



Industry is no longer just a process where raw materials are transformed into products. It is a variety of other processes, which together transform industry into a force that provides unique services and added value for customers. From the work of a great team a new concept of industry has now been born... Industry at the service of the customer!



2010
Reports

Humbleness
emotion
Ambition
Rigor
Transparency

Values that allow us
to achieve new goals.

From Industry...
...to Service

Letter from the Chairman

To all stakeholders,

In 2010, the difficulties experienced in Western economies since the outbreak of financial crisis in 2008 worsened significantly. Iberian economies in particular were unable to find a policy capable of harmonizing the public deficit and debt management with a development policy that would allow debts to be properly served. This context exacerbated a sovereign debt crisis affecting the liquidity of the Iberian financial system and increased the costs involved in providing financing to companies.

In spite of this depressed and unfavorable context, the BA Group again improved its operational and financial performance, and despite the increase in energy costs it did manage to match the EBITDA margins achieved in 2007, before the acquisition of Sotancro.

Contributing to this result above all were our customers, who retained their confidence in the service we provide them, and our employees, who rose to meet the demands for flexibility that the consumer market required. Export performance, which grew 32%, deserves special attention, since it confirms the correctness of the geographical diversification policy we began in 2009 as a response to the decline of the Iberian economies. For this I extend my thanks to our customers, and to all employees of the BA Group.

The difficult conditions present in the Iberian economy, conditions which unfortunately will continue in the years to come, demand that policies be kept strictly streamlined and that we constantly make innovations in our products and processes so as to better meet our customers' needs.

I do however realize that the greatest risks we will face in the future will come from the scarcity and high cost of financing that Iberian companies will be subject to, and the fragility of the Iberian economy, where over 80% of Group sales are concentrated. Thus the Board's priorities are focused on geographic expansion into economies with a higher growth potential, and on seeking funding to enable such growth and dilute our exposure to the Iberian financial system.

In this context I can only hope that good sense will prevail in Portugal's tax policies, and that the corporate tax will be changed so that the Group's re-investment and internationalization are not jeopardized.

Avintes, January 28, 2011

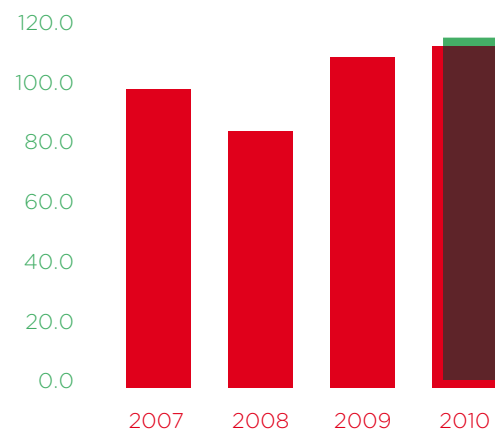


Consolidated Indicators

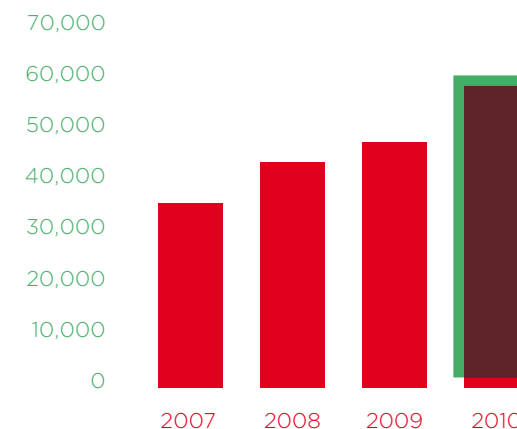
| K € | 2010 | 2009 |
|-----------------------|----------|----------|
| Turnover | 351,612 | 331,772 |
| Operating Income | 91,422 | 88,461 |
| Financial Income | (11,552) | (22,117) |
| Net Income | 59,105 | 48,478 |
| Cash Flow | 91,914 | 78,428 |
| Operacional Cash Flow | 124,231 | 117,659 |

| K € | 2010 | 2009 |
|-------------------------|---------|---------|
| Net Assets | 553,081 | 555,398 |
| Equity | 74,710 | 102,722 |
| Net Debt | 355,510 | 292,547 |
| Asset Turnover | 1.24 | 1.29 |
| Net Debt/ EBITDA | 2.86 | 2.49 |
| Interest Coverage Ratio | 12.5 | 10.5 |
| EBITDA/ Sales | 35.3% | 35.5% |
| EBIT/ Sales | 26.0% | 26.7% |
| Number of Employees | 1,409 | 1,339 |
| Sales/Employee | 249.5 | 247.8 |

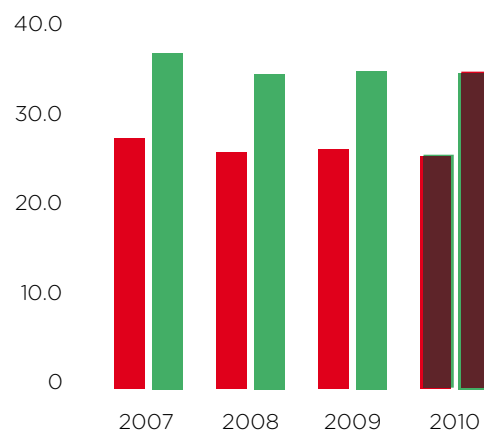
Sales per Capita [base 100 = 2007]



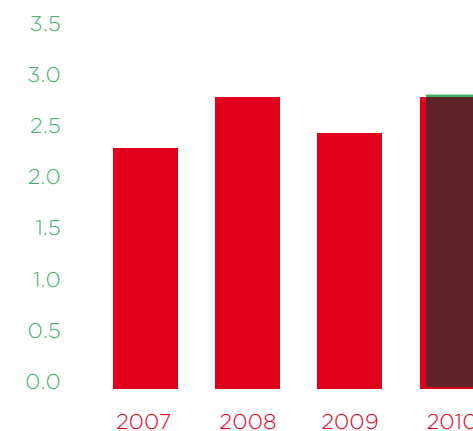
Consolidated Net Income [k€]



EBIT+EBITDA / Sales [%]

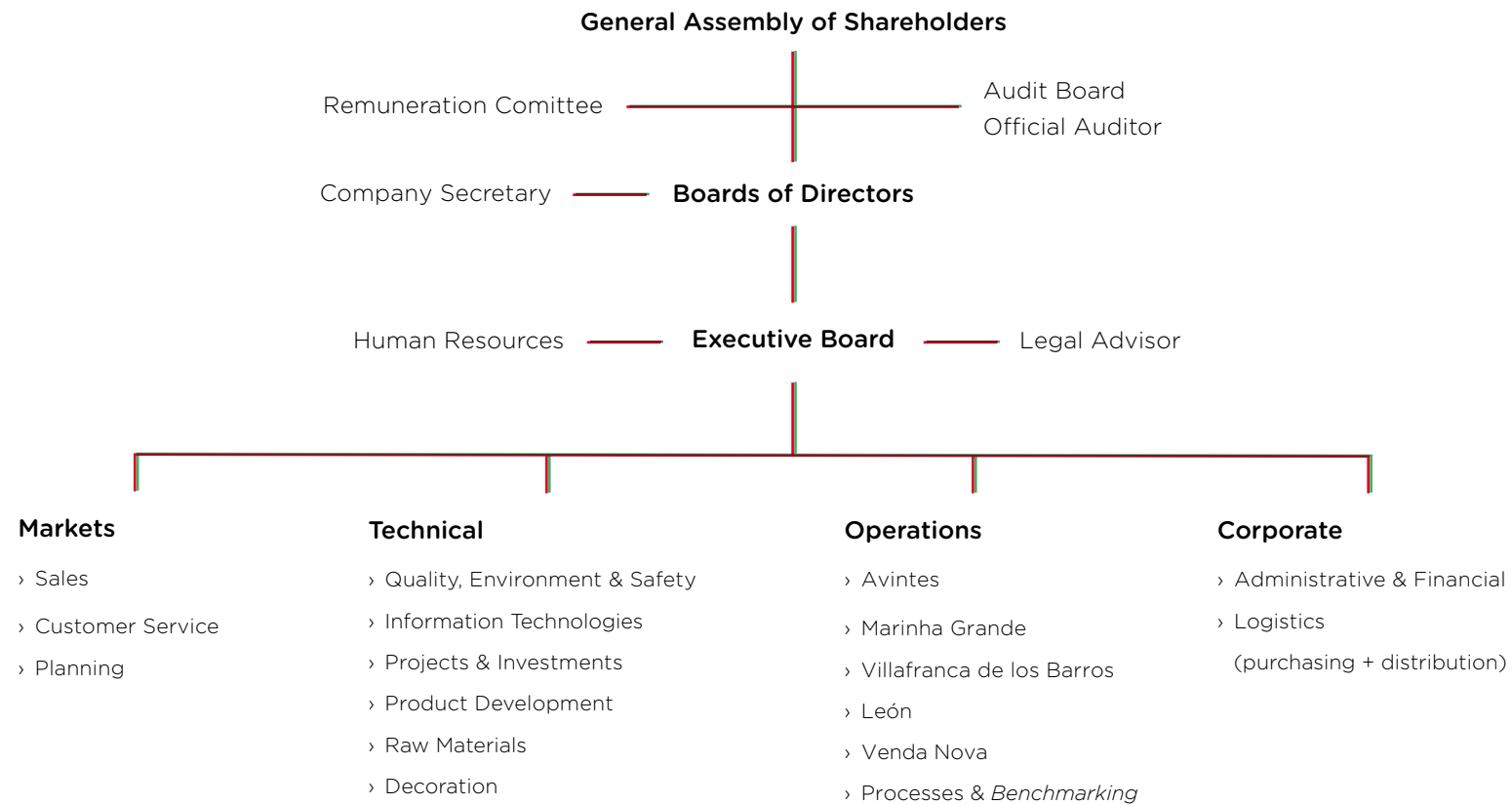


Net Debt/EBITDA

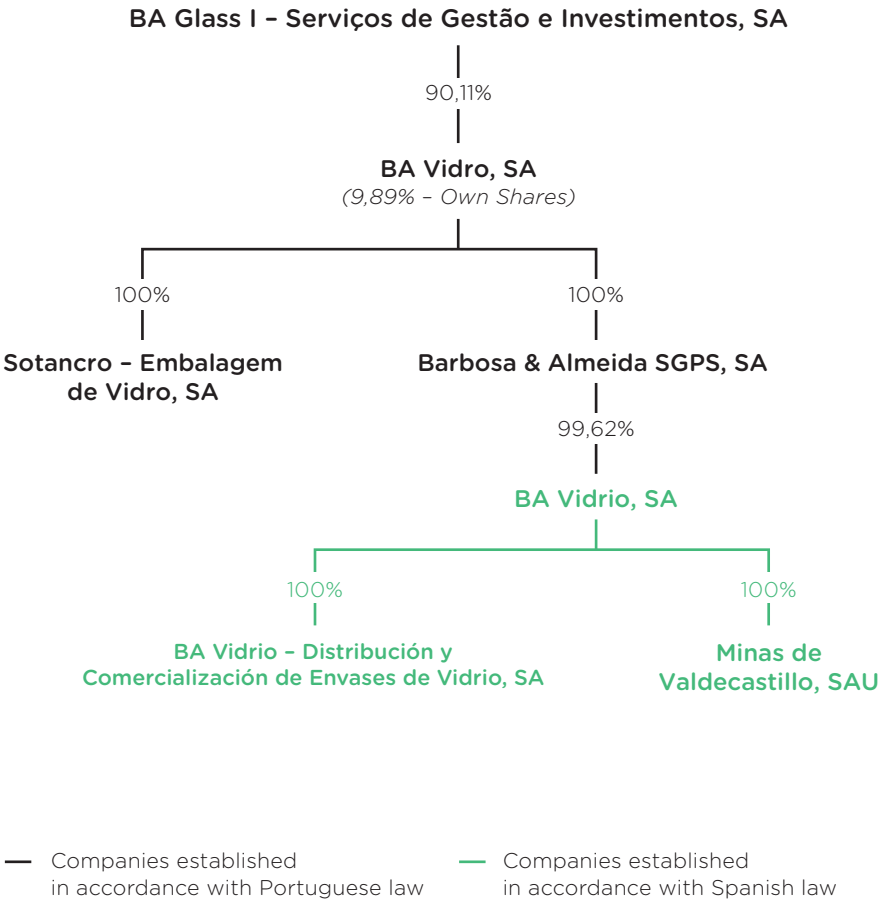


■ EBIT/Sales ■ EBITDA/Sales

Organogram



BA Glass Group



Companies Bodies

Board of Directors

Carlos Moreira da Silva (Chairman)
Jorge Alexandre Ferreira (CEO)
Álvaro Cuervo Garcia
António Vásquez Cardeñosa
Francisco Silva Domingues
José Ignácio Comenge
Mário Pereira Pinto
José Pedro de Araújo Lopes

General Assembly Presiding Members

Eduardo Verde Pinho
Sofia Cerqueira Serra

Audit Committee

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

Auditor

Ernst & Young Audit & Associados, SROC, SA
Representada por João Carlos Miguel Alves

Company Secretary

Rita Silva Domingues

Secretary from related company BA Vidrio, SA

Efrén Villán Sánchez

Executive Board

Jorge Alexandre Ferreira (President)
José Pedro de Araújo Lopes
Alfredo José de Lacerda Pereira
Sandra Maria Santos

Directors

Ana Cristina Gonçalves
António Magalhães
António Sá Couto
Fernando Amílvia
Javier Teniente
Luis Cardoso
Pedro Belo
Pedro Correia
Rafael Corzo
Reinaldo Coelho
Vitor Matoso



Questioning the present, redefining concepts and procedures, overcoming obstacles, eliminating stigmas and innovating in our products and services... The conquest of a more joyous and promising future is the challenge of today!

From the Present...
...to the Future

Adresses

BA VIDRO,SA

Head Office

Avenida Vasco da Gama, 8001
4434-508 Avintes · Portugal
T. +351.22.7860500 F. +351.22.7860501
www.bavidro.com
Mail. bavidro@bavidro.com

Avintes Plant

Avenida Vasco da Gama, 8001
4434-508 Avintes · Portugal
T. +351.22.7860500 F. +351.22.7860501
Mail. bavidro@bavidro.com

Marinha Grande Plant

Travessa da Liberdade
2431-953 Marinha Grande · Portugal
T. +351.244.575200 F. +351.244.575201
Mail. bavidro@bavidro.com

Sotancro

Venda Nova Plant

Rua Vice-Almirante Azevedo Coutinho, 1,
2700-843 Venda Nova – Amadora · Portugal
T. + 351.21.4967500 F. +351.21.4967509
Mail. bavidro@bavidro.com

BA VIDRIO, SA

Villafranca Plant

Polígono Industrial “Los Varales”, s/n
06220 Villafranca de los Barros
Badajoz · Espanha
T. +34.924.527812 F. +34.924.527813
Mail. bavfb@bavidro.com

León Plant

Carretera de Zamora, Km 6
Apartado 368, 24080 León · Espanha
T. +34.987.218270 F. +34.987.212459
Mail. bavidro@bavidro.com

DELEGATIONS

Lisbon Office

Rua Marquês de Fronteira, 8, 4º
Apartado 1062, 1070-296 Lisboa · Portugal
T. +351.21.3826070 F. +351.21.3826071
Mail. comercial@bavidro.com

Madrid Delegation

Calle Alberto Alcocer, 8, 6ºA, 28036 Madrid · Espanha
T. +34.91.4583680 F. +34.91.4583675
Mail. jmsj@bavidro.com

Barcelona Delegation

Calle Josep Vicenç Foix, 1 baixos A
08720 Vilafranca del Peredés, Barcelona · Espanha
T. +34.93.8175286 F. +34.93.8910978
Mail. sventura@bavidro.com

Norte Delegation

Avda. Del Pilar, 1, 1ºDtcho
26500 Calahorra, La Rioja · Espanha
T. +34.941.136573 F. +34.941.136569

Levante Delegation

Calle Progreso, 25
30500 Molina de Segura, Murcia · Espanha
T. +34.968.641073 F. +34.968.642574

Contents

MANAGEMENT REPORT AND ACCOUNTS

09 Board of Directors Consolidated Report

- 10 Introduction
- 11 Commercial Activity
- 14 Industrial Activity
- 15 Human Resources
- 17 Investments
- 17 Innovation & Development
- 18 Results
- 21 Patrimonial & Financial Analysis
- 21 Perspectives
- 22 Acknowledgements
- 22 Allocation of Income
- 23 Annex to the Report of the Board of Directors

24 Financial Statements

- 25 Consolidated Balance Sheet
- 27 Consolidated Income Statement
- 29 Statement of Changes in Equity
- 30 Statement of Consolidated Cash Flows
- 32 Annex to Statement of Consolidated Cash Flows
- 34 Notes to the 2010 Consolidated Financial Statements

59 Auditors' Report on the Consolidation Annual Accounts

- 60 Auditors' Report on the Consolidation Annual Accounts
- 61 Report and Opinion of the Audit Board

SUSTAINABILITY REPORT

63 Mission, Strategic Vision and Values

- 64 Introduction and Mission
- 65 Strategic Vision and Values

66 Sustainable Development

- 68 Principles of Sustainable Development of BA
- 69 Value Creation
- 76 Customer Orientation
- 79 Human Resources Management
- 88 Corporate and Social Responsibility

109 Company Background

110 Glass Package Manufacturing Process

Board of Directors Consolidated Report



Introduction | Commercial Activity | Industrial Activity
Human Resources | Investments | Innovation and Development
Results | Patrimonial and Financial Analysis | Perspectives
Acknowledgements | Allocation of Income
Annex to the Report of the Board of Directors

Introduction

Dear Shareholders,
In compliance with the law and the company bylaws we hereby present the Management Report and Consolidated Accounts for the 2010 financial period.

The year 2010, similarly to the previous year, was characterized by many economic and financial difficulties in Europe and particularly in the Iberian Peninsula.

Elevated levels of the sovereign debt within the countries of southern Europe, uncertainties about the evolution of macroeconomic indicators, market volatility, a sharp drop in consumption and a sharp increase in interest rates in Portugal and Spain, were factors that established 2010 as a year of extreme difficulties for businesses in general and specifically for the glass packaging sector.

World economies stagnated or grew slightly. Portugal with growth of only 1.4%, and Spain with growth of only 0.8%, were no exception.

Prices and dollar experienced high volatility. The latter oscillated between a maximum of 1.22 and a minimum of 1.44. Crude oil fluctuated between \$ 90.6 and \$ 67.9 and demonstrated a strong upward trend in early 2011. The Euribor rate ranged between 1.269% and 0.945%, a situation aggravated by spreads much higher than those in the previous year.

The performance of the glass packing sector was

very uneven throughout the year. It is estimated that growth in the sector is on the order of 2% within the Iberian Peninsula.

Within this industry context, the Group experienced positive performance, and its consolidated sales totalled 351.6 million euros for the financial period.

Given the uncertainty that was generated by consumer market instability during the 2010 financial year, and as part of the scope of its continuous improvement policy, the Group established as a priority the assurance of improved service to its customers. This was achieved through innovation, as well as through faster and more flexible responses to customer requirements.

As a result of the innovation activities, approximately 189 new product projects were undertaken and more than 61 new products were released to the market.

In regards to the response to customer requirements related to the volatility of consumption, the Group altered its planning and logistics organisation so as to ensure full customer satisfaction.

Worthy of note are several changes made within the organisational structure which ensured the continuity of personal and professional development of Group employees.

The continuous effort to innovate processes and the permanent search for more effective operation-

al and organizational solutions also resulted in improved operating profitability: operational cash flow (EBITDA) reached 124.2 million euros and operating income (EBIT) 91.4 million euros.

The patrimonial structure, which demonstrates net assets of 553 million euros and financial liabilities of 355.5 million euros, is balanced with a net debt/EBITDA ratio of 2.86.

As a final reflection of all the facts outlined above, the consolidated income before taxes amounted to 79.9 million euros and the consolidated net income amounted to 59.1 million euros.

In regards to certifications, the integrated certifications of quality (ISO9001:2000), environmental (ISO 14000) and food safety (ISO 22000) procedures held by the Group were revalidated, thereby proving continuous improvement of implemented processes and procedures.

In the tradition of previous years, it was decided that the Sustainability Report would continue to be included as a part of this publication. This Report presents the Group's vision, as well as the principles of sustainable development and the respective performance in each one of these activity areas.

The Group or associates are members of AIVE - *Associação dos Industriais de Vidro de Embalagem*, ANFEVI - *Asociación Nacional de Empresas*

Commercial Activity

de Fabricación de Vidrio Automatic Containers and FEVE – *Fédération Européenne du Verre d'packing*. The Group remains committed to the activities of these associations, particularly as these relate to the promotion of glass as a packaging material and the monitoring of domestic and EU legislative initiatives.

Although better than the previous year, 2010 was marked by many uncertainties at the macroeconomic level and by the extreme weaknesses of the financial markets, which had a negative impact on consumption in the Iberian Peninsula. Europe was not able to develop a comprehensive strategy to deal with a worsening set of threats, which for years have been impending. This in turn has resulted in the inability to find a coherent response to world economic developments and generated rising tensions in the so-called peripheral countries, namely Portugal and Spain.

Even so, GDP in Portugal has grown 1.4%, while in Spain this growth was only 0.8%.

In spite of these adverse conditions, which naturally influenced BA's activity in its native market considering that the demand for glass followed the general decrease in consumption, BA demonstrated positive performance, which is primarily the result of increased exports. Consumption in the European market experienced growth which was better in relation to that in Portugal and Spain.

Thus, BA's sales volume (turnover) increased 5.9%, reaching a total of € 351.6 million.

Spain continued to be the main sales destination representing 50.2% of the total. Portugal was the second largest sales destination with 32.6%. Ex-

ports grew from 14.1% in 2009 to 17.2% of the total Group sales in 2010.

The primary industry sector for sales continues to be the food industry, which grew to represent 32.9% of overall sales. Another industry sector which has once again shown growth is the beer industry, which grew to represent 26.8% of the sales.

In 2010, BA maintained its policy to generate value for customers. As part of this effort, various projects to reduce direct and indirect costs were undertaken, thus intervening in the value chain to improve competitiveness.

In the collaborative model that we call "challenge to innovate," BA focused its attention on the following:

- Reduction of the weight of the articles and reducing consumption of secondary packaging, thus providing for sales price reductions, as well as sustainably reducing the consumption of packaging and raw materials.
- Optimization of transportation through the optimization of packaging and/or production planning, this not only reduces transportation costs, but also results in a reduction of the number of kilometres travelled, and therefore the consumption of diesel;
- Reduction of the time-to-market, thus enabling customers to increase their market presence and

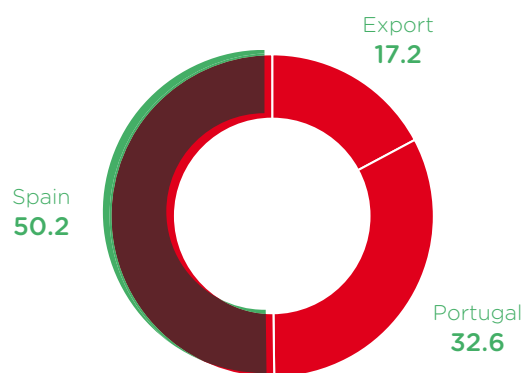
promotions in response to the need to provide consumers with new experiences.

BA continues with a strong product development investment policy and in 2010 launched 61 new products.

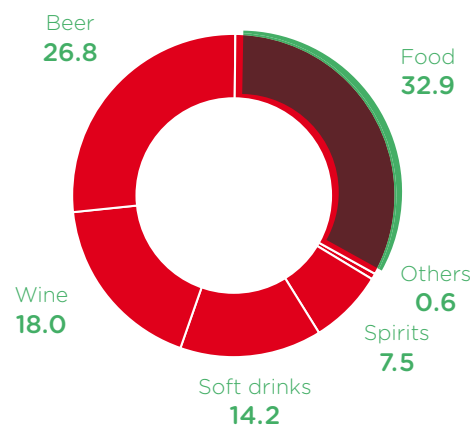
Once again a customer satisfaction survey was con-

ducted. It is with great pleasure that we were able to verify that BA's proposal of value added is increasingly better understood by customers. The perception of improvement in the quality and services that BA delivers to the market is evident, both absolutely and when compared to the competition.

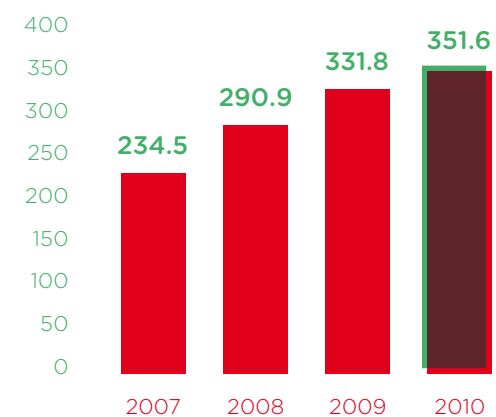
Market › Sales 2010 [%]



Segment › Sales 2010 [%]



Turnover [M€]





From Standard... ...to Exclusive

We want to produce unique packaging and provide distinctive service created exclusively to meet our customers' needs. We seek diversity and unique experiences... we want to provide services tailored to each client!

Industrial Activity

The rebuilding cycle of production facilities was continued during 2010. Two furnaces were rebuilt and intermediate repairs were made to another. Focus was kept on the implementation of improvements of production efficiency and product quality, as well as in the development of flexibility provided by the investments made.

We consider that the operational performance in the year 2010 was underlain with a large learning process. This process occurred in almost all of the factories in relation to the implementation of new technologies, especially those for the optimization of energy consumption and the development of the ability to change and adapt to new customer demands.

Within the Avintes plant the oldest furnace was rebuilt and equipped with new technology. In spite of the instability experienced at the beginning of the year in conjunction with the change of some paradigms, both product quality and customer service have been set as the priority. This priority has been strengthened through the creation of a customer service department within the organizational structure. Still, the Avintes factory managed to break records in the quantity of job changes, which allows us to conclude that the plant is now geared to flexibility and customer service.

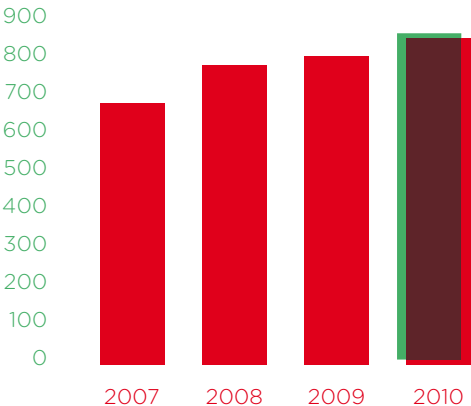
In Marinha Grande, the plant experienced a de-

gree of social unrest throughout the year, which impacted its activities, particularly in relation to its levels of efficiency and yield. However, the overall quality indexes were not compromised and customer orientation can now be visibly identified within its organizational structure which includes the newly created customer service area.

The Villafranca de los Barros plant regained its ranking as the most operationally efficient plant within the Group, despite the demands for greater flexibility to which it had to respond, such as the production of bottles for new industry segments. Product quality assurance was also one of the main objectives in 2010. As such the need to include the production of cullet with low levels of contaminants caused the Group to invest in a cullet treatment centre capable of supplying the plant in accordance with the quality standards and quantities stipulated by current market demands.

In Leon, the intermediate repair made to furnace 3 in 2010 embodied the realization of the objective to equip the plant in accordance with the level expected in the best factories for the production of glass containers in the industry segment. The factory is now equipped with all the technological capacity needed to ensure the rendering of customer service that meets their expectations.

Production [1000 Tons]



Human Resources

The second furnace in the plant in the Venda Nova was rebuilt. As a result of the investments made between 2009 and 2010 the industrial centre has been renovated and as such has been endowed with the most modern technology for production, quality control and optimization of energy consumption. The plant is going through a period of change, both in terms of product flexibility and quality as well as customer service. This period is expected to continue with very significant developments during 2011.

In terms of logistics, internal process improvements have been made in order to ensure the timely response to customers and ensure that the structure adapts quickly to the volatility of the market and its increasing demands. The quality of the services rendered has been subjected to continuous monitoring and analysis. Additionally, certain supplier partnership relations have been fortified in order to strengthen mutual trust and improve efficiency throughout the supply chain.

In relation to associated companies, it is worth noting the excellent operating performance in the Minas de Valdecastillo, where a deposit of silica is being explored in the Province of León.

BA believes that the quality of recycled glass, which comprises its raw materials, is a vital point to ensure the quality of the final products. Based

upon this premise, the treatment of recycled glass is directly conducted by the company headquarters, Glass BA (in Portugal) and by BA Vidrio Distribución (in Spain). A major investment to modernize and increase the capacity of this location was undertaken in order to ensure the quantity and quality of the supply of the recycled cullet that fuel the Villafranca de los Barros plant.

Overall, and in accordance with the strategic guideline to pursue operating performance improvements, initiated several years ago, BA continued to implement changes in its organizational processes. These changes are based on internal and external benchmarking, and include the adoption of best practices and the analysis and monitoring critical processes.

In matters relating to human resources, the performance of BA has always been driven by constant dialogue and interaction in order to solidify relationships, increase proximity between individuals and to obtain commitments that address the organization's sustainability.

In this respect and in relation to collective bargaining, the tremendous success of the negotiations of the agreements in the in Villafranca de los Barros and Leon plants is noteworthy. These negotiations were concluded with agreements that shall govern employment relations up through the end of 2012 and 2013, respectively.

Information sharing, intrinsic to the values of transparency, is used as an incentive for dialogue and engagement with staff, their families and the remaining community. This has led to the repetition of successful activities over the years especially of note are the visits by employees' children to factories, involvement with schools and universities (with the usual policy of visits and assignment of internships for young students), communication of quarterly results, publication of the newsletter "Contém" and the annual staff meeting. The annual staff meeting in 2010 was held in Salamanca, and had as its motto "Mind the Gap", focusing all of the participants on the mission to approximate industry to service.

Internal and external benchmarking continues to be one of the instruments that the Group believes to be essential for its sustainable development. As such during 2010 a new management team was created in the macrostructure – Processes and Benchmarking department – which aims to integrate, develop and improve processes across the organization.

During the year 2010 a review of the operational performance evaluation procedures was conducted in order to modernise these and enhance those skills which enable employees to successfully handle new challenges.

The investment in professional training included 34,914 hours of training conducted throughout 2010, which reflects an average of approximately 26 hours of training per employee. Of this training, 64% was technical training, reflecting conditions which are not unusual in an industry dominated by technological demands, and 22% was conducted in the area of safety, which was the result of requirements associated with investments.

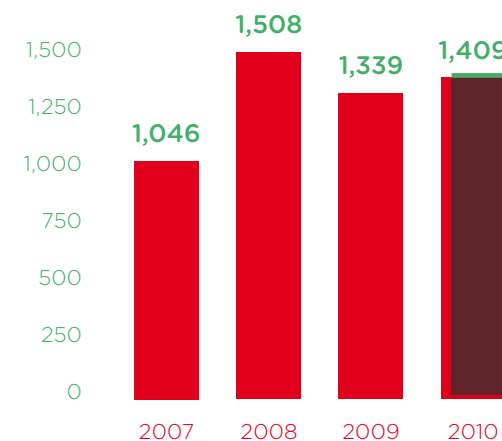
BA's training activity received its second renewal of the respective accreditation in the fields of organization and promotion of development assistance and training activities for the Avintes, Marinha Grande and Venda Nova plants and Central Departments. Additionally, it is of note that 45%

of training activity during 2010 was conducted by internal trainers.

The absentee rate in 2010 was reasonable at approximately 4.1%, a reduction of 0.2 p.p. in relation to the previous year. It is noteworthy that despite the significant reduction in the number of job accidents (down 16% compared to 2009), this issue remains a priority of the Group, which continues to conduct various actions in BA to pursue their elimination. In late 2010 a new training cycle was begun in order to assign a "BA Safety Card" to all Group employees.

At the end of the year the Group employed a total of 1,409 individuals, of which 986 are based in Portugal and 423 in Spain. Training of employees in order to update knowledge was undertaken and conducted including training for knowledge, validation and certification of competencies and other training activities focused on the development of individual and collective capabilities. Additionally, BA continued to pursue the methods implemented during recent years. These include the temporary exchange of positions among staff, which increases awareness and enriches functions and individuals. Additionally one of BA's objectives was to hire more qualified employees. Thus, to the contrary of the recession in the labour market the BA substantially increased its rate of hire.

Number of Employees



Investments

The consolidated tangible investments reached 59.1 million euros, thus continuing the cycle of furnace repairs. 11 million euros were invested in the reconstruction of a furnace in the Avintes facilities, 21.5 million in Venda Nova and 6 million in León. As part of the repair of furnace 5 in Avintes, a budget of approximately 1 million euros has already been spent. This repair will be completed during the first half of 2011.

Such investments have resulted in a very significant technological up-grade within these plants, including the moulding equipment, the quality of automatic inspection and automated palletisation. The renovation of the industrial arm was completed with the investment in furnace 3 in the Venda Nova facility.

The investment made in the cullet treatment plant in Villafranca de Los Barros is also of note. The entire process has been updated and modernised, including the colour separation process. The investment totals 4.5 million euros. This investment will ensure that the Group's manufacturing facilities have access to cullet of the required quality at economically favourable rates, particularly the Villafranca de Los Barros facility.

Innovation & Development

Continuing efforts undertaken and developed during recent years, BA sought to offer its partners a service of excellence. Focused on the customer, unique solutions were found, which through the establishment of partnerships resulted in the delivery of value added.

Environmental awareness within BA is also a value that drives innovation. BA continued to seek products optimisation, making them increasingly lighter. Without compromising their performance, new challenges have been undertaken and this has resulted in market differentiation.

During 2010, the number of new projects (189) remained at values similar to those observed in 2009 (+3.2%). However, there was a reduction in the number of projects for new product mould development and the number of the first production runs, thus reflecting some stability in the markets. Even so, the increases were respectively 10.3% and 8.9%, values above the average of the last four years.

Given that improved resources management is a key to the success of BA and its customers, BA has developed a tool which reduces investment in moulds, by allowing these to be shared by plants with different machines.

Additionally during 2010 a new version of the PLM (Product Lifecycle Management) was implemented.

This tool provides a means for integrated management of the product development process, including all of the steps from conception to production.

Results

The year 2010 was one of stabilization in the scope of BA's consolidation perimeter after the close of Vidriera del Atlántico in 2009.

It was also the year in which the heavy investment cycle, begun in 2005, was concluded; this investment cycle placed a strain on the balance sheet.

As in all industries, the activity of the BA was also strongly influenced by the crisis that has dragged on since 2008 and which has demanded new ways of approaching problems and the decline of some established paradigms.

In spite of the crisis scenario, the search for new solutions, new markets and consolidation of investments, has resulted in a 5.9% growth in sales, occurring primarily in markets outside the Iberian Peninsula. This growth is due to the increase in tonnes sold, considering the decrease verified in the average selling price.

Although deflation of certain production inputs was recorded, essentially the gains in production efficiency and the consolidation of restructuring operations undertaken in previous years were responsible for the achievement of improved results in comparison to previous year. Note that 2009 was heavily penalized by the recognition of the loss in Vidriera del Atlántico.

At the end of the year a strong upward trend was

verified in the prices of the main factors of production, especially the cost of energy and prices of raw materials. This increase is expected to intensify throughout 2011.

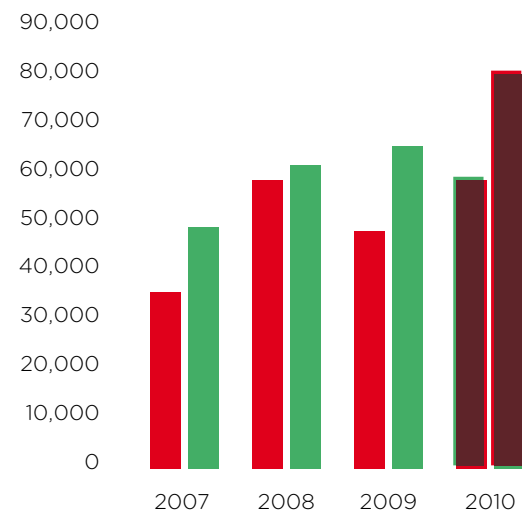
Thus,

- Operational cash flow (EBITDA) remained at very interesting levels, reaching 124.2 million euros, 6.6 million more than in 2009, but the EBITDA margin decreased to 35.3% of sales, a drop of 0.2 pp;
- Operating income (EBIT) amounted to 91.4 million euros, representing approximately 26.0% of sales, 3 million euros more than in 2009;
- The turnover of the tangible assets amounted to 1.24, slightly lower than that verified in 2009. This ratio reflects the heavy investments made during the year;
- Labour productivity increased approximately 0.7%, reaching record levels. However, this increase was not as expressive as that from the previous year, given that it reflects an increase in staff to cope with the increased demands for flexibility and quality;
- The consolidated financial income totalling a loss of 11.6 million euros is an improvement when compared to the loss of 22.1 million euros recorded in 2009, during which time a provision for the entirety of the holdings in Vidriera del Atlántico was recorded. Strong upward pressure on the remuneration of debt by financial institutions was felt during the year. This had a negative impact on the Group's financial income, in some cases eliminating the effect of the lowered reference interest rates observed in 2009;

eration of debt by financial institutions was felt during the year. This had a negative impact on the Group's financial income, in some cases eliminating the effect of the lowered reference interest rates observed in 2009;

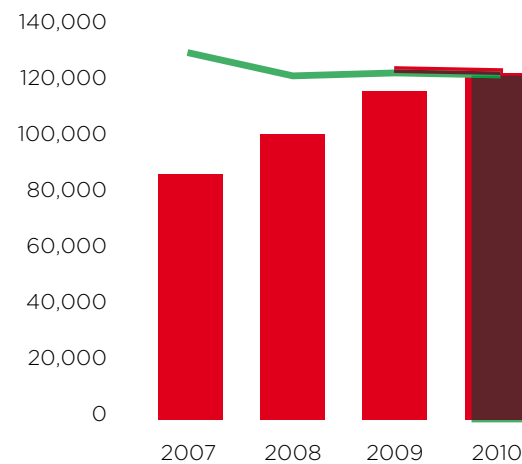
- Income before taxes amounted to 79.9 million euros and net income totalled 59.1 million euros.

Consolidated Net Income [k€]



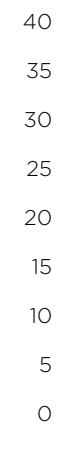
■ RL ■ RAI

EBITDA [k€]



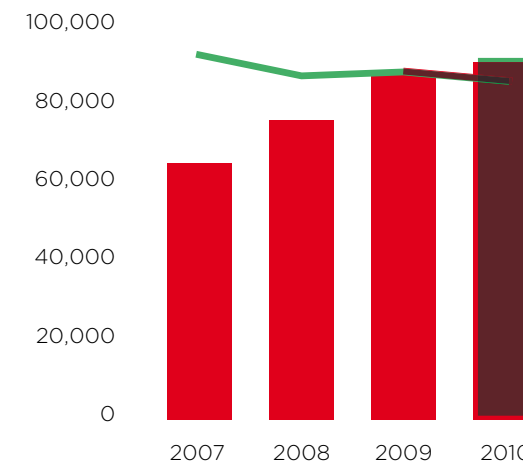
■ EBITDA

EBITDA/Sales [%]



— EBITDA/Sales

EBIT [k€]



■ EBIT

EBIT/Sales [%]



From the Basic... ...to the Surprising

We do not want to be just another supplier. We want to be team players, and gain ground while adding value... always surprising our customers, anticipating their needs and providing solutions to meet their needs and desires, and exceeding their expectations... we want to bring a new surprise every day!



Patrimonial and Financial Analysis

In 2010 consolidated assets remained virtually unchanged, reaching 553.1 million euros. Of this value, noncurrent assets represent 73.0%.

The tight control of working capital, resulted in a strong reduction of its value, the latter having reached the 21.0% of sales, due mainly to a sharp reduction in the level of stocks.

At the end of the year, total liabilities amounted to 478.4 million euros and net debt of the Group reached 355.5 million euros, representing an increase of 63.0 million euros in relation to 2009. Of this total, medium-term and long-term debt represent 86.8%.

The net debt/EBITDA ratio reflects a value of 2.86 and the equity of the Group reached 13.5% of assets.

Perspectives

In spite of some positive signs, the development of the European, United States and worldwide economies remains a mystery. No one is certain that the severe economic and financial crisis we have been experiencing has come to an end.

The euro/dollar exchange rate, the evolution of China and India, the Eastern enlargement with all its development, and the uncertainties surrounding the evolution of consumption over the next year, hamper a clear perspective of future developments.

In this context growth of the demand for glass packaging is not expected.

In Portugal and Spain, forecasts are not very optimistic in regards to the evolution of GDP. Employment does not show signs of improvement, and as it is the foundation of consumption, a slight decline or, in the best of cases, a stagnation of the demand for glass packaging in these markets is likely.

The situation in Portugal and Spain, with rising interest rates will also be a factor of instability.

In spite of this, the improvement of competitiveness achieved over the past few years, the ability to innovate products and processes that have been developed in the organization and the ambition that has been shown to continuously improve customer service allow us to start the year 2011 with moderate optimism and with the conviction that industry lead-

ership is achieved on a day-to-day basis through the effort and dedication of all employees.

The goal to introduce increased transparency throughout all processes shall be maintained, in order to optimize the relationship with all stakeholders:

- In relation to customers, to reach even higher levels of quality and reliability that will help them win in the demanding consumer market. We want to exceed the current level of provider with a purely industrial nature, reaching a level where customers perceive BA as the provider of a unique service;
- In relation to shareholders, to achieve the highest standards of profitability based on the principles of ethics and the transparent and clear rules of company governance;
- In relation to employees, to realise the implementation of the methodologies and management systems so that the Group is recognized by its employees as the best possible place to work. The quality of work that the Group generates, in terms of stability, and sharing of the wealth created, are the key factors of this recognition;
- In relation to suppliers, enhancing efforts in partnership with these entities thus strengthening mutual trust and facilitating gains in efficiency throughout the supply chain;
- In regards to the environment, to develop environ-

Acknowledgements

mental policy for the Group, making public information about the environmental performance of the units and maintaining relationships with entities, organizations and local associations for interaction that benefits the community as a whole;

The Board extends thanks primarily to the employees in all of Group companies as their performance, enthusiasm and dedication were the most important contributions to the results obtained from both the standpoint of the satisfaction of customers as well as the return on capital employed.

We also thank the Central, Regional and Local Authorities of Portugal and Spain, who followed and supported our activities and projects. We note with appreciation the cooperation offered by Banks and other Financial Institutions with whom the company worked during the course of the year.

The Audit Committee and auditors of all the associates is also due recognition for the ongoing collaboration and a spirit of critical dialogue that manifested in the monitoring and review of the company accounts and procedures.

Finally, our heartfelt thanks are due to our customers, to whom we want to express our appreciation for their preference, confidence and demand, which are permanent stimulus to our improvement.

Allocation of Income

For the allocation of the non-consolidated Net Income of “BA Glass I – Serviços de Gestão e Investimentos, SA” totalling 59,104,903.01 euros, we propose the following distribution:

Free reserves

59,081,592.01 euros

Employee participation of profits

23,388.00 euros

We propose that the retained earnings of “BA Glass I – Serviços de Gestão e Investimentos, SA” totalling 22.821,00 euros are allocated to free reserves.

Avintes, January 28, 2011

The Board of Directors

Carlos António Rocha Moreira da Silva (Chairman)

Jorge Alexandre Tavares Ferreira (CEO)

Álvaro Cuervo García

António Enrique Vásquez Cardeñosa

Francisco José Mestre Mira da Silva Domingues

José Ignacio Comenge Sánchez-Real

Mário Pereira Pinto

José Pedro de Araújo Lopes

Annex to the Report of the Board of Directors

Publication of shareholder equity

(Article 448 of the Commercial Companies' Code)

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

By virtue of the fully controlled company "Bar-Bar-Idade I, SGPS, SA", he is the indirect owner of shares representing 26.30% of the equity capital of BA Glass I – Serviços de Gestão e Investimentos, SA" (*hereinafter referred to as BA Glass*).

The company "Fim do Dia, SGPS, SA" (for which he is Chairman of the Board of Directors) is an indirect holder of shares representing 47.40% of the equity capital of BA Glass.

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

The company "Atanágoras, SGPS, SA" (for which he is Chairman of the Board of Directors) is an indirect holder of shares representing 26.30% of the equity capital of BA Glass.

The company "Fim do Dia, SGPS, SA" (for which he is a Member of the Board of Directors) is an indirect holder of shares representing 47.40% of the equity capital of BA Glass.

Jorge Alexandre Tavares Ferreira – Member of the Board of Directors

The company "Fim do Dia, SGPS, SA" (for which he is a Member of the Board of Directors) is an indirect holder of shares representing 47.40% of the equity capital of BA Glass.

Rita Mestre Mira da Silva Domingues – President of the Audit Committee

The company "Atanágoras, SGPS, SA" (for which she is a Member of the Board of Directors) is the indirect holder of shares representing 26.30% of the equity capital of BA Glass.

| Shareholders | Stocks | % Equity Capital and Rights to Vote |
|---|--------|-------------------------------------|
| BA Glass BV Company indirectly owned by Carlos Moreira da Silva, by the Silva Domingues Family, and the board members and senior staff of the BA Group. | 50,000 | 100% |

A decorative graphic consisting of numerous vertical green bars of varying heights, arranged in a way that frames the text 'Financial Statements'.

Financial Statements



Consolidated Balance Sheet | Consolidated Income Statement
Statement of Changes in Equity | Statement of Consolidated Cash Flows
Annex to Statement of Consolidated Cash Flows
Notes to the 2010 Consolidated Financial Statements

Consolidated Balance Sheet

(Amounts expressed in Euros)

| | Notes | Dec 2010 | Dec 2009 |
|-------------------------------|-------|--------------------|--------------------|
| ASSETS | | | |
| Noncurrent Assets | | | |
| Goodwill | 7 | 82,602,774 | 82,905,050 |
| Intangible assets | | - | - |
| Property, plant and equipment | 8 | 283,821,336 | 257,152,261 |
| Financial Investments | 9 | 517,017 | 1,557,779 |
| Investment Properties | 10 | 1,591,353 | 1,648,725 |
| Other non-current assets | 11 | 21,726,030 | 19,458,525 |
| Deferred tax assets | 12 | 13,385,515 | 6,965,338 |
| | | 403,644,024 | 369,687,678 |
| Current Assets | | | |
| Inventories | 13 | 49,211,036 | 58,145,746 |
| Trade receivables | 14 | 76,829,479 | 77,229,447 |
| Other receivables | 15 | 14,571,997 | 9,367,134 |
| Other current assets | 16 | 272,088 | 200,274 |
| Cash and cash equivalents | 17 | 8,552,051 | 40,767,949 |
| | | 149,436,651 | 185,710,550 |
| Total Assets | | 553,080,675 | 555,398,228 |

Continues >

Continuation >

| | Notes | Dec 2010 | Dec 2009 |
|---|-------|--------------------|--------------------|
| EQUITY AND LIABILITIES | | | |
| Issued capital | 18 | 50,000 | 50,000 |
| Reserves, retained earnings and supplementary capital contributions | 18 | 15,554,696 | 54,193,872 |
| Profit for the year | | 59,104,930 | 48,478,342 |
| Non-controlling interests | | – | – |
| | | 74,709,626 | 102,722,214 |
| Non-current Liabilities | | | |
| Interest-bearing loans and borrowings | 19 | 308,572,904 | 208,269,538 |
| Provisions | 20 | 3,722,528 | 3,960,662 |
| Other liabilities | 22 | – | – |
| Deferred Tax Liabilities | 12 | 20,576,219 | 9,228,630 |
| | | 332,871,651 | 221,458,830 |
| Current Liabilities | | | |
| Interest-bearing loans and borrowings | 19 | 55,489,263 | 125,044,930 |
| Trade payables | 21 | 52,116,422 | 47,016,895 |
| Other payables | 22 | 7,643,316 | 32,696,921 |
| Other current liabilities | 23 | 30,250,397 | 26,458,438 |
| | | 145,499,398 | 231,217,184 |
| Total Equity and Liabilities | | 553,080,675 | 555,398,228 |

Consolidated Income Statement

(Amounts expressed in Euros)

| | Notes | Dec 2010 | Dec 2009 |
|---|-------|---------------------|---------------------|
| Revenue from continuing operations | | | |
| Operating revenue | | | |
| Sales and services rendered | 2.17 | 351,611,565 | 331,771,550 |
| Changes in stocks of finished goods | | (9,028,646) | 2,124,325 |
| Other operating income | 24 | 4,581,994 | 6,756,584 |
| | | 347,164,913 | 340,652,459 |
| Custos operacionais | | | |
| Cost of sales | | 101,723,995 | 109,673,033 |
| Supplies and external services | | 74,102,231 | 67,478,405 |
| Personnel costs | | 45,153,988 | 44,713,485 |
| Depreciation | 8 | 32,383,101 | 29,067,941 |
| Provisions | | 425,983 | 129,824 |
| Other operating expenses | 25 | 1,954,052 | 1,128,983 |
| | | 255,743,350 | 252,191,671 |
| Cash Flow Operational (EBITDA) | | 124,230,647 | 117,658,554 |
| Operating Income | | 91,421,564 | 88,460,788 |
| Financial Income | 26 | (11,552,295) | (22,116,565) |
| Profit before tax from continuing operations | | 79,869,269 | 66,344,223 |
| Income tax | 27 | 20,764,339 | 17,113,783 |
| Profit for the year from continuing operations | | 59,104,930 | 49,230,441 |
| Profit/loss after tax from discontinued operations | | 59,104,930 | 49,230,441 |

Continues >

Continuation >

| | Notes | Dec 2010 | Dec 2009 |
|--|-------|-------------------|-------------------|
| Resultado das operações descontinuadas | 6 | - | (752,099) |
| Profit for the year (a) | | 59,104,930 | 48,478,342 |
| Other comprehensive income (b) | | - | - |
| Total comprehensive income for the year (a) + (b) | | 59,104,930 | 48,478,342 |
| Attributable to owners of the parent | | 59,104,930 | 48,478,342 |
| Attributable to non-controlling interests | | - | - |
| Earnings per share | | | |
| Basic | | 1,182.10 | 969.57 |
| Diluted | | 1,182.10 | 969.57 |
| Earnings per share for continuing operations | | | |
| Basic | | 1,182.10 | 984.61 |
| Diluted | | 1,182.10 | 984.61 |

Statement of Changes in Equity

(Amounts expressed in Euros)

| | Issued Capital | Supplementary Capital Contributions | Dividends | Legal Reserves | Other Reserves and Retained Earnings | Profit for the Year | Total Equity Capital |
|--|-------------------|---|-------------|-------------------|--|------------------------|----------------------------|
| 31 December 2009 | 50,000 | 10,922,728 | - | 11,002,302 | 32,268,842 | 48,478,342 | 102,722,214 |
| Distribution of reserves | - | - | - | - | (87,100,000) | - | (87,100,000) |
| Profit for the year allocation | - | - | - | 909,366 | 47,568,975 | (48,478,342) | - |
| Profit for the year | - | - | - | - | - | 59,104,930 | 59,104,930 |
| Revaluation reserve Usage | - | - | - | - | - | - | - |
| Changes to the consolidation perimeter | - | - | - | - | - | - | - |
| Other changes in Equity | - | - | - | - | (17,518) | - | (17,518) |
| 31 December 2010 | 50,000 | 10,922,728 | - | 11,911,668 | (7,279,700) | 59,104,930 | 74,709,626 |
| 31 December 2008 | 50,000 | 10,922,728 | - | 9,372,293 | 8,807,285 | 44,341,566 | 73,493,872 |
| Dividends | - | - | (2,250,000) | - | - | - | (2,250,000) |
| Distribution of reserves | - | - | - | - | (17,000,000) | - | (17,000,000) |
| Profit for the year allocation | - | - | 2,250,000 | 1,630,009 | 40,461,557 | (44,341,566) | - |
| Profit for the year | - | - | - | - | - | 48,478,342 | 48,478,342 |
| Other changes in Equity | - | - | - | - | - | - | - |
| 31 December 2009 | 50,000 | 10,922,728 | - | 11,002,302 | 32,268,842 | 48,478,342 | 102,722,214 |

Statement of Consolidated Cash Flows

(Amounts expressed in Euros)

| | 2010 | 2009 |
|--|---------------------|---------------------|
| OPERATING ACTIVITIES: | | |
| Receipts from customers | 334,895,110 | 296,057,894 |
| Payments to suppliers | (159,839,473) | (154,266,924) |
| Payments to employees | (44,884,157) | (43,698,598) |
| › Cash generated from operations | 130,171,479 | 98,092,372 |
| Payment / receipt of tax without income | (18,769,382) | (16,191,992) |
| Other receipts/payments rel. to operations | 160,861 | 297,387 |
| › Cash flow from operating activities (1) | 111,562,958 | 82,197,767 |
| INVESTMENT ACTIVITIES: | | |
| Receipts from: | | |
| Financial investments | 287,898 | - |
| Tangible fixed assets | - | 315,000 |
| Investment subsidies | 1,223,640 | - |
| Interest and similar income | 615,264 | - |
| | 2,126,802 | 315,000 |
| Payments for: | | |
| Financial investments | (20,235) | (111,810) |
| Tangible fixed assets | (53,489,322) | (75,300,243) |
| Loans granted | (700,000) | - |
| | (54,209,557) | (75,412,053) |
| Cash flow from investment activities (2) | (52,082,756) | (75,097,053) |

Continues >

Continuation >

FINANCING ACTIVITIES:

Receipts from:

| | 2010 | 2009 |
|-------------------------------------|-------------------|-------------------|
| Borrowings | 20,725,553 | 16,259,296 |
| Increases in additional instalments | - | - |
| Other | 395,664 | - |
| | 21,121,217 | 16,259,296 |

Payments for:

| | | |
|--------------------------------------|----------------------|---------------------|
| Borrowings | - | - |
| Interest and similar charges | (8,717,318) | (11,089,562) |
| Other | (104,100,000) | (2,250,000) |
| Reductions in additional instalments | - | - |
| | (112,817,318) | (13,339,562) |

| | | |
|--|---------------------|------------------|
| Cash Flow from financing activities (3) | (91,696,101) | 2,919,735 |
|--|---------------------|------------------|

| | | |
|--|---------------------|-------------------|
| Cash Variance and its equivalents (4)=(1)+(2)+(3) | (32,215,898) | 10,020,449 |
|--|---------------------|-------------------|

| | | |
|---|----------|-----------------|
| Cash Variance and its equivalents of discontinued operations | - | (46,661) |
|---|----------|-----------------|

| | | |
|--|---------------------|------------------|
| Cash Variance and consolidated cash equivalents | (32,215,898) | 9,973,788 |
|--|---------------------|------------------|

| | | |
|--|-------------------|-------------------|
| Cash and its equivalents at beginning of period | 40,767,949 | 30,794,161 |
|--|-------------------|-------------------|

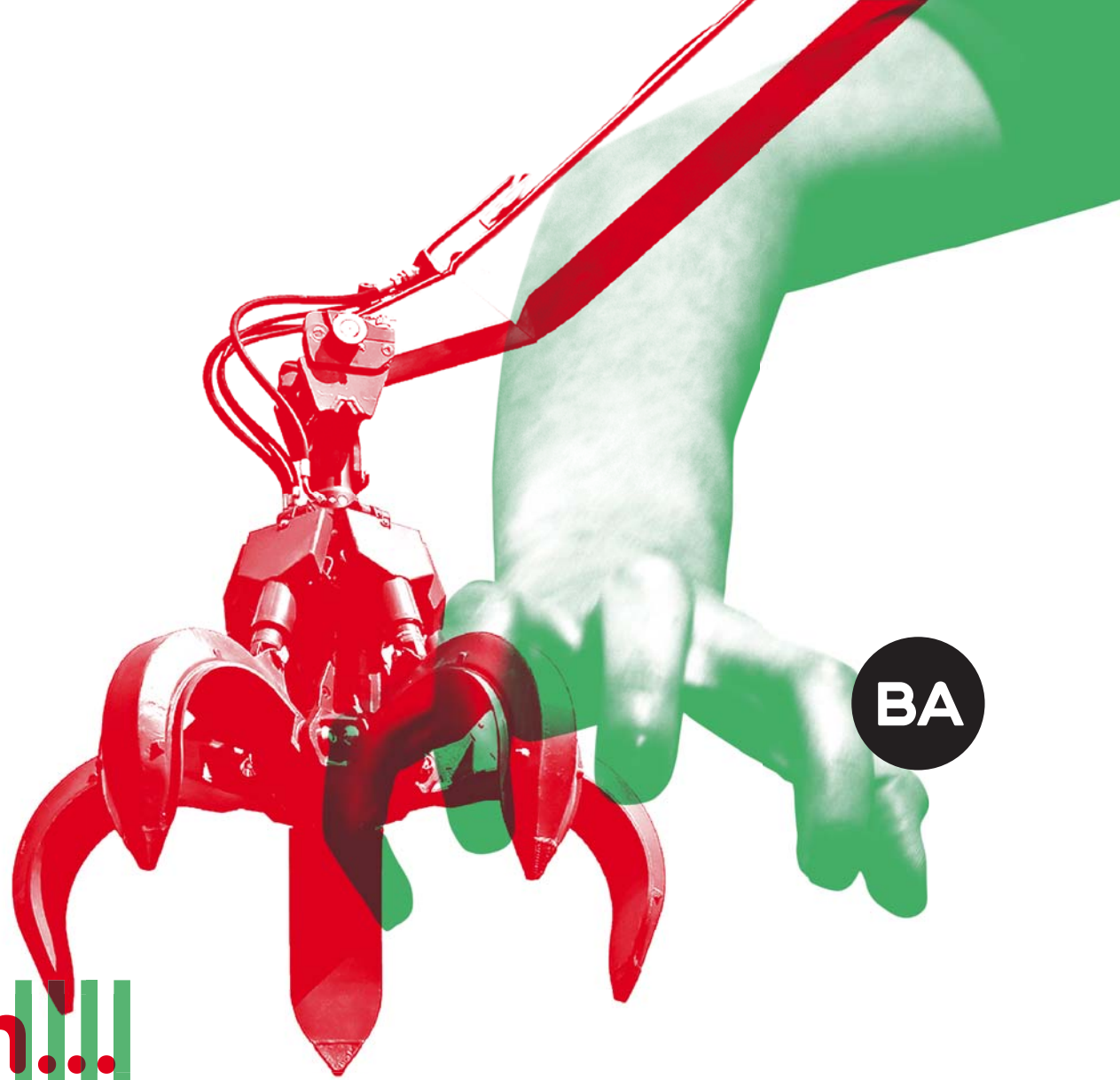
| | | |
|--|------------------|-------------------|
| Cash and its equivalents at end of period | 8,552,051 | 40,767,949 |
|--|------------------|-------------------|

Annex to Statement of Consolidated Cash Flows

(Amounts expressed in Euros)

| | 2010 | 2009 |
|-----------------------------|------------------|-------------------|
| Funds | 32,987 | 34,449 |
| Bank deposits | 8,519,064 | 40,733,500 |
| Cash and equivalents | 8,552,051 | 40,767,949 |
| Negotiable securities | - | - |
| Cash resources | 8,552,051 | 40,767,949 |

Industry is associated with mechanisms, which require human strength and technology... but it is with sensitivity that we will understand our customers, develop new products, and provide innovative service!



BA

From Strength...
...to Sensitivity

Notes to the 2010 Consolidated Financial Statements

(Amounts expressed in Euros)

1. INTRODUCTORY NOTE

BA Glass I – Serviços de Gestão e Investimentos, SA was incorporated on May 29, 2003 trading originally as Bar-Bar-Idade Glass, Serviços de Gestão e Investimentos, SA. The Company is a private limited company and provides management, marketing, and advertising consulting services to companies selling or manufacturing glass containers and glass products; organizes promotional events and actions to promote such companies and their products and sales; manufactures, trades, and intermediates purchases and sales of glass products, as well as operates related trading establishments and distribution channels; invests, manages, and administers direct and indirect holdings in glass containers and glass products manufacturers and suppliers; invests in real estate, namely for purposes of buying and selling property, for own account or for resale, and of developing property for sale, urban development, and parceling; acquires, manages, and sells equity holdings in companies incorporated in Portugal and abroad, regardless of their statutory purpose; and stores, warehouses, handles, reprocesses, recycles, and sells recyclable or upgradeable waste.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

In conformance with the provisions of Decree-Law no. 35/2005, of 17 February 2005, as amended by Decree-Law nº. 158/2009, of 13 July 2009, which transcribes the provisions of regulation (CE) no. 1606/2002 of the European Parliament and Council, of 19 July 2002, to Portuguese law, these consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB) and the Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”), or the former Standing Interpretations Committee (“SIC”), adopted per the EU, effective January 1, 2010.

In its preparation of consolidated financial statements in accordance with IFRS, the Board of Directors of the BA Glass Group used estimates and assumptions that affect the application of accounting policies and the value of assets and liabilities. As such, actual values may differ from such estimates. Estimates and judgments used to prepare the financial statements are presented in Note 3.

The attached consolidated financial statements were prepared on the basis of the Company's continued operation as a going concern and are based on the accounting books and records of the consolidated companies (refer to Note 5). Its assets are carried at cost, except land which is carried at fair value.

2.2 Basis of consolidation

a) Reference dates

As at 31 December 2010, the consolidated financial statements include the as-

sets and liabilities and report the results of the BA Glass Group as fully detailed under Note 5.

b) Group Companies

Group companies are companies controlled by the BA Glass Group. The BA Glass Group is deemed to control a company when it holds, either directly or indirectly, the power to set the financial and operating policies of a company with the objective of influencing the benefits arising from its business activities. When determining whether control of a company applies or not, the Group's potential stock voting rights are taken into account. It is assumed that control applies when the Group's holdings exceed 50% of share capital and the Group exercises control over a company's assets and liabilities.

Group companies are consolidated on a full consolidation basis as from the date on which control is acquired until the date on which such control effectively terminates.

The Group's investments in subsidiaries are accounted for using the cost of acquisition.

As far as acquisitions subsequent to 2010 are concerned, such costs are reported as the aggregate purchase price of such financial investments measured at the fair value of their assets, the applicable equity instruments, and the risks incurred or undertaken as of the date of such acquisitions plus the balance of "non-controlling interests" (formerly referred to as "minority interests"). With reference to each acquisition, the Group may elect to carry such "non-controlling interests" at fair value or for the balance of their share in identifiable net assets of the purchased entity. Costs that are directly attributable to an acquisition are reported as an expense incurred in the applicable reporting period.

When a business combination is undertaken in several stages, fair value, as at the earlier date of purchase of such holdings, is revalued at fair value as at the date on which control is obtained, and any differences arising are carried through

profit or loss for the reporting period during which control was obtained.

Any contingent balances arising from such acquisitions are recognized at fair value as at the date of purchase. Subsequent changes to fair value are recognized in accordance with IAS 39 or are carried through profit or loss or carried through equity, unless initially recognized through equity, in which case fair value should not be revaluated until finally known.

Where the balance of the cost of acquisition exceeds the fair value of the Group holdings of the purchased identifiable assets such balances are reported as goodwill. Should the balance of the cost of acquisition fall short of the fair value of the net assets of the acquired subsidiary, such differences are carried directly through the income statement.

As far as acquisitions prior to 2010 are concerned, and when compared with the above mentioned accounting treatment, which applies as from 1 January 2010, the following differences applied:

- The cost of an acquisition included costs directly attributable to such acquisitions; "Non-controlling interests" (formerly referred to as "minority interests") were reported as a function of their share in the identifiable net assets of the acquiree.
- When business combinations were undertaken in several stages, such acquisitions were treated separately, i.e., fair value, as at the earlier date of acquisition of such holdings, was not revalued with the consequence that the balance of goodwill which had been formerly recognized remained unchanged;
- Any contingent balances arising from such acquisitions were only recognized provided the Group carried current liabilities on that account, if disbursements on that account appeared likely to materialize, and if the estimates of such contingencies had been reliably determined. Subsequent changes to such values were offset against goodwill.

Inter-Group balances and transactions and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless a transaction provides evidence of impairment of a transferred asset. The

accounting policies of subsidiaries are amended where necessary with a view to ensure consistency with the policies adopted by the Group.

Where the Group holds, in substance, control of entities incorporated for a specific purpose, even if it holds no direct equity interests in those entities, such entities are consolidated on a full consolidation basis.

c) Other equity holdings

Holdings through which the Group does not manage to exercise significant influence on a company's business are reported at the lower of their cost of acquisition or realizable value.

d) Changes to the consolidation perimeter

On December 9, 2009, Vidriera del Atlántico, a company incorporated in Spain, was placed under a "*Concurso de Acreedores*", for which purpose three insolvency administrators were appointed in conformance with Spanish law. As a result, the Group lost control of that company's assets and liabilities, reason why such balances are not consolidated into its consolidated financial statements. That company's results up to the date of loss of control are reflected in the consolidated statement of comprehensive income under discontinued operations.

During the year under analysis, the Group proceeded to dissolve three inactive companies, which had no material impact on its consolidated financial statements.

The companies in question are BA Energia, SA, Norcasco - Reciclagem de Vidro, SA, and Transotancro, Transportes Nacionais e Internacionais, Sociedade Unipessoal, Lda.

2.3 Revenue recognition

a) Sales and services rendered

Income from sales is recognized in the income statement when the risks

and rewards inherent to ownership of the assets sold are transferred to the buyer. Revenue derived from the provision of services is recognized as income when such services are rendered, taking into account the share of services provided during the course of the reporting period and the total balance of the services contracted.

Income from sales and services is not recognized should doubts arise on whether the proceeds of sales and services rendered are fully collectable.

b) Government grants

Grants are only recognized when received or should the Group be reasonably assured that it will comply with the conditions attached to such grants.

Investment grants are included under other current liabilities and the underlying income is recognized over the estimated useful life of the associated assets.

c) Net financial results

In essence, net financial results reports primarily to interest paid on loans obtained net of interest earned on financial investments and of translation gains and losses.

Financial income and expenses are recognized in the income statement on an accrual basis over the period to which they report.

d) Dividends

Dividend income is recognized when the Groups' right to receive the payment is established.

e) Own works

Own costs (such as, for instance, labor, materials, and transport) incurred in the production of tangible assets and inventories are capitalized only when the following conditions are met: (1) assets are identifiable and reliably measurable;

and (II) it is highly probable that those assets will generate future economic benefits. No form of internally generated margin income is recognized.

f) Accruals

Income and expenses are reported in conformance with the timing of income and expenses principle on an accrual basis, whereby they are recognized as and when generated regardless of the point in time at which they are effectively received or paid. The differences between amounts received and paid and the corresponding income and expenses are recognized in the consolidated balance sheet under “Other current assets” and “Other current liabilities”, respectively.

2.4 Foreign currency translation

The Group’s functional and reporting currency is the Euro.

Assets and liabilities denominated in foreign currency which are not subject to conversion under fixed exchange rate agreement are converted into Euro at the exchange rates prevailing as at the reporting date. Positive and negative translation differences arising from comparison of the exchange rates ruling on the date of a transaction and the exchange rates ruling on the date of collection, settlement, or the reporting date are reported as income and expenses in the income statement, barring translation differences arising from currency conversion of loan balances which, for practical purposes, constitute an extension of financial investments made abroad which repayment is not foreseeable in the near future, in which case such translation differences are carried through equity until disposal of such assets, at which time they are transferred to the income statement.

The following currency exchange and conversion rates were used to revalue receivables and payables denominated in foreign currency, as at the reporting date:

| Currency | Currency | Exchange rate |
|-----------------|----------|---------------|
| American Dollar | USD | 1,336 |
| British Pound | GBP | 0,848 |
| Canadian Dollar | CAD | 1,322 |

2.5 Financial assets and liabilities

2.5.1 Financial assets

All financial assets are recognized at the time of negotiation or signature of their respective purchase and sale contracts, regardless of financial settlement date.

Upon their initial recognition, financial assets are recorded at their cost of acquisition, corresponding to the fair value of their purchase price inclusive of transaction costs, except assets carried at fair value through profit or loss where transaction costs are immediately recognized as profit or loss.

Such assets are derecognized when: (I) the Group’s contractual rights to receive their cash flows expire; or (II) the Group has substantially transferred all risks and benefits associated with their holding, or its control over such assets, to another party.

Financial assets are classified as follows, as a function of the Board of Directors’ intentions on the date of their acquisition:

a) Loans and receivables

This category includes non-derivative financial assets with fixed or determinable cash inflows.

Receivables are carried at the amortized cost net of impairment losses in order to fully reflect their net realizable value.

b) Held to maturity Investments

Held to maturity Investments are classified as non-current investments, unless maturing in less than 12 months counting from the reporting date. This category includes investments of a defined maturity which the Group has the intention and ability to hold to maturity. These Investments are reported at their amortized cost net of potential impairment losses.

As at 31 December 2010 and 31 December 2009, no financial assets classified under this category were held.

c) Investments carried at fair value through profit or loss

This category includes non-derivative financial assets held for trading and derivative instruments that do not qualify for hedge accounting and such assets are presented as current assets.

A financial asset is classified as held for trading if:

- It is acquired or mainly incurred for sale or repurchase in the very near future;
- It is part of a portfolio of identified financial instruments which are jointly managed and for which there is evidence of a recent real trend for realization of short-term profit earnings;
- It is a derivative instrument (except derivative financial instruments designated as hedging instruments and provided effectively performing as such).

Gains or losses arising from changes in the fair value of investments carried at fair value through profit or loss are reported in the income statement for the reporting period.

As at 31 December 2010 and 31 December 2009, no financial assets classified under this category were held.

d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets which the Group intends to hold for an indefinite period of time, or assets which are so

classified at the time of their purchase, or assets that do not qualify under other categories of financial assets. Such assets are reported as non-current assets, unless the Group intends to dispose of such assets within the next 12 months subsequent to the reporting date.

Subsequent to their initial recognition, available-for-sale financial assets are valued at fair value with reference to their market value as at the reporting date without any transaction costs that may arise until sold. Unlisted investments and financial assets which fair value cannot be reliably estimated are carried at the cost of acquisition net of potential impairment losses.

Gains or losses arising from changes in the fair value of available-for-sale investments are carried through equity under "Reserves" until the investment is sold, collected, or otherwise disposed of, or until the fair value of such investments drops below its cost of acquisition as a result of impairment losses, at which time cumulative gains or losses are reported in the income statement.

As at 31 December 2010 and 31 December 2009, no financial assets classified under this category were held.

2.5.2 Financial liabilities

A financial instrument is recognized as a financial liability when its issuer is under a contractual obligation to repay the principal and/or interest in cash or in the form of another financial asset, regardless of its legal form. Financial liabilities are classified as a function of the substance of such contracts, regardless of their legal form, being classified as follows:

a) Financial liabilities carried at fair value through profit or loss

This category includes financial liabilities held for trading and derivative instruments which do not qualify for hedge accounting purposes and are classified as such upon their initial recognition.

Gains or losses arising from changes in the fair value of financial liabilities car-

ried at fair value through profit or loss are reported in the income statement for the reporting period.

As at 31 December 2010 and 31 December 2009, no financial liabilities classified under this category were held.

b) Bank loans

Loans are reported under liabilities at their fair value and are subsequently measured at their amortized cost per the effective interest rate method. Finance charges are calculated at effective interest rates and accounted for in the income statement in accordance with the accrual basis principle in conformance with the accounting policy set out in Note 2.3 – f).

c) Payables

The balances of creditors and other payables are initially measured at fair value and subsequently reported at their amortized cost per the effective interest rate method.

2.5.3 Equity instruments

Equity instruments are classified as a function of the substance of such contracts, regardless of their legal form. Equity instruments issued by Group companies are reported at the sum received net of issuing costs.

2.5.4 Derivatives and hedge accounting

As at 31 December 2010 and 31 December 2009, a set of derivative financial instruments had been contracted for purposes of minimizing the Group's exposure to interest rate risk. All those instruments underlie transactions entered into in prior financial years.

The contracting of this type of financial instruments follows careful analysis of the risks and benefits inherent in entering into such contracts and is subject

to consultation with various institutions which operate in derivatives markets. Transactions of this nature are subject to prior approval from the Board of Directors and imply on-going monitoring of the performance of financial markets and of the Group's positions in such instruments. The market value (fair value) of those instruments is calculated from time to time during the course of the financial year on a regular basis in order to continually assess the performance of those instruments and the financial implications thereof.

Derivative financial instruments are to be initially measured at fair value, as at their contractual date, and are to be subsequently revalued at fair value, as at the reporting date. Fair value as at the reporting date is only accounted for if market value differs materially from book value, insofar as the BA Glass Group believes that introducing volatility into its financial statements as a result of continuous revaluation does not contribute towards presenting a true and appropriate image of its financial statements nor does it influence their readers' decisions.

Designation of a derivative financial instrument as a hedging instrument complies with the provisions of IAS 39. A hedging derivative arises where:

- Formal documentation supporting such designation is issued upon their contracting;
- There are expectations that the hedge will prove highly effective;
- Hedging effectiveness can be reliably measured;
- Hedging effectiveness is assessed on a continuous basis and proven to be highly effective over the course of the financial reporting period; and
- Hedging effectiveness appears highly likely with reference to the expected transaction.

Changes in the fair value of derivative instruments designated as fair value hedges are recognized as financial income/loss for the reporting period.

Changes in the fair value of derivative instruments designated as cash flow hedges are recognized through equity, with reference to their effective component, and through financial income/(-) loss, with reference to their non-effective

component. Balances carried through equity are transferred to profit or loss at the point in time the impact of the hedged item on the income statement occurs.

When derivative financial instruments, albeit contracted for hedging purposes in accordance with the Group's risk management policies, fail to meet all the necessary conditions stipulated in IAS 39 for their qualification for hedge accounting, such instruments are reclassified as derivative financial instruments held for trading and their respective changes in fair value are carried through profit or loss for the reporting period.

Where derivatives are embedded in other financial instruments or other contracts, such derivatives are treated as separate derivative instruments where the risks and characteristics do not closely relate to the contracts in question and where such contracts are not reported at fair value with unrealized gains or losses being carried through profit or loss.

2.5.5 Cash and cash equivalents

"Cash and cash equivalents" includes cash on hand, demand deposits and balances held with financial institutions of short maturities which can be quickly disposed of with no material risk of change in fair value.

2.6 Tangible fixed assets

Tangible fixed assets are reported at the cost of acquisition net of cumulative depreciation and impairment losses (see Note 2.10), except land which is carried at fair value.

Subsequent costs are included in the asset's book value or are recognized as separate assets should it become probable that future economic benefits, exceeding the assessed standard of performance of the original asset, will accrue to the company and provided the cost of holding the asset in question can be reliably measured. All subsequent expenditure is recognized as an expense reported to the period in which it is incurred.

Depreciation

With the exception of land employed for mining purposes, land is not depreciated and depreciation on the remaining categories of fixed assets is calculated on book value on a straight line basis at a rate of one twelfth per month. Annual rates of depreciation adequately reflect each asset's estimated useful life.

Asset residual values and their applicable useful life are reassessed and adjusted, if necessary, at each reporting date.

On average, the following depreciation rates and terms of useful life (in years) were applied:

| | |
|-----------------------------|---------|
| Buildings | 20 - 50 |
| Plant and equipment | 3 - 20 |
| Transportation equipment | 4 - 12 |
| Tools | 3 - 15 |
| Administrative | 3 - 15 |
| Packaging | 3 - 7 |
| Other fixed tangible assets | 3 - 15 |

2.7 Investment properties

Investment properties comprises land and buildings held for purposes of income generation or capital appreciation, or both, that are not employed in the conduct of the Group's regular business.

Investment properties are valued at the cost of acquisition, inclusive of transaction costs.

Investment properties are derecognized when sold or decommissioned, under which circumstances no expectations of future economic benefits arising from their decommissioning will accrue to the company. Any gains or losses arising upon derecognition of investment property are recognized in

the income statement for the applicable financial year.

Costs incurred on investment properties under employment, such as property maintenance, repairs, insurance, and property taxes, are recognized in consolidated results for the period to which they report.

2.8 Financial leases

Lease agreements whereby the Group assumes all risks and rewards inherent to holding an asset on leasehold to a substantial extent are classified as finance leases.

Financial lease contracts are accounted for as from the date of commencement of the agreement as assets and liabilities at the lower of the fair value of the leased property or the present value of the outstanding lease rentals.

Assets acquired under a financial lease are depreciated in accordance with the Company's set policy on depreciation of tangible fixed assets.

Rentals consist of finance charges and capital repayments. Finance charges are allocated to the applicable periods over the term of the lease on the basis of a fixed periodic interest rate calculated on the lessor's net investment balance outstanding.

Rentals arising from operating leases, namely leases where the Company does not intend to purchase the asset in question, are reported as operating expenses for the reporting period.

2.9 Intangible fixed assets and goodwill

2.9.1 Intangible fixed assets

Intangible fixed assets are reported at the cost of acquisition net of cumulative depreciation and impairment losses.

Depreciation is calculated based on the cost of acquisition on a straight line basis at a rate of one twelfth per month over the term of useful life of the asset in question.

Internal expenses generated as costs of holding intangible fixed assets and own brands are reported in the income statement to the extent that they are incurred. Research expenses incurred in the pursuit of new technical or scientific knowledge or in the search of alternative solutions are recognized as cost when incurred. Development expenses are capitalized when the technical feasibility of a product or process under development can be demonstrably proven and the Group has the intention and ability to complete the envisaged development and to market it or start using it.

CO₂ emission licenses granted to the Group's manufacturing plants in Portugal and Spain fall under the European greenhouse gas emissions trading scheme. Coinciding with the introduction of Portugal's new National Greenhouse Gas Emissions Trading Scheme ("PNALE"), and after having completed its first term of allocation (valid from 2005 to 2007) and for as long as the IASB fails to set out an accounting policy to cater for this issue subsequent to the removal of IFRIC 3, and based on Paragraph 23 of IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance, the Group decided to adopt the "net liability approach" method.

Accordingly, the allocation and usage of such emission rights is reflected in the financial statements in the following manner:

- Emission rights allocated free of charge, as well as the corresponding emissions allowed under such licenses, do not give rise to recognition of any asset or liability;
- Purchased permits are accounted for at cost and reported as intangible fixed assets;
- Should annual CO₂ emissions exceed annual emission rights, a liability is raised and set against "Other operating costs", which are then marked to the market value of such emission rights as at the reporting date;
- Gains arising from sales of emission rights are reported as other operating income.

2.9.2 Goodwill

Positive consolidation differences (goodwill) represent surpluses arising between the cost of acquisition and the fair value of the underlying assets, liabilities, and identifiable contingent liabilities as at the date of acquisition and are reported under non-current assets.

Goodwill is not depreciated but rather decreases on account of impairment losses assessed on an annual basis as at the reporting date or whenever indications of a possible decrease in value arise. Any decrease in value or impairment is carried through profit or loss for the reporting period and may not be subsequently reversed.

2.10 Impairment of tangible and intangible fixed assets (excluding goodwill)

Assets with no definite term of useful life are not subject to depreciation but are tested for possible impairment on an annual basis. Impairment testing is also conducted with reference to fixed assets with a definite term of useful life, which are subject to depreciation, whenever circumstances change and the balance of their book value may not be fully recoverable.

An impairment loss occurs when an asset's book value exceeds its recoverable balance. The recoverable balance is the higher of an asset's net sale price (fair value – cost of sales) or its usage value, calculated based on the present value of its future cash flows discounted at pre-tax discount rates that reflect the present value of capital and the specific risk or risks associated to the asset or assets in question.

In order to calculate recoverable balances, assets are analyzed on an individual or grouped basis at the lowest denominator based on which they may be separately identified as cash-generating units. Cash-generating units ("CGU") are the smallest Group of assets which include the asset in question that generate cash inflows from their continued usage which are largely independent of the cash inflows generated by other assets or groups of assets.

Where the book value of an asset exceeds its recoverable balance an im-

pairment loss is recognized in the income statement of the period to which it reports. If such losses are subsequently reversed, the accounting value of the asset is revalued accordingly but may never exceed the value that would have been recognized should the impairment loss not have been reported. Reversals of impairments are also recognized in the income statement of the period to which they report.

2.11 Held for sale assets and discontinued operations

This category includes assets or group of assets which value is realizable through a sale transaction, or is jointly realized as a group sale in a single transaction, together with liabilities directly associated with those assets which are transferred together with them in the course of the same transaction. In order for those circumstances to apply, it is necessary to ascertain that such sales are highly likely to materialize (with an expectation of materialization within less than 12 months) and such assets are to be available for immediate sale in their current condition, further to the Group having committed to sell them.

In accordance with IFRS 5, abandoned assets (and liabilities) are to also be presented as discontinued operations in the year in which such abandonment/disposal effectively occurs.

Depreciation of assets meeting the aforementioned criteria ceases as from the moment they are classified as held for sale.

2.12 Stocks

Stocks are valued at the lower of the cost and the net realizable value. Net realizable value equals to selling price deducted of the cost of sales.

Raw materials, subsidiary raw materials, and consumables are valued at their purchase price plus purchasing expenses, which value falls short of their respective market price. The remaining raw materials and consumables are valued at their purchase price plus purchasing expenses accrued until warehoused.

Finished goods and work in progress are valued at cost of production, which includes the cost of incorporated raw materials, direct labor costs, subcontracting expenses, and other variable and fixed costs.

Goods are valued at their average purchase price, including transport and storage costs.

2.13 Provisions

Provisions are recognized in the balance sheet whenever the Group is (legally or implicitly) liable to meet an obligation arising from a past event and whenever it becomes likely that a reasonably estimated decrease in resources which incorporate economic benefits will be required to settle the obligation. In particular, these arise from:

- *Restructuring costs:* A provision for restructuring costs is recognized following formal approval of a restructuring operation and where any such operations are put in motion or are publicly announced. Operating costs are not being taken into account when calculating the balance of such provisions.
- *Onerous contracts:* A provision for onerous contracts is raised when the expected benefits to be derived from fulfilling a contract fall short of the cost of fulfilling such contractual obligations.
- *Costs of decommissioning and removing assets from a site and site restoration:* Provisions are recognized when such assets are put into operation and where it is possible to reliably estimate such obligations. The balance of the provision equals the present value of such obligations and the financial revaluation of those obligations is reported as a financial expense under “net interest expense”.

Provisions are reviewed and recalculated as at the reporting date in order to reflect best estimates of the cost of meeting the obligation in question at that point in time.

2.14 Contingent assets and liabilities

Contingent liabilities are not recognized in the consolidated financial statements and are disclosed in these Notes, unless the likelihood of an outflow of resources appears remote, in which case they are not subject to disclosure.

Contingent assets are not recognized and are only disclosed where it is likely that future economic benefits will accrue to the Company.

2.15 Employee Benefits

2.15.1 Provisions for retirement pensions – Defined benefit plan

BA GLASS Group companies, namely BA Vidro and Sotancro, have committed to grant some of their former employees regular payments in lieu of retirement pension and supplementary pension benefits, which benefits conform to a defined benefit plan. Liabilities under defined benefit plans are annually calculated by independent actuaries according to the projected unit credit method. The present value of defined benefit plan liabilities is calculated by discounting future cash outflows at the yield of top-quality bonds denominated in the currency in which employee benefits will be paid of a similar maturity relative to the term of the liabilities in question.

Liabilities for past services and pension liabilities are fully covered and are reported in the balance sheet under “Provisions” at the present value of the liabilities arising under defined benefit plans.

Increases in such liabilities accruing during the reporting period are recognized in the income statement as personnel expenses.

2.15.2 Other personnel benefits

According to labor law, employees are entitled to 25 days annual leave plus a month of holiday pay, which rights accrue over the year preceding their payment.

The Group's liabilities under these items are accounted for as and when incurred regardless of the point in time at which they're paid and are reported under "Accounts payable and other accounts".

2.16 Income taxes

Company income tax is calculated based on the taxable income of the consolidated companies and includes deferred tax.

BA Glass Group is subject to the Special Taxation Basis for Groups of Companies, which taxation basis includes all companies in which the Group holds direct or indirect interests and which meet the applicable requirements for taxation on this basis, both in Portugal and Spain.

Companies which do not fall under the Special Taxation Basis for Groups of Companies are separately taxed based on their respective tax bases and the applicable company tax rates.

Deferred tax is calculated based on application of the liability method for calculating deferred tax on temporary differences between the accounting balances of assets and liabilities and their respective tax base. No deferred tax is calculated on consolidation differences and on differences in the initial recognition of an asset and liability when such differences neither impact accounting results nor taxable results. The taxable base of assets and liabilities is calculated in a manner that reflects the consequences, for tax purposes, of the way in which the Group expects to recover or settle the carrying balance of tax assets and liabilities as at the reporting date. The amount of taxation to be included both in current taxation and in deferred tax arising from transactions or events recognized in reserves is carried directly in those same items and does not impact on earnings for the year.

Deferred tax assets are recognized whenever the Company is reasonably assured that it will generate future profits against which such assets can be offset. Deferred tax assets are subject to annual review and are reduced should their future utilization become unlikely.

2.17 Segment information

Business segmentation

A business segment is a distinguishable component within the Group which is engaged in providing a separate product or service subject to risks and returns that differ from those applicable to its other business segments. The Group's internal organization and management structure and its reporting system are geared to provide business performance analysis per business segment.

Geographical segmentation

A geographical segment is a separate area of the Group that engages in promoting products or services within a particular economic environment subject to risks and returns that differ from those applicable to other areas operating in other economic environments. The Group's subsidiaries operate in Portugal and Spain.

The Group operates in the glass industry, more specifically in the manufacturing of glass containers, owning three manufacturing plants in Portugal and two in Spain through associate companies BA Vidrio, SA (operating in Spain) and Sotancro – Embalagem de Vidro, SA and BA Vidro, SA (operating in Portugal).

No distinguishable components apply, either with reference to its products or to its manufacturing processes, nor do distinguishable components apply, either with reference to the type of customer or to distribution channels, which may warrant analysis in terms of business segmentation.

Moreover, we also consider that the risks, returns, opportunities, or prospects applicable to the units operating in the aforementioned countries do not differ to the extent that their treatment as separate reportable geographical segments is warranted.

As at 31 December 2010, sales and services rendered were broken down as follows:

| | Iberia | Other European Union countries | Other countries | Total | 2009 |
|-----------------|--------------------|---|----------------------------|--------------------|--------------------|
| Glass packaging | 282,939,754 | 55,726,345 | 12,153,250 | 350,819,349 | 331,112,724 |
| Others | 792,216 | - | - | 792,216 | 658,826 |
| | 283,731,970 | 55,726,345 | 12,153,250 | 351,611,565 | 331,771,550 |
| 2009 | 276,273,254 | 36,686,921 | 18,811,375 | 331,771,550 | |

Sales reported under “Other” refer to sales of sand to third parties by Minas de Valdecastillo, SAU.

2.18 Subsequent events

Events occurring after the reporting date that provide additional information on the Company’s financial standing as at the reporting date are reflected in the consolidated financial statements. Events subsequent to financial year-end that provide information on developments occurring after the reporting date are disclosed in the Notes to the consolidated financial statements, if materially relevant.

3. JUDGEMENTS AND ESTIMATES

In preparing its consolidated financial statements in accordance with IFRS, the Board of Directors of the BA Glass Group employs estimates and makes assumptions that affect the application of its policies and the balances it reports. Estimates and judgments are under continuous review and are based on its experience of past events and other factors, including its expectations relative to future events that are deemed likely to occur in light of the circumstances on which

such estimates are based or as result of information gathered or of experience acquired. The most significant accounting estimates reflected in the consolidated financial statements are:

(a) Goodwill’s impairment analysis

The Group tests goodwill for impairment on an annual basis in order to verify whether impairments arise. The recoverable balances of cash-generating units were determined based on the value-in-use methodology. In order to employ this method, estimates of future cash flows arising from the operations of each cash-generating unit are required, together with an appropriate discount rate.

(b) Recognition of provisions and adjustments

The Group is party to legal proceedings which are running their course on account of which it judges whether to raise a provision for contingent legal expenses based on the opinion of its legal advisors (refer to Note 20).

Adjustments to receivables are calculated based on an age analysis of such receivables, the risk profile of the clients involved, and their financial standing. Estimates related to adjustments to receivables differ from business to business.

A detailed analysis of the changes in annual provisions clearly demonstrates that there is almost no risk of collection. Moreover, the Group has access to major databases of relevant market information which, together with the experience of its technical analysts, enable it to clearly assess and minimize its credit risk.

(c) Calculation of the fair value of financial instruments

The Group employs assessment methodologies which it deems appropriate to calculate the fair value of financial instruments that are not traded in active markets based on its best knowledge of markets and of the assets in question and applies valuation techniques which are commonly employed in those markets based on assumptions supported by market rates.

(d) Retirement benefits

The present value of liabilities for retirement benefits is calculated based on actuarial methods, which methods employ certain actuarial assumptions. Any changes to these assumptions will have an impact on the book value of those liabilities. The main actuarial assumptions used to calculate the Group's liabilities for retirement benefits are described in Note 28, below.

Those estimates were based on the best available information as of the date of preparation of the consolidated financial statements. However, situations may occur in subsequent periods which were not foreseeable at the time and which, as such, were not taken into account by those estimates. Changes to those estimates occurring after the reporting date of the financial statements are recognized in net income on a prospective basis, in accordance with IAS 8.

4. CHANGES TO ACCOUNTING POLICIES

There were no changes to accounting policies over the course of the 2010 financial year relative to the policies employed to prepare the financial information reported to the previous year, as presented for comparison purposes.

As a result of their endorsement by the European Union (EU), the following accounting standards and interpretations, in force as from January 1, 2010, were adopted by the Group, albeit with no impact on its financial statements:

- IFRS 1 (Amendment) – First adoption of IFRS Sets out additional exceptions when adopting IFRS for the first time.
- IFRS 2 (Amendment) – Accounting for Group Cash-settled Share-based Payment Transactions Clarifies that the accounting treatment of situations where an entity employs services or products provided by its employees which are paid by its parent company or by another Group company falls under the scope of this accounting standard. As a result of this amendment, IFRIC 8 –

“Scope of IFRS 2” and IFRIC 11 – “IFRS 2 Share-based Payment – Group and Treasury Share Transactions” were removed.

- IFRS 3 (Revised) – Business Combinations This revision introduces significant changes to requirements on the reporting of business combinations, as concerns the following issues, in particular:
 - (a)** Measurement of non-controlling interests (formerly designated as minority interests);
 - (b)** Recognition and subsequent measurement of contingent payments;
 - (c)** Treatment of direct costs related to business combinations; and
 - (d)** accounting for transactions involving acquisition of interests in controlled entities and transactions involving a sale of such interests where no loss of control arises as a result thereof.
- IAS 27 (Amendment) – Consolidated and Separate Financial Statements The following are the most significant changes:
 - (a)** Transactions leading to changes in a company's percentage holdings that do not result in a loss of control are to be accounted for under equity with no impact on goodwill or in gains and losses;
 - (b)** Losses posted by a subsidiary company are to start being apportioned among non-controlling interests (formerly “minority interests”) even if such losses exceed the balance of their interests in that subsidiary; and
 - (c)** In the event of a loss of control of a subsidiary company, retained holdings are to be revalued and that effect is to be carried through the profit or loss generated by the sale.
- IAS 39 (Amendment) – Financial Instruments: Recognition and Measurement – Eligible hedged items
- IFRIC 12 – Service Concession Arrangements
- IFRIC 15 – Agreements for the Construction of Real Estate
- IFRIC 17 – Distributions of Non-cash Assets to Owners
- IFRIC 18 – Transfers of Assets from Customers

- Other amendments to IFRS – Introduced in 2009 the annual process to improve the IFRS standards aims to address the resolution of situations requiring improvement as a means of enhancing their general understanding but which resolution is not classified as a priority. The IASB adopted 15 amendments to 12 standards, some of which introduced changes to accounting methods, while other changes relate to issues of terminology and consistency between standards, all of which have minimal impact. The European Union endorsed those amendments in March 2010. Out of the process to introduce improvements in 2008, the amendment to IFRS 5 (clarification on the treatment of a subsidiary held for sale) is only applicable as from 1 January 2010.

Lastly, provisions of the standards and interpretations which application becomes mandatory in future reporting periods only were not adopted, namely the following:

Changes already endorsed by the EU:

- IFRS 1 (Amendment) – First-time Adoption of IFRS – Exceptions from Comparative IFRS 7 Disclosures for First-time Adopters;
- IAS 24 (Revised) – Related Party Disclosures;
- IAS 32 (Amendment) – Decommissioning, Restoration and Similar Liabilities – Clarification of Emission Rights;
- IFRIC 14 (Amendment) – Prepayments of a Minimum Funding Requirement;
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments.

Changes not yet endorsed by the EU:

- IFRS 9 – Financial Instruments (introduces new requirements for classification and measurement of financial assets);
- Other amendments to IFRS – 2010 improvements The IASB adopted 11 amendments to 6 standards. The European Union has not yet endorsed those amendments.

No impact of relevance is expected following the Group's application of the standards listed above (standards that were not adopted and which implementation becomes mandatory in future years only).

5. COMPANIES CONSOLIDATED ON A FULL CONSOLIDATION BASIS

As empresas incluídas na consolidação pelo método integral, suas sedes sociais e percentagem de controlo em 31 de Dezembro de 2010 e 2009, são as seguintes:

| Subsidiary | Head Office | % Own | |
|--|-------------|--------|--------|
| | | 2010 | 2009 |
| BA Glass I – Serviços de Gestão e Investimentos, SA | Avintes | Parent | Parent |
| BA Vidro, SA | Avintes | 100% | 100% |
| Sotancro – Embalagem de Vidro, SA | Avintes | 100% | 100% |
| Barbosa & Almeida – SGPS, SA | Avintes | 100% | 100% |
| Norcasco – Reciclagem de Vidros, SA | Avintes | a) | 100% |
| BA Energia, SA | Avintes | a) | 100% |
| BA Vidrio, SA | León | 100% | 100% |
| Minas de Valdecastillo, SAU | León | 100% | 100% |
| BA Vidrio Distribución Comerc. Envases, SA | Mérida | 100% | 100% |
| BA Vidro II Marinha Grande, SGPS, SA | Avintes | 100% | 100% |
| Holvenespa, SL | Ourense | 100% | 100% |
| Transotancro – Transp. Nac. e Internac., Soc. Unip., Lda | Benavente | a) | 100% |
| Amptec Ampolas e Transformação Vidro, Soc. Unip., Lda | Amadora | b) | 100% |

a) Liquidated during the course of the reporting period

b) The company merged into Sotancro – Embalagem de Vidro, SA

6. SUBSIDIARIES EXCLUDED FROM THE CONSOLIDATION

| Subsidiary | Head Office | % Own | |
|--------------------------------|----------------|---------|---------|
| | | 2010 | 2009 |
| Artividro – Arte em Vidro, Lda | Leiria | 87.50% | 87.50% |
| Vidriera del Atlántico, SA | Xinzo de Limia | 100.00% | 100.00% |

The fact that Artividro was not consolidated on a full consolidation basis is not deemed materially relevant for a faithful and fair presentation of the financial standing and results of the Group's operations. This holding is reported under other equity holdings and investments and its balance was adjusted to the full extent of its value (refer to Note 9).

Vidriera del Atlántico was reported in the 2009 financial statements as a discontinued operation. The company posted a net loss of 3,137,155 euros or the year to 31 December 2010, reporting equity of 1,295,025 euros and net assets of 16,216,391 euros, as at that date.

7. GOODWILL

Goodwill generated before the date of the Group's transition to reporting in accordance with IFRS (i.e., January 1, 2004) is reported at its net book value, calculated in accordance with Portugal's Official Accounting Standards, and is subject to an annual test for impairment of value.

| | Goodwill | Impairment losses | Mostization as of 01.01.2004 | Net Value as of 31.12.010 | Net Value as of 31.12.2009 |
|----------------------|-------------------|-------------------|------------------------------|---------------------------|----------------------------|
| BA Vidro, SA | 33,744,163 | - | 843,604 | 32,900,559 | 32,900,559 |
| 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 |
| Sotancro – Embalagem | | | | | |
| de Vidro, SA | 44,842,967 | 8,345,363 | - | 36,497,604 | 36,799,880 |
| | 92,130,321 | 8,345,363 | 1,182,184 | 82,602,774 | 82,905,050 |

Goodwill is broken down as follows:

The impairment loss reported in 2009 relates to Vidriera del Atlántico, a company acquired in June 2008 within the scope of the acquisition of the Sotancro Group. This company had already been reported in the Group's 2009 accounts as a discontinued operation.

8. PROPERTY, PLANT AND EQUIPMENT

The following Table reports changes in tangible fixed assets valued at cost, together with their respective cumulative depreciation and impairment losses, for the year ending 31 December 2010:

The Group considers that there are no indications of impairment to its tangible fixed assets, as at 31 December 2010.

| | Land and Natural Resources | Buildings and other Facilities | Basic Equipment | Vehicles & Transport Equipment | Office & Administrative Equipment | Other Tangible Assets | Acquisitions in Progress | Total Tangible Assets |
|--|----------------------------------|--------------------------------------|--------------------|--------------------------------------|---|-----------------------------|-----------------------------|-----------------------------|
| Gross Assets | | | | | | | | |
| Balance as at 1 January 2010 | 44,619,220 | 125,123,761 | 456,315,168 | 2,516,801 | 9,883,036 | 19,730,534 | 12,862,663 | 671,051,184 |
| Alterations to the consolidation perimeter | - | - | - | - | - | - | - | - |
| Investment | 2,315,557 | 5,682,831 | 48,986,419 | 40,161 | 88,087 | - | 1,971,708 | 59,084,761 |
| Fair market value increase | - | - | - | - | - | - | - | - |
| Divestiture | - | (24,492) | (24,346,499) | (364,276) | (842,370) | (2,381,461) | - | (27,959,099) |
| Transfers | - | 2,321,008 | 9,148,255 | - | - | - | (11,469,263) | - |
| Balance as at 31 December 2010 | 46,934,777 | 133,103,108 | 490,103,342 | 2,192,686 | 9,128,753 | 17,349,073 | 3,365,108 | 702,176,846 |
| Amortizations and Impairment Losses | | | | | | | | |
| Balance as at 1 January 2010 | - | 61,815,372 | 329,878,902 | 2,007,996 | 9,232,005 | 10,964,647 | - | 413,898,922 |
| Alterations to the consolidation perimeter | - | - | - | - | - | - | - | - |
| Period Depreciation | - | 4,024,586 | 27,166,083 | 246,906 | 199,144 | 746,382 | - | 32,383,101 |
| Divestitures | - | (24,492) | (24,326,439) | (351,750) | (842,370) | (2,381,461) | - | (27,926,513) |
| Transfers | - | - | - | - | - | - | - | - |
| Balance as at 31 December 2010 | - | 65,815,466 | 332,718,546 | 1,903,151 | 8,588,779 | 9,329,568 | - | 418,355,510 |
| Net Value as at December 2010 | 46,934,777 | 67,287,642 | 157,384,796 | 289,535 | 539,974 | 8,019,506 | 3,365,108 | 283,821,336 |
| Net Value as at December 2009 | 44,619,220 | 63,308,389 | 126,436,266 | 508,805 | 651,031 | 8,765,887 | 12,862,663 | 257,152,261 |

9. FINANCIAL INVESTMENTS

| | Capital Shares | Other Financial Investments | Total Financial Investments |
|--------------------------------------|-------------------|-----------------------------------|-----------------------------------|
| Gross Assets | | | |
| Balance 1 January 2010 | 15,995,146 | 1,560,018 | 17,555,164 |
| Increases | - | 20,235 | 20,235 |
| Reductions | - | (1,060,945) | (1,060,945) |
| Balance 31 December 2010 | 15,995,146 | 519,308 | 16,514,454 |
| Adjustments | | | |
| Balance 1 January 2010 | 15,995,146 | 2,239 | 15,997,385 |
| Increases | - | 52 | 52 |
| Balance 31 December 2010 | 15,995,146 | 2,291 | 15,997,437 |
| Net Value as at December 2010 | - | 517,017 | 517,017 |
| Net Value as at December 2009 | - | 1,557,779 | 1,557,779 |

The balance of investments in subsidiaries reports to the participation in Vidriera del Atlántico, SA (14,062,304 euros) and Artividro – Arte em Vidro, Lda (1,932,842 euros) which balance if fully provided for.

In 2009, the balance of other financial assets included a loan to Vidriera del Atlántico in the amount of 1,052,835 euros which was reclassified as “Other short-term debtors”, in 2010.

10. INVESTMENT PROPERTIES

| | Investment Properties |
|--------------------------------------|-----------------------|
| Gross Assets | |
| Balance 1 January 2010 | 1,842,343 |
| Increases | - |
| Reductions | - |
| Balance 31 December 2010 | 1,842,343 |
| Amortizations | |
| Balance 1 January 2010 | 193,618 |
| Increases (Current Depreciation) | 57,372 |
| Balance 31 December 2010 | 250,990 |
| Net Value as at December 2010 | 1,591,353 |
| Net Value as at December 2009 | 1,648,725 |

Investment properties consist of properties valued at cost which are held for renting.

11. OTHER NON-CURRENT ASSETS

The balance of this item reports to receivables under investment grants awarded in Spain and to premiums awarded for implementation of projects under investment allowances granted in Portugal, which are attributed on completion of set contractual goals.

12. DEFERRED TAX ASSETS AND LIABILITIES

The deferred tax assets and deferred tax liabilities as at 31 December 2010 and 31 December 2009, as a function of the temporary differences which generated them are as follow:

| | 2010 | 2009 |
|--|-------------------|------------------|
| Deferred tax assets | | |
| Provisions for retirement pensions and other risks and taxes | 1,056,216 | 1,033,591 |
| Provisions for impairment of credits receivable | 1,160,994 | - |
| Provisions for impairment losses of financial holdings | 4,321,668 | 3,789,891 |
| Deferred Tax - BA Vidrio commercial fund | 2,141,856 | 2,141,856 |
| Tax Losses | 4,703,729 | - |
| Others | 1,052 | - |
| | 13,385,515 | 6,965,338 |
| Deferred tax liabilities | | |
| Standardisation of amortization rates | 2,684,193 | 1,790,556 |
| Adjustments to fair value | 5,029,816 | 5,063,504 |
| Reserves for the revaluation of tangible assets | 2,335,157 | 2,074,700 |
| <i>Libertad de amortización</i> (Advance Depreciation Deduction) | 10,527,053 | 299,870 |
| | 20,576,219 | 9,228,630 |

As at 31 December 2010, the tax rates employed to calculate deferred tax assets and deferred tax liabilities were 29.0% and 30.0%, with reference to Portugal and to Spain, respectively.

The balances of deferred tax assets arising on tax losses and of deferred tax liabilities arising on *Libertad de Amortización* were generated by BA Vidrio, in

Spain, in both instances. The tax balances in question originated as a result of a tax allowance applicable under ruling Spanish legislation which allows deductibility of depreciation in advance for tax purposes on all investments made during the 2009 and 2010 financial years, provided such investments commenced operations during the course of those years. In order to benefit from those allowances, the company was required to reach specific objectives over the course of the years in question, which objectives were fully met.

13. INVENTORIES

| | 2010 | 2009 |
|--------------------------------------|-------------------|-------------------|
| Raw materials, parts and consumables | 8,017,933 | 8,044,128 |
| Finished goods & goods in progress | 40,823,959 | 49,839,110 |
| Merchandise | 595,843 | 489,207 |
| | 49,437,735 | 58,372,445 |
| Impairment Losses/adjustments | (226,699) | (226,699) |
| | 49,211,036 | 58,145,746 |

14. TRADE RECEIVABLES

| | 2010 | 2009 |
|---|-------------------|-------------------|
| Trade Receivables | 73,693,344 | 72,228,300 |
| Notes Receivable - Trade | 3,585,377 | 5,435,630 |
| Allowance for doubtful accounts - Trade | 2,619,995 | 2,252,780 |
| | 79,898,716 | 79,916,710 |
| Impairment losses/adjustments | (3,069,237) | (2,687,263) |
| | 76,829,479 | 77,229,447 |

The Group's exposure to credit risk arises from receivables generated in the conduct of its business. The balances presented in the Balance Sheet are reported net of cumulative impairment losses for bad and doubtful credit, which the Group estimates based on its experience and subject to its assessment of prevailing economic conditions and the overall business environment. The Board of Directors believes that the book value of the receivables constitutes a fair approximation of its fair value. The Group carries no significant concentration of credit risk, given that its credit risk is spread across a wide range of customers.

15. OTHER RECEIVABLES

| | 2010 | 2009 |
|--|-------------------|------------------|
| Companies pertaining to economic Group | - | - |
| State and other public (governmental) entities | 4,913,359 | 5,786,245 |
| Other debtors | 9,658,638 | 3,580,888 |
| | 14,571,997 | 9,367,134 |
| Impairment losses/adjustments | - | - |
| | 14,571,997 | 9,367,134 |

In essence, the balance reported under State and other public entities refers to withholding tax, recoverable VAT, and recoverable income tax, in Spain.

The balance of other debtors includes a receivable balance relating to investment grants awarded in Spain.

16. OTHER CURRENT ASSETS

| | 2010 | 2009 |
|----------------------|----------------|----------------|
| Financing expenses | 123,147 | 27,735 |
| Insurance | - | 126,252 |
| Others | 148,942 | 21,578 |
| Other accrued income | - | 24,704 |
| | 272,089 | 200,274 |

17. CASH AND CASH EQUIVALENTS

| | 2010 | 2009 |
|----------------------------------|------------------|-------------------|
| Cash | 32,987 | 34,449 |
| Bank deposits | 8,519,064 | 40,733,500 |
| Cash and cash equivalents | 8,552,051 | 40,767,949 |

18. EQUITY

As at 31 December 2010, the Company's share capital, totaling 50,000 euros represented by 50,000 shares of 1 euro each, was fully subscribed and realized.

The following Table depicts the Company's shareholding structure, as at 31 December 2010 and 31 December 2009:

| | 2010 | | 2009 | |
|-------------|---------------|------|---------------|------|
| | No. of Shares | % | No. of Shares | % |
| BA Glass BV | 50,000 | 100% | 50,000 | 100% |

RESERVES, RETAINED INCOME, AND SUPPLEMENTARY CAPITAL CONTRIBUTIONS

| | 2010 | 2009 |
|------------------------------------|-------------------|-------------------|
| Additional paid in capital | 10,922,728 | 10,922,728 |
| Legal Reserves | 11,879,194 | 11,002,302 |
| Other reserves and retained income | (7,247,225) | 32,268,843 |
| | 15,554,696 | 54,193,872 |

Supplementary capital contributions

Supplementary capital contributions constitute shareholder funding that may only be refunded to shareholders provided the company's equity does not fall short of the sum of its share capital and legal reserve.

Such capital contributions may take the form of interest-bearing shareholder loans, earning interest at a rate which is set at the annual meeting of the General Assembly of Shareholders.

Legal reserve

Under applicable company legislation, a minimum of 5% and 10% of earnings for the year, in Portugal and in Spain, respectively, is due for transfer to legal reserve for purposes of strengthening such reserves until they reach a balance of at least 20% of share capital. Legal reserve is not distributable unless any of the Group's

companies is placed under liquidation but may be used to offset losses once other reserves have been exhausted, or it may be incorporated into capital.

Other reserves and retained income

The companies included in the consolidation perimeter carry discretionary reserves in their separate accounts totaling 3,672,363 euros, which are available for distribution.

19. INTEREST BEARING LOANS AND BORROWINGS

| | 2010 | 2009 |
|--|--------------------|--------------------|
| External debt subject to interest | | |
| Noncurrent | 308,572,904 | 208,269,538 |
| Current | 55,489,263 | 125,044,930 |
| | 364,062,167 | 333,314,467 |
| Cash and cash equivalents | | |
| Cash | 32,987 | 34,449 |
| Bank Deposits | 8,519,064 | 40,733,500 |
| | 8,552,051 | 40,767,949 |
| | 355,510,116 | 292,546,518 |
| Fair value of interest rate derivatives | - | - |
| | 355,510,116 | 292,546,518 |

The Group's bank loans bear interest at the Euribor interest rate plus a spread which is contractually negotiated with a number of financial institutions, for set repayment terms, and are all denominated in euro.

| | Short Term | Medium & Long Term | Total Debt | 2009 |
|--|-------------------|--------------------|--------------------|--------------------|
| Medium and long-term financing Contracts | 17,329,308 | 131,163,184 | 148,492,492 | 112,573,032 |
| Commercial paper | - | 154,650,000 | 154,650,000 | 147,050,000 |
| BEI | 5,000,000 | 7,500,000 | 12,500,000 | 17,500,000 |
| Unsecured bank loans | 28,396,010 | - | 28,396,010 | 36,585,765 |
| Leasing contracts | 1,211,894 | 15,259,720 | 16,471,614 | 17,637,721 |
| Bank deposits | (5,000,000) | - | (5,000,000) | (38,800,000) |
| | 46,937,212 | 308,572,904 | 355,510,116 | 292,546,518 |
| Fair value of interest rate derivatives | - | - | - | - |
| | 46,937,212 | 308,572,904 | 355,510,116 | 292,546,518 |

The Group elected not to report the fair value of derivative financial instruments as at 31 December 2010 in the Balance Sheet. Those instruments reflected negative fair value of 600,000 euros, as at year-end (2009: negative fair value of 837 thousand euros).

The portion of liabilities to financial institutions classified as medium- and long-term liabilities, in 2010, is subject to the following set repayment schedule:

| Year | 2010 |
|--------------------------|--------------------|
| 2012 | 69,295,347 |
| 2013 | 112,083,928 |
| 2014 | 46,510,121 |
| 2015 | 33,465,454 |
| 2016 and following years | 47,218,054 |
| | 308,572,904 |

20. PROVISIONS

| | Retirement Pensions (Note 28) | Other Risks and Taxes | Environmental Liabilities | Total |
|---------------------------------|-------------------------------|-----------------------|---------------------------|------------------|
| Balance 1 January 2010 | 3,709,409 | - | 251,253 | 3,960,662 |
| Change to perimeter | - | - | - | - |
| Increases | - | - | - | - |
| Utilisation | 238,134 | - | - | 238,134 |
| Replacements | - | - | - | - |
| Balance 31 December 2010 | 3,471,275 | - | 251,253 | 3,722,528 |

Liabilities to pensioners for retirement pensions are fully covered by a specific provision (refer to Note 28).

Minas de Valdecastillo, SAU carries a legal and constructive liability for restoration of land allocated to its mining operations which are estimated to amount to 251,253 euros (refer to Note 31).

21. TRADE PAYABLES

Supplier balances report to creditors for supplies ordered in the conduct of the Group's regular business. The Board of Directors believes that the book value of these liabilities (which are reported at their nominal value) constitutes a fair approximation of its amortized cost.

| | 2010 | 2009 |
|-------------------------------|-------------------|-------------------|
| Trade Payables | 50,705,530 | 44,878,175 |
| Fixed Asset Supplier Payables | 1,410,892 | 2,138,721 |
| | 52,116,422 | 47,016,895 |

22. OUTRAS DÍVIDAS A TERCEIROS

| | 2010 | 2009 |
|--|------------------|-------------------|
| Current | | |
| Shareholders | - | 22,832 |
| State and other public (governmental) entities | 6,153,180 | 13,510,605 |
| Other creditors | 1,490,135 | 19,163,484 |
| | 7,643,316 | 32,696,921 |

In essence, the balance reported under State and other public entities refers to Value Added Tax, corporate income tax minus tax payments on account already processed, employer contributions to the Social Security System, and withholding tax.

23. OTHER CURRENT LIABILITIES

| | 2010 | 2009 |
|---|-------------------|-------------------|
| Payroll taxes | 4,076,629 | 4,298,250 |
| Financial expenses payable | 953,316 | 1,283,823 |
| Other supplies and external service providers | 839,486 | 401,466 |
| Rappel granted | 1,577,765 | 1,139,468 |
| Insurance | 227,662 | 146,328 |
| Others | 545,519 | 2,277,473 |
| Investment subsidies | 22,030,020 | 16,911,629 |
| | 30,250,397 | 26,458,438 |

The item investment grants includes the balance relative to investment projects implemented by the Group in BA Vidro's and BA Vidrio's manufacturing plants

which are pending allocation to results. During the year under analysis, an allowance reported to reconstruction of one of the furnaces of BA Vidrio's León plant, was recognized in the accounts.

24. OTHER OPERATING INCOME

| | 2010 | 2009 |
|---|------------------|------------------|
| Investment subsidies | 3,659,292 | 3,761,950 |
| Earnings from divestiture of noncurrent assets | 195,786 | 461,653 |
| Divestiture of CO ₂ emissions licenses | - | 708,500 |
| Other operating income | 628,197 | 1,042,584 |
| Indemnities for fixed assets occurrences (insurance claims) | - | 742,229 |
| Benefits from contractual penalties | 30,815 | 868 |
| Income and rents | 67,905 | 38,800 |
| | 4,581,994 | 6,756,584 |

25. OTHER OPERATING EXPENSES

| | 2010 | 2009 |
|---|------------------|------------------|
| Taxes | 889,636 | 727,627 |
| Losses from divestiture of noncurrent liabilities | - | 106,383 |
| Donations | 105,926 | 103,750 |
| Indemnities from contractual rescission | 500,000 | - |
| Other costs | 458,490 | 191,223 |
| | 1,954,052 | 1,128,983 |

26. FINANCIAL INCOME/LOSS

| | 2010 | 2009 |
|---|---------------------|---------------------|
| Interest and commission borne in relation to loans obtained | (7,310,926) | (8,387,503) |
| Interest received from capital investments | 255,480 | 112,265 |
| Discounts granted | (757,398) | (795,933) |
| Discounts obtained | 41,887 | 88,210 |
| Exchange rate variations | 110,708 | (240,621) |
| Income from capital holdings | 55,352 | 5,447 |
| Impairment losses from financial investments | (3,869,979) | (12,632,971) |
| Other financial expenses | (261,930) | (274,947) |
| Other financial income | 184,511 | 9,490 |
| | (11,552,295) | (22,116,565) |

27. INCOME TAX

The Group is subject to taxation under a Special Taxation Basis for Groups of Companies, both in Portugal and Spain. For tax purposes, the umbrella companies are BA Vidrio, SA (Spain) and BA Glass I – Serviços de Gestão e Investimentos, SA (Portugal).

Annual income tax returns are subject to review and possible adjustment by both the Portuguese and Spanish tax authorities for a period of 4 years.

As at 31 December 2010 and 31 December 2009, the item “tax on income for the year” was broken down as follows:

| | 2010 | 2009 |
|--|--------------------|-------------------|
| Reconciliation of tax for year | | |
| Earnings before income tax | 79,869,269 | 66,344,223 |
| Current tax over net income for year | (15,836,926) | (17,358,825) |
| Deferred tax for period | | |
| Deferred tax assets – tax benefits for investment | - | - |
| Deferred tax assets – financial losses | 4,703,729 | (3,416,862) |
| Deferred tax assets – provisions for other risks and taxes | 1,160,994 | - |
| Deferred tax assets – impairment losses | 531,777 | 3,789,891 |
| Deferred tax assets – pensions | 22,625 | (67,654) |
| Deferred tax liabilities – standardisation of amortisation | (893,638) | 220,370 |
| Deferred tax liabilities – revaluation reserves | (260,457) | 98,669 |
| <i>Libertad de amortización</i> (Advance Depreciation Deduction) | (10,227,183) | (299,870) |
| Other deferred tax liabilities | 34,740 | (79,502) |
| | (4,927,413) | 245,043 |
| Total tax | (20,764,339) | (17,113,782) |
| Net consolidated income | 59,104,930 | 48,478,342 |

As stated in Note 12, deferred tax arising on account of tax losses and libertad de amortización originated from a tax allowance provided under Spanish tax legislation applicable to company investments implemented in 2009 and 2010.

28. POST RETIREMENT BENEFITS

The Group offers to actual pensioners retirement pension plans which liabilities are annually calculated based on actuarial studies conducted by independent actuaries.

The studies reported to 31 December 2010 and 31 December 2009 employed the “projected unit credit” methodology and were conducted under the following actuarial assumptions and technical bases:

| | |
|-----------------------------------|----------|
| Mortality Rate | TV 88/90 |
| Disability Rate | 1,980 |
| Retirement Age | 65 anos |
| Rate of annual increase to salary | 0.0% |
| Discount Rate | 4.0% |
| Rate of annual growth of pensions | 0.0% |

The annual discount rate applied to liabilities for pension payments is estimated based on the yields of highly rated long-term bonds of a maturity similar to the maturity of the liabilities in question.

Liabilities to pensioners are fully covered by a specific provision (refer to Note 20) calculated in accordance with the aforementioned actuarial studies.

29. AVERAGE NUMBER OF PERSONNEL

As at 31 December 2010, the average staff complement of the Group's companies totaled 1,383 (1,370, as at 31 December 2009).

30. RELATED PARTIES

Inter-company balances and transactions reported to the companies included in the consolidation perimeter, as referred to in Note 5, were eliminated for purposes of preparing the consolidated financial statements.

31. ENVIRONMENTAL MATTERS

In the conduct of its business, the Group incurs in a variety of expenses of an environmental management nature which, depending on their characteristics, are capitalized or recognized as an operating expense in its operating results for the reporting period.

31.1 CO2 Emission rights

Under the provisions of the PNALE II Programme ruling for 2008 to 2012, the Group was allocated a permit of 2,162,280 tons of CO₂ emissions, having used a total of 1,267,352 tons of CO₂ emissions, as at 31 December 2010.

31.2 Environmental restoration expenses

Minas de Valdecastillo, SAU carries a legal and constructive liability to restore land allocated to its mining operations which is estimated to amount to 251,253 euros (refer to Note 20).

31.3 Liability for environmental damages

During the course of the financial year under analysis, the Group's subsidiaries which operate in Portugal raised equity reserves for purposes of meeting their responsibilities arising under the provisions of Decree-Law no. 147/2008.

32. COMMITMENTS AND CONTINGENCIES

32.1 Bank guarantees

As at 31 December 2010, the Group provided bank guarantees to third parties totaling 14,111,578 euros, which balance includes a bank guarantee provided to the European Investment Bank (“EIB”) as security for finance.

32.2 Contingencies

In 2007, BA Vidro, SA was subject to a tax inspection of its 2005 tax returns and in 2009 it was subject to a tax inspection of its 2006 and 2007 tax returns, which inspections were conducive to additional tax liabilities arising from adjustments to its taxable income. No provision was raised in the financial statements on that account owing to the fact that the Board of Directors believes that the likelihood of the company incurring costs to settle those liabilities is remote and that the company has filed an objection to those adjustments with the courts.

In 2009, BA Vidrio, SA was subject to a tax inspection of its 2004 to 2007 tax returns, which inspection was conducive to additional tax liabilities arising from adjustments to its taxable income. No provision was raised on that account owing to the fact that the Board of Directors believes that the likelihood of the company incurring costs to settle those liabilities is remote. In turn, the company has also filed an objection to those adjustments with the courts.

33. SUBSEQUENT EVENTS

No events of relevance that may materially impact the financial statements have occurred subsequent to 31 December 2010.

28 January 2011

The Chartered Accountant

Alberto de Sousa Araújo Soares

The Board of Directors

Carlos António Rocha Moreira da Silva (Chairman)

Jorge Alexandre Tavares Ferreira (CEO)

Álvaro Cuervo Garcia

António Enrique Vásquez Cardeñosa

Francisco José Mestre Mira da Silva Domingues

José Ignácio Comenge Sánchez-Real

José Pedro de Araújo Lopes

Mário Pereira Pinto

Auditors' Report on the Consolidation Annual Accounts



Auditors' Report on the Consolidation Annual Accounts
Report and Opinion of the Audit Board

Auditors' Report on the Consolidation Annual Accounts



Certificação Legal das Contas

Introdução

1. Examinámos as demonstrações financeiras consolidadas anexas de BA Glass I - Serviços de Gestão e Investimentos, S.A., as quais compreendem a Demonstração Consolidada da Posição Financeira em 31 de Dezembro de 2010 (que evidencia um total de balanço de 553.080.675 Euros e um total de capital próprio de 74.709.626 Euros, incluindo um resultado líquido de 59.104.930 Euros), a Demonstração Consolidada do Rendimento Integral, a Demonstração Consolidada dos Fluxos de Caixa e a Demonstração Consolidada das Alterações no Capital Próprio no exercício findo naquela data, e as correspondentes Notas às Demonstrações Financeiras.

Responsabilidades

2. É da responsabilidade do Conselho de Administração a preparação de demonstrações financeiras que apresentem de forma verdadeira e apropriada a posição financeira do conjunto das empresas incluídas na consolidação, o resultado consolidado das suas operações e os fluxos de caixa consolidados, bem como a adopção de políticas e critérios contabilísticos adequados e a manutenção de um sistema de controlo interno apropriado.
3. A nossa responsabilidade consiste em expressar uma opinião profissional e independente, baseada no nosso exame daquelas demonstrações financeiras.

Âmbito

4. O exame a que procedemos foi efectuado de acordo com as Normas Técnicas e as Directrizes de Revisão/Auditoria da Ordem dos Revisores Oficiais de Contas, as quais exigem que o mesmo seja planeado e executado com o objectivo de obter um grau de segurança aceitável sobre se as demonstrações financeiras estão isentas de distorções materialmente relevantes. Para tanto o referido exame incluiu:

Sociedade Anónima - Capital Social 1.105.000 euros - Inscrição n.º 178 na Ordem dos Revisores Oficiais de Contas - Inscrição N.º 9011 na Comissão do Mercado de Valores Mobiliários - Contribuinte 505 988 283 - C.R. Comercial de Lisboa sob o mesmo número - A member firm of Ernst & Young Global Limited



2

- a verificação de as demonstrações financeiras das empresas englobadas na consolidação terem sido apropriadamente examinadas e a avaliação das estimativas, baseadas em juízos e critérios definidos pelo Conselho de Administração, utilizadas na sua preparação;
 - a verificação das operações de consolidação;
 - a apreciação sobre se são adequadas as políticas contabilísticas adoptadas, a sua aplicação uniforme e a sua divulgação, tendo em conta as circunstâncias;
 - a verificação da aplicabilidade do princípio de continuidade; e
 - a apreciação sobre se é adequada, em termos globais, a apresentação das demonstrações financeiras consolidadas.
5. O nosso exame abrangeu também a verificação da concordância da informação financeira constante do Relatório de Gestão com as demonstrações financeiras consolidadas.
 6. Entendemos que o exame efectuado proporciona uma base aceitável para a expressão da nossa opinião.

Opinião

7. Em nossa opinião, as demonstrações financeiras referidas apresentam de forma verdadeira e apropriada, em todos os aspectos materialmente relevantes, a posição financeira consolidada de BA Glass I - Serviços de Gestão e Investimentos, S.A., em 31 de Dezembro de 2010, o resultado e o rendimento integral consolidado das suas operações, as alterações no seu capital próprio consolidado e os seus fluxos consolidados de caixa, no exercício findo naquela data, em conformidade com as Normas Internacionais de Relato Financeiros (IFRS), tal como adoptadas pela União Europeia.

Lisboa, 28 de Janeiro de 2011

Ernst & Young Audit & Associados - SROC, S.A.
Sociedade de Revisores Oficiais de Contas (nº 178)
Representada por:

João Carlos Miguel Alves (ROC nº 896)

Report and Opinion of the Audit Board

RELATÓRIO E PARECER DO CONSELHO FISCAL – CONTAS CONSOLIDADAS

Aos Accionistas da
BA GLASS I – Serviços de Gestão e Investimentos, S.A.

Em cumprimento das disposições legais e estatutárias aplicáveis e com o mandato que nos foi conferido, submetemos à vossa apreciação o nosso relatório e parecer que abrange a actividade por nós desenvolvida e os documentos de prestação de contas consolidadas da BA GLASS I – Serviços de Gestão e Investimentos, S.A., relativos ao exercício findo em 31 de Dezembro de 2010, os quais são da responsabilidade do Conselho de Administração.

O Conselho Fiscal exercitou as competências formuladas no art. 420º do Código das Sociedades Comerciais, tendo designadamente acompanhado a gestão da empresa, a evolução da sua actividade e das suas participações e efectuado reuniões com a frequência e extensão que considerou adequadas, nas quais e em regra, contou com a presença de um administrador, de um membro da direcção executiva e com o Revisor Oficial de Contas e, nas circunstâncias, sempre obteve todas as informações e esclarecimentos solicitados, nomeadamente, para a devida compreensão e avaliação da evolução dos negócios, do desempenho e da posição financeira da empresa e das empresas incluídas no perímetro de consolidação, bem como do modelo de gestão de riscos e de controlo interno. Participou ainda na reunião do Conselho de Administração que aprovou os documentos de prestação de contas consolidadas e teve acesso às actas das reuniões do Conselho de Administração, bem como a toda a documentação que considerou necessária, não tendo, no decurso destas e de outras diligências realizadas, tomado conhecimento de qualquer situação que viole as disposições legais e estatutárias.

O Conselho Fiscal acompanhou ainda o processo de preparação e de divulgação de informação financeira consolidada, bem como a revisão das contas aos documentos de prestação de contas consolidadas da empresa, tendo considerado adequado o trabalho desenvolvido e salvaguardada a independência do mesmo; e tomou conhecimento das principais conclusões do Revisor Oficial de Contas, que foram objecto de análise conjunta e são globalmente conformes com a sua própria percepção.

Ainda no âmbito das suas competências, o Conselho Fiscal examinou a Demonstração consolidada da posição financeira em 31 de Dezembro de 2010, as Demonstrações consolidadas do rendimento integral, dos fluxos de caixa e das alterações no capital próprio do exercício findo naquela data e os correspondentes Anexos. Adicionalmente procedeu à apreciação do Relatório de Gestão do exercício findo em 31 de Dezembro de 2010 emitido pelo Conselho de Administração e da Certificação Legal das Contas emitida

pelo Revisor Oficial de Contas sobre as contas consolidadas, que mereceram o seu acordo.

Face ao exposto, o Conselho Fiscal é da opinião que a informação constante nas demonstrações financeiras em apreço, foi elaborada em conformidade com as normas contabilísticas, legais e estatutárias aplicáveis, dando uma imagem verdadeira e apropriada do activo e do passivo, da situação financeira e dos resultados da BA GLASS I – Serviços de Gestão e Investimentos, S.A. e das empresas incluídas no perímetro de consolidação e que o Relatório de Gestão expõe fielmente a evolução dos negócios, do desempenho e da posição financeira da mesma e das empresas incluídas no perímetro de consolidação e contém uma descrição dos principais riscos e incertezas com que se defrontam.

O Conselho Fiscal manifesta o seu apreço pela colaboração recebida do Conselho de Administração, da Direcção executiva, do Revisor Oficial de Contas e dos Serviços, em geral.

PARECER

Em consequência do acima referido, o Conselho Fiscal é de parecer que estão reunidas as condições para que a Assembleia-Geral aprove:


- O Relatório de Gestão, a Demonstração consolidada da posição financeira em 31 de Dezembro de 2010, as Demonstrações consolidadas do rendimento integral, dos fluxos de caixa e das alterações no capital próprio do exercício findo naquela data e os correspondentes Anexos.

Avintes, 28 de Janeiro de 2011

O Conselho Fiscal


Rita Silva Domingues (Presidente)


Manuel Ortigão Oliveira


Óscar José Alcáda da Quinta



We want to broaden our horizons, get to know the best things being done in the world, to know what consumers demand, and what our customers expect... So that we can journey forth with humbleness and ambition in the same direction together, moving forward on one path, together!

From Inside...
...to Outside

Mission Strategic Vision and Values



Introduction

This is the eighth Sustainability Report issued by the BA Group. Keeping with the practice of previous years, the Sustainability and Annual Report will be published simultaneously.

This report presents the principles held by the BA Group in relation to Sustainable Development, and constitutes the Group's public commitment to pursue the development and/or continuity of activities which maintain equilibrium in relation to economic, environmental and social considerations.

This equilibrium is pursued in continuous alignment with the BA Group Mission, Vision and Values.

Mission

The Group mission is to develop, manufacture and sell glass packaging to the food and beverage industries.

Strategic Vision

The BA objective is to be the “**Best among the Biggest Producers**” and is based on three fundamental pillars:

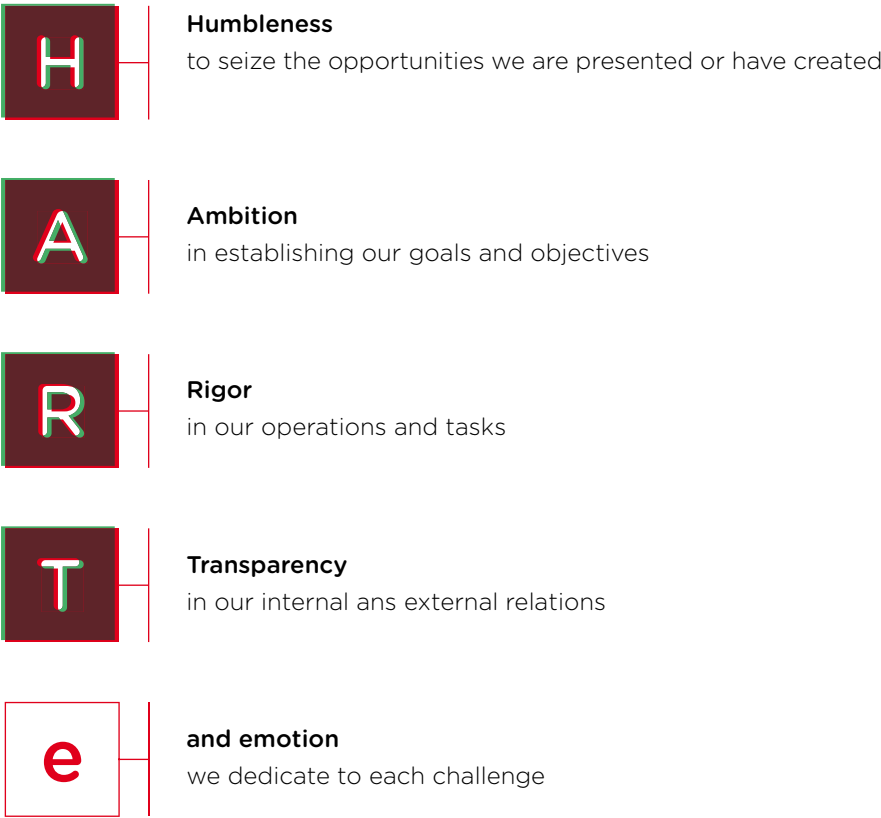
- Creating value for shareholders;
- Customer satisfaction and loyalty;
- Staff motivation and satisfaction.



The pursuit of the vision and business sustainability requires an integrated management system, supported by consistent principles, policies and goals.

Values

The Group values are translated into the **HeART** acronym.



Sustainable Development



Principles of Sustainable Development of BA
Value Creation | Customer Orientation
Human Resources Management | Corporate and Social Responsibility



The production of packaging is not merely an industrial activity. It is a process full of responsibilities... a responsibility to sustainable development, to future generations, to the environment, to local communities... this is clearly an everyday concern on the part of our teams!

From Production...
...to Sustainability

BA's Principles of Sustainable Development

| BA's Principles of Sustainable Development | |
|--|--|
| | |
| Creation of Value | |
| Customer Orientation | |
| Human Resources Management | |
| Social and Corporate Responsibility | |

BA is committed to the realisation of the strategic vision and the principles of sustainable development, as well as to the continuous improvement of the integrated management system. Success in this endeavour is only possible through the involvement of qualified, rigorous and ambitious employees.

The principles of sustainable development – comprised in the corporate management system and supported by written policy, in conjunction with corporate values constitute – the basis for the annual establishment of increasingly demanding and ambitious objectives. These objectives are monitored and managed periodically through the use of indicators that reflect the Group's performance.

Value Creation

- **CREATE VALUE FOR SHAREHOLDERS**
- **INCREASE PRODUCTIVITY AND EFFICIENCY**
- **ASSESSING BUSINESS RISKS**

Through the creation of value for shareholders, BA also creates value for other related agents, specifically employees, customers, suppliers and the community in general.

The creation of value, one of the pillars on which the strategic vision rests, is achievable only when all stakeholder relationships are based on values of transparency, trust, accuracy, credibility and accountability.

The Board of Directors establishes the development strategy for the Group as a whole and ensures the consistency of such strategy with the vision and objectives.

The Group has a results-oriented management system that is based on action plans focused on continuous improvement, thus optimizing resources, reducing costs, minimizing inefficiencies and fulfilling the increasing customer requirements. Performance indicators are used to continuously monitor achievement of objectives, through the internal and external performance comparative analysis, always pursuing the best practices.

BA has invested in the development of information systems and in process optimization in response to increased market demands in the areas of quality, flexibility and price.

BA will continue to manage risks which are inherent to its business through the quality and transparency of information provided to stakeholders as this information relates to all critical processes. The identification of potential situations of value creation or destruction shall be sought, thus ensuring the implementation of timely and rigorous decisions to either eliminate such destruction or maximize such creation.

The intent of this methodology, is to identify, to the maximum possible extent, all endogenous and exogenous factors that may have significant influence on the profitability of the business, thus anticipating the consequences and trying to seize all opportunities identified, minimizing the impact of risks and threats.

Based on these principles, the following business risks are identified, assessed and mitigated:

- › **Economic risks** through analysis of market trends and customers feedback of satisfaction with the product and service rendered, in order to build and implement a marketing plan with concrete actions to respond to market challenges and to ensure the Group's sustainability. Benchmarking practices also challenge teams through contrasts with the industry's best practices, positioning BA as a reference in the business.
- › **Patrimonial risks**, through periodic checks of the fire prevention and intrusion systems as well as plant control systems. In order to minimize these risks, the performance of emergency plan simulation and testing has been conducted for implementation in the occurrence of fire, lack of gas and glass spillage. BA also has a portfolio of current insurance policies, the management of which is entrusted to third parties.
- › **Financial risks** through continuous analysis of the risks of interest rates, exchange rates and credits from third parties. Management is based on ad hoc analysis, as framed within the current situations and conditions, and from time to time implements risk mitigation operations such as hedging interest rates, currency exchange rates and credit insurance. The equilibrium of capital structure is a constant concern, and special emphasis is placed on the financing structure of operations and investments.
- › **Operational risks** through the implementation of procedures and good management practices in the plant's operation, human resources management, information technology and in the supply chain. In order to minimize the operational risks, preventive maintenance plans were developed for critical equipment and the best practices were set for storage, handling and transportation of raw materials and potentially dangerous products. The risks to personnel

are minimized through preventive training and awareness measures focused on the prevention of job accidents and the effects. To mitigate risks associated with information systems there are procedures for disaster recovery and risk assessment of data integrity, such as audits conducted by external entities.

With respect to its products, BA uses the best practices for storing, handling and transportation to customers, which is a point of increasing interaction between the Group and its customers.

These risks and their management are written in management procedures. Particularly in "Crisis Management" where the rules and responsibilities concerning communication during the occurrence of exceptional events are described. Moreover, all implemented management procedures and practices are constantly reviewed and optimized, with the collaboration of all departments involved in order to ensure the continuous improvement of processes and reduction of possible risks.

Value Creation **Economic Performance**

MAIN CONSOLIDATED INDICATORS

The 2010 Group income doesn't include results from Vidriera del Atlántico, as the company was excluded from the consolidation perimeter in 2009. The crisis situation of the last few years, which strongly characterised 2010, influenced BA's activity. This economic context obligated BA to develop new ways of approaching problems and a quicker and more flexible response to new market dynamics in order to ensure sustainability of the business.

Operational cash flow (EBITDA) remained at very interesting levels, reaching 124.2 million euros, 35.3% of sales, and operating income (EBIT) amounted to 91.4 million euros, 26.0% of sales.

The Group made substantial investments throughout 2010 to modernize production units, these totalled 59.1 million euros. Additionally, 39.5 million euros were invested in the rebuilding of furnaces and production and packaging lines, and important investments were made in two high voltage power facilities to supply the Avintes and Marinha Grande plants. The investment made in the cullet treatment plant located in Villafranca de Los Barros is also worthy of mention, as this installation was completely rebuilt during 2010. This plant will ensure that the supply of recycled glass is sufficient in quantity and in

quality to meet the requirements of the production process, particularly as this relates to the Group's plant in this location. The Group thus continues to pursue its policy to progressively increase the usage of recycled material in production.

The Group's financial autonomy ended the year valued at 13.5% of assets and the net debt/EBITDA ratio reached a value below 2.9, revealing the Group's strong ability to cope with its level of indebtedness.

| Economic Performance (K €) | 2010 | 2009 |
|--------------------------------|-----------------|----------|
| Turnover | 351,612 | 331,772 |
| Operational Cash Flow (EBITDA) | 124,231 | 117,659 |
| Operational Income (EBIT) | 91,422 | 88,461 |
| Financial Income | (11,552) | (22,117) |
| Income Before Taxes | 79,869 | 66,344 |
| Net Income | 59,105 | 48,478 |
| Net Assets | 553,081 | 555,398 |
| Equity | 74,710 | 102,722 |
| Net Debt | 355,510 | 292,547 |

Value Creation **Economic Performance**

CUSTOMERS

The Iberian market was severely shaken by the crisis, with market growth rates greatly reduced and very expressive unemployment rates, and its consequential negative impact on consumption. These adverse conditions significantly influenced BA Group's performance in its domestic market, since the demand for glass has maintained reduced levels of growth. In recent years, BA pursued foreign markets outside Iberia to sustain its growth, with international markets now representing over 17% of total sales. This pursuit of foreign markets is the source of the good performance that the Group showed in 2010. Consolidated sales reached a volume of 351.6 million euros, an increase of 6.0%. As already mentioned, this growth was mainly achieved by seeking new markets, as well as through strengthening market positions achieved in some markets during 2009.

The main sales segment continues to be the food industry, which increased to represent 32.9% of total sales, but the sales segment which demonstrated the highest growth rate was the beer sector.

In recent years, the packaging market has been strongly pressured to meet increasing consumer demands and the growing product differentiation requirements of food and beverage producers. BA responded to the market offering a unique and differentiated service, which not only creates added

value, but also distinguishes the company from among direct and indirect competitors. The pursuit of this business model proved to be one of the key factors for growth in markets outside of Iberia.

To implement the policy of close customer relationships, BA put together a team of key account managers, responsible for major customer accounts, increased the export sales team and invested in the internal capacity to develop new products and optimize processes. Simultaneously the company maintained its focus on flexibility and innovation as a main objective to offer new products to the market with the demanded timing and quality.

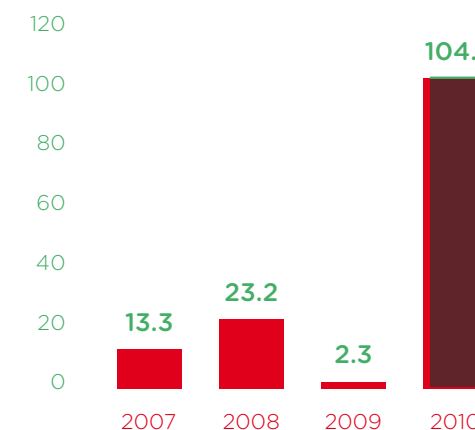
To provide better customers service, BA uses the partnership model - "Challenge to Innovation" - whereby, working together, BA staff and costumers staff, identify improvements throughout the value chain that may generate benefits for both parties.

SHAREHOLDERS

The Group has shown a capacity for sustained growth, with value creation for its shareholders at very satisfactory levels, which comes as the result of the actions and policies implemented over the past year that have led to very significant improvements in productivity and efficiency of operations and asset utilization.

During the year, reserves were distributed to shareholders, maintaining a balanced financial structure to fulfill commitments and financing needs.

Reserves and Results Distribution [M€]



Value Creation **Economic Performance**

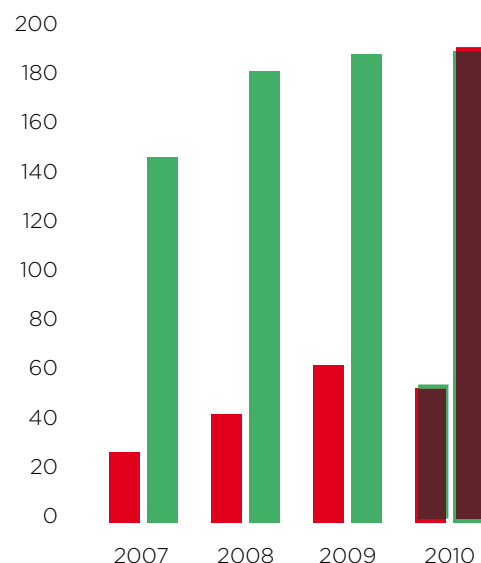
SUPPLIERS

The relationship between BA and its suppliers is founded upon the principles of partnership and promotion of sustainable development, through the pursuit of the benefits of the best economic and technical solutions available on the market.

Concerns remained about energy and raw materials costs, particularly soda ash, where the price hikes in recent years had a highly relevant impact on production costs. These steady increases in the price of production factors are both the result of production cost increases in these sectors, as well as the result of the virtual monopolies in the respective sectors. The search for and use of alternative supply sources and/or substitute products remains a priority, as was the case of the cullet, the use of which as raw materials has once again grown.

Throughout the last quarter, the negative trend in oil prices was monitored with particular concern, due to the ensuing increase of direct and indirect costs. This increase represents a significant impact in relation to business activity, and it is expected to intensify over the next year.

Volume of Purchases [M€]



■ Fixed Assets Suppliers
■ Trade Suppliers

ABC Suppliers [% Volume of purchases]



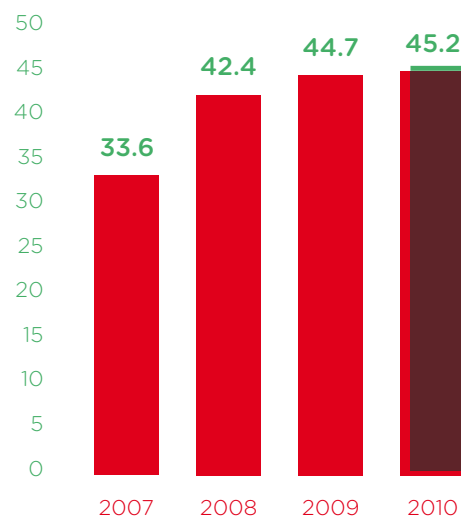
Value Creation **Economic Performance**

EMPLOYEES

The Group incurred personnel costs amounting to 45.1 million euros in 2010, which represents an increase of 1% in relation to 2009, and equates to 32,000 euros per capita annually.

Of this amount, 271 thousand euros are related with insurance benefits, 173 thousand euros were spent in training, and 2.4 million euros were expended with variable bonuses and employee profit sharing. The latter comprise the instrument through which the Group grants the privilege of sharing the wealth generated from business activity.

Cost of Human Resources [M€]



COMMUNITY

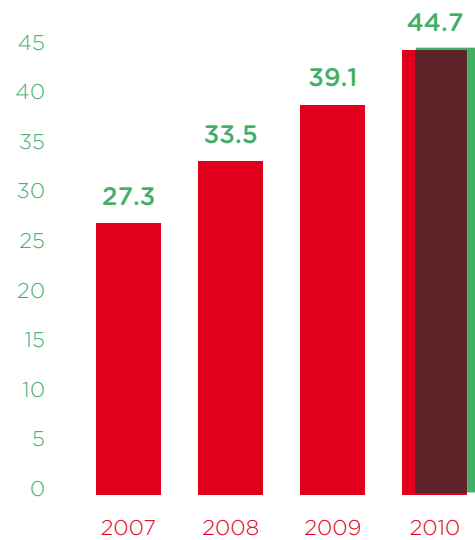
The BA Group maintains relationships with the several communities, within which the organisation continues to prioritize support of youth education and training, in addition to economic support provided to institutions providing social, cultural and sporting activities. BA continues to privilege support to those communities in the neighbourhood of its plants.

In addition to economic support, the Group creates indirect value through its contributions to youth training which takes the form of visits, internships and staff volunteer activities.

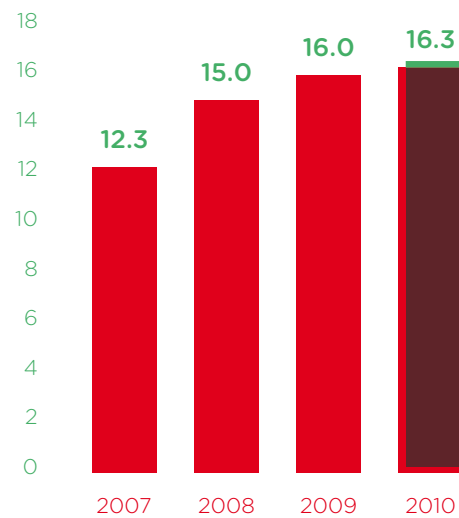
The amount of taxes paid to the State continues to be quite significant. In 2010 the amount paid in the form of Corporate Income Tax and VAT amounted to approximately 44.7 million euros, while the social security contributions and withholding taxes on workers' income reached 16.2 million euros.

Value Creation **Economic Performance**

Taxes Paid to Government CIT+VAT [M€]



Withholding Taxes and Social Security [M€]



Customer orientation

- **PRIORITY TO INNOVATION**
- **CREATING VALUE FOR CUSTOMERS**

The economic and credit crisis continued to generate a fall in consumption, as consumers have changed attitudes and are now more cautious when buying. Although there is much pressure to reduce selling prices in the distribution, this cannot guarantee sales due to decreased consumption. Consumers now spend less and save more. Store brands have benefitted most from this trend, as consumers have naturally changed lifestyles, becoming more attentive to prices and proposed values.

Despite this trend, BA believes that consumers continue to look for products that meet their needs, aspirations and values. For this reason BA works closely with customers to develop products that meet consumer preferences and are in alignment with the trends of sustainability, health and convenience.

It is important for BA to recognize that although consumers are under increasing financial pressure, they still look for products that meet their needs and defend their values, and in this sense BA works closely with its customers.

Product and process innovation and customer proximity are the pillars of the Group's commercial strategy. It is during adverse and difficult times that such strategic decisions are most reaffirmed and the effects of this proximity are observed most.

During 2010 continued sales growth was experienced to the contrary of all economic indicators. This was largely due to commercial and production efforts which were commenced in 2009. The sales increase primarily occurred in the food segment as a result of the detailed emphasis of the customer value creation strategy. This strategy was implemented through the development of exclu-

sive packaging proposals with shorter series and higher quality than standard products, which combat "image devaluation" of the brands imposed by distribution chains with the introduction of their store brands.

Sustained business development occurs with the main customers of the Group and by conquering new customers. The practical approach to the market and the focus on the customer has resulted in notable sales growth in 2010. The Group pursues:

- Matrix management of markets, with responsibilities designated by geographic and by consumer segments;
- Strengthen exports, especially to France and Italy;
- Increase of resources and pursuit of flexibility in product and processes.

The Group continues to develop the "Challenge to Innovation" model with major customers, where, through analysis of the entire value chain, changes with positive economic and environmental impacts are proposed.

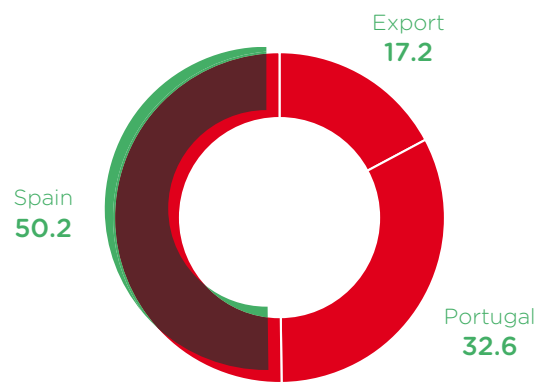
Several initiatives to reduce packaging weight, optimize transportation and reduce the usage of secondary packaging materials resulted not only in the reduction of the final sales price, but also in the reduction of raw materials consumption and packaging materials utilisation. Additionally these initiatives resulted in a reduction of the number of kilometres travelled.

Equally important was the emphasis on flexibility of product development and the reduction of time-to-market. Through these measures customers became increasingly present in the market, in sales promotions and in the responses to consumers need for new experiences.

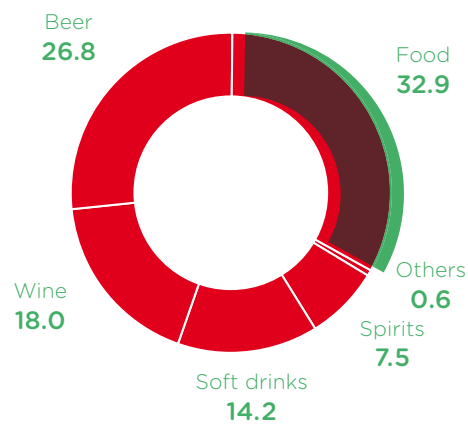
During 2010, 189 new projects were undertaken, representing a new project every two days, and over 61 new products were launched in market.

Customer Orientation

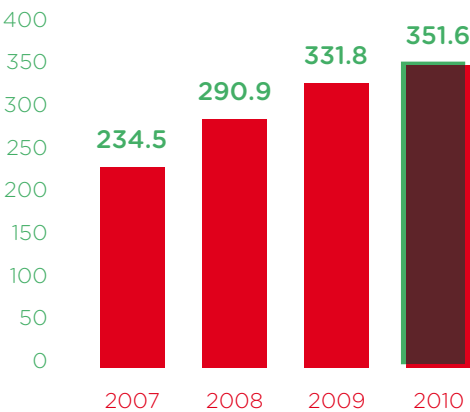
Market › Sales 2010 [%]

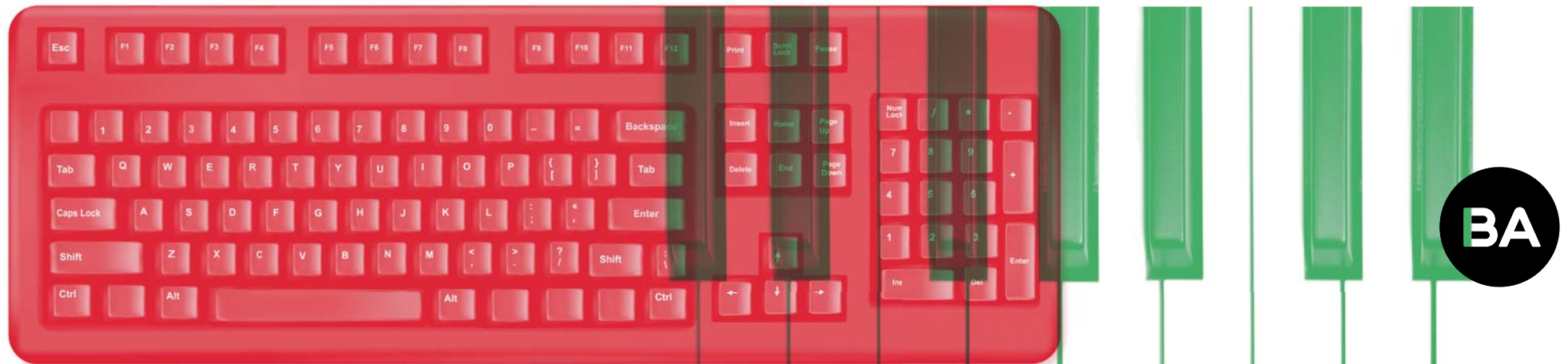


Segment › Sales 2010 [%]



Turnover [M€]





Our values reflect the spirit we work with every day... Strictly speaking, Humbleness, Ambition, Rigor and Transparency are reasonable values... values that enable us to serve our clients... but it is only with emotion that we can leap over the obstacles, achieve our dreams and be everything our customers dream of too!

From Reason...
...to Emotion

Human Resources Management

- **DEVELOP KNOWLEDGE AND UNDERSTANDING OF THE BUSINESS**
- **PROMOTE THE DEVELOPMENT OF INDIVIDUAL SKILLS AND CREATIVITY**
- **PROMOTE A BALANCE BETWEEN PERSONAL AND PROFESSIONAL LIFE**
- **STRENGTHEN MANAGEMENT SYSTEMS THAT ENSURE HEALTH AND SAFETY**

The period from 2008 to 2009 was characterized by a significant reorganization of the Group. This process included the incorporation and management of the cultural change of the Venda Nova plant employees and central department employees that belonged to Sotancro. Additionally, there were changes on the operational level, stemming from the alterations resulting from the heavy investment programme. During 2010 these proceedings were completed, and as a result all employees gained very clear knowledge of the organization's mission, their own mission within the organization and also their individual functions and responsibilities. Additional changes in the macro structure also characterised 2010, namely the creation of a new department: "Process and Benchmarking" for the improvement of business knowledge, promotion of synergies and development of new skills.

In fact, business knowledge is still one of the key issues for the Group, not only for its employees, but also as a means to ensure that everybody related to the organisation has an understanding of reality. This interaction is generated through study visits, supervision of professional internships in various areas and levels of education, partnerships with educational organizations, contests integrated with academic activities, and systematic participation in lectures, seminars and debates.

The Group strengthened its monitoring and progressive integration program for those who began a new role, providing these individuals with appropriate training. The quality of new employee integration is crucial to their adaptation,

which results in faster attainment of expected performance levels, and takes advantage of their enthusiasm, motivation, interest and confidence. For this purpose the integration manuals and plans were redesigned, and now include experiences in various areas of the company.

The usual ascending, descending, and matrix communication policies were maintained, especially quarterly communications, works conducted in conjunction with unions, the systematic dissemination of the newsletter "Contém", and the promotion of informal communication among all employees and the different hierarchy levels. Also the information Kiosk and portal are always subject to changes thus ensuring the dissemination of new information which no matter how simple, generally pleases employees, such as the release of pictures and general information about new employees.

The BA Group believes that differentiation of company development and growth is achieved through the discovery and maximization of employee skills, whereby motivation and creation of adequate skill development structures are priority commitments. The performance evaluation is a key stimulus for employee development and is a determining factor in relation to the achievement of corporate objectives. For this purpose a new evaluation model was implemented this year and put into practice for the operational employees. Through this new model, BA Group intends to equally distribute employee knowledge, expediting the acquisition of new professional and interpersonal skills adequate for increased levels of efficiency and competitiveness which are required to strengthen a merit based culture and to ensure that the Group maintains a leadership position in the markets.

The annual staff meeting carried the slogan "**Mind the Gap**", stimulating staff creativity and inviting them to reflect on the differences between the industrial and service companies. Additionally this slogan reminded them of the Group's

Human Resources Management

challenge to make a move from “Industry to Service”, thus providing complete and unique service to customers!

Operational employees who made suggestions for improvements were once again issued awards. These employees received due recognition through dissemination in internal media and, when possible, through the implementation of said improvements in other plants. In this manner the organisation promotes the development of creativity and innovation that is sought within the Group.

Focused on promoting a balance between personal and professional life in the current economic scenario, BA Group not only ensured employment continuity for existing staff, but also increased staff numbers, maintained stable labour relations, encouraged training and promoted the improvement of working conditions.

The Group maintains the conviction that the relationship with employees must be conducted within a climate of mutual trust, and encourages them to freely express opinions about the professional environment as it relates to family life. Similarly, human resources policies have provided methodologies through which employees can discuss issues related to personal/professional balance, including issues related to the individual desire to perform a particular function and/or geographic relocation. In this manner BA may seek, insofar as possible, to align individual personal situations with the corporate development strategy.

In regards to employee health and safety, a few years ago BA Group undertook the commitment of incorporating the safety system as an integral part of the management system, systematically monitoring its performance through appropriate indicators, namely with respect to work accidents and the severity, frequency and characteristics of these. This commitment has resulted in a series of measures to this end, namely a repeat of the “BA Safety Card” training. Bearing clearly in mind the importance of safeguarding the health of employees and their

families, BA continued to make regular assessments and diagnoses of job conditions, hazards and risks, and continued efforts to promote improved health and well-being. This effort included the promotion among employees and families of new health insurance solutions tailored to meet the needs of each family.

Human Resources Management **Social Performance**

EMPLOYMENT

BA Group ended 2010 with 1,409 employees, 5.2% more than in the previous year. In addition to reinforcing the skills acquired via direct contracting from the labour market, employees who were hired for the new glass recycling company located near the Villafranca de los Barros plant also contributed to this increase.

The ratio between Portuguese and Spanish employees remained constant, and the Group currently consists of 30% Spanish employees.

In 2010, the average age of employees decreased slightly to 40.3 years. The distribution across age groups continues to be well balanced. The majority of employees continue to be male (90%).

The voluntary turnover rate increased in 2010 to 1.3%, well below the average of industries.

The attractiveness of the Group to new applicants remains high, and as a direct reflection of this over 5,000 applications was received during 2010.

In regards to employee education levels, a balanced spread remains between the various levels of education.

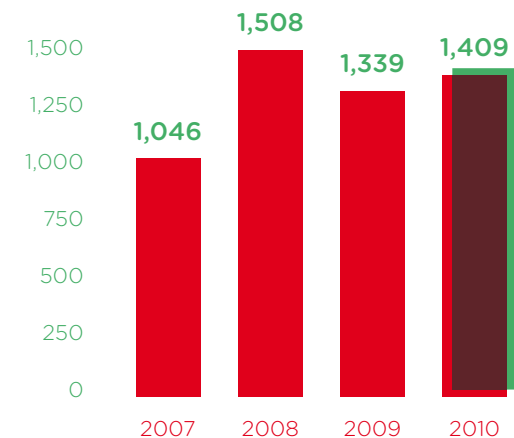
Average seniority in 2010 stood at 13.9 years (reduction of 0.5 over the previous year).

In regards to task requirements, the new assessment models, which require more complex skills from all employees, has had an impact on the enrichment of the functional content and responsibilities assigned to each employee.

The intervention and mobilization by the union cannot be ignored in a traditionally unionised industry. The creation of spaces for constructive dialogue with bodies which represent employees is a concern, always with the goal to establish guidelines for the conduct of all parties, which has resulted in favourable agreements for workers and for the Group. The success in terms of collective negotiation is noteworthy at Villafranca de los Barros and León plants, at which agreements governing employment relations up to the end of 2012 and 2013, respectively, were signed.

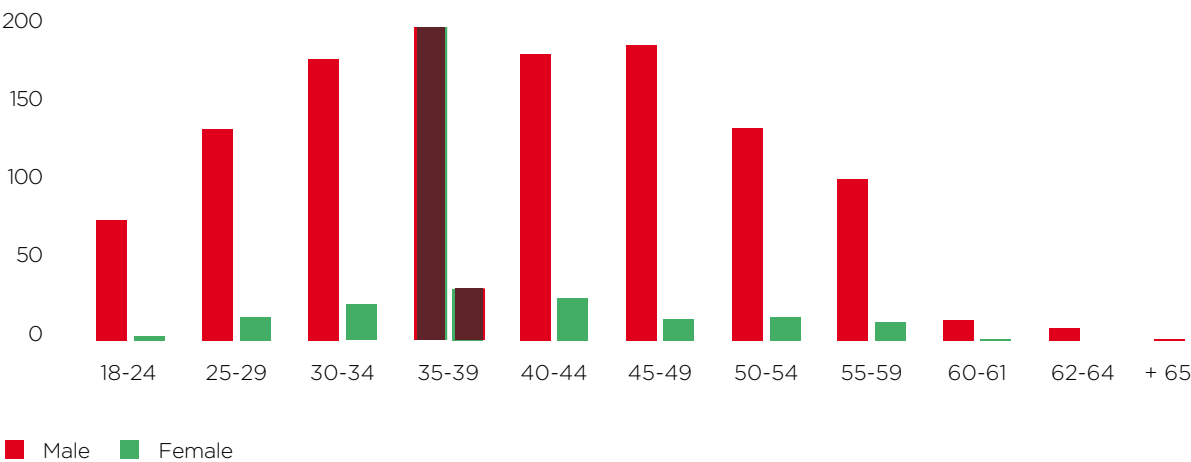
The Group has strengthened its position to reinforce a culture of merit, rewarding employees who demonstrate the best performance, without failing to conduct benchmarking in the labour market, seeking the best and most innovative practices and respecting the particularities of the region where the plant operates.

Number of Employees



Human Resources Management **Social Performance**

Age Structure [% Years]

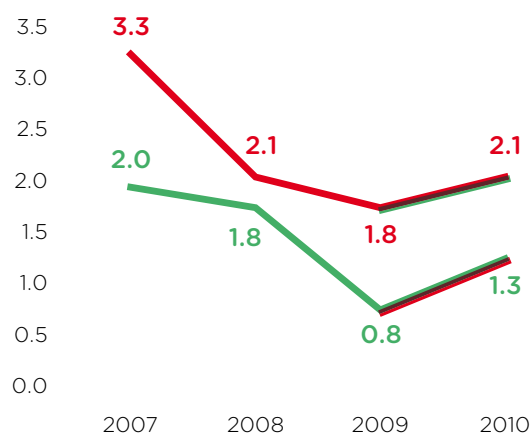


Gender Breakdown [%]



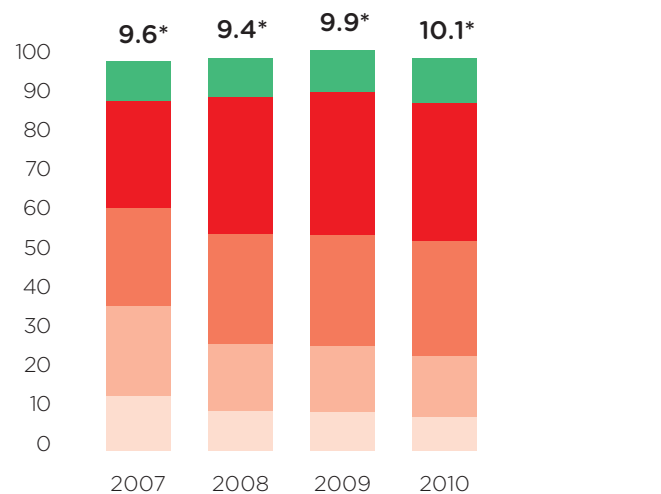
Human Resources Management **Social Performance**

Voluntary Turnover Rate [%]



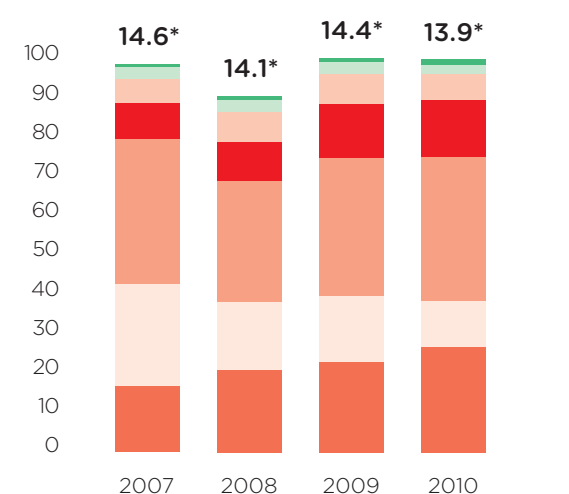
— Overall Turnover Rate
— Turnover Rate excluding Individuals who were Hired and Terminated in the same Calendar Year

Level of Education [%/no. Years of Education]



0>4 Years 5>6 Years 7>9 Years 10>12 Years Over 12 Years * Average no. School Years

Average Seniority [% Employees]



0>5 Years 6>10 Years 11>20 Years 21>30 Years 31>35 Years 36>40 Years Over 40 Years * Average Seniority

Human Resources Management **Social Performance**

TRAINING

Increasingly, training is a key element for the success of any company. For this reason BA Group invests heavily in human resources training.

Increased labour productivity and individual skills enhancement are among the objectives pursued through investment in training. Given the specificities of the glass industry, training is essential to ensure that all employees are able to meet the demands of technological developments. Thus, most of the Group's training (64%) was in technical areas, but there was also a substantial increase in training in regards to environment, health and safety (assuming 22% of Group training). The remaining training volume was divided among the areas of quality, behaviour matters and other less significant issues. The training volume amounted to 34,914 hours, which represents an increase in relation to the 2009 volume, slightly rising the average hours per capita to 26 hours per employee. The plant at Venda Nova was the largest contributor to this increase due to the need to train employees who were recently hired by the Group and due to the major technological developments undertaken in the plant over the past two years.

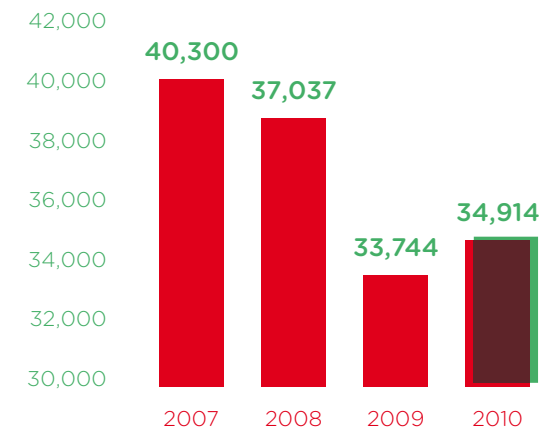
The second renewal was approved for accreditation of the training activity of BA in the fields of organization and promotion of development assistance

and training activities for the Avintes, Marinha Grande and Venda Nova plants and central departments. It is of note that 45% of training activity conducted during 2010 was performed by internal trainers.

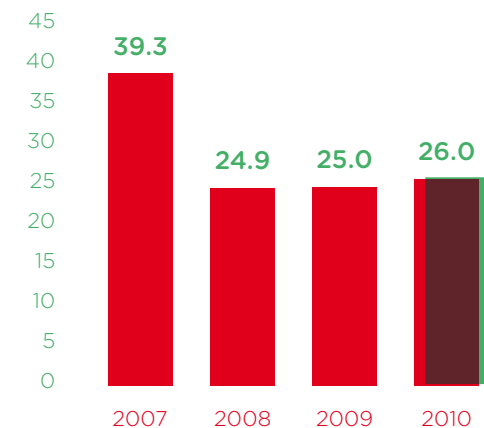
Also new employee training remains a point of extreme importance for BA's strategy. Thus several initial training plans were developed in various business processes (integration plan), so that new employee orientation and integration became easier, faster and more effective. This type of training accounted for approximately 5,450 hours.

Evaluation of training activities continues to show very positive results: more than 90% of collaborators feel they have fulfilled their objectives in training participation.

Volume of Training [no. of Hours]



Average Training Time [Hours per capita]



Human Resources Management **Social Performance**

SAFETY AND HEALTH

The objective to reach **Zero Accidents** continues to be pursued with full conviction. To ensure the success of this goal, the Group has given special attention to comprehensive and rigorous analysis of the causes of all occurrences and has developed targeted activities of on the job safety communication and safety awareness. The allocation of annual safety awards and the “BA Safety Card” training are of note due to the visibility of these practices. It must be remembered that the issuance of the card aims to promote proactive attitudes of safety that lead to work quality improvement and accident reductions; the identification of hazards and risks with regard to equipment, substances, operations and tasks undertaken; the correct application of the general principles of prevention, as well as rules regarding the use of work and personal protection equipment and rules regarding access to and presence within the premises; and proper action in case of emergency.

The monitoring and evaluation of health care service providers was again taken into account. Despite the efforts made, a slight increase in the frequency index occurred in 2010, which rose to 15.4, and also in the severity index that reached the figure of 0.46.

Overall consolidated absenteeism suffered an in-

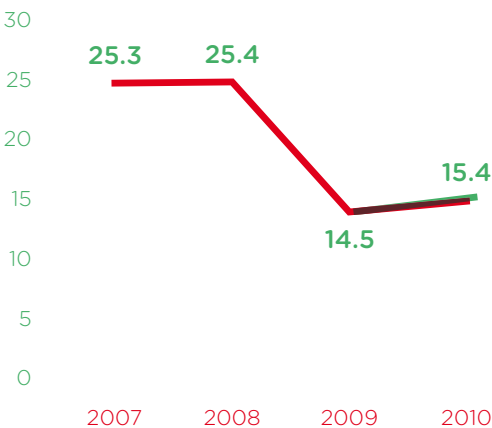
crease over figures reported in 2009, year in which the lowest rate was recorded, mainly due to increases in sick leaves.

In addition to the legally required job accident insurance, BA Group provided its employees with life insurance and personal accident insurance poli-

cies. BA also provides employees in Portugal with a health insurance policy, which they can extend to their family in favourable terms. In 2010 the health insurance terms were revised to render the policy more appealing and more oriented to the specific needs of each family.

Frequency Index

[no. of Accidents resulting in Employee Absences x10⁶/no. Hours actually Worked]



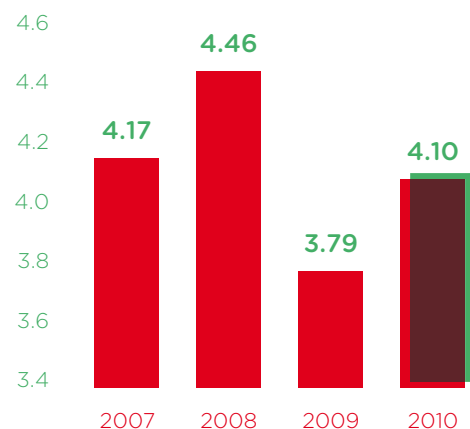
Severity Index

[no. Days lost x10³/no. Hours actually Worked]



Human Resources Management **Social Performance**

Overall Absenteeism [%]



INTERNAL COMMUNICATION

Internal communication continues to be the instrument used by BA to spread its singular culture of transparency and employee involvement in the company's values and objectives. From amongst the communication activities in 2010 the following are worthy of mention:

- Publication of quarterly results and annual budget;
- Publication of the newsletter **"Contém"**;
- Visits by children of employees to some plants;
- Visits by employees to other plants which pertain to the Group or which pertain to customers;
- Optimization of the internal information portal.

The staff meeting continues to be one of the privileged moments of communication. Under the theme **"Mind the Gap"**, the 2010 meeting was held in Salamanca, and was attended by 132 staff members.

EVALUATION AND COMPENSATION

Labour relations and allocation of compensation to BA's operational employees in most of the plants are determined by agreements negotiated with the union structures of each region. The agreements signed this year at the Villafranca de los Barros and León plants shall regulate the relations in these units up to 2012 and 2013, respectively. The Group also focused efforts on negotiations with employee representatives in Portugal, having managed to reach agreements on wage matters in late January 2011. Labour relations with staff are regulated through individual employment contracts.

It is the practice of the Group to share the wealth generated with all employees, and the criteria for such allocation is defined by the Board of Directors and the General Shareholders Meeting.

BA has performance evaluation systems that apply to all employees without exception. These systems ensure that the best performers are rewarded and receive due recognition. In 2010 a new model was implemented for the evaluation of operational staff in order to better align this practice with corporate strategy.

From Work... ...to Knowledge

Developing products, innovating, and creating value together with our clients allows us to grow and learn every day, acquiring knowledge and the ability to develop new ideas that meet our customers' expectations!



Social and Corporate Responsibility

- **INTEGRATE ENVIRONMENTAL AND SOCIAL CONSIDERATIONS WITH THE DECISION-MAKING PROCESS**
- **ENSURE ETHICAL STANDARDS IN CONDUCTING BUSINESS**
- **RECOGNIZE AND APPLY THE FUNDAMENTAL PRINCIPLES OF HUMAN RIGHTS**
- **ENSURE COMPLIANCE WITH LEGAL STANDARDS AND OTHERS TO WHICH THE ORGANISATION VOLUNTARILY SUBSCRIBES**

SOCIAL RESPONSIBILITY

The commitment to recognize sustainability in as part of its economic, social and environmental aspects, is explicitly set out in the BA Group's code of ethics as the essential factor for the continuation and development of its business. Upon honouring this commitment, BA has performed a management committed to the development of society, basing its relationship thereto upon the principles of accountability and transparency. BA is committed to being a conveyor of societal change, and interacts with the surrounding community, including the promotion of activities related to education and increasing awareness of citizenship and sustainability.

In 2010 youth education activities continued as to be a priority. Involvement with schools and universities and the establishment of partnerships with these entities, resulted in 36 internships, an increase of almost double the quantity of the previous year. Apart from the concern to help train these youths, the possibility of admittance into the company is always considered, given that these internships are an excellent means for students to enter the job market. The recognition, validation and certification of employee competencies continue to be of great importance for BA, such that in 2010 partnerships were maintained with organizations to promote the development of new certification activities within the company.

The habitual organization of study visits to factories was maintained, during which good practices are disseminated, particularly with regard to environmental issues, such as recycling. Furthermore, "employee parent-child day" was promoted in some plants, the day on which visits by the youngest are encouraged to their parents' work site, thus allowing closer relationships with the families.

With regard to the economic support of institutions of social, cultural and

Social and Corporate Responsibility

health services, schools and universities, sponsorships for Serralves Foundation, EPIS – Businessmen for Social Inclusion, the Food Bank and Gaia Football Club are the most noteworthy.

Due to the importance, involvement and commitment of the organization, the “Porto for the Future (*Porto de Futuro*)” project deserves continual recognition. This project, launched by the City Hall of Porto in 2007, seeks to “bring the business sector closer to the education sector in order to convey the best practices and knowledge of the business world to the city’s schools, as well as to contribute towards the promotion of a culture based on merit, creativity, innovation and entrepreneurship”. Partnerships were thus established among the 18 groups of schools in the city and 18 companies in the region of Greater Porto. BA had “Gomes Teixeira Vertical Conglomerate (*Agrupamento Vertical Gomes Teixeira*)” as the initial partner, which in June 2010 merged with the “Infante D. Henrique Conglomerate of Schools (*Agrupamento de Escolas Infante D. Henrique*)” and this new group, that aggregates the other two, became BA’s partner.

In 2010, the implementation of the actions outlined in the strategic Workshop held last year took place. Thus, with the goal of improving the Conglomerate’s image and improve its relationship with the community, BA offered screens and panels specially designed and developed for this purpose which were placed at the gates and fences of the school giving a lively and innovative image. On the first day of classes, educational flyers, with the same image and appealing design were also distributed to parents and guardians, with information regarding all of the school clubs available for student enrollment. This action was also made possible thanks to the probono collaboration by Godesign, a company that has provided services to BA in this field for many years.

“School’s Day” was instituted in order to improve participation in the Con-

glomerate’s life: January 28, birthday of its Patron: Gomes Teixeira. On this occasion BA delivered awards of merit to the best student of the last year of each cycle.

The BA employee volunteer program was maintained in the Junior Achievement Association programs through the participation of 13 volunteers in training programs covering topics such as entrepreneurship, citizenship, ethics, financial literacy, economics and career development, covering a total of approximately 200 students. Moreover, the “Right Arm” program was carried out, which allowed 3 students to spend the day with BA top management staff.

BA is also a founding member of “EPIS – Businessmen for Social Inclusion (*EPIS – Empresários pela Inclusão Social*)”, an association whose priority mission is education, particularly to combat school failure and dropout. The work of EPIS mediators led to an increase in the percentage of passing students from 23.8% in 2009 to 43.8% in 2010, which corresponds to 205 new good students.

Social and Corporate Responsibility **Environment**

INTRODUCTION

For the last twelve years the BA Group has assumed a commitment to continuously improve environmental performance, producing glass packaging with the lowest possible environmental impact and to annually disclose the results achieved both internally and externally.

To achieve these objectives, BA has based its activities:

- Upon the implementation of an environmental management system integrated within the overall management of the business;
- Upon investment in environmentally sound technologies and processes;
- Upon response to the challenge of stakeholders such as customers and consumers, government agencies and the general community.

Integrated Environmental and Business Management System

The main mission of BA's industrial activity is the production of glass packaging for solid or liquid food products.

The group's five factories are certified according to ISO 14001 – "Environmental management systems."

The environmental management system implemented by BA rests on a commitment to minimize

the environmental impact of its activities and the prevention of pollution, promoting the rational usage of all resources utilised such as raw materials, water and energy and the reduction of emissions of gaseous and liquid waste and scrap.

The preservation of and respect for the environment are concerns that BA incorporates in the overall management of its business, ensuring the involvement of the entire organization and the sharing of its best practices.

Investment in Environmentally Sound Technologies and Processes

The investments made in 2010, associated with furnace repairs that occurred in Avintes, Venda Nova and León, ensured the continuity of improvements of BA's environmental performance with the main focus on:

- The decrease in the emission of gaseous waste, namely pollutant particles, through the completion of the connection of all BA's furnaces to electrostatic precipitators;
 - And the specific energy consumption reduction due to the replacement of fusion technology of a recuperative furnace with a regenerative one.
- The investment in Villafranca de los Barros, a cul-

let treatment plant was crucial to increase the availability of cullets to the Group's plants, with adequate quality for continued positive developments in the recycling rate that has been recorded over the years. This investment is also characterised by the selection of the best technology available, enabling the automation of the process of cleaning and handling the cullets as well as the colour based segregation of these.

Challenge of Stakeholders: Customers and Consumers

The environmental aspect has gained a growing importance in the choice of packaging by customers and consumers.

In this perspective, BA considers it essential to enunciate and promote, among customers and consumers, the benefits of using "glass packaging."

To contribute to a deeper and sustained technical knowledge of the environmental benefits of choosing a glass container, BA sponsored and participated in a study of Life Cycle Assessment of Glass Packaging (LCA) conducted in 2009 by FEVE – European Container Glass Federation, and released in 2010.

It was an exhaustive study of glass packaging, from raw material sourcing to end-of-life packag-

Social and Corporate Responsibility **Environment**

ing (cradle to cradle), which was compiled with information collected from over 200 production furnaces, representing approximately 72% of the total glass production in Europe, including Switzerland and Turkey.

The study followed the requirements of ISO 14040/44 and was reviewed by internationally recognized experts.

It was released and is available in international databases of the speciality and on the LVEF site, thus rendering it available to support the studies conducted by other entities such as customers or technical experts.

The presentation of products that appeal to the market, while assuring minimal environmental impacts remains a continuing challenge for product and process innovation capabilities within BA.

Thus, in addition to the long-standing BA guideline regarding the reduction of packaging weight, investment was pursued in relation to production processes and technologically advanced equipment. Additionally the development of formats that maximize production and transportation has assumed greater importance in the area of product development, contributing to the minimization of direct and indirect environmental impacts.

Challenge of stakeholders:

Government Agencies and the Community

The environmental challenges now facing the international community and in particular the European Union, impose a very strict legal framework upon the industry due to the diversity of legal statutes and conditions imposed therefrom.

To tackle this context, cooperation between businesses and the competent agencies that govern the application and enforcement of legislation is vital. This is only possible by ensuring the transparency of the business conduct and, simultaneously, knowledge of the industrial activities by the agencies.

In relation to all of the relevant agencies BA assumes a posture of transparency and collaboration that seeks not only to ensure fulfilment of its obligations but also demonstrate the reality of its industrial situation to the agencies, thus contributing to the establishment of relations of greater value for each of the parties and for the community at large.

All BA plants have environmental permits and some are in the process of being updated due to some changes to the facilities.

In 2010, BA implemented efforts to maintain thorough knowledge of current legislation, to ensure an appropriate investment policy, monitor tendencies of Community legislation, implement robust envi-

ronmental monitoring plans, improve the capacity of gap analysis and implement corrective actions.

The coming years will present more, such as the Industrial Emissions Directive, new rules for the allocation of Licenses for Emission of Greenhouse Effect Gases or adoption of new BREF's for Glass (Reference Document on Best Available Techniques).

Social and Corporate Responsibility Environment

GLASS RECYCLING

The glass packaging produced by BA is manufactured with a high percentage of recycled glass, which ensures the achievement of notable environmental benefits such as:

- Reduction of the consumption of natural resources like sand and carbonates;
- The reduction of energy consumption for melting the glass ensuring fusion at lower temperatures;
- The reduction of greenhouse gases, such as CO₂;
- Minimization of the deposition of solid waste in landfills.

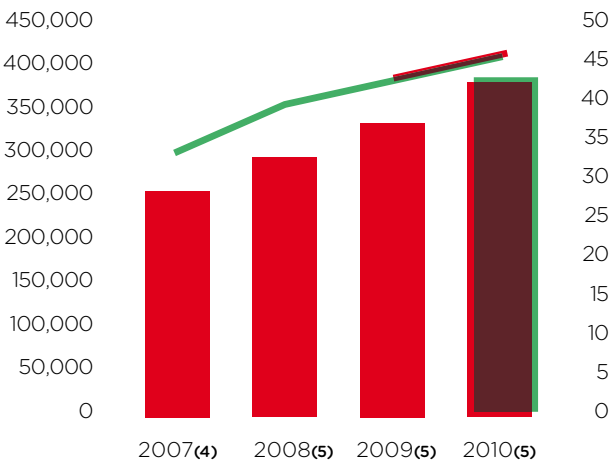
Glass presents a unique combination of features from amongst packaging materials, which is to be infinitely and 100% recyclable, a characteristic that ultimately renders production within a closed circuit as possible.

In fact glass can be recycled over and over again without losing its properties and quality, thereby making it the only truly recyclable packaging material cradle-to-cradle.

BA has increased the cullet inclusion rate as part of the production process over recent years and 2010 was no exception, as shown in the chart.

In order to realise such a goal, BA has made sig-

Cullet Consumption and Incorporation Rate
[Ton cons.] [% Incorporation]



■ Cullet Cons. — Cullet Incorporation Rate

Notes to consider in the graphs:

- (4) Consolidated values for four plants: Avintes, Marinha Grande, Villafranca de los Barros and León
- (5) Consolidated values for five plants: Avintes, Marinha Grande, Villafranca de los Barros, León, and Venda Nova

nificant investments, as is the case of the previously mentioned investment in the cullet treatment plant located in Villafranca de los Barros.

Social and Corporate Responsibility **Environment**

WATER AND ENERGY CONSUMPTION

The improvement in specific energy consumption registered during 2010 is mainly due to investments related to reconstruction of furnaces in 2009 and 2010.

The replacement of a recuperative furnace with a regenerative one, thus adopting a known better technique, resulted in a reduction in specific energy consumption and also reduction of specific CO₂ emissions.

It is expected that this downward trend will continue during 2011 given that the effect of these investments were not reflected throughout the entire year.

The absolute and specific consumption of water did not reached the figures expected by BA.

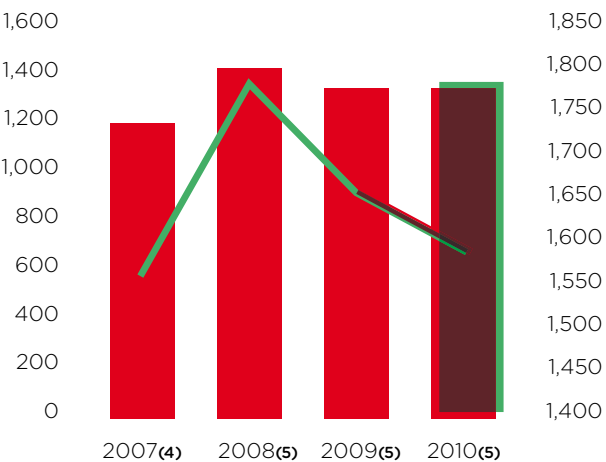
This is due to the higher consumption recorded during the reconstruction of furnaces, caused by the need to cool down the glass during the controlled leakage of the furnace glass, immediately before proceeding to its cooling and reconstruction as well as increasing the number of product changes on production lines, motivated by the need for flexibility required by customers.

Therefore, as a result of the reconstructions carried out in 2009 and 2010 there was an increase in water consumption.

Energy Consumption

[1000 Kcal]

[Kcal/Ton mg]

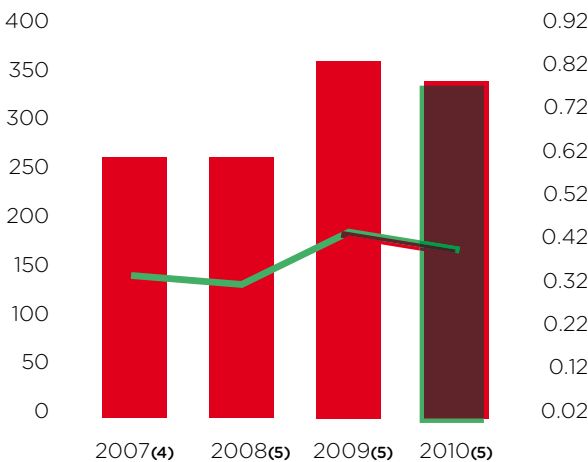


■ 1000 Kcal — Kcal / Ton Molten Glass

Water Consumption

[1000m³]

[m³/Ton mg]



■ 1000 m³ — m³/Ton Molten Glass

Social and Corporate Responsibility **Environment**

WASTE MANAGEMENT

The increase in the internally recoverable waste contributed significantly to the registered growth of generated waste. In essence, this involves the cullets generated during the leakage and ignition of furnaces that were the target of reconstruction.

The internal valuation of waste remains at very high levels, about 98%, mainly due to recycling of internal cullets. In addition to cullets, waste generated in the electrostatic precipitators and in the treatment plants of industrial waste water are also of internal worth.

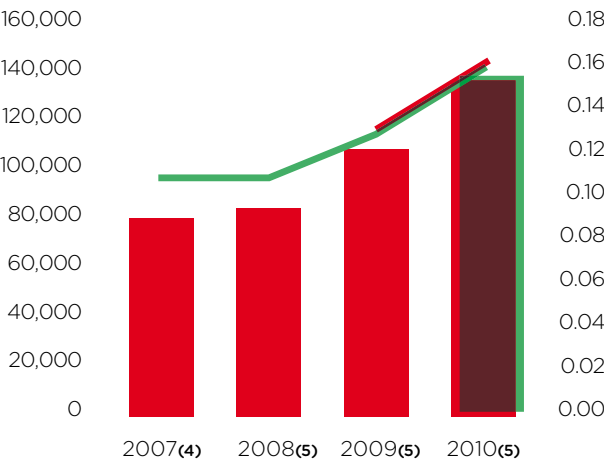
The increased requirements for accountability of the companies present in the works of furnace reconstruction as this relates to waste generated during those works resulted in a reduction in the rate of waste generated, excluding the internal recovery even though this activity leads to the increase of wastes from cleaning and repairs.

The current rate of waste generated, resulting from production activities, less the construction, demolition and internal recovery waste, is under 4.2 kg of waste per ton of molten glass.

Generated Waste

[Ton waste]

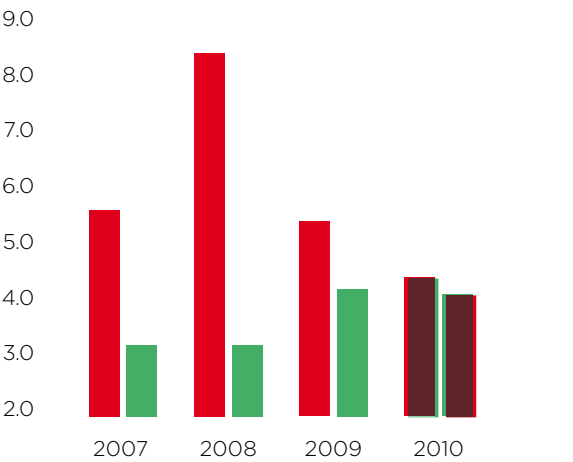
[Ton waste/ Ton mg]



■ Waste quantity
 ■ Generated Waste (Ton waste/Ton mg)

Generated Waste excluding Internal Recovery

[Kg waste / Ton mg]



■ With Construction and Demolition Debris
 ■ Without Construction and Demolition Debris

Social and Corporate Responsibility **Environment**

EMISSIONS OF CARBON DIOXIDE (CO₂)

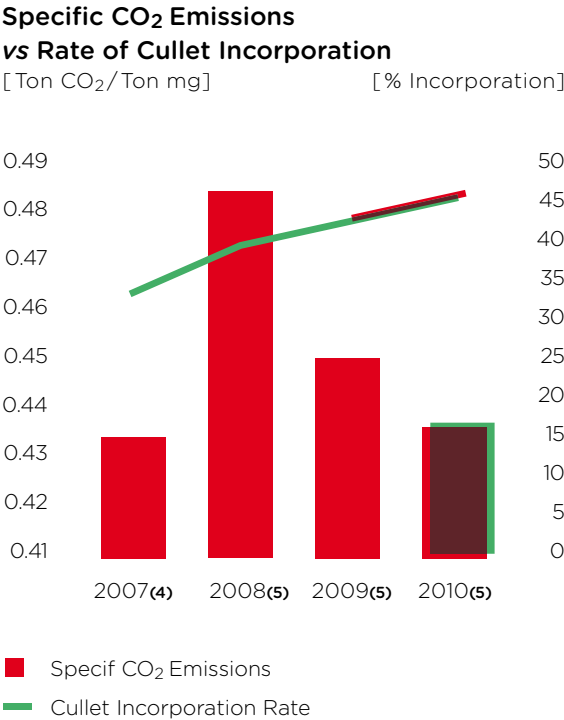
BA's plants are covered by the European Union Directive for Licenses on Emissions of Carbon Dioxide (CO₂).

The rates of specific emission of CO₂ presented herein are based on internal monitoring conducted by BA in order to comply with the aforesaid Directive.

The consolidated rate of the specific emission of carbon dioxide (tonnes of CO₂ emitted per tonne of molten glass) decreased significantly in 2010, having approached the figures existing in the Group before the incorporation of the Venda Nova plant.

This reduction is due to the combination of two factors: energy efficiency improvements resulting from the reconstruction of the furnaces and the increased rate of cullet incorporation into production.

It is expected that this declining trend will continue throughout the upcoming year as the effect of these investments did not reflect throughout the entire year in 2010.



EMISSIONS OF PARTICLES NITROGEN OXIDES (NO_x) AND SULPHUR DIOXIDE (SO₂)

Investment planning conducted by BA, namely the reconstruction of melting furnaces, always includes the adoption of best available technologies to ensure improvement of environmental performance. Investments in 2010 resulted in the conclusion of the installation/connection cycle of gas treatment systems required to reduce pollutant particles in all BA furnaces. Hence, in 2010 BA has reached the best specific figure ever for this and, simultaneously, the smallest absolute figure ever.

The SO₂ parameter variations are essentially related to the glass colours produced, showing superior results in the fusion of glass variants named “reduced” as opposed to “oxidized”, whereas the spot monitoring of the pollutant shows the variations related to this fact. The rates recorded in 2010 were negatively affected by the mix of colours of glass produced.

For nitrogen oxides, long ago BA implemented the best primary technologies available using burners of Low NO_x content in all its furnaces. The results achieved in the last two years were to the result of an additional monitoring plan implemented

Social and Corporate Responsibility **Environment**

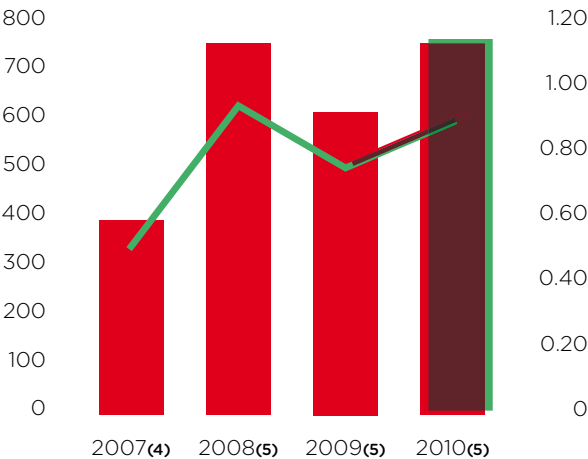
by the Group, which provides the means for more frequent measurements of emissions and for the definition of corrective actions. In 2010, an additional slight decrease in the specific emission was

achieved, but it will be necessary to maintain this additional monitoring plan to ensure sustainability of the results achieved.

Nitrogen Dioxide

[Ton]

[Kg/Ton mg]

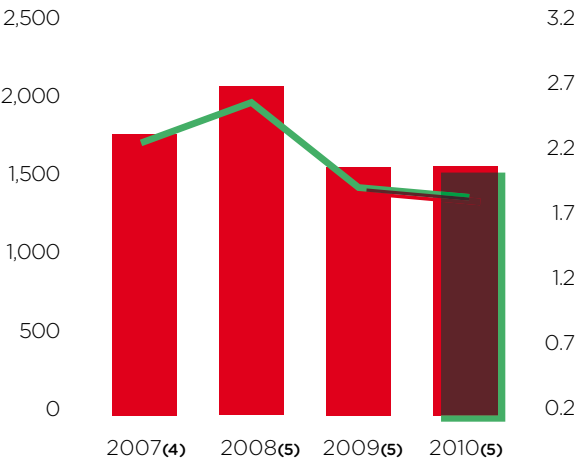


■ Ton
 ■ Kg/Ton Molten Glass

Sulphur Dioxide

[Ton]

[Kg/Ton mg]

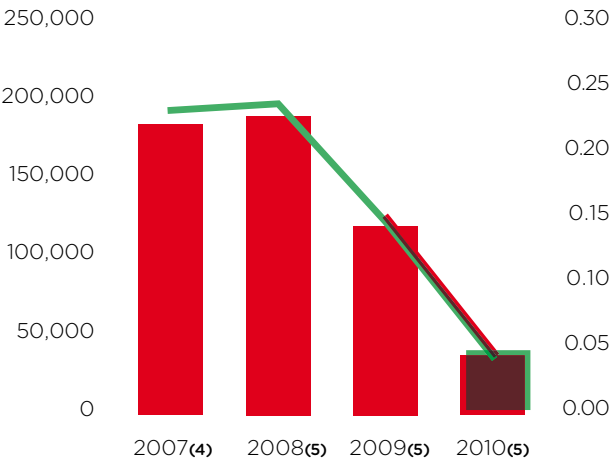


■ Ton
 ■ Kg/Ton Molten Glass

Particles

[Kg]

[Kg/Ton mg]



■ Kg
 ■ Kg/Ton Molten Glass

Industry means accuracy, coordination, getting tuned in... but only with harmony, a strong team spirit and adaptability can we be sure to seize all the opportunities available, and resolutely rise to the challenges we encounter!



From Tuning...
...to Harmony

Social and Corporate Responsibility **Corporate Governance**

BA GROUP GOVERNANCE

Statement of Compliance

Considering that BA is a privately held limited liability company, there is no requirement that the organisation implement a Governance Code which requires the publication of a detailed report on the structure and practices of corporate governance.

Nevertheless, BA believes that the preparation of this report is an instrument of internal reflection and contributes significantly toward external transparency.

Regulation 1/2010 of the Securities Market Commission (locally known as CMVM) of Jan 7, 2010 (available on the respective site) has provided [listed companies] with the option of linking to the CMVM Government Code or, alternatively, to a code issued by another institution of recognized merit in these matters. BA decided to continue to adopt the CMVM Government Code, thus the structure of this report is the one recommended by the Regulation 1/2010, with the exceptions and/or adjustments due to the fact of not being a listed company.

It is BA Glass, as the parent company, that formally publishes the Report on Corporate Governance. It is noteworthy that in terms of functional organization subject matter, published material encompasses the entire BA Group, since this is what best reflects the reality of the management and decision-making process within the organization in its broadest sense.

BA Glass largely adopts the CMVM recommendations on the governance of listed companies. The option not to adopt certain recommendations is outlined in the relevant chapter and such options are primarily the result of the size of the organisation and due to the fact that the company is not listed on the stock market and has never had more than five shareholders since its establishment in May 2003.

Since 2007, BA has a code of ethics in force applicable to all companies of the Group, its directors and employees. It is believed that BA's employees have modelled their performance within what is ethically desirable, and thus the principles, values, and behaviours required of members of the organisation are transparent and clear. It is expected that these rules serve as a true guide for conduct contributing to the consolidation of the image and role of BA as a model company in the sector and support the deepening of relations with all stakeholders, i.e. shareholders, employees, customers, suppliers, social partners, public agencies and community at large. The Code of Ethics is available on the company website (www.bavidro.com).

As this report is inserted in the same publication as the Annual Management Report, sometimes references are made thereto in order to avoid unnecessary duplications.

CHAPTER I - General Shareholder Meeting

The Presiding Body of the General Shareholder Meeting is composed of a Chairman and a Secretary, elected by the General Shareholder Meeting. The members of the Presiding Board are assisted by the Company Secretary, who is required by law, to serve as secretary for the meetings of the governing bodies.

Composition of the Presiding Body of the General Shareholder Meeting (2009/2012 four-year term)

| | |
|-----------------------|----------------------------------|
| Eduardo Verde Pinho | Chairman |
| Sofia Cerqueira Serra | Secretary of the Presiding Board |
| Rita Silva Domingues | Company Secretary |

Social and Corporate Responsibility **Corporate Governance**

According to the corporate statute, each share carries one vote.

The Meeting consists of the shareholders entitled to vote, whereas the shares must be:

- a)** Registered in their name in the company records;
- b)** Deposited on its behalf in the company's safe deposit boxes, or with a credit institution or a financial intermediate duly authorized by law, as being the bearer;
- c)** Registered in book-entry form, if that is the case.

The aforesaid deposit must be confirmed by letter issued by any such entity, which is received by the Company at least eight days before the meeting.

Shareholders can only attend the Meeting upon submission of advance written notification to the Chairman of the Meeting, which must be received at least three days prior to the meeting date, unless the aforesaid deposit has been proven.

Additionally, in accordance with the corporate statute, these rules do not apply in the case of Universal General Shareholder Meetings.

The exercise of voting rights may be made under the law either directly (in person or by postal mail) or by proxy (by other shareholders or by third parties). Voting by postal correspondence may be done for all matters included in the meeting notice since the corporate statute by no means dismisses the right to vote in this manner.

Since the company has never had more than five shareholders and the General Shareholder Meetings have always elapsed in the Universal form – which necessarily implies the presence of shareholders representing the entire stock capital – there is full knowledge and participation of members in the company's major decisions, which may at any time request any and all documentation relating thereto from the company secretary. Consequently, BA deems it is unnecessary to comply with many of the duties of information regarding meeting procedures

and publicity that are established in the Regulation, particularly those regarding the availability of electronic voting and in making a Mail Vote Form available online, as well as providing an extract of the minutes five days after the meeting or an archive of all resolutions taken in the previous three years.

The General Shareholder Meeting has delegated the setting of remunerative policies of corporate bodies to the Remuneration Committee – whose members are present at the Shareholders' meetings – reserving for itself the deliberation on possible employee profit sharing, as at the meeting for the approval of accounts and allocation of income in 2009 and 2010 when corporate profit distribution to senior staff members was approved.

There are no specific statutory rules regarding a constituent or deliberative quorum, thus the general rules of Portuguese Companies Code apply.

There are no defensive measures established for the prevention of changes of control by shareholders or changes of the board's composition.

There are no significant agreements to which the company is a party and which take effect are altered or terminate upon a change in company control.

No agreements were concluded between the company and members of the board for the award of damages in case of layoff, unfair dismissal or termination of employment following a change in company control.

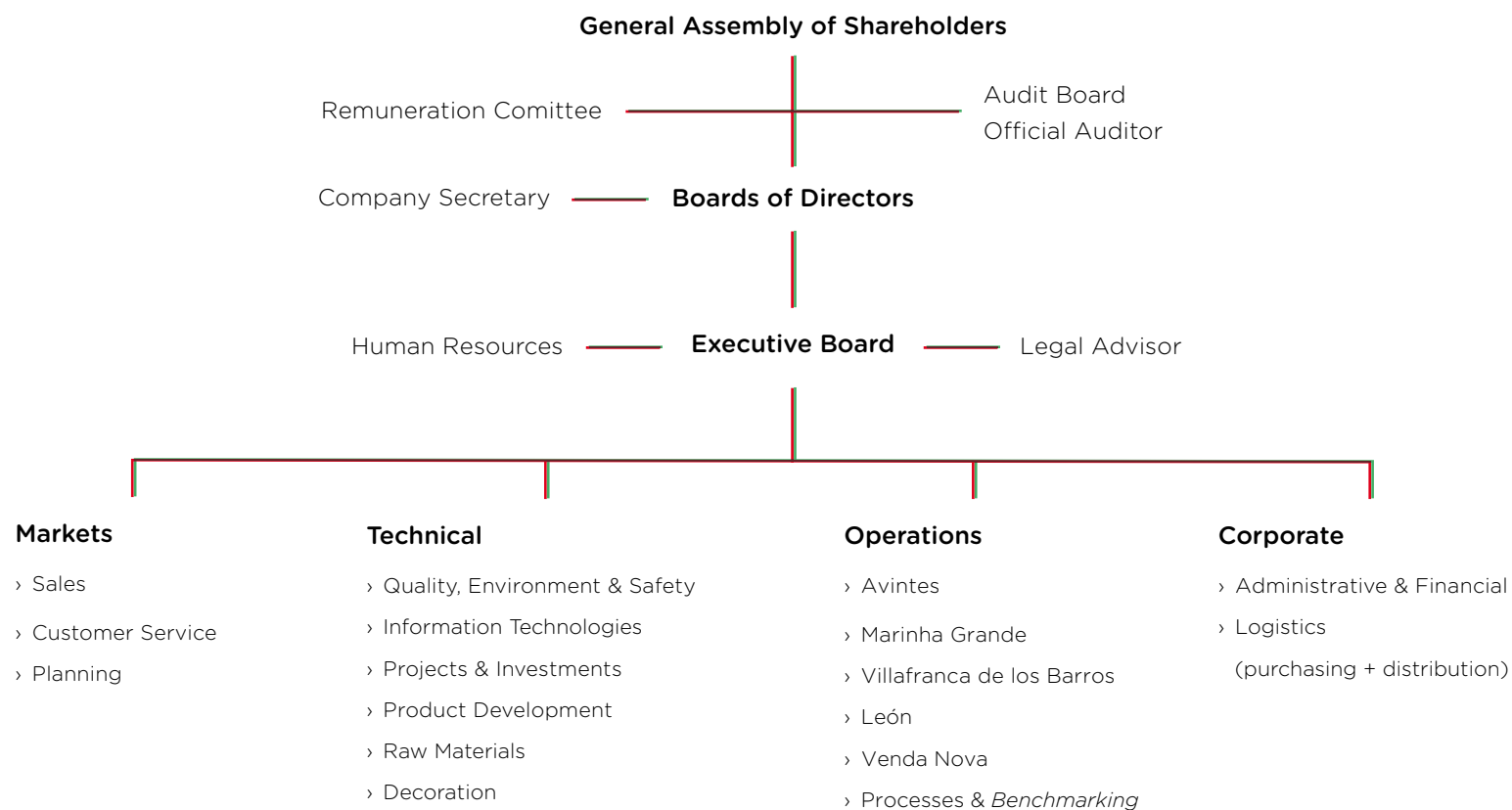
In 2010 the Annual General Shareholder Meeting was held on January 28 in the form of a universal meeting relying on the presence of the company's sole shareholder, and the same happened in year 2011 because the General Shareholder Meeting held in January 28 was also in the universal form, with the sole shareholder's presence.

Social and Corporate Responsibility **Corporate Governance**

CHAPTER II – Management and Supervision

Section I – General Issues

Structure of Governance and Auditing of the BA Group/ Functional Organisational Chart Chart



Social and Corporate Responsibility **Corporate Governance**

Considering the current size and structure of the company, the BA Group's decision makers did not consider the creation of specific committees with responsibilities for management or supervision of the company to be necessary. The Group believes that the Audit Board, the Board of Directors of the parent company and the subsidiaries, as well as the Chief Executive Officer bear the duty and responsibility to oversee the implementation and enforcement of the principles and rules relating to corporate governance.

Concerning the procedures for financial reporting, and as contemplated under the Code of Ethics, BA undertakes to respect the principles of relevance and materiality of the information disclosed, and this information should be truthful, transparent and accurate. Not being a listed company, the information is not available on the CMVM website to the general public, but is sent monthly to the Board, periodically transmitted to financial institutions with which BA relates and is annually published on the company website.

Since nomination in (2007), the Audit Board has deepened its knowledge of the internal control and risk management systems, including the procedures for the preparation of financial information. The control procedures implemented by the company are forwarded to the Audit Board, either by the Administrative and Financial Officer (at the regular meetings held with him) or by the Chartered Accountant's representative. These demonstrate and explicitate the monitoring procedures in detail and present the methodology utilised for the preparation and review financial reporting documents. The Chartered Accountant also prepares an "Annual Audit Report," in which any discrepancies and suggestions for improvements to internal procedures are set out. This report is sent to the Board of Directors and to the Audit Board, and is subjected to careful consideration at meetings held by these organs.

The Audit Board prepares an annual report on its auditing activity, a document that is published and made available on the website along with the financial reporting documents.

The collegial organs of society have not developed specific internal regulations that include a specific list of incompatibilities, nor were a maximum number of cumulative duties of directors in the management bodies of other companies established.

Section II – Board of Directors

Composition of the Board (2009/2012 four-year mandate)

| | 1 st Appointm. in BA Glass | 1 st Appointm. in BA Group Companies | Nationality |
|------------------------------|--|---|-------------|
| Chairman | | | |
| Carlos Moreira da Silva | 29.05.2003 | 1998 | portuguesa |
| Board Members | | | |
| Jorge Alexandre Ferreira | 24.01.2005 | 1998 | portuguese |
| António Vazquez Cardeñosa | 26.01.2007 | 2001 | Spanish |
| Álvaro Cuervo Garcia | 26.01.2007 | 2001 | Spanish |
| Francisco da Silva Domingues | 29.05.2003 | 1993 | portuguese |
| José Ignacio Comenge | 26.01.2007 | 2001 | Spanish |
| José Pedro de Araújo Lopes | 24.01.2005 | 2003 | portuguese |
| Mário Pereira Pinto | 24.01.2005 | 1993 | portuguese |

Social and Corporate Responsibility **Corporate Governance**

In addition to the functions and powers assigned under the Portuguese Company Code, the Board of Directors is also responsible:

- To set the overall strategy of the company and the Group and to monitor the respective implementation, including the risk analysis;
- To make decisions concerning the most relevant strategic investments (tangible and financial);
- To approve the action plan and annual budget;
- To approve the organizational chart and follow-up on the employment of senior staffs;
- To decide on the processes leading to organizational changes;
- To monitor the operational and financial performance of all operating units of the Group.

The Board has no power to deliberate on share capital increases.

The Board assigned to its Chairman the responsibility for the study, analysis and monitoring of possible merger and acquisition operations.

The Board ordinarily meets in every quarter and whenever necessary extraordinary meetings are called to discuss particular matters of special relevance to the company's business and corporate strategy. These meetings are held in conjunction with the management bodies of the subsidiaries BA Vidro, SA and BA Vidrio, SA. In the October session, ordinary regular meetings were scheduled for the following year, which in addition to monitoring the Group's activity include specific topics on the agenda for further analysis, namely:

- Discussion and approval of annual accounts (in January);
- Performance and operational strategy (in May);
- Discussion of industrial and development strategy (in July);

- Business performance and marketing strategy (in October);
- Discussion and approval of the Plan and Budget for the following year (in December).

The Board members also monitor the performance of the parent company and associates, as well as each of the plants, through a monthly activity report, comprising the analysis of equity and financial developments, through the use of profitability indicators, as well as indicators of financial stability, and operating efficiency. In addition to this information, the report is further comprised of data on sales and human resources. The report includes a comparison with the same month of the previous year and the budgeted figures.

In 2010 the Board met seven times. One of these was attended by all its members and at the remaining six meetings seven of its eight members were present. The Company Secretary, who was present at all the Board meetings, prepared the corresponding minutes and sent these to all directors. The minutes were signed by those present.

Sometimes, BA's department directors who are responsible for the areas of matters under consideration, who with their contribution may give a more direct testimony about such facts, are invited to attend and/or participate in some or all of the Board meetings.

The Company Secretary also attends meetings of the Board of Directors, and shall assist the Chairman in organizing paperwork and preparing the minutes. Prior to each Board meeting and reasonably in advance (typically 72 hours) all the necessary documentation is sent for consideration of matters on the agenda.

The risk management matter is embedded in the chapter on Value Creation.

Social and Corporate Responsibility **Corporate Governance**

Executive Committee

The **Executive Committee** of the Group – not being a corporate body in the strict sense of the term – is nevertheless the body which is responsible, by express delegation from the Board of Directors, for the current operational management.

Composition of the Executive Committee in 2010

| | |
|----------------------------------|---------------|
| Jorge Alexandre Tavares Ferreira | Chairman |
| José Pedro de Araújo Lopes | Voting Member |
| Alfredo José de Lacerda Pereira | Voting Member |
| Sandra Maria Soares Santos | Voting Member |

Being a collegiate body, all issues are discussed and analysed together, and as such in practice all members play an active role in the conduction of the company's business and affairs. There is, however, a specific attribution of some portfolios, according to the individual profiles and competences, as discriminated below:

| Member of Executive Committee | Main Areas of Responsibility |
|--|---|
| Jorge Alexandre Ferreira (Chairman) | Operations Area comprising: <ul style="list-style-type: none">• Plant in Avintes• Plant in Marinha Grande• Plant in Villafranca de los Barros• Plant in León• Plant in Venda Nova• Process and Benchmarking The following Corporate Functions : <ul style="list-style-type: none">• Human Resources• Legal Department |
| José Pedro de Araújo Lopes | Marketing Area that encompasses these functions: <ul style="list-style-type: none">• Sales• Customer Service• Planning |
| Alfredo de Lacerda Pereira | Technical Area that encompasses these functions: <ul style="list-style-type: none">• Quality, Safety and Environment• Projects and Investments• Product Development• Raw materials• Decoration• Information Technology |
| Sandra Maria Santos | The following Corporate Functions : <ul style="list-style-type: none">• Administration and Finance• Management Control• Logistics (Purchases + Distribution) |

Social and Corporate Responsibility **Corporate Governance**

The Executive Committee meet to deliberate over the agenda items included by its various members up to two days before the meeting. On the same date the agenda is sent along with documents supporting the analysis and discussion of issues to deliberate. In the fiscal year 2010 the Executive Committee met 24 times, having prepared the respective minutes that are sent to Chairman of the Board of Directors and the Chairman of the Audit Board.

The Executive Committee is forbidden from undertaking the competences, which by law is the responsibility of the Board of Directors

Below is a table showing the composition of the management of BA Glass and its subsidiaries Glass BA Vidro, SA and BA Vidrio, SA, distinguishing the executive members and the non-executive ones. The composition of the management and audit bodies is decided by consensus among the shareholders within the Group (or ultimate beneficial owners).

| | Board of BA GLASS | Board of BA Vidro | Board of BA Vidrio | BA's Exec. Committee |
|----------------------------|------------------------------|------------------------------|-------------------------------|---------------------------------|
| Carlos Moreira da Silva | Non-Executive Chairman | Non-Executive Chairman | Non-Executive Chairman | |
| Jorge Alexandre Ferreira | Executive | Executive Chairman | Executive Vice-Chairman | Chairman |
| Alfredo de Lacerda Pereira | | Executive | Executive | Executive |
| Álvaro Cuervo García | Non-Executive | | | |
| António Vasquez Cardeñosa | Non-Executive | | | |
| Francisco Silva Domingues | Non-Executive | Non-Executive | Non-Executive | |
| José Ignacio Comenge | Non-Executive | | | |
| José Pedro Lopes | Executive | Executive | Executive | Executive |
| Mário Pereira Pinto | Non-Executive | | | |
| Sandra Maria Soares Santos | | Executive | Executive | Executive |

As for the independence of non-executive directors related to the BA Glass company and according to the criteria for independence set out in paragraph 5 of Article 414 of the Portuguese Companies Code, the non-executive directors Carlos Moreira da Silva and Francisco Silva Domingues are regarded as “non independent” since they are holders, directly or indirectly, of a participation of more than 2% in the company share and were re-elected for more than two terms. The non-executive director Mario Pereira Pinto, in the light of the same precept, is also regarded as “non independent” since January 29, 2009, the day when the General Shareholder Meeting re-elected him for the third term.

The Board members annually report to the company the positions they hold in other companies.

Departments

As can be seen from the above chart, the BA Group is organized into major functional areas (Departments) coordinated by the Executive Committee, to which the former report.

The Departments are actively involved, together with the Executive Committee, in the development of the Annual Plan and Budget, which is later reviewed and approved by the Board.

In addition and without prejudice to the forms of organization, coordination and control specific to each Executive Director with the Departments that report to them, quarterly business meetings are held by each Department with the Executive Committee. In these sessions, as well as at the final meeting in which the whole board of directors participates, a critical analysis is made of the performance period and the priority actions to be taken in the following quarter are established.

In the following, the general aspects of the activity conducted by each one of the Departments is described:

Social and Corporate Responsibility **Corporate Governance**

Sales, Customer Service and Planning

Prospection of the market and identification of business opportunities, sales force management and customer service as this relates to pre- and after-sales components. Establishment of production plans for factories based on terms of sales, finished goods stocks and the availability of production means.

Technical

Coordination of product development activities. Planning and monitoring of infrastructure and superstructures investment projects needed to run the company. Coordination of quality, environment and safety management systems. Coordination of raw material exploration and preparation activities. Coordination of information systems.

Manufacturing

In each of the five plants of the Group. Management of resources, structures and resources required to develop the product and ensure the optimization of assets allocated to it.

Operations

Coordination of five factories in the areas of production, structure and resources needed to manufacture the product.

Process and Benchmarking

Challenge to operations in the areas of efficiency, quality and use of resources needed for product realization and coordination of internal and external benchmarking so as to implement the best practices in order to revolutionize our know-how, optimizing resources and responding and/or anticipating customer needs.

Administration and Finance

Coordination of the functions of general and analytical accounting, and credit control on customers and suppliers. Treasury management. Data processing and provision of management information to ensure a proactive approach to management control.

Logistics (Procurement and Distribution)

Cross-functional to the organization whose purpose is to ensure the purchase and storage of raw materials and supplies needed to meet production needs. It is also responsible for storage, shipment and distribution of the finished product.

Human Resources

Planning and development activities necessary for the recruitment, admission, supervision and evaluation of employees. Promote the necessary actions to ensure the skills and qualifications of human resources as well as developing their careers. Processing of salaries and wages.

Legal advice

Body of staff whose function is to monitor the fulfilment of all company obligations, as well as provide technical and legal support in all matters that have legal significance.

Information Technology

Service, maintenance and improvement of hardware and software needed to run the company. Development of software on the installed base.

Social and Corporate Responsibility **Corporate Governance**

Section III – Audit Board

The Audit Board performs the functions conferred by law and pursuant to the corporate statutes, overseeing the observance of the law and the articles of association, namely:

- Oversee the partnership management;
- Verify the accuracy of accounts and accounting policies;
- Oversee the effectiveness of risk management;
- Oversee the process of statutory audit;
- Oversee the Chartered Auditor's activity and independence.

Composition of the Audit Board (2007/2010 four-year term)

| | |
|----------------------------|---------------|
| Rita Silva Domingues | Chairman |
| Manuel Ortigão de Oliveira | Voting Member |
| Óscar Alçada da Quinta | Voting Member |

All members were appointed in the first mandate, at the General Shareholder Meeting of 26.01.2007. In 2010, the Audit Board met five times, with the presence of the Chartered Accountant's representative in two of them, the respective minutes were drafted for these meetings.

Rita Silva Domingues is considered a non-independent member of the Board due to participation in the "Atanógoras, SGPS, SA" company which owns an indirect stake of 26.3% in BA Glass.

Chartered Accountant

The Chartered Accountant has the powers set out in law and in the corporate statute, namely:

- Verify the regularity books, accounting records and documents that serve to support it;
- Verify whether the accounting policies and valuation methods used lead to a correct assessment of the company's worth;
- Verify the accuracy of the financial reporting documents.

Chartered Accountant (2007/2010 four-year term)

Ernst & Young Audit & Associados, SROC,
represented by João Carlos Miguel Alves

Section IV – Compensation and Remuneration Committee

The remuneration of board members is set by a Remuneration Committee comprising three members, appointed by the General Shareholder Meeting. This is the Committee that in January, shortly after approval of the previous year's accounts by the competent bodies, meets to (I) assess the performance of directors, deliberating on the variable award for the year ended and (II) to set the remuneration for the year about to start. The committee's meetings are recorded in minutes signed by all present. It is noted that the Board makes a preliminary assessment of the performance of executive directors.

Composition of the Remuneration Committee (2007/2010 four-year term)

| | |
|-------------------------|------------------------|
| Carmen Mestre Mira | Appointed on 26.1.2007 |
| Carlos Moreira da Silva | Appointed on 26.1.2007 |
| Mário Pereira Pinto | Appointed on 31.1.2008 |

Social and Corporate Responsibility **Corporate Governance**

Remuneration of Directors

The remuneration of the Group's executive directors has a monthly fixed component and a variable component that depends on the achievement of targets set at the beginning of each year (including here, among others, the company's income) and evaluated at the end thereof. As the CMVM recommendations prescribe, the remuneration structure of directors allows a complete alignment of their individual interests with the corporate interests.

In the 2010 fiscal year, directors holding executive functions within the Group of all the companies as a whole, earned a remuneration of € 827,098.79 (fixed and variable portion) The non-executive directors of the Group earned from all Group companies as a whole the overall remuneration of € 503,100.00 (fixed and variable portion)

No compensation is negotiated by contract or by transaction in the event of dismissal or other payments related to early termination of contracts. No compensation of any kind for termination of functions were paid or are payable to former directors. The company has not provided for the allocation of supplementary pensions to early retirement schemes for their directors. The company has no plans to grant options for buying stock shares.

With regard to the policy adopted for reporting irregularities, it explicitly reflects the standards of conduct under the Code of Ethics which is captioned as "Transparency" and provides that "BA's employees must report the existence of any fact relating to the company, which if disclosed is likely to influence its economic, environmental or social status." The privileged channel shall be the direct hierarchy, it being obviously always possible to directly access the Executive Committee and/or the Board of Directors. The Audit Board is also one of the warrantors of the company's legitimacy and may also receive notifications of irregularities presented by shareholders, employees or third parties.

Section V – Special Committees

Considering the size of the company and the size of the Board of Directors, this is the body that assumes all the duties normally assigned to Specialized Committees.

CHAPTER III – Information and Audit

Equity

The fully subscribed and paid-in capital is 50 thousand euros, represented and divided into fifty thousand ordinary shares, each with a nominal value of one euro.

The company has a sole shareholder, BA Glass BV, a vehicle company, whose main shareholders (ultimate beneficial owners) are Carlos Moreira da Silva, the Silva Domingues Family, the directors and some senior staff of the BA Group.

The company has no knowledge of any Shareholders Agreements. The rules for amendment of the corporate statutes are listed in the Portuguese Company Code.

Policy for allocation of dividends

In the General Shareholder Meeting of 23 December, year two thousand and nine, allocation of free reserves to shareholders was deliberated, amounting to 17 million Euros, which corresponds to the allocation of a gross dividend of 340.00 euros per share and pay out of 50.42% on the consolidated income of 2009.

In the General Shareholder Meetings of July 15 and December 6, 2010 allocation of free reserves was deliberated, which amounted to, 51.1 million and 36 million euros, respectively.

During fiscal year 2010 no business was done between the company and members of Board of Directors or its Audit Board.

Social and Corporate Responsibility **Corporate Governance**

Investor Support

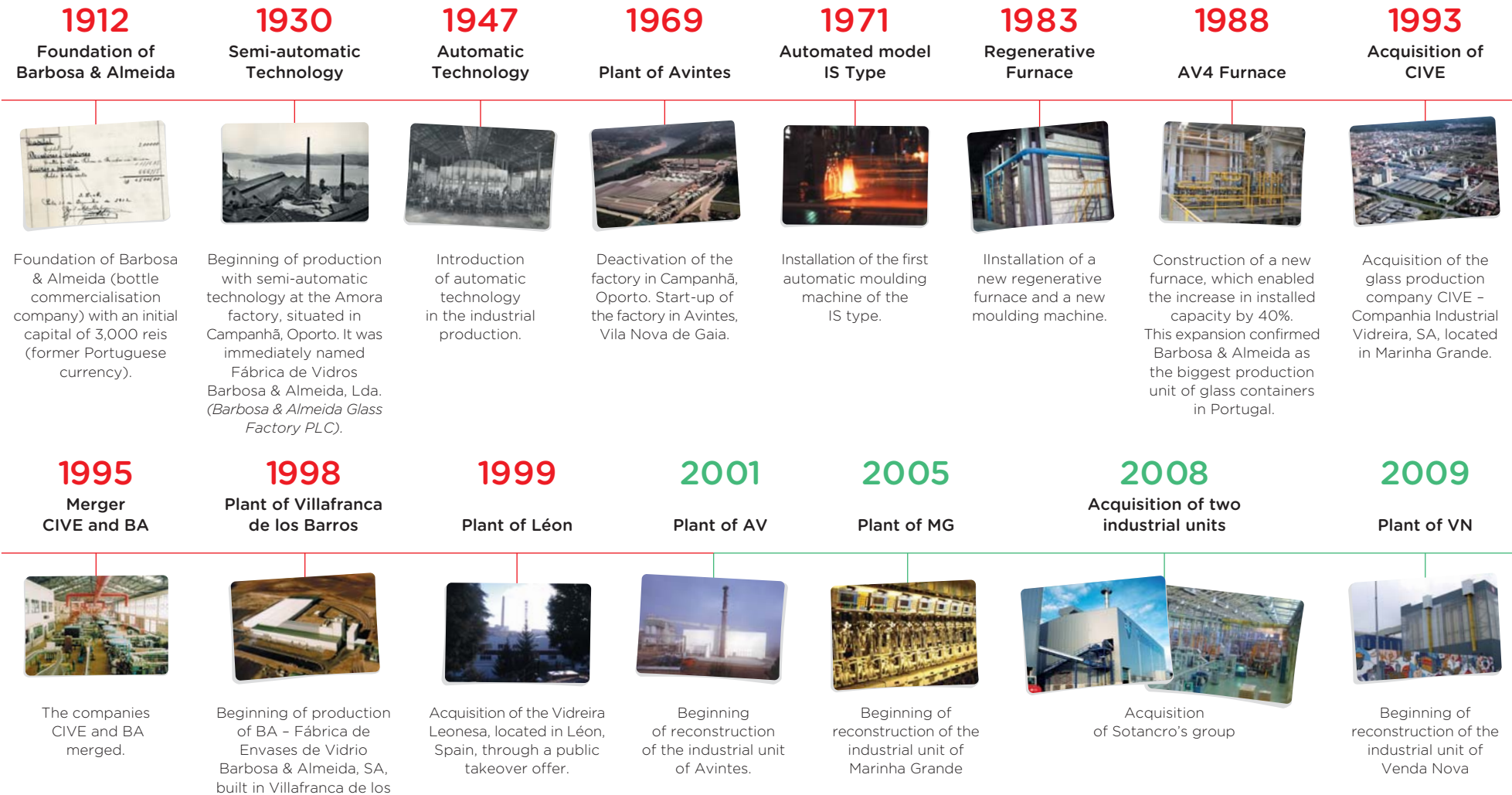
None of the Group companies has the status of an open corporation and, since they have never been owned by more than five shareholders, the problems and difficulties related to the availability of information that would justify the need for the existence of an investor support office do not come into play.

Mention is made, however, of the existence of regular meetings with financial institutions, which rely on the presence of the portfolio administrator and/or the Financial Division, where information is provided on business evolution, as well as the aspects of economic-financial nature.

Auditor

In 2010 Ernst & Young were paid fees totalling 87,200.00 euros relating, in its entirety, to the provision of statutory audit of all Group companies.

Company Background



Glass Package Manufacturing Process



Stage 1

Glass composition

At this stage, all raw materials are stored, measured and mixed to create the mass composition to be vitrified, which will be brought to furnaces where fusion will take place. The basic composition of glass package is:

| | |
|---|--------|
| Silicon Dioxide (SiO ₂) | 70>72% |
| Sodium Oxide (Na ₂ O) | 12>14% |
| Calcium Oxide (CaO) | 9>11% |
| Magnesium Oxide (MgO) | 0>3% |
| Aluminium Oxide (Al ₂ O ₃) | 1>2% |
| Potassium Oxide (K ₂ O) | 0>1% |

This composition incorporates treated used glass, ground glass wastes from internal and/or external recycling.



Stage 2

Raw materials fusion

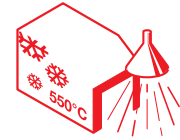
At the refractory furnaces, the material fusion is processed at a 1,500 to 1,600°C temperature. The liquefied glass moves along the large container under gravity action of the dropping material and goes through a "tuning" stage, where thermal homogeneity of the whole melted mass has to be guaranteed, as it is a crucial condition to obtain a product of quality.



Stage 3

Glass package moulding

There are two stages in the moulding process of a piece: in the first one, glass is introduced in the start mould located at one of the sides of the machine, where it takes its first shape (parison); in the second stage, the parison is transferred into the final mould located at the opposite side of the machine, where the final shape is given to the piece.



Stage 4

Annealing and surface treatment

During the moulding process, the glass is in contact with the mould walls, which are at relatively low temperatures. As such, the external layers of the pieces are much more colder than the internal ones, and this temperature differential tends to be kept due to the poor conductivity of glass, therefore a thermal treatment, called annealing, is performed. This treatment consists of a thermal homogenisation of the whole glass mass, eliminating thus all tensions.



Stage 5

Inspection and quality control

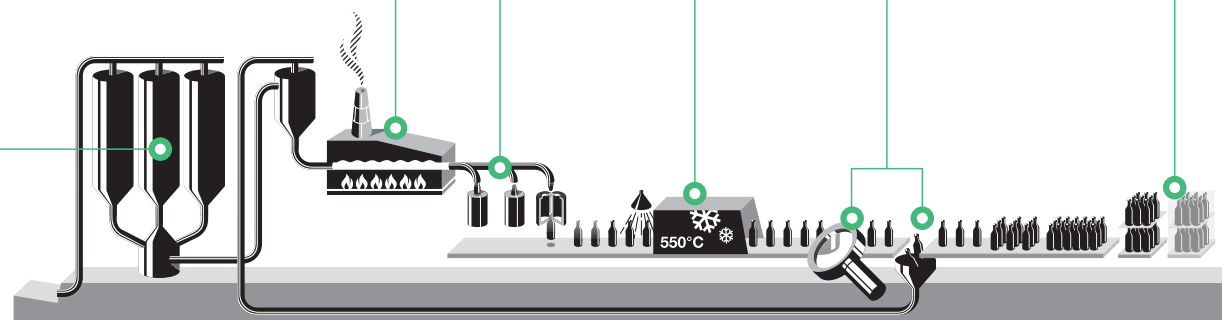
After concluding the annealing procedure, the pieces are taken into automatic inspection machines that through several defect detection mechanisms dispose of faulty pieces.



Stage 6

Packaging

At the production line end, glass packages are grouped together by layers in pallets. These are covered with plastic film to protect each unit and make transport easier; these packages are then shrinked in an adequate furnace, and afterwards pallets are conveyed to the storage area.



Concept and Design
GOdesign

Legal Deposit
240773/06

ISSN
0874-1166

[< CONTENTS](#)