz Kendl
– Kremsmünster Plant	Knut Ludwig

Business Division Czech Republic/Slovakia	
Gregor Gábel	
Marketing + Sales	Dana Švejcarová
– Czech Republic	Dana Švejcarová
– Slovakia	Zuzana Hudecová
– Export Europe East	Vlastimil Ostrezi
Logistics	Jaroslav Mikliš
Kyjov Plant	
– Production	Attila Hosszú
– Techniques	Miloš Kostýlek
– Finance	Milan Kucharčík
Nemšová Plant	
– Production	Róbert Adamčík
– Techniques	Miroslav Šebík
– Finance	Eva Vanková

Business Division Croatia	
Dragutin Špiljak	
Marketing + Sales	Darko Šlogar
Logistics	Josip Debeljak
Finance	Marija Špiljak
Personnel + IT	Damir Gorup
Production	Josip Šolman
Techniques	Tihomir Premužak

Business Division Ukraine	
Andriy Girnyk	
Marketing + Sales	Sergey Isaenko
Logistics	Vladimir Lysenko
Finance	Nataliia Bukreieva
Controlling	Julia Solodovnik
Personnel	Viktor Sytnikov
Production	Oleksandr Voznyuk
Techniques	Attila Müller

Group Companies	
Vetroconsult Ltd	Günter Lubitz
Müller + Krempel Ltd	Mark Isler
Vetroreal Ltd	Hans Fahrni

1911–2011
100 ANS
VERRERIE DE ST-PREX

100 ans Verrerie de St-Prex.

We Shape Glass and Glass Shapes Us. Around the clock, every day, for 100 years. Glass and Vetropack are inseparable. The result is clear: Glass in its best form; forever and always new. Celebrations need glass – and glass needs Vetropack.

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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