ACCOUNTS AND MANAGEMENT REPORT 2012

100 YEARS OF RECORD[S] TO BREAK

BA

100 YEARS

AS A SOLID STARTING POINT

1912 — 2012

BA group will continue to innovate in products, in the value chain and services and will continue to invest in human resources and technology in order to live up to its customers high standards.

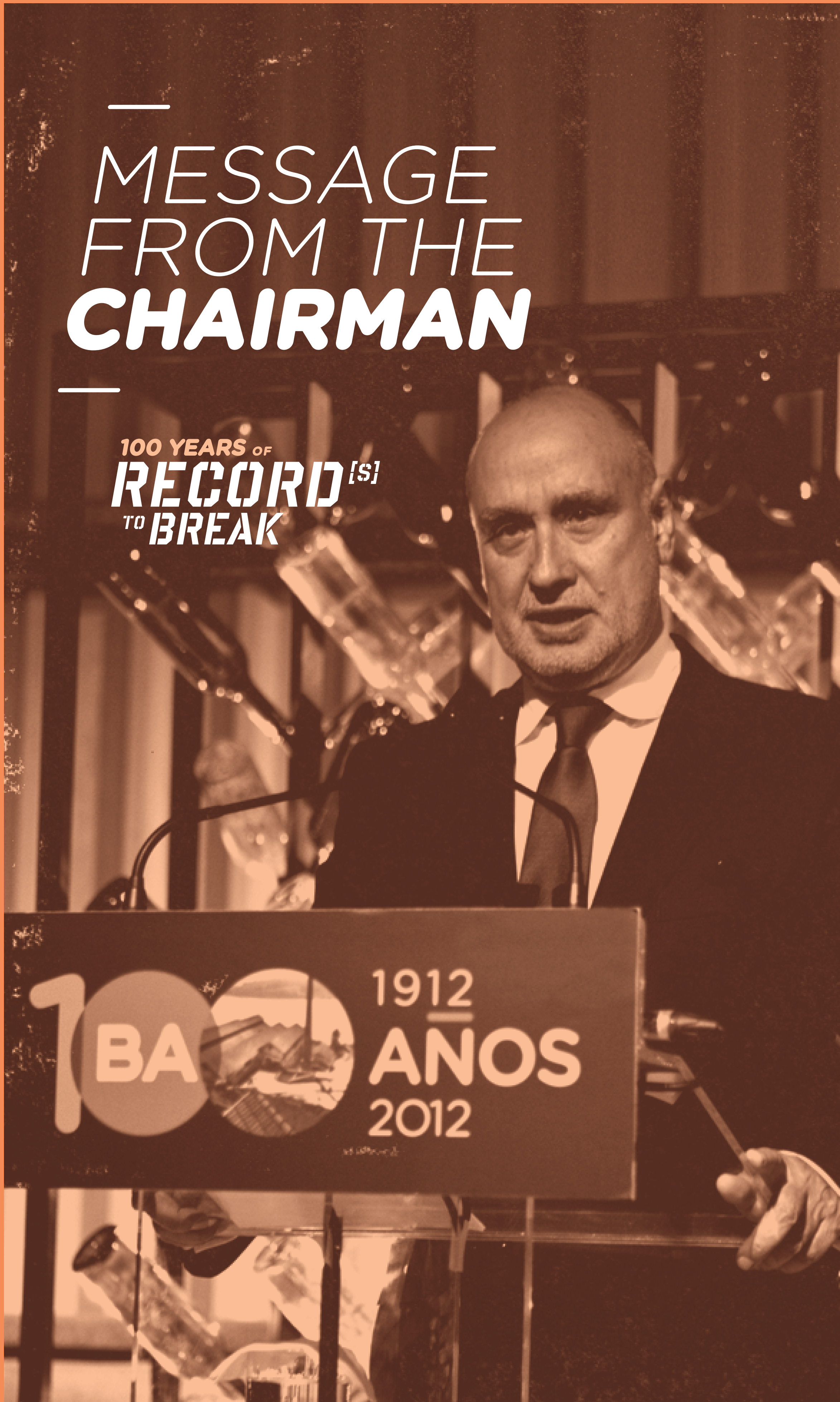
We ask our stakeholders to be demanding and challenge us, as such challenges are the motors of our continuous improvement and success.

100 YEARS

100 YEARS OF RECORD[S] TO BE BROKEN

2012
START
1 TEAMWORK
PACK TO MELT +
2 FLEXIBILITY
JOB CHANGES INDEX +
3 STRENGTH
PER CAPITA PRODUCTION +
4 SPEED
KCR +
5 EFFICIENCY
ENERGY CONSUMPTION −
6 SAFETY
OCCUPATIONAL ACCIDENTS −
7 QUALITY
CLIENT INCIDENTS −
8 SAVINGS
TOTAL COSTS −
100 YEARS OF RECORD[S] TO BE BROKEN
2017

MESSAGE FROM THE CHAIRMAN



TO THE STAKEHOLDERS,

2012 was the year of the centenary of the incorporation of Barbosa & Almeida, of which we are proud heirs. In the centenary's celebration we honored the founders, entrepreneurs and workers that through times helped the company to survive and develop. We faced such celebrations without complacency and with the responsibility of starting another century. This responsibility requires that we see ahead of our time, to impose the pace of permanent transformation and to ambition new records in all fronts. We want to continue establishing benchmarks in our industry.

2012 was also the year of the group's internationalization beyond the Pyrenees, acquiring Warta Glass in Poland. Notwithstanding being aware of such need for some time, considering the difficulties of the Portuguese and Spanish economies over the last 5 years, it became a necessity to search for healthy economies, to consolidate growth and prevent us from languish.

2012 witnessed once again the deepening of the Portuguese and Spanish economic and social crisis, with implications on consumers spending never seen before. Such implications threatens an in-depth change of both manufacturing and retail structures in both countries, with the consequence of rising unemployment to offensive levels, especially among young graduates. Following the path started in 2008, the exports continued to grow, balancing the decrease in domestic consumption and ensuring, for the time being, the full utilization of our Iberian capacity.

2012 was also the first year of the Warta Glass's integration. It is the first time we face the challenge of integrating a company outside our natural market, and we believe that this process should be guided by two objectives, often contradictory: on one hand, to reinforce the concern to incorporate cultural differences and adjust decision making processes accordingly, ensuring the inclusion of all Polish employees; on the other hand, to guarantee a transformation pace that in 3-years will put the Polish plants at the Group's benchmarks. We are aware of the challenges and determined on achieving the results. To support that we began an aggressive investment plan to provide Warta Glass with an industrial platform to better compete in the Central European market.

2012 was also a year in which new performance records were established despite the difficult context. This is the outcome of our permanent effort and obsession with new records, which we believe is the driving force of our development and continuous growth.

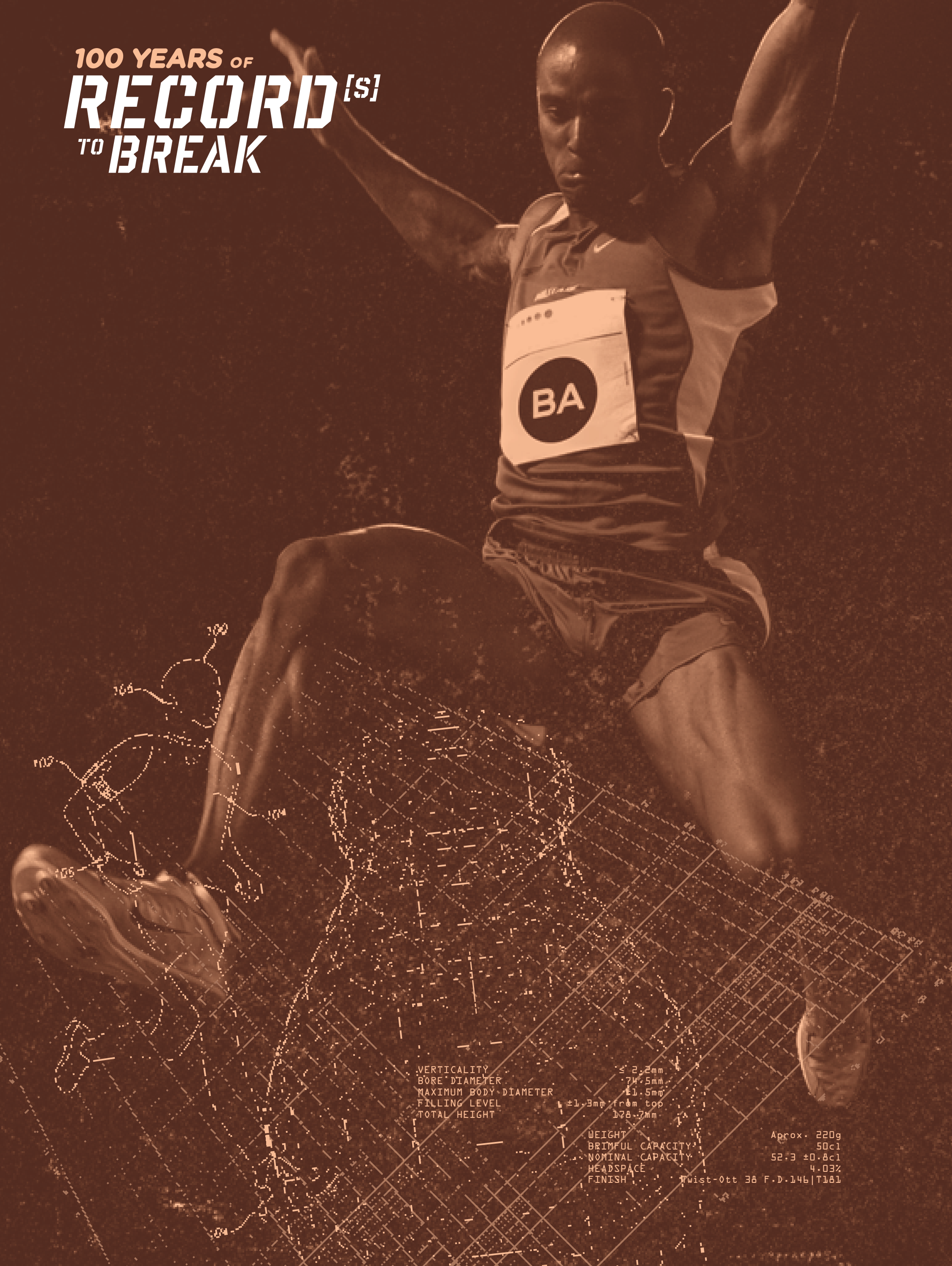
I conclude by thanking our customers who continued awarding us with their confidence, giving us the privilege to serve them with an attitude of everlasting innovation, which I hope, has contributed to the better performance of their products in new markets.

My final word is to thank all BA Glass employees. In Portugal and Spain, where the labour market is in turmoil, I appreciate the acknowledgment that our investment policy and challenging attitude are inseparable from growth and employment protection. In Poland, I appreciate the effort to reach new records regarding operational performance in an environment in which mutual trust is still in the beginning.

Avintes, February 1, 2013

CONSOLIDATED
KEY FIGURES

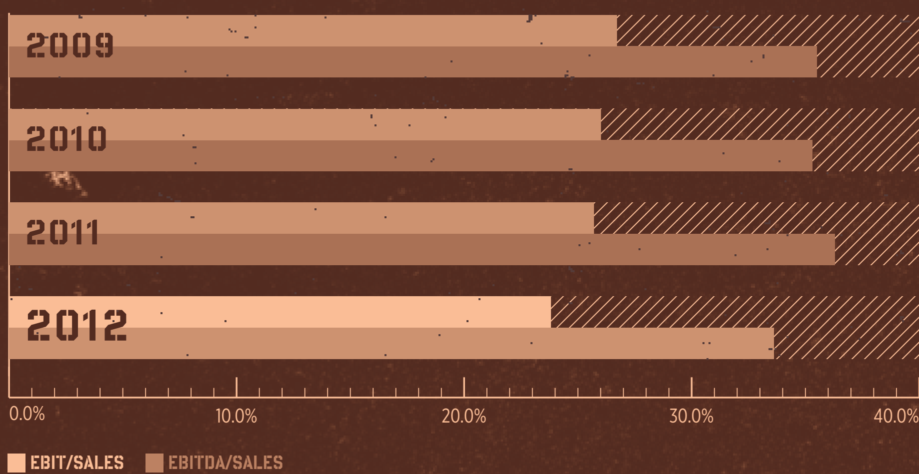
100 YEARS OF RECORD[S] TO BREAK



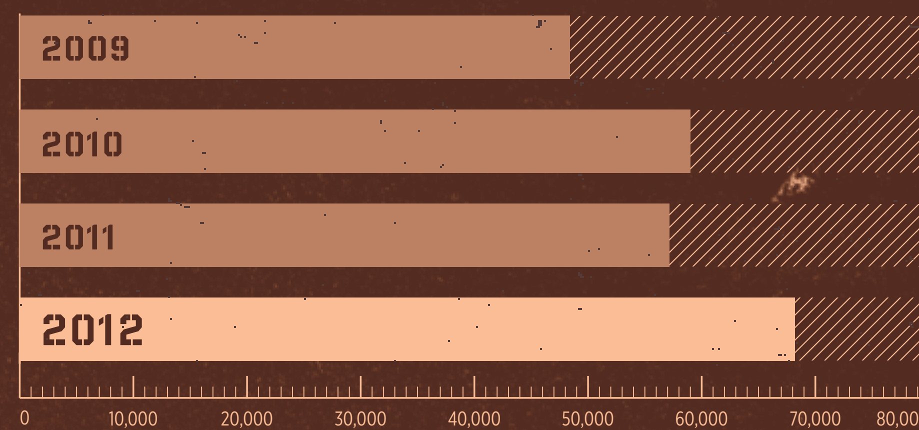
K.€	2012	2011
Turnover	461,956	353,549
Operating profit	110,143	90,879
Financial results	-15,053	-13,128
Net income	68,200	57,153
Cash flow	**113,064**	**94,600**
Operating cash flow (EBITDA)	**155,006**	**128,327**

K.€	2012	2011
Net assets	680,702	651,837
Equity	159,021	141,850
Net debt	332,537	397,736
Net tangible fixed asset turnover	1.68	1.32
Net Debt / EBITDA	2.15	3.10
Interest cover ratio	5.7	6.1
EBITDA / Sales	**33.6%**	**36.3%**
EBIT / Sales	**23.8%**	**25.7%**
Number of employees	2,062	1,467
Sales / Employee	224.0	241.0

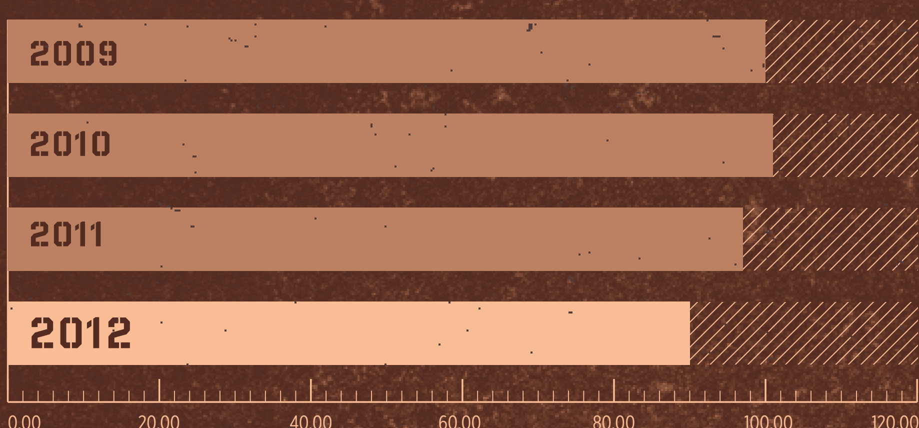
EBIT / SALES + EBITDA / SALES [%]



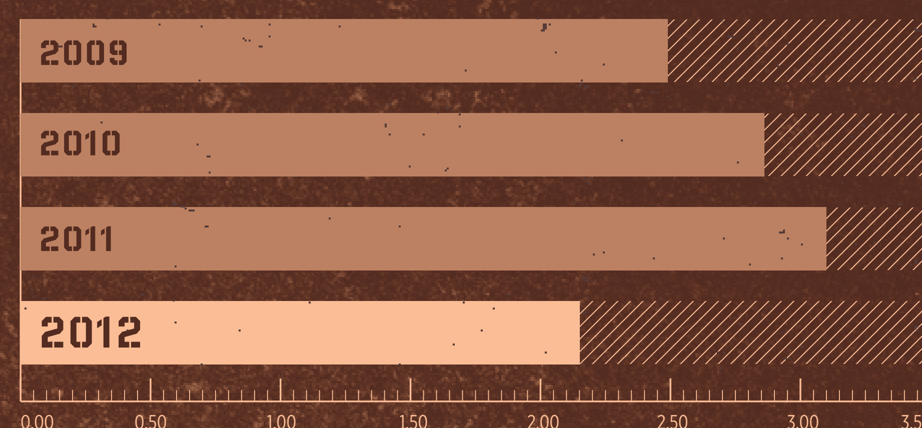
CONSOLIDATED NET INCOME [K.€]



SALES *PER CAPITA* [BASE 100=2009]



INTEREST-BEARING DEBT/EBITDA



BA GLASS GROUP

- NL — **BA GLASS, B.V.**
  - PT 100% — **BA GLASS I** SERVIÇOS DE GESTÃO E INVESTIMENTOS, S.A.
    - PT 90,11% — **BA VIDRO, S.A.** (OWN SHARES - 9,89%)
      - PT 100% — **MOLDIN, S.A.**
      - PT 100% — **BARBOSA & ALMEIDA** SGPS, S.A.
        - ES 100% — **BA VIDRIO** S.A.U.
          - ES 100% — **BA VIDRIO** COMERCIALIZACIÓN Y DISTRIBUCIÓN DE ENVASES, S.A.U.
          - ES 100% — **MINAS DE VALDECASTILLO** S.A.U.
  - PL 80% — **BRISA INVESTMENTS** SP. Z O.O.
    - PL 99,78% — **WARTA GLASS** JEDLICE, S.A.
    - PL 99,34% — **WARTA GLASS** SIERAKÓW, S.A.
      - PL 100% — **SUR WIL** SP. Z O.O.

SHAREHOLDER STRUCTURE

BA GLASS BV SHAREHOLDERS	SHARES	% SHARE CAPITAL AND VOTING RIGHTS
FIM DO DIA, SGPS, SA Company indirectly majority-owned by Carlos Moreira da Silva and by the Silva Domingues family	17,064	47.40%
BAR-BAR-IDADE I, SGPS, SA Company owned by Carlos Moreira da Silva	9,468	26.30%
ATANÁGORAS, SGPS, SA Company owned by the Silva Domingues family	9,468	26.30%
TOTAL	36,000	100 %

ORGANIZATION CHART

- **BOARDS OF DIRECTORS AND SUPERVISORY BOARD**
  - **EXECUTIVE BOARD**
    - **LEGAL AND COMMUNICATION DEPARTMENT**
    - **HUMAN RESOURCES**
    - **MARKETING**: Sales; Customer Service; Planning; Product development; Business development; Marketing
    - **TECHNICAL**: Information Technology; Environment, Safety and Systems Management; Projects and Investments; Product development; Sand Mines and Cullet; Decoration; Strategy and Technical Training
    - **OPERATIONS**: Avintes; Marinha Grande; Villafranca de los Barros; León; Venda Nova; Process and Benchmarking; Quality Assurance
    - **CORPORATE**: Administration and Finance; Logistics [purchases + distribution]
  - **POLAND**: Sieraków; Jedlice

GROUP CORPORATE BODIES

MEMBERS OF THE GROUP COMPANIES' BOARDS OF DIRECTORS AND SUPERVISORY BOARDS

Carlos Moreira da Silva
[Chairman]
Jorge Alexandre Ferreira
[CEO]
Álvaro Cuervo Garcia
Alfredo José de Lacerda Pereira
Angel Luis Díez
Francisco Silva Domingues
Jakub Hoch
Lesław Kański
Mário Pereira Pinto
Mirosław Wiciak
Pedro de Araújo Lopes
Pieter Hallebeek
Reinaldo Coelho
Przemysław Pawłowski
Rita Silva Domingues
Rokin Corporate Services B.V.
Sandra Maria Santos

EXECUTIVE BOARD

Jorge Alexandre Ferreira
[Chairman]
Alfredo José de Lacerda Pereira
Javier Teniente
José Pedro de Araújo Lopes
Reinaldo Coelho
[CEO Poland]
Sandra Maria Santos

DEPARTMENTAL DIRECTORS

Alberto Soares
Angel Luis Díez
[Poland]
Ana Cristina Gonçalves
António Magalhães
António Sá Couto
Fernando Amílivia
Iva Rodrigues Dias
Luís Cardoso
Mirosław Wiciak
[Poland]
Pedro Belo
Pedro Correia
Rafael Corzo
Rita Silva Domingues
Tiago Moreira da Silva
Vítor Matoso

ACCOUNTS AND MANAGEMENT REPORT

CONTENTS

100 YEARS OF RECORD[S] TO BREAK

BOARD OF DIRECTORS CONSOLIDATED REPORT

INTRODUCTION

To the Shareholders,

Pursuant to the Law and the company's Statutes, we hereby present the 2012 Group Annual Report.

2012 was marked by the worsening of the sovereign debt crisis in Europe, with a very profound impact in Iberia, a market where corrective budgetary measures had a recessionary effect and a concomitant sharp contraction in consumption.

It was a landmark year for the group, bearing in mind the geographic expansion of its business into Poland, by means of the acquisition of two plants. This growth beyond the Iberian Peninsula provides access to new markets, with special focus to the German market where the group had a minor presence. In this manner, it is possible to reduce the risk of a high business exposure in Portugal and Spain - two countries with very limited growth prospects in the near future.

The Polish structure has already demonstrated to be extremely competitive, which will undoubtedly be enhanced with the ambitious investment project initiated in 2012. Indeed, such investment shall reorganize the entire productive structure, endowing the plants with the state-of-the-art technology, able to provide response to the market's increasing demands. As the Polish division is very strong in the "Spirits" segment, which was not very significant in Iberia, it has complemented and reinforced the group's current product mix.

Despite the recessionary context, the inflation rate was 2.1% in Portugal, 3.0% in Spain and 2.2% in Poland.

In the Iberian Peninsula the restrictions in granting of bank financing continued, which lead many companies to failure and to the deterioration of unemployment figures.

The group's presence in Poland resulted in its exposure to a currency other than the euro, with the Polish zloty remaining stable during the year with an average exchange rate of 4.1847 PLN/EUR, closing the year at 4.0882 PLN/EUR.

The volatility of energy prices and of the dollar was very expressive, which lead to a significant increase in energy costs. Considering that such costs constitute the major component of production costs, the group's profitability was significantly affected.

In fact, the glass packaging industry followed the economy's performance, characterized by the generalized stagnation, having even suffered a decline in demand in certain of its segments.

In this context, the group managed to achieve a positive performance, with consolidated sales of 462.0 million euro, which represents a growth rate of 30.7% considering the previous year. The incorporation of the Polish operation represents 21.5% of such growth. There was also an increase in sales of the Iberian units, as a result of the production stability accomplished following the repair and maintenance of the furnaces carried out in the preceding years, as well as the result of the increase of exports. The constant search to break records leveraged the achievement of more efficient operational and organizational solutions, leading to an improvement in profitability, with operating cash flow (EBITDA) amounting to 155.0 million euro and operating profit (EBIT) to 110.1 million euro.

The balance sheet structure, which presents net assets of 680.7 million euro and net borrowings of 332.5 million euro, is very balanced with a debt / equity ratio of 23.4% and a net debt / EBITDA ratio of 2.15.

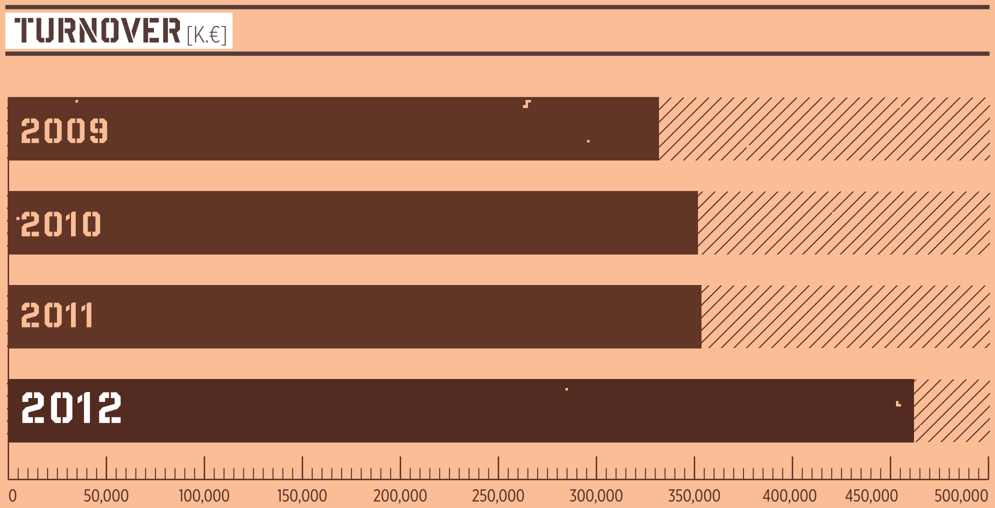
Net financial items were influenced by the increased indebtedness and related costs, with a positive impact from the exchange rate variation on the group's financing in Polish currency.

Consolidated income before taxation was 95.1 million euro (2011: 77.8 million euro) while consolidated net income amounted to 68.2 million euro (2011: 57.1 million euro).

During 2012, the plants in Portugal and Spain were certified regarding social accountability (in accordance with the SA 8000 standard), an increase in value from an operational point of view, which revalidates the social-welfare rules in force at the group.

Following the previous years, it was decided to continue including in this document the Sustainability Report which discloses the group's vision, the sustainable development principles, as well as the performance in each one of these areas of action.

The group or its associates are members of the AIVE – Associação dos Industriais de Vidro de Embalagem, of the ANFEVI – Asociación Nacional de Empresas de Fabricación Automática de Envases de Vidrio, of the PIO – Polska Izba Opakowań and of the FEVE – Fédération Européenne du Verre d'Embalage, continuing to be an active participant in these associations, with particular emphasis on the promotion of glass as a packaging material and keeping abreast of national and community legislative initiatives.



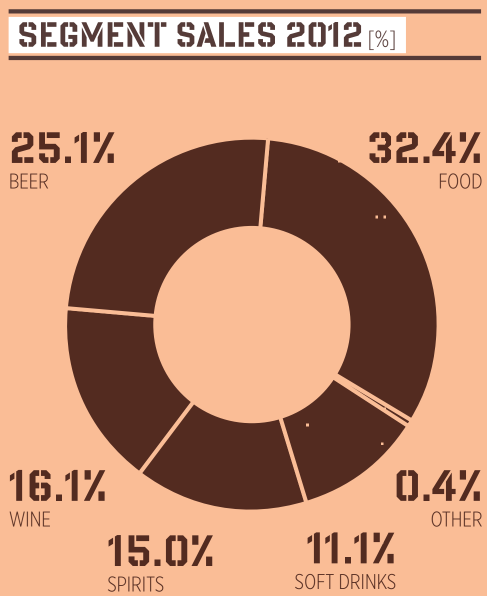
COMMERCIAL ACTIVITY

The deterioration in all the Iberian Peninsula's macroeconomic indicators became more pronounced in 2012. In both countries, the policy of cutbacks in investment and in public spending, the more intensive fiscal austerity measures and the strong de-leveraging of private sector balance sheets, led to the recession of the economic activity and the rise of unemployment.

Despite some clear signs of deceleration in the pace of growth, Poland finds itself in a more favourable position than the Iberian economies. Indeed, in the glass packaging industry occurred a significant increase in our competitors' installed capacity, which resulted in an additional pressure in the market. It is worth to underline the fact that the integration of the Polish plants within BA group represented a major challenge for both teams, being the commercial area the first to be integrated.

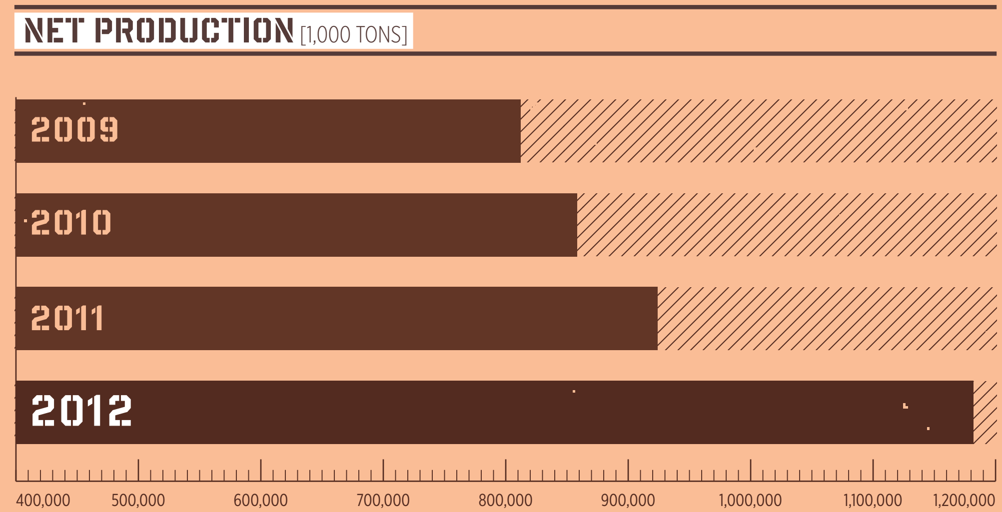
It was in the above-mentioned economic scenario and considering the referred integration that BA carried on its business operations. On a consolidated basis, sales totalled 462.0 million euro, which corresponds to 30.7% growth vis-à-vis the previous year with the export market supporting the mentioned growth of the group.

The main market continues to be Spain. As regards exports, the principal markets



continued to be France, Italy, Belgium, Germany and the Mediterranean rim countries. Throughout the Polish plants, important markets in the Baltic and Eastern European countries were opened up. In 2012, the group exported to more than 50 countries.

The main consumption segments were "Food & Oils" with 32.4% and "Wine & Spirits" with 31.1%, segments which were already the principal ones for the Polish companies. The "Beer" and "Soft Drinks" segments accounted for respectively 25.1% and 11.1%.



Considering the integration of the Polish companies, the main growth was in the "Wine & Spirits" segment, in which the group had only a residual presence mainly in spirits. Such integration also permitted increasing sales in the food segment, namely to the major multinational groups, by means of the complementarity and synergies achieved through the geographic proximity.

In 2012 BA group had more than 1,100 active customers, of which 75 accounted for approximately 80% of sales. Therefore, occurred a concentration of type A customers, along with an increase in smaller-sized customers.

The group continued to develop cost-cutting projects with its major customers, intervening jointly in the value chain, improving their competitiveness and reducing even further the "time-to-market". These projects focused on reducing the weight of products in the consumption of secondary packages and in the optimisation of transport.

In 2012, the group drew up 234 new projects (4 projects per week) and rolled out 77 new products (6 new products per month).

In Iberia, a customer satisfaction poll was once again conducted by an independent firm. The results permit to establish how the group is positioned in the market and which aspects are the most valued by the customers, thereby allowing to provide a more effective and targeted response.

INDUSTRIAL ACTIVITY

In 2012 the group focused on improving efficiency, quality and customer service and, generally speaking, all the plants presented significant advances in the relevant indicators.

The Avintes plant made improvements aiming to enhance flexibility and on diversifying the range of packaging items it can produce. The mentioned increase on flexibility did not prevent the plant from presenting excellent operational results, beating historical records in almost the entire activity indicators.

In what concerns the Marinha Grande plant, notwithstanding the fact that it has gone through a period of important changes in management, it was a year of stability as regards efficiency and customer service. It shall be noted the benchmarking effort made by the team in the search for the best operating practices in place at the group.

The Villafranca de los Barros plant pursued its purpose of permanent improvement of its productivity, quality and energy efficiency. It is worth noting the customer orientation culture presented by the team, when facing an unusual request for job changes. Such circumstance was not an obstacle to the meaningful improvement in terms of efficiency and profitability. At the end of 2012, it was decided to build a new furnace at Villafranca de los Barros plant in which operational reliability and continuous record-breaking are a reality year after year.

At the León plant, the year was marked by a major restructuring of the workforce. The plant presented a very significant improvement in the key operating indicators, when compared with the preceding year, especially in those related with customer service, which will assure its sustainability.

Regarding the Venda Nova plant, 2012 was a year of growth in all indicators, throughout the breaking of all historical records of efficiency and quality. It shall be noted the intensive effort directed to vocational training, as evidenced by the important results already achieved.

As regards the Polish plants located in Sieraków and Jedlice, one of the main tasks for 2012 was improving their basic operational conditions, by means of the implementation of new processes and of standard systems, already applied in the other plants of the group. Accordingly, several changes were executed in the operational management structure, namely to the management systems, the implementation of training courses and the interchange of specialists and managers, the development of production planning, the implementation of common classifications in quality control and development mechanisms in the mould management.

In fact, both Polish plants obtained the best results ever regarding gross tonnage production and surpassed the previous year's results in net output, without overlooking the flexibility needs required by the customers.

The benchmarking process between plants enabled the sharing of knowledge and the implementation of the best practices of the most areas, such as efficiency, quality, costs, energy consumption, whilst also serving as the starting point for laying down guidelines for the process of making changes and for investment planning.

As far as Logistics is concerned, investments were made to expand warehouse space at Avintes and Venda Nova units with the purpose of improving the response and level of service to customers.

Concerning the group's other activities, it is important to underline the good operational performance at Minas de Valdecastillo which exploits the silica deposit in the province of León and at BA Glass and BA Distribución, companies of the group which scope is the recycling of glass, considered by BA as of vital importance for ensuring the quality of the final product and the reduction of carbon footprint. Finally, Moldin, whose activity is the repair of moulds, has had a substantially better performance than in the previous year when it has initiated its operations, having reached positive operational results.

In general, and pursuing the strategy of enhancing the efficiency and service to customers, the group continues to make changes to its organizational processes, resorting to in-house and external benchmarking initiatives and to the analysis and continuous monitoring of critical business processes.

HUMAN RESOURCES

The year 2012 was characterized by a paradigmatic change as regards human resources management, which began to confront the challenges of a company undergoing international expansion. The group's expansion beyond the Iberian Peninsula's borders implied a greater diversity and increased the complexity in processes, ideas and cultures, but also special care regarding the personal development and integration in different environments and locations.

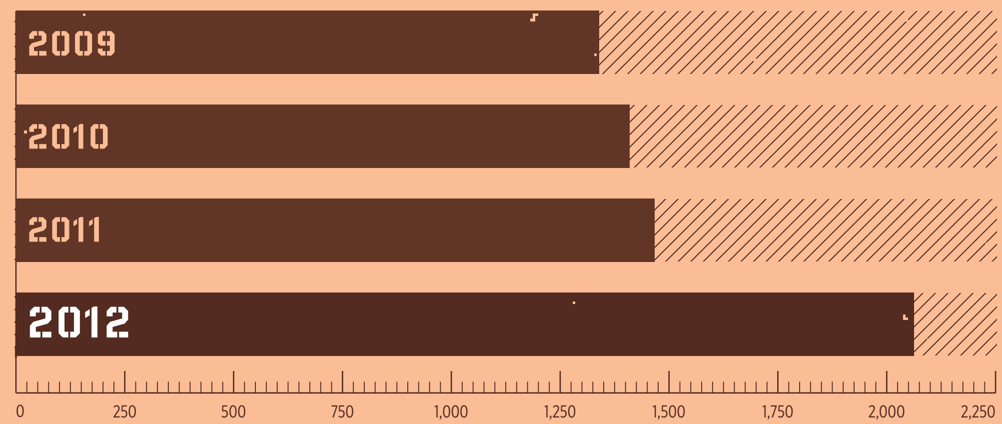
At the end of the year, the group presented a headcount of 2,062 employees, of whom 1,019 in Portugal, 418 in Spain and 625 in Poland. In this new scenario, the need for a career development system that guarantees a qualified and available workforce became a priority. It is worth mentioning that 80 of these employees, spread over 3 geographies, have functions of supporting the group's main business activity, such as glass recycling, the exploitation of raw materials and the repair of moulds.

Benchmarking played a fundamental role in the integration, development and improvement in productivity levels and in enriching the content of the functions. In fact, being one of the best tools for developing an organization in expansion, and after the integrations occurred, became a priority to maximize the use of synergies and the mutual learning amongst the teams in order to develop the whole organization.

Together with the succession planning and talent retention, came along new challenges of managing the expatriates, as well as to a larger extent the management of staff on the move with global projects.

In Iberia, despite the turbulent social climate in the two countries, the group

NUMBER OF EMPLOYEES



managed to maintain the dialogue and transparency that has always been a hallmark of relations with employee representatives, with a new social agreement being entered at Villafranca de los Barros plant, and in the beginning of 2013, the group entered into agreements in the Avintes and Marinha Grande plants. In Poland, were initiated negotiations to reach collective employment agreements, and at the end of the year, a study to broaden the performance evaluation model and employees' career development.

The group's values remain immutable. It has been with **H**umbleness, **A**mbition, **R**igour and **T**ransparency that development has been sustained and the messages transmitted. And it is in this context that in-house communication has once again assumed a leading role, being used as the instrument for disseminating BA's culture.

The consolidated absenteeism rate was 3.6%, and in terms of accidents, the group's 7 plants recorded a total of 25. It should be pointed out that the "Zero accidents" goal was not forgotten, with initiatives continuing to be carried out regarding risk prevention and analysis and investigation into the causes , in order to accomplish such goal in the short term.

The investment in training occupied 27,663 hours, keeping the focus on the technical areas, as expected in a company where technology is a prime feature. Besides training as a way of enhancing the skills of employees as individuals or as team members, BA group used other instruments such as job swapping amongst staff, thereby disseminating and enriching functions and individuals.

Involvement with the community, namely with schools and universities, also continues to be a priority of the group, maintaining the usual policy of young student visits and the granting of short-term practical training engagements.

Furthermore, it should be noted that the group's corporate social responsibility policies at the factories in Portugal and Spain were certified under standard SA 8000.

INVESTMENTS

In 2012 consolidated investments in tangible fixed assets amounted to 25.6 million euro (2011: 20 million euro).

The main investments involved the completion of a warehouse facility for finished goods at Avintes (2 million euro) and the preparatory work regarding one of the furnaces at Marinha Grande (4.5 million euro). It shall also be mentioned the start of the construction work on an electricity sub-station, which will permit high-tension power supply to the Venda Nova plant.

In Poland, the first part of the year was marked by the intervention on the furnaces at the Sieraków plant, which represented in 2012 a capital investment of 1 million euro. The mentioned investment had as its primary objective to embrace the flexibility requirements in the packaging systems. In the second half of the year, work commenced on the construction of a new warehouse at Jedlice, which will double the plant's storage capacity. A start was also made to the launching of the project aimed at the complete reconfiguration of the Jedlice plant. This first phase will entail the substitution of one of the furnaces, with production commencing in 2013, this being the first step to equip the plant with more advanced technology, rendering it more competitive and better prepared to respond to market demands.

INNOVATION & DEVELOPMENT

Design, innovation and creativity are one of the key factors that permit the creation of products which stand out from the others which abound in the marketplace.

The investment made in Poland has permitted broadening the product base and the range of customers, which had previously been of little relevance, with innovation being one of the essential tools for responding to customers' needs.

Since 2012 was the year of integration, it was executed the standardization and optimization of the work tools used in the development of products and moulds throughout the group. In this domain, the utilisation of BAtools permitted to speed up the development of moulds, which reflected in a rate of 27% improvement in market response times. Further work has been conducted regarding tools for the design of digital prototypes and development of realistic product images to the group's new factory units, as result of benchmarking initiatives amongst the various teams.

From the group's perspective, innovation aims that the products and solutions launched onto the market to be practical and useful. In fact, innovation is never analyzed solely from the product's design perspective, but also takes into consideration the whole value chain, from the packaging production line through to the place where the final consumer makes the purchase.

RESULTS

The group's results reflect a starkly different reality when compared with 2011, bearing in mind that operations outside the Iberian Peninsula are consolidated for the first time.

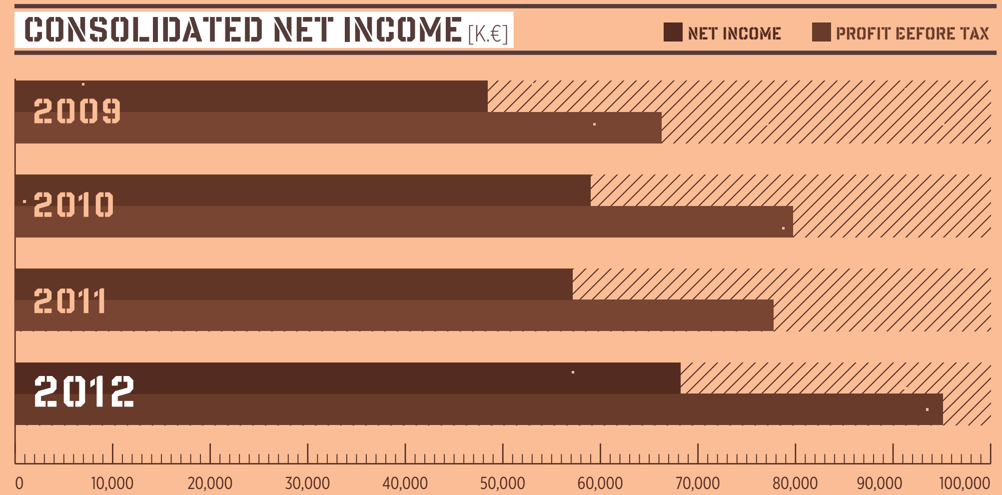
The negative impact on the earnings presented is due to the conjugation of two factors: the lower margins earned by the companies recently integrated into the group and to the high increase in the prices of the principal production factors, namely energy and raw material.

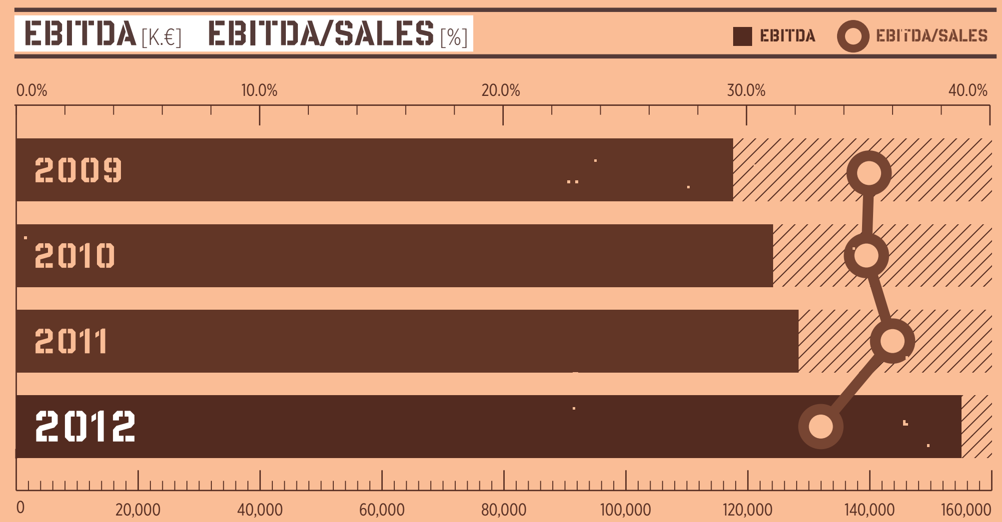
It was necessary to make an additional effort to overcome the difficulties in the current economic scenario, which is not beneficial to business interests.

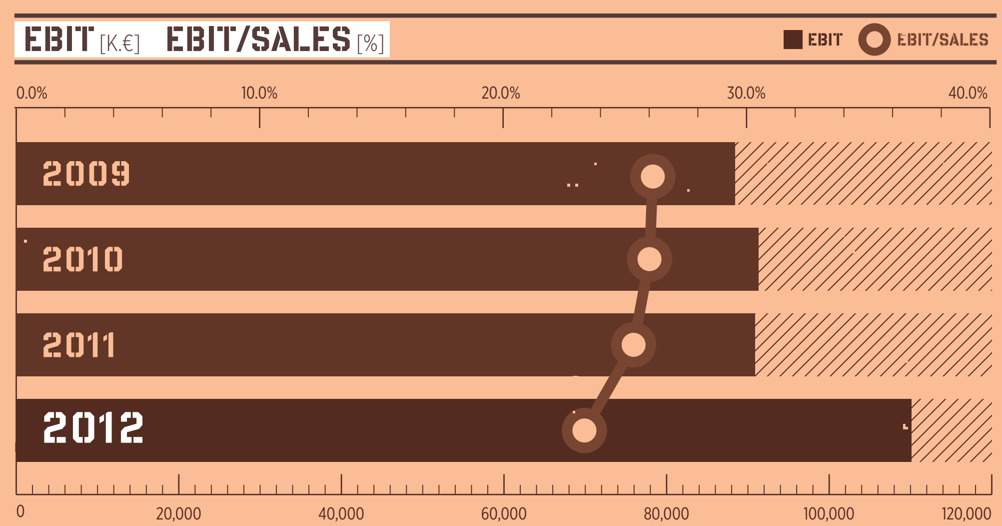
As regards sales, the Polish market and those outside the Iberian Peninsula contributed the most to increase.

Hence,

- Although operating cash flow (EBITDA) remained at interesting levels, totalling 155.0 million euro, up 26.7 million euro on 2011, the EBITDA margin fell to 33.6% of sales, which means a 2.7 p.p. decrease;
- Operating profit (EBIT) was 110.1 million euro, equivalent to 23.8% of sales, 19.3 million euro higher than in 2011;
- Net tangible fixed asset turnover was 1.68, higher than the 2011 figure, which reflects the decline in the volume of investments made during the year, as well as the positive impact of prior years investments on the group's operations;
- Labour productivity reduced by 7%, due mainly to the incorporation of companies with lower productivity levels;
- Consolidated net financial cost was 15.1 million euro, against 13.1 million euro in 2011, due chiefly to the higher interest rates and a positive exchange rate contribution from Poland;
- Income before taxation was 95.1 million euro (2011: 77.8 million euro) and net income earned was 68.2 million euro (2011: 57.1 million euro).







GROUP'S PERFORMANCE - OPERATIONAL AND FINANCIAL HIGHLIGHTS

In 2012, consolidated assets increased to 680.7 million euro (2011: 651.8 million euro). In this figure, non-current assets represented 72.3%.

Working capital was situated at 16.1% of sales, less than the preceding year's figure thanks to the positive performance of the group's several companies.

In the end of the year, total liabilities were 521.7 million euro, which represents 11.7 million euro more when compared with the previous year, while the group's net interest-bearing debt amounted to 332.5 million euro (2011: 397.7 million euro), presenting a highly balanced structure. It should be noted that the group's liabilities already take into account the current liability for the exercise of the existing sale option on the part of the holders of the 20% minority shareholding in Brisa Investments.

The net debt / EBITDA ratio now presents a figure of 2.15 (2011: 3.10) and the group's debt to equity stood at 23.4% (2011: 12.8%) of assets.

OUTLOOK

The world economy's growth will decelerate, which will not help to overcome the crisis in Europe, in a recessive climate with few expectations for growth in 2013, consequently reducing the probability of emerging from the crisis in the near future. The economic difficulties observed in Europe and in the United States will have repercussions for developing countries, given that these countries' demand for exports will diminish. We are witnessing the increasing weight of the emerging countries on the world economy which, in turn, has seen their relative share of global gross domestic product rising vis-à-vis the European and the North American economies.

The main risks will be the high unemployment rates, the financial sector's weakness and the fiscal austerity which has significantly reduced consumption, the climate of consumers' and investors' confidence.

In Portugal and Spain domestic demand is forecasted to decrease, while higher exports will contribute to reducing the impact. Households' disposable incomes will suffer appreciable decreases as a result of the higher taxes and the successive increase in the unemployment rate in both countries.

In this context, an increase in the demand for glass packaging in the Iberian market is not expected.

In Poland, a more positive scenario is predicted and despite the recent economic slowdown, everything points to this growth to continue. Poland continues to be one of the few EU27 countries to present a positive performance in 2012, having benefited from the investment in the infrastructure associated with the staging of the European football championship.

The challenge for BA group will be to create conditions for conquering a market which is still not entirely familiar to the group, but which is undergoing growth and which allows starting 2013 with an optimistic note. Accordingly, the focus shall be on innovating in products and processes in order to improve customer service. BA believes that only with the effort and dedication of all employees will it be possible to overcome this crisis period.

The increase of transparency in all processes will continue to be a priority with a view to optimize the relationship with all the stakeholders:

- In what concerns customers, to attain even higher levels of quality and reliability, thereby helping them to be successful in the challenging consumer market. We want to continue overcoming the perception of being merely a predominantly industrial supplier to one in which customers view BA group as the provider of an unique service;

- As regards the shareholders, to achieve the highest standards of profitability based on the principles of ethics and transparent and clear corporate governance rules, fostering the environment and the conditions conducive to sustainable business growth;

- As for our employees, to consolidate the application of management methodologies and systems in such a way that the group is perceived by its employees as a better place to work with better development opportunities. The quality of the employment which the group generates from the standpoint of both stability and the sharing of the wealth created, are key factors in this recognition;

- As concerns suppliers, to promote partnership initiatives aimed at fostering mutual trust and optimizing efficiency gains throughout the supply chain;

- As regards the environment, to formulate the group's environmental policy, providing public information about the environmental performance of its units and to maintain with local entities, bodies and associations an interactive relationship that benefits the community as a whole.

ACKNOWLEDGEMENTS

The Board of Directors wishes to thank in first place the employees of all the group's organic units whose hard work, enthusiasm and dedication were the most important contribution to the results achieved, not only from the customer satisfaction's point of view but also with respect to the return on capital employed.

We also extend our gratitude to the central, regional and local Authorities of Portugal, Spain, Poland and the Netherlands, who monitored and supported our activities and projects. We appreciate the cooperation of the banks and other financial institutions with whom the group worked during the year.

Our appreciation is also due to the Auditors of all the affiliated companies for their permanent collaboration and spirit of critical dialogue in monitoring and examining the companies' financial statements and processes.

Finally, our sincere gratitude is due to our customers for their preference, trust and quality-related demands, which serve as the on-going stimulus in our quest for perfection.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(AMOUNTS EXPRESSED IN EURO)

ASSETS	NOTES	DEC 2012	DEC 2011
NON-CURRENT ASSETS			
Goodwill	6	192,380,473	81,223,866
Intangible assets	7	1,110,595	256,737
Property, plant and equipment	8	275,411,456	267,712,128
Financial investments	9	5,686,102	15,336,362
Investment properties	10	4,803,726	1,533,982
Other non-current assets	11	5,014,827	10,079,698
Deferred tax assets	12	7,655,460	9,384,367
		492,062,638	**385,527,138**
CURRENT ASSETS			
Inventories	13	58,520,409	51,389,993
Trade receivables	14	83,042,930	76,236,861
Other current debtors	15	24,524,908	133,520,762
Other current assets	16	1,416,816	1,750,500
Cash and short term deposits	17	21,133,943	3,411,680
		188,639,006	**266,309,796**
TOTAL ASSETS		**680,701,644**	**651,836,934**
EQUITY AND LIABILITIES			
Issued capital	18	36,000	36,000
Share premium	18	49,300,842	60,223,570
Reserves and retained earnings	18	42,255,207	14,568,282
Net profit for the year		67,429,064	57,152,602
Equity attributable to owners of the parent		**159,021,113**	**131,980,454**
Non-controlling interests	9		9,869,897
Total equity		**159,021,113**	**141,850,351**
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	19	206,232,624	312,549,674
Provisions	20	3,835,218	3,492,841
Other non current liabilities	19	34,307,197	14,061,230
Deferred tax liabilities	12	21,070,058	21,015,167
		265,445,097	**351,118,911**
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	19	147,437,905	74,537,112
Trade payables	21	67,129,648	50,731,367
Other payables	22	13,806,210	2,240,709
Other current liabilities	23	27,861,671	31,358,483
		256,235,434	**158,867,672**
TOTAL EQUITY AND LIABILITIES		**680,701,644**	**651,836,934**

CONSOLIDATED INCOME STATEMENT

(AMOUNTS EXPRESSED IN EURO)

	NOTES	DEC 2012	DEC 2011
REVENUE FROM CONTINUING OPERATIONS			
Operating revenue			
Sales and services rendered	24	461,956,120	353,548,914
Changes in stocks of finished goods		2,389,476	2,348,341
Other operating income	25	7,292,727	10,403,479
		471,638,323	**366,300,734**
Operating expenses			
Cost of sales		158,566,949	106,812,403
Supplies and external services		96,201,376	82,223,633
Personnel costs		58,306,464	46,958,309
Amortizations and depreciation	7/8	43,038,520	36,094,464
Provisions		1,825,375	1,353,149
Other operating expenses	26	3,557,054	1,979,503
		361,495,738	**275,421,461**
Operating cash flow (EBITDA)		**155,006,480**	**128,326,886**
Operating income		**110,142,585**	**90,879,273**
Financial result	27	**(15,053,059)**	**(13,127,510)**
Profit before tax		**95,089,526**	**77,751,763**
Income tax	28	26,889,734	20,599,162
Profit for the year		**68,199,793**	**57,152,602**
Net income		**68,199,793**	**57,152,602**
Consolidated net profit for the period		**68,199,793**	**57,152,602**
Attributable to the shareholders		67,429,064	57,162,022
Attributable to non-controlling interests		770,729	(9,419)
Earnings per share			
Basic		**1,873.03**	**1,587.57**
Diluted		**1,873.03**	**1,587.57**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(AMOUNTS EXPRESSED IN EURO)

	NOTES	DEC 2012	DEC 2011
PROFIT FOR THE YEAR		**68,199,793**	**57,152,602**
Other comprehensive income			
Exchange differences on translation of foreign operations		6,383,185	97,388
Income tax effect		-	-
Net gain (loss) on hedges cash flow	27	(309,573)	-
Income tax effect		102,747	-
		6,176,359	**97,388**
Comprehensive income for the year, net of tax		**74,376,152**	**57,249,990**
Attributable to the shareholders		72,328,786	57,259,409
Attributable to non-controlling interest		(2,047,366)	(9,419)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(AMOUNTS EXPRESSED IN EURO)

	ATTRIBUTABLE TO THE EQUITY OWNERS OF THE PARENT								
	ISSUED CAPITAL	SHARE PREMIUM	LEGAL RESERVES	OTHER CAPITAL RESERVES AND RETAINED EARNINGS	NET RESULT	FOREIGN CURRENCY TRANSLATION RESERVE	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
AS AT JANUARY 1, 2011	**36,000**	**60,223,570**	**11,911,668**	**(56,362,214)**	**58,994,579**	**-**	**74,803,603**	**-**	**74,803,603**
Profit for the year	-	-	-	-	57,152,602	-	57,152,602	-	57,152,602
Other comprehensive income	-	-	-	-	-	97,388	97,388	-	97,388
Total comprehensive income	**-**	**-**	**-**	**-**	**57,152,602**	**97,388**	**57,249,990**	**-**	**57,249,990**
Capital increase in a subsidiary	-	-	-	-	-	-	-	9,869,897	9,869,897
Appropriation of prior year net profit	-	-	183,887	58,810,692	(58,994,579)	-	-	-	-
Other changes in equity	-	-	-	(73,139)	-	-	(73,139)	-	(73,139)
AS AT DECEMBER 31, 2011	**36,000**	**60,223,570**	**12,095,555**	**2,375,339**	**57,152,602**	**97,388**	**131,980,454**	**9,869,897**	**141,850,351**
AS AT JANUARY 1, 2012	**36,000**	**60,223,570**	**12,095,555**	**2,375,339**	**57,152,602**	**97,388**	**131,980,454**	**9,869,897**	**141,850,351**
Profit for the year	-	-		-	67,429,064	-	67,429,064	770,729	68,199,793
Other comprehensive income	-	-		(206,826)	-	5,106,548	4,899,722	1,276,637	6,176,359
Total comprehensive income	**-**	**-**	**-**	**(206,826)**	**67,429,064**	**5,106,548**	**72,328,786**	**2,047,366**	**74,376,152**
Put option granted to non-controlling interests	-	-	-	(3,573,281)	-	1,276,637	(2,296,644)	(11,917,263)	(14,213,907)
Dividends	-	-	-	(32,000,000)	-	-	(32,000,000)	-	(32,000,000)
Supplementary capital	-	(10,922,728)	-	-	-	-	(10,922,728)	-	(10,922,728)
Appropriation of prior year net profit	-	-	453,708	56,698,894	(57,152,602)	-	-	-	-
Other changes in equity	-	-		(68,755)	-	-	(68,755)	-	(68,755)
AS AT DECEMBER 31, 2012	**36,000**	**49,300,842**	**12,549,263**	**23,225,371**	**67,429,064**	**6,480,573**	**159,021,113**	**-**	**159,021,113**

CONSOLIDATED STATEMENT OF CASH FLOWS

(AMOUNTS EXPRESSED IN EURO)

	DEC 2012	DEC 2011(*)
CASH FLOW STATEMENT - OPERATIONAL ACTIVITIES		
Receipts from customers	476,106,532	359,243,873
Payments to suppliers	(264,353,701)	(181,966,441)
Payments to personnel	(55,138,943)	(48,130,604)
Cash generated from operations	**156,613,889**	**129,146,828**
(Payment) / reimbursement of corporate income tax	(20,220,165)	(15,464,040)
Other proceeds / (payments) relating to the operating activity	(63,331)	(5,082,686)
Cash flow from transactions (1)	**136,330,393**	**108,600,102**
CASH FLOW STATEMENT - INVESTMENT ACTIVITIES		
Receipts from:		
Financial investments	1,585,634	261,781
Fixed assets	657,448	-
Investment subsidies	1,278,680	-
Other assets	-	-
	3,521,762	**261,781**
Payments related to:		
Financial investments	(1,814,296)	**(106,977,630)**
Fixed assets	(22,396,260)	**(19,882,604)**
Other assets	-	-
	(24,210,556)	**(126,860,234)**
Cash flow from investment activities (2)	**(20,688,795)**	**(126,598,453)**
CASH FLOW STATEMENT - FINANCING ACTIVITIES		
Receipts from:		
Loans	30,408,324	132,629,861
Interests received	5,533,419	-
Other financing activities	2,121	64,316
	35,943,863	**132,694,177**
Payments related to:		
Loans	(67,199,984)	(109,048,974)
Interests and similar expense	(23,740,487)	(10,786,673)
Dividends	(32,000,000)	-
Capital decrease and other capital instruments	(10,922,728)	-
Other financing activities	-	(225,893)
	(133,863,199)	**(120,061,540)**
Cash flow from financing activities (3)	**(97,919,335)**	**12,632,637**
Net cash flow variation for the year (4)=(1)+(2)+(3)	**17,722,263**	**(5,365,714)**
Cash and its equivalents at the beginning of the period	**3,411,680**	**8,777,394**
Cash and its equivalents at the end of the period	**21,133,943**	**3,411,680**
Notes to the consolidated cash-flow statement:		
Cash	15,956	30,214
Short term bank deposits	21,117,987	3,381,466
Cash and its equivalents	**21,133,943**	**3,411,680**
Negotiable bonds	-	-
Availabilities	**21,133,943**	**3,411,680**

(*) Certain amounts shown here do not correspond to the 2011 annual accounts approved in the previous year, since some reclassifications have been made in order to enhance the comparability between 2012 and 2011.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The consolidated financial statements of the group for the year ended December 31, 2012 were authorized for issue in accordance with a resolution of the directors on February 25, 2013.

The group is a limited liability company incorporated and domiciled in the Netherlands. The registered office is located at Olympic Plaza, Fred. Roeskestraat 123, 1076 EE Amsterdam.

Its main corporate purpose is to provide 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.

BA group is the one of the most profitable players on the glass packaging business and has relevant positions in Portugal, Spain and Poland.

The group operates in the glass industry, more specifically in the manufacturing of glass containers, owning three manufacturing plants in Portugal, two in Spain and two in Poland through the associated companies BA Vidro, S.A. (operating in Portugal), BA Vidrio, S.A. (operating in Spain) and Brisa Investments (operating in Poland).

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 afore-mentioned countries do not differ to the extent that their treatment as separate reportable geographical segments is warranted.

2. ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION

The consolidated financial statements of the group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), as adopted by the European Union and in accordance with title 9 of Book 2 of the Dutch Civil Code.

These consolidated financial statements were prepared on the basis of the group's continued operation as a going concern and are based on the accounting books and records of the consolidated companies (refer to note 5). The carrying values of recognized assets are carried on a historical cost basis, except for land and derivative financial instruments that have been measured at fair value. The consolidated financial statements are presented in euros.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the group and its subsidiaries as at December 31, 2012.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss;
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

The consolidated financial statements are presented in euros. The functional currency of foreign subsidiaries is generally their local currency. The assets and liabilities of these companies are translated into euros at the year-end exchange rate and income statement items are translated at the average exchange rate for the year. The resulting currency translation adjustments are recorded in equity.

Foreign currency goodwill arising on the acquisition of these investments is remeasured at the official exchange rate at the balance sheet date directly against equity.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss. In accordance with IAS 36, goodwill is not amortized but is tested for impairment at least once a year and more often if there is an indication that it may be impaired. For the purpose of impairment testing, goodwill is allocated to cash-generating units (CGUs). A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually (as at December 31) and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Put option granted to non-controlling interest

When the facts and circumstances indicate that the group has no present ownership on the shares subject to the put option, the group elects to follow the approach of partial recognition of non-controlling interests, under which the non-controlling interest continues to receive an allocation of profit and loss and at year-end the group recognizes a financial liability (fair value of the put option) as if the acquisition took place at that date. Changes in the amount reclassified from non-controlling interests are recognized in "Equity".

In the event that the option expires unexercised, the financial liability is unwound such that non-controlling interest is recognized at the amount it would have been as if the put option was not granted.

b) Investment in an associate

The group's investment in its associate is accounted for using the equity method. An associate is an entity in which the group has significant influence.

Under the equity method, the investment in the associate is carried on the statement of financial position at cost plus post acquisition changes in the group's share of net assets of the associate.

Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The income statement reflects the group's share of the results of operations of the associate. When there has been a change recognized directly in the equity of the associate, the group recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the group and the associate are eliminated to the extent of the interest in the associate.

The share of profit of associates is shown on the face of the income statement. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associates.

The financial statements of the associate are prepared for the same reporting period as the group. When necessary, adjustments are made to bring the accounting policies in line with those of the group.

After application of the equity method, the group determines whether it is necessary to recognize an additional impairment loss on its investment in its associate. The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the "share of profit of an associate" in the income statement.

Upon loss of significant influence over the associate, the group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

c) Intangible assets

Intangible assets acquired separately are measured on initial recognition date, at cost. Intangible assets generated internally, excluding capitalized development costs, are not capitalized and the cost is reflected in the income of the year in which the cost is incurred.

After the initial recognition, the assets are carried at cost net of accumulated amortization and impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

The assets with finite useful lives are amortized during the expected economic useful life and evaluated in terms of impairment whenever there is an indication that the asset may be impaired. For an asset with a finite useful life, the amortization methods, estimated useful life and residual value, are reviewed at the end of each year and the effects of the changes are treated as changes to estimates, i.e. the effect of the changes is treated in a prospective way.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually as at December 31 either individually or at the cash generating unit level.

The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.

(c.1) CO_2 Emission rights

CO_2 emission licenses were granted to the group's plants that fall under the European greenhouse gas emissions trading scheme. 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 CO_2 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".

The second stage of the program was concluded in 2012 and the group is still waiting for confirmation of the granted emission rights for the stage of the program to be implemented for the period 2013-2020.

(c.2) Research and development costs

Research costs are expensed as incurred. In accordance with IAS 38, development expenditures on an individual project are recognized as an intangible asset when the group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete and its ability to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset;
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

d) Property, plant and equipment

Plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced in intervals, the group recognizes such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the income statement as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Land is measured at fair value less accumulated impairment losses recognized after the date of the revaluation. Valuations are performed frequently to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any revaluation surplus is credited to the assets revaluation reserve included in the equity section of the statement of financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the income statement, in which case the increase is recognized in the income statement. A revaluation deficit is recognized in the income statement, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Buildings and other constructions	20 - 50
Property, plant and equipment	3 - 20
Transport equipment	4 - 12
Tools	3 - 15
Administrative equipment	3 - 15
Packaging	3 - 7
Other tangible assets	3 - 15

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate. It is assumed that the residual value is nil; hence the amount to be depreciated, over which the depreciation is calculated, coincides with the cost.

Assets acquired through finance lease are depreciated using the same rates as those for the other tangible assets, i.e. taking into account the corresponding useful life.

e) Impairment of non-financial assets

The group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of seven years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the seventh year.

Impairment losses of continuing operations are recognized in the income statement in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognized in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

The following criteria are also applied in assessing impairment of specific assets:

(e.1) Goodwill

Goodwill is tested for impairment annually (as at December 31) and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash--generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

(e.2) Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually as at December 31 either individually or at the cash generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

f) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Group as a lessee

Finance leases that transfer to the group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the income statement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an operating expense in the income statement on a straight-line basis over the lease term.

Group as a lessor

Leases in which the group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

Contingent rents are recognized as revenue in the period in which they are earned.

g) Financial investments at cost

The group uses the cost method to value the financial investments in other companies. According to the cost method, the financial investments are recognized initially at cost, which includes transaction costs, being subsequently decreased by impairment losses, whenever applicable.

h) Investment properties

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

Investment properties are measured initially at cost, including transaction costs.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the income statement in the period of derecognition.

i) Financial instruments - initial recognition and subsequent measurement

(i.1) Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. They are recorded on the following balance sheet items: "Other non-current financial assets" (note 11), "Other debtors" (note 15), "Cash and cash equivalents" (note 17) and "Equity" (note 18).

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

› Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.

Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with net changes in fair value recognized in finance costs in the income statement.

Financial assets designated upon initial recognition at fair value through profit and loss are designated at their initial recognition date and only if the criteria under IAS 39 are satisfied. The group has not designated any financial assets at fair value through profit or loss.

The group evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in the income statement. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

As at December 31, 2012 and 2011 the group has no financial assets classified under this category.

› Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method (EIR) less impairment. The EIR amortization is included in finance income in the income statement. The losses arising from impairment are recognized in the income statement in finance costs.

› Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to maturity when the group has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost less impairment.

As at December 31, 2012 and 2011 the group has no financial assets classified under this category.

› Available-for-sale financial investments

As at December 31, 2012 and 2011 the group has no financial assets classified under this category.

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Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired;
- The group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the group has transferred substantially all the risks and rewards of the asset, or (b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and what extent it has retained the risks and rewards of the ownership. When it has neither transferred nor retained substancially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognized to the extent of the group's continuing involvement in the asset. In that case, the group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to repay.

Impairment of financial assets

The group assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost

For financial assets carried at amortized cost the group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the income statement.

(i.2) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, and other financial liabilities measured at amortized cost. They are recorded on the following balance sheet items: "Current financial liabilities" and "Non-current financial liabilities" (note 19) and "Trade payables" (note 21).

The group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

› Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the income statement.

As at December 31, 2012 and December 31, 2011, the group has no financial liabilities classified under this category. Please refer to the measurement of the Put option in note 2.3), a).

› Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method (EIR). Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the income statement.

› Trade payables

Trade payables are initially recognized at the respective fair value and, afterwards are measured at amortized cost.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

(i.3) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(i.4) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 19.

j) Derivative financial instruments and hedge accounting

The group uses derivative financial instruments, such as interest rate swaps to hedge its interest rate risk. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the income statement.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment;

- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment;

- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the group formally designates and documents the hedge relationship to which the group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the income statement as other operating expenses.

k) Foreign currencies

The group's consolidated financial statements are presented in euros, which is also the parent company's functional currency. Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(k.1) Transactions and balances

Transactions in foreign currencies are initially recorded by the group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of the hedge of the group's net investment of a foreign operation. These are recognized in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss are also recognized in other comprehensive income or profit or loss, respectively).

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

The following currency exchange and conversion rates are used to translate receivables and payables expressed in foreign currency as at the reporting date:

CURRENCY		EXCHANGE RATE AS AT DECEMBER 31, 2012
American Dollar	USD	1.319
British Pound	GBP	0.816
Polish Zloty	PLN	4.088

(k.2) Group companies

On consolidation the assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the income statement.

l) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the cash flow statement, cash and cash equivalents comprise cash and short-term deposits as defined above, net of outstanding bank overdrafts.

m) Inventories

Inventories are valued at the lower of cost and net realizable value.

The measurement of inventories and the corresponding valuation methods are the following:

	MEASUREMENT	VALUATION METHOD
Goods for resale	Purchase cost (*)	Average cost
Raw and subsidiary materials	Purchase cost (*)	Average cost
Finished and semi-finished goods	Production cost (*)	Average cost
Work in progress	Production cost	Average cost

(*) Or net realizable value, the lowest of the two

The cost of the inventories includes:

- Purchasing costs (purchase price, import duties, non-recoverable taxes, freight, handling and other costs directly attributable to the purchase, less any commercial discounts, rebates and other similar items);

- Production costs (cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs).

The net realizable value is the selling price during the normal course of business less estimated completion costs and the costs required to make the sale. The estimates take into account any variations related with events occurring after the year-end insofar as the said events confirm existing conditions at the end of the year.

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n) Equity items

(n.1) Share capital
All of BA Glass B.V.'s subscribed share capital has been totally paid.

(n.2) Legal reserves
The balance comprises the amounts that, in accordance to the law are not available for distribution and may only be used to increase share capital or to cover losses.

(n.3) Other capital reserves
This item includes:

- **Free reserves:**
Relates to reserves available for distribution to shareholders.

- **Revaluation reserves:**
Annually, a transfer is made from "Other reserves" to "Retained earnings", based on the amounts that have become realized through the use (difference between the depreciation based on the revalued amount and the depreciation based on the original cost of the asset) or the disposal of the asset.

- **Gains not available for distribution:**
Relates to fair value gains that are not available for distribution to shareholders until they are realized.

(n.4) Retained earnings
This item relates exclusively to retained earnings available for distribution to shareholders.

(n.5) Earnings per share
Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

o) Taxes
Taxes are calculated according with each countries tax rate. Income taxes include current taxes on taxable income as well as deferred taxes.

(o.1) Current income tax
Current income tax is calculated based on book profit or loss adjusted in accordance with the tax legislation in place for each country and is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(o.2) Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

(o.3) Sales tax
Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable;

- When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

p) Provisions
Provisions are recognized when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statement net of any reimbursement.

(p.1) CO_2 emission rights
The group receives free emission rights in certain European countries as a result of the European Emission Trading Schemes. The rights are received on an annual basis

and, in return, the group is required to remit rights equal to its actual emissions. The group has adopted the net liability approach to the emission rights granted. Therefore, a provision is recognized only when actual emissions exceed the emission rights granted and still held. The emission costs are recognized as other operating costs. Where emission rights are purchased from other parties, they are recorded at cost, and treated as a reimbursement right, whereby they are matched to the emission liabilities and remeasured to fair value. The changes in fair value are recognized in the income statement.

(p.2) Restructuring provisions

Restructuring provisions are recognized only when the recognition criteria for provisions are fulfilled. The group has a constructive obligation when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline. Furthermore, the employees affected have been notified of the plans main features. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

q) Employee Benefits

(q.1) Provisions for pensions - defined benefit plan

The group has committed to grant some of the former employees of BA Vidro regular payments in lieu of retirement pension and supplementary pension benefits, which benefits conform to a defined benefit plan.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Actuarial gains and losses for the defined benefit plan are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognized in retained earnings and are not reclassified to profit or loss in subsequent periods.

Unvested past service costs are recognized as an expense on a straight line basis over the average period until the benefits become vested. Past service costs are recognized immediately if the benefits have already vested immediately following the introduction of, or changes to, a pension plan.

The defined benefit asset or liability comprises the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less unrecognized past service costs.

Under the current Polish legislation in force the Polish companies have a commitment to grant employees one month salary on the date of retirement which is fully recognized in the financial statements.

(q.2) Special Funds

In accordance to the Polish law, if a company employees more than 20 employees (with full time contracts) is obliged to create a Social Fund. This fund must be used for social activities for its employees.

(q.3) Jubilee award

This liability regards to the payment of long-service awards in Poland, given to employees based on certain seniority requirements. The group calculates its liability for the payment of these awards using the same method and assumptions as for its pension liability.

(q.4) Other employee benefits

According to the Portuguese labor legislation in force, employees are entitled to holiday pay and subsidy in the year following the one when the service is provided. Consequently, an accrual for this amount was recognized in the profit and loss account with a counterpart in “Other current liabilities” (note 23).

In the case of the group decided to distribute profits to employees they are recognized in personnel expenses in the year to which it relates to and not as a reduction in equity.

r) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The group has concluded that it is acting as a principal in all of its revenue arrangements. The specific recognition criteria described below must also be met before revenue is recognized.

(r.1) Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods were transferred to the buyer, usually on the delivery of the goods.

Revenue from the sale of goods shall be recognized when all the following conditions have been satisfied:

- The company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

(r.2) Interest income

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate method (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

(r.3) Dividends

Revenue is recognized when the group’s right to receive the payment is established, which is generally when shareholders approve the dividend.

(r.4) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue due to its operating nature.

s) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

t) 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: (i) 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.

u) Accruals

Income and expenses are reported in conformance with the timing of income and expenses 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.

v) Subsequent events

The group recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing financial statements.

The group does not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but that arose after the balance sheet date.

3. ESTIMATES AND ASSUMPTIONS

The preparation of the group’s consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared.

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the group. Such changes are reflected in the assumptions when they occur:

a) Goodwill's impairment analysis

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next seven years and do not include restructuring activities that the group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit (CGU) being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in note 6. The group tests goodwill for impairment on an annual basis.

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 (refer to note 14). 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.

With respect to years open to tax inspections, Management believes that any adjustment to the tax returns that could result from reviews carried out by the tax authorities will not have any significant impact in the financial statements that would deem the recognition of any provision for taxes.

c) Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

d) Post-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 post-retirement benefits are described in note 29, 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

a) New and amended standards adopted by the group

There are no IFRS or IFRIC interpretations that are effective for the first time for annual periods beginning on or after January 1, 2012.

(b) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after January 1, 2012, and have not been applied in preparing these consolidated financial statements. The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the group's financial statements are disclosed below. The group intends to adopt these standards, if applicable, when they become effective.

None of these is expected to have a significant effect on the consolidated financial statements of the group, except the following set out below:

- **Amendments to IAS 1:** The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings) would be presented separately from items that will never be reclassified (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets). The amendment affects presentation only and has no impact on the group's financial position or performance. The amendment becomes effective for annual periods beginning on or after July 1, 2012, and will therefore be applied in the group's first annual report after becoming effective.

- **IAS 19 Employee Benefits (Revised):** The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The amendment becomes effective for annual periods beginning on or after January 1, 2013.

- **IFRS 13, "Fair value measurement",** aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS.

- **IFRS 9, "Financial instruments",** addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition.
  The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after January 1, 2015.

- **IFRS 10, “Consolidated financial statements”,** builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The group is yet to assess IFRS 10's full impact and intends to adopt IFRS 10 no later than the accounting period beginning on or after January 1, 2013.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the group.

As of today, except in what concerns the amendments to IAS 1 and the revised IAS 19, the standards have not been endorsed by the European Union.

5. SUBSIDIARIES

The table below contains information on the subsidiaries, together with the location of their head offices and the group's respective percentage holdings, as at December 31, 2012 and December 31, 2011:

SUBSIDIARY	HEAD OFFICE	% Own 2012	% Own 2011
BA Glass B.V.	Amsterdam	Parent	Parent
BA Glass I - Serviços de Gestão e Investimentos, S.A.	Avintes	100%	100%
BA Vidrio Distribución Comerc. Envases, S.A.	Mérida	100%	100%
BA Vidrio, SAU	León	100%	100%
BA Vidro II Marinha Grande, SGPS, S.A.	Avintes	100%	100%
BA Vidro, S.A.	Avintes	100%	100%
Barbosa & Almeida - SGPS, S.A.	Avintes	100%	100%
Brisa Investments Sp. z o.o.	Poznań	80%	80%
Holvenespa, SL	Ourense	100%	100%
Minas de Valdecastillo, SAU	León	100%	100%
Moldin, S.A.	Avintes	100%	100%
Sotancro - Embalagem de Vidro, S.A. (**)	Avintes	-	100%
Sur wil Sp. z o.o.	Poznań	80%	-
Warta Glass Jedlice S.A.	Jedlice	80%	-
Warta Glass Sieraków S.A.	Sieraków	80%	-
Artividro - Arte em Vidro, Lda (*)	Leiria	-	-
Vidriera del Atlántico, S.A. (*)	Xinzo de Limia	-	-

(*) Artividro and Vidriera del Atlántico were excluded from consolidation since the first one has no activity and the second one was a subsidiary of Sotancro Group that has become insolvent in 2009.

(**) In 2012 Sotancro merged with BA Vidro, S.A.

Acquisition of Warta Glass

On January 2012, the group acquired through Brisa Investment Sp. z o.o., 80% of the voting shares of Arvensis, an unlisted company based in Poland, which owns three operating companies – Warta Glass Sieraków S.A., Warta Glass Jedlice S.A. and Sur Wil Sp. z o.o., forming Warta Glass group. Warta Glass group is a well-established colourless glass packaging provider on the Polish and Baltic States markets. The group products include bottles for alcohol and non-alcohol beverages and food jars.

The group acquired Warta Glass because it significantly enlarges the range of products in the spirits and bottles for non-alcoholic beverages and food jars segment that can be offered to its clients and provides access to new markets.

The group has elected to measure the non-controlling interests in the acquiree at fair value which is the same amount of the put option on the remaining participation (20%) that has been granted to Warta Glass group former owners. Such put option is accounted for as described in note 2.3), a).

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Warta Glass as at the date of acquisition were:

	FAIR VALUE RECOGNIZED ON ACQUISITION (K. €)
ASSETS	
Property, plant and equipment	27,913
Trade receivables	15,155
Inventories	5,544
Deferred tax asset	881
Other assets	3,498
	52,991
LIABILITIES	
Trade payables	7,444
Deferred tax liabilities	983
Other liabilities	5,491
Net debt	4,029
	17,947
Total identifiable net assets at fair value	**35,044**
Goodwill	101,936
Purchase consideration	**136,980**
Non-controlling interests at acquisition-date fair value	(20,103)
Purchase consideration transferred	**116,878**

The fair value of the Property, Plant and Equipment is lower by 1,7 million euros to the carrying amount in Warta Glass books, which led to a recognition of a deferred tax asset of 320 thousand euros.

The deferred tax liability mainly comprises the tax effect of the accelerated depreciation for tax purposes of tangible and intangible assets.

The goodwill of 101,936 thousand euros comprises the value of expected synergies arising from the acquisition. Goodwill is allocated entirely to the Polish plants. The customer list is not separable. Therefore, it does not meet the criteria for recognition as an intangible asset under IAS 38. None of the goodwill recognized is expected to be deductible for income tax purposes. As of December 31, 2012 the determination of goodwill is completed.

The fair value of the non-controlling interests in Brisa has been estimated in accordance with the terms of the shareholders agreement. As at December 31, 2012 the group recognizes a financial liability amounting to 34.3 million euros which corresponds to the actual value of the put option granted to the non-controlling interests.

Transaction costs of 521.7 thousand euros have been expensed and are included in administrative expenses.

No contingent consideration has been agreed as part of the purchase agreement with the previous owner.

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6. GOODWILL

	NET AMOUNT AS AT DEC 31 2012	NET AMOUNT AS AT DEC 31 2011
Iberia	81,223,866	81,223,866
Poland	111,156,607	-
	192,380,473	**81,223,866**

Changes in goodwill are shown as follows:

	GOODWILL
As at January 1, 2012	**81,223,866**
Additions	101,935,945
Foreign exchange differences	9,220,662
Disposals	-
As at December 31, 2012	**192,380,473**
Net book value at December 31, 2012	**192,380,473**
Net book value at December 31, 2011	81,223,866

Impairment testing of goodwill

Goodwill has been allocated to the distinguishable CGU's (Iberia plants and Polish plants) for impairment testing purposes.

The group performed its annual impairment test as at December 31, 2012.

The recoverable amount of the CGU's has been determined based on a fair value less costs of sell calculation using cash flows projections from budgets approved by senior management covering a seven year period.

Assumptions with respect to gross margins, discount rates, raw materials price inflation, market share during the forecast period and growth rates used to extrapolate cash flows beyond the forecast period are deemed to be conservative.

The discount rate applied to cash flow projections is 10% and cash flows beyond the seven-year period are extrapolated using a 1% growth rate.

The tests performed at year-end 2012 show that recoverable amount is higher than the carrying amount by an amount that does not preclude any risk of impairment even in case some adverse events occur.

7. INTANGIBLE ASSETS

Intangible assets comprise the following:

	2012	2011
CO_2 Emission rights	788,648	256,737
Trademarks	321,947	-
	1,110,595	**256,737**

8. PROPERTY, PLANT AND EQUIPMENT

	LAND	BUILDINGS AND OTHER CONSTRUCTIONS	EQUIPMENT	TRANSPORT EQUIPMENT	ADMINISTRATIVE EQUIPMENT	OTHER FIXED ASSETS	FIXED ASSETS UNDER CONSTRUCTION	TOTAL AMOUNT FIXED ASSETS
GROSS ASSETS								
Balance as at January 1, 2012	**47,520,378**	**135,650,574**	**501,465,856**	**2,211,112**	**9,276,107**	**17,324,492**	**1,449,991**	**714,898,510**
Acquisition of Brisa	299,113	19,041,594	69,880,600	563,525	-	1,136,313	3,026,884	93,948,029
Foreign exchange differences	27,056	1,722,416	6,321,082	50,974	-	102,786	273,798	8,498,112
Additions	218,116	4,735,959	10,960,314	32,650	109,295	404,518	9,116,602	25,577,455
Disposals	(1,054,410)	(2,742,724)	(5,531,241)	(249,310)	(639,242)	(4,245,395)	(75,893)	(14,538,214)
Transfers	-	1,368,098	(79)	4,274	-	-	(4,589,917)	(3,217,624)
Balance as at December 31, 2012	**47,010,253**	**159,775,916**	**583,096,532**	**2,613,225**	**8,746,160**	**14,722,714**	**9,201,467**	**825,166,267**
DEPRECIATION AND IMPAIRMENT								
Balance as at January 1, 2012	**-**	**69,963,411**	**356,932,690**	**1,964,188**	**8,759,777**	**9,566,316**	**-**	**447,186,382**
Acquisition of Brisa	260,295	7,556,977	57,128,324	359,338	-	730,466	-	66,035,400
Foreign exchange differences	23,545	683,570	5,167,569	32,504	-	66,075	-	5,973,262
Depreciation charge of the year	-	4,983,318	36,969,810	272,498	151,043	369,907	-	42,746,575
Disposals	-	(1,577,873)	(5,480,272)	(232,096)	(639,406)	(4,257,161)	-	(12,186,808)
Balance as at December 31, 2012	**283,840**	**81,609,403**	**450,718,120**	**2,396,432**	**8,271,414**	**6,475,602**	**-**	**549,754,811**
Net book value as at December 31, 2012	**46,726,413**	**78,166,513**	**132,378,412**	**216,794**	**474,747**	**8,247,113**	**9,201,466**	**275,411,456**
Net book value as at December 31, 2011	**47,520,378**	**65,687,163**	**144,533,166**	**246,924**	**516,330**	**7,758,176**	**1,449,991**	**267,712,128**

"Fixed assets under construction" comprises the reconstruction of one furnace located in Marinha Grande and Jedlice (two of the plant's locations of BA group) which is expected to finish in 2013.

9. FINANCIAL INVESTMENTS

	INVESTMENTS IN SUBSIDIARIES	OTHER FINANCIAL ASSETS	PREPAYMENTS OF FINANCIAL INVESMENTS	TOTAL
COST				
As at January 1, 2012	**15,995,146**	**5,468,808**	**9,869,897**	**31,333,851**
Additions	-	228,352	-	228,352
Disposals	-	-	-	-
Transfers	-	-	(9,869,897)	(9,869,897)
As at December 31, 2012	**15,995,146**	**5,697,160**	**-**	**21,692,306**
AMORTIZATION AND IMPAIRMENT				
As at January 1, 2012	**15,995,146**	**2,343**	**-**	**15,997,489**
Additions	-	8,715	-	8,715
As at December 31, 2012	**15,995,146**	**11,058**	**-**	**16,006,204**
Net book value at December 31, 2012	**-**	**5,686,102**	**-**	**5,686,102**
Net book value at December 31, 2011	**-**	**5,466,465**	**9,869,897**	**15,336,362**

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

The amount under prepayment of financial investments relates to a prepayment from Shannon, S.á.r.l. (company that holds 20% of the equity of Brisa) corresponding to its subscription of new shares in the capital increase of Brisa Investments that was completed in the beginning of January 2012.

10. INVESTMENT PROPERTIES

	INVESTMENT PROPERTIES
GROSS ASSETS	
Balance as at January 1, 2012	**1,842,343**
Increases	3,327,115
Reductions	-
Balance as at December 31, 2012	5,169,458
DEPRECIATION	
Balance as at January 1, 2012	**308,361**
Increases	57,371
Balance as at December 31, 2012	365,732
Net Value as at December 31, 2012	**4,803,726**
Net Value as at December 31, 2011	**1,533,982**

Investment properties consist of properties valued at cost which are held for renting. The increase shown during 2012 relates with the acquisition of land and buildings by the Spanish company - BA Vidrio.

11. OTHER NON-CURRENT ASSETS

The balance of this item comprises subsidies awarded by the Portuguese Investment Agency, which are shown at amortized cost.

12. DEFERRED TAXES

	2012	2011
DEFERRED TAX ASSETS		
Provisions for pensions	1,195,530	1,040,048
Allowance for bad debts	471,908	1,160,994
Fixed assets fair value adjustment	320,095	-
Correction of depreciation criteria	279,819	-
Provisions for impairment losses of financial holdings	2,453,686	3,855,634
Goodwill *(Fundo de Comércio)* - BA Vidrio	1,695,781	1,787,804
Tax losses	893,803	1,487,166
Other	344,837	52,721
	7,655,460	**9,384,367**
DEFERRED TAX LIABILITIES		
Uniform depreciation criteria (adjustment of useful lives)	4,458,196	3,832,177
Correction of depreciation criteria	241,416	-
Fair value adjustment on Land	4,623,102	4,905,376
Revaluation reserves of tangible assets	3,210,904	2,438,558
Libertad de amortización (depreciation deduction fiscal benefit)	8,357,236	9,839,056
Other	179,206	-
	21,070,058	**21,015,167**

The balance shown on Provisions for impairment losses on deferred tax assets refers to Vidriera del Atlántico.

The balances of deferred tax liabilities arising on *Libertad de Amortización* were generated by BA Vidrio, in Spain. The tax balances in question originated as a result of a tax allowance applicable under Spanish legislation which allows deductibility of depreciation in advance for tax purposes on all investments made during the applicable years. In order to benefit from those allowances, the company was required to comply with specific objectives through the years mentioned previously, which objectives were fully met.

13. INVENTORIES

	2012	2011
Raw materials (at cost)	8,872,936	7,711,687
Finished goods and work in progress (at cost)	49,689,752	43,165,584
Goods for resale (at cost)	235,390	739,421
	58,798,078	51,616,692
Impairment losses	(277,669)	(226,699)
	58,520,409	**51,389,993**

The increase shown in this caption is related with the acquisition of Warta's group.

14. TRADE RECEIVABLES

	2012	2011
Trade receivables	82,533,070	73,638,685
Notes receivables	1,232,684	3,125,174
Overdue receivables	5,998,233	3,894,881
	89,763,988	80,658,740
Impairment losses / allowance for bad debts	(6,721,057)	(4,421,879)
	83,042,930	**76,236,861**

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

As at December 31, the amounts to be received that are overdue and, therefore constitutes a risk for the group, are completely adjusted.

See note 34 on credit risk of trade receivables, which discusses how the group manages and measures credit quality of trade receivables that are neither past due nor impaired.

15. OTHER CURRENT DEBTORS

	2012	2011
State and other entities	14,866,621	9,177,389
Shareholders	-	734,712
Other debtors	9,658,287	123,608,661
	24,524,908	**133,520,762**

"State and other entities" mainly comprises an amount to be received from the tax authorities referring to subsidies in Spain.

The balance shown under the caption "Other debtors" relates with (i) the short-term reimbursable subsidies awarded by Governmental Agencies, which are shown at nominal amount; and (ii) short-term balances to be received in accordance with two promissory agreements made in accordance with two disposals of buildings realized in 2012.

16. OTHER CURRENT ASSETS

	2012	2011
Accrued income - Interests to be received	335,684	1,237,912
Deferred costs - Insurances	404,496	-
Others	676,637	512,588
	1,416,816	**1,750,500**

In "Others" it is included 350 thousand euros related to an indemnity to be received from the insurance company.

17. CASH AND SHORT-TERM DEPOSITS

Cash and short-term bank deposits comprise the following:

	2012	2011
Cash at hand	15,956	30,214
Bank balance	21,117,987	3,381,466
Total	**21,133,943**	**3,411,680**

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the group, and earn interest at the respective short-term deposit rates.

18. EQUITY

As at December 31, 2012, the group's share capital, totaling 36,000 was fully subscribed and realized.

The following table details the group's shareholding structure, as at December 31, 2012 and December 31, 2011:

	2012		2011	
	No. of Shares	**%**	**No. of Shares**	**%**
Fim do Dia, SGPS, S.A.	17,064	47.4%	17,064	47.4%
Bar- Bar- Idade I SGPS, S.A.	9,468	26.3%	9,468	26.3%
Atanágoras, SGPS, S.A.	9,468	26.3%	9,468	26.3%
	36,000		36,000	

Reserves and retained earnings

A detail can be broken down as follows:

	2012	2011
Share premium	49,300,842	60,223,570
Legal reserves	12,549,263	12,095,555
Other capital reserves and retained earnings	23,225,372	2,375,339
Foreign currency translation reserve	6,480,573	97,388
	91,556,049	**74,791,852**

19. INTEREST-BEARING LOANS AND BORROWINGS

	2012	2011
INTEREST BEARING LOANS AND BORROWINGS		
Non current	205,827,565	326,610,904
Current	147,437,905	74,537,112
	353,265,470	**401,148,016**
CASH AND BANKS		
Cash	15,956	30,214
Bank deposits	21,117,987	3,381,466
	21,133,943	**3,411,680**
	332,131,527	**397,736,336**
Fair value of cash flow hedges	405,059	-
	332,536,586	**397,736,336**

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 euros.

The book value of these interest-bearing loans and borrowings (which are reported at their nominal value) constitutes a fair aproximation of its amortized cost and fair value.

	SHORT TERM	LONG TERM	TOTAL DEBT 2012	TOTAL DEBT 2011
Bank loans	99,360,959	68,572,969	167,933,928	192,579,216
Commercial paper programme	23,383,396	124,000,000	147,383,396	193,300,000
Bank overdrafts	23,056,655	-	23,056,655	-
Finance leasing	1,636,896	13,254,596	14,891,492	15,268,800
Bank deposits	(21,133,943)	-	(21,133,943)	(3,411,680)
	126,303,963	205,827,565	332,131,527	397,736,336
Fair value of interest rate derivatives	-	405,059	405,059	-
	126,303,963	**206,232,624**	**332,536,586**	**397,736,336**

19.1 MATURITIES OF LONG-TERM LOANS AND BORROWINGS

The detail of the long term liabilities recognized in the financial statements is presented in the table below:

YEAR	2012	2011
2012	-	50,787,112
2013	46,303,962	117,161,627
2014	95,056,728	65,702,043
2015 and following years	64,466,875	92,960,122
	205,827,565	**326,610,904**

19.2 OTHER NON-CURRENT LIABILITIES

The amount shown under this caption relates with the fair value of put option, as previously mentioned on note 5.

20. PROVISIONS

	PENSIONS (NOTE 29)	ENVIRONMENTAL LIABILITIES	OTHERS	TOTAL
Balance as at January 1, 2012	**3,241,588**	**251,253**	**-**	**3,492,841**
Utilization in the year	(279,031)	-	-	(279,031)
Increase in the year	590,833	-	30,576	621,409
Balance as at December 31, 2012	**3,553,389**	**251,253**	**30,576**	**3,835,218**

Liabilities for retirement pensions are fully covered by a specific provision (refer to note 29).

Minas de Valdecastillo, SAU is liable for restoration of land allocated to its mining operations which are estimated to an amount of 251,253 euros (refer to note 32.2).

21. TRADE PAYABLES

	2012	2011
Trade payables - Suppliers	62,004,232	50,372,690
Fixed assets suppliers	5,125,416	358,677
	67,129,648	**50,731,367**

The book value of these liabilities (which are reported at their nominal value) constitutes a fair approximation of its amortized cost and fair value.

22. OTHER PAYABLES

	2012	2011
State and other entities	11,900,742	566,305
Other creditors	1,905,468	1,674,404
	13,806,210	**2,240,709**

The balance reported under State and other entities refers to Value Added Tax, corporate income tax, personnel income taxes withheld and social security contributions.

23. OTHER CURRENT LIABILITIES

	2012	2011
ACCRUED COSTS		
Payroll expenses	4,894,441	4,164,467
Financial expenses	1,135,419	1,807,677
Other external supplies and services	252,530	310,091
Bonus granted (rappel)	920,345	1,646,409
Insurances	789	23,284
Others	279,222	484,455
DEFERRED REVENUE		
Investment subsidies	20,356,550	22,922,099
Others	22,376	-
	27,861,671	**31,358,483**

The balance of investment subsidies includes investment projects implemented by the group. The balance recognized as deferred income is released to income in equal amounts over the expected useful life of the related assets (please refer to note 25). There are no unfulfilled conditions or contingencies attached to these grants.

24. REVENUES

	DOMESTIC MARKET (*)	OTHER EU COUNTRIES	OTHER COUNTRIES	TOTAL 2012	TOTAL 2011
Glass packaging	359,923,904	89,089,109	12,877,900	461,890,913	353,537,710
Others	65,208	-	-	65,208	11,204
	359,989,112	**89,089,109**	**12,877,900**	**461,956,120**	**353,548,914**
Total 2011	**279,696,400**	**63,487,678**	**10,364,836**	**353,548,914**	

(*) Domestic market is related to Portugal, Spain and Poland.

25. OTHER OPERATING INCOME

	2012	2011
Investment subsidies	4,447,783	4,641,162
Gain on disposal of assets	956,665	317,903
Indemnities related with insurance claims	85,297	3,071,379
Rentals	126,035	72,253
Other operating income	1,676,947	2,300,782
	7,292,727	**10,403,479**

26. OTHER OPERATING EXPENSES

	2012	2011
Taxes	1,419,637	981,161
Impairment loss of CO_2 emission licenses	-	302,293
Donations	50,847	81,682
Loss on disposal of fixed assets	6,067	-
Other operating costs	2,080,503	614,367
	3,557,054	**1,979,503**

27. FINANCIAL RESULTS

	2012	2011
Interest-bearing loans and borrowings	(19,381,175)	(14,388,037)
Interests earned from deposits	2,372,998	2,387,695
Discounts granted	(917,736)	(838,099)
Discounts obtained	109,925	38,907
Foreign exchange differences	6,057,678	119,257
Other financial costs	(3,455,926)	(461,169)
Other financial income	161,177	13,935
	(15,053,059)	**(13,127,510)**

28. INCOME TAX

The group is subject to taxation under a Special Taxation Basis for Groups of Companies in Portugal and Spain.

The reconciliation between the effective average tax rate and the applicable tax rate is presented in the table below:

	2012	2011
PROFIT / (LOSS) BEFORE TAX	**95,089,526**	**77,751,763**
Current tax for the period	(25,105,937)	(16,278,479)
DEFERRED TAX FOR THE PERIOD		
Goodwill BA Vidrio *(fundo de comércio)*	(92,023)	(354,051)
Tax losses	(593,363)	(3,216,563)
Allowance for bad debts	(689,086)	-
Impairment losses	(1,401,948)	(466,034)
Pensions	155,482	16,168
Uniform depreciation criteria	(587,616)	(1,147,984)
Revaluation reserves	(772,346)	139,039
Libertad de amortización (depreciation deduction fiscal benefit)	1,481,820	687,997
Fair value adjustments	602,369	-
Other deferred taxes	112,913	20,747
	(1,783,798)	**(4,320,682)**
Income tax	(26,889,734)	(20,599,162)
Consolidated net profit for the period	**68,199,793**	**57,152,602**

29. POST-RETIREMENT BENEFITS

The company BA Vidro offers to actual pensioners' retirement pension plans which liabilities are annually calculated based on actuarial studies.

As at December 31, 2012 used the "projected unit credit" methodology and were conducted under the following actuarial assumptions and technical bases:

	2012	2011
Mortality Rate	TV 88/90	TV 88/90
Disability Rate	1,980	1,980
Retirement Age	65 years	65 years
Rate of annual increase to salary	0.0%	0.0%
Discount Rate	3.5%	4.6%
Rate of annual growth of pensions	0.0%	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 afore-mentioned actuarial studies.

Liabilities for pension and post-retirement benefit under Polish law comprise one month payment in the moment employees retire and are applicable to all current employees that are working in the polish companies. The main assumptions for calculation of the actual responsibility were computed according the table mentioned below. There is no other responsibility in addition to this after employee's retirement.

30. NUMBER OF PERSONNEL

The number of employees at December 31, 2012 is 2,062 (1,467 for December 31, 2011).

31. RELATED PARTIES

Intercompany 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.

32. 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.

32.1 CO_2 EMISSION RIGHTS

Under the provisions of the PNALE II Programme ruling for 2008 to 2012, the group was allocated a permit of 2,039,962 tons of CO_2 emissions, having used a total of 381,196 tons of CO_2 emissions, as at December 31, 2012.

32.2 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).

32.3 LIABILITY FOR ENVIRONMENTAL DAMAGES

The group's subsidiaries which operate in Portugal booked an equity reserves for purposes of meeting their responsibilities arising under the provisions of Decree-Law no. 147/2008.

33. COMMITMENTS AND CONTINGENCIES

33.1 BANK GUARANTEES

As at December 31, 2012, the group provided bank guarantees to third parties totaling 2,699,457 euros, which balance includes a bank guarantee provided to the European Investment Bank ("EIB") as security for finance in the amount of 2,500,000 euros.

33.2 CONTINGENCIES

BA group has several open tax matters/tax inspections with Portuguese and Spanish Tax Authorities, as a result of additional tax settlements. No provision was booked in the financial statements due to the fact that the Management Board believes that the likelihood of the group incurring costs to settle those liabilities is remote. The group has filed an objection to those tax adjustments in the courts.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the group's operations and to provide guarantees to support its operations.

The group has loan and other receivables, trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

The group is exposed to financial risk, interest rate risk, exchange rate risk and credit risk.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

Financial risk

The financial risk is the risk of the fair value or future cash flows of a financial instrument varying and of obtaining results other than those expected, whether these are positive or negative, changing the group's net worth.

When carrying out its current activities the group is exposed to a variety of financial risks liable to change its net worth which, depending on their nature, can be grouped into the following categories:

- Market risk
  - › Interest rate risk
  - › Exchange rate risk
  - › Other price risks
- Credit risk
- Liquidity risk

The management of the above mentioned risks – risks which arise largely from the unpredictability of the financial markets – requires the careful application of a series of rules and methodologies approved by Management, whose ultimate objective is the reducing of their potential negative impact on the group's net worth and performance.

With this objective in mind, all risk management is geared towards two essential concerns:

- To reduce, whenever possible, fluctuations in the results and cash-flows subject to situations of risk;
- To limit any deviations from the forecasted results by way of strict financial planning based on multiannual budgets.

As a rule, the group does not assume speculative positions meaning that, generally speaking, the operations carried out in the context of financial risk management are aimed at controlling already existing risks to which the group is exposed.

Management defines principles for risk management as a whole and policies which cover specific areas such as foreign exchange risk, interest rate risk, liquidity risk, credit risk and the use of derivative or non-derivative financial instruments and the investment of excess liquidity.

The management of financial risks, including their identification and evaluation, is carried out by the finance department in accordance with policies approved by Management.

Interest rate risk

Interest rate risk is the risk of the fair value or future cash flows of a financial instrument varying due to changes to market interest rates, changing the group's net worth.

The group's exposure to the risk of changes in market interest rates relates to the existence of assets and liabilities negotiated with fixed or floating interest rates. In the first case, the group faces a risk of fluctuation in the "fair value" of the assets or liabilities, due to the fact that any change in the interest market rates involves an "opportunity cost" (positive or negative). In the second case, such change has a direct impact on the amount of interest received/paid, causing cash variances.

Exchange rate risk

The exchange rate risk is the risk of the fair value or cash flows of a financial instrument varying as a result of changes in foreign exchange rates.

The internationalization of the group forces it to be exposed to the exchange rate risk of the currencies of various countries.

Exposure to exchange rate risk essentially derives from the group's operating activities (in which expenses, income, assets and liabilities are denominated in currencies different from the reporting currency). However, transactions and balances in foreign currency are immaterial in the total amount of the group's transactions, hence we consider this risk to be reduced.

Credit risk

The credit risk is the risk of a third party failing to meet its obligations under the terms of a financial instrument, causing a loss.

The group is subject to risk in credit with regards to its operating activity, namely with customers, suppliers and other accounts receivable and payable.

The management of credit risk with regard to customers and other accounts receivable is carried out as follows:

- The compliance with policies, procedures and controls established by the group;
- The credit limits are established for all customers based on defined internal evaluation criteria;
- The credit quality of each customer is evaluated based on credit risk information received by specialized external companies;
- The outstanding debts are monitored on a regular basis and supplies to the most important customers are usually covered by guarantees.

Customer credit risk is managed by each business unit subject to the group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

Outstanding customer receivables are regularly monitored. The requirement for impairment is analysed at each reporting date on an individual basis for major clients.

Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actually incurred historical data.

The group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

35. STRUCTURE OF THE MEMBERS OF THE BOARD

The board is composed of 3 members:

- Rita Mestre Mira da Silva Domingues
- Pieter Albert Cornelis Hallebeek
- Rokin Corporate Services BV

The remuneration of the Board of Directors was 4,000 euros (2011: 6,750 euros).

36. FEES PAID TO THE STATUTORY AUDITORS

The fees paid to the Auditors by the group break down as follows:

	ERNST & YOUNG			
	2012		2011	
	Amount	%	Amount	%
AUDIT SERVICES				
Statutory and contractual audit services				
Portugal and Spain	70,545	55%	85,073	31%
Netherlands	22,500	18%	25,000	9%
Poland	34,500	27%	-	
	127,545		**110,073**	
NON-AUDIT SERVICES				
Poland	-	-	161,767	60%
	-	**-**	**161,767**	
Total	**127,545**	**100%**	**271,840**	**100%**

37. EVENTS AFTER THE BALANCE SHEET DATE

There are no known events after December 31, 2012 which may influence the presentation and the interpretation of the present financial statements reported at that date.

STATUTORY AUDITOR'S REPORT

ERNST & YOUNG

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Independent auditor's report

To: the shareholders of BA Glass B.V.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements 2012 which are part of the financial statements of BA Glass B.V., Amsterdam, and comprise the consolidated statement of financial position as at December 31, 2012, the consolidated income statement, changes in equity and cash flows for the year then ended and notes, comprising a summary of the significant accounting policies and other explanatory information.

Management's responsibility
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the consolidated Financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements
In our opinion, the consolidated financial statements give a true and fair view of the financial position of BA Glass B.V. as at December 31, 2012 its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

ERNST & YOUNG

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the management board report, to the extent we can assess, is consistent with the consolidated financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Amsterdam, March 4, 2013

Ernst & Young Accountants LLP

J.J. Vernooij