BA beyond

beyond packaging

BA 2017 ANNUAL REPORT

beyond
augmented reality

Augmented reality brings digital components into a person's perception of the real world through the integration of sensations that are perceived as natural parts of an environment, thus enhancing it and offering enriched experiences. Augmented reality has endless possibilities...

Where you see this symbol BA beyond, there is augmented reality.

Download on the App Store

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wrap dreams beyond packaging

Go Beyond is the path of our Vision. Go means act. Beyond means more. Words made of dreams, ambition, action and commitment, to elevate us above packaging, routines, standards, results, expectations, growth,...

We recognize our weaknesses and opportunities and we look for actions. Today we cannot just accept what we observe at first sight. To surprise we must interpret and connect, data and behaviors. There is always something more behind them!

Today our mission can be enhanced by technology, augmented reality, artificial intelligence, internet of things. But Digitalization is not an end. It is a tool. Very soon it will be in our routines, activities, projects, in our way of doing and deliver. We just need to use it well!

That will be the day when we will move faster and more surprisingly, going beyond, towards Our Dream!

We invite you to Go (and look) Beyond...

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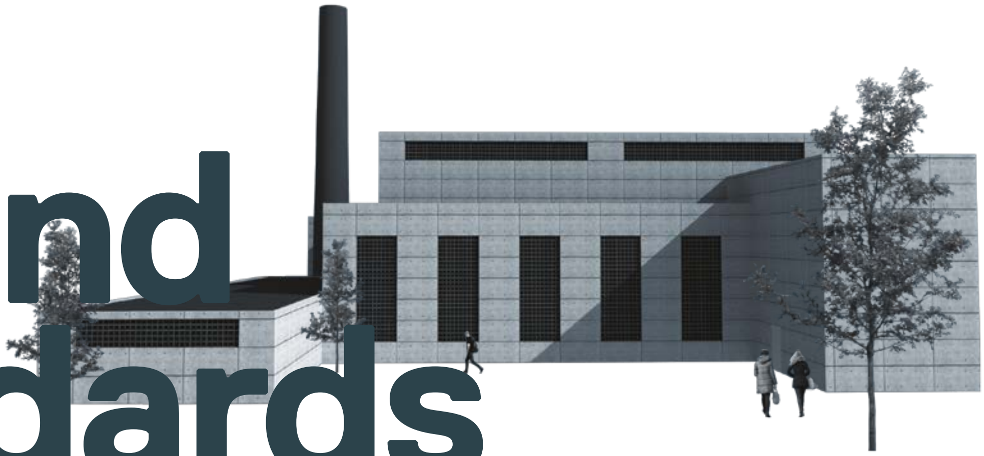


To all stakeholders,

2017 was a rewarding year for our company on many counts: first and foremost the successful integration of the new South Eastern Europe Division with four manufacturing plants in three different countries; also rewarding was the work done behind the scenes to successfully deploy to ever larger audiences the new vision "WRAP DREAMS BEYOND PACKAGING, by HeART" and the new organization to integrate the South Eastern division, spreading the learning attitude and rolling out business and back-office procedures that have proved effective in the past. Also rewarding, if somewhat painful, has been the learning of the business in North America through our minority stake in Anchor Glass.

message from the chairman

Consolidated sales reached EUR 804 million, a 38% increase from last year due to the integration of the South Eastern Europe Division and a full year of the German subsidiary. In Iberia sales were hindered by lack of capacity, which should shortly be overcome with new investments.

On the operational front the experiences put in place to learn from each other across geographies, to deepen the collective knowledge in order to guarantee continuous operational improvement were a sign of ambition to excel and humbleness to learn from each other. And the results show: an EBITDA margin of 32.4%, an improvement of 183 b.p. when compared with last year's proforma of the same perimeter, as a consequence of the improvement of most operational KPIs in the two new divisions, which have already reached outstanding levels of operational efficiency, and in spite of poor performance of the German operation.

Our experience with Anchor Glass has been both rewarding and painful; rewarding because of the opportunity to learn about the North American market and share the best operational practices of both companies; painful because it was necessary to substitute most of the top management and half of the plant and corporate managers in a very short period of time; the good news is that Anchor Glass now has a new professional team, strongly motivated and empowered, to lead the transformation of the company culture and the continuous search for new levels of service and product excellence. The impact of Anchor Glass in BA Glass accounts was a financial impairment of EUR 21 million and EUR 8 million of exchange rate differences.

In spite of this hit, BA Glass improved its consolidated net income by 10%.

Last year I voiced the concern about the challenges that the European political system was facing and the lack of political ability to overcome youth unemployment and the redistribution of wealth from globalization. In 2017 we witnessed a strong economic recovery in most of Europe which has brought about new employment and long awaited growth; this is the good news. Unfortunately, however, we see more and more stealth protectionism being practiced by national governments; history shows that this path reduces overall wealth over time and is difficult and lengthy to recover from. Hopefully global knowledge and global access to new technologies will neutralize the growing deglobalization moves and avoid the destruction of wealth.

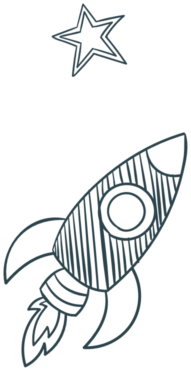
The coming years will bring about new challenges for our company. We need to get ready for industrial digitalization and robotics which have an enormous potential to increase working conditions and productivity; additionally the road to environmental sustainability which we have been following for many years in order to promote the circular economy of glass packaging will have to embrace new initiatives for improving energy efficiency. At BA Glass we are determined to invest in these two areas for the years to come.

I want to thank our customers in all geographies for their continued support. To all of you I can promise that we will continue investing in manufacturing equipment and in process and product innovation, now with an additional angle of industrial digitalization and robotics. I believe that our continuous endeavor to “WRAP DREAMS BEYOND PACKAGING, by HeART” will contribute towards taking our service and product innovation to new and greater heights.

Finally I want to thank all our 3,796 employees for their dedication and contribution; especially the teams in all geographies that have worked on the integration projects of the new South Eastern Europe Division; notwithstanding the enormous success already achieved, full adoption of best practices and the preparation of a new blueprint for the medium term will be important challenges in 2018. Also for all the employees of Anchor Glass goes our commitment to continue sharing knowledge and best practices, to help reshape the company and improve service and product quality.

Following the successful integration of the South Eastern Division and with a strong balance sheet, we are now ready to resume our steady growth strategy.

Amsterdam, March 20th, 2018



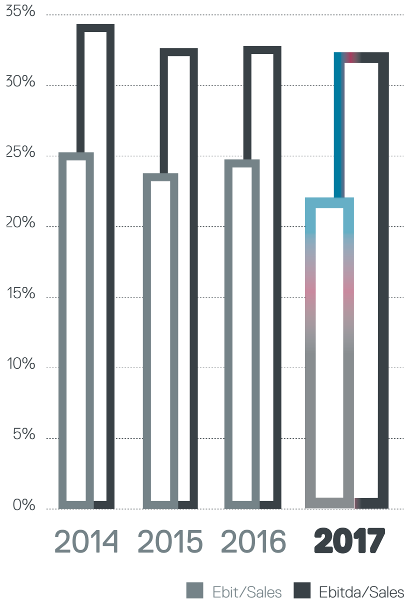
beyond growth

consolidated key figures

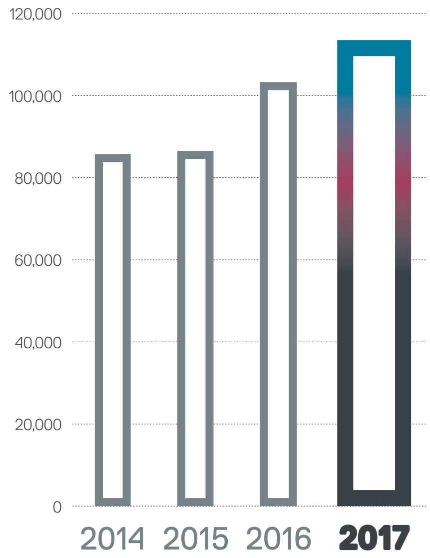
BA 2017 ANNUAL REPORT

K. €	2017	2016
Turnover	803,868	581,494
Operating profit (EBIT)	177,028	143,996
Financial results	(34,036)	(11,332)
Net income	113,527	103,295
Cash flow	**196,616**	**150,042**
Operating cash flow (EBITDA)	**260,117**	**190,743**
Net assets	1,435,929	1,090,855
Equity	411,592	360,083
Net debt	688,671	290,409
Net tangible fixed asset turnover	1.62	1.89
Net debt / EBITDA	2.65	1.52
Interest cover ratio	12.0	18.7
EBITDA / Sales	**32.4%**	**32.8%**
EBIT / Sales	**22.0%**	**24.8%**
Number of employees	3,796	2,408
Sales / Employee	211.8	241.5

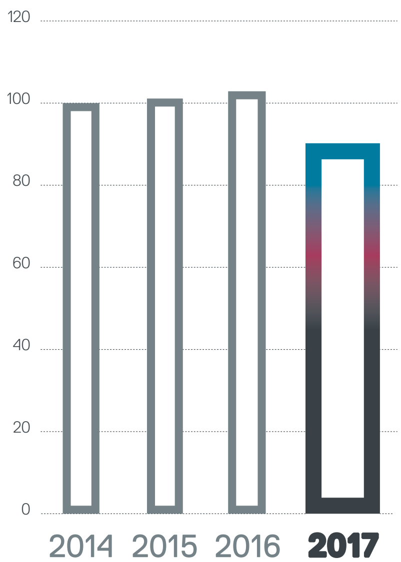
Ebit/sales + Ebitda/sales [%]



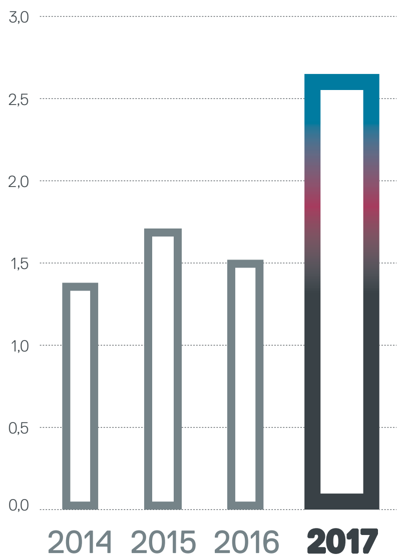
Consolidated net income [k.€]



Sales *per capita* [basis 100 = 2014]



Net debt/ebitda



BA Glass Group

- NL **BA GLASS B.V.**
  - **100%** PT — **BA GLASS I** Serviços de Gestão e Investimentos S.A.
    - **90.11%** PT — **BA GLASS PORTUGAL** S.A. (own shares 9.89%)
      - **100%** PT — **MOLDIN** S.A.
      - **100%** PT — **BARBOSA & ALMEIDA** SGPS, S.A.
        - **100%** ES — **BA GLASS SPAIN** S.A.U.
          - **100%** ES — **BA VIDRIO** Distribución y Comercialización de Envases de Vidrio, S.A.U.
          - **100%** ES — **MINAS DE VALDECASTILLO** S.A.U.
    - **100%** NL — **GLASSTANK B.V.**
      - **100%** RO — **BA GLASS ROMANIA** S.A.
      - **100%** BU — **BA GLASS BULGARIA** S.A.
  - **80%** PL — **BA GLASS POLAND** Sp. Z O.O.
  - **100%** DE — **BA GLASS GERMANY** GmbH
  - **100%** GR — **BA GLASS GREECE** S.A.
  - **25%** USA — **ANCHOR GLASS** Corporation

Shareholder structure

BA Glass B.V. shareholders	Shares	% share capital and voting rights
FIM DO DIA, SGPS, S.A. Company indirectly majority-owned by the Moreira da Silva family and by the Silva Domingues family	17,064	47.40%
TEAK CAPITAL, S.A. Company owned by the Moreira da Silva family	9,468	26.30%
TANGOR CAPITAL, S.A. Company owned by the Silva Domingues family	9,468	26.30%
TOTAL	**36,000**	**100%**

BA Glass Group macro-structure

Board of Directors

EXECUTIVE BOARD

Market & Planning

Investments

Innovation & Development

People Development

Legal

Finance & Consolidation

Performance Management

Quality and H&S

Information Technologies

Strategic Procurement

IBERIAN DIVISION

CENTRAL EUROPE DIVISION

SOUTH EASTERN EUROPE DIVISION

PLANTS

IBERIAN DIVISION	CENTRAL EUROPE DIVISION	SOUTH EASTERN EUROPE DIVISION
Avintes	Jedlice	Athens
León	Sieraków	Bucharest
Marinha Grande	Gardelegen	Plovdiv
Venda Nova		Sofia
Villafranca de Los Barros		

corporate bodies

Members of the Group companies' Board of Directors and Supervisory Boards

Carlos Moreira da Silva (Chairman)	Jakub Hoch	Reinaldo Coelho
Sandra Maria Santos (CEO)	Javier Teniente	Rita Silva Domingues
Alberto Araújo Soares	Jorge Alexandre Ferreira	Tiago Moreira da Silva
Alfredo José Pereira	José Ignacio Comenge	Wojciech Kolpa
Álvaro Cuervo Garcia	Leslaw Kanski	Katrin Bahr
Filip Drofiak	Pedro Moreira da Silva	Wolfram Seidensticker
Francisco Silva Domingues	Pieter Cornelis Jan Avis	Nikolaos Barlagiannis

Executive Board

Sandra Maria Santos (Chairman)	Filip Drofiak (MD Central Europe)	Tiago Moreira da Silva
Abelardo López	Javier Teniente (MD Iberia)	Iva Rodrigues Dias
Alfredo José Pereira	Reinaldo Coelho	Nikolaos Barlagiannis (MD South Eastern Europe)

Departmental Directors

Adrian Suciu	Dimitrios Dentsas	Rafael Corzo
Alberto Araújo Soares	Dimitrios Papadopoulos	Rui Guimarães
Ana Cristina Gonçalves	Fernando Amílivia	Tomasz Karpiewski
António Magalhães	Katrin Bahr	Venancio Roales
António Sá Couto	Luís Cardoso	Vitor Matoso
Arkadios Tsantekidis	Nikolaos Christodoulou	Sofia Alves
Christodoulos Tsilopoulos	Pedro Belo	Wolfram Seidensticker
Dariusz Skiba	Pedro Correia	

annual management report

Introduction

To the Shareholders,

We hereby present the 2017 Annual Report and Consolidated Accounts.

Last year we started this report by saying "2016 was a special year for BA Group". This time we must say 2017 was a plentiful year!

We joined and integrated, we learned and improved, we challenged and built, we surprised and were surprised, we connected and developed!

Today BA is a larger company and, beyond that, BA is different. We preserve our Values and our Way, but we have a different organization and teams, different processes and tools. We believe we are better prepared to face the stormy and exciting environment where we play.

Last year we claimed we were prepared to "Play it", and so we did. We played in our 4 Vision pillars and we strived for Excellence with a lot of HeART. The growth challenges made 2017 one of the years where our Values were required the most.

The South Eastern Europe division was built up and integrated into the BA Group in a fast and exciting project. We owe it to all the people who brought their effort and energy to this huge mission. Thanks to all!

As expected, the world also changed a lot. The European economies started to recover, but the social and political uncertainty across countries remained. Today, this uncertainty represents one of the main risks and challenges in the moments of making decisions and investments.

Protectionism measures in some countries tend to increase business costs and to make the supply chains less reliable. In BA we continue to believe that the investment in innovation, development and service is mandatory to overcome any storm. We stay attentive to the risks, but also to the opportunities.

The glass packaging industry, as many other industries, went again through several restructurings and consolidations, with transactions taking place in different geographies. This time we were not able to conclude any, apart from Yioula packaging business acquisition in the beginning of the year, but growth will continue to be key in our strategy.

We are now serving a broader market with a stronger supply chain platform. This was one of the main challenges of 2017, as we reallocated some products among our facilities to better supply all the demand.

Our sales grew 38%, but on a comparable base were similar to 2016, limited by the available capacity. We were not capable of serving, as we would like, some of our customers. Additional investments will be made to overcome it. The logistic operations were very constrained by the availability of transports across Europe, particularly on the second half of the year, which led us to look for some partnerships, a project to be developed in 2018.

New products launched in the market represented 16% of our sales in 2017, an indicator we aim to increase. We grew in all segments and the main sales growth was again in the food market. A new sales organization was developed and will be improved and consolidated throughout 2018.

In the Consumer pillar, we ended the year behind our expectations. Nevertheless, some projects with customers already integrated the consumer perspective and its insights.

The Annual Meeting, held in September, was dedicated to the celebration of internal accomplishments, but was mainly focused on understanding the new Consumer pillar as a key element of our new Vision. Different consumer profiles were "created" and dedicated packaging solutions addressing their needs were proposed with the help of our internal design team. An external jury was invited and challenged to choose the best one among the 21 proposals. This was a key project concerning the full understanding of this new pillar across the organization.

This year, the Glassberries contest engaged universities from 4 different countries. The winners were chosen in a ceremony in Berlin. Design applied to consumer solutions was the motto for this year proposals.

The corporate processes improvement was a priority, but some were delayed due to the need of dedicating resources to the South Eastern division integration. Yet, this was accelerated during the 4^{th} quarter of 2017, and is today a key priority. All the order-to-cash and order-to-pay processes are under discussion and development. That required new skills and a rearrangement of our internal organization.

In our industrial operations the motto was Excellence. We dedicated time and resources to new benchmarking projects.

One of them was with Anchor Glass, where we have a stake of 25%. Another very important initiative, not only from the operations perspective but also concerning the integration and spread of knowledge, was the “Upside project”. In this project, some of our people, junior in their positions and from different areas, were split among three groups to put in place an extensive benchmarking exercise across our 12 plants. For all the participants, this was a huge opportunity to know their colleagues from other geographies and plants, share their experiences and get a very fast understanding of the BA business model. Inspired by its success, a new project is currently being designed.

To support the consolidation of our industrial knowledge and to boost the development of our managers and supervisors, a new, fully dedicated department was created. Several projects are already under its responsibility, like the definition of BA operational standards and the development of BA Academy contents. With this new focus we intend to reduce the time frame needed to develop our people, crucial in a growing and dynamic environment. Consumers and workers are looking for new ideas and experiences at an ever-faster pace!

The three Divisions collaborated very closely in all the new Group projects. Iberia was again the platform for some technical experiences and where new technology was subject to trials, always looking for new standards.

Despite the constraints caused by the rebuilding of two furnaces in Portugal, several operational records were beaten.

2018 will be a year of new challenges with the complete rebuilding of two furnaces and the construction of a new one.

In Central Europe the evolution was very positive in the Polish plants, not only in sales but also in operations and profitability. Some records were beaten, with the EBITDA margin already on 30% of sales, and the customers and products portfolio was expanded. The sales from the three plants grew 6.8%. The German plant was under restructuring given the strategic decision of changing its customers and product portfolio. The plant supplied several new customers, replacing part of the sales in German market, but mainly exporting to neighbor countries. This new environment triggered the need for a new plant organization.

2017 was the first year without relevant investments in Central Europe, after a 4-year period of intensive investments of around EUR 80 million. Central Europe plants are today very well prepared to supply any customer and segment in both domestic and export markets. In 2018, the Group main sales growth will come from this Division.

South Eastern Europe Division is the youngest in the Group, but where many things happened. The Division is already running under the same information system and main standards of BA. All departments were reorganized and some of them integrated with the rest of the Group. We kept the same strategy of a central coordination for corporate functions, without total centralization. The change of processes is usually the main challenge of any integration but, in this case, it has been faster than we could expect.

During the year, despite the low level of stocks, it was possible to increase the sales of the South Eastern Division by 1.6%.

In Sofia plant, a raw materials preheater was installed. We expect this will bring significant savings in energy consumption. After the investments done during 2017, all the four plants are able to fulfill the very demanding emissions requirements.

The performance of the operations has improved, regarding not only production but also quality. The logistics were heavily affected by the lack of trucks in the market. An optimization of products allocation, involving other plants of the Group, started and will be concluded in 2018.

The recurrent EBITDA margin of the Division was 30.5%, 6.2 p.p. higher than in 2016 (proforma accounts). The restructuring done in 2017 and the introduction of the Group policies and systems generated one-off costs of around EUR 6 million.

In the South Eastern Europe Division, the main challenges for 2018 will continue to be the leverage of the local business, the productivity of its plants and the restructuring of the internal processes. Handling an environment of costs increases will also represent a great challenge, namely in Romania and Bulgaria, where the growth of salaries and energy costs is expected to be very significant, as a consequence of several governmental measures, some of them unfavorable to investment initiatives, and of the dynamics of the local labor markets.

The BA Group ended the year with 3796 people, with a productivity ratio (sales per capita) of EUR 212 thousand, 15% lower than in 2016 due to the effect of the consolidation of the South Eastern Europe Division, with lower levels of productivity.

The focus on communicating and on spreading the BA Way was very high. The interaction among people from different geographies and plants/departments was essential. That required a lot of effort and travelling, but, in the end, it brought a very rewarding satisfaction, proving once again how relevant and constructive all these moments of interaction and team work can be.

At year end, the Group was able to reach important levels of activity and profitability. The production and sales grew 43.7% and 38.2%, respectively. The EBITDA and EBIT grew EUR 69.4 million and EUR 33.0 million, respectively, above 2016, a result that rewards the efforts throughout the year. The decrease on EBITDA and EBIT margins was the consequence of the consolidation of South Eastern Europe division in the Group accounts, with lower margins.

The EBITDA excluding non-recurrent costs was of EUR 267.6 million, 33.3% of sales. The EBIT excluding non-recurrent costs was of EUR 184.5 million, 23.0% of sales. The total non-recurrent costs in the Group amounted to EUR 7.5 million, mostly related with the new division integration and restructuring and the M&A activity.

The profitability of the Group was very positively affected by the higher levels of activity and the prices increase in some countries, but also very negatively impacted by the cost increase of energy in Iberia and South Eastern Europe, and by the increase of transport costs and salaries in Poland, Romania and Bulgaria.

The financial results were very negatively affected by the correction to the value of Anchor Glass investment, due to the goodwill impairment and to the devaluation of US dollar.

With those financial losses the net profit of the Group was of EUR 113.5 million, EUR 10.2 million higher than in 2016. The net profit, excluding the impairment of Anchor Glass investment, grew 30,2% corresponding to 16.7% of sales.

The operational and environmental investments were again of a relevant amount. Close to EUR 50 million were spent in our facilities to prepare them to better serve all the needs of our current and future customers and to produce with a better environmental footprint.

The total net debt of the Group at year end was EUR 688.7 million, EUR 96.3 million lower than at the beginning of 2017. The leverage ratio is already below 3 x EBITDA despite all the investments and acquisitions. The financial situation of the Group is strong and prepared for new acquisitions and investments.

The Group management systems are certified according to internationally recognized standards for Quality, Food Safety, Environment, Social Accountability, Health & Safety and Energy.

All plants are certified according to ISO 9001 and FSSC 22000, except for Gardelegen and Athens with ISO 22000, and Bucharest with BRC. By the end of 2018 all the plants that today do not have this certification, will migrate to the FSSC 22000 Food Safety Certification Scheme.

In what concerns Environment, all the plants with the exception of Gardelegen and Athens are certified according to ISO 14001 - *Environmental Management Systems,* and in Germany the plant is certified by ISO 50001 - *Energy Management Systems. Requirements with Guidance for use.*

Regarding social concerns and improving performance on labor conditions, Iberian plants are certified by SA 8000 - *Social Accountability.* All the other plants, with the exception of Gardelegen and Athens, are certified under *Occupational health and safety management* standards (OHSAS 18001 and PN-N-18001).

We believe that the adoption of international standards is an added value for the improvement of the Group procedures and practices and that its certification is a guarantee of consistency and best practices for customers and for the whole value chain.

As in previous years, this publication will integrate a sustainability report where the Group's vision, business pillars and performance are described.

The Group or its subsidiaries 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 BV Glass - *Bundesverband Glasindustrie e.V.*, of the PIO – *Polska Izba Opakowan´* and of the FEVE – *Fédération Européenne du Verre d'Embalage,* continuing to be an active participant in these associations, with particular emphasis on promoting glass as an important and interesting packaging solution and on monitoring national and community legislative initiatives.

Markets and Customers

In 2017, the acquisition of four plants in the South Eastern region of Europe was an exciting challenge. All integration efforts were tremendous and the implementation of BA market policy and organization principles was assured. Today, BA is a true European player that can serve our customers in an innovative and consistent way.

With the new geographies, BA was able to grow its sales in most of the segments, to consolidate its offer to multinational and medium size clients, guaranteeing service to more than 1,300 customers and maintaining a diversified and well-balanced product portfolio. With the new geographies that came into play, 118 customers represent 80% of BA portfolio.

The pace of economic growth in Europe exceeded expectations during 2017, following the trend observed in the last quarter of 2016. Propelled by resilient private consumption and supported by a global upswing, the access to banks credit and the growing dynamics in the labor market, the consumer and business sentiment was much more positive.

Nevertheless, the cyclical recovery that has now been underway for several quarters, still remains incomplete. The dependence on some labor governmental policies and on an environment of tax instability, are factors that continue to constrain this up trend dynamics. However, in the countries where BA has most of its operations, economic indicators are encouraging consumption growth.

In this environment BA's turnover reached EUR 803.9 million, representing an increase of 38% when compared to the previous year.

Today exports account for approximately 25% of the Group total sales. As BA operations expanded, Portugal, Spain, Poland, Germany, Greece, Bulgaria and Romania are now part of our domestic markets and the Group exports to 78 countries.

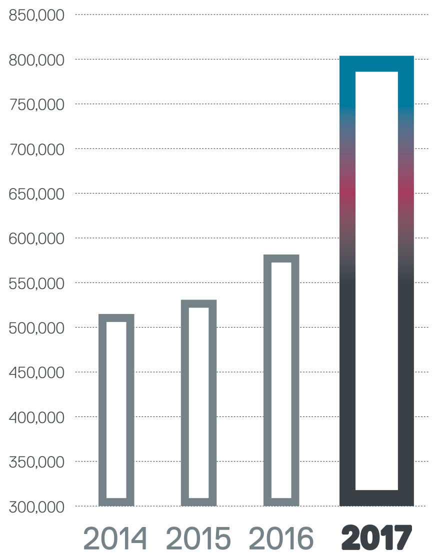
The main consumer segments continue to be the same with Food representing 30%, Beer 22%, Wine 19%, Spirits 15% and Soft Drinks 14%.

Soft Drinks and Food were the main growth drivers. The reconstruction of two of our furnaces led us to reallocate some capacity to our natural markets supporting the growth of our clients in those geographies.

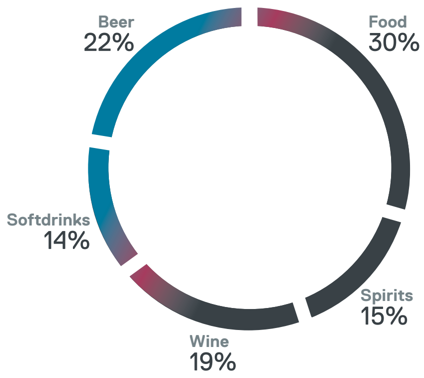
Once again, an independent company carried out a customer satisfaction survey where BA reached +9% in Net Promoting Score. This level shows that we have a lot of room to improve and to better manage new markets and demands. BA already started projects to improve this satisfaction index and continue to provide an excellent service to all its clients.

Another strong contribution to 2017 results has certainly been our obsession for value added innovation to our customers and consumers. In 2017, BA developed more than 320 new products and placed in the market 140, increasing its success rate of market implementation by 2.4 p.p.. In line with our vision, consumers have also been addressed in our innovation challenge model. BA counts today with an extended market research and design team that has ventured in some BA Design new products and 20 full product launch proposals to our clients. This will continue to be the course of action in the future to be able to continuously surprise our customers and consumers.

Turnover [k.€]



Segment Sales 2017



beyond expectations

Innovation & Development

2017 was an inspiring year for innovation. Multiple projects were developed focusing on value added products and solutions better answering consumers' needs and helping our customers to become even more competitive.

The number of new packaging projects remained in line with the previous year. However, we must highlight the increase of *BA design* and *lightweight* projects, which reflects the focus on increasing our contribution to our customers' innovation processes.

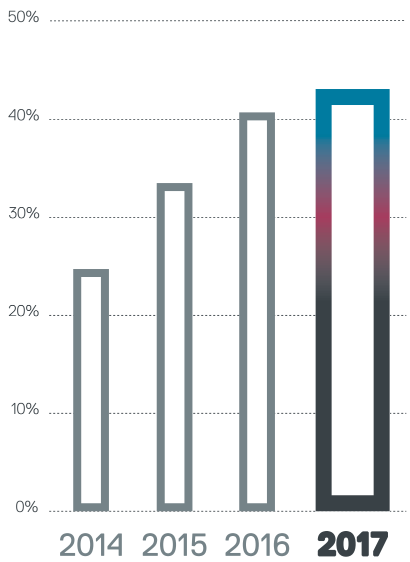
The innovation initiatives and projects with customers achieved a new record, growing 46% when compared to last year, clearly developing our proximity with our customers striving to find more competitive packaging solutions.

The new projects success rate, which measures the ratio between total projects developed and new products introduced in the market, also achieved a new record of 43.1%, showing a greater acceptance of BA as a reference manufacturer of glass packaging for the food and beverage industry.

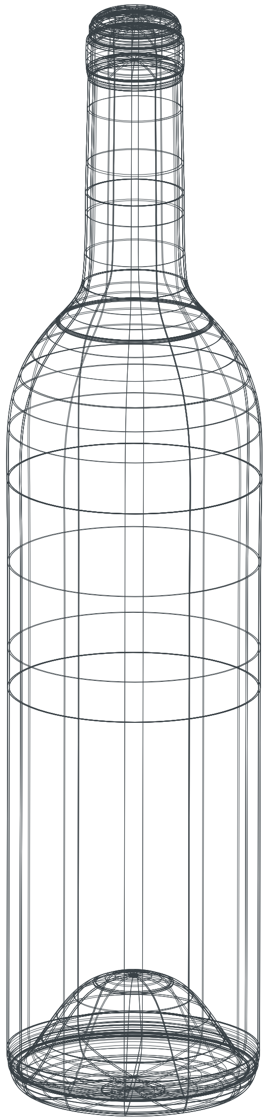
On a quest to creatively discover new and better packaging solutions, the 6th edition of the Glassberries Design Contest took place in Berlin. The participants were challenged to develop a jar for the food segment and, in addition, to think about further usage of the glass container giving it a second life. With the participation of 12 European universities and a record number of projects, the result was a set of outstanding proposals for new containers.

In the search for digitalization and implementation of Industry 4.0 principles and guidelines on our operations, we started our exploration and research, looking actively to other industries and benchmarking in order to focus our efforts in areas and activities that will bring value and that can create a competitive advantage for the whole Group.

New projects success rate [%]



beyond possible



Operations and supply chain

During 2017 a strong focus was placed on benchmarking and on the integration of the new geographies, sharing best practices, mainly concerning quality, productivity, safety and cost control.

In the Iberian Division, the reconstruction of one furnace in Marinha Grande and another in Venda Nova must be highlighted. Despite the consequent additional complexity compared to 2016, the Iberian Division was able to improve its overall efficiency and quality in 2017.

After returning to stability in 2016, the Avintes plant showed a very good evolution in 2017, achieving some records in the main KPIs related to quality, efficiency and flexibility. For Marinha Grande, the year was marked by one furnace rebuilding, followed by a good start-up, despite the significant challenge in terms of technology change, both in the production and inspection stages. Despite a significant increase of portfolio complexity, Villafranca de los Barros plant continued its good performance, with a remarkable improvement achieved in quality, service, and flexibility for an increasingly demanding market. Likewise, León plant kept a very good trend, and achieved several records in productivity and flexibility indexes, delivering a very good service to customers. Also in Venda Nova plant, one furnace was rebuilt in 2017 creating an opportunity for a technological upgrade. The Venda Nova team performed a very successful start-up, recovering the normal running levels very quickly after the investment.

The Central Europe Division had many different areas of focus in 2017, but the main aspect was the actions to reduce the people turnover in the Polish plants, as well as the fulfillment of some gaps in the organizational structure.

In Gardelegen, several organizational changes were implemented, especially on the daily routines. After the acquisition, all the Group procedures were implemented. Furthermore, the plant was focused on the production of new products for new customers and markets. Several operational trainings were carried out in order to fulfill the Group requirements, particularly regarding quality and productivity. Sieraków had a stable productivity growth and a big challenge with its current and new product portfolio, particularly during the first half of the year. 2017 was also a year of training and introduction of several improvement projects and tools with good and sustainable results. With new team members in some key positions, the Jedlice plant went through many challenges in 2017 to stabilize and improve its results. The plant made a good productivity path from January till December, maintaining and increasing many of its operational KPIs. The end of the investment cycle, with the last new warehouse, was also an important milestone.

In early 2017, BA Glass acquired four glass packaging plants in Greece (Athens), Bulgaria (Sofia and Plovdiv) and Romania (Bucharest), and a glass recycling operation in Serbia, creating its new South Eastern Europe Division. These plants have been a reference for reliable glass packaging production in the region for decades, and this new acquisition opens new opportunities and challenges for BA. The main focus of the new Division during 2017 was on the integration within the BA Glass organization and the supply of the market in reliable conditions, mitigating any constraint from the integration process.

This year, the benchmarking initiatives among plants, with several transversal projects like “Upside” and “Twins”, enabled the sharing of know-how, striving for the identification and implementation of the best practices in all geographies, such as efficiency, job changes, quality, costs, and energy consumption. In a now larger BA Glass with increasing diversity, the benchmarking initiatives proved to be even more value added, taking advantage of the size to become a better player.

Customers’ service continues to be the main priority for the logistic operations, an area with room for improvement in 2018.

This year, the Group supply chain integration in the upstream side was taken to the corporate level, looking for the best value options across all geographies. The globalization of the economy and our growth represent an opportunity to achieve better agreements with our suppliers, identify opportunities and synergies to reduce costs. The main purchase segments explored were the raw materials, energy, packaging, technical spare parts and transports. We have a wide range of suppliers able to source all our plants. Benchmarking among plants is one of the tools to achieve costs reductions. Throughout the year, our external warehouses network in export markets continued to be improved in order to assure on time deliveries, especially in France, Italy and the Netherlands. Regarding transports, the market changes are the main concern, not only because of prices but also trucks availability. The increasing protectionist measures in some countries, together with the lack of drivers, are constraining the development of a more competitive environment in the transports industry. Presently in BA, an average of 465 trucks are loaded per day, which is equivalent to have near 1,200 drivers working daily with us, traveling to our customers. To face this reality, new alternatives for transports, namely on short sea, rail, and intermodal have been developed and explored.

In the reverse logistics, a centralized management system, introduced in 2017, is the main tool to accomplish higher return rates and a good cost efficiency.

The main operations dedicated to the treatment of recycled glass, in Portugal and Spain, achieved again good results in terms of quantity and quality of the recycled glass, positively impacting the quality of our products, and minimizing dramatically the environmental impact due to waste reduction. This is an area where we continue to invest. The smaller operations in Poland and Serbia fulfilled their goals.

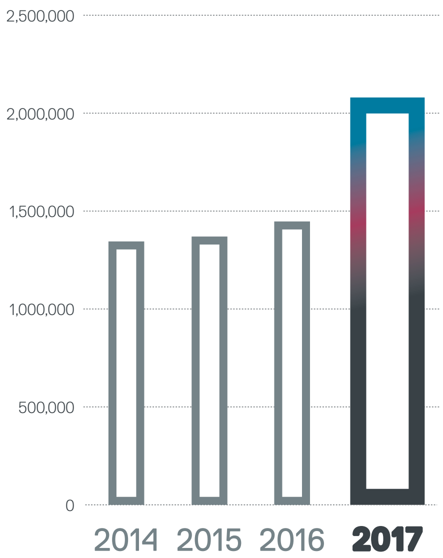
Concerning the Group's other activities, it is important to underline the good operational performance of Valdecastillo sand mine, which exploits the silica deposit in the province of León (Spain), supplying the León plant.

Finally, Moldin, whose activity is the repair of moulds in Iberia, has continued its growth, reaching again a substantially better performance than in previous years, thus enabling a higher service level for our Iberian plants and a better efficiency and quality in their productions.

In general, and following the strategy of improving the efficiency and the service to customers pursued for several years, BA continues to make changes to its organizational processes, following in-house and external benchmarking initiatives and continuously monitoring its critical business processes. BA new Vision is strongly impacting all our activities and action plans. The aim for excellence will continue to be key and the base of all our processes.

Innovation and flexibility to create and deliver more and more value added solutions to our customers on time and with quality, are our quest.

Production [ton]



Investments

In 2017, the BA Group investments in its facilities reached EUR 50 million, 6.2% of our sales.

The main projects were done in Marinha Grande and Venda Nova plants in Portugal, on the second and fourth quarters, with the rebuild of two furnaces. With these furnaces reconstruction, we took the chance to incorporate improvements and upgrades in all areas. Productivity and quality were the main objectives, achieved with state of the art forming equipment and last generation automatic inspection machines with direct impact on product quality.

Energy and environment continued to be a concern. The installation of a batch preheater in Sofia plant (Bulgaria) in 2017 will be a case study for the Group.

The sand mine of Valdecastillo (Léon) was upgraded during the summer, to improve product quality and productivity.

People

2017 was a milestone for the Group on the way people and its related processes are managed. Following the roadmap defined over the last years, which has built the foundations for an international mindset, the growth of the Group in 2017 has set us on a path to implement more effective actions to mobilize, integrate and develop our people across geographies.

At the end of the year, the BA Group had 3,796 employees, and the most diversified team ever: 29% Portuguese, 19% Bulgarian, 16% Polish, 15% Spanish, 10% Romanian, 6% Greek, 3% German, 1% Serbian and 1% other nationalities.

The integration of the South Eastern Europe Division brought different challenges but, above all, brought new opportunities for the development of our people, with increasing options to develop their career in a multinational organization.

It was a year to foster mutual understanding and benchmarking. There were implemented several projects related with the integration of information systems, policies, procedures and metrics and also the extension of matrix report structure to the new division. New decision committees were created to enable the sharing of knowledge and improve the decision making process.

The reinforcement of the values was one of the top priorities, gaining this year additional importance in the new geographies in order to align expectations, behaviours, ways of working and, above all, the commitment with the BA Way! We must also highlight the actions related to spreading our new Vision, mainly focusing on innovation and on the awareness of consumers' behaviours and needs, part of its new pillar.

We further developed the PAD (People Development and Assessment) system, particularly on the succession plans and on feedback tools. This year a special attention was placed on spreading and applying it accurately in the new geographies to enable the development of future opportunities for all, and on defining fast tracks in the development of people for specific functions.

2017 was also marked by (i) the kick-off of the Leadership and Management school which provided several development initiatives to managers and supervisors, (ii) the success of the New Comers' school, with the main goal of ensuring that all BA people have the same basic knowledge about BA organization and (iii) the 2nd edition of BA MDP (BA Managers Development Program) to develop our managers to a higher level, in both technical and behavioural skills. At the end of the year the training volume in Iberia and Central Europe was of 44,518 hours, around 30 hours per person.

BA's new size and geographical scope brought the need of a deep reorganization in the departments, namely at the corporate level that had to be prepared for working in a European environment. New positions and different responsibilities were set and new skills were required. The challenge of attracting people in an international context was very demanding. Besides the challenge of the new geographies and the complexity of Central Europe labour market, also the Iberian labour market suffered a deep change in 2017, as a result of the economic recovery. In these contexts, the investment in the reinforcement of BA brand as an attractive employer was mandatory.

Concerning labour relationships with the main workforce representatives, with exception of Portugal where a company agreement is still to be closed, all the other countries have built agreements or rules that regulate the labour relations.

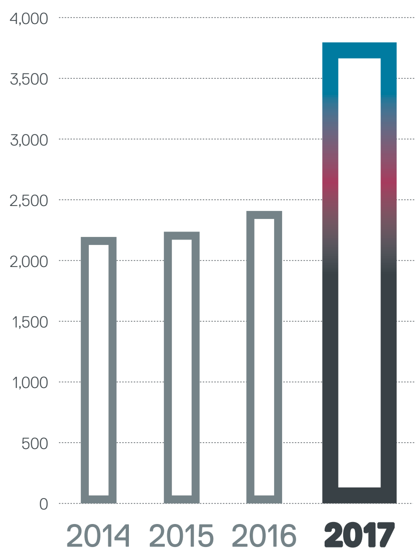
The need for a global and effective internal communication through the entire Group led us to invest resources on the development of different tools, but still we are giving the first steps on this enormous challenge.

A special highlight about the 2017 annual management meeting. This year was mainly dedicated to the new Vision pillar, the Consumers, and engaged a diverse Group of people from all geographies, enriching all the discussions. It was a special moment to learn the new topics on BA life and to reinforce the feeling of belonging to a global team.

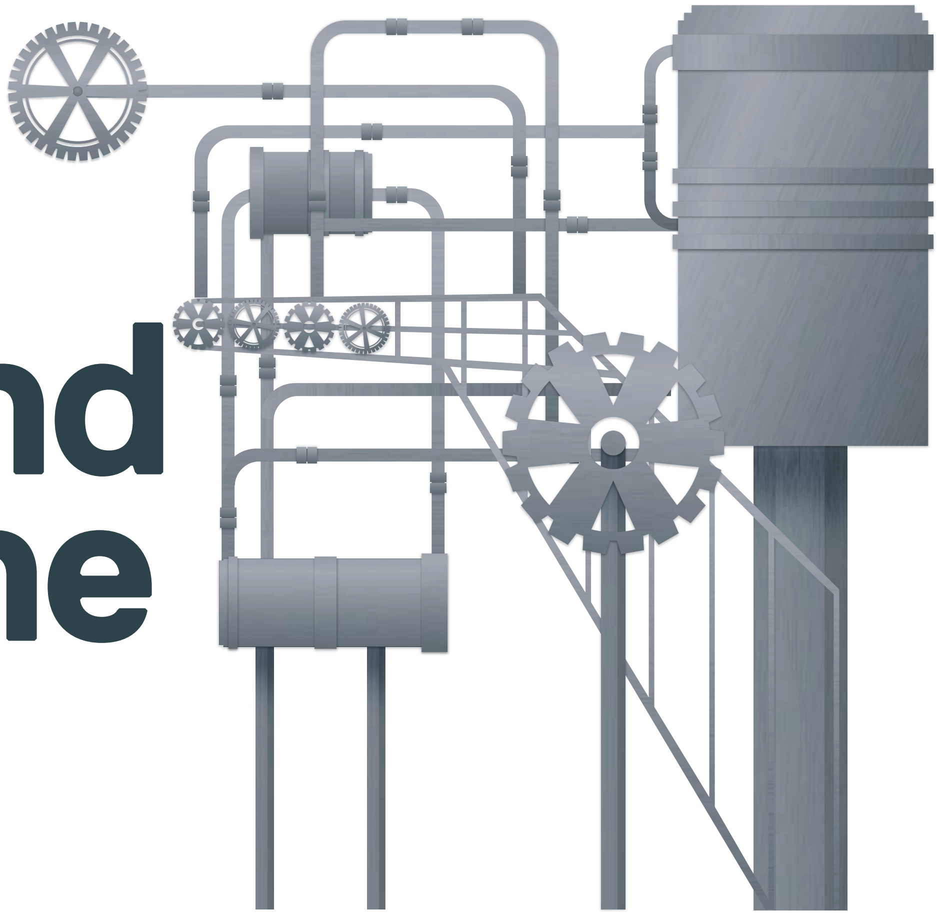
The remuneration policies and tools were adapted considering the different levels of responsibility and type of work in the organization, like work in shifts or remuneration of senior management.

Highly committed to the community and education of the youngsters, and with the concern of teaching and spreading the best recycling habits, last year several partnerships with schools and universities, visits to the plants and internship programs were set. Also, the engagement with BA employees was reinforced through several activities, like family visits to the plants, picnics, sports activities, Christmas parties and the celebration of the 50th anniversary of the Léon plant.

Number of employees



beyond routine



Results

In compliance with the European Commission Regulation 1606/2002 of the European Parliament, with the Council dated July 19, 2002 and the European Commission Regulation 1725/2003 dated September 29, 2003, BA Glass prepares its consolidated financial statements since 2005 in conformity with the International Financial Reporting Standards (IFRSs), as published by the International Accounting Standards Board (IASB) and adopted by the European Union.

In 2017, the most relevant variation in the prices of the main production factors was on energy and transports. Throughout the year, electricity had a significant price increase, particularly in Iberia, and also transports in Central Europe. The very relevant increase of labour costs in Poland, Romania and Bulgaria also impacted negatively the production costs. On the other side, the better efficiency and flexibility of our plants compensated part of this effect. But there is still room to improve.

With regards to investments, the greatest impact on 2017 depreciation was generated by the reconstruction of one furnace in the Jedlice plant at the end of 2016 and another furnace in Marinha Grande plant at the second quarter of 2017.

Hence,

The operating cash-flow (EBITDA) amounted to EUR 260.1 million, EUR 69.4 million higher when compared to the previous year. The EBITDA margin was 32.4%, showing a decrease of 0.4 p.p. compared to the prior year. The incorporation of South Eastern Europe Division affected significantly the EBITDA margin for being lower than the Group average. On a comparable base, with the same consolidation perimeter, the EBITDA margin grew 1.8 p.p..

The operating profit (EBIT) amounted to EUR 177.0 million, equivalent to 22.0% of sales, EUR 33.0 million higher and 2.7 p.p. lower than in 2016. On a comparable base, with the same consolidation perimeter, the EBIT margin grew 1.6 p.p..

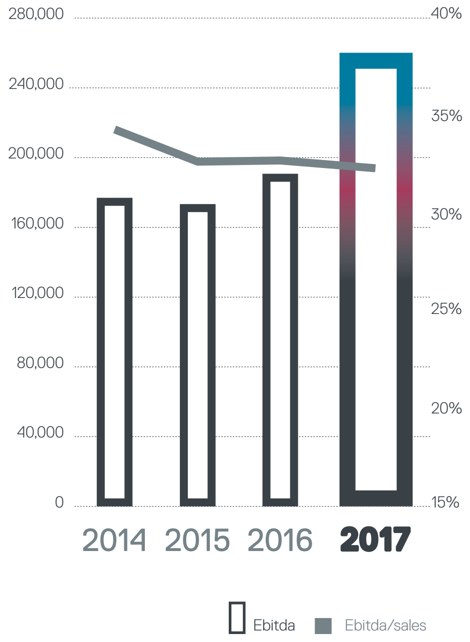
The net tangible assets turnover was of 1.62, lower than in 2016 (1.89), but 2.2% higher on a comparable base. Improving the net tangible assets turnover remains a key focus point for the Group to ensure the enhancement of its financial position.

The financial results amounted to a loss of EUR 34.0 million (compared to a loss of EUR 11.3 million from last year). This increase was mainly due to the debt raised to finance the acquisition of Yioula and the goodwill impairment in Anchor Glass accounts, incorporated in the Group accounts using the equity method.

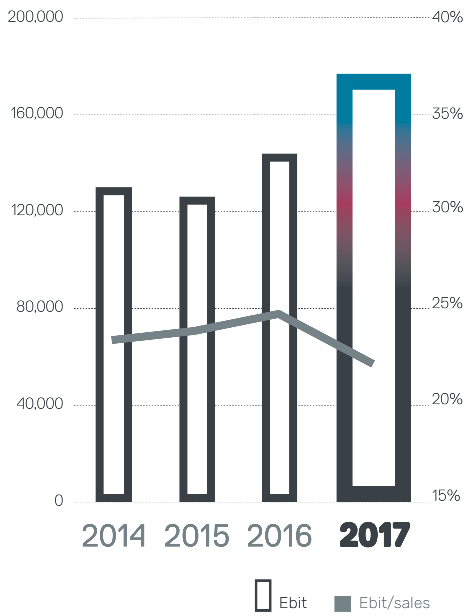
Nevertheless, the profit before taxes amounted to EUR 143.0 million, 7.8% higher than in the previous year (2016: EUR 132.7 million), and the net profit totalled EUR 113.5 million, 9.9% higher than in the previous year (2016: EUR 103.3 million).

The total non-recurrent costs in the Group, mostly related with the new division integration and restructuring and the M&A activity, were of EUR 7.5 million, 0.9% of sales.

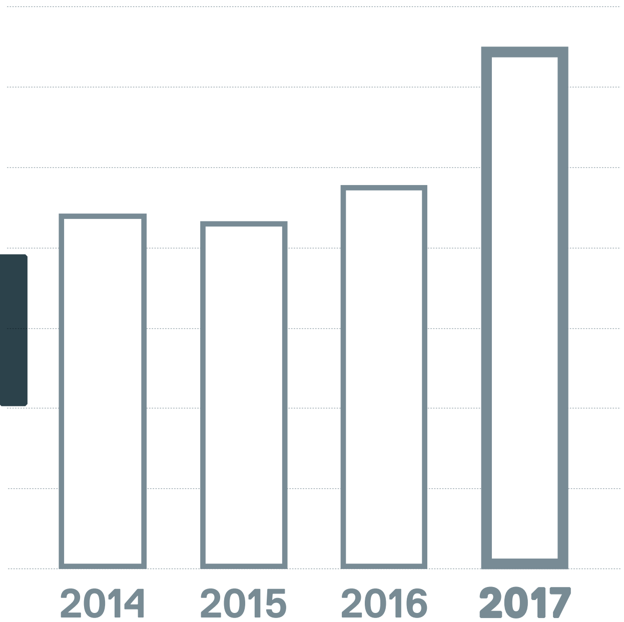
Ebitda [K.€]



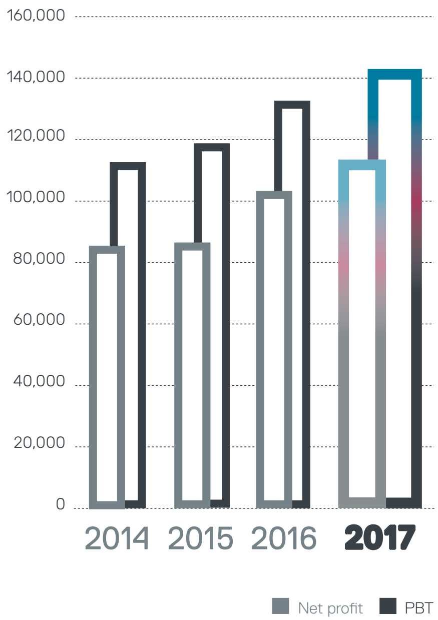
Ebit [K.€]



beyond results



Net profit [K.€]



Financial Analysis

In 2017, the consolidated assets increased to EUR 1,435.9 million (2016: EUR 1,090.9 million) as a result of Yioula acquisition.

The working capital increased to 20.9% of sales, EUR 61.0 million higher than previous year, mainly due to significantly higher level of receivables in South Eastern Europe when compared with the Group average. However, on a comparable base, the working capital reduced 0.5 p.p. as percentage of sales and EUR 3.8 million compared to 2016.

At the end of the year, the total liabilities were of EUR 1,024.3 million, EUR 293.6 million more than in the previous year. The Group's net debt amounted to EUR 688.7 million (2016: EUR 290.4 million). The increase in debt is related to the acquisition of Yioula packaging business in the beginning of the year.

The net debt / EBITDA ratio ended the year with a value of 2.65 (2016: 1.52) and the Group's equity ratio reached 28.7% (2016: 33.0%) of the total assets. Despite the significant amount of debt raised to finance the acquisition of Yioula, these indicators reveal the financial robustness of the Group and its readiness to continue the growth.

Outlook

In 2018, we will continue our growth path, with more improvements, innovation and disruption. We have a long journey ahead, but we trust our ambition and humbleness to embrace it.

We are in "the age of perplexity", where the future is unknown and exciting. We count on our shareholders and our teams to support the Group in this great challenge, in the technological revolution that is happening across economies and societies. The age of perplexity is also the age of digitalization, which can make our path much easier and successful.

To keep Europe together is a key challenge for all leaders. Protectionism is coming back in some countries due to citizens' dissatisfaction with politics and due to governments' inability to define and implement global trade rules.

The new and emerging technology will facilitate the cross border and cross organizations collaboration, something very welcomed at a time where the border tensions tend to increase. They are a game changer that could, in a way, protect the globalization. To dominate them will be a challenge and a differentiation factor for the companies. Europe is not the leader of this 4.0 Revolution, which has been led by US and China. Both are playing that game for a long time, with different resources and strategies. US with talent and China with the training of more technologists. China is basing it on public investments, to have its control, while US is trusting the private sector.

All the economic indexes (GDP growth, unemployment rates and cost of debt) in our main economies are favourable to the consumption increase. Costs, political and social uncertainties are the main challenges and can have negative impact on companies' investments and competitiveness.

This was one of the reasons to change our Vision in 2016, which will guide us through the next years. Looking for differentiation and disruption is our target. It will not be easy but we believe that in 2018 we will get some relevant accomplishments. The transformation of our organization and of our way of doing business will be key to ensure a successful year. Consumers and digitalization are areas we will reinforce with different resources and actions.

Our customers continue to invest in exploring opportunities in new markets and products. That gives us the motivation and energy to introduce changes and continue to invest as well. We want to be part of their projects from their fresh start.

The costs increase must be partially followed by prices increases, but we have clear that there is no possibility for a complete pass through. Internal productivity increase will be even more crucial during 2018. The targets are ambitious.

Excellence in operations is part of that process. In 2017 we proved that being a larger company brings more opportunities to learn and improve. The benchmarking discipline will continue to be reinforced in the projects we will develop. New standards will be discussed and our way of striving for excellence will be defined. As we use to say, we believe in “doing to learn” but also in “learning with others”.

New skills are being developed and recruited to explore other ways of doing and leverage digitalization in our internal processes, always striving for more consistency, better service and more innovation.

We truly believe that the transformation of our industrial environment, making it more attractive to the youngest generations, will guarantee a faster track towards the accomplishment of our Vision. Glass industry tends to be seen as conservative and we want to be part of its transformation, turning it into a more attractive and modern industry.

We continue to be very committed to maintain a transparent and trustworthy relationship with all our employees, leveraging their own development and rewarding their commitment and accomplishments.

We are also committed to the local communities in all the cities we are located. An active relationship, mainly with the institutions dedicated to the education and development of youngsters, is our contribution for the development of societies.

In 2015, we kicked off the year aiming to convert the impossible into possible. In 2016, we overcame some paradigms and built together a new Vision. In 2017, we started to play a different game.

This year we want to go further. We will do so with our people, our customers and their consumers, and our shareholders. Together, we can Go Beyond…!

Acknowledgements

The Board of Directors wishes to thank, firstly, all the employees of the Group who, with hard work, enthusiasm, dedication and commitment allowed us to integrate and start the transformation of a new Division, to create value for our customers and business, and who were part of the results accomplished in 2017, not only from the customer and people perspective but also with respect to the return on the capital employed.

A new base is created to support and leverage future growth.

We also extend our gratitude to the central, regional and local Authorities of the Netherlands, Portugal, Spain, Poland, Germany, Bulgaria, Romania and Greece, who have been supporting our activities and projects.

We counted also with the cooperation of the banks and other financial institutions with whom the Group worked during the year and that have been supporting our ambition and projects. Without them, we could not continue to grow.

Our appreciation is also due to the Auditors of the whole Group companies for their permanent collaboration and constructive dialogue in monitoring and examining the companies’ financial statements and processes, namely this year where the Group growth brought a lot of challenges.

Our extreme gratitude is due to our customers for their preference, trust and quality related demands, which has been the key driver in BA Group quest for excellence and differentiation. They are also the ones who make us strive for growth and investments.

A final word to all the consumers that, on a recurrent basis, use glass as their preferred packaging for the food and beverage provided to their families and friends, making glass a very sustainable option.

consolidated financial statements

BA 2017 ANNUAL REPORT

Consolidated Statement of Financial Position

(Amounts expressed in Euro)

Assets	Notes	Dec. 31, 2017	Dec. 31, 2016
Non current assets			
Goodwill	7	416,796,941	197,832,943
Intangible assets	8	30,434,489	19,915
Property, plant and equipment	9	495,894,493	307,378,369
Investments accounted for using the equity method	10	35,644,628	65,051,806
Other financial investments	10	2,710,729	2,309,150
Investment properties	11	4,078,339	4,126,418
Other non-current assets	12	5,651,508	7,670,312
Deferred tax assets	13	22,724,889	14,617,672
		1,013,936,016	**599,006,584**
Current assets			
Inventories	14	117,649,759	80,692,885
Trade receivables	15	158,463,059	107,032,745
Other current debtors	16	25,759,219	19,546,335
Other current assets	17	2,825,326	2,622,093
Cash and short term deposits	18	117,295,919	281,954,589
		421,993,282	**491,848,646**
Total assets		**1,435,929,297**	**1,090,855,231**

Equity and liabilities	Notes	Dec. 31, 2017	Dec. 31, 2017
Issued capital	19	36,000	36,000
Legal and other reserves		36,784,861	36,784,861
Retained earnings		270,373,235	220,744,784
Other components of equity		(6,401,372)	1,211,974
Profit for the year		110,798,901	101,305,408
Equity attributable to owners of the parent		**411,591,625**	**360,083,027**
Non-controlling interests		-	-
Total equity		**411,591,625**	**360,083,027**
Non-current liabilities			
Interest-bearing loans and borrowings	20	631,908,494	408,400,616
Provisions	21	4,977,049	2,111,496
Other non current liabilities	20	-	21,913,227
Government grants	25	14,726,934	11,609,961
Deferred tax liabilities	13	16,158,328	10,550,388
		667,770,805	**454,585,688**
Current liabilities			
Interest-bearing loans and borrowings	20	174,058,129	163,962,580
Trade payables	22	107,858,308	80,426,729
Income tax payable	31	8,915,768	6,684,020
Other payables	23	19,876,979	9,107,517
Government grants	25	3,882,384	2,838,005
Other current liabilities	24	41,975,300	13,167,667
		356,566,867	**276,186,517**
Total equity and liabilities		**1,435,929,297**	**1,090,855,231**

Consolidated Statement of Profit or Loss

(Amounts expressed in Euro)

	Notes	Dec. 31, 2017	Dec. 31, 2016
Continuing operations			
Revenue			
Sales and services rendered	26	803,867,805	581,494,040
Changes in stocks of finished goods		2,514,278	(12,825,100)
Other operating income	27	7,981,192	5,502,578
		814,363,275	**574,171,518**
Operating expenses			
Raw materials and consumables used		267,013,069	173,965,991
Supplies and external services		177,530,679	139,028,316
Employee benefits expense		102,054,771	65,118,878
Depreciation and amortisation		81,087,416	48,016,052
Impairment	29	2,001,870	(1,269,123)
Other operating expenses	28	7,647,621	5,315,250
		637,335,427	**430,175,365**
Operational cash flow (EBITDA)		**260,117,135**	**190,743,082**
Operating income (EBIT)		**177,027,848**	**143,996,153**
Financial result	30	(13,119,873)	(11,331,683)
Share of profit of an associate	10	(20,916,155)	-
Profit before tax from continuing operations		**142,991,820**	**132,664,470**
Income tax expense	31	29,465,019	29,369,792
Profit for the year from continuing operations		**113,526,800**	**103,294,677**
Discontinued operations		-	-
Profit for the year		**113,526,800**	**103,294,677**
Attributable to:			
Equity holders of the parent		110,798,900	101,305,408
Non-controlling interests		2,727,901	1,989,269
Earnings per share			
Basic	**35**	**3,077.75**	**2,814.04**
Diluted	**35**	**3,077.75**	**2,814.04**

Consolidated Statement of Comprehensive Income

(Amounts expressed in Euro)

	Dec. 31, 2017	Dec. 31, 2016
Profit for the year	**113,526,800**	**103,294,677**
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax)		
Exchange differences on translation of foreign operations	(5,553,788)	(3,204,617)
Share of other comprehensive income of an associate	(463,508)	-
Others	-	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**(6,017,296)**	**(3,204,617)**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)		
Share of other comprehensive income of an associate	-	-
Re-measurement gains (losses) on defined benefits plans	(349,400)	-
Put option granted to non-controlling interests	-	-
Other	-	(139,992)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**(349,400)**	**(139,992)**
Other comprehensive income for the year, net of tax	**(6,366,696)**	**(3,344,609)**
Total comprehensive income for the year, net of tax	**107,160,106**	**99,950,069**
Attributable to:		
Equity holders of the parent	103,185,555	98,601,722
Non-controlling interests	3,974,551	1,348,346

Consolidated Statement of Changes in Equity

(Amounts expressed in Euro)

	Issued capital	Legal and other reserves	Retained earnings	Foreign currency translation reserve	Other components of equity	Profit for the year	Total	Non-controlling interest	Total equity
As at January, 1 2016	**36,000**	**35,198,508**	**135,562,791**	**3,775,667**	**-**	**85,559,991**	**260,132,957**	**-**	**260,132,957**
Profit for the period	-	-	-	-	-	101,305,408	101,305,408	1,989,270	103,294,678
Other comprehensive income	-	-	(139,992)	(2,563,693)	-	-	(2,703,685)	(640,923)	(3,344,608)
Total comprehensive income	**-**	**-**	**(139,992)**	**(2,563,693)**	**-**	**101,305,408**	**98,601,723**	**1,348,346**	**99,950,069**
Put option granted to non-controlling interests	-	-	1,348,346	-	-	-	1,348,346	(1,348,346)	-
Dividends	-	-	-	-	-	-	-	-	-
Appropriation of prior year net profit	-	1,586,352	83,973,639	-	-	(85,559,991)	-	-	-
Other changes in equity	-	-	-	-		-	-	-	-
At December 31, 2016	**36,000**	**36,784,860**	**220,744,784**	**1,211,974**	**-**	**101,305,408**	**360,083,027**	**-**	**360,083,027**
As at January,1 2017	**36,000**	**36,784,860**	**220,744,784**	**1,211,974**	**-**	**101,305,408**	**360,083,027**	**-**	**360,083,027**
Profit for the period	-	-	-	-	-	110,798,900	110,798,900	2,727,901	113,526,800
Other comprehensive income	-	-	-	(6,800,438)	(812,908)	-	(7,613,346)	1,246,650	(6,366,696)
Total comprehensive income	**-**	**-**	**-**	**(6,800,438)**	**(812,908)**	**110,798,900**	**103,185,554**	**3,974,551**	**107,160,105**
Put option granted to non-controlling interests	-	-	(1,676,957)	-	-	-	(1,676,957)	(3,974,551)	(5,651,508)
Dividends	-	-	(50,000,000)	-	-	-	(50,000,000)	-	(50,000,000)
Appropriation of prior year net profit	-	-	101,305,408	-	-	(101,305,408)	-	-	-
Other changes in equity	-	-	-	-	-	-	-	-	-
At December 31, 2017	**36,000**	**36,784,860**	**270,373,235**	**(5,588,464)**	**(812,908)**	**110,798,901**	**411,591,624**	**-**	**411,591,625**

Consolidated Statement of Cash Flows

(Amounts expressed in Euro)

	Dec. 31, 2017	Dec. 31, 2016
Cash flow statement - operational activities		
Receipts from customers	838,934,627	581,657,839
Payments to suppliers	(474,312,860)	(325,844,325)
Payments to employees	(103,160,523)	(63,718,433)
Cash generated from operations	261,461,244	192,095,080
(Payment) / reimbursement of corporate income tax	(40,856,504)	(36,821,292)
Other proceeds / (payments) relating to the operating activity	(19,578,641)	(1,699,685)
Cash flow from investing activities (1)	**201,026,099**	**153,574,104**
Cash flow statement - investing activities		
Receipts from:		
Financial Investments	-	550,500
Fixed assets	170,529	-
Other assets	-	588,356
	170,529	**1,138,856**
Payments related to:		
Financial Investments	-	(65,051,806)
Acquisition of a subsidiary, net of cash acquired	(169,646,412)	(20,098,595)
Fixed assets	(46,448,985)	(39,297,294)
Other assets		
	(216,095,397)	**(124,447,695)**
Cash flow from investing activities(2)	**(215,924,868)**	**(123,308,840)**
Cash flow statement - financing activities		
Receipts from:		
Borrowings	582,851,207	79,261,332
Interests received	8,303	70,408
	582,859,510	**79,331,740**
Payments related to:		
Borrow ings	(411,651,166)	(106,980,864)
Interest and similar expense	(15,437,033)	(11,598,033)
Dividends	(50,000,000)	-
Acquisition of non - controlling interests	(5,640,453)	-
Other financing activities	(71,071)	-
	(482,799,723)	**(118,578,898)**
Cash flow from financing activities(3)	**100,059,787**	**(39,247,158)**
Net cash flow variation for the year (4)=(1)+(2)+(3)	**85,161,017**	**(8,981,894)**
Net foreign exchange differences	**180,313**	**1,045,842**
Cash and its equivalents at the beginning of the period	**31,954,589**	**39,890,641**
Cash and its equivalents at the end of the period	**117,295,919**	**31,954,589**
Notes to the consolidated cash-flow statement:		
Cash	33,189	17,146
Short term bank deposits	117,262,729	31,937,444
Cash and its equivalents (note 18)	**117,295,919**	**31,954,589**

notes to the consolidated financial statements

1. Corporate Information

The consolidated financial statements of the BA Glass B.V. (hereinafter the "Company") and its subsidiaries (collectively, the Group) for the year ended December 31st, 2017 were authorized for issue in accordance with a resolution of the directors on March 20th, 2018. However, the consolidated financial statements shall be subject to approval by the Shareholders in the Annual General Meeting.

The Company is a limited liability company incorporated and domiciled in the Netherlands. The registered office is located at Prins Bernhardplein 200, 1097 JB Amsterdam. The objectives of the Company are to act as holding and finance company. The Company is registered at the Dutch Chamber of Commerce with file number 34310991.

The Group's 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.

The Company together with its subsidiaries (the "Group") is the one of the most profitable players on the glass packaging business and has operating activities in Portugal, Spain, Poland, Germany, Greece, Bulgaria and Romania.

The Group operates in the glass industry, more specifically in the manufacturing of glass containers, owning three manufacturing plants in Portugal, two in Spain, two in Poland, one in Germany, one in Greece, two in Bulgaria and one in Romania, through entities BA Glass Portugal, S.A. (operating in Portugal), BA Glass Spain, S.A.U. (operating in Spain), BA Glass Poland, Sp. z o.o. (operating in Poland), BA Glass Germany, GmbH (operating in Germany), BA Glass Greece, S.A. (operating in Greece), BA Glass Bulgaria, S.A. (operating in Bulgaria) and BA Glass Romania, S.A. (operating in Romania).

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

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

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).

These consolidated financial statements were prepared based on the Company's continued operation as a going concern and are based on the accounting books and records of the consolidated companies (refer to note 5).

The consolidated financial statements have been prepared on a historical cost basis, except for land that have been measured at fair value.

The consolidated financial statements provide comparative information in respect of the previous period.

The consolidated financial statements are presented in euros.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31st, 2017.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

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-related 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.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IAS 39. Other contingent consideration that is not within the scope of IAS 39 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. 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.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

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: (i) an allocation of profit and loss; (ii) a share of changes in appropriate reserves, and (iii) dividends declared before the end of the reporting period. At the end of each reporting period, the Group recognizes a financial liability (fair value of the put option) as if the acquisition took place at that date. The put option is valued at fair value at the year-end. Changes in the financial liability are treated as reclassifications in equity and therefore have no impact on profit or loss. There is no separate accounting for the unwinding of the discount due to the passage of time.

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

b] Investment in an associate

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies. The Group's investment in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. When there has been a change recognised 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 aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and noncontrolling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared in the different reporting period of the Group, as mentioned in Note 10 a). 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 recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises 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 recognised in profit or loss.

c] Foreign currencies

The Group's consolidated financial statements are presented in euros, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

[c1] 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 recognised 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 recognised 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 recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

[c2] 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 statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

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.

Applied exchange rates

The EUR exchange rates applied for the most significant currencies when preparing the consolidated financial statements are presented above.

	Closing rate		Average rate	
	2017	2016	2017	2016
Polish Zloty (PLN)	4,171	4,424	4,258	4,364
New Romanian Leu	4,659	4,539	4,569	-
Lev (Bulgaria)	1,956	1,956	1,956	-
American Dollar (USD)	1,181	1,191	1,054	-

d] Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

e] Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

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

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, 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 recognised in the statement of profit or loss when the asset is derecognised.

[e.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. 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 as follows:

- 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.

In 2013 was the beginning of the new allocation period of CO_2 emission rights that will last until 2020. For 2016 the Group expensed all the acquired licenses in order to fulfil the gap of free licenses attributed to the plants.

[e.2] Customer relationship

The customer relationship were acquired as part of a business combination. They are recognized at their fair value at the date of acquisition and are subsequently amortised on a straight over their estimated useful lives.

f] 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 recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised 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 recognised in profit or loss 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 recognised 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. A 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 recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised 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:

	Useful life
Buildings and other constructions	20-50
Property, plant and equipment - production equipment	7-9
Property, plant and equipment - others	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 recognised is derecognised 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 profit or loss when the asset is derecognised.

The 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.

Capitalisation of 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 capitalised 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. There were no capitalized borrowing costs during the period.

g] 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
A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date 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 recognised in finance costs in the statement of profit or loss. 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.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss 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 rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

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. Subsequently, they are measured at cost.

Investment properties are derecognised 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 recognised in the statement of profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

i] Financial instruments

Initial recognition and measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

[i1] Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, 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. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

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 or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss.

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 through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

The Group has not designated any financial assets at fair value through profit or loss.

- ***Loans and receivables***
  This category is the most relevant to the Group. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

  Factoring
  The credits ceded to factoring institutions without recourse, i.e., the risk of default is assumed by the factoring institution, are derecognized from the balance sheet when the cash advances are received.

  The credits ceded to factoring institutions with recourse, i.e., the risk of default is assumed by the Company, are not derecognized from the balance sheet and the risk of default is taken into consideration when determining impairment losses. In this case, the cash advances received are recognized as bank loans.

  This category generally applies to trade and other receivables. For more information on receivables, refer to Note 15.

- ***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 amortised cost less impairment.

  As at December 31st, 2017 and 2016 the Group has no financial assets classified under this category.

- ***Available-for-sale (AFS) financial investments***
  AFS financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in market conditions.

  After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income and credited to the AFS reserve until the investment is derecognised, at which time, the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance costs. Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method.

  The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

  For a financial asset reclassified from the AFS category, the fair value at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

As at December 31st, 2017 and 2016 the Group has no financial assets classified under this category.

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

- The rights to receive cash flows from the asset have expired; or

- 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 substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises 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
Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions: Note 3

- Financial assets: Note 6

- Trade receivables: Note 15

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 reorganisation 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 amortised cost
For financial assets carried at amortised cost, the Group first assesses whether 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, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified 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 asset's original EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised 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 recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

AFS financial assets
For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in other comprehensive income.

The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost. In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, 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. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss, the impairment loss is reversed through the statement of profit or loss.

[i2] Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

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 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 recognised in the statement of profit or loss.

  Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

  Please refer to the measurement of the Put option in note 2.3), a).

- ***Loans and borrowings***
  This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

  Amortised 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 amortisation is included in finance cost in the statement or profit or loss.

  This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 20.

- ***Trade payables***
  Trade payables are initially recognised at the respective fair value and are subsequently measured at amortized cost.

Derecognition
A financial liability is derecognised 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 recognised in the statement of profit or loss.

[i3] 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 recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

j] Derivative financial instruments and hedge accounting

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and is subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income and later reclassified to profit or loss when the hedge item affects profit or loss.

To hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised 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 recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised 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 have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Fair value hedges
The change in the fair value of a hedging instrumentis recognised in the statement of profit or loss as a finance cost. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit or loss as a finance cost.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

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

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in other comprehensive income remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

K] Inventories

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

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw and subsidiary materials: purchase cost in an average cost basis;
- Goods for resale: purchase cost in an average cost basis;
- Finished goods and work in progress: production cost.

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).

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

l] Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Disclosures for significant assumptions: Note 3
- Goodwill and intangible assets with indefinite lives: Note 7
- Intangible assets: Note 8
- Property, plant and equipment: Note 9

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 of disposal and its value in use. Recoverable amount 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 of disposal, 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 five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss 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 recognised 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 recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or

CGU's recoverable amount. A previously recognised 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 recognised. 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 recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

The following assets have specific characteristics for impairment testing:

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

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU is less than their carrying amount an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

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

m] 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 consolidated cash flow statement, cash and cash equivalents comprise cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

n] Equity items

[n1] Issued capital

All of BA Glass B.V.'s subscribed share capital has been totally paid.

[n2] Reserves and retained earnings

- **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.

- **Retained earnings**
  This item relates exclusively to retained earnings available for distribution to shareholders.

o] 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.

p] Cash dividend

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws of the Company, a distribution is authorised when it is approved by the board of directors and the shareholders of the Company. A corresponding amount is recognised directly in equity.

q] Provisions

Provisions are recognised 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 recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

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 recognised as a finance cost.

[q1] CO_2 emission rights

The Group receives free emission rights 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 recognised only when actual emissions exceed the emission rights granted and still held. The emission costs are recognised 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 recognised in the statement of profit or loss.

[q2] Restructuring provisions

Restructuring provisions are recognised only when the Group has a constructive obligation, which is 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, and the employees affected have been notified of the plan's main features.

[q3] Contingent liabilities recognised in a business combination

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

r] Employee Benefits

[r.1] Provisions for pensions - defined benefit plan

The Group has committed to grant some of the former employees to 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 recognised in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognised in retained earnings and are not reclassified to profit or loss in subsequent periods.

Unvested past service costs are recognised as an expense on a straight line basis over the average period until the benefits become vested. Past service costs are recognised 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 unrecognised past service costs.

[r.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.

[r.3] Other employee benefits

According to the Portuguese labour 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 recognised in the profit and loss account with a counterpart in "Other current liabilities" (note 24).

s] Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

t] Taxes

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

[t.1] Current income tax

Current income tax assets and liabilities 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 statement of profit or loss. 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.

[t.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 recognised 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 and associates, 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 recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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 utilised, 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 and associates, deferred tax assets are recognised 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 utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised 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 realised 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 recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised 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 recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

[t.3] Sales tax

Expenses and assets are recognised 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 recognised 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.

u] Revenue recognition

Revenue is recognised 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 has concluded that it is acting as a principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude, and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

[u.1] Sale of goods

Revenue from the sale of goods is recognised 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 is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Consideration received is allocated to the sale of goods, in fully.

Revenue from the sale of goods shall be recognised 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;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

[u.2] Interest income

For all financial instruments measured at amortised 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 statement of profit or loss.

[u.3] Dividends

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

[u.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.

v] Own works

Costs incurred with own work, such as, labour, 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 internally generated margin income is recognised.

w] Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- **Level 2** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- **Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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 the classification of financial instruments and further details as to how they are measured are provided in note 6.

x] Subsequent events

The Group recognises 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 recognise 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. Significant accounting judgements, 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 of disposal and its value in use. The fair value less costs of disposal 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 five 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 7. 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 21).

Adjustments to receivables are calculated based on an age analysis of such receivables, the risk profile of the clients involved, and their financial standing. Estimates related to adjustments to receivables differ from business to business. A detailed analysis of the changes in annual provisions clearly demonstrates that there is almost no risk of collection. Moreover, the Group has access to major databases of relevant market information which, together with the experience of its technical analysts, enable it to clearly assess and minimize its credit risk.

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.

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 judgment is required in establishing fair values. The judgments 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 32.

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 recognised in net income on a prospective basis, in accordance with IAS 8.

4. Changes in accounting policies and disclosures

[a] New and amended standards and interpretations adopted by the Group

The Group applied for the first time certain amendments to the standards, which are effective for annual periods beginning on or after 1 January 2017. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments applied for the first time in 2017, they did not have a material impact on the annual consolidated financial statements of the Group. The nature and the impact of each new standard or amendment are described below:

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary difference related to unrealised losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The Group applied amendments retrospectively. However, their application has no effect on the Group's financial position and performance as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

Annual Improvements Cycle -2014-2016 Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

[b] Standards issued but not yet effective

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.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014, and amended in April 2016, and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group plans to adopt the new standard on the required effective date using the modified retrospective method. During 2016, the Group performed a preliminary assessment of IFRS 15, which was continued with a more detailed analysis completed in 2017.

In preparing to adopt IFRS 15, the Group is considering the following:

(i) Identifying the performance obligations in the contract

The Group is in the business of manufacturing and selling glass containers and glass products, as consequence, for contracts with customers in which the sale of product is generally expected to be the only performance obligation, adoption of IFRS 15 is not expected to have any impact on the Group's revenue and profit or loss. The Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

(ii) Variable consideration

Some contracts with customers provide a volume rebates. Currently, the Group recognises revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. If revenue cannot be reliably measured, the Group defers revenue recognition until the uncertainty is resolved. Such provisions give rise to variable consideration under IFRS 15, and will be required to be estimated at contract inception and updated thereafter. IFRS 15 requires the estimated variable consideration to be constrained to prevent over-recognition of revenue. The Group expects that application of the constraint will not result in adjustments in revenue, since the amount of estimated rebate is already estimated at contract inception (the amount of estimated rappel is recorded in the period when sales occur).

(iii) Presentation and disclosure requirements

The presentation and disclosure requirements in IFRS 15 are more detailed than under current IFRS. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in the Group's financial statements. Many of the disclosure requirements in IFRS 15 are new and the Group has assessed that the impact of some of these disclosures requirements will be significant. In particular, the Group expects that the notes to the financial statements will be expanded because of the disclosure of significant judgements made: essentially when determining the transaction price of those contracts that include variable consideration. It will also disclose information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment. In 2017 the Group continued testing of appropriate systems, internal controls, policies and procedures necessary to collect and disclose the required information.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The Group plans to adopt the new standard on the required effective date and will not restate comparative information. During 2017, the Group has performed a detailed impact assessment of all three aspects of IFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2018 when the Group will adopt IFRS 9. Overall, the Group expects no significant impact on its statement of financial position and equity, as resulted of the assessment made above for each aspect.

(i) Classification and measurement

The Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9, because the Group do not have any financial assets held as available for sale (AFS). Therefore, the application of IFRS 9 will not have a significant impact.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

(ii) Impairment

IFRS 9 requires the Group to record expected credit losses on all its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group will apply the simplified approach and record lifetime expected losses on all trade receivables. The Group does not expect a significant impact on its balance sheet or equity on applying the simplified approach, since adjustments to receivables are calculated based on an age analysis of such receivables, the risk profile of the clients involved, and their financial standing. A detailed analysis of the changes in annual impairment 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. Therefore, the application of IFRS 9 will not have a significant impact.

(iii) Hedge accounting

The Group does not have any existing hedge relationships that are currently designated in effective hedging relationships, as consequence, the application of IFRS 9 will not have any impact.

Amendments to IFRS 10 and IAS 28

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture Theamendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Group will apply these amendments when they become effective.

IFRS 2 Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. This standard is not applicable to the Group.

IFRS 16

Leases IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. In 2018, the Group will continue to assess the potential effect of IFRS 16 on its consolidated financial statements.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach) • A simplified approach (the premium allocation approach) mainly for short-duration contracts. IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

Transfers of Investment Property — Amendments to IAS 40

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with IAS 8 is only permitted if it is possible without the use of hindsight. Effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed. The Group will apply amendments when they become effective. However, since Group's current practice is in line with the clarifications issued, the Group does not expect any effect on its consolidated financial statements.

Annual Improvements 2014-2016 Cycle (issued in December 2016)

These improvements include:

IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters

Short-term exemptions in paragraphs E3–E7 of IFRS 1 were deleted because they have now served their intended purpose. The amendment is effective from 1 January 2018. This amendment is not applicable to the Group.

IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that:

- An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.
- If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment

entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

The amendments should be applied retrospectively and are effective from 1 January 2018, with earlier application permitted. If an entity applies those amendments for an earlier period, it must disclose that fact. These amendments are not applicable to the Group.

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4

The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17 Insurance Contracts, which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach. The temporary exemption is first applied for reporting periods beginning on or after 1 January 2018. An entity may elect the overlay approach when it first applies IFRS 9 and apply that approach retrospectively to financial assets designated on transition to IFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying IFRS 9. These amendments are not applicable to the Group.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration. Entities may apply the amendments on a fully retrospective basis. Alternatively, an entity may apply the Interpretation prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

i) The beginning of the reporting period in which the entity first applies the interpretation or

(ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation

The Interpretation is effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed. However, since the Group's current practice is in line with the Interpretation, the Group does not expect any effect on its consolidated financial statements.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Group will apply interpretation from its effective date. Since the Group operates in a complex multinational tax environment, applying the Interpretation may affect its consolidated financial statements and the required disclosures. In addition, the Group may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis.

5. Subsidiaries

The subsidiaries included in consolidated financial statements, their head offices and the proportion of capital held as at December 31st, 2017 and December 31st, 2016 are as follows:

Subsidiary		Head office	Dec. 31, 2017	Dec. 31, 2016
BA Glass B.V		Amsterdam (Netherlands)	Parent	Parent
BA Glass I - Serviços de Gestão e Investimentos, S.A.		Avintes (Portugal)	100.0%	100%
BA Glass Portugal, S.A.		Avintes (Portugal)	100.0%	100%
BA Glass Spain, SAU		León (Spain)	100.0%	100%
BA Glass Poland Sp.Z.o.o.		Poznan (Poland)	80.0%	80%
BA Glass Germany Gmbh		Gardelegen (Germany)	100.0%	100%
Moldin, S.A.		Avintes (Portugal)	100.0%	100%
BA Vidrio Distribución Comerc.Envases, S.A.		Mérida (Spain)	100.0%	100%
Minas de Valdecastillo, SAU		León (Spain)	100.0%	100%
Barbosa & Almeida, SGPS, S.A.		Avintes (Portugal)	100.0%	100%
BA Vidro II Marinha Grande, SGPS, S.A.		Avintes (Portugal)	100.0%	100%
Artividro - Arte em Vidro, Lda.	(*)	Leiria (Portugal)	-	-
BA Glass Greece , S.A.		Athens (Greece)	100.0%	100%
Huta Szklana Sp.Z.oo	(*)	Sieraków (Poland)	81.6%	81.6%
Glasstank, B.V.		Amsterdam (Netherlands)	100.0%	-
Glassinvest Holdings Ltd.	(**)	Limassol (Cyprus)	100.0%	-
MGL Mediterranean Glass Ltd.	(**)	Limassol (Cyprus)	100.0%	-
BA Glass Romania, S.A.	(**)	Bucurest (Romania)	100.0%	-
Chelianda Estates Ltd.	(**)	Limassol (Cyprus)	100.0%	-
Land Property International	(**)	Limassol (Cyprus)	100.0%	
Bareck Overseas, Ltd.	(**)	Limassol (Cyprus)	100.0%	-
BA Glass Bulgaria, S.A.	(**)	Sofia (Bulgaria)	100.0%	-
Ambalaj Sofia City EOOD	(**)	Sofia (Bulgaria)	100.0%	-
Iva Glass Manufacturers, Ltd.	(**)	Limassol (Cyprus)	100.0%	-
Beluxen Enterprises, Ltd.	(**)	Limassol (Cyprus)	100.0%	-
Hellenic Glass Recycling, S.A.	(**)	Athens (Greece)	100.0%	-
Sprska (Serbian Recycling)	(**)	Serbia	100.0%	-

(*) Companies were excluded from consolidation because they are dormant. (**) Acquisition of Yioula Group

These subsidiaries were consolidated through the full consolidation method.

Acquisitions in 2017

The company has entered in a Share Purchase Agreement on the 8th of October 2016 where the terms and conditions for the acquisition of 100% of the assets related to the production of glass containers of the Yioula Group in Greece, Bulgaria and Romania were defined.

The transaction was made effective in January of 2017.

The fair value of the identifiable assets acquired and liabilities assumed as at the date of acquisition were:

	Fair value recognised on acquisition (k. €)
Assets	
Property, plant and equipment (Note 9)	214,632
Intangible assets (Note 8)	32,888
Inventories	35,751
Trade receivables	111,127
Cash and cash equivalents	200,495
Deferred tax assets	2,935
Other assets	5,681
Liabilities	
Interest - bearing loans and borrowings	326,800
Provisions (Note 21)	2,701
Trade payables	55,514
Deferred tax liabilities	8,925
Other payables	48,382
Total identifiable net assets at fair value	161,187
Fair Value Non Controlling interests	(5,640)
Goodwill arising on acquisition (Note 7)	**214,595**
Purchase consideration transferred	**370,142**

The goodwill of EUR 216,126 thousand comprises the value of expected synergies resulting from cost savings, operational efficiencies and the unique market position.

The Property, plant and equipment recognised at the acquisition date were based on an independent valuation covering the land, buildings and furnaces.

The intangible assets recognized concern the customer relationship and licenses.

No contingent consideration has been agreed as part of the purchase price.

Transaction costs were expensed and are included in Supplies and external services (EUR 600 thousand).

During the year, the Group acquired the portion of equity ownership attributable to non-controlling interests that existed in the acquisition date.

In 2017, South Eastern division contributed EUR 206,480 thousand of revenue and EUR 24,437 thousand of profit before tax from continuing operations of the Group.

Aquisitions 2016

Acquisition of BA Glass Germany

In July 2016, BA Glass BV acquired 100% of the share capital of HNG Global GmbH, a company located in Gardelegen, Germany and playing in the glass packaging market. The acquisition is in line with the strategy of the Group of expanding its operations by the way acquisitions and increases the footprint of the Group in Central Europe. Germany is the biggest European market for the sector and this acquisition allows for a bigger presence of the Group in this market.

The new subsidiary has as the main market segments the production of glass for the food and beverages industry, mainly food, spirits and soft drinks.

BA Glass Germany (formerly HNG Global), operates with one furnace with a total capacity of approximately 100.000 tons per year and revenues of EUR 40 million.

Assets acquired and liabilities assumed

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

	Fair value recognised on acquisition (k. €)
Assets	
Property, plant and equipment	31,067
Trade receivables	3,267
Inventories	9,201
Cash and banks	2,956
Other assets	526
	47,017
Liabilities	
Trade payables	1,581
Other liabilities	1,672
Interest-bearing loans and borrowings	34,007
	37,260
Total identifiable net assets at fair value	**9,757**
Goodwill	13,890
Real estate taxes to be paid	592
Purchase consideration	**23,054**

From the date of acquisition till the end of 2016, BA Glass Germany contributed EUR 17,217 thousand of revenue. If the combination had taken place at the beginning of the year, the Group revenue would have been EUR 600,364 thousand in 2016.

6. Classification of Financial Assets and Financial Liabilities

Financial assets and liabilities are recognized on the financial position statement when the Group becomes a contractual party to the respective financial statements.

The Group classifies its financial assets and financial liabilities in the following categories.

Financial Assets

	Financial assets at amortised cost	Derivatives not used for hedging	Derivatives used for hedging	AFS financial assets at fair value	Total
Trade receivables	158,463,059	-	-	-	158,463,059
Other current debtors	25,759,219	-	-	-	25,759,219
Other financial assets*	10,812,563	-	-	-	10,812,563
Cash and short term deposits	117,295,919	-	-	-	117,295,919
Total December 31, 2017	**312,330,760**	**-**	**-**	**-**	**312,330,760**
Trade receivables	107,032,745	-	-	-	107,032,745
Other current debtors	19,546,335	-	-	-	19,546,335
Other financial assets*	12,084,585	-	-	-	12,084,585
Cash and short term deposits	281,954,589	-	-	-	281,954,589
Total December 31, 2016	**420,618,254**	**-**	**-**	**-**	**420,618,254**

* excluding prepayments

Financial Liabilities

	Financial liabilities at amortised cost	Derivatives not used for hedging	Derivatives used for hedging	Financial Liabilities at Fair Value	Total
Interest - bearing loans and borrowings	805,966,623	-	-	-	805,966,623
Trade payables	107,858,308	-	-	-	107,858,308
Other payables	19,876,979	-	-	-	19,876,979
Other financial liabilities	16,251,470	-	-	25,723,830	41,975,300
Total December 31, 2017	**949,953,380**	**-**	**-**	**25,723,830**	**975,677,210**
Interest - bearing loans and borrowings	572,363,196	-	-	-	572,363,196
Trade payables	80,426,729	-	-	-	80,426,729
Other payables	9,107,517	-	-	-	9,107,517
Other financial liabilities	15,008,571	-	-	20,072,323	35,080,894
Total December 31, 2016	**676,906,012**	**-**	**-**	**20,072,323**	**696,978,335**

Taking into consideration each class of financial assets and financial liabilities presented in tables above, the carrying amount is considered a reasonable approximation of fair value.

7. Goodwill

As at December 31st, 2017 and December 31st, 2016, Goodwill was made up as follows:

	Dec. 31, 2017	Dec. 31, 2016
Cost		
Iberia	89,569,229	89,569,229
Poland	108,952,610	102,719,358
Germany	13,889,718	13,889,718
South Eastern Europe	212,730,747	-
	425,142,304	**206,178,306**
Impairment		
Iberia	(8,345,363)	(8,345,363)
	(8,345,363)	**(8,345,363)**
Net book value	**416,796,941**	**197,832,943**

Changes in goodwill are shown as follows:

	Dec. 31, 2017	Dec. 31, 2016
Opening balance	**197,832,943**	**187,860,130**
Additions	214,594,640	13,889,718
Foreign exchange differences	4,369,359	(3,916,906)
Closing balance	**416,796,941**	**197,832,943**

Impairment testing of goodwill

Goodwill has been allocated to the distinguishable CGU's (Iberia plants, Polish plants, Germany plant and South Eastern Europe plants), for impairment testing purposes.

The Group performed its annual impairment test as at December 31st, 2017 and December 31st 2016.

The recoverable amount of the CGU's has been determined based on a value in use calculation using cash flows projections from budgets approved by senior management covering a five year period.

Assumptions with respect to gross margins, discount rates, raw materials price inflation, market share during the forecast period used to extrapolate cash flows beyond the forecast period are deemed to be conservative and in line with past performance of the Group. The growth rates are the same as the long- term average growth rate for the markets in which the Group operates.

Discounted rates growth rates at perpetuity are the following:

Business Unit	Discount rate	Growth rate (perpetuity)
Iberia	5.0%	2.0%
Poland	6.5%	2.5%
Germany	4.2%	2.5%
South Eastern Europe	7.2%	2.0%

The tests performed at year-end 2017 and 2016 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.

Key assumptions

The calculation of the recoverable amount for the Group of CGUs referred previously was made with reference to:

- The discount rate calculation is based on the specific circumstances of the Group and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing loans the Group has;

- Regarding the main components (raw materials and energy) that have significant impact on the glass business, the management considered an increase in prices based on data available from our main suppliers, otherwise past actual raw material and energy price movements are used as an indicator of future price movements;

- The capital expenditures plans used in impairment test of goodwill are in accordance with the projections approved by the Board.

Sensitivity to changes in assumptions

The impairment tests performed were subjected to a sensitivity analysis, namely to the following Key assumptions: (i) discount rates; (ii) perpetuity growth rate.

A 1 percentage point increase in the discount rate and a 1 percentage point decrease in terminal growth rate would not reveal any indication of impairment.

Assumption	Discount rate	Growth rate (perpetuity)
Δ	+1%	-1%
Iberia	No impairment	No impairment
Poland	No impairment	No impairment
Germany	No impairment	No impairment
South Eastern Europe	No impairment	No impairment

Due to the recent acquisition of South Eastern Europe plants, the Group performed additional sensitivity tests to ensure that a potential impairment is not overlooked.

A 5 percentage point decrease in “sales and change and finished goods”, assuming all other assumptions were unchanged, would not reveal any indication of impairment.

These additional sensitivity tests did not identify any potential impairment.

8. Intangible assets

Changes in intangible assets and corresponding accumulated amortization and impairment losses were as follows:

	CO_2 emission rights	Customer relationship	Licences	Other	Total Amount
Cost					
Balance as at January 1 2017	**19,915**	**-**	**-**	**1,087,237**	**1,107,152**
Acquisition of Yioula Group (Note 5)	-	32,610,000	277,690	-	32,887,690
Foreign exchange differences	1,208	(368,055)	(34,964)	65,832	(335,978)
Additions	-	-	187,636	7,459	195,095
Disposals	-	-	-	-	-
Transfers	-	-	666,740	46,381	713,121
Balance as at December 31 2017	**21,123**	**32,241,945**	**1,097,101**	**1,206,910**	**34,567,079**
Amortization and impairment					
Balance as at January 1 2017	**-**	**-**	**-**	**1,087,237**	**1,087,237**
Foreign exchange differences	-	(19,354)	(32,737)	65,976	13,886
Depreciation charge of the year	-	2,292,824	300,292	3,730	2,596,846
Disposals	-	-	-	-	-
Transfers	-	-	463,771	(29,150)	434,621
Balance as at December 31 2017	**-**	**2,273,470**	**731,327**	**1,127,793**	**4,132,590**
Net book value as at December 31 2017	**21,123**	**29,968,474**	**365,774**	**79,117**	**30,434,489**
Net book value as at December 31 2016	**19,915**	**-**	**-**	**-**	**19,915**

The customer relationships were acquired as part of a business combination (see note 5 for details). They are recognized at their fair value at the date of acquisition and are subsequently amortised on a straight-line over their estimated useful lives (13 years).

Licences are essentially related with computer software.

9. 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 2017	**48,468,335**	**197,707,984**	**682,924,726**	**3,430,918**	**9,675,272**	**13,135,695**	**1,012,492**	**956,355,422**
Acquisition of Yioula Group	34,662,781	36,306,446	139,338,718	578,974	995,898	794,115	1,954,616	214,631,548
Foreign exchange differences	(365,443)	2,091,164	5,330,173	(24,140)	(24,616)	27,346	47,153	7,081,637
Additions	1,416,889	4,545,584	42,697,247	494,695	25,100	89,697	953,765	50,222,976
Disposals/ Write off	-	(1,370)	(10,196,362)	(911,655)	(659)	(52,310)	-	(11,162,355)
Transfers/Other adjustments	(1,175,937)	(534,999)	1,717,443	(54,169)	(125,201)	(1,081,588)	(2,799,374)	(4,053,825)
Balance as at December 31 2017	**83,006,623**	**240,114,810**	**861,811,946**	**3,514,624**	**10,545,793**	**12,912,954**	**1,168,652**	**1,213,075,402**
Depreciation and impairment								
Balance as at January 1 2017	**262,295**	**100,609,912**	**531,664,130**	**2,201,389**	**8,996,037**	**5,243,290**	**-**	**648,977,053**
Acquisition of Yioula Group	-	-	-	-	-	-	-	-
Foreign exchange differences	15,917	621,759	2,982,218	(15,799)	(22,558)	20,016	-	3,601,553
Depreciation charge of the year	70,473	7,932,071	68,936,378	574,785	593,020	214,055	-	78,320,782
Disposals/ Write off	-	(33)	(9,757,975)	(907,053)	(14)	(52,399)	-	(10,717,474)
Impairment Losses	-	-	-	-	-	-	-	-
Transfers	(35,643)	(3,235,215)	(5,809,625)	(70,057)	(540,525)	6,690,061	-	(3,001,004)
Balance as at December 31 2017	**313,042**	**105,928,493**	**588,015,126**	**1,783,264**	**9,025,961**	**12.115.022**	**-**	**717,180,909**
Net book value as at December 31 2017	**82,693,582**	**134,186,317**	**273,796,820**	**1,731,360**	**1,519,832**	**797.932**	**1,168,652**	**495,894,493**

	Land	Buildings and other construc-tions	Equip-ment	Transport equip-ment	Admin-istrative equipment	Other fixed assets	Fixed assets under construc-tion	Total amount fixed assets
Gross assets								
Balance as at January 1 2016	**47,704,980**	**182,796,651**	**638,492,957**	**2,180,775**	**9,322,757**	**12,975,336**	**1,418,530**	**894,891,986**
Acquisition of BA Glass Germany	1,199,131	9,958,468	18,125,093	1,320,385	241,837	203,387	18,269	31,066,569
Foreign exchange differences	(32,210)	(1,278,046)	(4,304,319)	(11,676)	-	(28,609)	46,139	(5,608,721)
Additions	56,669	6,299,368	29,395,313	31,398	398,857	67,027	2,309,403	38,558,034
Disposals	(465,881)	(87,538)	(1,489,845)	(89,963)	(304,628)	(113,896)	(694)	(2,552,445)
Transfers	5,646	19,082	2,705,527	-	16,450	32,451	-2,779,155	-
Balance as at December 31 2016	**48,468,335**	**197,707,984**	**682,924,726**	**3,430,918**	**9,675,272**	**13,135,695**	**1,012,492**	**956,355,422**
Depreciation and impairment								
Balance as at January 1 2016	**272,297**	**95,624,724**	**493,828,763**	**2,032,644**	**8,967,795**	**5,289,638**	**-**	**606,015,861**
Acquisition of BA Glass Germany	-	-	-	-	-	-	-	-
Foreign exchange differences	(10,002)	(356,186)	(2,196,074)	(10,921)	-	(24,775)	-	(2,597,958)
Depreciation charge of the year	-	5,634,727	41,521,283	269,628	332,823	91,874	-	47,850,335
Disposals	-	(81,250)	(1,489,843)	(89,963)	(304,581)	(113,447)	-	(2,079,084)
Transfers	-	(212,104)	-	-	-	-	-	(212,104)
Balance as at December 31 2016	**262,295**	**100,609,912**	**531,664,130**	**2,201,389**	**8,996,037**	**5,243,290**	**-**	**648,977,053**
Net book value as at December 31 2016	**48,206,039**	**97,098,072**	**151,260,596**	**1,229,529**	**679,235**	**7,892,405**	**1,012,492**	**307,378,369**

In 2017, the amount of additions is mainly related with the rebuild of two furnace in Portugal.

In 2016, the amount of additions is mainly related with the reconstruction of one furnace in Jedlice’s plant.

At 31 December 2017, the Group had commitments relating to the rebuild of two furnaces.

Disposals are related with assets that reached the end of life and were replaced by the investment in the new furnaces. No disposals of property, plant and equipment able to be used in the normal operations of the Group occurred.

See note 2(f) for the other accounting policies relevant to property, plant and equipment.

10. Financial investments

a] at equity method

The Group has acquired a minority stake of 25% interest in the company Anchor Glass, a company established in the USA, being the remaining 75% acquired by CVC Capital Partners. Anchor Glass is headquartered in Tampa, Florida and is one of the three major producers of glass packaging in the United States. The company operates six manufacturing facilities in Florida, Georgia, Indiana, Minnesota, New York and Oklahoma, in addition to an engineering and spare parts facility in Illinois and a mould design and manufacturing facility in Ohio. This investment took place during December 2016 and the carrying value at the end of the last year had no changes being the acquisition cost considered as the fair value of the participation at the reporting date.

Anchor company is considered as an associate. An associate is an entity over which the Group has significant influence - the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. BA Group have presence on the Company's board of directors.

The determination fair value of the identifiable assets and liabilities as at the date of acquisition (the Purchase Price Allocation exercise) arising from the transaction was completed during 2017, as follows:

* *Dollars in thousands*	Dec. 31th, 2016
Non-Current Assets	
Property, Plant & Equipment	316.300
Goodwill, net	490.487
Intangible assets	332.049
Other non - current assets	25.440
Current Assets	
Accounts receivable	37.095
Inventories	102.020
Other current assets	9.987
Total Assets	**1,313,378**
Non- Current Liabilities	
Deferred income taxes, net	186.106
Long term debt, excluding current portion	767.391
Other non - current liabilities	28.125
Current Liabilities	
Accounts payable	38.646
Current portion of long-term debt	6.500
Other current liabilities	40.056
Total Liabilities	**1,066,824**
Equity	**246.554**
Purchase consideration transferred (USD)	**67.555**

The table below provide summarised financial information of Anchor Glass as of 30 September 2017, considering that summarized financial information as of 31 December 2017 is not available yet. The information disclosed reflects the amounts presented in the financial statements of the Anchor Glass amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments and modifications for the purpose of homogenization in accounting policies. In addition, and accordingly to IAS 28, adjustments were made for the effects of significant transactions or events, if any, that occurred between 30 September 2017 and 31 December 2017.

*EUR in thousands	Set. 30th, 2017
Total Assets	1,060,983
Total Liabilities	886,970
Equity	**174,013**

*EUR in thousands	Set. 30th, 2017
Revenue	329,445
EBITDA	77,455
Impairment of Goodw ill and Intangible assets	(125,503)
Interest expense, net	(29,206)
Other expense (income), net	(6,410)
Profit for the year (continuing operations)	**(83,665)**
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax	(1,854)
Other comprehensive income not to be reclassified to profit or loss in the subsequent periods, net of tax	-
Total comprehensive income for the year (continuing operations)	**(85,519)**
Group's share of profit for the year (25%)	**(20,916)**
Group's share of changes in equity (25%)	**(464)**

During the year ended 31 December 2017, changes in investments accounted for using the equity method were made up as follows:

Opening Net Assets as at 1 January	**65,051,806**
Profit for the year	(20,916,155)
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax	(463,508)
Other comprehensive income not to be reclassified to profit or loss in the subsequent periods, net of tax	-
Exchange differences on translation of foreign operations	(8,027,515)
Dividends paid	-
Closing net assets as at 31 December	**35,644,628**

b] at cost

	Investment in subsidiaries	Other financial assets	Total
Cost			
At 1 January 2017	**1,956,905**	**2,304,731**	**4,261,636**
Additions	-	2,555	2,555
Disposals	-	(6,010)	(6,010)
Impairment loss/reversal	(24,063)	428,686	404,622
Reclassification	-	(19,645)	(19,645)
Foreign exchange differences	-	412	412
At 31 December 2017	**1,932,842**	**2,710,728**	**4,643,570**
Amortisation and impairment			
At 1 January 2017	**1,932,842**	**19,645**	**1,952,487**
Additions	-	-	-
Disposals	-	-	-
Reclassification	-	(19,645)	(19,645)
At 31 December 2017	**1,932,842**	**-**	**1,932,842**
Net book value at 31 December 2017	**-**	**2,710,729**	**2,710,729**
Net book value at 31 December 2016	**24,063**	**2,285,087**	**2,309,150**

The value of previous years refers to the participation in Artividro – Arte em Vidro, Lda (EUR 1.9 million) which balance is fully provided for.

11. Investment properties

	Dec. 31, 2017	Dec. 31, 2016
Gross Assets		
Balance 1 January	5,322,597	5,328,436
Increases	-	-
Foreign exchange differences	9,293	(5,840)
Balance 31 December	5,331,890	5,322,597
Depreciation		
Balance 1 January	1,196,179	926,704
Increases (Current Depreciation)	163,424	269,475
Reclassification	(106,052)	-
Balance 31 December	1,253,551	1,196,179
Net Value as at 31 December	4,078,339	4,126,418

Investment properties consist of properties measured at cost which are held for renting in Portugal, Spain and Poland. The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

12. Other non-current assets

The balance of this item comprises subsidies awarded by the Spanish Investment Agency amounting to EUR 5.7 million (7.3 million in 2016).

13. Deferred taxes

Deferred tax assets and liabilities as at 31st December 2017 and 2016, with its corresponding temporary differences, are as follows:

Description	Dec.31st, 2017	Dec.31st, 2016
Deferred tax assets		
Provisions for pensions	783,515	473,369
Allowance for bad debts	1,333,780	27,772
Tax depreciations	1,009,979	975,608
Goodwill (BA Spain + BA Greece)	954,726	343,791
Tax revaluation of tangible fixed assets	16,685,761	11,637,140
Tax losses	175,950	-
Others	1,781,179	1,159,991
	22,724,889	**14,617,672**
Deferred tax liabilities		
Uniform depreciation criteria (adjustment of useful lives)	3,327,138	3,720,968
Fair value adjustments - land	3,757,981	3,767,802
Libertad de amortización (depreciation deduction fiscal benefit)	748,145	2,040,349
Tax revaluation reserves of tangible assets	3,628,819	1,019,451
Fair value adjustments - intangible assets	4,696,244	-
Others	-	1,818
	16,158,328	**10,550,388**
Net deferred tax assets/(liabilities)	**6,566,562**	**4,067,284**

In 2016, the subsidiary BA Glass Portugal recognized for the first time a deferred tax asset in accordance with a tax revaluation tangible fixed assets under a Portuguese specific legislation that entered in force during the year. The tax revaluation, is subject to a special taxation of 14%, paid in three equal installments, in 2016, 2017 and 2018. The increase in depreciation resulting from the revaluation can be considered for tax purposes as from the taxation period beginning in 2018 for the following 8 years. The deferred taxes will be used starting in 2018. The liability for the special taxation is accounted under Other payables. During the 2017, after a valuation carried out by an independent party, as required by law, the amount of the tax revaluation increased, and as consequence, which implied an increase in the balance of 5,048 thousand Euro.

The increases in the following captions: Deferred tax assets related with “Provisions for pensions”, “Allowance for bad debts”; “Goodwill” as also the increases in Deferred tax liabilities related with “Tax revaluation reserves of tangible” and “Fair value adjustments - intangible assets” are closely related with the acquisition of Yioula Group (note 5).

The balances of deferred tax liabilities arising on "*Libertad de Amortización*" were generated by BA Glass Spain, 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. The balance shown under tax depreciation relate to a tax adjustment in Spain where during the periods of 2013 and 2014 an amount equal to 30% of accounting depreciations should be added for tax purposes being recovered in the periods starting 2015. This reduced the tax depreciations for those periods allowing for the use of the accrued depreciations in future years as tax cost through a positive adjustment in the Corporate Income Tax for the period.

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same Tax Authority.

During the year ended 31 December 2017, changes in deferred tax (net) were made up as follows:

Reconciliation of deferred tax, net	Dec. 31st, 2017
As of 1 January	**4,067,284**
Deferred taxes acquired in business combinations (Note 5)	(5,989,664)
Tax income/(expense) during the period recognised in profit or loss (Note 31)	8,488,942
Tax income/(expense) during the period recognised in OCI	-
As at 31 December	**6,566,562**

14. Inventories

Description	Dec.31st, 2017	Dec.31st, 2016
Raw materials and consumables	24,456,218	11,178,621
Finished good and work in progress	92,473,310	69,241,185
Goods for resale	1,515,778	1,171,440
	118,445,306	**81,591,246**
Impairment	(795,547)	(898,361)
	117,649,759	**80,692,885**

Stocks increase mainly by the effect of the acquisition of Yioula's Group (Note 5).

Quality of stock is reviewed periodically, and non-conforming stock is destroyed immediately. The increases/ decreases of the period are recognised as an expense in the caption "Change in stocks of finished goods".

15. Trade receivables

Description	Dec.31st, 2017	Dec.31st, 2016
Trade receivables	156,268,568	111,983,920
Notes receivables	9,217,864	103,326
	176,028,698	**112,087,246**
Impairment	(7,023,374)	(5,054,501)
	158,463,058	**107,032,745**

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

Trade receivables increase mainly by the effect of the acquisition of Yioula's Group (Note 5).

As at 31st December 2017 and 31st December 2016 balances are totally provided for overdue.

See below for the movements in the provision for impairment of receivables:

Description	Dec.31st, 2017
At 1 January	**5,054,501**
Charge of the year	3,004,320
Utilised	(1,018,233)
Unused amounts reversed	(23,889)
Foreign exchange differences	6,675
At 31 december	**7,023,374**

As at 31 December, the ageing analysis of trade receivables is, as follows:

			Past due but not impairmed				
	Total	**Neither past due nor impairmed**	**< 30 days**	**30-60 days**	**61-90 days**	**91-120 days**	**> 120 days**
2017	158,463,058	136,783,733	12,376,415	4,128,695	1,353,413	1,170,135	2,650,667

16. Other current debtors

	Dec.31, 2017	Dec.31, 2016
State and other state entities	10,975,815	6,838,769
Subsidies - Spanish Govermental Agency	9,180,160	9,180,160
Other	5,603,245	3,527,406
	25,759,219	**19,546,335**

The carrying amount of "State and other state entities" includes EUR 6.5 million related with two payments made in 2013 and 2016 in connection to an extraordinary settlement of tax litigation in Portugal. Despite the payments, the group considerer probably to recover the amounts paid. This caption includes also EUR 3.6 million (2016: EUR 3.8 million) related with VAT.

17. Other current assets

	Dec.31, 2017	Dec.31, 2016
Accrued income	746,626	339,484
Deferred costs - insurances	374,999	516,970
Finance expenses	1,502,063	1,167,524
Other	201,637	598,115
	2,825,326	**2,622,093**

"Financial expenses" are related to commissions related with bank loans taken for the Yioula acquisition. Comissions are recognised as expense in a straight line basis over the period defined on the contract.

18. Cash and short-term deposits

	Dec.31, 2017	Dec.31, 2016
Cash on Hand	33,189	17,146
Bank Balance	117,262,729	281,937,444
Total Cash on hand and Bank Balance	**117,295,919**	**281,954,589**
Not available for use	-	(250,000,000)
Total Cash and Cash Equivalents	**117,295,919**	**31,954,589**

The caption "Cash and short-term deposits" includes cash on hand, demand deposits, treasury applications and term deposits which mature is less than three months for which there is insignificant risk of change in value.

As at 31st December 2016, the total in cash and short-term deposits includes an amount not available for use by the Group, of EUR 250 million, that it was used in the acquisition of Yioula Group.

19. Equity

As at December 31st, 2017, the Group's share capital, totaling EUR 36,000 was fully subscribed and paid.

The following table details the Group's shareholding structure, as at December 31st, 2017 and December 31st, 2016:

	Dec.31, 2017		Dec.31, 2016	
	No of Shares	%	No of Shares	%
Fim do Dia, SGPS, S.A.	17,064	47%	17,064	47%
Teak Capital, S.A.	9,468	26%	9,468	26%
Tangor Capital, S.A.	9,468	26%	9,468	26%
	36,000	**100%**	**36,000**	**100%**

In 2017, a dividend of 1,388.89 per share was paid.

20. Interest-bearing loans and borrowings

	Dec.31, 2017	Dec.31, 2016
Interest Bearing loans and Borrowings		
Non - current	631,908,494	408,400,616
Current	174,058,129	163,962,580
	805,966,623	**572,363,196**
Cash and Bank Loans		
Cash	33,189	17,146
Bank deposits	117,262,729	281,937,444
	117,295,919	**281,954,589**
Net Debt	**688,670,705**	**290,408,607**

The Group's bank loans bear interest at market rates. Most of the Group exposure to interest rate risk arises as it borrows funds mainly at floating interest rates.

The foreign currency bank loans were translated to Euro using the exchange rates in force at the statement of financial position date.

The net position of bank balances (hereinafter as "net debt") is as follows:

	Short term	Long term	Total debt Dec.31, 2017	Total debt Dec.31, 2016
Bank Loans	68,892,817	180,305,706	249,198,523	108,117,860
Bonds	98,606,211	443,400,000	542,006,211	439,050,000
Bank overdrafts	5,482,102	-	5,482,102	15,805,422
Finance leasing	1,077,000	8,202,788	9,279,788	9,389,914
Bank deposits	(117,295,919)	-	(117,295,919)	(281,954,589)
	56,762,211	**631,908,494**	**688,670,705**	**290,408,607**
Fair value of interest rate derivatives	-	-	-	-
	56,762,211	**631,908,494**	**688,670,705**	**290,408,607**

There are some covenants attached to some loans negotiated with the banks. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

All Group debt is secured with Negative pledge (with certain carve-outs and thresholds available), cross default and Pari Passú clauses.

No mortgages or pledges are in place as guarantee for the accomplishment of the obligations in any financing contract.

Group uses Commercial Paper programs to have flexibility in the management of the available financing lines. A mix of short term and long term is used to adapt repayment schedule of the debt to the expected cash flow generated for debt repayment.

The Group has liquidity available to face possible negative movements in the finance markets. Debt is followed with strict control and some indicators are measured and controlled to guarantee a solid and safe financial structure. Main indicator considered as a key control to guarantee financial stability is net debt / EBITDA which the Board follows strictly to ensure it is not above 4,0x.

Changes in interest bearing loans and borrowings during the year is explained by the acquisition of Yioula Group (see note 5) and for cash flows arising from financing activities.

BA

20.1 Maturity of debt

Year	Dec. 31, 2017
2018	174,058,129
2019	126,256,375
2020	140,868,464
2021&following	364,783,655

20.2 Other non - current and current liabilities

In 2016, the "Other non-current liabilities" includes the fair value of the non-controlling interest in BA Glass Poland which has been estimated in accordance with the terms of the shareholders agreement. Through a valuation technique that was calculated based on the discounted cash flow methodology and that was prepared applying the level 3 of the value measurement hierarchy.

As at December 31st, 2017 the Group recognizes a financial liability amounting to EUR 25.7 million (2016: EUR 20.1 million) which corresponds to the actual value of the put option granted to the non-controlling interests.

Put option may be exercised by minority Shareholders and is active until December 2018. As consequence, the amount of 25.7 million is presented in the caption "Other current liabilities".

21. Provisions

	Retirement pensions (Note 32)	Environmental liabilities	Others	Total
Balance at January 1 2017	**1,695,355**	**193,238**	**222,903**	**2,111,496**
Acquisition of Yioula Group (Note 5)	(2,432,552)	-	(267,965)	(2,700,516)
Foreign exchange difference	(514)	-	(7,016)	(7,530)
Utilization	(534,471)	-	(23,703)	(558,174)
Increase in the year	103,941	-	277,400	381,341
Other adjustments (OCI)	349,400	-	-	349,400
Balance at December 31 2017	**4,046,262**	**193,238**	**737,549**	**4,977,049**

	Retirement pensions (Note 32)	Environmental liabilities	Others	Total
Balance at January 1 2016	**1,940,479**	**193,238**	**117,330**	**2,251,046**
Acquisition BA Glass Germany	-	-	44,538	44,538
Foreign exchange difference	(2,444)	-	(4,310)	(6,754)
Utilization	(229,907)	-	(2,112)	(232,019)
Increase in the year	(12,773)	-	67,457	54,684
Other adjustments (OCI)	-	-	-	-
Balance at December 31 2016	**1,695,355**	**193,238**	**222,903**	**2,111,496**

Minas de Valdecastillo, SAU is liable for restoration of land allocated to its mining operations which are estimated to an amount of EUR 193 thousand (refer to note 36.2).

22. Trade payables

The caption "Trade payables" as at 31st December 2017 and 2016 is made up as follows:

	Dec.31, 2017	Dec.31, 2016
Trade payables - Suppliers	107,858,308	80,426,728
	107,858,308	**80,426,728**

This caption as at 31 December 2017 and 2016 corresponds to balances resulting from purchases in the normal course of the Group's business.

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

Trade payables are non-interest bearing and are normally settled on 60 to 90-day terms.

For explanations on the Group's liquidity risk management processes, refer to Note 38.

23. Other payables

	Dec.31, 2017	Dec.31, 2016
State and other state entities	8,211,340	4,526,980
Fixed asset supl liers	7,996,489	4,027,403
Advances from customers	1,003,495	-
Other	2,665,654	553,133
	19,876,979	**9,107,517**

The caption "State and other state entities" as at December 31st, 2017 comprises an amount of EUR 2.5 million (2016: 2.3 million) related with value added tax, social security contributions related with December payroll totaling EUR 2.6 million (2016: EUR 1.5 million) and personnel income taxes withheld amounting to EUR 766 thousand (2016: EUR 765 thousand).

The amount for fixed assets suppliers in 2017 comprises several invoices related with the investment in Iberia plants (2016: investment in Jedlice' plant).

24. Other current liabilities

	Dec.31, 2017	Dec.31, 2016
Accrued costs		
Payroll expenses	7,234,601	5,596,926
Finance expenses	2,273,123	880,193
Bonus granted (rappel)	3,833,344	2,054,729
Put option granted (note 20.2)	25,723,830	-
Other	2,910,402	3,801,108
	41,975,300	**12,332,955**
Deferred revenue	-	**834,712**
	-	**834,712**
Other current liabilities	**41,975,300**	**13,167,667**

The Group accounts for the liability for commercial bonus (rappel) in accordance with the sales agreements in place. As at December 31st, 2017 this balance amounts to EUR 3.8 million (2016: EUR: 2.1 million).

In 2016, “Other deferred income” include EUR 191 thousand related to bonus granted by suppliers in advance.

25. Government grants

Government grants have been received in connection with the purchase of certain items of propertv, plant and equipment.

	Dec. 31, 2017	Dec. 31, 2016
At 1 January	**14,447,966**	**18,886,835**
Acquisition Yiuola Group	9,360,352	-
Foreign exchange difference	(48,982)	-
Received during the year	-	-
Released to the statement of profit or loss	(3,891,671)	(4,288,118)
Other adjustments	(1,258,347)	(150,751)
At 31 December	**18,609,317**	**14,447,966**

Current	3,882,384	2,838,005
Non-current	14,726,934	11,609,961

There are no unfulfilled conditions or contingencies attached to these except in what concern one grant received from Spanish authorities for which the final assessment of the attached conditions is still be completed.".

26. Revenues

	IB division	CE division	SEE division	Total
Dec. 31st, 2017	445,755,385	151,631,938	206,480,483	803,867,805
Dec. 31st, 2016	**461,402,009**	**120,092,031**	**-**	**581,494,040**

The Group operates mainly in Europe having a low exposure to other currencies as well as to countries with high risk of receivables recoverability.

27. Other operating income

Description	Dec.31st, 2017	Dec.31st, 2016
Government Grants	3,891,671	4,288,118
Gain on disposal of assets	258,363	427,153
Indemnities	1,252,224	106,678
Rentals	34,107	12,008
Own work	612,566	43,104
Exchange differences	960,634	-
Other	971,626	625,517
	7,981,192	**5,502,578**

28. Other operating expenses

Description	Dec.31st, 2017	Dec.31st, 2016
Taxes	3,229,256	1,861,029
CO_2 emission rights usage	3,036,322	2,859,478
Other	1,382,044	594,743
	7,647,621	**5,315,250**

29. Impairment

Description	Dec.31st, 2017	Dec.31st, 2016
Trade receivables	1,986,088	(1,269,123)
Other	15,783	-
	2,001,871	**(1,269,123)**

30. Financial Results

Description	Dec.31st, 2017	Dec.31st, 2016
Interest bearing loans and borrowings	(14,750,293)	(7,721,646)
Interest earned from deposits	191,759	161,004
Discounts granted	(1,633,093)	(1,531,438)
Discounts obtained	285,585	287,727
Foreign exchange differences	3,768,936	(1,861,713)
Impairment losses on financial investments	-	(74,207)
Reversal losses on financial investments	428,686	-
Other financial costs	(1,523,402)	(609,643)
Other financial income	111,951	18,233
	(13,119,873)	**(11,331,683)**

"Interest-bearing loans and borrowings" increased when compared with the previous year mainly due to the increase of the leverage related to the acquisition of Yioula Group that took place in the year.

In 2017 and 2016 the change in exchange rate differences results mainly from the fluctuations of the Polish zloty against Euro.

31. Income tax

Income tax for the years ended 31st December 2017 and 2016 is made up as follows:

Description	Dec.31st, 2017	Dec.31st, 2016
Current tax	(37,953,960)	(42,530,919)
Deferred tax	8,488,942	13,161,127
	(29,465,019)	**(29,369,792)**

Reconciliation between income before tax and income tax expense is as follows:

	Dec.31st, 2017	Dec.31st, 2016
Profit / (loss) before tax	**142,991,820**	**132,664,470**
Current tax for the period	(37,953,960)	(42,530,919)
Deferred tax for the period		
Goodwill BA Spain (fundo de comércio)	(144,848)	(144,848)
Tax losses	175,950	-
Allowance for bad debts	1,039,365	(377,512)
Pensions	(61,790)	(67,725)
Uniform depreciation criteria	(119,311)	(456,332)
Revaluation reserves	(233,739)	61,426
Libertad de amortización (depreciation deduction fiscal benefit)	1,183,267	1,223,701
Limitation on deduction of depreciations	(1,092,345)	(121,951)
Tax revaluation of tangible fixed assets	5,048,621	11,637,140
Other deferred tax liabilities	2,693,771	1,407,228
	8,488,942	**13,161,126**
Income tax	(29,465,019)	(29,369,792)
	-20.6%	*-22.1%*

Corporate income tax rates in the country where the Group are as follows:

Tax jurisdiction	Nominal tax rate	Other additional rate
Portugal	21.5%	1.5%-7%
Spain	25.0%	-
Poland	19.0%	-
Germany	15.0%	14%-17%
Greece	29.0%	-
Bulgaria	10.0%	-
Romania	16.0%	-
Netherlands	25.0%	-

The main difference between the nominal tax rate and the effective tax rate are mainly related to tax benefits (tax revaluation tangible fixed assets as referred in Note 13) and the effect of lower tax rates in other geographies (mainly Poland, Bulgaria and Romania).

All the deferred tax assets related with carry forward of unused tax losses are recognized.

As at December 31st, 2017 the amount related with corporate income tax payable presented in balance sheet is EUR 8. 9 million (2016: EUR million).

32. Post-retirement benefits

	Dec.31, 2017	Dec.31, 2016
Portugal	1,451,402	1,644,038
Greece	1,136,294	-
Bulgaria	1,397,382	-
Other companies	61,184	51,317
	4,046,262	**1,695,355**

The increase of this caption is closely related with the acquisition of Yioula Group (note 5).

The subsidiary BA Glass Portugal offers to actual pensioners' retirement pension plans which liabilities are annually calculated based on actuarial studies. The plans have been closed for some years, therefore, no new entries will joint it.

The subsidiary BA Bulgaria has a defined benefit retirement plan, incurring from its obligation according to the Bulgarian labor law and the Collective Labor Agreement to pay to its employees upon retirement from two to seven gross monthly salaries, depending on the years of service.

The subsidiary BA Greece has a defined benefit retirement plan, incurring from is obligation accordingly with the law 2112/20, as amended by law 4093/12.

A valuation methodology based on a "projected unit credit model" was determined by external parties and the following actuarial assumptions were used:

	Portugal	Greece	Bulgaria
Number of participants	127	227	715
Discount rate	1.50%	1.50%	1.40%
Pay increase	0.00%	1.75%	5.00%

The Group does not have plan assets to pay or fund employee benefits.

33. Number of personnel

The number of employees at December 31st, 2017 is 3.796 (2.408 at December 31st, 2016).

34. Related party transactions

Intercompany balances and transactions reported to the companies included in the consolidation sperimeter, as referred to in note 5, were eliminated for purposes of preparing the consolidated financial statements.

The key management personnel team comprises 23 people who are based in The Netherlands, and all the countries the Group operates. Their compensation is limited to short-term benefits and include deferred compensation linked to the Group´s performance in a three year-period. No other long-term employee benefits are earned by directors. The Group does not have in place any share-based payments scheme and during the period no termination benefits have been paid. Overall, compensation of key management is aligned with market and industry practices. Fixed compensation represents 50-60% of total compensation.

35. Earnings per share

Basic EPS is calculated by dividing the 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 EPS is calculated by dividing the 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.

The following table reflects the income and share data used in the basic and diluted EPS computations:

	Dec.31, 2017	Dec.31, 2016
Profit attributable to ordinary equity holders of the parent:		
Continuing operations	110,798,900	101,305,408
Discontinued operations	-	-
Profit attributable to ordinary equity holders of the parent for basic earnings	**110,798,900**	**101,305,408**
Weighted average number of ordinary shares	**36,000**	**36,000**
Earnings per share		
Basic	3,077.75	2,814.04
Diluted	3,077.75	2,814.04

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

36. 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 recognised as an operating expense in its operating results for the reporting period.

36.1 CO_2 Emission rights

In 2013 started a new program of allocation of CO_2 emission rights that will last until 2020. According the new allocations rules, the CO2 emissions rights were reduced and will suffer a reduction every year till 2020.

During 2017 and 2016 the Group accounted under other operating expenses all the deficit of used versus free licenses (note 28). During the year the Group's total emissions were of 864,848 tons (2016: 621,486 tons).

At the end of the year the Group has already in the registries enough licenses to surrender the used during the year.

36.2 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 EUR 193 thousand (refer to note 21).

36.3 Liability for environmental damages

The Group's subsidiaries which operate in Portugal have contractual reserves under equity in order to comply with the provisions of Decree-Law no. 147/2008.

37. Commitments and contingencies

37.1 Bank guarantees

As at December 31st, 2017, the Group provided bank guarantees to third parties totaling EUR 16.9 million, which balance includes a bank guarantee provided to the European Investment Bank ("EIB") as security for finance in the amount of EUR 16.5 million.

37.2 Contingencies

The 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.

The Group has EUR 6.5 million booked in "Other current debtors" (as "State entities") related with an exceptional regularization of tax debts. This regularization regime applies to debts which are being challenged by the Group in Court and the Group believes that the likelihood of having an unfavorable assessment is remote. In spite of the Group has paid this amount, it does not mean that the Group will not have a favorable assessment in what concerns the debts aforementioned.

These payments in advance were performed by the companies BA Glass Portugal and BA Glass I.

38. Structure of the members of the Board

The board is composed of 4 members:

- Carlos António Rocha Moreira da Silva
- Rita Mestre Mira da Silva Domingues
- Pieter Cornelis Jan Avis
- Intertrust (Netherlands) B.V.

39. Fees paid to the statutory auditors

Audit fees are as follows:

Audit Services	2017 amount	%	2016 amount	%
Statutory audit services				
Iberia	95,025	28%	73,775	47%
Netherlands	35,000	10%	30,000	19%
Central Europe	52,850	15%	54,150	34%
South Eastern Europe	160,000	47%	-	
Total	**342,875**		**157,925**	

40. Events after the balance sheet date

There are no know events after 31st December 2017 which may influence the presentation and the interpretation of the present financial statements reported at that time.

independent auditor's report

Ernst & Young Accountants LLP
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Independent auditor's report

To: the shareholders and management of BA Glass BV

Report on the audit of the financial statements 2017 included in the annual report

Our opinion

We have audited the financial statements 2017 of BA Glass BV, based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of BA Glass as at 31 December 2017, and of its result and its cash flows for 2017 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The consolidated and company statement of financial position as at 31 December 2017.
- The following statements for 2017: the consolidated and company income statement, the consolidated and company statements of comprehensive income, changes in equity and cash flows.
- The notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of BA Glass BV in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The management board's report.
- Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Building a better working world

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Description of responsibilities for the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.,:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtaining an understanding of internal control relevant to the audit 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 company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amsterdam, 20 March 2018
Ernst & Young Accountants LLP

signed by T. Wiffrie

BA

Introduction

As in former years, the Sustainability report is published together with BA Glass Annual Report.

The present report reflects how the pillars of BA Vision support its sustainable development. BA assumes also a public commitment to develop its activities in a sustainable way from various perspectives - economic, environmental and social, complying with applicable legal requirements and with other requirements which the Group subscribes.

sustainability report

BA 2017 ANNUAL REPORT

BA Vision

our vision	Wrap dreams beyond packaging, by HeART
our way	beat
our pillars	Customers · Shareholders · People · Consumers
our foundation	EXCELLENCE

The BA Group vision is to "**Wrap Dreams Beyond Packaging**, by Heart".

In BA we believe we can go beyond making glass containers. We aim to take part in our **Customers**' creation and innovation processes on a quest to support them in providing the **Consumers** with unique experiences.

We will make it the **BA Way**, built on our values, commandments, principles and beliefs (what we named our HEART BEAT). We will make it with our **People**, the ones that dream on making a difference, growing, exploiting and exploring.

Our focus on **Excellence** is the basis of this aspiration. We believe that sustainable innovation requires excellence, and that is our bedrock which we must protect and fortify.

Value creation is what drives our **Shareholders** commitment and support. And we believe the pursuit of our vision will create value through sustainable and profitable growth.

In our **VISION**, every word has a meaning:

WRAP: to elevate and magnify (as a gift)
DREAMS: the never-ending goals not yet reached,
BEYOND: aiming to do more than just...
PACKAGING: what we produce

All the four **PILLARS** have very ambitious goals.

Be the choice of our **CUSTOMERS**, because we aim for them to see BA as a partner on their growth, innovations and disruptions, providing consistently quality and an excellent service in each delivery.

Provide unique experiences to **CONSUMERS**, because we aim for them to use our products with safety, convenience and great emotions.

Enable the development of our **PEOPLE**, by creating the conditions to provide them with exciting challenges and opportunities in current and future projects, engaging them on the options and the outcomes of each decision and, afterwards, providing them with the deserved recognition of the results accomplished.

Create value for our **SHAREHOLDERS**, by ensuring the expected growth, profitability and return on equity.

Our way, the **BA WAY** is guided by our **HEART BEAT**:

We have our values...

HEART

Humbleness to learn
Emotion in everything we are engaged with
Ambition to set targets
Rigor when performing tasks
Transparency in internal and external relations

... and we reinforce them with our

BEAT

Be focused on the customer
Empower your team
Act like an owner
Think about simple solutions

Striving for **EXCELLENCE**, in everything we do, is the foundation of our aspiration. We cannot afford not having it.

BA

BA Sustainable Development

Shareholders

Customers and Consumers

People

Social and environmental responsibility

The pillars of BA vision together with BA social and environmental concerns are the base for its sustainable development. We have been incorporating all their components into our integrated management system, which we believe is key to succeed in achieving our mid and long term goals.

Every year BA sets new and more ambitious goals built on previously achieved targets and the best accomplishments in the industry. To achieve these goals, some of them transversal, action plans, covering each and every pillar of the vision, are built and monitored at different levels of the organization through the regular analysis of performance indicators. These goals are established as a challenge to all the teams and a guide to the continuous improvement in all areas of the organization. Those challenges provide an opportunity for everybody to do their best and be part of the achieved success.

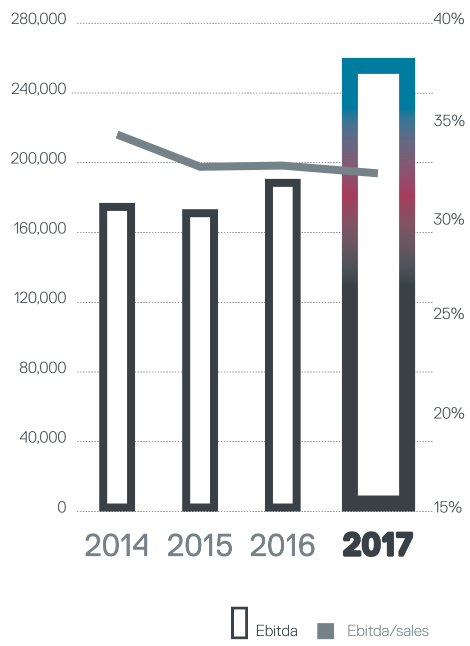
Shareholders

Create value for our **SHAREHOLDERS**, by ensuring the expected growth, profitability and return on equity.

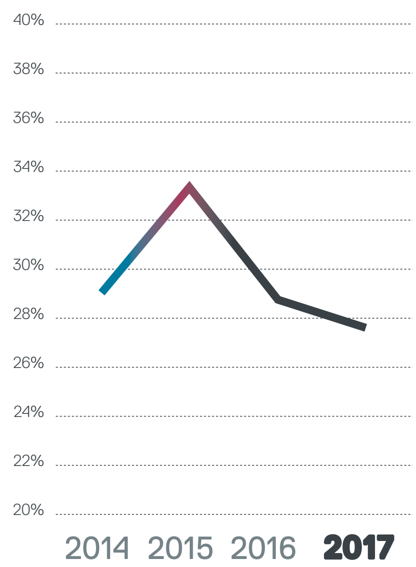
One of the main roles of a company is to create value for its shareholders. While doing so, BA also creates value for the entities and people to whom it relates, namely the customers, the suppliers, the employees and the community. In fact, managing sustainability means to consider these several parts not only in the daily management and decision processes, but also in the projects and activities which will have long-term impact on the value creation and sustainable growth of our business.

The Group has been showing its ability to grow sustainably, being remarkable the fast integration of the South Eastern Europe division and the improvement of the Central Europe division, and to create value for its shareholders at very satisfactory levels, a result of all the actions and projects implemented during recent years. All these have generated meaningful improvements on productivity, operational efficiency, assets turnover, and ultimately on profitability, minimizing the impact of a less positive macroeconomic context that, finally, showed some signs of recovery in Europe.

Ebitda [k.€]

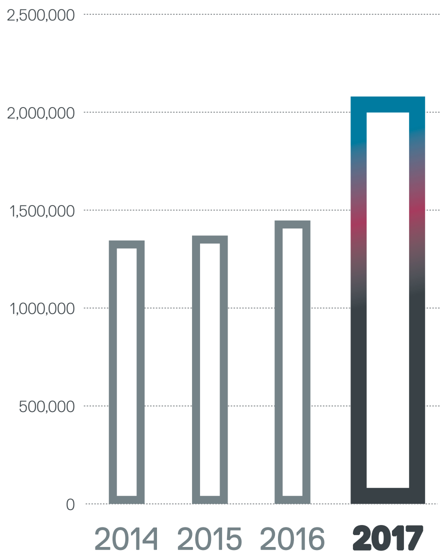


Return on equity [%]

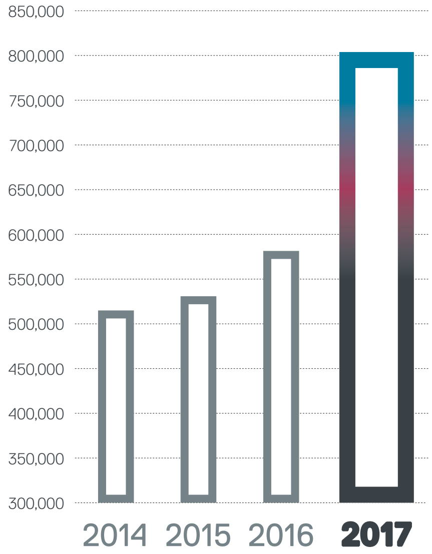


The shareholders have been consistently promoting the reinvestment of the company's results in its growth (either organic or by acquisitions) and operational excellence. In 2017, BA concluded one of the largest steps in its growth history with the acquisition of two plants in Bulgaria, a plant in Greece and another in Romania, becoming a true multinational player with 12 plants operating in 7 different geographies and selling in more than 80 countries. Over the last four years the Group has grown its production by 55% and its turnover by 56%.

Production [ton]



Turnover [k.€]



In BA we believe the relationship with all our stakeholders must be supported and reinforced in transparency, rigor, trust and responsibility, which are important values for the Group.

The Group keeps close partnerships with its current and potential suppliers with the purpose of always seeking the best technical and most creative solutions that can benefit both parties and lead to a sustainable development. All suppliers play an important role in the development of BA and its ability to provide an excellent and innovative service. That is why BA continues to apply its suppliers' evaluation methodology, to ensure a solid base of suppliers able to provide innovative and efficient solutions and compliant with appropriate ethical and environmental principles.

Customers and Consumers

BA commercial activity was strongly affected by the positive trend in the European economy environment and the growth of consumers' confidence. With the integration of four more plants and other markets in the beginning of the year, BA was able to find better solutions to deliver its products and services throughout the year according to the needs of the market, despite some production limitations due to furnace rebuilds. Our exports represent today 25% of BA total sales volume.
The consolidated turnover reached EUR 803.9 million, representing a growth of 38% compared to last year. The sales increase was mainly volume driven, mainly related with the recent acquisition. BA has continued to expand its customer portfolio, ensuring the diversification of market and credit risks, and expanding its potential for future business in new and current markets.

Be the choice of our **CUSTOMERS** was reinforced across the year with several actions, because we aim for them to see BA as a partner on their growth, innovations and disruptions, providing consistently quality and an excellent service in each delivery.

Focused on providing value added solutions, BA has further developed its consumer knowledge in order to provide its customers with the necessary knowledge for a surprising product development. This way BA aims to be better prepared to supply its customers with products and services that meet and exceed their expectations. BA has today a fully equipped team of market researchers and designers who will enhance its capacity to play this new *game* and provide innovative offers to its customers. As usual, we will continue to privilege direct contact with the food and beverage producers and fillers, to get the full understanding of their needs. This direct sales model enables a unique and differentiated service. In the end, it enables us to be closer to our customers' dreams and projects.

BA will continue to work in developing its model of cooperation with customers (called "Innovation Challenge") in order to differentiate the final solution and increase productivity and/or reduce costs for both parties. As a consequence of our recent work on consumer knowledge, this new pillar is already included in this partnership framework.

Provide unique experiences to **CONSUMERS** is a strong challenge, because we aim for them to use our products with safety, convenience and great emotions.

The collaboration with our customers to leverage the consumer knowledge will generate more innovative solutions that go beyond packaging. During 2017, BA already created with its customers complete solution proposals in product launches. Market data analysis, innovative secondary packaging solutions, possible partnerships, brand values and ways to market are some of the areas in which our team is capable of providing a differentiated service. However, we are conscious and humble to know that there is still a lot to learn and therefore we will continue to bet on our consumer knowledge and on the skills required to break it down in unexpected solutions that go beyond the packaging itself. Today, with the Innovation Challenge framework fully incorporating the consumer perspective, we are more confident to fulfill our customer needs and surprise them with outcomes that can generate successful products, more efficiency on the value chain, higher sales and shorter time to market, with a positive economic and/or environmental impact for both parties.

Aware of the importance of sustainability throughout the whole value chain, for us, customers and consumers, we are investing in finding opportunities to reinforce it in the projects we develop both internally and with our customers, aiming to leverage what we believe are the environment advantages of our products and processes.

beyond everyday

People

We aim to enable the development of our **PEOPLE**, by creating the conditions to provide them with exciting challenges and opportunities in current and future projects, engaging them on the options and the outcomes of each decision and, afterwards, providing them with the deserved recognition of the results accomplished.

Challenges and opportunities

Building and managing a larger organization, supported by strong integration and communication processes, were the key challenges in the development of our people in 2017. The team dedicated to develop people inside the organization and attract new people with different skills from the market, embraced a new path to assure an effective and consistent development of the entire Group.

In fact, after the growth into Germany in the previous year, the expansion of the Group to South Eastern Europe, in the beginning of 2017, brought an even bigger challenge of integrating three new and different geographies. 2017 was the year of strengthening and going deep into tools and policies, creating synergies and ensuring coherence in procedures, principles and ways of working.

The growth generates new opportunities for our people, as they can expand their knowledge in a wider scale, and although the management of knowledge inside the company was always a challenge and a priority, in 2017 it gained a special relevance, since we are playing in an ever more competitive and global world, where the knowledge and the information flow very quickly without borders.

It is crucial to accelerate the development of our people to deal with unpredictable changes and opportunities. The answer to this challenge has started in 2016 with the creation of the BA Academy, a structured and sustainable way of learning and developing. Following this path, in 2017 two major schools were launched: the New Comers School and the Leadership and Management school, with the participation of a relevant number of people.

The New Comers School teaches people that are just joining the company and to whom we want to provide a first understanding of our business, processes, and ways of working, enriching each person's specific integration plan that covers specific needs of their position. These training sessions take place several times during the year and gather people from different geographies and departments, being also an opportunity for team building.

BA academy

thrive for more

In the Leadership and Management school, the goal was to create a learning place where people could reflect on, and develop skills for their current and future challenges. Leadership, engagement with activities and projects, autonomy & initiative, risk assumption & innovation, and negotiation & collaboration are the key skills that are explored and promoted in this school. The skills developed during the program are connected to the performance assessment and the programs aim to promote a generation of innovative and entrepreneurial people capable of developing themselves and their teams and supporting the growth and consolidation of the business.

The 2nd edition of BA MDP – BA Managers Development Program successfully took place in May: this is a two weeks immersion program involving senior managers from different departments and geographies. The BA MDP is a privileged space, where the development of behavioral and technical skills is taken to a very high level.

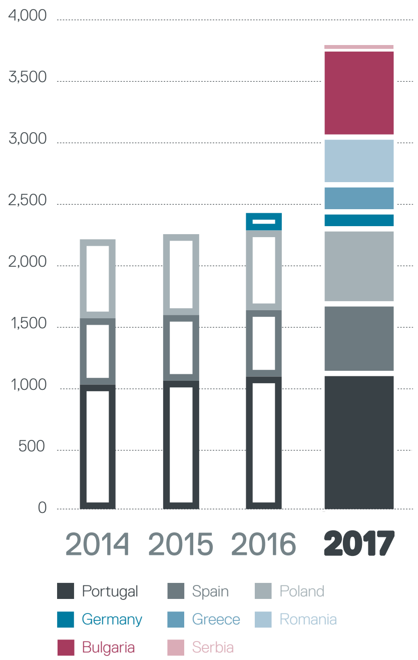
Regarding People Development and Assessment process (PAD), 2017 particularly focused on improvements in succession plans and follow-up tools. Was also a year specially dedicated to spread methodologies in the new geographies and the result was that 100% of people from the new countries were already included in this development process.

With the Group expansion to South Eastern Europe, BA welcomed a significant number of new people, ending the year of 2017 with 3,796 people, including non-core business activities, such as recycling and molds construction and repair. The Group has now 12 plants and the new geographies located in Greece, Romania, Bulgaria and Serbia, include 1,355 employees representing a headcount increase of 57.6%.

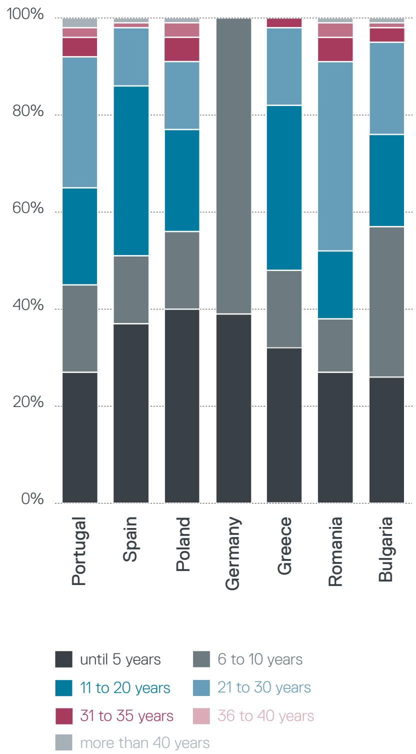
The seniority of employees in the company is fairly distributed and the average age of the team is 40 years old, keeping a balanced distribution among the different seniority and age ranges.

Most of BA employees continue to be men, mainly due to the type and characteristics of the industry, more specifically the work in shifts. One of our commitments is to follow the principles of non-discrimination, as they are established, communicated and subscribed in SA8000 regulation.

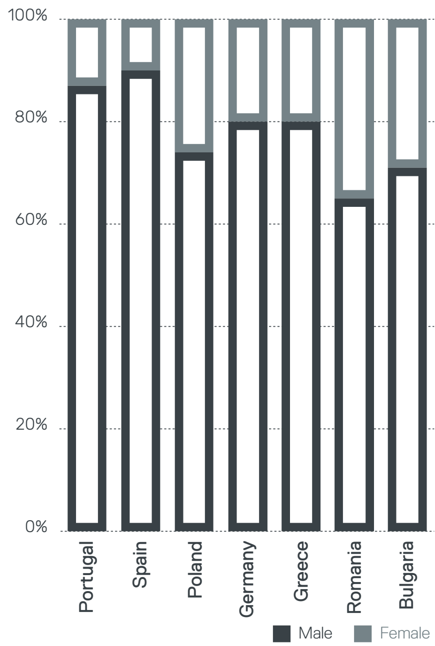
Total number of employees per geography



Seniority evolution [%]



Gender distribution per geography [%]



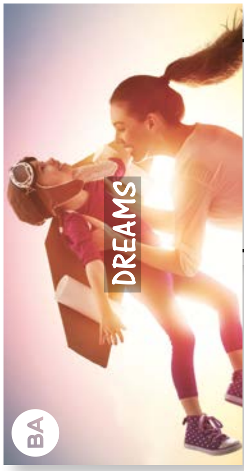
Engagement

2017 was the year to consolidate and spread the new Vision launched in 2016 - "Wrap dreams beyond packaging, by HeART" - mainly to ensure that all BA people understand it and act accordingly with a different aspiration.

The challenge was, on one hand, to explain the reasons for the change and the importance of this decision, namely to those who have lived and took part of the previous vision; on the other hand, to involve the whole organization in dreaming together and writing the future inspired by the new vision.

To embrace these challenges, several workshops were developed in all geographies. The vision workshops included design thinking techniques, dynamic activities and consolidation moments for the participants, who had the opportunity to think about the process of change. In all activities, a heterogeneous group of people was mingled, in terms of geographies, know-how, age or seniority. These multidisciplinary groups were essential to promote the sharing of different perspectives and the collective experience to dream the future.

Besides the vision, this year there were several moments to share and exchange experiences, through many projects where the participants had the opportunity to look forward and to get closer to the best practices, and participate on the standardization and the optimization of the processes.



DREAMS are the never ending goals not yet reached.
In a company, as in life, we aim to achieve more and more. We are dreamers.
Transparency in relationships, together with **humbleness**, will keep us close to others, recognizing and understanding their dreams. Dreams are opportunities, either we grab them or others will do so. We count on our people, the ones that dream of being and doing differently from our direct and indirect competitors.

The vision statement defines what a company wants to become in the future. It includes the ambitions, indicates the path to be walked in order to reach them and it is the first step of any transformation process.
A company without a vision is one without direction!

We have an exciting journey ahead. We will make it our way, the BA way, built on our values, principles and beliefs (our HEART BEAT).

Was a year made of special and strong moments, with a lot of Emotion, one of our main Values. The opportunities to learn with each other were huge and in all these moments we had the chance to put in place and spread the BA values ***Beyond*** any borders.

We believe that for a good integration it is mandatory to spread the BA principles and values, the cornerstone of our growth and development. The BA principles and values are an important tool for everyone that joins the Group, facilitating the understanding of our path and, above all, creating an important support for decision-making.

To create a stronger engagement among our team and to attract new people with different skills, throughout the year the corporate communication department has developed several projects, to reach and consolidate a standardized image, develop a brand identity, improve the onboarding processes, create digital awareness and share corporate information and news that reach each one of our employees. Following this path, a Welcome Kit was recreated and distributed among all geographies. Above all, we wanted to make new comers feel welcomed, consolidate our brand, and generate global corporate bonding. We included a brand-new handbook with relevant information that aims to be a guide on BA vision, values and people's roles.

"Beyond", our internal newsletter, got a makeover! We promised to publish it assiduously and consistently, and so we did! We launched chapters by themes, delivered it to all the 12 geographies, and encouraged our people to participate proactively. Through Beyond's pages we shared the BA Feeling!

As in previous years, also the Annual Management Meeting was a crucial moment to develop our teams, to share the main messages about the business and to gather our people. This year we had a very special and remarkable meeting, with the welcome of the colleagues from all the new geographies and with the main message of the meeting - “GAME ON: Together we build the future” - being an excellent opportunity to further explore the new vision, namely the new consumers’ pillar.

beyond moments

Many more moments of internal or community engagement were created throughout the year.

...And finally, in July 2017 we were officially born on LinkedIn! This is the spot where we broadly communicate outside of the company, open doors to new talents through our open positions and share news, activities and social responsibility tips to our people, shareholders, customers and consumers! We invite you to come on board and join our LinkedIn account and ***#feelBA***!

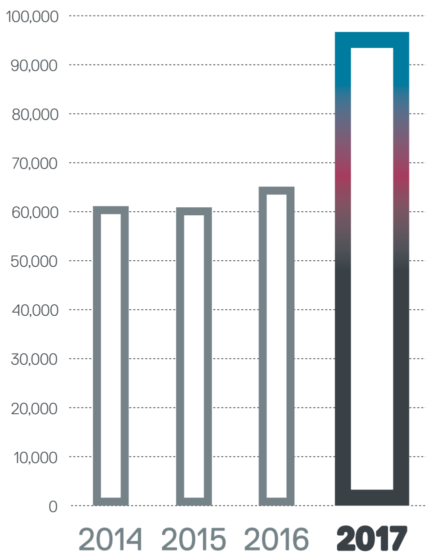
Recognition

The BA Group maintains the policy of having remuneration schemes based on the labor market practices where it operates, but above all in the performance of the people. The assessment process is linked to the remuneration practices in order to reward and recognize the ones that better perform and contribute to the sustainability and growth of the Group. Also benchmarking tools are annually used to define the remuneration policies, and this year the work was done with an even more international scope.

The remuneration package includes a share of the profits generated by the Group, aligning strategic and operational goals with individual performance.

At the end of 2017, the Group registered recurrent costs in the amount of EUR 96.7 million, representing an annual value of EUR 26 thousand *per capita*.

Personnel costs [k.€]



Beyond the remuneration packages, the BA Group also bets in other forms of recognizing extraordinary performance and engagement in the company's culture. Again in 2017, several awards were given to BA Way ambassadors, plant shifts with zero accidents, and outstanding employee suggestions. Other local and singular actions were put in place to celebrate even the small accomplishments of the teams.

Social Responsibility

BA is committed to integrate social concerns into its decision-making process, to guarantee ethical behavior in the business conduct, to recognize and use the Fundamental Principles of Human Rights and to assure compliance with legal rules and any others voluntarily subscribed.

Health & Safety

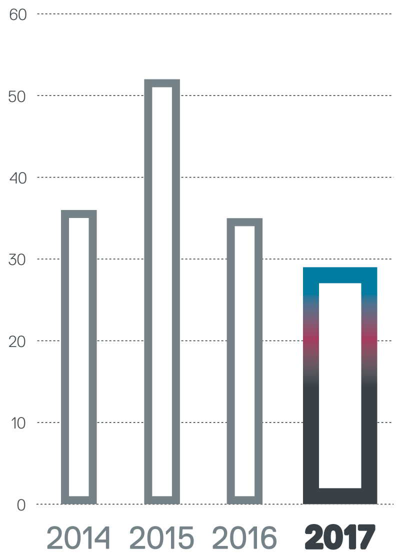
During 2017, BA continued to work towards achieving the ultimate goal of "Zero Accidents". New actions in the plants, interdepartmental meetings, continuous follow up, training and benchmarking were the main tools used to improve the performance in this area.

Although the goal of achieving zero accidents was not yet reached, several improvements were done in most of the plants, namely in the elimination of the hazards that can be a potential cause of accidents.

The attitude of risk prevention is already installed and, in fact, several shifts did not suffer any accident during the entire year.

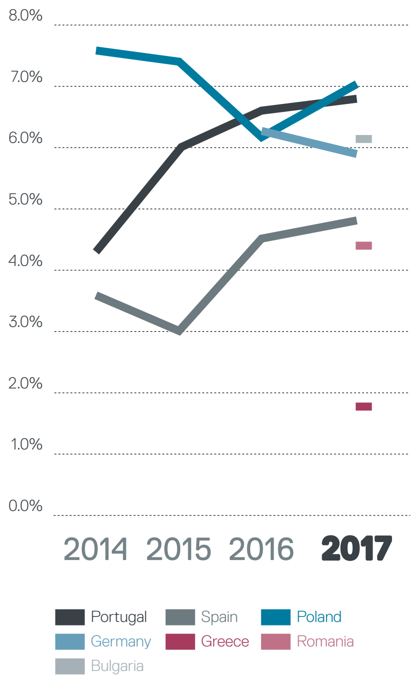
With 12 plants and 3,796 people, 29 accidents occurred in BA Plants. It is not a figure we are proud of, but it shows the work done: 17% less accidents in a completely different reality. A strong effort will continue to be made to further decrease the accidents index.

Accidents [no.]



Concerning absenteeism, 2017 did not bring the results we were aiming for, but several actions are already being taken.

Absenteeism [%]



Social responsibility and its management system

BA is proud of its Social Responsibility policy, which integrates social, environmental and educational concerns, and it is a platform for the economic, technological and human development. It is this policy that guarantees our people's personal development, the protection and compliance with social standards and the respect for ethical values and principles. Furthermore, it is an opportunity for the Group to be close to the local communities, allowing the understanding of their difficulties in challenging contexts and contributing to minimize them.

BA continues to follow the rules of international social responsibility standards, namely SA8000 and recognizes the fundamental and universal human rights embodied in International Conventions and Treaties, such as the United Nations Universal Declaration of Human Rights and the International Labor Organization, and other legislation, namely the international conventions relating to working hours, forced labor, freedom of association, right of organization and collective negotiation, equal remuneration for men and women for similar work, discrimination, minimum wage policy, worker's representation, minimum working age, health and occupational safety, vocational rehabilitation and employment for handicapped people and maternity protection.

The Group expressly subscribes the following principles:

a] Child Labor

The Group's companies do not employ, neither are they involved directly or indirectly in child labor, and repudiate practices involving it, nor do they accept suppliers that keep such practices. It is assumed by the Group that the minimum age for employees is 18 years old. There are written procedures to ensure the compliance with this principle, as well as procedures that guarantee the definition of actions to mitigate the consequences of child labor in any situation that might happen within the premises of the Group or of its suppliers and sub-suppliers, and which BA acknowledges.

b] Forced and compulsory labor

The Group's companies do not have, neither are they directly or indirectly involved in practices using forced or compulsory work, nor do they accept suppliers that keep such practices. The company will never retain original personal documents nor create any other situation that could force the employee to remain in the company against his/her will. Furthermore, the company will never become involved in or support the traffic of human beings, arbitrary detention or torture.

c] Health and Safety

The promotion of health and safety amongst BA's employees is an overriding priority for the Group. Accordingly, BA commits to guarantee the necessary conditions to ensure a healthy and safe work environment for the entire Group's workforce, preventing health and safety risks for employees, as well as for all other people who enter its premises (customers, suppliers, members of the community or any other entity or individual).

All employees must comply and make others comply with the workplace hygiene and safety rules, regardless of these being internal rules, national and community regulations or legislation, and must also report any infringements detected. Therefore, the Group provides regular training to all the company's employees. In the event of serious and imminent danger, employees are entitled to leave the concerned area without prior authorization.

d] Freedom of association and right to collective negotiation

The Group's companies are in favor of pacific freedom of organization and association, ideological and religious freedom, as well as freedom of expression and opinion. BA will not interfere in the exercise of workers' rights relating to membership of a trade union and to their rights of collective negotiation; the company arranges the necessary means available for exercising such rights. Under no circumstances will trade union representatives be subjected to any form of discrimination.

e] Discrimination and equality of opportunities

The Group repudiates discriminatory practices. Thus, it will not be involved in nor support any situation that does not uphold the principle of non-discrimination based on race, gender, nationality, language, parentage, sexual orientation, marital status, physical disability, religion, political or religious convictions, trade union membership, family responsibilities, as well as the principle of equal opportunities amongst all its employees, and it shall not accept as suppliers entities which adhere to such practices, either in contracting activities, remuneration, access to training, promotion, termination of contract or any other activity.

f] Disciplinary practices

BA shall treat all employees with dignity and respect, not being involved or tolerating the use of corporal or mental punishment or physical and verbal intimidation. Violence, harassment and abuse of power are strongly repudiated. Thus, any suspicion of such practices must be immediately brought to the attention of the Group's management.

g] Working hours

The company's working hours are in conformity with the applicable laws and industry standards. Overtime work is done voluntarily and should not exceed 12 hours per week per person.

h] Remuneration

The remuneration policy reflects the Group's objectives of attracting, developing and retaining high-performing and motivated employees in a more and more competitive market. With the purpose of sustainable long–term value creation for the company, the remuneration policy was designed to align the strategic business objectives with the teams and individual operational objectives. Therefore, a competitive remuneration package, a fair salary according to their performance and to the market conditions is presented to all employees.

All the social responsibility policies are properly documented, effectively implemented and maintained, communicated and widely accessible to all employees, directly or indirectly hired. Furthermore, BA keeps the commitment to make this policy available in an effective manner to interested parties, whenever requested.

All employees or any other stakeholder have formal means to do in an anonymous way any claim considering the above matters.

Relationship with local and educational entities

BA continues to develop several initiatives in the local communities, mainly related with youngest education. Last year there were numerous activities done with local schools to promote the recycling habits in the young generations. Also, several workshops were done to promote the use of glass in a funny way, like Christmas workshops were the children had the opportunity to paint glass Christmas balls with the help of BA employees.

BA maintained partnerships with universities (local and international), schools, students' associations and young entrepreneurs. Also, several students' visits to our plants, where our best practices are publicized, were done during 2017.

Additionally, BA supports with donations, educational, cultural and social institutions in several countries.

Environmental responsibility

BA Group is dedicated to the development, production and sales of glass containers mainly for the food and beverage industries.

BA considers environmental affairs as an integrant part of its overall management, and all its plants, except for Athens, have an Environmental Management System. In Iberia, Poland, Bulgaria and Romania, this system is certified according to ISO 14001. The Gardelegen plant has implemented an Energy Management System certified by ISO 50001.

BA's Environmental Management System is focused on minimizing the environmental impact of its industrial activities. By setting yearly actions which aim to increase the glass recycling levels and the rationalization of water, energy, and raw materials consumption, and to continuously reduce the weight of the glass containers produced, a rational use of the resources is ensured.

The continuous improvement of the environmental performance is one of BA's commitments.

The environmental performance of 2017 is significantly influenced by the acquisition and integration of four new plants in South Eastern Europe and the repair of two furnaces in Portugal (Marinha Grande and Venda Nova plants).

The cooperation with the official entities which define the legal requirements for the glass manufacturing industrial activity is very important for BA. Transparency and collaboration with these authorities has allowed BA to show its industrial reality, the compliance with the relevant legal obligations and to keep an open relationship with the interested parties.

Glass recycling

The use of recycled glass (cullet) in glass production has a strong environmental impact, as the replacement of raw materials by cullet enables to decrease the deposition of waste in landfills, the extraction of natural resources, the energy consumption of the furnaces (cullet melts at a lower temperature than the raw materials) and the CO_2 emissions. Glass is 100% and endlessly recyclable, which means there are no material nor quality losses in the process, and there is no limitation in the number of times it can be recycled.

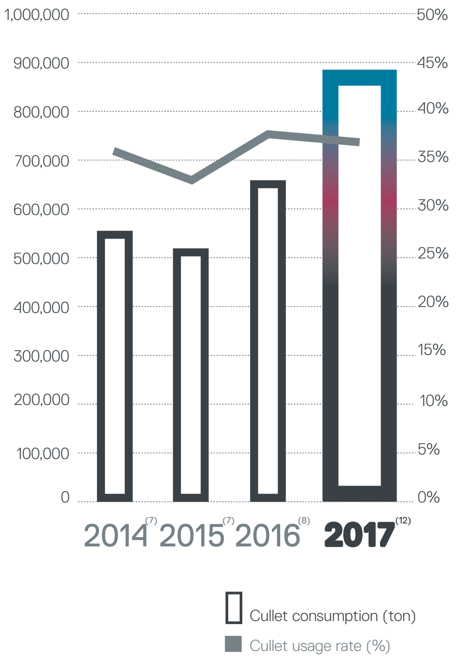
The increase of cullet consumption is a permanent goal for the company but difficult to achieve, not only due to the difficulty in acquiring good quality cullet at competitive prices, but also due to the inexistence of selective collection by colors, limiting the introduction of external cullet into the composition of the flint glass, which is the main color produced in BA. In some countries where the Group operates still there isn't an organized collection system for waste which reduces the possibility of recycle the bottles and jars used by consumers.

The cullet used by our plants comes from its own production activity, domestic post-consumption and imported waste from other countries and from the food and beverage companies. The great difficulty in acquiring cullet at competitive prices and quality was, as usual, the main constraint in 2017. An increase of the cullet incorporation rate was achieved in several plants, particularly in Iberia. However, the overall cullet usage rate was slightly lower than in 2016, impacted by the integration of South Eastern Europe plants, with a cullet usage rate lower than the Group's average.

To increase the ability to use more recycled glass in its products, the Group has been investing (and will continue to invest) in its recycling facilities for more than 15 years with success. Today, from the cullet bought in the whole Group, 64% is cleaned in these facilities (in Iberia, 98% of the cullet bought is cleaned in our recycling facilities), ensuring the good level of quality so important in this raw material.

The consolidated value of the cullet's incorporation rate in the 12 plants was 37% in 2017. In the colored glass was 48%.

Cullet consumption and cullet usage rate



Notes:
(7) – consolidated value of 7 plants: Avintes, Marinha Grande, Villafranca de los Barros, León, Venda Nova, Sieraków and Jedlice
(8) – consolidated value of 8 plants: Avintes, Marinha Grande, Villafranca de los Barros, León, Venda Nova, Sieraków, Jedlice and Gardelegen
(12) – consolidated value of 12 plants: Avintes, Marinha Grande, Villafranca de los Barros, León, Venda Nova, Sieraków, Jedlice, Gardelegen, Athens, Sofia, Plovdiv and Bucharest

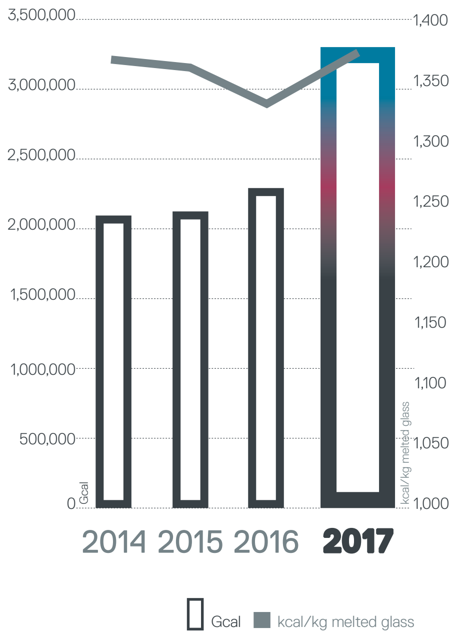
Environmental performance

Water and Energy consumption

The glass production is an intensive consumer of energy. One of BA's goals is to continuously decrease the energy and water consumption and, to do so, BA has made several investments in its facilities, applying the best available technologies and implementing and improving monitoring systems of those parameters, thus making them progressively more effective.

In 2017, in addition to the two furnace startups in Iberia, the integration of the new plants in all the performance indicators, with different environmental performances, led the overall energy specific consumption of the Group to increase by around 3%. Excluding the effect of South Eastern Europe plants, the specific energy consumption was reduced by 1.5%. The investments planned for the new Division in the coming years have the reduction of energy consumption as one of the key priorities. Already in 2017, a batch preheater aiming at reducing the energy consumption was installed in Sofia plant (Bulgaria) – BA expects this system to be a step changer in energy efficiency and a case study for the whole Group. In the last furnace rebuilds, the Group has accomplished reductions of over 15% in the furnaces operation consumption.

Energy consumption

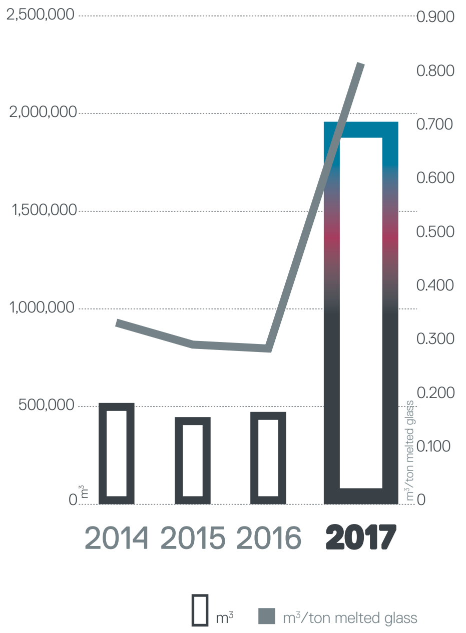


beyond glass

During 2017, BA continued to develop actions towards the decrease of water consumption in the plants. Two of the South Eastern Europe plants had an abnormally high consumption, which resulted in a large increase of the BA Group average water specific consumption. The high values in these plants are related with water recycling inefficiencies which are already identified and measures are being taken to reduce drastically their consumption.

The consolidated value in 2017 was 0.82 m^3 per ton of melted glass.

Water consumption



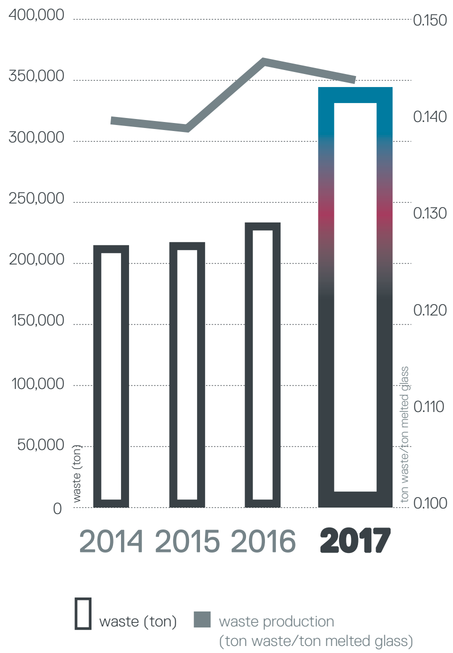
Waste Management

All plant facilities within BA Group have implemented a waste management system which purpose is to reduce the waste generated and increase its recovery.

BA recovers the waste generated in the glass production (internal cullet), in the electrostatic precipitators and in the industrial waste-water treatment process. Overall, the rate of recovery for waste generated in its activity is very high (around 99%).

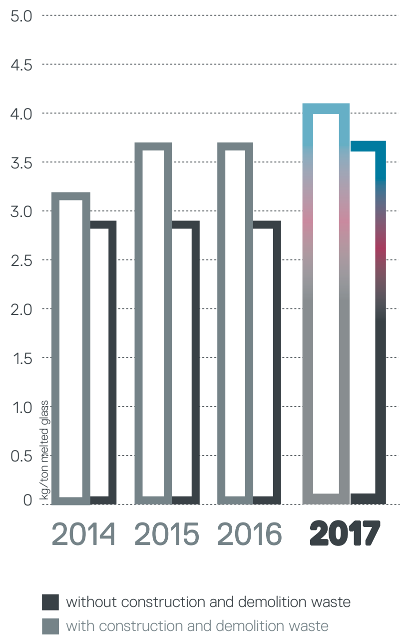
With the efficiency improvements in Iberia and Central Europe, the specific rate of total waste generated during 2017 was about 144 kg of waste per ton of melted glass, representing a slight decrease over the previous year.

Waste



The rate of waste generated in the production activity, excluding construction and demolition waste as well as the waste recovered internally, was of about 3.7 kg of waste per ton of melted glass. Excluding the effect of South Eastern Europe, this rate was 3.0, a slight increase over the previous year due to the two furnace rebuilds in Iberia. South Eastern Europe plants activity is not yet applying the best practices in terms of waste recovering, something that will be done in 2018.

Generated waste excluding internal recovery



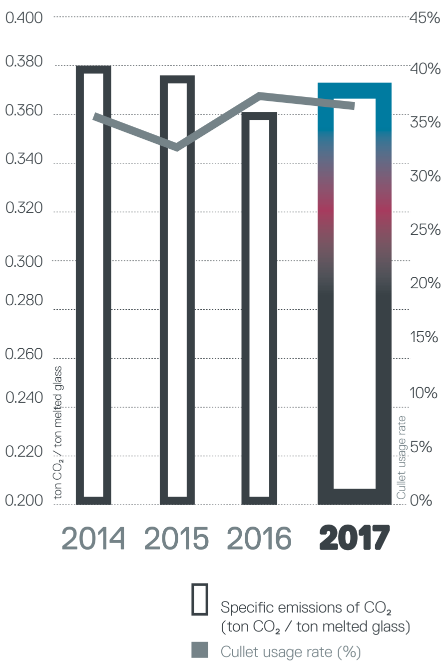
Atmospheric emissions

Carbon dioxide emissions (CO_2)

All 12 glass container production plants are covered by the European Union (CO_2) Emission Trading Directive. In order to comply with the referred Directive, BA has implemented a management system that allows to monitor the CO_2 emissions.

In 2017 there was a slight increase in the consolidated value of carbon dioxide emission (tons of CO_2 released per ton of melted glass) due to the aforementioned increase of the average energy consumption and the decrease of the average cullet incorporation rate. Excluding the effect of South Eastern Europe plants, the CO_2 emissions were reduced by 1.3%.

Specific CO_2 emissions *versus* cullet usage rate



Emissions of particles, sulphur dioxide (SO_2) and nitrogen oxide (NO_x)

The BA plant facilities are covered by the Industrial Emission Directive (IED).

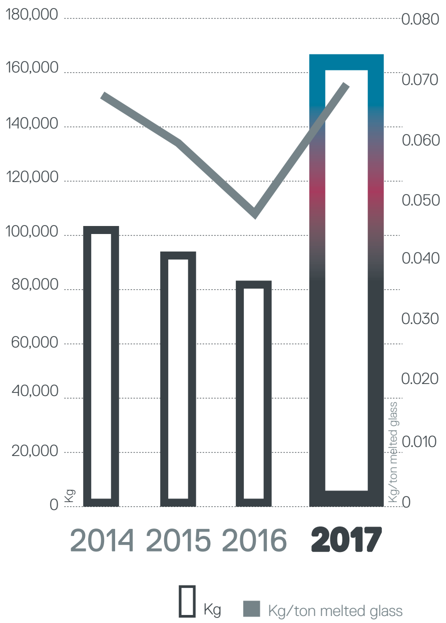
In order to comply with the regulation established in the environmental licenses of each plant, BA carries out sporadic monitoring of the existing sources. In three of the plants (Marinha Grande, Venda Nova and Villafranca de los Barros), the monitoring of the NO_x parameter is performed continuously. In Villafranca de los Barros, also the particles and the SO_2 parameter are now continuously monitored.

All plants, except for Plovdiv and Athens, which will proceed with that investment in 2018, have an electrostatic precipitator and low-NO_x content burners. The Germany plant has a catalyst system to reduce the NO_x emissions.

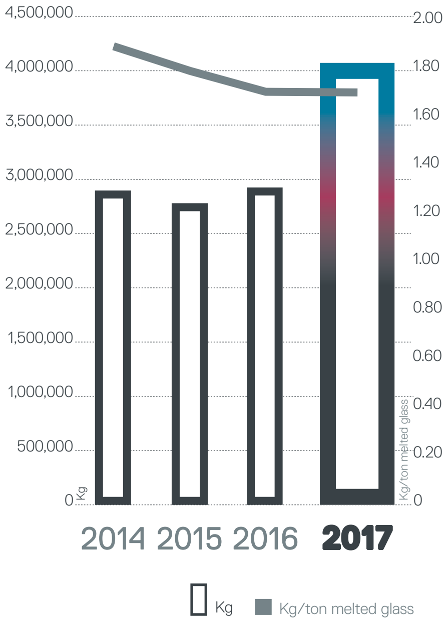
The particles emission significant increase is strongly impacted by Plovdiv and Athens plants, not yet equipped with the electrostatic precipitator. Excluding this effect, the specific particles emission was reduced by 48%.

In 2017, despite the integration of the new plants still with lower environmental performance, the BA Group achieved the same NO_x and reduced the SO_2 emissions per ton melted compared to 2016.

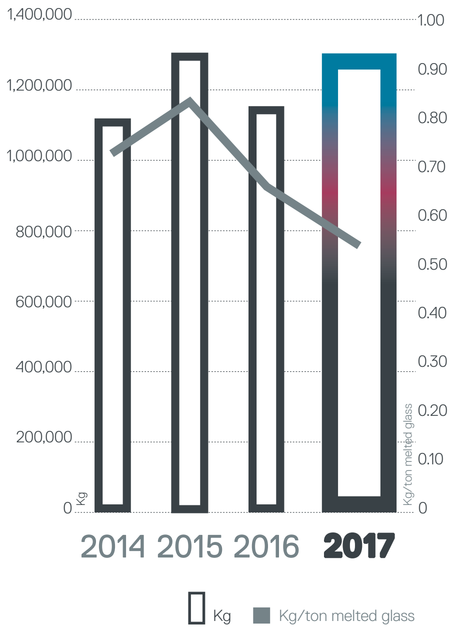
Particles emission



NO_x emission



SO_2 emission



Business risks

The use of a risk assessment methodology allows the identification of exogenous and endogenous factors that can have a very significant influence on BA Glass profitability, being an integrant part of its management process and sustainable development. By analyzing the critical points, potential situations of value destruction or creation can be identified, leading to decisions and actions to avoid, mitigate or even leverage the business risks.

These risks and how to deal with them are described in management procedures, emphasizing the procedure of "Crisis Management", where the rules and responsibilities of communication in case of exceptional events are specified. All the established procedures and management practices are regularly reviewed and optimized, with the collaboration of all areas involved in order to ensure the continuous improvement of processes and reduction of potential risks and/or their impact on the Group business and sustainability.

Based on these principles and methodologies the following risks were identified, evaluated and mitigated:

- **Glass packaging industry evolution:** *the Group's business depends intrinsically on the level of consumption of glass packaging in the markets, the level of confidence of economic players in that market and on the products' life cycle. The constant and growing innovation and development of new solutions/ alternatives to the glass packaging is also a factor that can add uncertainty to the customers and markets where the Group operates.*

  BA Group customers include some of the world's well-known companies in the segments of Wine, Spirits, Food, Beer and Soft drinks, with an important reputation in their local markets and across borders. The Group's exposure to this risk is naturally mitigated by its diversified presence in several customers, segments and products. Additionally, its geographical diversification minimizes the potential impact that an unfavorable evolution of a given market could bring.

  The glass packaging industry has proved to have a significant resilience to the macro-economic cycles and, in some segments, has been experiencing a slight growth even in periods of economic recession.

- **Customer habit risk:** *a significant change in the preferences of the final consumer may lead, ultimately, to the disappearance of brands in the market, for which the Group produces glass containers. Events of customer concentration could also have a significant impact on the Group, in terms of business volume and profits.*

  BA Glass strives to diversify its customer and market portfolio. In 2017, the 30 largest customers accounted for 50% of the total sales, and levels of concentration in any given customer below what could represent a high risk for the continuity of the business. A significant share of these largest customers is multinational companies with presence / operations in several countries which mitigates the impact of specific changes on consumption habits.

- **Customer credit risk:** *given the worldwide economic context, the Group cannot rule out the possibility of having one or more customers disabled to honor certain contracts due to financial distress.*

  The management of credit risk related to customers and other receivables is carried out in such a manner that minimizes the risk of non-receivables in the customers' portfolio.

  BA Glass has access to an international database of credit risk analysis which is used to define its credit policy and for further monitoring of possible changes in the risk of non-receivables from its customers. This information is complemented with the assessment of the customers' account managers. The non-recourse factoring is a tool that the Group can use to anticipate receivables and eliminate their risk.

  The Group does not use credit insurance for managing the credit of its customers on a recurrent basis, due to the fact that BA Glass customer portfolio presents a very low probability of bad debt. In situations of higher risk, namely in the exports, BA Glass uses export letters of credit.

  The customer credit management policy has shown effectiveness in its results. In the last five years the bad debts represented less than 0.05% of the Group's consolidated sales.

- **Risks related to suppliers:** *should some of the Group's main suppliers of raw materials declare bankruptcy, or experience lack of capacity to respond to the Group's needs, or have quality problems, or any other incident disrupting its business, BA's operations could be significantly impacted, leading to additional costs or even impossibility to manufacture.*

  The Group has built a large base of suppliers in different countries for its raw materials, materials for production support and other equipment. The 20 biggest suppliers together accounted for 34% of the total consolidated purchases in 2017. Additionally, BA Glass closely monitors the quality and reliability of the products from its suppliers as well as their operations in order to guarantee that the value chain is assured and anticipate any potential disruption.

- **Risks related to energy price and power cuts:** *the natural gas and electricity supply are vital for the operational activity of BA Glass. These sources of energy represent, on average, 23% of the total costs of the Group. A substantial increase of the energy price could boost the operational costs of the Group, with a strong negative impact on its profitability. On the other hand, the slight possibility of experiencing a power cut for longer than 24 hours could lead to a total disablement to manufacture in the affected plants.*

  The natural gas contracts have an underlying formula that allows the adjustment of price in accordance to the variation of parameters which influence the gas price in the international markets (the exchange rate EUR/USD and the price of the brent). The Group does not have as a policy to carry out risk coverage contracts', regarding energy price variations, thus the Group is exposed to positive or negative variations of the market. However, part of the energy price variation is reflected on the sales price, sometimes with a time delay.

  The Group has contracted with its suppliers, in the different countries of its plants, energy supply assured uninterruptedly. Additionally, contingency plans are in place to ensure the functioning of the production units for a certain period of time, until the power is supplied again.

- **Risks related to operational stoppage:** *the glass packaging manufacturing process is significantly capital-intensive and implies a permanent use of the furnaces and specific equipment for that purpose. A stoppage of a furnace in order to perform a non-planned or extraordinary repair work impacts significantly the operational results of the Group, due to both the repairing costs and the resulting production losses.*

  There is a detailed investment and repair plan for each furnace, which is periodically reviewed by an internal technical team, based on periodical inspections of the furnaces. A set of preventive and corrective measures, intended to lengthen the life of the furnaces and prevent extraordinary events, are included in their normal operation.

  The Group has contracted an all-risks policy which assures compensation for lost earnings, in case of accident.

- **Risks related to inorganic growth:** *as part of its growth strategy, the Group made, and envisages in the future, acquisitions of other companies, entailing risks such as:*

  - *inaccuracy of business plans and consequent companies' valuation based on assumptions which may prove incorrect, especially in respect to future synergies and forecasts of the market evolution;*

  - *failure in integrating the acquired companies, their employees and technologies;*

  - *inability to retain some key employees, customers or suppliers of the acquired companies;*

  - *the Group may be forced to keep contractual relationships with costly and/or unfavorable conditions;*

  - *the increase of the Group's debt to finance these acquisitions or refinance the debt of the acquired companies.*

  All acquisition projects are analyzed within several scenarios, including the most pessimistic ones, in order to evaluate their impact on the target companies and establish realistic boundaries for their valuation. Strategies are designed to overcome those *worst case scenarios* from the beginning of the acquisition in a way that all necessary measures will be taken to minimize the impact of such events.

  On an annual basis, the real development is tracked against the original business plan to validate the strategy initially defined at the moment of acquisition, evaluate the need for adjustments and learn for future acquisitions.

  The Mergers & Acquisitions team is closely involved in the Group's operations, in order to have a more thorough knowledge of the business and take into account all the relevant variables when analyzing new acquisition opportunities.

- **Risks related to the internationality of the business:** *the internationalization of the Group forces it to be exposed to the economic, political, fiscal, legal and environmental risks of several countries.*

  The Group relies on the expertise of its financial, tax, legal and labor teams which permanently analyze, monitor and anticipate changes in the legislation and labor subjects of the several countries where the Group operates, using external specialized support to overcome more complex matters, whenever is needed.

The Group's exports are generated mostly in markets of the European Union, concentrated in countries where the company has already large experience in how to operate and with customers with good risk profile.

- **Risks related to competition:** *the main competitors of the Group are: Owens-Illinois, Verallia, Vidrala, Ardagh, among others with small presence in the market. The Group faces significant competition from those glass container producers, as well as from the makers of alternative forms of packaging, such as aluminum cans, plastic containers and cardboard packaging. Competition is based mainly on price, innovation, quality, delivery and customer service as a whole. Decisions from competitors could result in excessive capacity in certain countries, leading to significant price pressure in the packaging market, and consequently a strong impact on profitability.*

  Innovation and product development represent the two major challenges for the Group, and the strong focus on those aspects is what enables it to remain competitive. In 2017, BA Group developed more than 300 new products and launched 140 new products in the market.

  On a continuous effort to maintain the technology of its operations at the industry's forefront, in order to answer and even anticipate the market needs, the Group regularly makes investments on refurbishments and on its operating structure, that are significantly above the industry average, aiming for a superior quality and flexibility levels.

  The rising international exposure that the Group has been pursuing also aims to seek for new markets, diluting the competitive pressure in some of the markets where BA Glass operates.

- **Interest rate risk:** *the Group is exposed to the risk of changes in market interest rates due to the existence of assets and liabilities negotiated with fixed or floating interest rates.*

  As a standard rule, the Group does not use hedging of interest rate risks as the management controls closely the leverage of the Group by following closely the level of Net debt / EBITDA keeping it on levels considered to be conservative, as well as the level of EBITDA / Interests guaranteeing those do not reach values that can imply risks to the financial stability of the Group. Keeping these two indicators under strict control and under certain limits lowers significantly the risk to interest rate fluctuations.

- **Foreign exchange risk:** *the Group is exposed to exchange rate risks due to its share of sales and purchases in currencies different from the Euro. The changes that occur in the exchange rates can have an impact in the Group in terms of direct competitiveness of the subsidiaries in their markets as well as in the Group balance sheet by the consolidation of subsidiaries with currency different than euro.*

  The Group's activities performed in currencies other than euro account for a small percentage of the total activity and almost all those transactions allow to have natural hedging of cash flows between currencies. Sales other than Euro (in the subsidiaries) are of 18% of total revenues and purchases account for 26% of total purchases (15% of total revenues). In Bulgaria, the stability of the exchange rate is very high, which decreases the impact on the Group balance sheet by the consolidation of the companies based in this country.

- **Liquidity risk:** *in order to finance its own investments and operational activity, BA Glass has to contract debt with financial institutions.*

  The Group's profitability has enabled it to continuously ensure healthy equity/debt ratios, ensuring that the cash-flows generated by the business enable the regular repayment of its debt to keep it at safe levels.

  BA Group works with the largest banks in the local markets where it operates, in order to create local relationships. There is a wide diversification of its debt portfolio, to avoid an excessive dependency on any specific financial institution. The Group always keeps partially unused overdraft lines in order to face the constraints that could arise from an unforeseen event.

- **Legal risks related to disputes:** *There are no arbitration, judicial or governmental proceedings that may have a meaningful impact on the accounts and present a risk.*

  All disputes are periodically analyzed by the Group's legal department. When necessary, and in accordance with the international accounting standards, provisions are created to surpass potential risks which may arise from disputes. At the date of this report, there are no outstanding cases which could have a meaningful impact on the equity and financial structures of the Group.

- **Industrial intellectual property risk:** *the Group possesses all the necessary licenses for the use of all the technology and equipment needed in order to carry out its activity.*

- **Property, industrial and environmental risks:** *the Group's properties, plants and equipment are exposed to various risks: fire, explosion, natural disasters, system failures, pollution, non-compliance with the legal limits of emissions, among other factors.*

  Periodic audits to the safety systems against fire and intrusion and even to the control systems at the plants are performed. With the objective of minimizing this risk, there are several simulations that BA Glass performs on a regular basis to test the emergency plans in the case of fire, unanticipated power cut and even glass leakage.

  BA Group regards environmental considerations as an integrant part of its overall management, having implemented an Environmental Management System, certified according to ISO 14001 (with the exception of Gardelegen and Athens plants).

  Gardelegen plant in Germany is certified by ISO 50001 - Energy Management Systems. Requirements with Guidance for use.

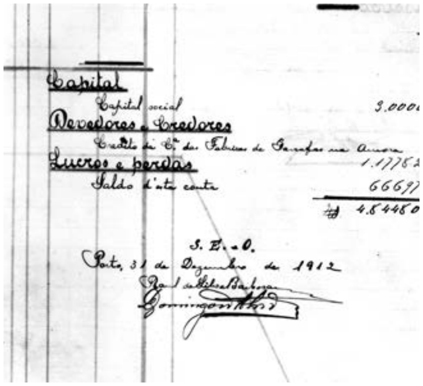
  On a daily basis, all plants of the Group are focused on the minimization of the environmental impact of its activities (reduction of the air and noise pollution) and on the promotion of a rational use of the resources, by setting, annually, actions aiming to increase the glass recycling, rationalization of water consumption, energy and raw materials and the weight reduction of the containers produced.

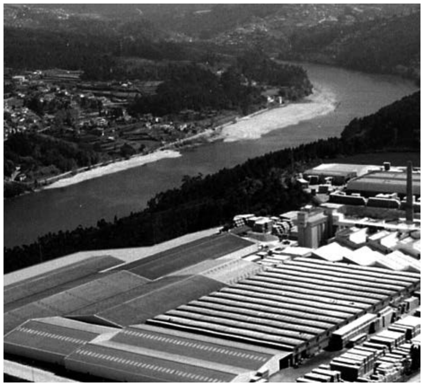
  It is imperative to highlight that all assets of the Group have insurances guaranteed by well-known insurance companies in the market, offering a guarantee of solvability in case of accident. On a regular basis, BA Glass performs, together with the insurance companies, audits to the risks in order to execute improvement plans and reduction of property risk. Adding to this, BA Glass also has insurances that guarantee the compensation in the case of business interruption, in order to minimize the impact of possible accidents.

BA

over 100 years of history

BA GROUP





1912

Incorporation of Barbosa & Almeida

1947

Introduction of Automatic **Technology**

1969

Start of Operation at the **Avintes** Industrial Unit

2008

Acquisition of **Sotancro**

2012

Acquisition of **Warta**

1993

Acquisition
of **CIVE**

1998

Start of Operation at
Villafranca de los Barros
Industrial Unit

1999

Acquisition of
Vidriera Leonesa

2016

Acquisition
of **HNG Global**

Acquisition of 25%
Anchor Glass

2017

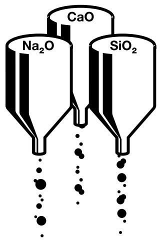
Acquisition
of **Yioula**

BA beyond

GLASS PACKAGING

manufacturing process

stage 1



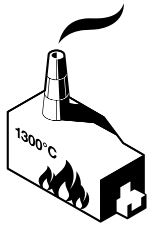
Glass Composition

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

Silicon Dioxide (SiO_2)	70 › 72%
Sodium Oxide (Na_2O)	12 › 14%
Calcium Oxide (CaO)	9 › 11%
Magnesium Oxide (MgO)	0 › 3%
Aluminium Oxide (Al_2O_3)	1 › 2%
Potassium Oxide (K_2O)	0 › 1%

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

stage 2

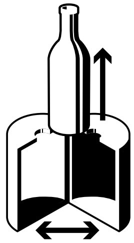


Raw Materials Fusion

At the refractory furnaces, the material fusion is processed at a 1,500 to 1,600ºC temperature.

The liquefied glass moves along the large container under gravity action of the dropping material and goes through a “tuning” stage, where thermal homogeneity of the whole melted mass has to be guaranteed, as it is a crucial condition to obtain a product of quality.

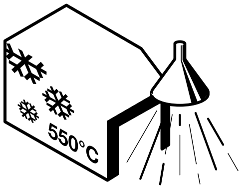
stage 3



Glass Forming

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

stage
4



Annealing and Surface Treatment

During the moulding process, the glass is in contact with the mould walls, which are at relatively low temperatures.

As such, the external layers of the pieces are much colder than the internal ones, and this temperature differential tends to be kept due to the poor conductivity of glass, therefore a thermal treatment, called annealing, is performed. This treatment consists of a thermal homogenisation of the whole glass mass, eliminating thus all tensions.

stage
5

Inspection and Quality Control

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

stage
6

Packaging

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

geographical location

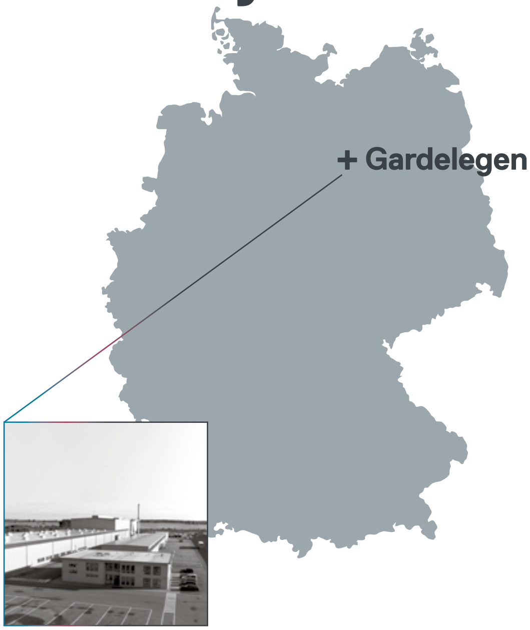
PLANTS

Portugal

Spain

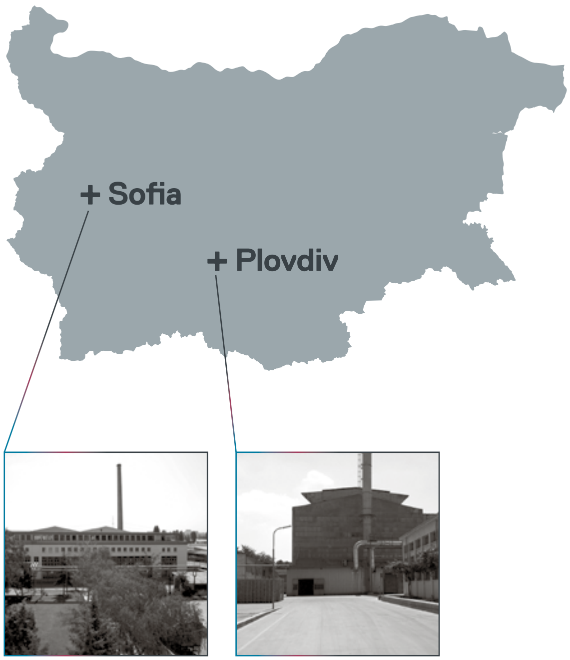
Poland

Germany



Greece

Bulgaria



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