Reports '07

Management, Accounts & Sustainability

glass

Future Dreams...

ba glass

Foreword

To all Stakeholders,

2007 was a positive year for glass packaging companies worldwide, since the impact of the energy costs rise affecting the sector since 2005 was partially recovered. Within this context, I am pleased to inform that BA's 2007 performance surpassed all targets and positioned our company as a worldwide benchmark, even more distant from our competitors.

This remarkable performance is the outcome of an internal entrepreneurial culture rooted in the values that we embrace: **humility, ambition, rigour and transparency**; they help us to naturally assume an incessant search for constant and unlimited improvement in all areas of our business activity.

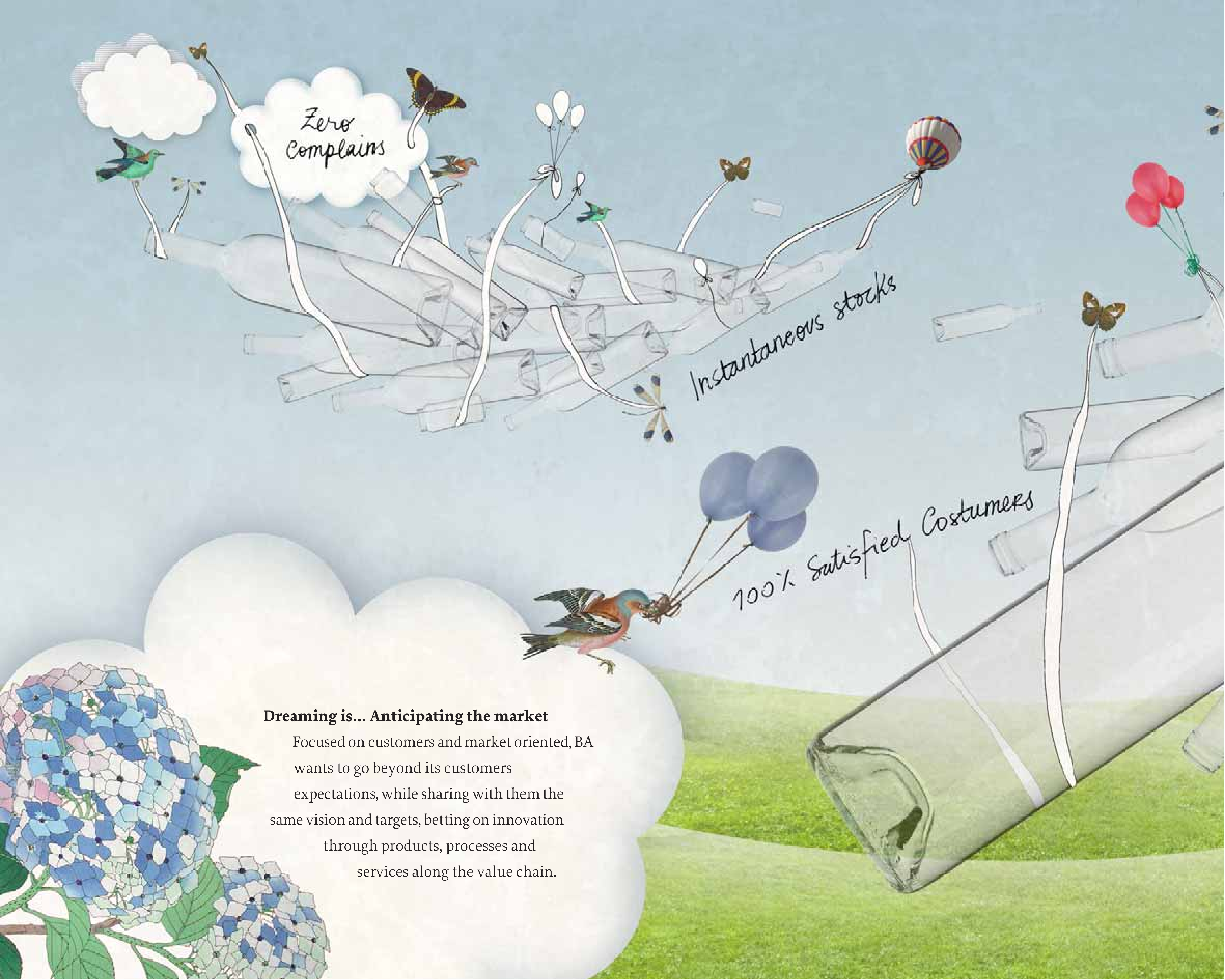
Therefore, my first words of recognition go to our customers. Thanks to their stimulating challenges and trust, they created a demanding environment, which favours innovation and the search of new ways of improving everyday what we already do for so long.

We are also grateful to all people working at BA, for their mindset and performance that we managed to build, and that cannot be dissociated from our current culture.

The **dream company** we want to become – the theme of our annual report – is the paradigm of an ambitious attitude restlessly seeking for obstacles to overcome and records to excel, in our query for opportunities for improvement in all fronts.

For the time being, the "pachyderm is still not dancing".... There is still a lot to be done: Let's get to work!

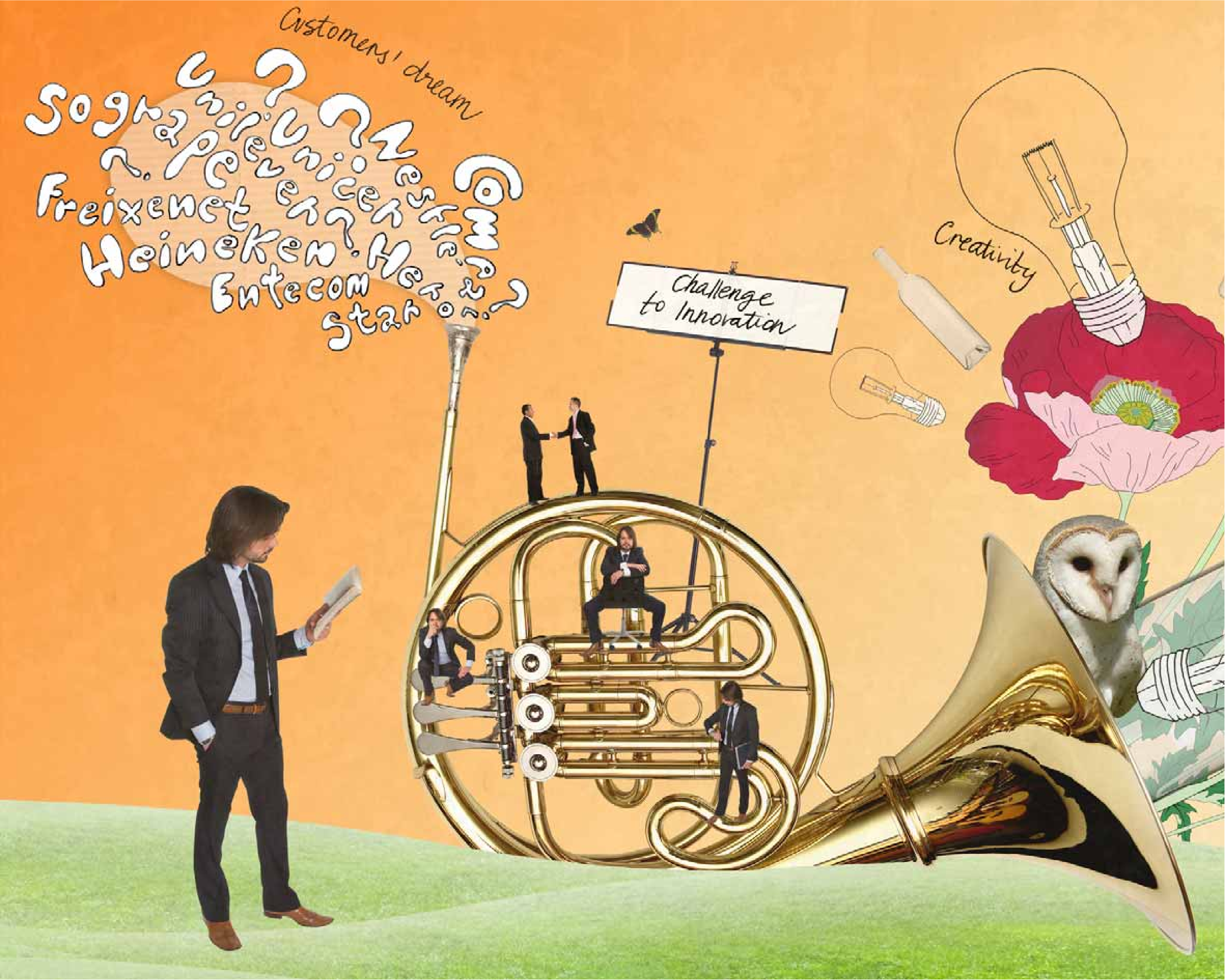
Avintes, 29 January 2008



Dreaming is... Anticipating the market

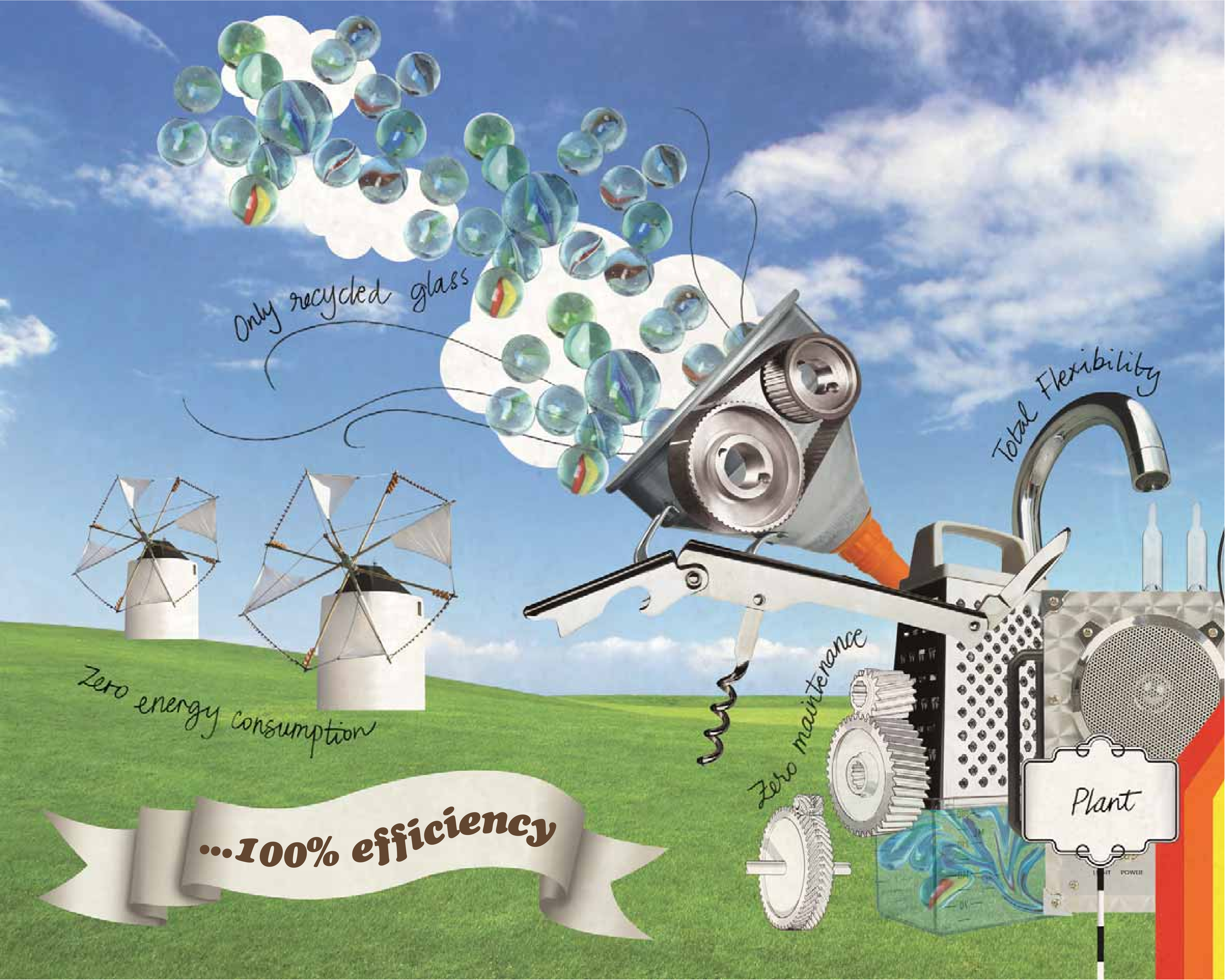
Focused on customers and market oriented, BA wants to go beyond its customers expectations, while sharing with them the same vision and targets, betting on innovation through products, processes and services along the value chain.


Zero-cost distribution
Antecipate the future
...Predict the market


Customers' dream
Freixenet
Heineken
Entecom
Star
Challenge to Innovation
Creativity

Dreaming is... Creating value

A "Dream Machine" where technique is made available to innovation, as a response to customers' needs, ensuring they get exclusive, differentiating and value creating products and services in the market.



Only recycled glass
Total Flexibility
Zero energy consumption
Zero maintenance
Plant
...100% efficiency

Dreaming is... Achieving 100% efficiency

Productive, environmental and energy efficiency, eliminating from the process resource-consuming and waste-generating inputs. A process where everything is created, nothing is lost and a lot is transformed.

Dreaming is...Obtaining full satisfaction

Working in a place where there is room for birth and growth of new talents, where education has a leading role, where there is room for dialogue and respect for differences, where motivation is always high, where there are neither accidents nor absences and the challenge is permanent.


Plant
Sweet
Plant
Perfect competences
Active participation
Creativity


Ambition
Sustainable Planet
Entrepreneurship
Social Responsability
Environmental Responsab

Dreaming is... Having BA all over the world
BA as a reference within the local communities, contributing with both an entrepreneurial and responsible attitude and message, based on sustainability values and principles.

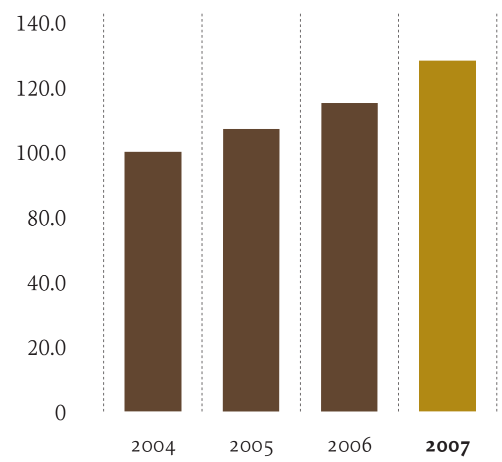
...Are built in the Present

Consolidated Indicators

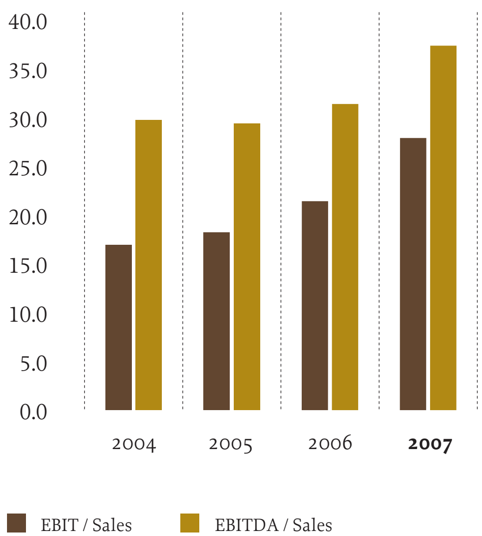
[k.EURO]	2007	2006
Turnover	234,542	212,664
Operational Results	65,749	45,641
Current Results	49,444	36,613
Financial Results	(16,305)	(9,027)
Results before taxation	49,444	36,613
Net Results	36,241	28,547
Cash-Flow	58,345	50,054
Operational Cash Flow	87,853	67,147

[k.EURO]	2007	2006
Net Assets	345 115	359,252
Equity	52 352	81,126
Financial Liabilities	208 556	189,363
Asset Turnover	1.52	1.45
Interests cover	6.5	7.1
EBITDA / Sales	37.5%	31.6%
EBIT / Sales	28.0%	21.5%
ROE	69.2%	35.2%
Headcount	1,046	1,056
Sales per Employee	224.2	201.4

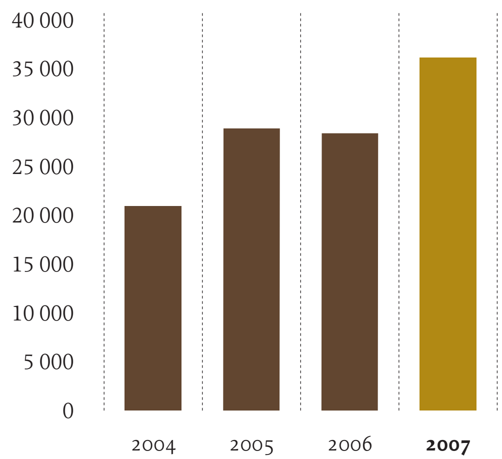
Sales per capita [k. EURO] Basis 100 =2004



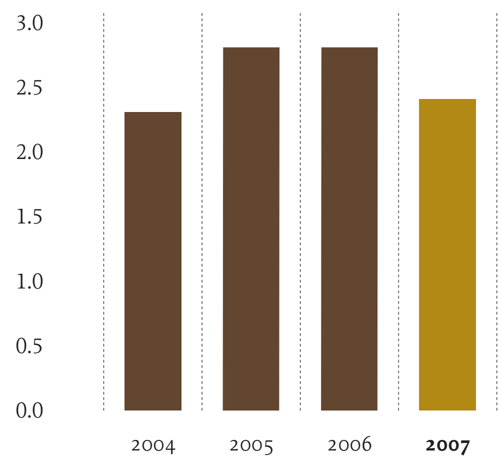
EBIT's / Sales [%]



Consolidated Net Results
[k. EURO]



Financial Liabilities / EBITDA



Organisation Chart

- Shareholders's General Meeting
  - Fiscal Board
  - Statutory Auditor
  - Remuneration Committee
  - Board of Directors
    - Company Secretary
    - Executive Committee
      - Markets division
        - Sales
        - Customer Service
        - Planning
        - Logistics [Procurement + Distribution]
      - Technical Division
        - Quality, Environment and Safety
        - Projects & Investments
        - Products Development
        - Processes Development
        - Raw Materials Exploration
        - Decoration
        - Information Technologies
      - Operations Division
        - Avintes
        - Marinha Grande
        - Villafranca de los Barros
        - León
      - Corporate Division
        - Human Resources
        - Administrative and Finance
        - Legal Support

BA Glass Group

- ***BA Glass, SA***
  - 100% **BA Vidro, SA**
    - 100% **Norcasco, SA**
    - 100% **Barbosa & Almeida SGPS, SA**
      - 99,80% **BA Vidrio, SA**
        - 100% **Minas de Valdecastillo, SAU**

■ Companies incorporated under the Portuguese Law

■ Companies incorporated under the Spanish Law

Statutory Bodies

Board of Directors
Carlos Moreira da Silva (Chairman)
Jorge Alexandre Ferreira (CEO)
Álvaro Cuervo Garcia
António Vasquéz Cardeñosa
Francisco Silva Domingues
José Ignacio Comenge
Mário Pereira Pinto
Pedro de Araújo Lopes

Executive Directors of the Affiliates
Jorge Alexandre Ferreira
Alfredo Lacerda Pereira
Pedro de Araújo Lopes

General Meeting Board
Mário Júlio Montalvão Machado (Chairman)
Eduardo Verde Pinho (Secretary)

Fiscal Board
Rita Silva Domingues (Chairman)
Manuel Ortigão de Oliveira
Óscar Alçada da Quinta

Statutory Auditor
Ernst & Young Audit & Associados – SROC, SA
Representada por João Carlos Miguel Alves, ROC nº 896

Company Secretary
Rita Silva Domingues

Secretary of the affiliate BA Vidrio, SA
Efrén Villán Sanchéz

Executive Committee of the Affiliates
Jorge Alexandre Ferreira
Alfredo Lacerda Pereira
Pedro de Araújo Lopes

Managers
Ana Cristina Gonçalves
António Magalhães
António Sá Couto
Fernando Amilívia
Javier Teniente
Luís Cardoso
Pedro Correia
Rafael Corzo
Sandra Maria Santos
Vitor Matoso

Addresses

BA Vidro, SA
Avenida Vasco da Gama, 8001
4434-508 Avintes · Portugal
Phone +351.22.7860500 Fax +351.22.7860501
www.bavidros.com mail: bavidros@bavidros.com

Lisbon Office
Rua Marquês de Fronteira, 8, 4º
Apartado 1062, 1070-296 Lisboa · Portugal
Phone +351.21.3826070 Fax +351.21.3826071
mail: comercial@bavidros.com

Industrial Plants
Avintes Plant
Avenida Vasco da Gama, 8001
4434-508 Avintes · Portugal
Phone +351.22.7860500 Fax +351.22.7860501
mail: baav@bavidros.com

Marinha Grande Plant
Travessa da Liberdade
2431-953 Marinha Grande
Phone +351.244.575200 Fax +351.244.575201
mail: bamg@bavidros.com

BA Vidrio, SA
Villafranca Plant
Polígono Industrial “Los Varales”, s/n
06220 Villafranca de los Barros [Badajoz] · Espanha
Phone +34.924.527812 Fax +34.924.527813
mail: bavfb@bavidros.com

León Plant
Carretera de Zamora, Km 6
Apartado 368, 24080 León · Espanha
Phone +34.987.204800 Fax +34.987.212459
mail: bale@bavidros.com

Branches
Madrid Branch
C/ Alberto Alcocer, 8, 6ºA
28036 Madrid · Espanha
Phone +34.91.4583680 Fax +34.91.4583675
mail: sjuan.ba@ctv.es

Barcelona Branch
Avda. Conde de Urgel, 204-208, 1ºC
Edifício Manhatan, 08036 Barcelona · Espanha
Phone +34.93.3637333 Fax +34.93.3637332
mail: jalopez.ba@ctv.es

Norte Branch
Avda. del Pilar, 1, 1ºDtcha
26500 Calahorra, La Rioja · Espanha
Phone +34.941.136573 Fax +34.941.136569

Levante Branch
Calle Progreso, 25
30500 Molina de Segura, Murcia · Espanha
Phone +34.968.641073 Fax +34.968.642574

Legal Deposit: 240773/06
ISSN: 0874-1166

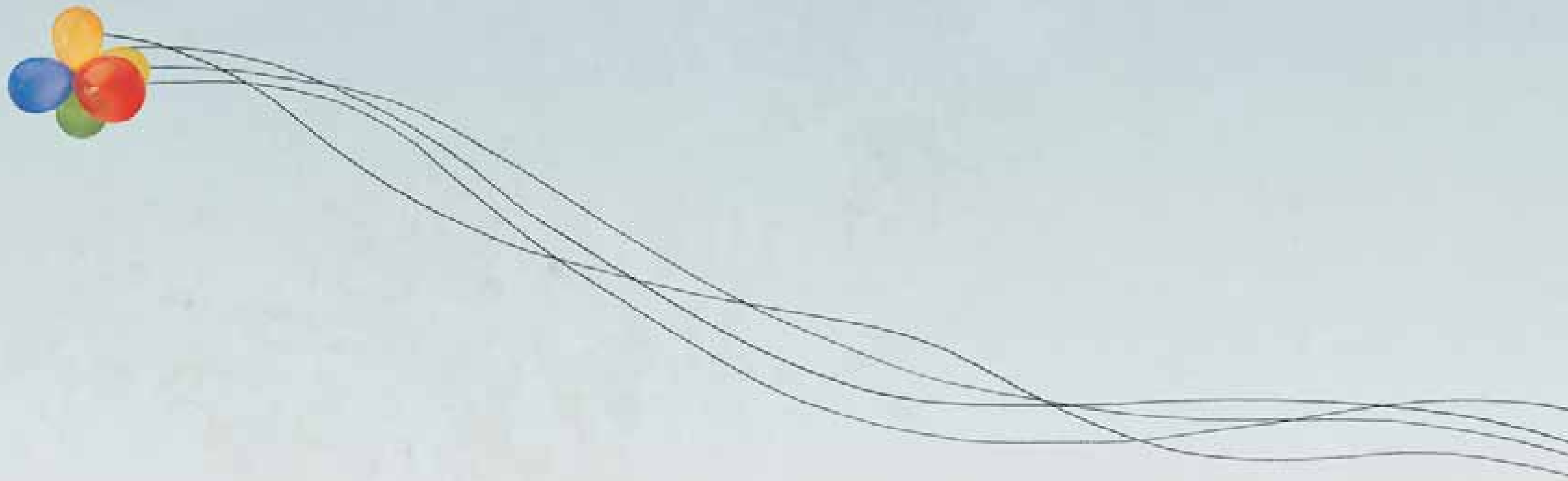
Contents

First Chapter
Management Report and Accounts

Second Chapter
Sustainability Report

Chapter I

Management Report and Accounts



Consolidated Report of the Board of Directors

Ba Glass I Serviços de Gestão e Investimentos, SA

Introduction

To the Shareholders,

In accordance with legal and statutory obligations, we submit the Report and Consolidated Accounts for the fiscal year ended 31 December 2007.

For companies operating in the glass packaging industries sector 2007 kept pace with the previous years.

In Portugal, the economy posted a slight growth (1.9%), whereas an above the European average growth (3.8%) was recorded in Spain, despite some more negative indications in the second half of the year. The inflation rate in Portugal (2.5%) was lower than Spain's *(4.2%).*

However, on top of the US dollar and oil trends, what ultimately influenced the economy was the financial crisis felt by the end of the year. In fact, the most relevant events for the European economic activity were: the US dollar volatility (in 2007, it ranged between $1.33 in the beginning of the year and $1.47 at the year-end), the oil price rise (reaching a record price of $100), the financial system crisis (with Euribor reaching record values) and the high spreads resulting from a lack of confidence in the international banking system.

The glass package sector showed an irregular performance throughout the year, and it is estimated to have grown around 1% in the Iberian Peninsula.

This growth was not similar in both countries. Spain came to a standstill, whereas Portugal grew around 3%, thanks to the strong increase of our customers' exports to Portuguese-speaking African countries.

Within this industrial context, the group recorded a positive performance, achieving 234.5 million euros in consolidated sales, which represents approx. 10.3% growth compared to the previous year.

Aligned with the policy of continuous improvement and challenge, the group gave priority to energy saving, organisational innovation and production efficiency, and took a set of measures, some cross-functional and others more focused on critical drivers of the production process and of the organisation.

With regard to energy, the rise of input prices led to the reinforcement of control of both electricity and natural gas consumptions.

With regard to innovation, the strategy that is being followed of strengthening the product development capacity has improved the response to our customers' requirements, by working together in the design of new packages and in the evaluation of the value chain.

In the organisation structure, several changes were introduced to maintain an active personal and professional development of group employees.

The continuous effort towards processes innovation and a permanent quest for more effective operational and organisational solutions helped to improve operational profitability: operational cash-flow (EBITDA) achieved 87.9 million euros and the operational result (EBIT) 65.7 million euros.

The balance sheet structure is healthy, showing 345.1 million euros of net assets and 208.6 million euros of net financial debt; working capital represents around 23.4% of sales.

Considering the above, consolidated profit before taxes achieved 49.4 million euros and net consolidated profit amounted to 36.2 million euros.

With regard to certifications, the group kept progressing and both Avintes and Marinha Grande plants are certified under ISO 22000 (food safety); the Spanish plants will follow during 2008.

The integrated quality (ISO 9001:2000) and environmental (ISO 14001:2004) certifications of the four plants were renewed, showing evidence of a continuous improvement of processes.

As in previous years, it was decided to include in this publication a Sustainability Report focused on the group vision and its sustainable development principles, namely, value creation, customer focus, human capital management and social and corporate responsibility, and to report the group's performance in each one of these areas.

The group or its affiliates are members of AIVE – Associação dos Industriais de Vidro de Embalagem (Portuguese Association of Industrialists of Packaging Glass), of ANFEVI – *Asociación Nacional de Empresas de Fabricación Automática de Envases de Vidrio* (Spanish Association of Packaging Glass Companies) and of FEVE – *Fédération Européenne du Verre d'Emballage* (the European Container Glass Federation), playing an active role in these associations, especially by enhancing and promoting the use of glass as a packaging material and by following up national and EU legislative initiatives.

Commercial Activity

In 2007, there was a moderate growth in glass demand and supply was used at its full capacity.

Turnover evolution was the result of a very strong demand in the first half of the year, and a weaker second half, representing altogether a 10.3% sales increase and totalling 234.5 million euros.

The market growth was mainly due to the increase in beer, food and olive oil, and wine packages demand. The launch of new products and packages was a strong contribution to these segments growth, and in the specific case of beer, this growth was the outcome of a strong export activity. The remaining segments kept their levels or decreased.

The food segment growth should be highlighted, since preserves, coffees, sauces and olive oils present the best opportunities.

Despite a strongly adverse economic environment and increases in relevant costs, the group managed to increase sales profitability backed on, a strategy focused on segments, which due to their specificity and demand allowed the average price increase, and a capacity planning that guaranteed the full use of the industrial equipment.

The sales profile was kept reasonably stable; the Iberian Peninsula was the target of 94.1% of sales.

Food remained the prime segment with 31.6% of sales, followed by beer with 25.9%.

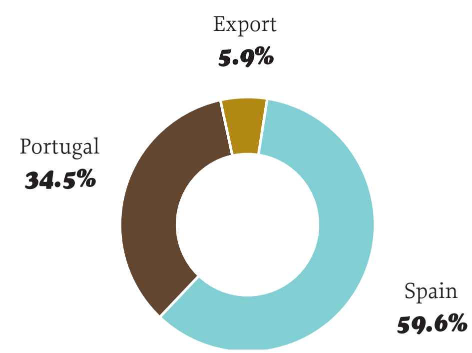
Sales average prices posted a slight improvement, backed mainly on efforts to improve sale mix and as a partial result of increased costs in production inputs.

BA is a business partner of some of the largest and well known international trademarks, as well as of small and medium-sized companies in Portugal and Spain. Packages have always played an important role in the strategic positioning of trademarks, helping consumers to build utilisation experience. Here is where BA wants to play its distinctive competences: betting on innovation and passion for value creation.

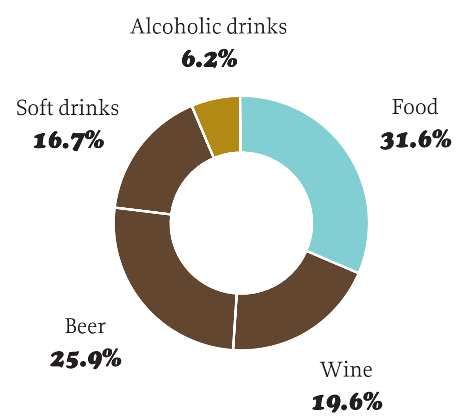
BA is firmly engaged in working closely with customers and consumers, in order to anticipate market trends. This is BA's ultimate target and the reason why BA is committed to researching and developing innovative products, processes and services on a continuous basis.

Based on the existing working groups and aimed at analysing and reviewing the whole value chain, an effective cooperation with customers was established for the design of new packages, in order to achieve a differentiating factor among brands and rationalise the product range. This concept was extended to exploring the supply chain, to elimina-

Sales by Market 2007 [k. EURO]



Sales by Segment 2007 [k. EURO]

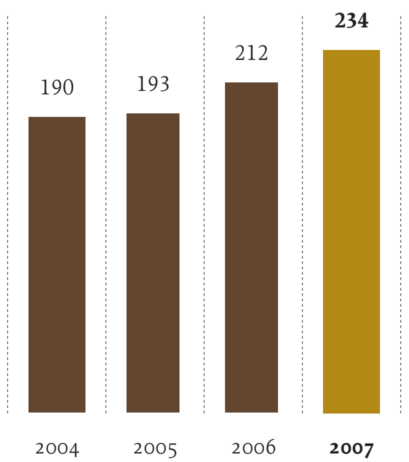


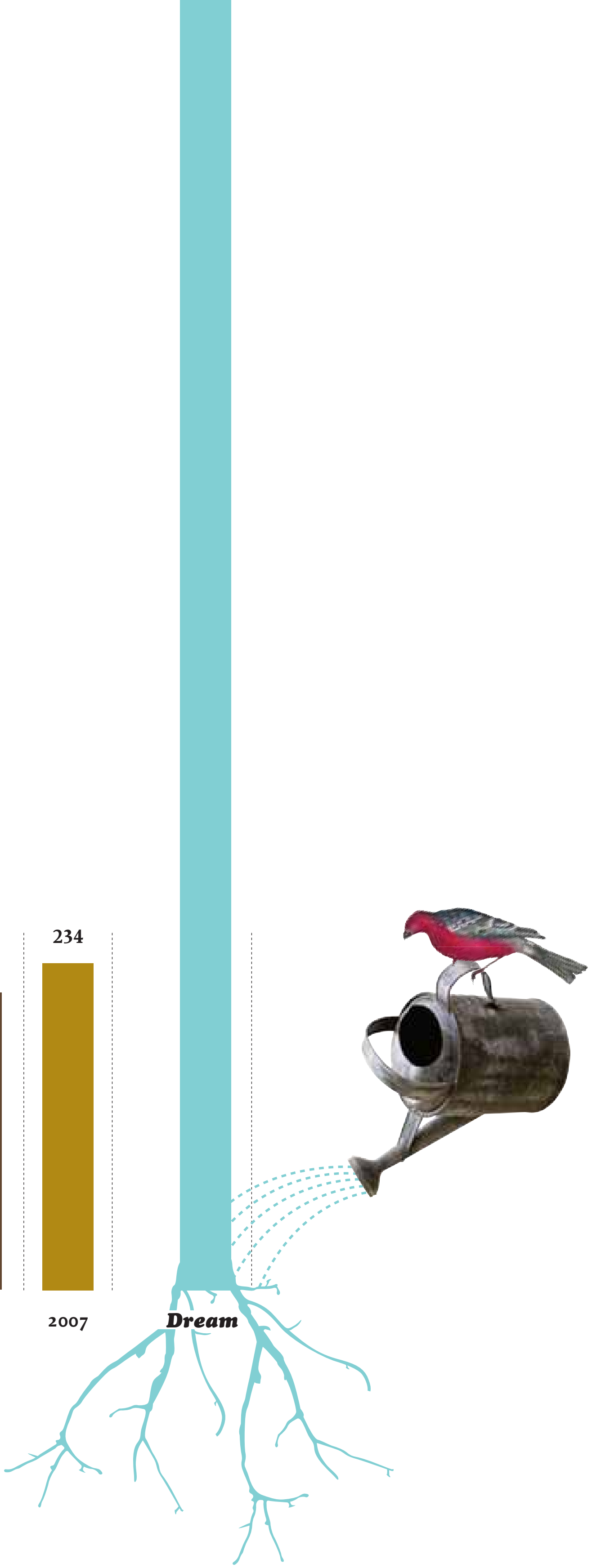
te any over cost that may exist and, as such, increase customers competitiveness.

During 2007, within the scope of those cooperation initiatives, several new projects were developed with relevant impacts on the customers' activity and profitability. Many of them brought also clear benefits to the environment, through the reduction of package materials, transport optimisation and reduction of packaging weight.

BA is pleased to see that its value proposal is well accepted by its customers and to observe that, once again, in the annual survey, BA improved the indicators of perceived quality and service rendered.

Turnover Evolution
[k. EURO]





Industrial Activity

During 2007, there were some setbacks related to the production activity, however they did not prevent us from still paying special attention to energy consumption rationalisation measures (both electric energy and natural gas) and to increasing productivity and quality of the final product.

At the Avintes plant, several actions were concluded to consolidate operating conditions. A special reference to the furnaces draft optimisation, despite the temporary stoppage of furnace 4 due to problems at the regenerator, and to the customers service improvement. This costumers service improvement was achieved by finding solutions to specific problems, and by rationalising some processes that brought competitive advantages both to the plant and customers.

At Marinha Grande, the whole plant team was deeply involved in the consolidation of the results, which evolved quite significantly, as well as in the preparation of the second phase of the investment, which will start in the beginning of 2008.

At Villafranca de los Barros, after organisational changes, the results returned to the best levels ever recorded. Concern for reducing energy consumption, particularly important in this case as this is a regenerative furnace, together with the development of some production details lead us to expect a year where the good results achieved in 2007 can be consolidated.

At León, the results confirmed the appropriateness of measures adopted in the last years. 2007 stood for a year where a set of indicators broke all-time records.

A strict investment plan helped to correct some deficiencies, aimed at reducing energy consumption, increasing productivity and improving products and services quality.

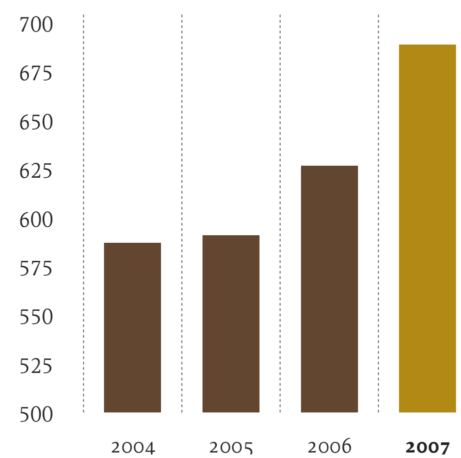
One of the permanent concerns related to the improvement of our management model is a broader integration of all subsystems, fitting them to answer legal obligations in force and to standards subscribed on a voluntary basis.

In general terms and aligned with the strategic guideline of improving operational performance decided seven years ago, changes in organisational processes continued, backed on internal and external benchmarking processes, adopting best practices and analysing and monitoring critical processes.

Operating improvement processes strengthen productivity: there was a 11% growth in labour against 2006, and with regard to capital productivity, assets turnover grew 5%.

In what raw materials are concerned, there were efficiency improvements in glass composition, which were offset by the sharp price rise of sodium carbonate.

Usable Production [1000 Tonnes]



In 2007, energy costs were much higher than in 2006, due to the natural gas increase, but above all due to the electricity increase.

Still related to the energy issue, a special remark to the unsatisfactory energy distribution service level in Portugal, which is still inadequate to the production demands of a competitive export sector.

Within the logistics scope, some partnerships with suppliers were improved to strengthen mutual confidence and enable efficiency gains along the supply chain.

With regard to the affiliates, a special reference to the outstanding operational performance of Minas de Valdecastillo that explores silicon deposit at the León Province, and also to Norcasco, an operation that processes recycled glass to be incorporated in the glass production process.

A Herdade da Charneca (Alentejo), projected to explore sands, and whose licensing process began in 2000, is still waiting for the licence to operate, due to bureaucratic "red tape" from several institutions of the Portuguese Public Administration.

Investments

Consolidated tangible investments amounted to 24.7 million euros, of which 10.2 at Avintes, 10.0 at Marinha Grande, 0.5 at León, 0.4 at Villafranca and 3.4 in Logistics.

Despite a significant investment amount, there were no furnace repair works in 2007. That amount was spent with the last payments of Avintes's furnace 2, which started production in December 2006, and with part of the equipments acquisition to repair Marinha Grande's furnace B, whose repair works are to be started in January 2008. Still in Avintes, a new finished product warehouse was built; some of its payments occurred in 2007 and explain the investment in Logistics.

Investments at Villafranca and León plants are explained by the permanent concern with improving the quality of the products.

The increasing use of information systems as a tool for processes improvement and control, as well as necessary tools to support the decision-making process led to an investment in this area of around 100 thousand euros.

Human Resources

In 2007, internal communication was again a privileged tool for team management. Communication initiatives were strengthened as a mean to disseminate knowledge and involve employees in the company life. Those communication actions with a broader range will be highlighted here, although there are others, more local, whose role is also or even more significant than the following:

- Quarterly release of the internal newsletter that has already completed three years of regular publication;
- Visits of employees' children to their parents' workplace;
- Quarterly Earnings Announcement presented by the CEO;
- Visits to customers and suppliers, in order to provide the employees with a closer overview of the reality of those with whom they work with, directly or indirectly, everyday;
- Commemoration of the 40th anniversary of the León plant.

For some BA's employees, one of the most retained moments is the annual top managers meeting that this year had the presence of three special invitees, who play an outstanding role in the business world and talked about their work and success experiences, highlighting the management of competences and expectations as crucial factors for the success of the organisations.

BA's course has also been the enhancement of technical and behavioural competences of their teams, helped by the following tools:

- training, increasingly focused on strengthening individual and collective skills;
- temporary exchange of some top personnel between plants/departments, disseminating, thus, different ways of doing things whose outcome is an enriching experience for the whole of the company;
- hiring new and younger employees with a higher education level, to create more diversified and richer teams.

Within the annual training programme, special highlight was given to training in safety, which represented 23% of the altogether 38,089 hours achieved in 2007. This figure stands for around 37 hours per capita and an investment of approx. 364,000 euros.

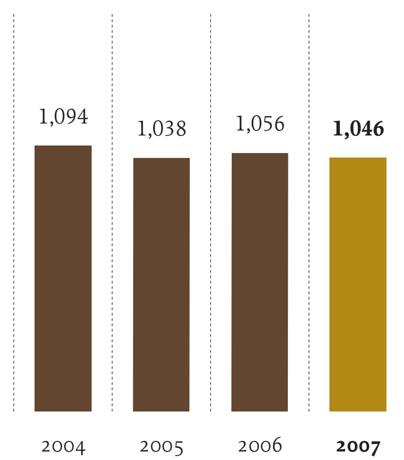
A special reference to the fact that BA was appointed an accredited training entity by *Instituto para a Qualidade na Formação* (IQF – Institute for Quality in Training), for the organisation and promotion of training activities initiatives and for the development/execution of training initiatives or activities.

Although there is evidence of improvement in labour accidents, the truth is that this figure has not yet decreased to desired levels, what led BA to promote several actions on safety at the workplace to its employees. Furthermore, 2007 was declared as "Safety Year" at BA, and several initiatives were implemented, aimed at providing all employees with the necessary means to drastically reduce labour accidents. Ambitious objectives were settled again for 2008, to enable BA to achieve the first places in the Iberian ranking.

In 2007, absenteeism posted again a reasonable figure, around 4.2%.

At the year-end the group headcount was 1,046 employees, from which 647 in Portugal and 399 in Spain. The personnel resizing and re-qualification was again a concern during 2007, and BA is getting closer to the best productivity figures within its sector.

Headcount



Innovation and Development

The consumption market demands a permanent change in packages to gain customers' loyalty and enable brands to remain competitive in an increasingly aggressive market.

This was particularly important during 2007, a year of records, namely in moulding projects developed for new products to be launched in the market (a 73.3% increase compared to 2006) and in the first new productions at BA (more 37.5% against 2006).

A solid contribution to these results came from **BAdesign** that saw approx. 18.2% of its projects produced, and the use of **BAtools** with an effective reduction of around 50% in the execution of new moulding projects.

Keeping the success achieved in previous years, BA Vidro held again a design contest whose subject was "5-litre jar and coating" with the cooperation of Escola Superior de Artes e Design de Matosinhos. The students were invited to redesign and recoat the traditional 5-litre jar.

Results

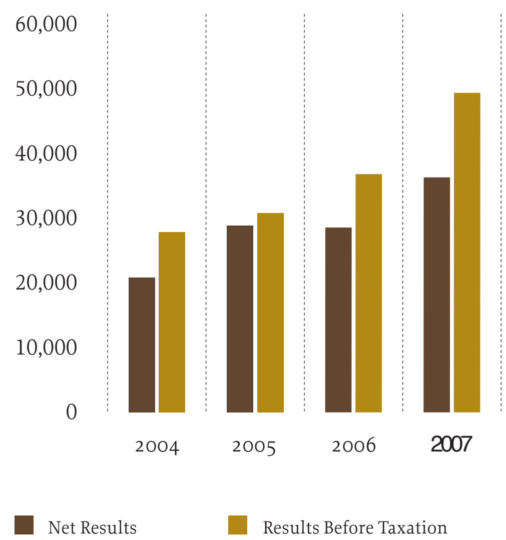
Again an improvement in results was posted in 2007, despite the growth of energy and raw materials costs.

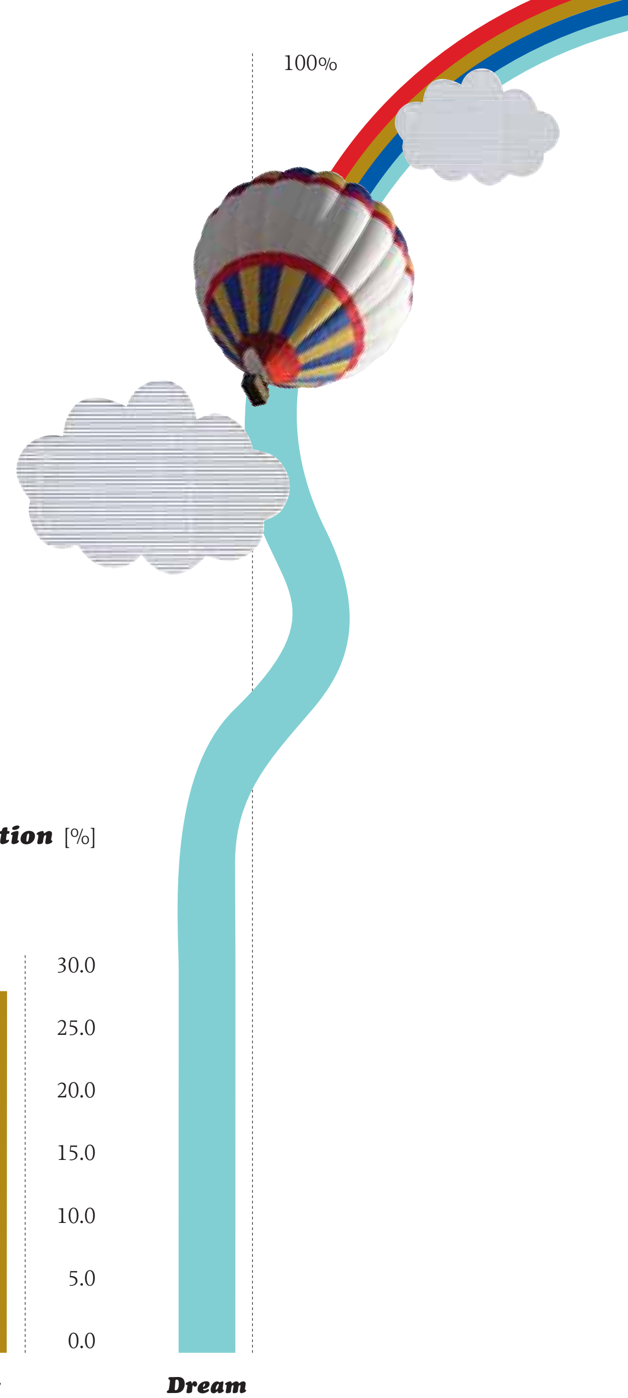
Operational cash-flow (EBITDA) amounted to 87.9 million euros, representing almost 37.5% of sales, 6 percentual points above 2006, and the operational result (EBIT) recorded 65.7 million euros, representing approx. 28,0% of sales, 6.5 percentual points above 2006.

Fixed assets turnover has been one of the fundamental drivers for EBIT's strong growth, recording nearly 1.5 in 2007, more 5% than in 2006.

Compared to 2006, sales grew approx. 10%, this associated with a stable headcount enabled a strong growth – 11% – in labour productivity.

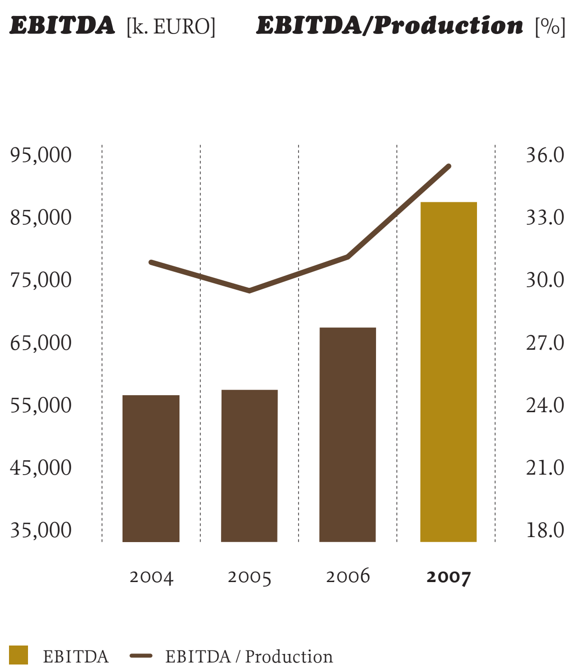
Results [k. EURO]

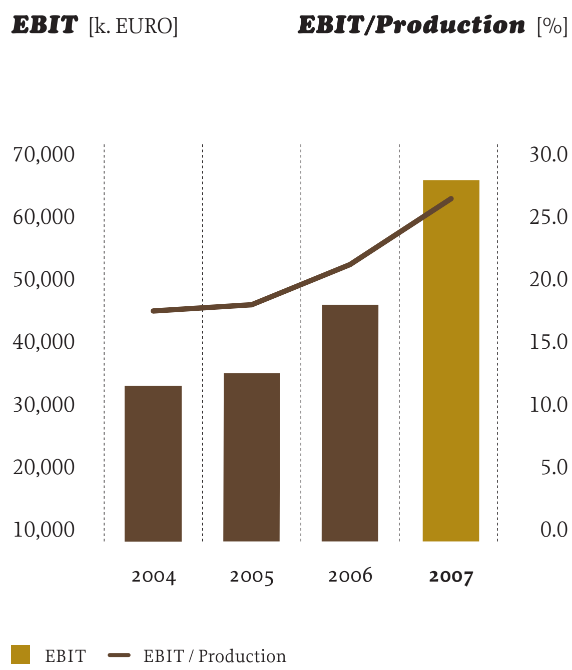




Consolidated financial results amounted to – 16.3 million euros, as a consequence of the sharp rise of interest rates and unfavourable exchange rates differences.

Results before taxes amounted to 49.4 million euros and the net results to 36.2 million euros, a growth of 35% and 27%, respectively, against 2006.





Equity and Financial Analysis

In 2007, consolidated assets totalled 345.1 million euros, split between 115.1 million euros of current assets and 229.9 million euros of non-current assets.

During 2007, investments achieved 24.7 million euros, strengthening the group policy of implementing CAPEX levels above the industry, still ensuring an assets turnover above the sector.

A strict control of working capital continued to be one of the group priorities, representing 23.4% of sales.

Total liabilities recorded 292.8 million euros, and the group financial liability amounted to 208.6 million euros, the medium and long-term financial liabilities represent 75% of overall liabilities.

Outlook

The economy trend of both Europe and the United States remains a mystery. The relationship of Euro/Dollar, the relationship of the World with China and India and the enlargement to the Eastern countries with all their development, as well as military interventions in oil influenced areas are factors that hinder a clear perspective on the future.

In this context, a growth of package glass demand is not expected.

In Portugal and Spain, the outlook is not very optimistic with regard to GDP evolution, what may bring to a standstill in glass packaging demand.

Despite the above, the improved competitiveness achieved along the past years, products and processes innovation capacity developed within the organisation, together with the ambition to constantly improve customer's service, lead us to begin 2008 with optimism and certainty that a qualitative leadership of the sector can only be achieved with effort and dedication of all employees on a daily basis.

To optimise the relationship with all stakeholders, the concern with introducing an increasing transparency in all processes will be maintained:

› Regarding shareholders, to achieve the highest profitability levels, based on ethics principles and transparent and clear corporate governance rules.
› Regarding customers, to achieve even higher quality and reliability levels which help them to conquer the demanding consumption market.
› Regarding employees, to consolidate the methodologies and management systems and intensify the use of variable remuneration as a tool to share the created wealth and reward the best contributions.
› Regarding the surrounding area, to develop the group environmental policy, releasing publicly information on the plants environmental performance. Keep an interaction with entities, organisations and local associations to benefit the local community as a whole.
› Regarding suppliers, to promote partnerships to strengthen mutual confidence and make possible efficiency benefits along the supply chain.

Acknowledgements

First of all the Board of Directors is grateful to all employees from every plant of the group for their performance, enthusiasm and dedication, which were the major contributions to the outcome achieved both in customer satisfaction and return on capital employed.

The Board is also obliged to all Portuguese and Spanish Central, Regional and Local Authorities that followed and supported our business activities and projects. A special regard to Banks and other Financial Institutions involved in our business activity along the year.

A word of recognition to the Audit Comittee and the External Auditors of all associated companies for their permanent cooperation and critical but constructive position while reviewing the company business processes and accounts.

Finally, our deepest gratitude to our customers for their preference, confidence and demands, which are a constant drive towards our improvement.

Avintes, 31 January 2008

The Board of Directors,
Carlos Moreira da Silva – Chairman
Jorge Alexandre Ferreira – Chief Executive Officer
Álvaro Cuervo García
António Vasquez Cardeñosa
Francisco Silva Domingues
José Ignacio Comenge
Mário Pereira Pinto
Pedro de Araújo Lopes

Results Appropriation

At the General Meeting held on 31 January 2008, at 3 pm, the proposal presented by the Board of Directors, which is copied here below, was unanimously approved:

"For the non-consolidated Net Results of 'BA Glass I – Serviços de Gestão e Investimentos, SA', totalling 16,463,111.74, we propose the following appropriation:

Dividends	**EUR 16,463,111.74**

From Free Reserve we propose the transfer of EUR 6,736,888.26 for dividends leading to a gross dividend of EUR 464.00 per share."

Appendix to the Board of Directors's Report

Release of the shareholdings held on 31.12.2007 by the Members of the Board of Directors, Fiscal Board and Shareholders
(Articles 447 and 448 of Código das Sociedades Comerciais (Company Code))

Carlos António Rocha Moreira da Silva – Chairman of the Board of Directors

Through the fully controlled company "Bar-Bar-Idade Imobiliário e Serviços, SA" (hereinafter called BBI IS), holds 13,151 shares, representing 26.30% of "BA Glass I – Serviços de Gestão e Investimentos, SA"'s (hereinafter called BA Glass) share capital.

The company "Fim do Dia, SGPS, SA" (of which he is the Chairman of the Board of Directors) holds 23,698 shares corresponding to 47.40% of BA Glass's share capital.

On 31.01.2007, BBI IS acquired from "Sonae Capital, SGPS, SA" 1,959 shares, corresponding to 3.918% of BA Glass's share capital. On the same date, BBI IS sold to "Atanágoras, SGPS, SA" 2,003 shares, corresponding to 4.006% of BA Glass's share capital.

On 18.09.2007, BBI IS acquired from "Sonae Capital, SGPS, SA" 1,958 shares, corresponding to 3.916% of BA Glass's share capital. On the same date, BBI IS sold to "Atanágoras, SGPS, SA" 2,002 shares, corresponding to 4.004% of BA Glass's share capital.

Francisco José Mestre Mira da Silva Domingues – Member of the Board of Directors

The company "Atanágoras, SGPS, SA" (of which he is the Chairman of the Board of Directors) holds 13,151 shares, corresponding to 26,30% of BA Glass's share capital.

The company "Fim do Dia, SGPS, SA" (of which he is member of the Board of Directors) holds 23,698 shares corresponding to 47.40% of BA Glass's share capital.

On 31.01.2007, "Atanágoras, SGPS, SA" acquired from BBI IS 2,003 shares, corresponding to 4.006% of BA Glass's share capital, and on 18.09.2007, acquired from BBI IS 2,002 shares, corresponding to 4.004% of BA Glass's share capital.

Jorge Alexandre Tavares Ferreira – Member of the Board of Directors

The company "Fim do Dia, SGPS, SA" (of which he is member of the Board of Directors) holds 23,698 shares corresponding to 47.40% of BA Glass's share capital.

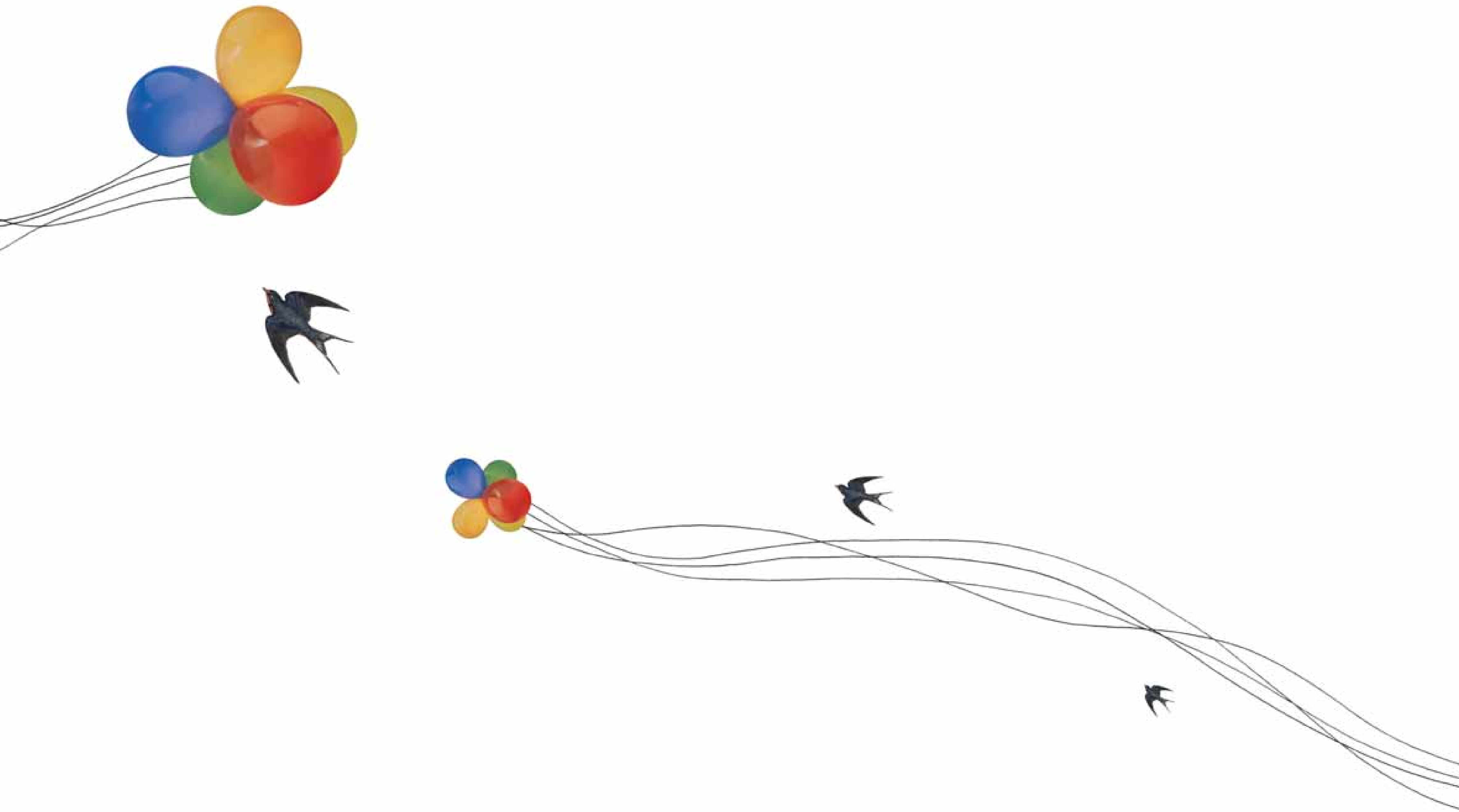
Rita Mestre Mira da Silva Domingues – Chairman of the Fiscal Board

The company "Atanágoras, SGPS, SA" (of which she is member of the Board of Directors) holds 13,151 shares, corresponding to 26,30% of BA Glass's share capital

On 31.01.2007, "Atanágoras, SGPS, SA" acquired from BBI IS 2,003 shares, corresponding to 4.006% of BA Glass's share capital, and on 18.09.2007, acquired from BBI IS 2,002 shares, corresponding to 4.004% of BA Glass's share capital.

Shareholders

Shareholders	Shares	Share Capital % and Voting Rights
Fim do Dia, SGPS, SA	23,698	47.40%
Atanágoras, SGPS, SA	13,151	26.30%
Bar-Bar-Idade Imobiliário e Serviços, SA	13,151	26.30%



Financial Statements

Ba Glass I Serviços de Gestão e Investimentos, SA

Consolidated Balance Sheet (amounts expressed in Euros)

	Notes	Dec 2007	Dec 2006
ASSETS			
Non Current Assets			
Goodwill	6	46,105,169	46,105,169
Intangible assets	7	5,146	3,426,463
Tangible assets	8	153,833,794	146,518,525
Financial investments	9	213,842	211,940
Financial assets available for sale		–	–
Investments properties	10	1,763,469	1,820,840
Other non-current assets	11	19,922,750	74,915,000
Deferred tax assets	12	8,125,889	12,359,268
		229,970,059	**285,357,205**
Current Assets			
Inventories	13	37,617,304	28,872,859
Trade receivables	14	53,353,744	40,715,763
Other debtors	15	22,590,627	535,834
Other current assets	16	450,282	392,634
Cash and cash equivalents	17	1,132,858	3,377,911
		115,144,816	**73,895,001**
Total Assets		**345,114,874**	**359,252,206**
EQUITY AND LIABILITIES			
Equity			
Share capital	18	50,000	50,000
Reserves, retained earnings and additional payments	19	16,061,178	52,529,159
Net Result for the period		36,241,129	28,546,842
Minority interests		–	–
		52,352,307	**81,126,001**
Non-current Liabilities			
Long-term borrowings	20	156,625,652	148,956,818
Provisions / Adjustments due to impairment loss	21	5,498,890	6,578,987
Other creditors		–	6,000,000
Deferred tax liabilities	12	8,000,715	8,411,823
		170,125,257	**169,947,628**
Current Liabilities			
Short-term borrowings	20	53,063,233	43,784,362
Trade payables	22	34,502,188	34,163,598
Other payables	23	6,153,110	12,747,378
Other current liabilities	24	28,918,779	17,483,240
		122,637,311	**108,178,577**
Total Liabilities and Equity		**345,114,874**	**359,252,206**

Consolidated Profit and Loss Account (amounts expressed in Euros)

< CONTENTS

	Notes	Dec 2007	Dec 2006
Operating Revenues			
Sales and services rendered	3	234,551,829	212,663,761
Changes in inventories of finished goods and work in progress		6,773,227	2,351,912
Other operating income	25	6,036,662	7,560,928
		247,361,718	**222,576,601**
Operating Costs			
Raw materials and consumables used		73,901,703	74,748,778
External supplies and services		50,288,157	44,135,223
Payroll costs		34,750,319	33,676,586
Depreciation and amortisation expense		21,989,821	21,674,212
Provisions		113,977	–
Other expenses	26	568,946	2,701,916
		181,612,923	**176,936,714**
Operating cash-flow (EBITDA)		**87,852,593**	**67,146,700**
Operating Result		**65,748,795**	**45,639,887**
Financial Result	27	**(16,304,890)**	**(9,026,755)**
Profit before Tax		**49,443,905**	**36,613,131**
Income tax expense	28	13,202,776	8,066,290
Net result for the period		**36,241,129**	**28,546,842**
Minority interests		–	–
Consolidated net result for the period		**36,241,129**	**28,546,842**
Consolidated Result per share			
Basic		**724.82**	**570.94**
Diluted		**724.82**	**570.94**

Consolidated Movements in Shareholders' Funds (amounts expressed in Euros)

	Share capital	Supplementary Capital	Dividends Paid to Shareholders	Legal Reserves	Goodwill	Other Reserves and Retained Earnings	Net Results of the Period	Anticipated Dividends	Total Equity
1 January 2007	**50,000**	**62,632,091**	**–**	**7,324,175**	**1,407,358**	**(18,834,465)**	**28,546,842**	**–**	**81,126,001**
Reductions in supplementary capital payments	–	(51,709,363)	–	–	–	–	–	–	(51,709,363)
Dividends distribution	–	–	(13,300,000)	–	–	–	–	–	(13,300,000)
Appropriation of results	–	–	13,300,000	1,144,544		14,102,299	(28,546,843)	–	–
Net results of the period	–	–	–	–	–	–	36,241,129	–	36,241,129
Deferred Tax variation from changes in fair value	–	–	–	–	–	–	–	–	–
Other changes	–	–	–	–	–	(5,461)	–	–	(5,461)
31 December 2007	**50,000**	**10,922,728**	**–**	**8,468,718**	**1,407,358**	**(4,737,627)**	**36,241,129**	**–**	**52,352,306**
1 January 2006	**50,000**	**120,397,091**	**–**	**5,282,916**	**1,407,358**	**(34,068,180)**	**28,995,273**	**–**	**122,064,458**
Reductions in supplementary capital payments	–	(57,765,000)	–	–	–	–	–	–	(57,765,000)
Dividends distribution	–	–	(11,700,000)	–	–	–	–	–	(11,700,000)
Appropriation of results	–	–	11,700,000	2,041,258	–	15,254,014	(28,995,272)	–	–
Net results of the period	–	–	–	–	–	–	28,546,842	–	28,546,842
Other changes	–	–	–	–	–	(20,299)	–	–	(20,299)
31 December 2006	**50,000**	**62,632,091**	**–**	**7,324,175**	**1,407,358**	**(18,834,465)**	**28,546,842**	**–**	**81,126,001**

Consolidated Cash-Flow Statement (amounts expressed in Euros)

< CONTENTS

	2007	2006
OPERATING ACTIVITIES:		
Receipts from trade debtors	250,318,289	235,077,470
Payments to trade creditors	(147,077,276)	(126,531,004)
Payments to staff	(31,124,904)	(32,345,059)
Net cash-flow from operations	**72,116,109**	**76,201,407**
Payment/Receipt of income tax	(8,549,234)	(7,228,412)
Other receipts/payments relating to operating activities	(4,390,081)	(3,006,680)
Net cash-flow from operating activities (1)	**59,176,793**	**65,966,316**
INVESTIMENT ACTIVITIES:		
Cash receipts arising from:		
Financial Investments	–	7,594,050
Tangible Fixed Assets	76,418	709,213
Investment Subventions	–	–
Interests and similar income	–	50,263
	76,418	**8,353,526**
Cash payments arising from:		
Financial Investments	–	(8,303,518)
Tangible Fixed assets	(29,197,901)	(18,006,832)
Loans to related parties	(21,000,000)	
	(50,197,901)	**(26,310,350)**
Net cash used in investment activities (2)	**(50,121,483)**	**(17,956,825)**
FINANCING ACTIVITIES:		
Cash receipts arising from:		
Loans obtained	70,200,793	40,652,501
Increases in supplementary capital payments	–	–
Others	96,907	328
	70,297,700	**40,652,830**
Cash payments arising from:		
Loans obtained	(4,983,595)	(10,996,583)
Interests and Similar Charges	(11,195,938)	(7,707,702)
Dividends	(13,300,000)	(11,700,000)
Reductions in supplementary capital payments	(51,709,363)	(57,765,000)
Others	(409,168)	(1,083,006)
	(81,598,064)	**(89,252,292)**
Net cash used in financing activities (3)	**(11,300,364)**	**(48,599,462)**
Change in cash and cash equivalents (4)=(1)+(2)+(3)	(2,245,053)	(589,971)
Cash and cash equivalents at the beginning of the period	3,377,911	3,967,883
Cash and cash equivalents at the end of the period	1,132,858	3,377,911
NOTES TO THE CONSOLIDATED CASH-FLOW STATEMENT:		
Cash at hand	**26,734**	**23,753**
Bank deposits	**1,106,124**	**3,354,159**
Cash and cash equivalents	**1,132,858**	**3,377,911**

Notes to the Consolidated Financial Statements (amounts expressed in Euros)

1. INTRODUCTION

BA Glass I – Serviços de Gestão e Investimentos, S.A. was established by a deed dated 29 May 2003 under the initial name of Bar-Bar-Idade Glass, Serviços de Gestão e Investimentos, S.A.

It is a *sociedade anónima* (limited company) created to: provide advisory services in the areas of management, trading and advertisement to commercial or industrial glass products and packaging companies; organise events and activities to promote those companies, their sales and products; produce, trade and mediate the acquisition and sale of glass products, as well as to explore commercial shops and distribution networks; perform and manage companies or investments in the area of manufacturing and distributing glass products and package; carry out investments in the real estate business, namely acquisition and sale of real estate assets for its own use or to resell, construct buildings for sale, housing and building sites/lots; acquisition, management and sale of shareholdings in national or foreign companies, regardless their social object.

2. ACCOUNTING POLICIES

2.1 Basis of Preparation

BA Glass group consolidated financial statements were prepared based on the continuation of the business activity and considering the associated companies accounting books and records, so that they are in accordance with the International Financial Reporting Standards ("IAS"/"IFRS"), issued by the International Accounting Standards Board ("IABS") and in force at 31 December 2007.

There are no significant changes in the financial statements as a result of the new standards issued by IASB during 2007.

2.2 Compliance Statement

The Consolidated Financial Statements were prepared according to the International Financial Reporting Standards (IFRS).

2.3 Consolidation Principles

The consolidation methods adopted by the Group are as follows:

a) Group companies

Financial shareholdings in companies where the Group holds, directly or indirectly, more than 50% of voting rights in Shareholders'/Partners' General Meetings and/or is empowered to control financial and operational policies (control definition used by the Group) were included in the enclosed consolidated financial statements.

Results from affiliates acquired or sold during 2007 are included in the Profit and Loss Account since the acquisition date or until their sale date.

Whenever necessary, adjustments to the affiliates' financial statements are performed to fit their accounting policies to the ones of the Group. Transactions, balances and dividends distribution among companies of the Group are written off by the consolidation process.

2.4 Main Valuation Criteria

The main valuation methods used in the preparation of the Group consolidated financial statements for these periods are the following:

I) Goodwill

Goodwill generated before the transition date to IFRS (1 January 2004) is still recorded by its accounting net value, calculated according to the *Plano Oficial de Contabilidade* (Official Accountancy Plan) and was subject to impairment tests on that date.

Additionally and according to the alternative foreseen in IFRS 1, the Group carries out annually formal impairment tests to the existing Goodwill at the accounts closing date. Whenever the amount, by which the Goodwill is recorded, is higher than the recoverable amount, there is an impairment loss which is recorded in the Profit and Loss Account under "Other operating costs". The recoverable amount is the highest of the net sale price and of the use value. Net sale price is the amount that could be obtained with the asset sale in a transaction available for all parties involved, deducting the sale's directly attributable costs. Use value is the current value of the future cash flow estimated to occur by the continuous use of the asset and sale at the end of its useful life. The recoverable amount is individually estimated for each asset or, when that is not possible, for the cash generating unit to which the asset belongs.

II) Intangible Assets

Intangible Assets are recorded by market value.

a) CO_2 Emission Rights

CO_2 emission licenses assigned to the group for free within the scope of the *Plano Nacional de Atribuição de Licenças de Emissão de CO_2* (National Allocation Plan) are recorded, according to the Technical Interpretation no. 4 of the *Comissão de Normalização Contabilística Portuguesa* (Portuguese Accounting Standardisation Commission), under "Intangible Assets" at market value on the assignment date by compensation of a liability under caption "Other current liabilities – Subsidies to consider" in the same amount.

For the CO_2 emissions of the Group, an operational cost is recorded by compensation of both a liability and an operational profit, as a result of the acknowledgement of the portion corresponding to subsidy.

Sales of emission rights will originate a gain or a loss to be calculated between the net sales value and the respective acquisition cost, deducting the corresponding State subsidy. This gain or loss will be recorded under Other Operating Income or Other Operating Costs, respectively.

III) Tangible Assets for own use - land

Land is recorded at a re-valued amount which is its fair value at the revaluation date, net of subsequent accumulated depreciation and/or any accumulated impairment losses. Revaluations are made periodically by independent real estate experts, so that the re-valued amount does not materially differ from the asset fair value.

Adjustments resulting from revaluations carried out on tangible assets (land) are recorded against equity. When a tangible asset with a positive revaluation in subsequent years is subject to negative revaluations, the adjustment is recorded by compensation of equity until the amount corresponding to the equity increase resulting from previous revaluations, and the surplus is recorded as a cost incurred in the year by compensation of net result of the year.

IV) Land allocated to sand exploration

Land allocated to sand exploration and some related costs are recorded by a re-valued amount which is its fair value at the revaluation date, net of subsequent accumulated depreciation and/or any accumulated impairment losses. Revaluations are made periodically by independent experts, so that the re-valued amount does not differ from the asset fair value. Those assets depreciation is performed according to the annual level of extracted sand, considering the exploration residual value at the end of the extraction.

Adjustments resulting from revaluations carried out on tangible assets are recorded against equity. When an exploration with a positive revaluation in subsequent years is subject to negative revaluations, the adjustment is recorded by compensation of equity until the amount corresponding to the equity increase resulting from previous revaluations, deducting the amount realised through amortisations, the surplus is recorded as a cost incurred in the year by compensation of net result of the year.

V) Other tangible fixed assets

Other tangible fixed assets acquired until 31 December 2003 are recorded at acquisition cost or at acquisition cost re-valued according to the generally accepted accounting principles in Portugal until that date, net of accumulated depreciations and accumulated impairment losses.

Depreciations are calculated when the assets are ready for use and over the expected useful life which is determined by the Group's estimated use of the asset, expected natural erosion, technical obsolescence and attributable residual value. The attributable residual value is estimated based on the existing residual value at the estimate date from similar assets whose useful life has ended and had been operating under similar conditions to those the asset is expected to be used for.

Depreciation rates used correspond to the following estimated useful life (years):

Buildings and other constructions	**20 – 50**
Basic equipment	**3 – 20**
Transport equipment	**4 – 12**
Tools	**3 – 15**
Administrative equipment	**3 – 15**
Tares and empty bottles	**3 – 7**
Other tangible assets	**3 – 15**

Subsequent expenses with replacement of fixed assets incurred by the Group are added to the corresponding tangible assets, and the net value of those assets replaced components is written-off and recorded as a cost under "Other operating costs".

Maintenance and repair expenses that neither extend the useful life nor improve significantly the tangible assets are recorded as a cost in the year they are incurred.

VI) Leases

Lease contracts are classified as (I) a finance lease if the substantial risks and rewards incidental to ownership lie with the lessee and (II) as an operating lease if the substantial risks and rewards incidental to ownership do not lie with the lessee.

Whether a lease is classified as finance or operating lease depends on the substance of the transaction rather than the form of the contract.

Tangible assets acquired through finance lease contracts and its liabilities are recorded by the financial method, recognising the tangible fixed asset and corresponding accumulated depreciations, as defined in the above "IV" policy and outstanding debts according to the contract financial plan.

Additionally, interest rates included in leases values and tangible fixed asset depreciations are recognised as expenses in the Profit and Loss Account of the period in which they are incurred.

Lease payments under operating lease contracts are recognised as an expense in the Profit and Loss Account on a straight line basis over the lease term.

VII) Investment properties

Investment properties consist of buildings with lease contracts established with third parties and/or buildings for valuation of the invested capital and are not to be used for production or administrative purposes, goods and services supply or sale during the business activity. The valuation criterium is the depreciated cost.

Incurred expenses with investment properties under use, namely: maintenance, repairs, insurances and taxes over properties, are recognised at the Profit and Loss Account in the period in which they are incurred.

VIII) Non-financial and non-current assets available for sale

Non-financial and non-current assets are classified as available for sale if their balance sheet value can only be recovered through sale and not through their continuous use. To be under this classification, assets must be available for immediate sale under their current conditions, the sale must be highly probable, the Board of Directors must be committed to perform such a sale and this one must occur within a 12-month period, as established by IFRS 5.

Non-financial and non-recurrent assets classified as available for sale are recorded at their lower value between balance sheet value and fair value, deducting any estimated costs to be incurred with their sale.

IX) Financial assets and liabilities

a) Financial instruments:

Financial instruments are classified into the following categories:

- **Held to maturity investments** – financial assets, non-derivatives, with fixed or variable reimbursements, with a fixed maturity, and that are intended to be kept until their maturity date by the Board of Directors;
- **Investments recorded at their fair value through the Profit and Loss Account**– financial assets or liabilities which are hold to obtain short-term surplus values and all other derivative instruments which are not allocated to hedge coverings;
- **Loans and accounts receivable –** non-derivative financial assets with fixed or variable reimbursements which are neither listed in net markets nor classified as investments recorded at fair value through the Profit and Loss Account or as investments available for sale;
- **Investments available for sale** – non-derivative financial assets that are either available for sale or cannot be included in none of the previous categories.

Investments held until maturity are classified as non-current investments, except if their maturity is less than 12 months of balance date. Investments recorded at fair value through the Profit and Loss Account are classified as current investments. Investments available for sale are classified as non-current.

All these investments acquisitions and sales are recognised at the signature dates of their acquisition and sale contracts, regardless their financial payment date.

Investments are initially recorded at their acquisition cost, which is the amount paid at their acquisition date and that corresponds to its fair value at that date including transaction expenses.

After the first recording, investments stated at their fair value through the Profit and Loss Account and investments available for sale are reassessed by their fair values against their market value at the balance date, without deducting transaction costs that might occur until their sale.

Profit or loss from changes to the fair value of investments available for sale are recorded at Equity under "Surplus in financial investments reassessment" until the investment is received or sold in any way or in any situation that the investment fair value is recorded below its acquisition cost and that situation is considered an impairment loss when the accumulated profit or loss is recorded at the Profit and Loss Account.

Incomes or losses from changes in the fair value of investments held for negotiation are recorded at the Profit and Loss Account of the financial year.

Held to maturity investments are recorded at capitalised cost using the effective interest rate, net of capital reimbursements and interest income received.

Financial investments available for sale representing capital portions in shares from non-listed companies are recorded at acquisition cost, taking into account the possible existence of impairment losses. The Board of Directors of the group believes that the fair value of those investments is not significantly different from their acquisition cost.

b) Accounts receivable

Receivables free of interests are recorded at their nominal value, net of possible accumulated impairment losses, recognised under caption "Impairment losses in accounts receivable", in order to thereby reflect their net realisable value.

c) Loans

Loans are recorded as liability at their nominal value, net of expenses related to their issuance. Financial expenses calculated based on the effective interest rate, including payable premiums are recorded at the Profit and Loss Account on a cut-off basis and are added to the book value of the loan if they are not paid in the period.

d) Accounts payable

Accounts payable, free of interests, are recorded at their nominal value.

e) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to contractual substance of the transaction. Equity instruments are those that represent a residual interest on the group's assets, net of a set of liabilities.

f) Derivatives

The Group uses derivatives in the management of its financial risks, only to hedge such risks. Derivatives are not used by the Group for trading purposes. The use of derivatives is duly approved by the Board of Directors.

Derivatives classified as cash flow hedge instruments are used by the Group mainly to hedge interest and exchange rate risks on loans obtained. Conditions established for these flow hedge instruments are identical to those of the corresponding loans in terms of base rates, calculation rules, rate setting dates and repayment schedules of the loans and for these reasons they qualify as perfect hedges.

The Group's criteria for classifying a derivative instrument as a cash flow hedge instrument include:

- the hedge transaction is expected to be highly effective in offsetting changes in cash flows attributable to the hedged risk;
- the effectiveness of the hedge can be reliably measured;
- there is adequate documentation on the hedging transaction at the inception of the hedge;
- the forecasted transaction that is being hedged is highly probable.

Cash flow hedge instruments are initially accounted for its cost, if any, and subsequently adjusted to their corresponding fair value. Changes in fair value of these cash flow hedge instruments are recorded in equity under the caption "Hedging reserves", and then recognised in the Profit and Loss Account over the same period in which the hedged instrument affects the results. When recognised, the non-effective hedge portion is recorded at the Profit and Loss Account of that period.

Hedge accounting of derivative instruments is discontinued when the instrument matures or is sold. Whenever a derivative instrument can no longer be qualified as a hedging instrument, the accumulated and deferred fair value differences recorded in equity under the caption "Hedging reserve" are transferred to the profit or loss of the period and subsequent reassessments are directly recorded on the Profit and Loss Account.

g) Discounted bills and accounts receivable

Balance of accounts receivable carried out by bank overdrafts at each balance date are recognised at the Group Profit and Loss Account until they are received.

X) Inventories

Merchandise and raw materials, subsidiary and consumable, are valued at their average acquisition cost. Finished and semi-finished products, by-products and products and works in progress are valued at production cost, which is lower than their market value.

Production costs include incorporated raw material cost, direct labour and general manufacture expenses.

XI) Revenue recognition and periods cut-off

Revenue from sales is recognised in the Profit and Loss Account when risks and benefits have been transferred to the buyer and the amount of the revenue can be reasonably measured. Sales are recognised net of taxes, discounts and other expenses arising from the sale, and are measured by the fair value of the amount received or to be received.

Revenue from services rendered is recognised in the Profit and Loss Account taking into consideration the stage of completion of the services at the balance sheet date.

Dividends are recognised as income in the year they are attributed to partners or shareholders.

Income and expenses are recorded in the year to which they relate, independently of the date of the corresponding payment or receipt. Income and expenses whose actual amount is not known are estimated.

"Other current assets" and "Other current liabilities" include income and expenses of the reporting year, which will only be invoiced in the future. Those captions also include receipts and payments that have already occurred but will only correspond to income or expenses of future years, when they will be recognised in the income statement.

XII) Assets and Liabilities expressed in foreign currencies

All monetary assets and liabilities expressed in foreign currencies are translated into the functional currency presented in the financial statements at official exchange rates as at the reporting date. Exchange gains and losses arising from differences between exchange rates at the transaction date and those prevailing at the date of collection, payments or date of the balance sheet are recorded as income and expenses at the Profit and Loss Account of that period.

Exchange quotations and conversion rates used to update balances receivable and payable in foreign currency existent at the Balance date were the following:

Country	Currency	Exchange rate
American Dollar	USD	**1,4688**
Swiss Franc	CHF	**1,6529**
Sterling Pound	GBP	**0,7413**

XIII) Deferred taxes

Deferred taxes are calculated using the balance sheet responsibility method, reflecting the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Deferred tax assets and liabilities are calculated and annually evaluated using tax rates that have been currently in place or announced to be in place when the temporary differences are expected to reverse.

Deferred tax assets are recognised only when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be used. At each balance sheet date, a review is made to the underlying differences in the recognised deferred tax assets, to recognise any previously unrecorded deferred tax as it did not fulfil the conditions for recording and/or reduce the amount of the recorded deferred tax assets whenever their future use is no longer probable.

XIV) Financial charges with loans obtained

Financial charges with loans obtained are normally recognised as costs, according to the cut-off policy of the financial year.

XV) Provisions

Provisions are recognised when, and only when, the Group has a current obligation (legal or constructive) resulting from a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of that obligation. Provisions are reviewed and adjusted at the balance sheet date to reflect the best estimate at that date.

Restructuring provisions are recorded by the group whenever a formal and detailed restructuring plan exists and that plan has been communicated to the parties involved.

XVI) Pensions

Obligations with defined benefit pension plans provided to some former and current employees of the group are estimated according to the “Projected Unit Credit Method”, using the most adequate actuarial and financial assumptions to the established plan.

Past services obligations and responsibilities with retired employees are fully covered. Additional responsibility arising from each financial year is recorded at the Profit and Loss Account as payroll costs.

XVII) Other current liabilities - Investment grants

Financing grants related to tangible fixed assets are recorded in liabilities as deferred revenues under caption “Other current liabilities” and are transferred to the Profit and Loss Account as income over the relating goods useful life proportionate to their respective depreciations.

XVIII) Impairment of assets, except for goodwill

Assets are assessed for impairment at each balance sheet date whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the Profit and Loss Account under “Other Operational Costs”. The recoverable amount is the highest of an asset’s fair value less costs to sell and its actual cash accounting value. Net sale price is the amount obtainable with the asset sale in a transaction available to all involved parties, net of costs directly related to the transaction. Actual cash accounting value is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if this is not possible, for the cash-generating unit to which the asset belongs.

Reversal of impairment losses recognised in prior years is only recorded when it is concluded that the impairment losses recognised for the asset no longer exist and, consequently, the asset is no longer in impairment. The reversal is recorded at the Profit and Loss Account as operational results. However, the reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (either through the historic cost or the reassessed value net of depreciation), had no impairment loss been recognised for that asset in prior years.

XIX) Contingencies

Contingent liabilities are not recorded in the consolidated financial statements, instead they are disclosed in the notes to the financial statements, unless the probability of a cash outflow affecting future economic benefits is not remote.

Contingent assets are not recorded in the consolidated financial statements but disclosed in the notes to the financial statements when future economic benefits are probable.

XX) Subsequent events

Events after the balance sheet date that provide additional information about conditions that existed at the balance sheet date are reflected in the consolidated financial statements. Events after the balance sheet date that provide information about conditions that occur after the balance sheet date are disclosed in the notes to the consolidated financial statements when material.

3. SEGMENT INFORMATION

The activity of the group is the glass packaging industry within the glass sector, with two plants installed in Portugal and two plants in Spain held through its affiliate BA Vidrio, S.A..

There are no distinctive components in products, manufacture processes, customers' type and distribution justifying the presentation of an analysis by business segment.

As such, we find there are no risks, returns, opportunities or an outlook substantially different at the plants installed in both countries that demand an individual identification by geographic segment.

Sales and services rendered at 31 December 2007 were split as follows:

	Iberian Peninsula	**Other EU Countries**	**Other Countries**	**Total**	**2006**
Package glass	220,139,544	13,426,809	263,828	233,830,181	211,944,231
Others	721,648			721,648	719,530
	220,861,192	**13,426,809**	**263,828**	**234,551,829**	**212,663,761**
2006	**204,351,591**	**7,475,094**	**837,076**	**212,663,761**	

Sales under caption "Others" refer to sand sales from the group company Minas de Valdecastillo, SAU.

4. COMPANIES INCLUDED BY THE FULL CONSOLIDATION METHOD

Companies included by the full integration method, their head offices and percentage of capital held at 31 December 2007 and 2006 are as follows:

Companies	**Headquarters**	**% of Capital Head 2007**	**2006**
BA Glass I, Serviços de Gestão e Investimentos, SA	Avintes	Parent	Parent
BA Vidro, SA	Avintes	100%	100%
Barbosa & Almeida – SGPS, SA	Avintes	100%	100%
Norcasco – Reciclagem de Vidros, SA	Avintes	100%	100%
BA – Energia, SA	Avintes	100%	100%

Companies	Headquarters	% of Capital Held 2007	2006
BA – Vidrio, SA	León	100%	100%
Minas de Valdecastillo, SAU	León	100%	100%
BA – Vidrio Distribuición Comercial Env., SA	Mérida	100%	100%
BA – Vidro II Marinha Grande SGPS, SA	Avintes	100%	100%

5. COMPANIES EXCLUDED FROM THE CONSOLIDATION

Companies	Headquarters	% of Capital Held 2007	2006
Artividro – Arte em Vidro, Lda	Leiria	87,50%	87,50%

This company was not consolidated by the full consolidation method, but that effect is considered materially irrelevant to present a reliable image of the financial situation and results of the group's operations. This shareholding is recorded under caption "Investments in affiliates", an adjustment to the shareholding for the whole value has been recorded (see Note 9).

6. GOODWILL

Goodwill generated prior to the transition date to IFRS (1 January 2004) is recorded at the book net value, calculated in accordance with *Plano Oficial de Contabilidade* (Official Accountancy Plan), and is subject to impairment tests.

Goodwill is as follows:

Value	Generated Value	Accumulated Depreciation 2007	Net Value 2006	Net Value
BA Vidro, SA	33,744,163	843,604	32,900,558	32,900,558
BA Vidrio, SA	12,989,951	324,749	12,665,202	12,665,202
Minas de Valdecastillo, SAU	553,240	13,831	539,409	539,409
	47,287,353	**1,182,184**	**46,105,169**	**46,105,169**

7. INTANGIBLE ASSETS

During 2007, movements in intangible assets, accumulated depreciation and impairment losses were as follows:

	Patents, Royalties and Other Rights	Total Intangible Assets
GROSS ASSETS		
Balance at 1 January 2007	**3,426,463**	**3,426,463**
Increase	–	–
Divestment	(3,421,317)	(3,421,317)
Transfers	–	–
Balance at 31 December 2007	**5,146**	**5,146**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES		
Balance at 1 January 2007	**–**	**–**
Depreciations in this period	–	–
Divestment	–	–
Transfers	–	–
Balance at 31 December 2007	**–**	**–**
Net Value	**5,146**	**5,146**
Net Value at 31 December 2006	**3,426,463**	**3,426,463**

IAS 38 ("Intangible Assets") defines intangible assets as non-monetary, identifiable and without physical substance, held to be used in the production or goods and services supply, to be leased to third parties or for administrative purposes. An asset is a resource when it is controlled by the company, as a result from past events and from which future economic benefits are expected.

Therefore, as of the IFRS adoption, the group records installation and research and development expenses, which do not meet the requisites to be considered as intangible assets as a financial year cost.

8. TANGIBLE ASSETS

During 2007, movements in tangible assets, accumulated depreciation and impairment losses were as follows:

	Land and Natural Resources	Buildings and Other Constructions	Basic Equipment	Transport Equipment	Administrative Equipment	Other Tangible Assets	Assets under Construction	Total Tangible Assets
GROSS ASSETS								
Balance at 1 January 2007	**36,346,677**	**82,179,995**	**312,897,371**	**1,683,188**	**5,633,099**	**4,310,121**	**2,320,903**	**445,371,353**
Investment		4,398,970	13,110,822	411,596	116,244		11,392,183	29,429,814
Fair value increase								
Divestment			(2,132,048)	(206,774)		(60,218)		(2,399,040)
Transfers		1,745,154	288,237		19,660		(2,053,051)	
Balance at 31 December 2007	**36,346,677**	**88,324,119**	**324,164,381**	**1,888,010**	**5,769,003**	**4,249,902**	**11,660,035**	**472,402,127**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES								
Balance at 1 January 2007		**42,495,347**	**245,701,743**	**1,408,137**	**5,275,493**	**3,972,108**		**298,852,827**
Depreciation for the period		2,978,443	18,539,724	154,905	224,682	92,067		21,989,821
Divestment		(35,214)	(1,997,003)	(181,810)	(71)	(60,218)		(2,274,317)
Transfers								
Balance at 31 December 2007		**45,438,576**	**262,244,463**	**1,381,231**	**5,500,104**	**4,003,957**		**318,568,331**
Net Value	**36,346,677**	**42,885,543**	**61,919,917**	**506,778**	**268,899**	**245,946**	**11,660,035**	**153,833,795**
Net Value at December 2006	**36,346,677**	**39,684,649**	**67,195,628**	**275,051**	**357,606**	**338,013**	**2,320,903**	**146,518,526**

The group finds there is no evidence of impairment related to its tangible assets at 31 December 2007.

9. FINANCIAL INVESTEMENTS

The caption “Capital shares” in group companies regards the shareholding in the company Artividro – Arte em Vidro, Lda.

	Capital Shares	Other Financial Applications	Total Financial Investments
GROSS ASSETS			
Balance at 1 January 2007	**1,932,842**	**214,023**	**2,146,865**
Increases	–	1,954	1,954
Disposals	–	–	–
Balance at 31 December 2007	**1,932,842**	**215,977**	**2,148,819**
ADJUSTMENTS			
Balance at 1 January 2007	**1,932,842**	**2,083**	**1,934,925**
Increases	–	52	52
Balance at 31 December 2007	**1,932,842**	**2,135**	**1,934,977**
Net Value	**–**	**213,841**	**213,841**
Net Value at December 2006	**–**	**211,939**	**211,939**

10. INVESTMENT ASSETS

Investment assets consist of real estate to be leased to third parties.

	Real Estate Investment
GROSS ASSETS	
Balance at 1 January 2007	**1,842,343**
Increases	–
Disposals	–
Balance at 31 December 2007	**1,842,343**
AMORTISATION	
Balance at 1 January 2007	**21,503**
Increases	57,372
Balance at 31 December 2007	**78,874**
Net Value	**1,763,469**
Net Value at December 2006	**1,820,840**

11. OTHER NON-CURRENT ASSETS

The balance of this caption at 31 December 2006 refers to an amount to be received from Fim do Dia SGPS, S.A.

2007 balance corresponds to an amount to be received from AICEP, regarding an achievement bonus of two investment subsidies attributed in case of meeting the contractual objectives measured between 2009 and 2015.

12. DEFERRED TAX

At 31 December 2007 and 2006 deferred tax assets and liabilities were detailed according to the underlying temporary differences as follows:

	2007	2006
Deferred Tax Asset		
Provisions for retirement pensions and other risks and charges	873,874	1,203,877
Tax investment benefits of contractual nature	5,015,432	8,636,267
Deferred tax BA Vidrio commerce fund	2,236,583	2,519,124
	8,125,889	**12,359,268**
Deferred Tax Liability		
Depreciation rate harmonisation	2,001,883	1,972,773
Adjustments to fair value	5,732,513	6,148,104
Tangible Assets revaluation reserves	266,319	290,945
	8,000,715	**8,411,822**

At 31 December 2007, the tax rate used to calculate the assets deferred tax was 26.5% for Portugal and 32.5 % for Spain (in 2006, they were 27.5% and 35.0%, respectively).

13. INVENTORIES

At 31 December 2007 and 2006, details on Inventories were as follows:

	2007	2006
Raw materials and consumables	4,827,873	3,741,489
Finished and semi-finished products	32,094,348	25,321,121
Merchandise	695,083	170,631
	37,617,304	**29,233,241**
Impairment losses / Adjustments	–	(360,383)
	37,617,304	**28,872,858**

14. TRADE DEBTORS

At 31 December 2007 and 2006, trade debtors details were as follows:

	2007	2006
Current accounts	51,590,009	40,017,583
Bills receivable	1,763,735	698,181
Doubtful debtors	3,897,863	3,783,886
	57,251,606	**44,499,650**
Impairment losses / Adjustments	(3,897,863)	(3,783,887)
	53,353,743	**40,715,763**

The Group exposure to credit risk is attributable to accounts receivable arisen from its operational activity. Amounts reported in the Balance Sheet are net of accumulated impairment losses for doubtful debtors, which were estimated by the Group, according to its own experience and based on the assessment of the economic environment. The Board of Directors finds that the book value of trade debtors is near its fair value. The Group has no significant concentration of credit risks, since the risk is split by a large number of customers.

15. OTHER DEBTORS

At 31 December 2007 and 2006, other debtors details were as follows:

	2007	2006
Affiliates and holdings	499	499
State and other public entities	599,309	407,720
Other shareholders (associates)	21,000,000	–
Other debtors	990,819	127,615
	22,590,627	**535,834**
Impairment losses / Adjustments	–	–
	22,590,627	**535,834**

The amount under caption “State and other public entities” is mainly related to income tax retentions and recoverable value added tax.

16. OTHER CURRENT ASSETS

At 31 December 2007 and 2006, other current assets details were as follows:

	2007	2006
Deferred Costs		
Expenses with financings	–	111,315
Rents from contracts with customers	55,790	118,020
Insurances	230,172	150,542
Others	12,397	12,757
	298,359	**392,634**
Accrued Revenue		
Gain in Swap contract at 31 December	151,923	–
	151,923	**–**
Total Other Current Assets	**450,282**	**392,634**

17. CASH AND CASH EQUIVALENTS

At 31 December 2007 and 2006, the detail of cash and cash equivalent was as follows:

	2007	2006
Cash at hand	26,734	23,753
Bank deposits	1,106,124	3,354,159
Cash and cash equivalents	1,132,858	3,377,911

18. SHARE CAPITAL

At 31 December 2007 the share capital in the amount of 50,000 euros was fully subscribed, realised and comprised of 50,000 shares at a nominal value of 1 euro each. At 31 December 2007 and 2006, the shareholding structure was as follows:

	Number of shares	2007 %	Number of shares	2006 %
Fim do Dia, SGPS, SA	23,698	47.40%	23,698	47.40%
Bar- Bar- Idade Imobiliário e Serviços, SA	13,151	26.30%	13,239	26.48%
Atanágoras, SGPS, SA	13,151	26.30%	9,146	18.29%
Sonae Capital – SGPS, SA	–	–	3,917	7.83%
	50,000	**100.00%**	**50,000**	**100.00%**

19. RESERVES, RETAINED EARNINGS AND ADDITIONAL PAYMENTS

	2007	2006
Suplementary capital	10,922,728	62,632,091
Legal reserves	8,468,718	7,324,175
Goodwill	1,407,358	1,407,358
Other reserves and retained earnings	(4,737,626)	(18,834,435)
	16,061,178	**52,529,189**

Supplementary Capital

Supplementary capital is similar to other additional capital payments but can only be reimbursed to shareholders, since the company net equity is not lower than the sum of its share capital and legal reserve.

Supplementary capital can be remunerated with interest mature defined by the General Shareholders' Meeting on an annual basis.

Legal Reserve

Societal legislation establishes that at least 5% of each company annual net result should be put aside as legal reserve reinforcement in Portugal and 10% in Spain until this legal reserve represents 20% of the share capital. This reserve cannot be distributed, unless the Group goes into liquidation, but can be used to absorb losses after the other reserves are used up or can be incorporated in the share capital.

Goodwill

Goodwill recognised at the group equity was created by the acquisition of the following financial shareholdings:

	2007	2006
Barbosa & Almeida SGPS, SA	1,167,719	1,167,719
Norcasco – Reciclagem de Vidros, SA	1,089	1,089
BA – Energia, SA	238,550	238,550
	1,407,358	**1,407,358**

Other Reserves and Retained Earnings

In the companies within the consolidation perimeter there are free reserves for distribution at their individual accounts in the amount of 31,081,585 euros.

20. BANK LOANS

At 31 December 2007 and 2006, the group net debt is as follows:

	2007	2006
Creditors with interest		
Non-current	156,625,652	148,956,818
Current	53,063,233	43,784,362
	209,688,885	**192,741,180**
Cash and cash equivalents		
Cash in hand	26,734	23,753
Bank deposits	1,106,124	3,354,159
	1,132,858	**3,377,911**
Fair value of the financial instruments	**–**	**11,975**
Net debt	**208,556,027**	**189,351,294**

The group loans are subject to interests at Euribor rate plus spreads agreed by contract with the financial institutions at the foreseen payment dates.

	Short-term	Medium and long-term	Total debt	2006
Medium and long-term financing contracts	9,795,511	59,875,652	69,671,164	36,339,608
Commercial paper	15,000,000	88,000,000	103,000,000	135,600,000
EIB	2,500,000	8,750,000	11,250,000	13,750,000
Bank overdrafts	24,634,863	–	24,634,863	3,673,661
	51,930,375	**156,625,652**	**208,556,027**	**189,363,269**
Fair value of derivative financial instruments				11,975
	51,930,375	**156,625,652**	**208,556,027**	**189,351,294**

The portion under medium and long-term in 2007 has the following defined reimbursement plan:

Year	2007
2009	24,477,565
2010	27,055,130
2011	31,355,130
2012	27,905,130
2013 and following	45,832,697
	156,625,652

21. PROVISIONS

During the year ended at 31 December 2007, there were the following movements at the provisions accounts:

	Retirement pensions	Ongoing judicial lawsuits	Environmental responsibilities	Total
Balance at 1 January 2007	**4,377,734**	**1,950,000**	**251,253**	**6,578,987**
Increases	–	–	–	–
Uses	1,080,097	–	–	1,080,097
Replacements	–	–	–	–
Balance 31 December 2007	**3,297,637**	**1,950,000**	**251,253**	**5,498,890**

Obligations with past services and with pension employees are fully covered by a specific provision (note 29).

The process regarding the notification of the company BA - Vidro, S.A. by the Spanish *Comisión Nacional del Mercado de Valores* (CNMV) for the payment of almost 1,950,000 euros for the alleged non-disclosure of a qualified shareholding is still underway. An appeal was sent to the competent authorities. At the financial statements, a specific provision is allocated to cover the full amount of this process.

The company Minas de Valdecastillo, SAU has a legal and constructive obligation, to replace land allocated to the exploration, estimated in 251,253 euros (Note 32).

22. CREDITORS

At 31 December 2007 and 2006, these debts refer to amounts payable arisen from acquisitions during the normal activity of the group. The Board of Directors finds that the book value of these debts correspond approximately to their fair values.

	2007	2006
Suppliers, current account	22,075,070	18,668,974
Suppliers, invoices pending of approval	7,726,331	10,000,534
Fixed assets suppliers	4,700,787	5,494,090
	34,502,188	**34,163,598**

23. OTHER CREDITORS

At 31 December 2006 and 2005, the caption "Other creditors" was as follows:

	2007	2006
Non-current		
Shareholders	–	6,000,000
Current		
Shareholders	–	6,402,717
State and other public entities	5,858,645	5,071,727
Current payable amounts – CO_2 emission licenses	5,146	1,121,564
Other creditors	289,319	151,369
	6,153,110	**12,747,378**

During 2007, the loan in the amount of 12,402,717 euros from Sonae Capital SGPS, SA to BA Glass I was fully reimbursed.

The amount under “State and other public entities” refers mainly to Value-added tax amounts, tax provision over profit income deducted from payments on account, contributions payable to Social Security and tax retentions over income.

24. OTHER CURRENT LIABILITIES

Other current liabilities at 31 December 2007 and 2006 are as follows:

	2007	2006
Accrual		
Employees charges	5,290,968	5,373,487
Payable financial charges	2,362,773	4,290,137
Other supplies and external services	382,910	293,574
Assigned rappel	412,060	333,262
Others	250,444	122,791
	8,699,154	**10,413,251**
Deferred Income		
Investment grants	20,219,625	4,765,090
Grants to be considered – CO_2 emission licenses	–	2,304,899
Others	–	–
	20,219,625	**7,069,989**
	28,918,779	**17,483,240**

Caption “Investment grants” includes the amount regarding investment projects carried out by BA Vidro in Avintes and Marinha Grande plants.

25. OTHER OPERATIONAL INCOME

At 31 December 2007 and 2006, the caption “Other operational income” was as follows:

	2007	2006
Investment grants	4,468,215	2,247,719
Earnings from sales of non-current assets	52,910	244,087
Operation grants – air emission rights – CO_2	5,146	2,085,943
Gain from ongoing lawsuit	–	1,881,195
Other Operational Income	208,790	259,151
Benefit from contractual penalties	4,483	618,143
Rents and leases	115,023	57,293
Adjustements reversal	1,182,095	167,398
	6,036,662	**7,560,928**

26. OTHER OPERATIONAL COSTS

The caption "Other operational costs" details are as follows:

	2007	2006
Taxes	281,927	278,756
Costs with CO_2 emissions	5,146	2,085,943
Losses from sales of non-current assets	80,179	200,231
Other costs	201,693	136,986
	568,946	**2,701,916**

27. FINANCIAL RESULTS

Consolidated financial results for the periods ended at 31 December 2007 and 2006 are as follows:

	2007	2006
Interests and commissions on loans obtained	(13,475,188)	(9,494,650)
Interests from capital application	1,339,397	53,485
Discounts given	(649,793)	(429,220)
Discounts obtained	67,184	77,347
Exchange differences	(3,522,728)	42,604
Earnings from sale of financial investments	–	745,596
Other financial costs	(63,761)	(22,108)
Other financial income	–	191
	(16,304,890)	**(9,026,755)**

The exchange differences amount occured in full in BA Vidrio (Spain) during the year.

28. INCOME TAX

The group is subject to the Special Tax System for Holding Companies in Portugal and in Spain. For tax purposes, the parent companies are BA Vidrio (Spain) and BA Glass I – Serviços de Gestão e Investimentos, SA (Portugal).

Annual revenue statements are subject to review and adjustments from the Portuguese and Spanish tax authorities during a 4-year period.

At 31 December 2007, the Tax caption was as follows:

	2007	2006
Current tax	(9,380,430)	(8,248,612)
Deferred tax	(3,822,347)	182,323
	(13,202,776)	**(8,066,289)**

Tax reconciliation for the financial year	**2007**	**2006**
Result before taxation	**49,443,905**	**36,613,131**
Current tax over income	(9,380,430)	(8,248,612)
Deferred tax		
Assets increase by deferred tax – Tax benefit on investment	–	2,819,000
Assets decrease by deferred tax – Tax benefit on investment	(3,620,835)	(2,291,093)
Assets decrease by deferred tax – Pensions	(330,003)	(72,697)
Assets decrease by deferred tax – Commerce fund	(282,541)	(219,263)
Assets by deferred tax – Commerce fund, rate adjustment in Spain	–	–
Liability decrease by deferred tax – Fair value adjustments	415,515	98,735
Liability increase by deferred tax – Depreciation harmonisation	(29,109)	(178,112)
Liability decrease by deferred tax – Re-evaluation reserves	24,625	25,753
	(3,822,347)	**182,323**
Consolidated net result	**36,241,129**	**28,546,842**

The group benefits from an income deduction within the scope of the contractual tax benefits regarding investments at the Marinha Grande and Avintes plants, until 2013 and 2015, respectively. During 2007, an income deduction in the amount of 3,620,835 euros was recognised.

29. PENSION FUNDS LIABILITY

BA Vidro, SA has a pension liability for former and for some current employees which has been determined according to the "Projected Unit Credit Method", using actuarial and financial assumptions.

Liabilities associated with past years of service and obligations before those pension employees are fully hedged by a specific provision (note 21).

Actuarial studies are related to the balance date to account for the accumulated liability, they were developed by an independent entity and were based on the following assumptions:

Mortality table	TV 73/77
Retirement age	65 years
Actuarial technical rate	3%
Pension growth rate	0%

30. AVERAGE HEADCOUNT

At 31 December 2007, the average headcount at all group companies amounted to 1,058 (1,078 at 31 December 2006).

31. RELATED PARTIES

Besides balances and transactions with companies included in the consolidation perimeter referred to on note 4, which were written off in the process of preparation of the consolidated financial statements, there are other balances and transactions with related parties detailed as follows:

Company	Type of Transaction	Transaction Amount	Transaction Balance
Fim do Dia SGPS, SA	Current credit (note 15)	9,953,160	9,953,160
BBI Imobiliário e Serviços, SA	Current credit (note 15)	5,523,420	5,523,420
Atanágoras, SGPS, SA	Supplementary capital (note 19)	10,922,728	10,922,728
	Current credit (note 15)	5,523,420	5,523,420
		31,922,728	**31,922,728**

32. ENVIRONMENTAL ISSUES

Within its business activity, the Group incurs in several environmental related expenses that according to their characteristics are being capitalised or recognised as a cost in operating results for the period.

CO_2 Emission Licences

Within the scope of the Kyoto Protocol, the European Union has committed itself to reduce greenhouse gases emissions. In this context, an EU Directive was issued to establish trade of the so-called "CO_2 Emission Licences", in the meantime transferred to the Portuguese legislation which is enforced as of 1 January 2005 and, among others, applicable to the glass industry.

In 2005, the Portuguese and Spanish governments allocated "CO_2 Emission Licences" to all companies included within this scope. The group was allocated with licences for the emission of 963,843 tonnes of CO_2 for free for the three-year period 2005-2007. If the actual emissions are higher than the allocated "CO_2 Emission Licences", the group will have to acquire the outstanding licences in the market.

The delivery of "CO_2 Emission Licences", corresponding to the actual emissions amount in the period, is performed in the following year, and the presented values are subject to a certification carried out by a third party.

During 2007, the CO_2 emissions performed by the Group were 336,232 tonnes.

The CO_2 Emission Licences for PNALE II in force from 1 January 2008 and 31 December 2012 were already allocated to the group.

At the end of the three-year period 2005-2007, the allocated shares met the group needs.

Expenses with environmental reconstruction

The company Minas de Valdecastillo, SAU has a legal and constructive liability to replace land, estimated in 251,253 euros, allocated to exploration (Note 22).

33. COMMITMENTS AND CONTINGENCIES

Guarentees

At 31 December 2007, the group keeps bank guarantees on behalf of third parties in the amount of 27,133,172 euros, including a EIB financing guarantee.

34. SUBSEQUENT EVENTS

After 31 December 2007, there were no material events that might affect materially the financial statements.

During 2007, BA Vidro was subject to a Tax Audit to the 2005 financial year, whose outcome was a report project setting out corrections to the tax base; these corrections are not included in the financial statements, since the Board of Directors considers that they will hardly bring costs to the company.

The Chartered Accountant,
Alberto de Sousa Araújo Soares

The Board of Directors,
Carlos Moreira da Silva – Chairman
Jorge Alexandre Ferreira – Chief Executive officer
Álvaro Cuervo Garcia
António Vasquéz Cadeñosa
Francisco Silva Domingues
José Ignacio Comenge
Mário Pereira Pinto
Pedro de Araújo Lopes

Report of the Statutory External Auditor

Report and Opinion of the Statutory Audit Board

Statutory Auditor's Report on the Financial Statements

Ba Glass I Serviços de Gestão e Investimentos, SA

Report of the Statutory External Auditor

Ernst & Young Audit & Associados-SROC, S.A.

(Translation of a report originally issued in Portuguese)

AUDITOR'S REPORT

INTRODUCTION

1. We have audited the accompanying consolidated financial statements of **BA GLASS I – SERVIÇOS DE GESTÃO E INVESTIMENTOS, S.A.**, comprising the Consolidated Balance Sheet as of 31 December 2007 (which shows a total of 345.114.874 Euros and a shareholders´ equity total of 52.352.307 Euros, including a net income for the year of 36.241.129 Euros), the Consolidated Income Statement by Nature, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and the respective notes.

RESPONSIBILITIES

2. The Company's Management is responsible for the preparation of consolidated financial statements which present a true and fair view of the consolidated financial position, consolidated results of operations and consolidated cash flows, as well as for the application of appropriate accounting policies and for the maintenance of an adequate internal control system.

3. Our responsibility is to express an independent and professional opinion based on our examination on those financial statements.

SCOPE

4. We conducted our examination in accordance with International Standards on Auditing which require that we plan and perform the examination to obtain reasonable assurance about whether the financial statements are free of material misstatement. Accordingly, our examination included:

   - the verification of whether the financial statements included in the consolidation were audited appropriately and an assessment of the estimates, based on judgments and criteria determined by Company's Management, for the preparation thereof;

   - the verification of the consolidation adjustments;

   - the assessment of whether the accounting policies adopted and their disclosure are appropriate, considering the circumstances;

   - the verification of the appropriateness of the going concern principle; and

   - an assessment of whether the overall presentation of the consolidated financial statements is appropriate.

5. We believe that the examination carried out provides an acceptable basis for the expression of our opinion on the financial statements.

OPINION

6. In our opinion, the financial statements referred to above present a true and fair view, in all material respects, of the consolidated financial position of **BA GLASS I – SERVIÇOS DE GESTÃO E INVESTIMENTOS, S.A.**, as at 31 December 2007, the consolidated results of its operations and cash flows for the year then ended, in accordance with International Financial Reporting Standards, issued by the International Accounting Standards Board (IASB), as adopted by the European Union.

Porto, 31 January 2008

ERNST & YOUNG AUDIT & ASSOCIADOS – SROC, S.A.
Sociedade de Revisores Oficiais de Contas (Nº 178)
Represented by:

(Signed)

João Carlos Miguel Alves (ROC Nº 896)

Report and Opinion of the Statutory Audit Board

Report and Opinion of the Statutory Audit Board – Consolidated Accounts

(Free translation from the original in Portuguese)

To the Shareholders of BA GLASS I – SERVIÇOS DE GESTÃO E INVESTIMENTOS, SA

In accordance with current law and the mandate we have been conferred, we herewith submit for your consideration our Report and Opinion regarding the activity undertaken by us and the Consolidated Statements of BA GLASS I – SERVIÇOS DE GESTÃO E INVESTIMENTOS, SA (company) with respect to the year ended 31 December 2007, which are the Board of Directors' responsibility.

We have accompanied the evolution of the Company's activities and businesses, as well as of other companies within the consolidation perimeter, the compliance with the legal and statutory standards in force, the risk management and internal control systems with all requested information having been received together with clarifications from the Board of Directors, various company departments, as well as from other companies within the consolidation perimeter.

We have additionally monitored the process of preparation and disclosure of financial information as well as the review of consolidated financial company statements and have received all requested information and clarifications from the Statutory External Auditor.

Within the scope of our mandate, we have verified the Consolidated Balance Sheet for the fiscal year ended 31 of December 2007, the Consolidated Statement of Income by nature, Cash Flow Statements and Statements of Changes in Equity and corresponding Appendices for the same period. We have also verified the Management Report for the fiscal year ended 31 December 2007 issued by the Board of Directors and the Statutory External Auditor's Report on the Financial Statements issued by the Statutory External Auditor on this date, with which we agree.

In light of the above, we are of the opinion that the consolidated financial statements in question and the Management Report have been prepared according to the applicable accountancy, legal and statutory standards.

Therefore, we are of the opinion that the Management Report, Consolidated Balance Sheet for the fiscal year ended 31 December 2007, Consolidated Statement of Income by nature, Cash Flow Statements and Statements of Changes in Equity and corresponding Appendices for the same period, should be approved.

Finally, we would like to express our gratitude to the Board of Directors, Company departments and Statutory External Auditor for their cooperation.

Avintes, 31 January 2008

Rita Silva Domingues (Chairman)
Manuel Ortigão de Oliveira
Óscar Alçada da Quinta

Design
Illustration
Godesign

Printing
Orgal - Artes Gráficas