



BUSINESS DEVELOPMENTS WITHIN THE FIRST HALF OF 2005

DEAR SHAREHOLDERS,

During the first half of 2005 the Vetropack Group generated a consolidated turnover of CHF 257.3 million (2004: CHF 243.8 million), thus resulting in a 5.5% increase over the previous year (3.9% after currency adjustments). Sales of glass packaging rose by 7.1% in the first half year to 1.79 billion units and ensured that all of Vetropack's production facilities were operating at full capacity.



Hans R. Rüegg

Concurrently the proportion of exports sales rose to 44.2% (2004: 38.7%). The most distinctive development in sales arose from the Croatian company, which again profited from regional market dynamics as much as possible. Thanks to the rapid expansion of international food and beverage producers in the Eastern European market, the Czech company, which works closely with the production facility in Slovakia, also recorded above average growth. Following a drop demand in the previous year, Vetropack Austria was able to regenerate moderate growth in sales. In Switzerland sales were substantially down over last year as a consequence of the introduction of a lowered legal blood alcohol concentration limit of 0.5 per mille for drivers.

The increase in gross turnover had a positive effect on profit figures. Consolidated EBIT was CHF 28.4 million (2004: CHF 26.2 million), equivalent to 11.0% of gross turnover (2004: 10.8%). Consolidated profits for the half year rose by 15.2% to CHF 23.0 million (2004: CHF 19.9 million), while cash flow increased by 13.1% to CHF 45.9 million (2004: CHF 40.5 million). Satisfactorily cash flow margin was 17.8% of gross turnover (2004: 16.6%).

Thanks to greater liquidity the balance sheet total increased to CHF 596.7 million as per mid 2005. Concurrently the proportion of fixed assets was reduced to 58.5% (31.12.2004: 61.7%), whereas the proportion of equity increased to 58.8% (31.12.2004: 58.2%).

As at the end of June the Vetropack Group employed 2,553 individuals (31.12.2004: 2,639).

CHALLENGING BUSINESS ENVIRONMENT

The increased pricing competition over the past year remains relentless and thus placed high demands on management in the first half of 2005. Meanwhile overcapacity in the German container glass industry and the need to keep production facilities working at full capacity are also having an effect on the growth markets of Eastern Europe, where Western European competitors are attempting to strengthen their position via pricing strategies. Consequently, urgent price adjustments made necessary by the rise in energy and commodity prices were not fully implemented. Since reductions in pricing pressures are unlikely, Vetropack has introduced comprehensive measures to improve cost structures and productivity during the first half of the year, primarily in the Czech, Slovakian and Croatian facilities, in order to sustain their profitability.

INVESTMENTS

During the first half of the year investments in the sum of CHF 20.2 million were primarily utilised to increase productivity as well as reduce energy and logistics costs. Substantial sums were expended on follow up projects in Croatia, as well as the Austrian production facility in Kremsmünster. A new furnace was put into operation at both of these facilities during the past year. As planned initial investments were made with respect to re-

furbishing the flint glass furnace at the Austrian production facility in Pöchlarn, as well as replacing the green glass furnace and constructing two new warehouses at the Swiss production facility in St-Prex in early 2006.

ECOLOGY AND THE ENVIRONMENT

Thanks to the replacement of three furnaces and the associated implementation of modern furnace technologies during the past year, energy consumption across all of Vetropack's production facilities fell by a remarkable 5%. Furthermore, by increasing the proportion of recycled glass to raw materials, additional energy savings are feasible. Thus, during the first half of 2005 measures were taken to boost the comparatively low recycled glass quotas in the Czech and Slovak Republics and thereby increase the quantities of recycled glass seized at the respective Vetropack facilities. Vetropack regards its efforts in the area of environmental protection as a strategic component of its business activities. A conscious approach to the use of resources not only enables improvements towards the ecological values, but also enhances the cost effectiveness, of its facilities.

OUTLOOK

The cool summer weather meant that bottling plants and retailers kept relatively high inventory levels, consequently new orders of glass packaging during the subsiding summer months remain modest. This shortcoming is unlikely to be offset by orders from the food sector.

A strain on financial results during the second half of the year is expected due to pressure on margins from the Czech and Slovakian operations, as well as the replacement of a furnace at the Austrian plant in Pöchlarn, which will result in a two month interruption of flint glass production

during the fourth quarter. On the basis of this assessment and the assumption that all production facilities will continue to operate at full capacity, Vetropack expects year end results to be in line with those of last year.

VETROPACK HOLDING LTD

Based on the earnings forecast, Vetropack Holding Ltd expects the results for the 2005 fiscal year to be broadly in line with those of last year.

Sincerely



Hans R. Rüegg
Chairman of the Board of Directors

Bülach, September 3, 2005

RESULTS AS AT 30. 6. 2005

CONSOLIDATED INCOME STATEMENT

in 1000 CHF	1 st half of 2005	1 st half of 2004	Change
Gross revenues	257 330	243 802	5,5%
Total income	238 232	231 159	3,1%
Operating expenses	- 209 817	- 204 919	2,4%
Operating income before interest (EBIT)	28 415	26 240	8,3%
Profit before taxes	29 925	25 563	17,1%
Profit	22 956	19 925	15,2%
Cash flow	45 869	40 542	11,4%
Cash flow as % of gross revenues	17.8%	16.6%	-

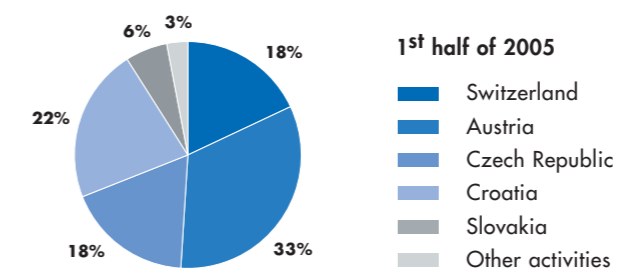
CONSOLIDATED BALANCE SHEET

in 1000 CHF	30. 6. 2005	31. 12. 2004	30. 6. 2004
ASSETS			
Current assets	247 369	215 879	233 350
Fixed assets	349 322	348 276	318 308
Total assets	596 691	564 155	551 658
LIABILITIES AND SHAREHOLDERS' EQUITY			
Short-term liabilities	140 023	122 993	144 020
Medium and long-term liabilities	106 552	112 372	102 683
Total liabilities	246 575	235 365	246 703
Minority interests	0	319	361
Total shareholders' equity	350 116	328 471	304 594
Total liabilities and shareholders' equity	596 691	564 155	551 658

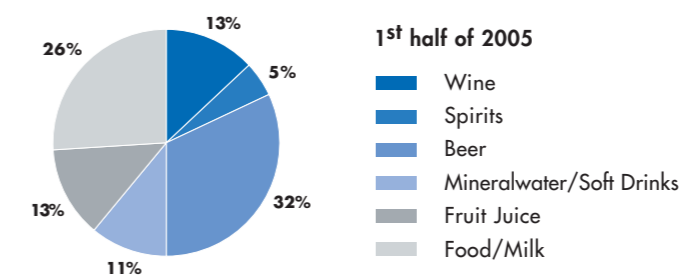
INDICATORS

		1 st half of 2005	1 st half of 2004	Change	2004
Gross revenues	CHF million	257.3	243.8	5.5%	485.4
EBIT	CHF million	28.4	26.2	8.3%	55.5
Profit	CHF million	23.0	19.9	15.2%	41.7
Cash flow	CHF million	45.9	40.5	13.1%	84.7
Production	1 000 tonnes	454	429	5.8%	866
Unit sales	billion pieces	1.79	1.68	7.1%	3.31
Exports	as %	44.2	39.9	-	38.7
Number of employees		2 553	2 702	- 5.5%	2 639
Investments	CHF million	20.2	21.8	- 7.3%	72.2
Balance sheet total	CHF million	596.7	551.7	8.2%	564.2
Equity ratio	as %	58.8	55.2	-	58.2
Share price (registered shares) – high	CHF	900	680	-	760
Share price (registered shares) – low	CHF	742	461	-	461

CONSOLIDATED REVENUES BY NATIONAL COMPANIES



GLASS PACKAGING BY PRODUCT SEGMENTS



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