



Guala Closures S.p.A.
€510,000,000 Floating Rate Senior Secured Notes due 2021

Guala Closures S.p.A., a *società per azioni* incorporated under the laws of the Republic of Italy (the "**Issuer**"), is offering (the "**Offering**") €510,000,000 aggregate principal amount of its Floating Rate Senior Secured Notes due 2021 (the "**Notes**").

Interest on the Notes will be the rate per annum equal to three-month EURIBOR (with a 0% floor) plus 475 basis points, reset quarterly, and will accrue from November 11, 2016. The Notes will mature on November 15, 2021. Some or all of the Notes may be redeemed prior to November 15, 2017, by paying 100% of the principal amount of such Notes plus a make-whole premium, and at any time on or after November 15, 2017, at the redemption price set forth in this Listing Memorandum. The Issuer will pay interest on the Notes quarterly on February 15, May 15, August 15 and November 15 of each year, beginning on February 15, 2017.

The Notes will be senior obligations of the Issuer and will be guaranteed (collectively, the "**Note Guarantees**" and each, a "**Note Guarantee**") on a senior basis by GCL Holdings S.C.A. (the "**Parent Guarantor**"), the direct holding company of the Issuer, and certain of the Parent Guarantor's subsidiaries (the "**Subsidiary Guarantors**," and collectively with the Parent Guarantor, the "**Guarantors**" and each a "**Guarantor**"). The Note Guarantees will rank *pari passu* in right of payment with all of such Guarantor's existing and future indebtedness that is not subordinated to such Note Guarantee. The Note Guarantees will be subject to contractual and legal limitations, and may be released under certain circumstances.

The Notes will be secured by first-priority security interests over substantially the same rights, property and assets that secure the Revolving Credit Facility (as defined herein) (except for the special lien of *privilegio speciale* granted by the Issuer in favor of the Revolving Credit Facility only), subject to the operation of the Agreed Security Principles (as defined herein) and as further described herein. Under the terms of the Intercreditor Agreement (as defined herein), lenders under the Revolving Credit Facility and creditors of certain additional indebtedness that we may incur in the future, including certain hedging agreements, will receive proceeds from the enforcement of the foregoing security interests in priority to holders of the Notes. See "*The Offering—Security.*"

Upon the occurrence of certain events constituting a "change of control", each holder of the Notes may require the Issuer to repurchase all or a portion of its Notes. All, but not less than all, of the Notes may also be redeemed at 100% of their principal amount plus accrued interest if at any time the Issuer or any Guarantor of the Notes becomes obligated to pay withholding taxes as a result of certain changes in law.

Subject to and as set forth in "*Description of the Notes—Withholding Taxes*," the Issuer will not be liable to pay any additional amounts to holders of the Notes in relation to any withholding or deduction required pursuant to Italian Legislative Decree No. 239 of April 1, 1996 (as the same may be amended or supplemented from time to time) where the Notes are held by a person resident in a country that does not allow for satisfactory exchange of information with Italy (as per the Ministerial Decree of the Minister of Economy and Finance of September 4, 1996 as amended, supplemented and replaced) and otherwise in the circumstances as described in "*Description of the Notes—Withholding Taxes*".

There is currently no public market for the Notes. Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and for trading on the Euro MTF Market of the Luxembourg Stock Exchange. The Euro MTF Market is not a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

The Notes will be represented on issue by one or more global notes, which will be delivered through Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream**") on or about November 11, 2016 (the "**Issue Date**"). See "*Book- Entry, Delivery and Form.*"

Investing in the Notes involves a high degree of risk. See "*Risk Factors*" beginning on page 24 of this Listing Memorandum.

Price for the Notes: 100.0% plus accrued interest, if any, from the Issue Date

The Notes and the Note Guarantees have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any other jurisdiction, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. In the United States, the Offering is being made only to "qualified institutional buyers" (as defined in Rule 144A of the U.S. Securities Act) in compliance with Rule 144A under the U.S. Securities Act ("Rule 144A"). You are hereby notified that the initial purchasers of the Notes may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act. For further details about eligible offerees and resale restrictions, see "*Plan of Distribution*" and "*Transfer Restrictions*".

Joint Bookrunners

Credit Suisse

Banca IMI

Barclays

J.P. Morgan

UniCredit Bank

The date of this Listing Memorandum is March 1, 2017.

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You should rely only on the information contained in this Listing Memorandum. We have not, and Credit Suisse Securities (Europe) Limited, Banca IMI S.p.A., Barclays Bank PLC, J.P. Morgan Securities plc and UniCredit Bank AG (together, the “Initial Purchasers”) have not, authorized anyone to provide you with information that is different from the information contained herein. We are not, and the Initial Purchasers are not, making an offer of the Notes in any jurisdiction where the Offering is not permitted. You should not assume that the information contained in this Listing Memorandum is accurate as of any date other than the date on the front cover of this Listing Memorandum. Our business, financial condition, results of operations and prospects may have changed since that date.

IMPORTANT INFORMATION

We accept responsibility for the information contained in this Listing Memorandum and, to the best of our knowledge (having taken reasonable care to ensure that such is the case), the information is true and accurate in all material respects and contains no omission likely to affect the import of such information. As used in this Listing Memorandum, unless the context otherwise requires, references to the “Company” refer to GCL Holdings S.C.A., references to “Guala” are to GCL Holdings S.C.A. and its consolidated subsidiaries and references to “we”, “us”, “our”, the “Group” and the “Guala Group” are to the GCL Holdings S.C.A. and its consolidated subsidiaries, including the Issuer.

This document does not constitute a prospectus for the purposes of Section 12(a)(2) of or any other provision of or rule under the U.S. Securities Act.

You should rely only on the information contained in this Listing Memorandum. We and the Initial Purchasers have not, authorized anyone to provide you with information that is different from the information contained herein. We are not, and the Initial Purchasers are not, making an offer of these securities in any jurisdiction where such offer is not permitted. You should not assume that the information contained in this Listing Memorandum is accurate as of any date other than the date on the front of this Listing Memorandum. This Listing Memorandum is based on information provided by us and other sources believed by us to be reliable. The Initial Purchasers are not responsible for, and are not making any representation or warranty to you concerning, our future performance or the accuracy or completeness of this Listing Memorandum.

This Listing Memorandum does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. No action has been, or will be, taken to permit a public listing in any jurisdiction where action would be required for that purpose. Accordingly, the Notes may not be offered or sold, directly or indirectly, and this Listing Memorandum may not be distributed, in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. You must comply with all laws applicable in any jurisdiction in which you buy, offer or sell the Notes or possess or distribute this Listing Memorandum and you must obtain all applicable consents and approvals; neither we nor the Initial Purchasers will have any responsibility for any of the foregoing legal requirements. See “*Transfer Restrictions*”.

In making an investment decision regarding the Notes offered hereby, you must rely on your own examination of the Issuer and the terms of this Offering, including the merits and risks involved. You should rely only on the information contained in this Listing Memorandum. We have not, and the Initial Purchasers have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this Listing Memorandum is accurate as of the date on the front cover of this Listing Memorandum only. Our business, financial condition, results of operations and the information set forth in this Listing Memorandum may have changed since that date.

You should not consider any information in this Listing Memorandum to be investment, legal or tax advice. You should consult your own counsel, accountant and other advisors for legal, tax, business, financial and related advice regarding purchasing the Notes. We are not, and the Initial Purchasers are not, making any representation to any offeree or purchaser of the Notes regarding the legality of an investment in the Notes by such offeree or purchaser under appropriate investment or similar laws. This Listing Memorandum is to be used only for the purposes for which it has been published.

By accepting delivery of this Listing Memorandum, you agree to the foregoing restrictions, to make no photocopies of this Listing Memorandum or any documents referred to herein and not to use any information herein for any purpose other than considering an investment in the Notes.

We obtained the market data used in this Listing Memorandum from internal surveys, industry sources and currently available information. Although we believe that our sources are reliable, you should keep in mind that we have not independently verified information we have obtained from industry and governmental sources and that information from our internal surveys has not been verified by any independent sources. See “*Market and Industry Data*”.

The contents of our websites do not form any part of this Listing Memorandum.

This Listing Memorandum constitutes a Prospectus for the purpose of Luxembourg law dated 10th July 2005 on Prospectus for Securities as amended.

The information set out in relation to sections of this Listing Memorandum describing clearing and settlement arrangements, including “*Description of the Notes*” and “*Book-Entry, Delivery and Form*”, is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream Banking currently in effect. While we accept responsibility for accurately summarizing the information concerning Euroclear and Clearstream Banking, we accept no further responsibility in respect of such information.

The distribution of this Listing Memorandum and the offer and sale of the Notes may be restricted by law in certain jurisdictions. You must inform yourself about, and observe, any such restrictions. See “*Notice to Certain European Investors*”, “*Plan of Distribution*” and “*Transfer Restrictions*” elsewhere in this Listing Memorandum. You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell the Notes or possess or distribute this Listing Memorandum and must obtain any consent, approval or permission required for your purchase, offer or sale of the Notes under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales. We are not, and the Initial Purchasers are not, making an offer to sell the Notes or a solicitation of an offer to buy any of the Notes to any person in any jurisdiction except where such an offer or solicitation is permitted.

IN CONNECTION WITH THIS OFFERING, CREDIT SUISSE SECURITIES (EUROPE) LIMITED, (THE “**STABILIZING MANAGER**”) (OR AFFILIATES ACTING ON BEHALF OF THE STABILIZING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER (OR AFFILIATES ACTING ON BEHALF OF THE STABILIZING MANAGER) WILL UNDERTAKE STABILIZING ACTION. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME AND MUST BE BROUGHT TO AN END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

NOTICE TO INVESTORS IN THE UNITED STATES

The Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act (“**Regulation S**”)) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

The Notes are being offered and sold outside the United States in reliance on Regulation S and within the United States to “qualified institutional buyers” (“**QIBs**”) in reliance on Rule 144A of the U.S. Securities Act (“**Rule 144A**”). Prospective purchasers are hereby notified that the sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. For a description of these and certain other restrictions on offers, sales and transfers of the Notes and the distribution of this Listing Memorandum, see “*Transfer Restrictions*”.

The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission (the “**SEC**”), any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Listing Memorandum. Any representation to the contrary is a criminal offense in the United States.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act and applicable state securities laws pursuant to registration thereunder or exemption therefrom. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

NOTICE TO CERTAIN EUROPEAN INVESTORS

European Economic Area

This Listing Memorandum has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under Article 3 of Directive 2003/71/EC (the “**Prospectus Directive**”), as implemented in member states of the European Economic Area (the “**EEA**”), from the requirement to produce a prospectus for offers of the Notes. Accordingly, any person making or intending to make any offer within the EEA of the Notes should only do so in circumstances in which no obligation arises for us or any of the Initial Purchasers to produce a prospectus for such offer. Neither we nor the Initial Purchasers have authorized, nor do they authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute the final placement of the Notes contemplated in this Listing Memorandum.

In relation to each Member State of the EEA (each, a “**Relevant Member State**”), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”), the offer is not being made and will not be made to the public of any Notes which are the subject of the Offering contemplated by this Listing Memorandum in that Relevant Member State, other than: (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive; (b) to fewer than 150 national or legal persons (other than qualified investors as defined in the Prospectus Directive, subject to obtaining the prior consent of the relevant Initial Purchaser or the Issuer for any such offer) or (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive; *provided that* no such offer of the Notes will require us or the Initial Purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive. For the purposes of this provision, the expression an “offer of Notes to the public” in relation to the Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression “Prospectus Directive” means Directive 2003/71/EU (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

The applicable provisions of the United Kingdom Financial Services and Markets Act 2000 (the “**FSMA**”) must be complied with in respect of anything done in relation to the Notes in, from or otherwise involving the United Kingdom. This Listing Memorandum is for distribution only to, and is only directed at, persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, (the “**Financial Promotion Order**”), (ii) are persons falling within Article 49(2)(a) to (d) (high net-worth companies, unincorporated associations, etc.) of the Financial Promotion Order or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) in connection with the issue or sale of any Notes may otherwise lawfully be communicated (all such persons together being referred to as “relevant persons”). This Listing Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

Italy

The Offering has not been cleared by the Commissione Nazionale per la Società e la Borsa (“**CONSOB**”) (the Italian securities exchange commission), pursuant to Italian securities legislation. Accordingly, no Notes may be offered, sold or delivered, directly or indirectly nor may copies of this Listing Memorandum or of any other document relating to the Notes be distributed in the Republic of Italy, except (a) to qualified investors (*investitori qualificati*) as defined in Article 26, first paragraph, letter (d) of CONSOB Regulation No. 16190 of October 29, 2007, as amended (“**Regulation No. 16190**”), pursuant to Article 34-ter, first paragraph letter (b) of CONSOB Regulation No. 11971 of May 14, 1999, as amended (the “**Issuer Regulation**”), implementing Article 100 of Legislative Decree No. 58 of February 24, 1998, as amended (the “**Financial Services Act**”); and (b) in any other circumstances which are exempted from the rules on public listings pursuant to Article 100 of the Financial Services Act and the implemented CONSOB regulations, including the Issuer Regulation.

Each Initial Purchaser has represented and agreed that any offer, sale or delivery of the Notes or distribution of copies of this Listing Memorandum or of any other document relating to the Notes in the Republic of Italy will be carried out in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Any such offer, sale or delivery of the Notes or distribution of copies of this Listing Memorandum or any other document relating to the Notes in the Republic of Italy according to the provisions above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of September 1, 1993, Regulation No. 16190 (in each case, as amended from time to time) and any other applicable laws and regulations; and
- (b) in compliance with any and all other applicable laws and regulations and any other condition or limitation that may be imposed by CONSOB, the Bank of Italy or any other relevant Italian authorities.

For selling restrictions in respect of Italy, see also “*Notice to Certain European Investors—European Economic Area*” above.

The Netherlands

The Notes are and will only be offered in the Netherlands to qualified investors as defined in the Prospectus Directive.

Luxembourg

The Notes may not be offered or sold within the territory of the Grand Duchy of Luxembourg except that the instruments may be offered to the public in the Grand Duchy of Luxembourg at any time:

- (a) to “qualified investors” as described in points (1) to (4) of Section I of Annex II to Directive 2004/39/EC of the European Parliament and of the Council of April 21, 2004 on markets in financial instruments, and persons or entities who are, on request, treated as professional clients in accordance with Annex II to Directive 2004/39/EC, or recognized as eligible counterparties in accordance with Article 24 of Directive 2004/39/EC unless they have requested that they be treated as non-professional clients,
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Luxembourg law of July 10, 2005 on prospectuses for securities as amended from time to time (the “**Prospectus Law**”) and implementing Directive 2003/71/EC of the European Parliament and of the Council of November 4, 2003 on the prospectus to be published when securities are offered to the public or admitted to trading (the “Prospectus Directive”), as amended by the Law of July 3, 2012 which has implemented in Luxembourg law the 2010 PD Amending Directive: or
- (c) in any other circumstances which do not require the publication of a prospectus pursuant to Article 5 of the Prospectus Law.

FORWARD-LOOKING STATEMENTS

This Listing Memorandum includes “forward-looking statements” within the meaning of the securities laws of certain applicable jurisdictions. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this Listing Memorandum, including, without limitation, those regarding our intentions, beliefs or current expectations concerning, among other things: our future financial conditions and performance, results of operations and liquidity; our strategy, plans, objectives, prospects, growth, goals and targets; future developments in the markets in which we participate or are seeking to participate; and anticipated regulatory changes in the industry in which we operate. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “aim,” “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “guidance,” “intend,” “may,” “plan,” “project,” “should” or “will” or, in each case, their negative, or other variations or comparable terminology.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual financial condition, results of operations and cash flows, and the development of the industry in which we operate, may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements contained in this Listing Memorandum. In addition, even if our financial condition, results of operations and cash flows, and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this Listing Memorandum, those results or developments may not be indicative of results or developments in subsequent periods. Important risks, uncertainties and other factors that could cause these differences include, but are not limited to those relating to:

- our international operating structure, including our operations in emerging markets;
- levels of consumption of spirits and/or wine;
- fluctuations in the price and availability of the raw materials we use;
- our ability to protect our intellectual property and maintain its value;
- our ability to integrate businesses we have acquired, or may in the future acquire, and manage any unexpected liabilities related thereto;
- fluctuations in foreign currency exchange rates;
- economic conditions in a number of our markets;
- fluctuations in energy and freight costs;
- consolidation in the spirits industry and the concentration of our customers;
- the seasonality of certain of our businesses;
- the loss of one of our key manufacturing facilities;
- employee slowdown, strikes and similar actions;
- our ability to remain technologically competitive, adapt to developments in technology and respond to changes in consumer requirements;
- the impact of increased competition or industry-wide imbalances between supply and demand;
- defects in our products and our ability to address liabilities in connection therewith;
- maintaining compliance with current and future environmental and health and safety standards;
- the use of hazardous substances used in certain of our facilities;
- our ability to attract and retain key members of management and other personnel;
- our international operating structure exposing us to various tax regimes;
- the United Kingdom’s referendum on withdrawal from the European Union;
- the political and economic uncertainty in Italy;
- civil disturbances, political instability and military action in Ukraine and Russia;

- disruptions to the operations of our computer or data processing systems;
- market perceptions concerning the instability of the euro;
- laws and other factors restricting the exchange of currencies or the expatriation of funds;
- exposure to the risk of violations of anti-corruption laws, sanctions or other similar regulations in the countries in which we operate;
- changes in International Financial Reporting Standards;
- our ability to generate sufficient cash to meet our debt service obligations;
- our contingent liability in respect of a put option by our Ukrainian co-investor; and
- the other factors discussed in this Listing Memorandum.

The foregoing factors and others described under “*Risk Factors*” should not be construed as exhaustive. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof. We urge you to read this Listing Memorandum, including the sections entitled “*Risk Factors*,” “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Business*,” for a more complete discussion of the factors that could affect our future performance and the industry in which we operate.

Any forward-looking statements are only made as at the date of this Listing Memorandum and, except as required by law or the rules and regulations of any stock exchange on which the Notes are listed, we undertake no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Listing Memorandum, including those set forth under “*Risk Factors*”.

MARKET AND INDUSTRY DATA

In this Listing Memorandum, we rely on and refer to information regarding our business and the market in which we operate and compete. The market data and certain economic and industry data and forecasts used in this Listing Memorandum were obtained from governmental and other publicly available information, independent industry publications and reports prepared by industry consultants. In addition to the foregoing, certain information regarding markets, market size, market share, market position, growth rates and other industry data pertaining to our business contained in this Listing Memorandum was estimated or derived based on assumptions we deem reasonable and from our own research, surveys or studies conducted by third parties and other industry or general publications. Industry publications and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. While we believe that each of these studies and publications is reliable, neither we nor the Initial Purchasers have independently verified such data and cannot guarantee their accuracy or completeness.

In many cases, there is no readily available external information (whether from trade associations, government bodies or other organizations) to validate market-related analyses and estimates, requiring us to rely on our own internally developed estimates regarding the industry in which we operate, our position in the industry, our market share and the market shares of various industry participants based on our experience, our own investigation of market conditions and our review of industry publications, including information made available to the public by our competitors. None of the Issuer, the Group or the Initial Purchasers can assure you of the accuracy and completeness of, or take any responsibility for, such data. Similarly, while we believe our internal estimates to be reasonable, these estimates have not been verified by any independent sources and neither we nor the Initial Purchasers can assure you as to their accuracy or the accuracy of the underlying assumptions used to estimate such data. Unless otherwise indicated, data on our market position and market share is based on volume or revenue, depending on the geography, in each case for the year ended December 31, 2015 available data reported by certain competitors and certain other assumptions and estimates regarding penetration of closures and aluminum screwcaps. Our estimates involve risks and uncertainties and are subject to change based on various factors. See “*Risk Factors*”, “*Industry Overview*” and “*Business*” for further discussion.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Data

Financial statements presented

We have presented in this Listing Memorandum the historical consolidated financial information for the Parent Guarantor, comprising:

- the consolidated financial statements of the Parent Guarantor as of and for the year ended December 31, 2013, audited by the Independent Auditors, and the auditor's report thereto;
- the consolidated financial statements of the Parent Guarantor as of and for the year ended December 31, 2014, audited by the Independent Auditors, and the auditor's report thereto;
- the consolidated financial statements of the Parent Guarantor as of and for the year ended December 31, 2015, audited by the Independent Auditors, and the auditor's report thereto; and
- the unaudited condensed consolidated interim financial statements of the Parent Guarantor as of and for the six months ended June 30, 2016 and June 30, 2015.

This listing memorandum also includes the historical consolidated financial information of the Issuer, comprising:

- the consolidated financial statements of the Issuer as of and for the year ended 31 December 2013, audited by the Independent Auditors, and the auditor's report thereto;
- the consolidated financial statements of the Issuer as of and for the year ended 31 December 2014, audited by the Independent Auditors, and the auditor's report thereto; and
- the consolidated financial statements of the Issuer as of and for the year ended 31 December 2015, audited by the Independent Auditors, and the auditor's report thereto.

The audited consolidated financial statements of the Parent Guarantor are prepared on the basis of a financial period ending on December 31 of each year, and are presented in euro. The audited consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union. The Company's unaudited condensed consolidated interim financial statements as of and for the six-months ended June 30, 2016 and 2015 have been prepared in accordance with International Accounting Standards 34 (“IAS 34”).

Other financial measures

In this Listing Memorandum, we present certain non-IFRS measures, including EBITDA and Adjusted EBITDA and net financial debt. We define “EBITDA” as earnings before interest, tax, depreciation, amortization and impairment losses. “Adjusted EBITDA” refers to EBITDA as adjusted to remove the effects of certain exceptional charges.

We believe that EBITDA is a useful indicator of our ability to incur and service our indebtedness and can assist certain investors, security analysts and other interested parties in evaluating us. We believe that Adjusted EBITDA is a relevant measure for assessing our performance because it is adjusted for certain items which, we believe, are not indicative of our underlying operating performance and thus aid in an understanding of EBITDA.

EBITDA, Adjusted EBITDA and similar measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. You should exercise caution in comparing EBITDA and Adjusted EBITDA as reported by us to EBITDA and Adjusted EBITDA of other companies. EBITDA as presented here differs from the definition of “Consolidated EBITDA” contained in the Indenture as described under the captions “*Description of the Notes*”, or for the purposes of any of our other indebtedness. The information presented by both EBITDA and Adjusted EBITDA is unaudited and has not been prepared in accordance with IFRS or any other accounting standards. In addition, the presentation of these measures is not intended to and does not comply with the reporting requirements of the SEC; compliance with its requirements would require us to make changes to the presentation of this information.

Neither EBITDA nor Adjusted EBITDA is a measurement of performance under IFRS and you should not consider EBITDA or Adjusted EBITDA as an alternative to net income or operating profit

determined in accordance with IFRS, as the case may be, or to cash flows from operations, investing activities or financing activities. EBITDA and Adjusted EBITDA have limitations as analytical tools, and you should not consider them in isolation. Some of these limitations are:

- they do not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- they do not reflect changes in, or cash requirements for, our working capital needs;
- they do not reflect the significant interest expense, or the cash requirements necessary, to service interest or principal payments on our debt;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often need to be replaced in the future and EBITDA and Adjusted EBITDA do not reflect any cash requirements that would be required for such replacements;
- some of the exceptional items that we eliminate in calculating EBITDA and Adjusted EBITDA reflect cash payments that were made, or will in the future be made; and
- the fact that other companies in our industry may calculate EBITDA and Adjusted EBITDA differently than we do, which limits their usefulness as comparative measures.

We also present consolidated revenues and Adjusted EBITDA on a “constant currency” basis for certain periods which was prepared by translating the results of a given period in each currency other than the euro, our reporting currency, applying the average exchange rate of such currency in the previous comparative period instead of applying the period end and exchange rate as we do when preparing our consolidated results. Results represented on a constant currency basis do not represent the amount of cash received by the Group and it is not a recognized measure under IFRS. Although the Group does not believe that these measures are a substitute for IFRS measures in light of the significant translation effects of movements in exchange rates due to the international nature of the Group’s business, the Group believes that computing revenue and Adjusted EBITDA results for any given period on a constant currency basis is the most appropriate means to compare the Group’s current results of operations against the previous year. The non IFRS measures may not be comparable to similarly titled measures of other companies, have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of the Group’s operating results as reported under IFRS.

We also present the non-IFRS measure of net financial debt and you should not consider net financial debt as an alternative to net financial position, total financial liabilities or net indebtedness determined in accordance with IFRS. Net financial debt consists of current and non-current financial liabilities net of unamortized debt issuance costs, less cash and cash equivalents. It does not include the liability in respect of a put option granted to holders of a minority interest in our Ukrainian subsidiary. See note 17 to the Parent Guarantor’s unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2016. See *“Risk Factors—Risks related to our indebtedness—As of June 30, 2016, we have recorded a contingent liability in the amount of €14.5 million in respect of a put option relating to 30% of the share capital of our Ukrainian subsidiary”*. Net financial debt and similar measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. You should exercise caution in comparing net financial debt as reported by us to net financial debt of other companies.

Further, certain financial information is presented on the basis of segment revenue by location. This information is based on the geographical location of the subsidiary of the Group which records the revenue and such information is reported to us on a monthly basis by each country where such segments are based.

Recent Accounting Pronouncements

The International Accounting Standards Board issued IFRS 16 (“**Leases**”) in January 2016. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. It will remove the distinction between “operating leases”, which are reported on a company’s statement of profit or loss and “finance leases”, which are reported on a company’s statement of financial position. Under the new standard, a lease is defined as a contract that provides the right to use an asset for a period of time in exchange for consideration. Therefore, companies that are lessees are required to recognize a lease liability for the obligation to make lease payments for the right to use the underlying asset for the term of the lease. IFRS 16 will effectively require companies that are lessees, including us, to report all leases as

assets and liabilities on their statements of financial position. It will become effective from January 1, 2019 but may be implemented by companies prior to this date. Although as of the date of this Listing Memorandum, the principles have not become effective and have not been approved by the EU, we are considering the changes required by IFRS 16 and expect to comply with such requirements by the time IFRS 16 comes into effect. We are currently analyzing the potential impact of the first-time application of this standard on the consolidated annual accounts. We have not yet completed the process, given the recent publication of this standard and the various transition options established by this standard for first-time application. Given that to carry out our activity we lease a large number of facilities and, to a lesser extent, other properties, for periods in excess of one year, the application of IFRS 16 in 2019 is expected to have a significant impact on our accounts.

For further Recent Accounting Pronouncements, please make reference to Note 2) (v) “*New standards and interpretations not adopted early*” and (w) “*Standards, amendments and interpretations not yet applicable*” of the Consolidated financial statements of the Company as of and for the year ended December 31, 2015.

Other Data

Certain numerical figures contained in this Listing Memorandum, including financial information and certain operating data, have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables may not conform exactly to the total figure given for that column or row or the sum of certain numbers presented as a percentage may not conform exactly to the total percentage given.

CERTAIN DEFINITIONS

In this Listing Memorandum, the following words and expressions have the following meanings, unless the context otherwise requires or unless otherwise so defined. In particular, capitalized terms set forth and used in the sections entitled “*Description of Other Indebtedness—Intercreditor Agreement*” and “*Description of the Notes*” may have different meanings from the meanings given to such terms and used elsewhere in this Listing Memorandum.

- “*Agreed Security Principles*” means the Agreed Security Principles as set out in a schedule to the Senior Facilities Agreement as in effect on the date hereof, as applied *mutatis mutandis* with respect to the Notes in good faith by the Issuer.
- “*Calculation Agent*” refers to Deutsche Bank AG, London Branch, in its capacity as calculation agent under the Indenture.
- “*Clearstream*” refers to Clearstream Banking, SA (*société anonyme*) incorporated under the laws of Luxembourg.
- “*Collateral*” refers to the rights, property and assets securing the Notes and the Note Guarantees on a first-ranking basis as described below under the caption entitled “*Description of the Notes—Security*”.
- “*Company*” or the “*Parent Guarantor*” refers to GCL Holdings S.C.A., a corporate partnership limited by shares (*société en commandite par actions*) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 8A, rue Albert Borschette, L-1246 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Register of Commerce and Companies under number B-141.684.
- “*Compound Annual Growth Rate*” or “*CAGR*” means the year over year growth rate of an investment over a specified period of time.
- “*Consent Requests*” has the meaning given to the terms under the caption “*Description of Other Indebtedness—Revolving Credit Facility—Consent Requests*”.
- “*consolidated statement of comprehensive income*” refers to consolidated comprehensive income, profit or loss and other comprehensive income (expense).
- “*Constant currency basis*” has the meaning ascribed to it under “*Presentation of Financial and Other Information—Other financial measures*”.
- “*EU*” refers to the European Union.
- “*euro*”, “*EUR*” and “*€*” means the lawful currency of the Participating Member States.
- “*Euroclear*” refers to Euroclear Bank SA/NV established under the laws of Belgium.
- “*Eurozone*” refers to the member states of the EU participating in the European Monetary Union.
- “*Existing Notes*” means the Existing Senior Secured Notes and the Existing Senior Notes.
- “*Existing Senior Notes*” refers to €200,000,000 in aggregate principal amount of 9.375% Senior Notes due 2018, issued by the Company on April 20, 2011.
- “*Existing Senior Secured Notes*” refers to the €275,000,000 aggregate principal amount of Floating Rate Senior Secured Notes due 2019, issued by the Issuer on November 13, 2012.
- “*Existing Senior Secured Notes Indenture*” refers to the indenture governing the Existing Senior Secured Notes dated as of November 13, 2012, by and among, *inter alios*, the Issuer, the Company, The Law Debenture Trust Company p.l.c., as trustee and common representative, (*rappresentante comune*) and UniCredit Bank AG, Milan Branch, as security agent.
- “*Guarantors*” collectively refers to the Company, Guala Closures Australia Holdings Pty Ltd, Guala Closures Australia Pty Ltd, Guala Closures do Brasil Ltda., Guala Closures International B.V., Guala Closures New Zealand Limited, Guala Closures UK Limited and Guala Closures Ibérica S.A., and “*Guarantor*” refers to each of them.
- “*IFRS*” refers to the International Financial Reporting Standards as adopted by the European Union.
- “*Independent Auditors*” refers to KPMG Luxembourg Société Coopérative for the years ended December 31, 2014 and 2015 and KPMG Luxembourg S.à.r.l. for the year ended December 31, 2013.

- “*Indenture*” refers to the Indenture to be entered into on the Issue Date.
- “*Initial Purchasers*” collectively refers to Credit Suisse Securities (Europe) Limited, Banca IMI S.p.A., Barclays Bank PLC, J.P. Morgan Securities plc and UniCredit Bank AG, and “*Initial Purchaser*” refers to each of them.
- “*Intercreditor Agreement*” refers to the intercreditor agreement to be entered into on or about the Issue Date, by and among, *inter alios*, the Issuer, the Trustee and UniCredit Bank AG, Milan Branch, as security agent. See “*Description of Other Indebtedness—Intercreditor Agreement*” for further information.
- “*Issue Date*” refers to the date of original issuance of the Notes.
- “*Issuer*” refers to Guala Closures S.p.A., a *società per azioni* incorporated under the laws of the Republic of Italy.
- “*Italian Civil Code*” refers to the Italian civil code (*codice civile*), enacted by Italian Royal Decree No. 262 of March 16, 1942, as subsequently amended and supplemented.
- “*Merchant Banking Funds*” collectively refers to MB Overseas Partners IV, L.P., Merchant Banking Partners IV (Pacific), L.P., Offshore Partners IV, L.P., MBP IV Plan Investors, L.P. and MB Overseas IV AIV, L.P.
- “*New Revolving Credit Facility*” refers to the super senior €65 million multicurrency revolving credit facility which, subject to agreement on the definitive documentation and satisfaction of customary conditions precedent, is contemplated to be entered into as part of the Refinancing Transactions as described more fully under “*Description of Other Indebtedness—New Revolving Credit Facility Commitments*”.
- “*Note Guarantees*” collectively refers to the guarantees issued by each of the Guarantors in respect of the Notes and “*Note Guarantee*” refers to each of them.
- “*Participating Member State*” means any member state of the E.U. that adopts or has adopted, and in each case continues to adopt, the euro as its lawful currency in accordance with legislation of the E.U. relating to Economic and Monetary Union.
- “*Permitted Collateral Liens*” has the meaning ascribed to it under “*Description of the Notes—Certain Definitions*”.
- “*PET*” refers to polyethylene terephthalate resin for packaging applications which often utilize a preform mold in the manufacturing process.
- “*Polish zloty*” refers to the lawful currency of the Republic of Poland.
- “*Pounds Sterling*,” “*sterling*,” “*British Pounds*,” “*GBP*” and “*£*” refers to the lawful currency of the United Kingdom.
- “*Refinancing Transactions*” has the meaning indicated under “*Summary—The Refinancing Transactions*”.
- “*recognized stock exchange*” refers to a multilateral system operated and/or managed by a market operator other than ‘Regulated market’ with a regulated market being a market which is authorized and functions regularly and in accordance with Title III of the Markets in Financial Instruments Directive (MiFID) (Article 4(1)(14), MiFID).
- “*Revolving Credit Facility*” refers to the existing super senior €75,000,000 revolving credit facility under the Senior Facilities Agreement as described under “*Description of Other Indebtedness—Revolving Credit Facility*”.
- “*Security Agent*” refers to UniCredit Bank AG, Milan Branch.
- “*Senior Facilities Agreement*” refers to the senior facilities agreement originally dated October 10, 2008, as amended and restated on April 19, 2010, as amended on June 29, 2010, as amended and restated on April 8, 2011, and as amended and restated on October 31, 2012, and December 11, 2012, between, *inter alios*, the Issuer, as borrower, the Company as original guarantor and UniCredit Bank AG, Milan Branch as security agent, and which will be amended on or about the Issue Date to the extent that the New Revolving Credit Facility is not implemented and available for drawing on such date. See “*Summary—The Refinancing Transactions*” and “*Description of Other Indebtedness—Revolving Credit Facility—Consent Requests*” for further information.

- “*Security Documents*” has the meaning ascribed to it under “*Description of the Notes—Certain Definitions*”.
- “*Trustee*” refers to The Law Debenture Trust Corporation p.l.c., in its capacity as trustee, common representative (*rappresentante comune*) of the holders of the Notes pursuant to article 2417 and 2418 of the Italian Civil Code and as representative (*rappresentante*) of the holders of the Notes pursuant to Article 2414-bis, paragraph 3, of the Italian Civil Code.
- “*South African rand*” refers to the lawful currency of the Republic of South Africa.
- “*Tender Offer*” refers to the Issuer’s offer to purchase for cash the Existing Senior Secured Notes and Existing Senior Notes held in the Regulation S global note by non-U.S. holders.
- “*Ukrainian hryvnia*” refers to the lawful currency of the Republic of Ukraine.
- “*United States*” or “*U.S.*” refers to the United States of America, its territories and possessions, and any state of the United States of America and the District of Columbia.
- “*U.S. dollars*,” “*USD*” and “*\$*” refers to the lawful currency of the United States of America.

EXCHANGE RATE AND CURRENCY INFORMATION

In this Listing Memorandum:

- \$, “**dollar**” or “**U.S. dollar**” refers to the lawful currency of the United States; and
- € or “**euros**” refers to the single currency of the participating member states of the European and Monetary Union of the Treaty Establishing the European Community, as amended from time to time.

The following tables set forth, for the periods indicated, the period end, period average, high and low Bloomberg Composite Rates expressed in U.S. dollars per €1.00. The Bloomberg Composite Rate is a “best market” calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The Bloomberg Composite Rate of the euro on October 31, 2016 was \$ 1.0963 per €1.00.

	Year ended December 31,			
	Period end	Average ⁽¹⁾	High	Low
	U.S. dollar per €1.0			
2012	1.3192	1.2860	1.3458	1.2061
2013	1.3764	1.3282	1.3808	1.2793
2014	1.2154	1.3285	1.3952	1.2154
2015	1.0910	1.1096	1.2051	1.0527

	Month			
	Period end	Average ⁽²⁾	High	Low
	U.S. dollar per €1.0			
April 2016	1.0832	1.0867	1.0940	1.0747
May 2016	1.0873	1.1104	1.1324	1.0873
June 2016	1.1380	1.1142	1.1380	1.0868
July 2016	1.1446	1.1336	1.1446	1.1220
August 2016	1.1120	1.1298	1.1532	1.1116
September 2016	1.1103	1.1242	1.1394	1.1026
October 2016	1.0963	1.1023	1.1218	1.0874

Notes:

- (1) The average rate for a year means the average of the Bloomberg Composite Rates on the last day of each month during a year.
- (2) The average rate for each month presented is based on the average Bloomberg Composite Rate for each business day of such month.

The above rates differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this Listing Memorandum. Our inclusion of the exchange rates is not meant to suggest that the euro amounts actually represent U.S. dollar amounts or that these amounts could have been converted into U.S. dollars at any particular rate, if at all.

SUMMARY

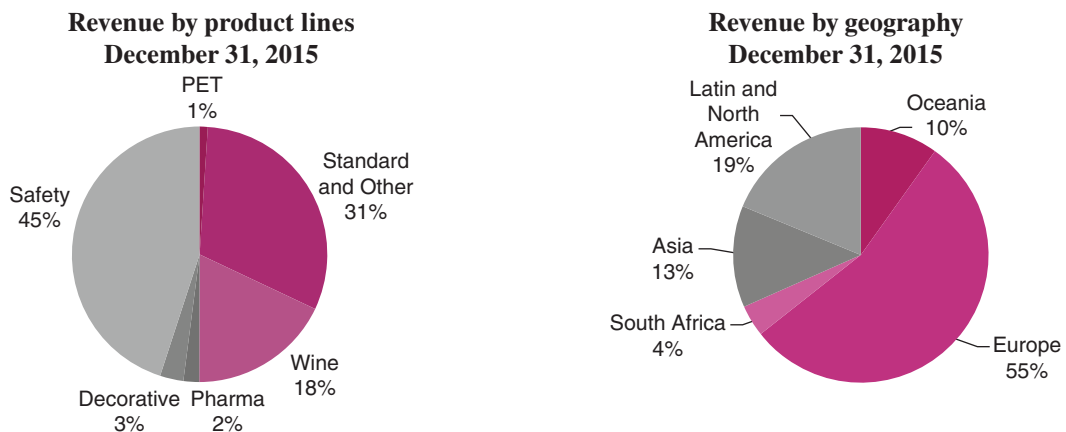
The following summary highlights selected information from this Listing Memorandum. It is not complete and does not contain all of the information that you should consider before investing in the Notes. You should read this Listing Memorandum carefully in its entirety, including the sections entitled “Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, “Industry Overview” and “Business”, as well as our audited historical financial statements and the notes thereto included elsewhere in this Listing Memorandum.

Overview

We believe that we are the world’s leading producer of high value added closures for the spirits and wine industry. Through ongoing development and technological innovation, we believe that we are the top producer of non-refillable safety closures for the spirits industry with at least a 60% market share by volume of units sold worldwide, the leading producer of aluminum screwcaps for wine closures with at least a 35% market share by volume of units sold and Europe’s largest producer of standard aluminum closures for wine, spirits and olive oil, in each case, in 2015. In aggregate, we operate from 26 plants and five research centers across five continents and sold approximately 14 billion closures in 100 countries in 2015.

Our product lines include: Safety Closures, Decorative Closures, Standard Closures and Other, Wine Closures, Pharma and PET.

We serve a number of end markets and geographies. The following charts illustrate the breakdown of our revenue for the year ended December 31, 2015 by product line and by geography, based on the location from which the product is sold by us.



We believe that our global footprint and state of the art facilities, blue-chip customer base, technology and innovation and effective cost control provide us with a competitive advantage over other closures producers and create high barriers to entry in the markets in which we sell our products. Our position is further consolidated by our extensive patent portfolio, with over 80 active patents at the end of 2015 for the design and manufacture of closures, and continuous product innovation (over 20 new products have been launched over the last three years).

By geography, we are the leading producer of safety closures by volume of units sold in a number of emerging markets including Brazil, Colombia, India, Mexico and Ukraine, and the leading manufacturer of aluminum screwcaps for wine closures in Argentina, Australia, New Zealand and Poland to serve the European market and in South Africa. Safety closures are primarily used in emerging markets where there is a high risk of counterfeiting of alcohol. Going forward, we believe we are well positioned to continue to maintain leading positions and benefit from the growth expected in most of these regions.

Our customer portfolio includes blue-chip major international and regional brands with whom we have built long-term relationships and have developed customized processes. We supply the top 10 premium spirits brands worldwide, including Smirnoff, Johnnie Walker, Bacardi, Jack Daniel’s and Absolut. The breadth and diversity of our customer base results in no brand accounting for more than 3% of our net revenue during the last three years.

For the twelve months ended June 30, 2016, the Group generated net revenue of €508 million, operating profit of €67 million and Adjusted EBITDA of €103 million, resulting in an Adjusted EBITDA margin of 20.4%. We believe that these high margins, which historically have been consistently around 20% on an annual basis, are assisted by our raw material cost management and our ability to absorb raw material price fluctuations, global diversity and exposure to growth markets and ongoing management initiatives to improve production efficiencies.

In the last five years, we have experienced significant growth in our business, attributable partly to organic growth and partly to acquisitions. The Group's net revenue, operating profit and Adjusted EBITDA have increased from €418 million, €47 million and €88 million in 2011 to €521 million, €66 million and €106 million in 2015, respectively. Our growth has been primarily driven by the increasing penetration of branded spirits in emerging markets, the premiumization of locally produced spirits for the export market, increasing preference on the part of spirits suppliers in those countries towards safety closures to prevent counterfeiting and through the acquisition of local producers in certain key markets. In addition, we continue to grow our wine closures business, benefitting from the sustained growth in the aluminum closures market. We believe that there is strong future growth potential due to the greater use of safety closures in emerging markets and an increasing global trend in the wine industry towards the usage of aluminum screwcaps.

Our divisions and product classes

Safety closures

We believe that we are the world's leading producer of safety closures for spirits, with at least a 60% market share by volume of units sold worldwide. Our key clients include the largest global spirits distillers, such as Bacardi Martini, Brown-Forman, Diageo, Pernod Ricard and United Spirits. Safety closures are primarily made out of plastic and comprise up to 13 different components and are fitted with special devices to limit counterfeiting of the end product and to increase safety by making them tamper evident, non-refillable and leak-proof. Safety closures are primarily used by our customers when selling their products in emerging markets, where the risk of counterfeiting is highest.

In 2015, our safety closures product line generated net revenue of €233 million, representing 45% of our net revenue for the period.

Wine closures

We believe that we are the leading producer of aluminum screwcaps for wine closures for the wine industry, with at least a 35% market share by volume of units sold. The market for aluminum screwcaps for wine closures continues to grow strongly as a result of the superior performance of aluminum closures compared to traditional cork closures. The market growth has been driven by the wine producers in New Zealand, Australia, Chile, Argentina and South Africa and is expected to be driven in the future by greater use of aluminum screwcaps for wine closures in Europe, the U.S. and Latin America, where we perceive significant potential for further growth.

In 2015, our wine closures product line generated net revenue of €96 million, representing 18% of our net revenue for the period.

Decorative closures

We produce decorative closures, focused on aesthetic appeal and design which are customized plastic and aluminum closures for high-end spirits to meet customers' branding needs. The closures can be designed to suit all brand/market requirements.

In 2015, our Decorative closures product lines generated net revenue of €16 million, representing 3% of our net revenue for the period.

Standard closures and Other

We believe that we are the largest producer of standard aluminum closures for spirits and wine in Europe. We also produce closures for mineral water and the olive oil and vinegar markets. Key spirits customers include Diageo and Pernod Ricard. In the oil market, our key customers include large producers such as Deoleo and Unilever. Standard closures are primarily made out of aluminum and can typically comprise up to four different components.

In 2015, our Standard closures and Other product line generated net revenue of €164 million, representing 32% of our net revenue for the period.

Pharma

We introduced Pharma as a new product line following the acquisition of Pharma Trade S.r.l. in 2009. We view our entry into the pharmaceutical closures market as a strategic move into a complementary market segment, with similar characteristics in terms of production processes to safety closures for spirits.

In 2015, our Pharma product line generated net revenue of €8 million, representing 2% of our net revenue for the period.

PET

Our PET products include bottles, jars, and miniature flasks for drinks, as well as containers for cosmetics, beauty products, pharmaceuticals and food products. In 2015, our PET products generated €3 million in net revenue, representing 1% of our net revenue for the period.

The following table shows the distribution of our 2013, 2014, 2015 net revenue by product line for our product lines.

	Year ended December 31,		
	2013	2014	2015
	(€ in thousands)		
Safety	216,114	215,422	233,119
Wine	87,375	87,929	95,879
Decorative	12,937	12,214	15,645
Standard Closures and Other	166,259	160,154	164,405
Pharma	8,318	8,721	8,319
PET	3,274	3,354	3,165
Net Revenue	494,276	487,794	520,533

The table below illustrates the geographic distribution of net revenue for the years ended December 31, 2013, 2014 and 2015, and for the six months ended June 30, 2015 and 2016, based on the geographical location of production where the related revenue is booked by us from product sales:

	Year ended December 31,			Six months ended June 30,	
	2013	2014	2015	2015	2016
	(€ in thousands)				
Europe	276,696	276,962	284,430	137,326	131,195
Latin and North America	84,247	77,714	96,589	43,627	39,289
Asia	58,881	66,844	70,356	34,231	36,183
Oceania	55,820	48,980	49,871	23,041	22,197
Africa	18,632	17,295	19,286	9,601	6,522
Net Revenue	494,276	487,794	520,533	247,825	235,385

Competitive strengths

We believe we have the following competitive strengths:

Leading positions in the growing markets for safety closures for spirits and wine closures

We believe we are the market leader in the production of safety closures for spirits with at least a 60% market share by volume of units sold worldwide, and the leading producer of aluminum screwcaps for wine closures for the wine industry with at least a 35% market share by volume of units sold. We also believe that we are a leading producer of aluminum closures for spirits in Europe. We estimate that in 2015 our global revenue from sales of safety closures were six times greater than those of our nearest competitor. We believe that our market leadership positions are sustainable due to our commitment to quality, research and development efforts, proprietary production technologies, long-standing customer relationships, excellent customer service and brand recognition. For a spirits producer, packaging and

brand are key elements in product identification and differentiation. We believe that our closures better enable our customers to differentiate and position their brands against their competitors.

We believe that the market for safety closures, particularly in emerging markets where premium brands are penetrating such markets, will continue to grow. See “*Industry Overview*”. Safety closures help global manufacturers of spirits to protect against counterfeiting, particularly in emerging markets where the risk of counterfeiting is highest. For example, we believe that we are the leading manufacturer of safety closures in Brazil, Colombia, India, Mexico and Ukraine. Both global and local manufacturers of spirits also use safety and decorative closures to differentiate their brands.

We also expect that the market for aluminum screwcaps for wine closures will continue to grow due to the advantages of aluminum screwcaps for wine closures over traditional cork closures. We believe that we are well placed to benefit from this growth because of our ability to cross-sell to manufacturers who also sell spirits, our capacity for decoration and design, the economies of scale permitted by the extent of our distribution network and the proximity of several of our plants to “New World” wine producers in Australia, New Zealand, South America and South Africa.

Technologically advanced facilities across the world

As the only safety closures producer with a global production network, we operate 26 production facilities, in five continents that incorporate advanced technologies, processing solutions, quality controls and state-of-the-art machinery. This production network allows us to provide high quality products in our key markets while limiting our labor costs.

Over the years we have developed proprietary production technologies that are crucial for the manufacture of technologically advanced closures. As customers increasingly demand more product customization, we believe that our facilities position us to adapt to this market trend and meet our customers’ increasingly complex specifications.

The strength of our global presence and our established local relationships with industry players enhance our ability to launch new products in existing markets, to respond quickly to changing local trends and to play a proactive role in the development of new products and value added solutions that meet the requirements of customers across our geographic markets.

Long-standing blue chip customer relationships, high switching costs and diverse customer base

Our consistent product quality and customer service have allowed us to develop strong relationships with our customers, both in mature and emerging markets. We enhance customer loyalty through our research and development activities which are often driven by the specific business requirements of our customers. In particular, we have strong relationships with most of the large global producers of spirits including Bacardi Martini, Brown Forman, Diageo, Pernod Ricard and United Spirits and we work closely with individual brands owned by these producers. Due to the nature of bottle closures, we work in close partnership with spirits producers in the design and production of their end-products. For example, in recent years, we have developed the “Sunrise” safety closure for the Asian market, which is currently sold in Mongolia, the “Florence” closure for Pernod Ricard’s Ballantine’s in both open pourer and non-refillable versions, the “Bikini” silver two piece closure for Campari’s Skyy Vodka and the luxury quality “Ultis” closure for Pernod Ricard’s Chivas Whiskey, which closure was launched in 2016. In safety closures, we are typically the sole supplier for a particular brand in a particular region. No one brand accounted for more than 3% of our net revenue in 2015.

As a result of the time and resources invested in joint product development activities with customers, we often receive recognition. For example, we received the “Supplier Innovation Award” from Diageo in 2014 for our digital embossing technology and the “Gold Supplier Award” from Edrington for the last five years. We maintain strong relationships with the majority of our key customers, some of whom we have had business relations with for over 30 years.

We believe that the multinational scope of our operations and our ability to meet our customers’ quality standards across geographic markets are increasingly important factors to our large global customers. In addition, our international presence allows us to operate in close physical proximity to our customers’ production facilities and meet their product and design requirements with greater flexibility and at a more competitive price and quality than our competitors.

Highly differentiated product portfolio

We believe that one reason for our strong positioning in the global markets is the wide range of our product portfolio. Our Safety closures, which are highly engineered packaging components consisting of up to 13 pieces, range from tamper evident seals to more sophisticated non-refillable devices covering the medium to high value added range of the closures market. Our Decorative closures are made of both aluminum and plastic, are customized according to the requirements of our customers and can include ribbons, seals and unusual shapes and these are typically designed for high-end spirits produced in limited quantities. Our Standard closures and Other product line provides a range of products for spirits and mineral water and often provides an entry point for up-selling customers to other higher value added product lines. Our Wine closures are made from aluminum and customers can choose whether or not to include a tamper evident band for protection against counterfeiting. Our Pharma closures use some of the same technology but also feature rubber stoppers, PET vials, child proof and tear-off devices. Our research and development activities and our customer service functions enable us to improve all of these products and services in response to customer feedback.

Focus on innovation, technology and product development

We are committed to product research and development and we believe that we are a leading innovator in the closures industry, with a record of developing new and enhanced products with improved functionality and reliability. We protect our know-how by applying for patents for our products and processes. We had more than 80 active patents at the end of 2015.

We operate research and development centers in Italy, Scotland, Mexico, Ukraine and Bulgaria. We believe that our developments allow us to derive a significant competitive advantage in our markets because more advanced products generally provide us with higher margins. During the last three years, we have launched over 20 new products. We also have developed proprietary manufacturing processes that help reduce our operating costs and improve our profitability. In certain cases, we work with our customers to develop new and more competitive products. By offering support and by providing the technical expertise and service needed to develop new products, we have enhanced our relationships with these customers.

Track record of successful acquisitions and integration efforts

Over the past two decades, our growth has been complemented through strategically identified acquisitions. In doing so, we have increased the number of geographical markets in which we operate, including Australia, Bulgaria, Ukraine, South Africa and Poland, and the types of products which we offer, including aluminum screwcaps for wine closures and pharmaceutical products. We believe that we have been successful at identifying and integrating acquired companies within the Group and at exploiting the synergies offered by such acquisitions. Our success in identifying and integrating acquisitions has contributed to the diversification of our geographic and product category profile and the maintenance of attractive EBITDA margins.

Strong resilient profitability and cash flow conversion

Despite the effects of the weak global economic environment and adverse foreign exchange movements, the Group has demonstrated consistently strong performance in its levels of Adjusted EBITDA which have been consistently around 20% on an annual basis, increasing from €88 million in 2011 to €106 million in 2015 as well as its cash conversion rates, which reflects our success in tightly managing working capital and capital expenditure levels. We have achieved this partly due to growth through acquisitions but also from organic growth and, despite fluctuations in exchange rates and raw material prices. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”.

Experienced and committed management team

We benefit from the experience of our key management who each have over 30 years experience in the industry. Management has consistently demonstrated its ability to develop our business by penetrating new markets such as China, Chile, Colombia, India, Mexico, South Africa and Eastern Europe, and by acquiring and successfully integrating companies already operating in our industry. We took swift action in response to the weak global economic environment, including headcount reductions, temporary plant

shutdowns and exits from non-core markets. In recent years, management has continued to implement cost reduction measures and to improve cash flow management while pursuing our strategy to enter new markets and to consolidate through acquisitions.

Business strategy

We aim to maintain our market leadership and to continue growing our business and enhancing our profitability by growing our revenue, reducing our cost base and expanding our product portfolio. Our strategy to achieve these objectives includes the following key elements:

Increase sales in emerging markets through focus on safety closures

We believe we are the leading producer of safety closures by volume in each of Brazil, Colombia, India, Mexico and Ukraine. We intend to continue our geographical expansion by consolidating our presence in these and other emerging markets through organic growth and selective acquisitions. According to third party reports, during the 2005 to 2015 period, the global value of consumption of spirits grew at a CAGR, respectively, of 7.1% in the Middle East and Africa, 6.9% in the Asia Pacific Region and 49% in Latin America. See “*Industry Overview*.”

According to our own estimates, the market for safety closures currently represents approximately 23% of the global spirits closures market with standard closures accounting for the majority of the remaining market.

We expect significant growth for the safety closures segment in emerging markets. In recent years, these markets have experienced an increase in the consumption of branded spirits. We believe this has resulted in a greater demand for sophisticated anti-counterfeiting systems (such as our non-refillable safety closures) by the producers of such spirits. In addition, producers are increasingly using safety closures as a marketing tool to create a premium brand image through the use of exclusive packaging.

We believe that our leading position means that we are well placed to benefit from the expected future growth in emerging markets and in the safety closures market worldwide. We aim to take advantage of this trend by sustaining or increasing our shares of these markets, which in turn we intend to achieve by strengthening our relationships with drinks producers and by consolidating our presence and infrastructure in the relevant countries.

Invest in product development and cross-sell or “upsell” high end products to existing customers

Competition in our key market segments is focused mainly on product quality, innovation and customer service. As a result, we believe that developing reliable products with innovative functional features, aesthetic appeal and other improvements are necessary for enhancing demand for our products. We plan to continue improving our product offering by developing (i) new ranges of safety closures that offer varying degrees of protection against counterfeiting while promoting our customers’ brand images worldwide and (ii) new aesthetically appealing styles to complement existing products and meet the growing marketing requirements of our customers. We also encourage customers of our standard closures to upgrade to more sophisticated and protective safety closures where appropriate.

Position the Group to benefit from ongoing growth in the market for wine closures

According to our estimates, the aluminum screwcaps for wine closures market grew from 0.3 billion pieces in 2000 to 1.6 billion pieces in 2005, to 3.5 billion pieces in 2010 and to 6.5 billion pieces in 2015. This growth was particularly marked in relation to wines from “New World” countries such as Australia, New Zealand and Chile. See “*Industry Overview*”. We estimate that during the period from 2005 to 2015, our market share increased from 13% to 35%. We expect growth in the wine closures market to continue due to increasing end-consumer preference for aluminum closures rather than cork and we believe that our leading position in this market means we are well placed to benefit from this growth. We aim to take advantage of this trend by sustaining or increasing our share of this market, by strengthening our relationships with wine producers, particularly those which are also active in the spirits market, by developing new and aesthetically attractive closures, including closures with safety elements, and by consolidating our operations in the countries and regions where wine closures are purchased in large volumes.

Carry out further selected acquisitions in core and adjacent markets

During the last 10 years, we have grown both organically and through strategically identified acquisitions. In doing so we have increased the number of geographical markets in which we operate (for example, Australia, Bulgaria, Ukraine, South Africa and Poland) and the types of products which we offer. We believe that we have been successful at identifying and integrating acquired companies within the Group and at exploiting the synergies offered by such acquisitions.

We intend to continue to identify appropriate acquisitions where we consider it would help us consolidate our position in certain key geographical and core and adjacent product markets.

Further improve operational efficiency by optimizing manufacturing and the supply chain

We are continuing to optimize our production efficiency. To further improve the efficiency of our production processes we aim to (i) modernize and automate processes and product technologies, which we believe will enable us to respond promptly to evolving market needs, (ii) continually advance our production processes by implementing systems to monitor and improve our entire production cycles (the “continuous improvement” program) and (iii) hedge the risks of price fluctuation in the purchase price of aluminum through forward purchases on the London Metal Exchange through the use of hedging depending on the commodity price environment.

Continue prudent financial management, focusing on liquidity, deleveraging, working capital and hedging of raw materials

We believe that the Group has benefited from prudent financial management throughout its history, with a particular focus on cost reduction and cash flow management.

We intend to use our cash flow generation capacity, and our Revolving Credit Facility, to maintain appropriate levels of liquidity and working capital in order to enable us to respond to unexpected changes in economic conditions. We are also focused on deleveraging the Group’s indebtedness over the medium to long term.

We will continue to monitor our capital expenditures carefully so as to benefit from favorable economic conditions and be able to take advantage of opportunities for acquisitions, and to continue to implement the Group’s strategy, particularly in emerging markets. We will also continue to carefully monitor fluctuations in the prices of raw materials, both aluminum and plastics, and changes in prevailing currency exchange rates. We intend to manage raw material price fluctuations by hedging our exposures where appropriate and currency fluctuations by matching revenue to expenditure in each currency where possible.

Our Shareholders

See “*Corporate Structure and Certain Financing Arrangements*” and “*Principal Shareholders*” for further information.

Recent Developments

Financial results for the nine months ended September 30, 2016

The consolidated net revenue for the nine months ended September 30, 2016 show a decrease of €18.0 million, or 4.7% on the nine months ended September 30, 2015, due to the significant negative translation impact (€34.6 million) following the Euro’s revaluation versus the main currencies in which the Group operates. On a constant currency basis, net revenue was up €16.6 million or 4.3% on the nine months ended September 30, 2015, mainly due to higher sales volumes and/or increase in selling prices in Ukraine, Argentina, India, Mexico and UK, due to the further penetration of safety closures and to the continuous changeover from cork to aluminum closures for wine bottles. The consolidated adjusted EBITDA for the nine months ended September 30, 2016 show a decrease of €5.0 million, or 6.2% on the nine months ended September 30, 2015, due to the significant negative translation impact (€7.7 million) following the Euro’s revaluation versus the main currencies in which the Group operates. On a constant currency basis, adjusted EBITDA was up €2.7 million or 3.3% on the nine months ended September 30, 2015, mainly due to positive impact from sales volume growth, selling price renegotiation and raw materials.

The Refinancing Transactions

The Offering of the Notes by the Issuer is part of the refinancing transactions (“**Refinancing Transactions**”), which are comprised of:

- the Offering of the Notes by the Issuer, and the use of the proceeds from the issuance of the Notes to refinance the Existing Notes in full (as described herein), to repay a portion of the outstanding debt under the Revolving Credit Facility, and to pay fees and expenses related to the Offering and the other Refinancing Transactions;
- the Tender Offer for the Existing Notes, and the settlement of the Tender Offer on the Issue Date;
- the satisfaction and discharge of any of the remaining Existing Notes not tendered and accepted in the Tender on the Issue Date, and redemption of such Existing Notes, in each case, in accordance with the terms of the respective Existing Notes Indentures;
- the amendment and waiver of the Revolving Credit Facility to (among other things) permit the issuance of the Notes and the entry by each of the facility agent and security agent thereunder, for itself and on behalf of the Revolving Credit Facility lenders, into the Intercreditor Agreement; and
- the commitments by certain affiliates of the Initial Purchasers to provide the New Revolving Credit Facility to the Issuer, subject to the terms and conditions of such commitments.

See “*Use of Proceeds*”, “*Capitalization*” and “*Description of Other Indebtedness—Revolving Credit Facility—Consent Requests*” and “*Description of Other Indebtedness—New Revolving Credit Facility Commitments*”.

The following table illustrates the estimated sources and uses with respect to the Refinancing Transactions. Actual amounts will vary from estimated amounts depending on several factors, including differences from our estimates of fees and expenses, differences from our estimates of the costs of conducting the Tender Offer or satisfying and discharging and ultimately redeeming the Existing Notes and the ultimate timing thereof.

Sources and Uses of Proceeds

Sources of Funds	Amount (in € millions)	Uses of Funds	Amount (in € millions)
Notes offered hereby ⁽¹⁾	510.0	Refinance Existing Senior Secured Notes due 2019 ⁽²⁾	275.0
		Refinance Existing Senior Notes due 2018 ⁽²⁾	200.0
		Partial repayment of Revolving Credit Facility ⁽³⁾	17.0
		Accrued interest and redemption premium ⁽⁴⁾	10.7
		Estimated transaction fees and expenses and other payments ⁽⁵⁾ . . .	7.3
Total Sources	<u>510.0</u>	Total Uses	<u>510.0</u>

Notes:

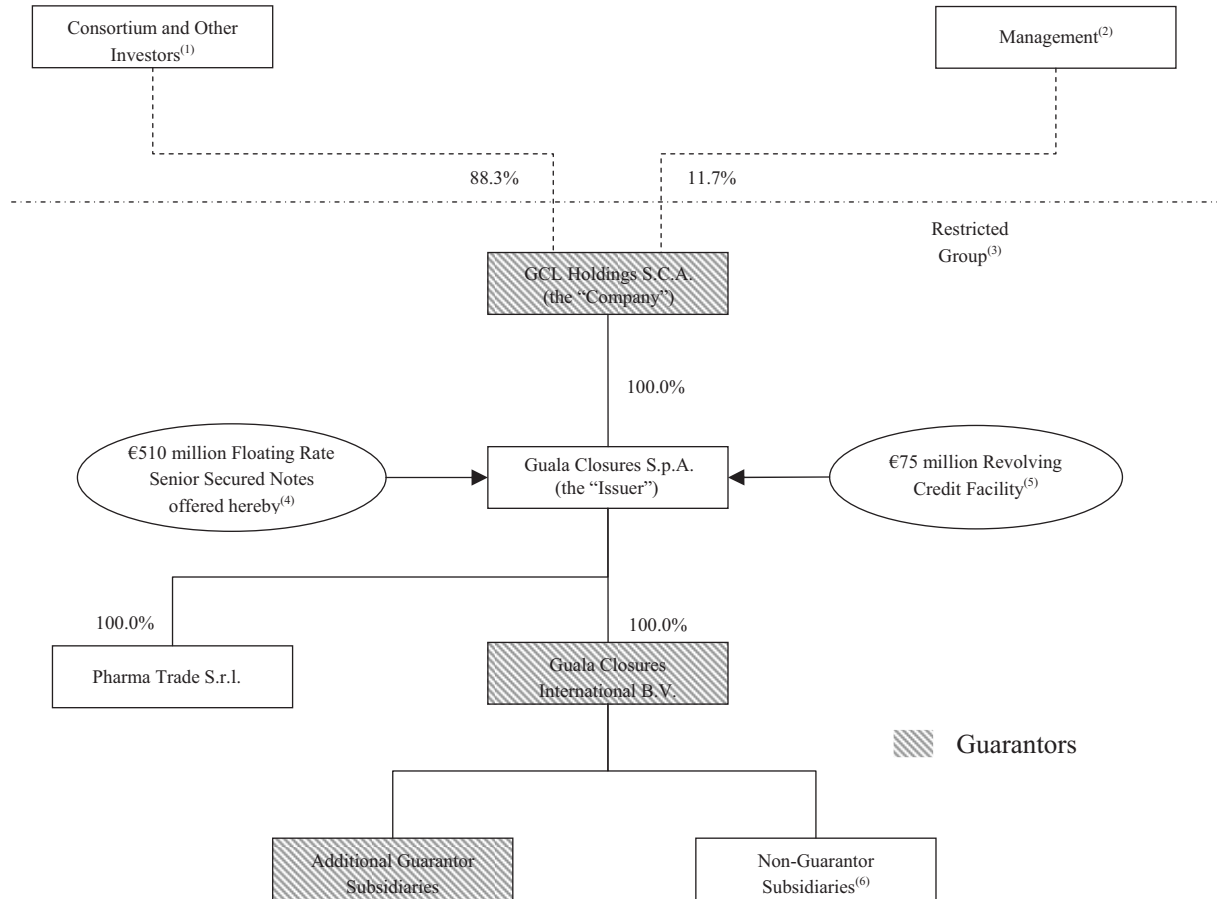
- (1) Represents the gross proceeds from the Notes offered hereby. The proceeds from the issuance of the Notes will be applied on the Issue Date in connection with the Refinancing Transactions.
- (2) The Existing Notes will be refinanced in full using the proceeds of the Offering (i) by way of the Tender Offer and (ii) with respect to the Existing Notes that are not offered in the Tender Offer, by way of satisfaction and discharge and subsequent redemption pursuant to the indenture governing the Existing Notes.
- (3) Represents the repayment of €17.0 million of the outstanding drawings under the Revolving Credit Facility. As part of the Refinancing Transactions, we will repay €17.0 million of indebtedness under the Revolving Credit Facility. We have signed a commitment letter in respect of the New Revolving Facility which, subject to certain conditions precedent, will provide for a €65 million revolving credit facility. On or subsequent to the Issue Date, to the extent we enter into the New Revolving Credit Facility, we intend to refinance our current borrowings under the Revolving Credit Facility with the New Revolving Credit Facility.
- (4) The amount shown includes estimated accrued interest and redemption premium, which assumes that: (i) 30% of the aggregate outstanding principal amount of the Existing Notes will be repurchased pursuant to the Tender Offer at the tender price of 100.000% plus accrued and unpaid interest for the Existing Senior Secured Notes and at the tender price of 102.344% plus accrued and unpaid interest for the Existing Senior Notes and (ii) the remaining 70% of the aggregate outstanding principal amount of the Existing Notes will be satisfied and discharged and ultimately redeemed on or about December 2, 2016 at a redemption price of 102.344% plus accrued interest for the Existing Senior Notes and 100.000% plus accrued interest for the Existing Senior Secured Notes. The satisfied and discharged Existing Notes will be redeemed on or about December 2, 2016, 30 days after a notice of conditional redemption has been delivered under the Existing Notes. The Existing Notes will accrue interest until and on the date that they are redeemed. The Company and the Issuer will redeem the Existing Notes using funds received from the offering of the Notes. As of June 30, 2016, the outstanding principal amount of the Existing Senior Notes amounted to €200 million and the outstanding principal amount of the Existing Senior Secured Notes amounted to €275 million. Following the Refinancing Transactions, the Existing Notes will have been entirely redeemed and cancelled. See "Capitalization".
- (5) Represents estimated fees and expenses associated with the Refinancing Transactions, including underwriting and professional fees and transaction costs.

The Issuer

The Issuer is a *società per azioni*, incorporated under the laws of the Republic of Italy on July 26, 2000, with its corporate seat and its principal executive offices located at Via Rana 12, Spinetta Marengo, Alessandria 15122, Italy. The Issuer is registered with the *Registro delle Imprese* of Alessandria with registered number and tax identification number (*codice fiscale*) 13201120154.

CORPORATE STRUCTURE AND CERTAIN FINANCING ARRANGEMENTS

The following diagram summarizes our corporate structure and principal outstanding financing arrangements after giving effect to the Refinancing Transactions. The diagram does not include all entities in the Group, nor all of the debt obligations thereof. For a summary of the debt obligations identified in this diagram, please refer to the sections entitled “*Capitalization*”, “*Description of Other Indebtedness*”, and “*Description of the Notes*” for further information.



Notes:

- (1) A majority of the equity interests in the Company are owned by the “Consortium” (as defined below) and by certain co-investors. The “Consortium” consists of investment funds and entities, each of which is controlled, directly or indirectly, by an affiliate of the Merchant Banking Funds (being aPriori Capital Partners L.P.) and Melville S.r.l. The Consortium, certain other equity co-investors to whom equity has been syndicated (together, the “**Equity Investors**”) and senior management of the Company have entered into various shareholder agreements with respect to the Group. For details on the shareholders agreements and certain other investors in the Group, see “*Principal Shareholders*.”
- (2) The other investors in the Company primarily consist of senior management of the Company and their related parties. Management directly own class B shares in the Company, which have no voting rights in the Company. Management does, however, hold a beneficial ownership in the Company indirectly through their equity investment in GCL Holdings LP S.à r.l. See “*Principal Shareholders*.”
- (3) The entities in the “Restricted Group” will be subject to the covenants in the Senior Facilities Agreement (providing for the Revolving Credit Facility) and in the Indenture.
- (4) The Notes will be senior obligations of the Issuer and will be guaranteed on a senior basis by each of the Guarantors, which, as of the Issue Date, will be the Company, Guala Closures Australia Holdings Pty Ltd, Guala Closures Australia Pty Ltd, Guala Closures do Brasil Ltda., Guala Closures International B.V., Guala Closures New Zealand Limited, Guala Closures UK Limited and Guala Closures Ibérica S.A. Moreover, the Note Guarantees will be subject to limitations under applicable laws and may be (other than in respect of the Notes Guarantee of the Company) released under certain circumstances. See “*Description of the Notes—Guarantees*” and “*Risk Factors—Risks related to the Notes and Note Guarantees generally*,” and “*Limitations on Validity and Enforceability of the Note Guarantees and the Security Interests and Certain Insolvency Law Considerations*.” The Notes and the Note Guarantees will be secured on a first priority basis (subject to the operation of the Agreed Security Principles, certain perfection requirements and any Permitted Collateral Liens) over: (i) the entire issued share

capital of each of Guala Closures Australia Holdings Pty Ltd, Guala Closures Australia Pty Ltd, Guala Closures New Zealand Limited, Guala Closures UK Limited, Guala Closures Ibérica S.A., Guala Closures Mexico S.A. de C.V., Guala Closures International B.V. and the Issuer, (ii) 99.99% of the issued share capital of Guala do Brasil Ltda., (iii) certain real property (including land and buildings) in respect of the production facility of Guala Closures do Brasil Ltda. in Barueri, Brazil, (iv) 70.0% of the issued share capital of Guala Closures Ukraine LLC, (v) 70.0% of the issued share capital of Guala Closures DGS Poland S.A., (vi) certain intellectual property rights of the Issuer and Guala Closures International B.V., (vii) all the assets of Guala Closures Australia Pty Ltd and Guala Closures UK Limited, (viii) the Company's rights, as lender, under intra-Group loans made to members of the Group, (ix) certain bank accounts of the Parent Guarantor and (x) the rights of the Issuer, as lender, under the intra-Group loan made to the Company, as borrower, on or about the Issue Date. The Notes and the Note Guarantees are secured by certain of the collateral and by the issued share capital of Guala Closures Mexico S.A. de C.V. and the property and assets described in clauses (ii), (iii), (iv) and (v) above. See "*Description of the Notes—Security*" and "*Description of Other Indebtedness—Intercreditor Agreement*" for further information. For the twelve months ended June 30, 2016, the Issuer and the Guarantors generated 44% of our consolidated net revenues and 28% of our consolidated Adjusted EBITDA and as of June 30, 2016, represented 68% of our total assets (in each case net of consolidation adjustments). In addition, as of June 30, 2016, as adjusted on a *pro forma* basis for the Refinancing Transactions, our non-Guarantor subsidiaries had €5.2 million of debt excluding the put option in respect of Guala Closures Ukraine LLC. See "*Description of Other Indebtedness—New Revolving Credit Facility*." On or about the Issue Date, the Issuer, as lender, expects to enter into a proceeds loan agreement with the Company, as borrower, pursuant to which the Issuer will lend a portion of the proceeds received from the Offering of the Notes to the Company in connection with the Refinancing Transactions. See "*Description of Other Indebtedness—Certain Intra-Group Loans entered into in connection with the Refinancing Transactions*."

- (5) A €75.0 million Revolving Credit Facility is currently available under the Senior Facilities Agreement. As of June 30, 2016, €54 million was drawn under the Revolving Credit Facility, €17.0 million of which will be repaid in connection with the Refinancing Transactions. The Revolving Credit Facility provided under the Senior Facilities Agreement is guaranteed on a senior basis by the Issuer and each of the Guarantors. The Revolving Credit Facility is secured by first ranking security interests granted on an equal and ratable first priority basis over the same rights, property and assets that secure the Notes and Note Guarantees (described above in note (4)), except for a special lien or "privilegio speciale" granted by the Issuer, which secures the Revolving Credit Facility only. In the event of enforcement of the Collateral, the holders of the Notes will receive proceeds from the Collateral only after lenders under the Revolving Credit Facility and creditors of certain additional indebtedness that we may incur in future under credit facilities and certain hedging obligations (if any) have been repaid in full. On November 1, 2016, certain affiliates of the Initial Purchasers, pursuant to a commitment letter entered into with the Issuer, severally committed to provide the Issuer with the New Revolving Credit Facility in the aggregate principal amount of €65.0 million. The execution and effectiveness of the New Revolving Credit Facility is subject to the definitive documentation being agreed as well as the satisfaction of customary conditions precedent. To the extent that the New Revolving Credit Facility is not implemented and available for drawing on the Issue Date, we expect, as of the date of this Listing Memorandum, that the Senior Facilities Agreement will be amended, on or about such date, to give effect to the amendments requested pursuant to the Consent Requests, as further described under the caption "*Description of Other Indebtedness—Revolving Credit Facility—Consent Requests*". To the extent we enter into the New Revolving Credit Facility, we expect, as of the date of this Listing Memorandum and subject to the foregoing, to make a drawdown under the New Revolving Credit Facility on or subsequent to the Issue Date, the proceeds of which will be used to repay, in full, the then outstanding utilizations under the Revolving Credit Facility. Following such repayment, we expect to cancel the Revolving Credit Facility and terminate the Senior Facilities Agreement. See "*Description of Other Indebtedness—Revolving Credit Facility*" for more information.
- (6) The Company's subsidiaries that will not guarantee the Notes generated approximately 56% of the Company's net revenues and 73% of the Company's consolidated EBITDA (in each case net of consolidation adjustments) for the twelve months ended June 30, 2016 and represented 32% of the Company's consolidated assets as of June 30, 2016. As of June 30, 2016, on a *pro forma* basis for the Refinancing Transactions €5.2 million of indebtedness was outstanding at non-Guarantor subsidiaries, excluding the put option liability in respect of Guala Closures Ukraine LLC. See "*Risk Factors—Risks related to the Notes and Note Guarantees Generally—The Notes will be structurally subordinated to the liabilities of non-Guarantor subsidiaries*."

THE OFFERING

The following overview of the Offering contains basic information about the Notes, the Guarantees and the security. It is not intended to be complete and it is subject to important limitations and exceptions. For a more complete understanding of the Notes, the Guarantees and the security, including certain definitions of terms used in this overview, please see “Description of the Notes” and “Description of Other Indebtedness.”

Issuer	Guala Closures S.p.A.
Notes Offered	€510 million aggregate principal amount of Floating Rate Senior Secured Notes due 2021.
Issue Price	100% plus accrued interest, if any, from the Issue Date.
Issue Date	On or about November 11, 2016.
Maturity Date	November 15, 2021.
Tender Offer	On November 2, 2016, the Issuer and the Company launched a tender offer for the purchase of any and all of the Issuer’s outstanding Existing Senior Secured Notes and the Company’s Existing Senior Notes, respectively, for cash at a purchase price of 100%, in the case of the Existing Senior Secured Notes, and 102.344%, in the case of the Existing Senior Notes (the “ Tender Offer ”). The tender deadline under such Tender Offer expired on November 10, 2016 (the “ Expiration Date ”) and holders who participate in such Tender Offer prior to the tender deadline received the tender consideration on or about the Issue Date of the Notes offered hereby. Existing Notes not tendered prior to the Expiration Date were satisfied and discharged upon consummation of the Offering and redeemed in full on or about December 2, 2016 following the delivery by the Issuer or the Company, as applicable, of a notice of redemption. The Tender Offer was made pursuant to a separate tender offer memorandum (the “ Tender Offer Memorandum ”) and not pursuant to this Listing Memorandum. See “ <i>Use of Proceeds</i> ”. On November 11, 2016, the Issuer announced the results of its cash tender offer for the Existing Senior Secured Notes and the Company announced the results of its cash tender offer for its Existing Senior Notes. The Issuer and the Company announced, respectively, that €43,650,000 in aggregate principal amount of the Existing Senior Secured Notes and €39,506,000 in aggregate principal amount of the Existing Senior Notes were validly tendered and not withdrawn prior to the Expiration Date and were accepted for repurchase. Following to the completion of the Tender Offer, the aggregate principal amount outstanding of the Existing Senior Secured Notes is €231,350,000 and of the Existing Senior Notes is €160,494,000.
Interest Rate and Payment Date	The interest rate on the Notes will be equal to three month EURIBOR (with a floor of 0%) plus 475 basis points, as determined by the Calculation Agent, payable in arrears on February 15, May 15, August 15 and November 15 of each year, commencing on February 15, 2017. Interest on the Notes will accrue from the Issue Date.
Denominations and Form	The Notes will be issued in minimum denominations of €100,000 and any integral multiple of €1,000 in excess thereof. Notes in denominations of less than €100,000 will not be available. The Notes will be issued initially as global notes. Holders of Notes will hold the global notes through Euroclear and Clearstream. Please see “ <i>Book-Entry, Delivery and Form.</i> ”

Ranking of the Notes

The Notes:

- will rank general senior secured obligations of the Issuer;
- will be *pari passu* in right of payment with any future indebtedness of the Issuer that is not subordinated in right of payment to the Notes, including without limitation, the obligations under the Revolving Credit Facility;
- will rank senior to any existing or future indebtedness of the Issuer that is subordinated in right of payment to the Notes;
- will be guaranteed on a senior basis by all of the Notes Guarantors;
- will be secured by the Collateral and effectively subordinated to any existing or future indebtedness of the Issuer that is secured by property or assets of the Issuer that do not secure the Notes, to the extent of the value of such property or assets;
- will be effectively junior to any existing and future indebtedness of the Issuer that will receive proceeds from any enforcement action over the assets securing the Notes on a priority basis, including indebtedness under the Revolving Credit Facility, and certain other future indebtedness or hedging obligations; and
- will be structurally subordinated to all obligations of the Issuer's subsidiaries that are not Notes Guarantors.

For the twelve months ended June 30, 2016, the Issuer and the Guarantors generated 44% of our consolidated net revenues and 28% of our consolidated Adjusted EBITDA and as of June 30, 2016, represented 68% of our total assets (in each case net of consolidation adjustments). In addition, as of June 30, 2016, as adjusted on a *pro forma* basis for the Refinancing Transactions, our non-Guarantor subsidiaries had €5.2 million of debt excluding the put option liability in respect of Guala Closures Ukraine LLC.

Guarantees

On the Issue Date, the Issuer's obligations under the Notes and the Indenture will be jointly and severally guaranteed on a senior basis by the Company, Guala Closures Australia Holdings Pty Ltd, Guala Closures Australia Pty Ltd, Guala Closures do Brasil Ltda., Guala Closures International B.V., Guala Closures New Zealand Limited, Guala Closures UK Limited and Guala Closures Ibérica S.A.

The Note Guarantees (other than in respect of the Company) will be subject to legal and contractual limitations, and may be released in certain circumstances. See "*Limitations on Validity and Enforceability of the Note Guarantees and the Security Interests and Certain Insolvency Law Considerations.*"

Ranking of the Guarantees

The Note Guarantee of each Guarantor:

- will be a general senior obligation of that Guarantor;
- will rank *pari passu* in right of payment to any existing or future indebtedness of that Guarantor that is not subordinated in right of payment to the Note Guarantee of that Guarantor, including the obligations under the Revolving Credit Facility; and

- will rank senior in right of payment to any future indebtedness of that Guarantor that is subordinated in right of payment to the Note Guarantee of such Guarantor.

The Note Guarantees will be subject to the terms of the Intercreditor Agreement. See “*Description of Other Indebtedness—Intercreditor Agreement.*”

Security

The Notes are secured on a first-ranking basis by the Collateral, subject to the Agreed Security Principles, certain perfection requirements and any Permitted Collateral Liens, over the same rights, property and assets that secure the Revolving Credit Facility (except for the special lien or “*privilegio speciale*” to be granted by the Issuer in favor of the Revolving Credit Facility only).

The Intercreditor Agreement will provide that lenders under our Revolving Credit Facility (and following implementation and effectiveness, the “**New Revolving Credit Facility**”) and counterparties to certain future hedging obligations (if any) will receive the proceeds from the enforcement of the Collateral in priority to holders of the Notes. See “*Description of the Notes—Security*” and “*Description of Other Indebtedness—Intercreditor Agreement*” for further information.

Liens on the rights, property and assets securing the Notes shall comprise the following (together, the “**Collateral**”):

- the entire issued share capital of each of Guala Closures Australia Holdings Pty Ltd, Guala Closures Australia Pty Ltd, Guala Closures New Zealand Limited, Guala Closures UK Limited, Guala Closures Ibérica S.A., Guala Closures Mexico S.A. de C.V., Guala Closures International B.V. and the Issuer (the “**Issuer Share Pledge**”) and 99.99% of the issued share capital of Guala Closures do Brasil Ltda.;
- certain real property (including land and buildings) in respect of the production facility of Guala Closures do Brasil Ltda. in Barueri, Brazil;
- 70.0% of the issued share capital of Guala Closures Ukraine LLC;
- 70.0% of the issued share capital of Guala Closures DGS Poland S.A.;
- certain intellectual property rights of Guala Closures International B.V. and the Issuer;
- the rights of the Issuer, as lender, under the intra-Group loan made to the Company, as borrower, on or about the Issue Date;
- the Company’s rights, as lender, under intra-Group loans made to members of the Group;
- certain bank accounts of the Parent Guarantor; and
- all the assets of Guala Closures Australia Pty Ltd and Guala Closures UK Limited.

The Collateral (other than the Post-Closing Collateral, (as defined below)) was granted by 10 business days after the Issue Date. The Collateral in respect of the share capital of each of Guala Closures do Brasil Ltda., Guala Closures Mexico S.A. de

C.V., Guala Closures Ukraine LLC and Guala Closures DGS Poland S.A. and certain real property (land and buildings) in respect of the production facility of Guala Closures do Brasil Ltda. in Barueri, Brazil (collectively, the “**Post-Closing Collateral**”) was granted by the date falling 90 days after the Issue Date.

The security interests securing the Notes may be released under certain circumstances. See “*Risk Factors—Risks Related to the Notes and Note Guarantees Generally*,” “*Description of Other Indebtedness—Intercreditor Agreement*” and “*Description of the Notes—Security—Release of Liens*.”

All Collateral shall be subject to the operation of the Agreed Security Principles, certain perfection requirements and any Permitted Collateral Liens (as defined in the “*Description of the Notes*”). See “*Description of the Notes—Security*.”

Subject to certain conditions, including compliance with the covenant described under “*Description of the Notes—Certain Covenants Impairment of Security Interest*,” the Collateral may also secure other indebtedness, including on a basis junior, senior or pari passu to the Notes, and the Company, the Issuer and its Restricted Subsidiaries shall be permitted to grant security over the Collateral in connection with future issuances of their indebtedness or indebtedness of the Company and its Restricted Subsidiaries, including any additional notes, as permitted under the Intercreditor Agreement.

See “*Description of Other Indebtedness—Intercreditor Agreement*,” “*Description of the Notes—Security*” and “*Limitations of Validity and Enforceability of the Note Guarantees and the Security Interests*” and “*Certain Insolvency Law Considerations*”.

The security interests securing the Notes may be limited by applicable law or subject to certain defenses that may limit their validity and enforceability. For more information, see “*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests and Certain Insolvency Law Considerations*”.

Intercreditor Agreement The Company, the Issuer, the Trustee and the Security Agent, among others, will be party to the Intercreditor Agreement which will set out, among other things, the relative priorities of their entitlement and certain other matters relating to the administration of the Notes Guarantees and security interests. See “*Description of Other Indebtedness—Intercreditor Agreement*”.

Additional Amounts All payments paid by or on behalf of the Issuer, any Guarantor or any surviving entity under or with respect to the Notes or any guarantee under the Notes will be made free and clear of, and without withholding or deduction for or on account of, any present or future tax, duty, levy, impost, assessment or other governmental charges (including, without limitation, penalties, interest and other similar liabilities related thereto) of whatever nature imposed or levied by or on behalf of any jurisdiction in which the Issuer, any Guarantor or, if applicable, any surviving entity is incorporated, organized or otherwise resident for tax purposes or from or through which any of the foregoing makes any payment on the Notes or by any taxing authority therein or

political subdivision thereof, unless such withholding or deduction is required by law or by the interpretation or administration of law. If any such withholding or deduction is required, the Issuer, the Guarantors or surviving entity, as the case may be, will pay such additional amounts as may be necessary to ensure that the net amount received after such withholding or deduction will be not less than the amount that would have been received if such taxes had not been required to be withheld or deducted, subject to certain exceptions. See “*Description of the Notes—Withholding Taxes*”.

Subject to and as set out in “*Description of the Notes—Withholding Taxes*,” the Issuer will not be liable to pay any additional amounts to holders of the Notes in relation to any withholding or deduction required pursuant to Italian Legislative Decree No. 239 of April 1, 1996 (as the same may be amended, or supplemented from time to time) where the Notes are held by a person resident in a country that does not allow for satisfactory exchange of information with Italy (as per the Ministerial Decree of the Minister of Economy and Finance of September 4, 1996 as amended, supplemented and replaced) and otherwise in the circumstances as described in “*Description of the Notes—Withholding Taxes*”.

Optional Redemption Prior to November 15, 2017, the Issuer may redeem some or all of the Notes by paying 100% of the principal amount of the relevant Notes plus a make-whole premium, and at any time on or after November 15, 2017, at the redemption prices set forth in this Listing Memorandum.

Optional Redemption for Taxation Reasons In the event of certain developments affecting taxation, the Issuer may redeem all, but not less than all, of the Notes at 100% of the principal amount thereof, plus accrued and unpaid interest to the date of redemption. Please see “*Description of the Notes— Redemption for Taxation Reasons*”.

Change of Control Upon the occurrence of certain events constituting a “change of control,” the Issuer will be required to offer to repurchase all outstanding Notes at a purchase price in cash of 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest, if any, to the date of purchase.

Certain Covenants The Indenture will contain covenants that, among other things, limit the ability of the Company and its restricted subsidiaries to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- pay dividends, redeem capital stock and make certain investments;
- make certain other restricted payments;
- create or permit to exist certain liens;
- impose restrictions on the ability of its subsidiaries to pay dividends or make other payments to us;
- dispose of its assets;
- merge or consolidate with other entities; and
- impair the security interests for the benefit of the holders of the Notes.

Each of these covenants is subject to a number of important limitations and exceptions as described under “*Description of the Notes—Certain Covenants*”.

Transfer Restrictions	The Notes and the Note Guarantees have not been, and will not be, registered under the Securities Act or the securities laws of any other jurisdiction and may not be offered or sold, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. We have not agreed to, or otherwise undertaken to, register the Notes (including by way of an exchange offer).
Use of Proceeds	The net proceeds from the issuance of the Notes will be applied on the Issue Date in connection with the Refinancing Transactions to (i) refinance the Existing Notes by way of the Tender Offer and, with respect to the Existing Notes that are not offered in the Tender Offer, by way of satisfaction and discharge and subsequent redemption of any Existing Notes, (ii) refinance a portion of outstanding indebtedness under the Revolving Credit Facility and (iii) pay related fees, expenses, accrued interest and prepayment premia. See “ <i>Use of Proceeds</i> ”.
No Established Market for the Notes	The Notes will be new securities for which there is no existing market. Although the Initial Purchasers have informed us that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market-making at any time without notice. Accordingly, we cannot assure you that a liquid market for the Notes will develop or be maintained.
Listing	Application will be made to have the Notes listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF.
Governing Law	The Indenture and the Notes are governed by the laws of the State of New York. The Intercreditor Agreement is governed by English law. The security documents are governed by applicable local law for each security interest as described under “ <i>Description of the Notes</i> ”.
Trustee	The Law Debenture Trust Corporation p.l.c.
Paying Agent and Calculation Agent	Deutsche Bank AG, London Branch.
Listing Agent, Transfer Agent and Registrar	Deutsche Bank Luxembourg S.A.
Security Agent	UniCredit Bank AG, Milan Branch.
Risk Factors	Investing in the Notes involves substantial risks. You should consider carefully all the information in this Listing Memorandum and, in particular, you should evaluate the specific risk factors set forth in the “ <i>Risk Factors</i> ” section of this Listing Memorandum before making a decision whether to invest in the Notes.

SUMMARY HISTORICAL FINANCIAL INFORMATION AND OTHER DATA

The summary consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows data for the Company set forth below as of and for the years ended December 31, 2013, 2014 and 2015 were derived from the audited consolidated financial statements and the notes thereto of the Company, prepared in accordance with IFRS, as adopted by the EU, and included elsewhere in this Listing Memorandum. The consolidated financial statements including the notes thereto of the Company have been audited by the Independent Auditors for the years ended December 31, 2013, 2014 and 2015 as set forth in their auditors' opinions included elsewhere in this Listing Memorandum. The summary consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows data for the Company set forth below as of and for the six months ended June 30, 2015 and 2016 were derived from the unaudited condensed consolidated interim financial statements and the notes thereto of the Company, prepared in accordance with IAS 34. The financial information of the Company for the twelve months ended June 30, 2016 has been calculated by taking the results of operations for the six months ended June 30, 2016 and adding it to the results of operations for the full year ended December 31, 2015, and subtracting the results of operations for the six months ended June 30, 2015.

The summary unaudited pro forma condensed combined financial information in respect of the Company presented in the tables below provide certain financial information on an as adjusted basis to give effect to the Refinancing Transactions, including the issuance of the Notes offered hereby and the application of the net proceeds thereof as described in "*Use of Proceeds*". The pro forma financial information has been prepared for illustrative purposes only and does not represent what our actual results would have been had the issuance of the Notes and the application of the net proceeds thereof occurred on July 1, 2015 or what our actual net financial debt would have been had the issuance of the Notes and the application of the net proceeds thereof occurred on June 30, 2016; nor does it purport to project our net financial debt or net financial expenses at any future date. The pro forma financial information has not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act, the Prospectus Directive or any generally accepted accounting standards. Neither the assumptions underlying the pro forma adjustments nor the resulting pro forma financial information have been audited or reviewed in accordance with any generally accepted auditing standards.

The following information should be read in conjunction with the information contained in “Capitalization,” “Use of Proceeds”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, “Selected Financial Information and Other Data” and the consolidated financial statements and the notes thereto for the Parent Guarantor included elsewhere in this Listing Memorandum.

Consolidated Statement of Comprehensive Income Data:

	For the year ended December 31,			For the six months ended June 30,		For the 12 months ended June 30,
	2013	2014	2015	2015	2016	2016 ⁽¹⁾
	(€ in thousands)					
Net revenue	494,276	487,794	520,533	247,825	235,385	508,093
Change in inventories of finished goods and semi-finished products	3,902	1,023	3,066	10,011	11,106	4,161
Other operating income	13,161	9,974	9,703	5,114	4,317	8,906
Cost for raw materials	(213,203)	(219,182)	(233,336)	(116,749)	(108,711)	(225,298)
Costs for services	(94,673)	(86,152)	(91,083)	(45,724)	(43,437)	(88,796)
Personnel expense	(92,154)	(90,719)	(94,036)	(46,776)	(47,488)	(94,748)
Other operating costs	(10,263)	(12,295)	(11,577)	(4,876)	(5,027)	(11,728)
Amortization, depreciation and impairment losses	(39,309)	(39,396)	(37,583)	(18,921)	(15,147)	(33,809)
Operating profit	61,739	51,046	65,686	29,903	30,998	66,781
Financial income	4,227	7,756	11,100	5,556	3,897	9,441
Financial expense	(60,783)	(53,812)	(59,744)	(25,916)	(26,284)	(60,112)
Profit (loss) before taxation	5,183	4,990	17,042	9,544	8,611	16,109
Income taxes	(16,809)	(22,441)	(21,745)	(9,981)	(7,661)	(19,425)
Profit (loss) for the year	(11,626)	(17,452)	(4,703)	(436)	951	(3,316)
Attributable to:						
Owners of the Parent	(18,303)	(24,607)	(12,100)	(4,190)	(2,962)	(10,872)
Non-controlling interests	6,676	7,156	7,397	3,754	3,913	7,556

Note:

- (1) Financial information of the Parent Guarantor for the twelve months ended June 30, 2016 has been calculated by taking the results of operations for the six months ended June 30, 2016 and adding it to the results of operations for the full year ended December 31, 2015, and subtracting the results of operations for the six months ended June 30, 2015.

Consolidated Statement of Cash Flows Data:

	For the year ended December 31,			For the six months ended June 30,		For the 12 months ended June 30,
	2013	2014	2015	2015	2016	2016 ⁽²⁾
	(€ in thousands)					
Cash flows generated by operating activities . . .	68,364	61,138	86,053	19,619	12,492	78,926
Cash flows used in investing activities	(33,474)	(33,490)	(22,626)	(13,175)	(16,588)	(26,038)
Cash flows generated by/(used in) financing activities	(50,248)	(33,653)	(34,296)	(13,789)	(22,812)	(43,319)
Net cash flows for the year	(15,358)	(6,005)	29,132	(7,345)	(26,908)	9,568

Note:

- (2) Financial information of the Parent Guarantor for the twelve months ended June 30, 2016 has been calculated by taking the cash flows for the six months ended June 30, 2016 and adding it to the cash flow for the full year ended December 31, 2015, and subtracting the cash flows for the six months ended June 30, 2015.

Consolidated Statement of Financial Position Data:

	As of December 31,			As of June 30,	
	2013	2014	2015	2015	2016
	(€ in thousands)				
Total current assets	219,771	205,186	227,652	228,623	227,528
Total non-current assets	612,243	598,471	571,828	589,898	567,448
Total assets	832,014	803,657	799,480	818,520	794,976
Total current liabilities	115,162	109,804	115,659	121,613	119,762
Total non-current liabilities	541,118	557,784	568,778	566,519	568,128
Total liabilities	656,280	667,588	684,438	688,132	687,890
Total equity	175,734	136,069	115,043	130,388	107,086
Total liabilities and equity	832,014	803,657	799,480	818,520	794,976

Other Consolidated Financial Information

	As of and for the year ended December 31,			As of and for the six months ended June 30,		As of and for the 12 months ended June 30,
	2013	2014	2015	2015	2016	2016
	(€ in thousands, except ratios)					
EBITDA ⁽¹⁾	101,048	90,442	103,269	48,824	46,145	100,590
Adjusted EBITDA ⁽²⁾	102,015	95,754	106,404	49,394	46,406	103,416
Net financial debt ⁽³⁾	481,255	508,028	498,153	524,461	525,145	525,145
Net senior secured debt ⁽⁴⁾	272,901	292,773	278,584	308,955	303,810	303,810
Net interest expense	—	—	—	—	—	38,676
Ratio of Adjusted EBITDA to net interest expense						2.67x
Pro forma cash and cash equivalents						34,744
Pro forma net senior secured debt ⁽⁵⁾	—	—	—	—	—	521,838
Pro forma net financial debt ⁽⁶⁾	—	—	—	—	—	543,173
Pro forma net financial debt (excluding put option) ⁽⁶⁾	—	—	—	—	—	528,723
Pro forma net interest expense ⁽⁷⁾	—	—	—	—	—	26,441
Ratio of pro forma net senior secured debt to Adjusted EBITDA	—	—	—	—	—	5.05x
Ratio of pro forma net financial debt (excluding put option) to Adjusted EBITDA	—	—	—	—	—	5.11x
Ratio of Adjusted EBITDA to pro forma net interest expense ⁽⁷⁾	—	—	—	—	—	3.91x

Notes:

- (1) We define EBITDA as earnings before interest, tax, depreciation, amortization and impairment losses as shown on our consolidated statement of comprehensive income. In evaluating EBITDA, you should be aware that, as analytical tools, EBITDA is subject to certain limitations. See “Presentation of Financial and Other Information—Other financial measures”. EBITDA is not a measurement of performance or liquidity under IFRS and you should not consider EBITDA as an alternative to (a) operating income or net income (as determined in accordance with IFRS) as a measure of our operating performance, (b) cash flows from operating, investing and financing activities as a measure of our ability to meet our cash needs or (c) any other measures of performance or liquidity under IFRS or generally accepted accounting principles. EBITDA as presented differs from the definition of “Consolidated EBITDA” to be contained in the Indenture and the Senior Facilities Agreement (providing for the Revolving Credit Facility). The following is a reconciliation of profit/loss to EBITDA for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,		For the 12 months ended June 30,
	2013	2014	2015	2015	2016	2016
	(€ in thousands, except ratios)					
Profit (loss)	(11,626)	(17,452)	(4,703)	(436)	951	(3,316)
Income taxes	16,809	22,441	21,745	9,981	7,661	19,425
Financial expense	60,783	53,812	59,744	25,916	26,284	60,112
Financial Income	(4,227)	(7,756)	(11,100)	(5,556)	(3,897)	(9,441)
Amortization, depreciation and impairment losses	39,309	39,396	37,583	18,921	15,147	33,809
EBITDA	101,048	90,442	103,269	48,824	46,145	100,590

- (2) Adjusted EBITDA refers to EBITDA as adjusted to remove the effects of certain exceptional items described in the table below that we do not consider to be indicative of our ongoing operating performance. Adjusted EBITDA is not a measurement of performance or liquidity under IFRS and you should not consider Adjusted EBITDA as an alternative to (a) operating income or net income (as determined in accordance with IFRS) as a measure of our operating performance, (b) cash flows from operating, investing and financing activities as a measure of our ability to meet our cash needs or (c) any other measures of performance or liquidity under IFRS or generally accepted accounting principles. The following table shows the adjustments and estimates we have made to arrive at Adjusted EBITDA:

	For the year ended December 31,			For the six months ended June 30,		For the 12 months ended June 30,
	2013	2014	2015	2015	2016	2016
	(€ in thousands, except ratios)					
EBITDA	101,048	90,442	103,269	48,824	46,145	100,590
M&A costs ⁽ⁱ⁾	276	195	72	—	—	72
Rationalization costs ⁽ⁱⁱ⁾	545	4,892	2,580	441	262	2,400
Other	146	224	482	128	—	354
Adjusted EBITDA	<u>102,015</u>	<u>95,754</u>	<u>106,404</u>	<u>49,394</u>	<u>46,406</u>	<u>103,416</u>

- (i) Costs in 2013, 2014 and 2015 primarily relate to the costs of unsuccessful acquisition projects.
- (ii) Costs in 2015 primarily relate to rationalization of our production structure in Italy and Australia. Costs in 2014 primarily relate to rationalization of production structure in Italy. Costs in 2013 primarily relate to rationalization of production structure in Italy and Spain.
- (3) Net financial debt consists of financial liabilities net of unamortized debt issuance costs, less cash and cash equivalents. Net financial debt includes the put option on the non-controlling interest which relates to recognition of these investors' right to exercise a put option if certain conditions are met. See note 17 to the Parent Guarantor's consolidated financial statements as of and for the six months ended June 30, 2016. See "*Risk Factors—Risks related to our indebtedness—As of June 30, 2016, we have recorded a contingent liability in the amount of €14.5 million in respect of a put option relating to 30% of the share capital of our Ukrainian subsidiary.*"
- (4) Net senior secured debt consists of senior secured debt net of unamortized debt issuance costs, less cash and cash equivalents.
- (5) Pro forma net senior secured debt represents net senior secured debt comprised of the Notes and amounts outstanding under the Revolving Credit Facility as of June 30, 2016, adjusted for the Refinancing Transactions.
- (6) Pro forma net financial debt represents net financial debt, adjusted for the Refinancing Transactions. Pro forma net financial debt (excluding put option) represents net financial debt minus the recorded liability in respect of the Ukrainian put option, adjusted for the Refinancing Transactions.
- (7) Pro forma net interest expense represents net interest expenses, adjusted to give effect to the Refinancing Transactions, as if the Transactions had occurred on July 1, 2015 (based on the margin over three-month EURIBOR (with a 0% floor) applied across the period and assuming €37.0 million remained drawn under the Revolving Credit Facility throughout the entire period based on the existing terms and conditions of the Revolving Credit Facility. Pro forma net interest expense does not take into account the expected terms of the New Revolving Credit Facility. Pro forma net interest expense has been presented for illustrative purposes only and does not purport to represent what our interest expense would have actually been had the Refinancing Transactions occurred on the date assumed, nor does it purport to project our net interest expense for any future period or our financial condition at any future date.

The Issuer

The summary consolidated statement of comprehensive income, consolidated statement of cash flows data and consolidated statement of financial position for the Issuer set forth below as of and for the years ended 31 December 2013, 2014 and 2015 were derived from the audited consolidated financial statements and the notes thereto of the Issuer, prepared in accordance with IFRS, as adopted by the E.U. The consolidated financial statements including the notes thereto of the Issuer have been audited by the Independent Auditor for the years ended 31 December 2013, 2014 and 2015 as set forth in their auditors' opinions included elsewhere in this listing memorandum. The summary consolidated statement of comprehensive income, consolidated statement of cash flows data and consolidated statement of financial position for the Issuer set forth below as of and for the six months ended 30 June 2015 and 2016 were derived from the management accounts of the Issuer.

Consolidated Statement of Comprehensive Income Data:

	For the year ended December 31,			For the six months ended June 30,	
	2013	2014	2015	2015	2016
	(€ in thousands)				
Net revenue	494,276	487,794	520,533	247,825	235,385
Change in inventories of finished goods and semi-finished products	3,902	1,023	3,066	10,011	11,106
Other operating income	13,161	9,974	10,719	5,074	4,665
Cost for raw materials	(213,203)	(219,182)	(233,336)	(116,749)	(108,711)
Costs for services—third parties	(94,376)	(85,774)	(90,432)	(45,483)	(42,815)
Costs for services—related parties	—	—	(1,548)	—	(2,635)
Personnel expense	(92,154)	(90,719)	(92,912)	(46,687)	(45,463)
Other operating costs	(10,263)	(14,135)	(11,259)	(4,876)	(4,833)
Amortization, depreciation and impairment losses	(39,308)	(39,396)	(37,547)	(18,920)	(15,103)
Operating profit	62,036	49,585	67,284	30,195	31,596
Financial income	4,227	7,754	11,081	5,550	3,884
Financial expense—third parties	(41,096)	(37,744)	(40,039)	(15,977)	(16,289)
Financial expense—related parties	(20,020)	(19,902)	(15,203)	(7,557)	(7,469)
Profit (loss) before taxation	5,147	(306)	23,123	12,211	11,722
Income taxes	(16,745)	(16,812)	(22,468)	(9,979)	(7,791)
Profit (loss) for the period	(11,598)	(17,118)	655	2,232	3,931
Attributable to:					
Owners of the Company	(18,275)	(24,391)	(11,522)	(3,893)	(2,366)
Owners of the Participating Financial Instruments of the Company	—	118	4,781	2,371	2,384
Non-controlling interests	6,676	7,156	7,397	3,754	3,913

Consolidated Statement of Cash Flows Data:

	For the year ended December 31,			For the six months ended June 30,	
	2013	2014	2015	2015	2016
	(€ in thousands)				
Cash flows generated by operating activities	68,887	61,524	91,248	19,767	12,573
Cash flows used in investing activities	(33,474)	(33,490)	(22,142)	(13,149)	(16,570)
Cash flows generated by/(used in) financing activities	(49,739)	(34,230)	(39,939)	(14,497)	(23,011)
Net cash flows for the year	(14,326)	(6,196)	29,167	(7,879)	(27,008)

Consolidated Statement of Financial Position Data:

	As of December 31,			As of June 30,	
	2013	2014	2015	2015	2016
			(€ in thousands)		
Total current assets	219,549	204,672	227,777	227,674	227,338
Total non-current assets	612,241	598,472	571,003	589,297	566,642
Total assets	831,790	803,144	798,780	816,971	793,980
Total current liabilities	117,750	112,868	115,818	121,526	119,759
Total non-current liabilities	550,798	515,751	524,105	523,930	520,340
Total liabilities	668,548	628,619	639,923	645,456	640,099
Total equity	163,242	174,525	158,857	171,515	153,881
Total liabilities and equity	831,790	803,144	798,780	816,971	793,980

RISK FACTORS

An investment in the Notes is subject to a number of risks. Prospective investors should consider carefully the risks described below and the other information contained in this Listing Memorandum prior to making any investment decision with respect to the Notes. Each of the risks discussed below could have a material adverse effect on our business, financial condition, results of operations or prospects which, in turn, could have a material adverse effect on the principal amount and interest which investors will receive in respect of the Notes. In addition, each of the risks discussed below could adversely affect the trading or the trading price of the Notes or the rights of investors under the Notes and, as a result, investors could lose some or all of their investment.

Prospective investors should note that the risks described below may not be the only risks we face. We have described only those risks that we currently consider to be material and there may be additional risks and uncertainties not presently known to us, or that we currently consider immaterial, that might also have a material adverse effect on our business, financial condition, results of operations or prospects.

This Listing Memorandum also contains forward looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward looking statements as a result of various factors, including the risks described below and elsewhere in this Listing Memorandum.

Risks related to our Business

Our international operations, especially those in emerging markets, are subject to various risks that may adversely affect our financial results.

We operate manufacturing facilities and sales offices in 19 countries throughout the world, including Argentina, Australia, Brazil, Bulgaria, Chile, China, Colombia, France, India, Italy, Japan, Mexico, New Zealand, Spain, Ukraine, United Kingdom, United States, Poland and South Africa, and distribute and sell our products in these and other countries. Our international subsidiaries (i.e., those incorporated outside of Italy) generated 83.6%, 84.3%, 85.4% and 86% of our consolidated revenue in 2013, 2014, 2015 and the first six months of 2016, respectively.

As part of our business strategy, we will continue to seek to expand our sales and market share in various international markets including by acquiring new companies to enable us to expand our product offering. The economies of some of these countries differ from the economies of Western Europe and in some cases present a greater risk profile. Relevant risks include the level of political instability, government involvement, development, growth rate and control of foreign exchange. Many of the countries where we operate or propose to operate have implemented measures aimed at improving the business environment and providing a stable platform for economic development. However, the political, economic and legal reforms necessary to complete such a transformation may not be implemented fully or may not be successful.

In addition, policies, measures, controls or other actions implemented by the governments of countries which we target for increased sales or in which we establish manufacturing facilities may restrict our business operations or harm our financial results. As a result, our revenue is exposed to risks inherent in the countries where we operate including risks related to differing political, legal, regulatory and economic conditions and regulations. These risks include, but are not limited to:

- political, social and economic instability;
- fluctuations in currency exchange rates and currency devaluations;
- changes in government policies and regulations, including more stringent regulation of the sale of alcoholic beverages, the packaging of alcoholic beverages or packaging in general, or in respect of labor laws;
- tariffs, duties, export controls and other trade barriers;
- varying tax regimes that could harm our results of operations, including withholding and other taxes on remittances and other payments by our subsidiaries;
- longer account receivable payment cycles and difficulty in collecting accounts receivable;
- foreign exchange controls or restrictions on profit repatriation;
- nationalization or expropriation of property without fair compensation;

- recessionary trends, inflation and instability of the financial markets;
- the introduction or application of more stringent restrictions on investments;
- the possibility of natural disaster, war, civil disturbance, acts of terrorism or other social conflicts;
- competition in certain markets in which we compete;
- changes in the interest rate environment; and
- fluctuations in local economic growth.

We are exposed to these risks in all of our foreign operations to some degree, and such exposure could be material to our financial condition and results of operations in emerging markets where the political and legal environment is less stable. We cannot assure you that we will not be subject to material adverse developments with respect to our international operations, nor can we assure you that we will be able to develop and implement systems, policies and practices to insure effectively against or manage these risks or that we will be able to ensure compliance with all applicable regulations without incurring additional costs. If we are not able to do so, our financial condition and results of operations could be adversely affected.

Our business is subject to fluctuations in the price and availability of raw materials.

Our expenditures were €233.3 million and €108.7 million in 2015 and the first six months of 2016, respectively, or 44.8% and 46.2%, respectively, as a percentage of net revenue, were related to raw materials. Price fluctuations in raw materials have a direct impact on production costs. The principal raw materials we use in manufacturing our products are aluminum, plastic and resin, which accounted for €100.8 million and €76.1 million, respectively, of our raw materials purchases in 2015 and €45.9 million and €34.4 million, respectively, in the first six months of 2016. Approximately 47.5% and 52% of our aluminum costs in 2015 and the first six months of 2016, respectively, were related to purchases of aluminum ingots on the London Metal Exchange, both through spot transactions and forward contracts, while the remaining aluminum costs consist primarily of costs incurred in processing and converting ingots into coil and which are typically tied to fixed price contracts and incurred with the aim of making the aluminum ready for our production processes. Volatility in the prices of core aluminum and plastics affects our gross margins and operating results. Plastic resins are subject to substantial price fluctuations resulting from a variety of factors including changes in the prices of natural gas, crude oil and other petrochemical products from which resins are produced. Instability in the world markets for petroleum and natural gas could materially adversely affect the price and supply of raw materials.

In the event that significant increases in raw materials and gas, oil and petrochemical prices occur in the future, our margins may suffer. Most of our sales are either made to customers on a purchase order basis, providing us with no assurance that we can pass on price increases to these customers, or pursuant to contracts that generally allow only periodic price adjustments, which could delay our ability to pass on price increases to these customers, if at all. In addition, we may not be able to rely on an uninterrupted supply of raw materials from our regular vendors in the countries in which we operate, or from alternative sources in the event of a local or international shortage of the raw materials used by us, or we may encounter a shortage or discontinuation of certain types of materials purchased from one or more of our suppliers.

While at present we do not hedge plastic resin purchases, as derivative instruments are not available in the markets, we have historically hedged aluminum purchases through yearly agreements with key suppliers as well as through forward hedging arrangements. In particular, in 2014, 2015 and the first six months of 2016, we hedged approximately 73%, 49% and 23% of our aluminum purchases, respectively. However, the use of forward contracts to reduce the impact of fluctuating aluminum prices may lead to an adverse effect should the price of aluminum move in the opposite direction to that which the forward contract was intending to hedge. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Principal factors affecting our results of operations—Costs for raw materials*”.

Unfavorable fluctuations in foreign currency exchange rates may adversely affect our results of operations.

We have significant non-euro denominated assets, liabilities, revenue and costs. For the year ended December 31, 2015, we derived 11.6%, 9.9%, 8.8% and 7.1% of our net revenue from sales in Indian rupees, U.S. dollars, Pounds Sterling and, Australian dollars, and, respectively. These currencies have

experienced considerable volatility against the euro in recent years. To prepare our consolidated financial statements, we must translate our assets, liabilities, revenue and expenses into euro. Consequently, increases and decreases in the value of the euro against these other currencies will affect the amounts attributed to these items in our consolidated financial statements, even if their value has not changed in their original currency. These translations could result in changes to our results of operations from period to period. For example, our reported results of operations were significantly impacted by negative translation effects of the appreciation of the euro in 2015 and the first six months of 2016. By way of example to illustrate and quantify the impact of currency exchange rates on our results of operations that was significant over the periods under review, if we applied the average exchange rates of the currencies relevant to our business for the year ended December 31, 2013 to our net revenues and Adjusted EBITDA for the years ended December 31, 2014 and 2015, our net revenues would have been €524.2 million (as compared to €487.8 million as reported) and €581.3 million (as compared to €520.5 million as reported) and our Adjusted EBITDA would have been €106.8 million (as compared to €95.8 million as reported) and €128.7 million (as compared to €106.4 million as reported), respectively. The foregoing impact on our results of operations is mainly due to the translation effect of non-euro revenues generated during the periods and the appreciation of the euro, particularly against emerging market currencies such as the Ukrainian hryvnia and Brazilian real. Given our presence and continuous focus in non-Eurozone markets, this risk is expected to increase over time.

In addition, to the extent we incur expenses that are not denominated in the same currency as related revenue, exchange rate fluctuations could cause our expenses to increase as a percentage of revenue, affecting our profitability. See *“Management’s Discussion and Analysis of Financial Condition and Results of Operations—Principal factors affecting our results of operations—Fluctuations in currency exchange rates”*.

A decrease in the consumption of spirits and/or wine could adversely affect us.

We sell most of our products to producers of spirits and wine. In 2015, sales to spirits and wine producers represented 82.9% of our net revenue. Demand for most of our products is determined largely by the extent to which end-users consume spirits or wine, which in turn is partly affected by consumers’ disposable income, evolving customer habits, industry trends and population growth rates, among other things.

Changes in levels of taxation and other governmental controls over the production, sale or marketing of spirits and wine, in certain countries in which we operate, such as in Russia, Australia, South Africa and some South American countries, may lead to a decreased supply of spirits and wine, and an associated decrease in demand for our closures. A decrease in the consumption of alcoholic beverages and a corresponding drop in the sale of spirits and wine could have a negative effect on our business, financial condition and results of operations. In addition, regardless of actual levels of end-use consumption, a perception among producers of spirits and wine that demand may be about to fall could lead to a decision by such producers to reduce their stocks of spirits and wine, which could in turn lead to reduced demand for our closures.

We may not be able to protect our intellectual property against competitors or to maintain its value.

Our future success depends to a large extent on the development and maintenance of our intellectual property rights. At the end of 2015, we held over 80 active patents in respect of our products. Nevertheless, third parties may challenge our intellectual property rights, produce counterfeit products that imitate our products, or come to know our trade secrets due to breaches of confidentiality agreements or otherwise. We defend our intellectual property rights whenever necessary before any competent authority and jurisdiction. We are currently involved in ongoing litigations mainly in Italy, Ukraine and India. To the best of our knowledge, no third party has challenged our patents outside of litigation in which we alleged breaches of those same patents. If we were to lose the Italian litigation, a court or a similar foreign governing body could cause us to seek licenses and/or pay royalties to third parties, require us to redesign our products, or prevent us from manufacturing, using or selling our products in those jurisdictions. On the other hand if we were to lose the Indian cases third parties could manufacture the same product exploiting out intellectual property rights which in any case will expire in 2017. In Ukraine we have more proceedings against the same competitor to invalidate its Utility Models that were registered, in our consultant’s opinion, infringing our prior rights; in case of negative outcome our competitor will be free to manufacture the same product without any restriction and we could be declared due to reimburse the relevant expenses and damages.

For the above-mentioned purposes, we may expend significant resources monitoring, protecting and enforcing those rights and we may not be successful in our efforts to do so. The risk that we may be unable to protect our intellectual property rights is likely to increase as we expand into new geographic areas and diversify into new product sectors. If we fail to protect or enforce our intellectual property rights, our brands, sales volumes and market share could suffer, which would adversely affect our business, financial condition and results of operations.

Our products are patent-protected for a limited period of time. We cannot assure you that upon the expiration of any of our patents, our competitors will not commence manufacturing products using similar technologies to those protected by our current patents, which could adversely affect our business financial condition and results of operations.

We may fail to realize the anticipated business growth opportunities, revenue benefits, cost synergies, operational efficiencies and other benefits anticipated from, or may incur, unanticipated costs associated with future acquisitions.

We may engage in acquisition transactions in the future, including acquisitions of significant size where we believe doing so would further our strategic plans and offer growth potential. Such transactions, however, involve significant risks including the integration of the newly acquired business, the diversion of management's attention from other business concerns and effects on our business relationships with customers and suppliers. We cannot assure you that we will successfully identify suitable acquisition opportunities in the future or complete future acquisitions and, in the event we do commence transactions, we cannot assure you that we will be successful at integrating the newly acquired businesses or that they will perform as anticipated. These types of challenges and uncertainties could have a material adverse effect on the business, financial condition and results of operations. We may not be able to effectively manage the combined operations and assets or realize any of the anticipated benefits of such acquisitions.

In addition, there may be liabilities associated with the businesses we attempt to acquire. The obligations and liabilities of an acquired company may not be adequately reflected in the historical financial statements of such company and there is a risk that such historical financial statements may contain errors. We may also become responsible for liabilities that we failed to or were unable to discover in the course of performing due diligence procedures in connection with our historical acquisitions and any future acquisitions.

We have typically required the sellers in past acquisitions to indemnify us against certain undisclosed liabilities. However, we cannot be certain that the indemnification rights that we have obtained, or will obtain in the future, will be enforceable, collectible or sufficient in amount, scope or duration to fully offset the possible liabilities associated with the business or property acquired. Any of these liabilities, individually or in the aggregate, could have a material adverse effect on our business, financial condition or results of operations.

Our business, financial condition, results of operations and liquidity may be adversely affected by a continuation or worsening of the current unfavorable economic conditions in a number of our markets.

Our business, financial condition, results of operations and liquidity were adversely impacted by the effects of the global economic crisis that commenced in 2007-2008 and the so-called Eurozone economic crisis that affected certain markets in 2011. More recently, 2015 and 2016 have been challenging years in the world economy, due in part to political turmoil in a number of regions and the occurrence of terrorist attacks, which has resulted in high currency volatility with significant currency depreciations in Eastern Europe and Latin America, a significant decline in raw material prices and actual or potential economic recession in many of our markets. A continuation or worsening of current unfavorable economic conditions could result in, among other things, decreases in market prices for our products, a loss of customers in the spirits and wine industries and increased payment delays and/or bad debts as a result of our customers experiencing financial difficulty.

Demand for closures in the principal end-use markets that we serve is primarily driven by consumer consumption of the products for which we produce closures. General economic conditions affect consumption in our end-use markets, including spirits, wines and other beverages. Downturns or periods of prolonged economic weakness have resulted in the past, and could in the future result, in decreased demand for closures. In particular, our business could be negatively affected by adverse economic conditions that result in difficulties for any of our major customers.

More specifically, financial markets and the supply of credit may continue to be impacted by the sovereign debts of certain countries and slowdowns in growth in certain countries. Additionally, certain countries have also implemented austerity programs and other remedial measures, but the actual impact of such programs and measures is difficult to predict.

In addition, during the global financial crisis, the global financial system experienced unprecedented credit and liquidity conditions and disruptions, leading to a reduction in liquidity, greater volatility, weakness in consumer confidence, widening of credit spreads and, in some cases, lack of transparency in money and capital markets. If these conditions were to return, such conditions could negatively affect our ability to raise funding in the debt capital markets and/or access bank lending markets in the countries and currencies in which we borrow on financial terms acceptable to us, particularly in those countries that are most significantly impacted. A return of these credit and liquidity conditions could have a material adverse effect on our business, financial condition, results of operations or liquidity.

According to Eurostat, the European Commission statistical agency, the real gross domestic product (“GDP”) growth rate in the Participating Member States (which are countries that have adopted the euro) has been sluggish in recent periods, and contracted by 0.3% in 2013 and grew at a rate of 1.1% in 2014 and 2.0% in 2015. In addition, there are considerable divergences between GDP growth among the constituents of the Participating Member States. Concerns over inflation, unemployment, the availability and cost of credit, sovereign debt and the instability of the euro have contributed to increased volatility and diminished expectations for the economies of the Participating Member States going forward. A significant portion of our revenue is generated in the Participating Member States as is a significant portion of our production, sourcing and financing activities. The effects on the European and global economy of any exit of one or more constituents of the Participating Member States from the currency union, the dissolution of the euro and the possible redenomination of financial instruments or other contractual obligations from euro into a different currency, or the perception that any of these events are imminent, are inherently difficult to predict and could give rise to operational disruptions or other risks of contagion to our business, including our financing activities, and have a material adverse effect on our financial condition and results of operations.

Our business and financial performance may be harmed by continued increases in energy and freight costs.

In addition to our dependence on primary raw materials, due to the energy intensive nature of our industrial processes, we are also dependent on a number of different energy sources, including fuel oil, electricity and natural gas. If some of our energy supply contracts were terminated in a country where we have major operations for any reason, or were not renewed upon expiration, or if market conditions were to substantially change resulting in a significant increase in the price of fuel oil, electricity or natural gas, we may not be able to find alternative, comparable suppliers or suppliers capable of providing fuel oil, electricity or natural gas on terms or in amounts satisfactory to us. As a result of any of these events, our business, financial condition and results of operations may suffer.

We are also dependent on third parties for the transportation of our raw materials, as well as the products we manufacture and sell. In certain jurisdictions, we are exposed to import duties and freight costs. Freight costs are influenced by carrier availability and fluctuating oil prices. Despite the general global decrease in fuel oil prices, energy and freight costs represented 18% of our overall material costs in 2015. Accordingly, the cyclical nature of such commodity pricing, energy and freight costs presents a potential risk to our margins. Moreover, an increase in the selling prices for the products we produce resulting from an attempt to pass through increased energy or freight costs could have an adverse impact on the volume of units we sell and decrease our revenue.

Consolidation in the spirits industry and the concentration of our customers could undermine our competitive position.

The spirits market has experienced significant consolidation in the past fifteen years. We believe that consolidation among our customers has resulted in increased price pressure from those customers. A further reduction in the number of customers could lead to increased price competition among closures suppliers, which could adversely affect our margins and profitability. In 2015, approximately 40.6% of our net revenue was generated from sales to our 10 largest customers. We could lose revenue and market share if, following the consolidation of one or more of our customers with another company, a competitor were to become the resulting consolidated company’s primary closures supplier. Alternatively, if that new company were able to extract more favorable terms from us, we could lose revenue and market share.

The majority of our supply contracts have a duration of only one year, and there is no obligation on our customers to purchase specified quantities during that period. There are also some clients to whom we sell customized and exclusive closures; in such cases we have multi-year, renewable contracts as the product is customized to that particular customer. We are reliant on a continuing series of purchase orders for our products. Thus, the loss of any of our major customers could significantly reduce our number of purchase orders received at short notice and consequently cause our revenue to fall without providing us with sufficient time to adjust our stock levels appropriately by changing the amounts of our purchases from suppliers. Any of these developments could cause our business, financial condition and results of operations to suffer adversely.

We are affected by seasonality in certain of our businesses, notably screwcaps for wine closures.

Some of our product lines are subject to seasonal variations. Sales of spirits tend to increase in the holiday season, and therefore sales of our safety and standard closures for spirits are generally higher during the second half of each calendar year. Demand for certain beverages, particularly wine and mineral water, and consequently the related caps and closures for such beverages, may be affected by adverse weather conditions, especially during the summer months when prolonged periods of unseasonably cool or wet weather in a particular market may affect sales volumes and, therefore, the results of our operations. In addition, wine growers are subject to the risk of a poor year or vintage which may, because of reduced demand for their products, reduce overall demand for our screwcaps for wine closures, one of our growing product lines.

Loss of one of our key manufacturing facilities could have an adverse effect on our financial condition or results of operations.

While we manufacture most of our products in a large number of diversified facilities, and maintain insurance covering these facilities, a loss of the use of all or a portion of any of our key manufacturing facilities due to an accident, labor issues, weather conditions, natural disaster or otherwise, whether short or long-term, may have a material adverse effect on our business, financial condition or results of operations. In 2014 and 2015, in order to improve production efficiency, we closed two of our manufacturing facilities in Australia and Italy, and reallocated production to other existing production sites. Such actions could heighten the potential consequences associated with any such loss.

Employee slowdowns, strikes and similar actions could have a material adverse effect on our business and operations.

A significant number of our employees are subject to collective bargaining agreements or are represented by works councils covering locations in various countries in Europe where we operate, India, South Africa, Mexico, Brazil and Argentina. In addition, the transportation and delivery of raw materials to our manufacturing facilities and of our products to our customers by workers that are members of labor unions is critical to our business. In many cases, before we take significant actions with respect to our production facilities, such as workforce reductions or closures, we must reach an agreement with the labor unions and employee works councils at such facilities. The failure to maintain satisfactory relationships with our employees and their representatives, or prolonged labor disputes, slowdowns, strikes or similar actions could have a material adverse effect on our business and results of operations.

If we fail to introduce new and innovative products, adapt to developments in technology or respond to changes in consumer requirements, our business and revenue may suffer.

We believe that our future success depends in part on our ability to introduce new and innovative products and to continuously update existing products to provide our customers with high quality, aesthetically appealing and technologically sophisticated products. Our success also depends on our ability to react to changing consumer demands, preferences and habits in a timely manner. If we fail to keep pace with product development, anticipate consumer preferences, meet consumer demands or understand consumer habits, our financial condition and results of operations could be adversely affected.

In addition, our revenue and market share may suffer if any products or services that we plan to introduce fail to achieve market acceptance or experience technical difficulties. Introducing new products or features requires a high level of financial and managerial commitment to research and development. In the last three years, we made significant investments in product development and intend to continue to do so in the future.

Our businesses are subject to frequent and sometimes significant changes in technology, and, if we fail to anticipate or adequately respond to such changes, or do not have sufficient capital to invest in these developments, our profits may decline. Our future financial performance will depend in part upon our ability to implement and utilize technology successfully to improve our business operations. We cannot predict all the effects of future technological changes. The cost of implementing new technologies could be significant, and our ability to finance these technological developments may be adversely affected by our debt servicing requirements or our inability to obtain the financing we require to develop or acquire competing technologies.

We cannot assure you that the investments we have made in product development and technology will generate expected returns by enabling us to increase or maintain market share. If we fail to maintain our level of investments in research and development, or fail to generate expected returns on those investments, our financial condition and results of operations may suffer.

Increased competition or an industry-wide imbalance between supply and demand could reduce our sales and profitability and adversely affect our financial condition and results of operations.

While competition in the safety closures business is limited to a relatively small number of major producers, we believe that the standard and screwcaps for wine closures businesses are more competitive, due to the commoditized nature of the products. Product pricing and innovative technology are therefore key competitive factors. Our main global competitors in the closures market for spirits are Amcor, Torrent and Global Closures Systems (which was acquired by RPC Group plc in March 2016), with most of our remaining competitors being either local or regional companies supplying primarily only one region of the world.

In addition, our profitability is heavily influenced by the supply of, and demand for, closures. We cannot assure you that the manufacturing capacity for closures in any of our markets will not increase further in the future, nor can we assure you that demand for closures will meet or exceed supply. If manufacturing capacity for closures increases and there is no corresponding increase in demand, or if there is a decrease in demand but manufacturing capacity remains constant, the prices we receive for our products could materially decline, which could have a material adverse effect on our business, financial condition and results of operations.

Defects in our products may harm our reputation and business, and our levels of insurance coverage may not be sufficient to cover them or other risks.

Our products may not operate properly or may have defects, particularly when the first products of a new product line or enhanced products within an existing product line are introduced. If our customers or end-consumers were to bring claims against us alleging defects in the manufacture or design of our closures, we could incur substantial costs in responding to such complaints or become involved in litigation. If any of our products were found to be defective, we could be required to pay substantial damages and incur significant costs associated with product recalls or experience harm to our brand and reputation. In the course of our development of more sophisticated product designs tailored to consumer demands, preferences and habits, we may face material product liability claims or product recalls in the future, and may not be able to dispose of any such claims successfully or institute any such product recalls at acceptable costs.

Although we currently hold insurance coverage for these types of liabilities in amounts we believe to be adequate, our coverage may not be adequate to insure against all product liability claims that may arise. As a result of the factors above, product defect claims or product recalls may adversely affect our business, financial condition and results of operations.

We maintain insurance for some, but not all, of the other potential risks and liabilities associated with our business. For some risks, we may not obtain insurance if we believe the cost of available insurance is excessive relative to the risk presented. As a result of market conditions, premiums and deductibles for insurance policies can increase substantially, and in some instances, certain insurance policies may no longer be available, may be available but not economically viable or may be available only for reduced amounts of coverage. Any significant uninsured liability may require us to pay substantial amounts which would adversely affect our financial condition and results of operations.

We are subject to costs and liabilities related to stringent environmental and health and safety standards.

We are subject to a broad range of environmental laws and regulations in the countries in which we currently operate our manufacturing facilities as well as to various supranational regulations relating to

environmental protection. These laws and regulations impose increasingly stringent environmental protection standards regarding, among other things, the use, storage and handling of hazardous materials, discharge and disposal of factory waste, and the remediation of environmental damage or contamination, and safety standards relating to industrial installations and processes. We are also subject to stringent health and safety standards relating to our employees or other third parties at our manufacturing sites.

The scope of such laws and regulations varies across the different jurisdictions in which we operate. For example, our operations and properties in the United Kingdom, Italy, Spain, Bulgaria and Poland must comply with the legal requirements in each jurisdiction, as well as EU and international legal requirements.

The cost of complying with these requirements, or the consequences of a failure to comply with these requirements, may have a material adverse effect on our business, financial condition and results of operations.

We may become subject to additional regulations and standards in other countries in which we open or purchase manufacturing facilities. Environmental and health and safety regulations as well as future events, such as changes in laws and technology, the promulgation of new laws or the development or the discovery of new facts or conditions could expose us to the risks of substantial costs and liabilities that could have a material adverse effect on our financial condition and results of operations.

We may incur liability and costs in connection with hazardous substances used in production or present at certain of our facilities.

We use a limited number of hazardous substances in our manufacturing activities. In the event that any of these substances, such as aluminum or solvents, proves to be toxic, we may be liable for increased costs for health related claims or the removal or re-treatment of such substances. Additionally, although we do not currently use asbestos, or its derivatives, as raw materials in our manufacturing process, there is some risk of asbestos exposure at certain of our facilities located in Italy, which could cause harm to persons. Asbestos containing materials (“ACMs”) were formerly commonly used as building materials such as insulation or tiling in industrial buildings. The use of ACMs was standard practice throughout the world until the late 1970s when it began to be phased out. Given the varying ages of our Italian production facilities, we have identified ACMs as being present at certain facilities. As a result, we could be subject to personal injury claims relating to damages certain of our employees may allege to have suffered. Should we face any such claims, we could incur significant costs defending against such claims and could be required to pay potentially significant damage awards.

The international scope of our operations and our corporate and financing structure may expose us to potentially adverse tax consequences and potentially negatively affect our business.

We are subject to taxation in, and to the tax laws and regulations of, multiple jurisdictions (including Ukrainian, Polish, Brazilian, Argentinean tax laws) as a result of the international scope of our operations and our corporate and financing structure. We are regularly subject to the examination of our corporate income tax arrangements by the Italian tax authorities (particularly with respect to our financing and deductibility of interest) as well as the governing tax authorities in other countries where we operate. We routinely assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for taxes. We are also subject to intercompany pricing laws, including those relating to the flow of funds among our companies pursuant to, for example, purchase agreements, licensing agreements or other arrangements. Adverse developments in these laws or regulations, or any change in position by the relevant authority regarding the application, administration or interpretation of these laws or regulations in any applicable jurisdiction, could have a material adverse effect on our business, financial condition and results of operations or on our ability to service or otherwise make payments on the Notes and our other indebtedness. In addition, the tax authorities in any applicable jurisdiction may disagree with the positions we have taken or intend to take regarding the tax treatment or characterization of any of our transactions, including the tax treatment or characterization of our indebtedness, including the Notes, existing and future intercompany loans and guarantees or the deduction of interest expenses. We could also fail, whether inadvertently or through reasons beyond our control, to comply with tax laws and regulations relating to the tax treatment of various of our financing arrangements, which could result in unfavorable tax treatment for such arrangements. If any applicable tax authorities were to successfully challenge the tax treatment or characterization of any of our intercompany loans or transactions, it could result in the disallowance of deductions, limit our ability to deduct interest

expenses, the imposition of withholding taxes, the application of significant penalties and accrued interest on intercompany loans or internal deemed transfers, the application of significant penalties and accrued interest or other consequences that could have a material adverse effect on our business, financial condition and results of operations or on our ability to service or otherwise make payments on the Notes and our other indebtedness.

The results of the United Kingdom's referendum on withdrawal from the European Union may have a negative effect on global economic conditions, financial markets and our business, which could reduce the price of the Notes.

We are a global company with worldwide operations, including material business operations in Europe and a production facility in Scotland. In June 2016, a majority of voters in the United Kingdom elected to withdraw from the European Union in a national referendum. The referendum was advisory, and the terms of any withdrawal are subject to a negotiation period that could last at least two years after the government of the United Kingdom formally initiates a withdrawal process. Nevertheless, the referendum has created significant uncertainty about the future relationship between the United Kingdom and the European Union, and has given rise to calls for certain regions within the United Kingdom to preserve their place in the European Union by separating from the United Kingdom as well as for the governments of other European Union member states to consider withdrawal.

These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and could significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Asset valuations, currency exchange rates and credit ratings may be especially subject to increased market volatility. Lack of clarity about future United Kingdom laws and regulations as the United Kingdom determines which European Union laws to replace or replicate in the event of a withdrawal, including financial laws and regulations, tax and free trade agreements, intellectual property rights, supply chain logistics, environmental, health and safety laws and regulations, immigration laws and employment laws, could decrease foreign direct investment in the United Kingdom, increase costs, could depress economic activity and restrict our access to capital. If the United Kingdom and the European Union are unable to negotiate acceptable withdrawal terms or if other European Union member states pursue withdrawal, barrier-free access between the United Kingdom and other European Union member states or among the European economic area overall could be diminished or eliminated. Any of these factors could have a material adverse effect on our business, financial condition and results of operations and reduce the price of the Notes.

Political and economic uncertainty in Italy may impact and affect our business, results of operations and financial condition.

Our business is primarily based in Italy and therefore we may be affected by economic or political weakness or uncertainty in Italy. It is difficult to determine the breadth and duration of the economic and financial market problems and their potential effects on demand for our products and our suppliers. Continuation or further worsening of these difficult financial and macroeconomic conditions could materially adversely affect our business, results of operations and financial condition. Furthermore, the Italian government has called for a referendum vote on December 4, 2016 to, among other things, revise Title V of the Italian constitution and overhaul the structure of the Italian parliamentary system. While we do not expect that the results of the referendum would have a direct effect on our operations, some experts believe that if the referendum does not pass the current Italian government would be forced to resign, with new elections to replace them. Political uncertainty and instability, including the possibility of a new government being elected that takes positions or actions adverse to the gaming industry or the Italian economy as a whole, could have material adverse effects on our business, results of operation and financial condition.

Civil disturbances, political instability and military action in Ukraine and Russia may impact and affect our business, results of operations and financial condition.

We have significant business operations in Ukraine, including an operating subsidiary and a production facility, and also have sales into the Russian market. The recent significant civil disturbances and political instability in Ukraine and the armed conflict in the region of Crimea in the past years, including ongoing military action in some parts of the Donetsk and Luhansk regions in Ukraine, have negatively impacted the Ukrainian and Russian economies, the relations between these two countries and

between Russia and other countries where we operate. Escalating geopolitical tensions have had an adverse effect on the Ukrainian and Russian markets, and there have been reports of increased capital outflows from Ukraine and Russia. The ability of Ukrainian and Russian companies and financial institutions to obtain funding from the international capital markets has also been hampered as a result of decreased demand for Ukrainian and Russian credit exposure. The Ukrainian hryvnia was significantly devalued in 2015, and effective as of December 2015, the National Bank of Ukraine imposed certain administrative restrictions on purchases of foreign currency, the requirement to convert 75% of foreign currency proceeds to local currency, a ban on payments abroad, a ban of the early repayment of foreign loans and restrictions on cash withdrawals from banks. Any continuing or escalating military action in eastern Ukraine could have a further material adverse effect on the Ukrainian and Russian economies and consequently affect (i) our ability to obtain local financing; (ii) our ability to collect accounts receivables; (iii) the ability of our Ukrainian subsidiary to pay dividends; (iv) our ability to use our cash held in Ukraine; (v) the governments' ability to meet their payment obligations on amounts due to us, such as VAT refunds; (vi) the governments' ability to maintain critical transport infrastructure, such as rail networks; and (vii) Ukrainian and Russian taxation rates applicable to us, all or any of which could have a material adverse effect on our business, results of operations, financial condition and prospects.

Furthermore, as a result of ongoing events involving Ukraine and Russia, the United States, the European Union and other jurisdictions have imposed sanctions on certain Russian and Ukrainian persons and entities, including certain Russian banks, energy companies and defense companies, and have imposed restrictions on exports of various items to Russia and Ukraine. Additionally, Russia has introduced a ban on the import of certain goods and food supplies from the United States, the EU member states, Canada, Australia and Norway. In addition, any overall decline in the Russian or Ukrainian economy and weakening of the Russian ruble or the Ukrainian hryvnia that ultimately has any impact on the closures industry or our destination markets and the supply of energy and raw materials in the long-term could have a material adverse effect on our operations, financial position, assets, liabilities, profits and outlook.

Disruptions to the operations of computer or data processing systems may adversely affect our business and results of operations.

The operation of our production facilities as well as the sales, marketing and service activities depend on the efficient and uninterrupted operation of complex and sophisticated computer, telecommunication and data processing systems. Computer and data processing systems and related infrastructure (data center, hardware and wide and local area networks) are generally exposed to the risk of disturbances, damage, electricity failures, computer viruses, fire, other disasters, hacker attacks and similar events.

Disruptions to, or interruptions in, operations involving these systems may occur in the future. An interruption in the operations of our computer or data processing systems could adversely affect our ability to efficiently maintain our production processes and to ensure adequate controls. Disruptions to or interruptions in operations could lead to production downtime which, in turn, could result in lost revenue.

Market perceptions concerning the instability of the euro and the potential reintroduction of individual currencies within the eurozone could have adverse consequences for us with respect to our outstanding debt obligations that are euro-denominated.

Developments in recent years in the eurozone have exacerbated the effects of the global economic crisis that commenced in 2007-2008. Financial markets and the supply of credit may continue to be negatively impacted by ongoing fears surrounding the sovereign debts or fiscal deficits of several countries in Europe (primarily Greece, Italy, Portugal and Spain), the possibility of further downgrading of, or defaults on, sovereign debt, concerns about a slowdown in growth in certain economies and uncertainties regarding the overall stability of the euro and the sustainability of the euro as a single currency given the diverse economic and political circumstances in individual member states. Governments and regulators have implemented austerity programs and other remedial measures to respond to the eurozone debt crisis and stabilize the financial system, but the actual impact of such programs and measures is difficult to predict.

If the eurozone debt crisis was to be repeated, it is possible that one or more countries may default on their debt obligations or cease using the euro and reestablish their own national currency, or that the eurozone may collapse. If such an event were to occur, it is possible that there would be significant, extended and generalized market dislocation, which may negatively affect our business, results of operations and financial condition, especially as a substantial portion of our operations are in Europe. In

addition, the departure of one or more countries from the eurozone may lead to the imposition of, among other things, exchange rate control laws. Should the euro dissolve entirely, the legal and contractual consequences for holders of euro-denominated obligations and for parties subject to other contractual provisions referencing the euro would be determined by laws in effect at such time. These potential developments, or market perceptions concerning these and related issues, could adversely affect our trading environment or the value of the Notes and could have adverse consequences for us with respect to our outstanding debt obligations that are euro-denominated and, because we have a substantial amount of debt denominated in euro, our financial condition may be materially affected.

Furthermore, the Indenture contains covenants restricting our and our subsidiaries' corporate activities. Certain of these covenants impose limitations based on euro amounts (e.g., the amount of additional indebtedness we or our subsidiaries may incur). As such, if the euro were to significantly decrease in value, the restrictions imposed by those covenants would become tighter, further restricting our ability to finance our operations and conduct our day-to-day business.

Laws and other factors restricting the exchange of currencies or the expatriation of funds limit the ability of our subsidiaries in Argentina and Ukraine to make funds available to us which may have an adverse impact on our ability to manage our cash flows.

We have faced fund repatriation issues in Argentina and Ukraine and may not be able to repatriate the funds held by our Argentinean and Ukrainian subsidiaries, or any additional cash flows generated by our operations in these countries, on a timely basis or at all. In addition to Argentina and Ukraine, we may also be subject to similar restrictions on the exchange of currencies or expatriation of funds in other jurisdictions where we operate. Such restrictions may delay or prevent our ability to manage our cash flows which could have a material adverse effect on our business, financial condition and results of operations.

We are exposed to the risk of violations of anti-corruption laws, sanctions or other similar regulations applicable in the countries in which we operate or in which we may operate in the future.

Due to the international scope of our operations, we, our partners and competitors must comply with certain anti-corruption laws, sanctions or other similar regulations. For example, the U.S. Foreign Corrupt Practices Act of 1977, the U.K. Bribery Act 2010, European Anti-Bribery Conventions and other similar worldwide anti-corruption laws generally prohibit companies and their intermediaries from making improper payments to foreign officials for the purposes of obtaining or retaining business.

We operate in certain parts of the world that lack a developed legal system or have experienced widespread corruption. Under certain circumstances, strict compliance with anti-corruption laws may conflict with local customs and practices. Our internal policies mandate compliance with these laws, but despite our compliance policies and training efforts, we cannot assure you that prohibited acts under these policies will not be committed by our employees.

Furthermore, due to the global nature of our operations, we may use local agents or subcontractors to understand unfamiliar environments and differences in cultural, legal, financial and accounting complexities and obligations, or to carry out a portion of the activities called for by a particular contract. There is a risk that such agents or subcontractors may be involved in illegitimate activities in local markets that are unknown to us. If we fail to adequately supervise them or maintain an adequate compliance program, we may be liable for their actions.

Violations of such laws can result in civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts, termination of existing contracts, revocations or restrictions of licenses, criminal fines or imprisonment. In addition, such violations could also negatively impact our reputation and consequently, our ability to win future business. On the other hand, any such violation by our competitors, if undetected, could give them an unfair advantage when bidding for contracts. The consequences that we may suffer due to the foregoing could have a material adverse effect on our business, financial condition and results of operations.

Any downgrades of our credit ratings will impact the cost and availability of future borrowings and could adversely affect the trading and trading price of the Notes.

Any downgrades of the credit ratings of the Issuer or the Notes may adversely affect the trading and trading price of the Notes and will impact the cost and availability of future borrowings and, accordingly, our cost of capital, which could have a material adverse effect on our business, financial condition or results of operations. The Revolving Credit Facility, which currently functions as the Group's main standby

working capital and liquidity line will, assuming the Notes are issued and the proceeds thereof are applied as contemplated under the Refinancing Transactions, mature on November 13, 2017. We expect to replace the Revolving Credit Facility with our New Revolving Credit Facility upon the implementation and effectiveness thereof. While the Issuer has signed a commitment letter in respect of the New Revolving Credit Facility with certain affiliates of the Initial Purchasers, the effectiveness of the New Revolving Credit Facility is subject to the entry into the definitive documentation thereof by the parties thereto as well as the satisfaction of customary conditions precedent. As such, there can be no assurance that the New Revolving Credit Facility will be implemented and/or become effective and available for drawing. In the event that the New Revolving Credit Facility is not implemented and/or unavailable for drawing on or about the Issue Date, we expect to implement the amendments to the Senior Facilities Agreement contemplated in the Consent Requests on or about such date, including the extension of the maturity date of the Revolving Credit Facility to March 31, 2018. In any event, should we be unable to procure a replacement revolving credit facility or other working capital facility prior to expiration of our then existing revolving credit facility (or, to the extent applicable, effect the extension of the maturity date of our Revolving Credit Facility as contemplated in the Extension Consent Request (as defined below)) the rating agencies may consider our access to working capital to be reduced, which could lead to a downgrade of the rating of the Notes.

Future changes in International Financial Reporting Standards (“IFRS”) could result in unfavorable changes to our reported earnings and financial position

We prepare our consolidated financial statements in accordance with the IFRS as issued by the International Accounting Standards Board and endorsed by the European Union. Changes in these accounting standards and accompanying accounting pronouncements, implementation guidelines, and interpretations could significantly impact our reported results and financial position, and may even retroactively affect previously reported financial statements. New standards and interpretations that may affect our reported results include (if such standards are approved by the EU): IFRS 9 Financial Instruments and IFRS 15 Revenue Recognition and IFRS 16 Leases, which will be effective as of January 1, 2018 and January 1, 2019, respectively. The change will affect our level of indebtedness and interest expense as reported in our financial statements. For more information on IFRS 16 Leases see, “*Presentation of Financial and Other Information—Recent Accounting Pronouncements*”.

Risks related to our management, principal shareholders and related parties

Loss of our key management and other personnel, or an inability to attract new management and other personnel, could impact our business.

We depend on our senior executive officers and other key personnel to operate our businesses and on our in-house technical experts to develop new products and technologies and to service our customers. The loss of any of these officers or other key personnel could adversely affect our operations. Competition for qualified employees among companies that rely heavily on engineering and technology is intense, and the loss of qualified employees or an inability to attract, retain and motivate additional highly skilled employees required for the operation and expansion of our business could hinder our ability to conduct research and development activities successfully or develop and support marketable products.

The interests of the Group’s principal shareholders may not correspond with your interests as a holder of the Notes or with the interests of each other.

Our principal shareholders are investment funds and entities that are controlled, directly or indirectly, by an affiliate of the Merchant Banking Funds (being aPriori Capital Partners L.P.) and Melville S.r.l. which collectively own, together with other minority co-investors, approximately 77.6% of the Company’s issued and outstanding Class A and preferred shares through investment management funds. The interests of the Group’s principal shareholders and their respective affiliates could conflict with your interests, particularly if the encounters financial difficulties or is unable to pay its debts when due. Affiliates of the Group’s principal shareholders may also have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investments, although such transactions might involve risk to you as a holder of the Notes. Furthermore, the Group’s principal shareholders or their respective affiliates may, in the future, own businesses that directly compete with ours. In addition, certain Group operating companies, including Guala Closures Ukraine LLC and Guala Closures DGS Poland S.A., have minority shareholders who may have different interests, and any disagreements with such minority shareholders may affect the successful implementation of our business plans with respect to those subsidiaries.

Under a memorandum of understanding between Melville, aPriori Capital Partners L.P. and the Merchant Banking Funds, significant actions require the approval of both the Merchant Banking Funds and Melville, including certain mergers, de-mergers or consolidations relating to us or any of our subsidiaries, any amendments to our by-laws in respect of the appointment or removal of directors, and certain other relevant matters. See “*Principal Shareholders—Shareholders’ Agreements.*” Our principal shareholders may be unable to agree on whether we should engage in any of these transactions or other matters and any disagreement may limit our ability to respond to market opportunities, or make certain commercial or financial decisions, as quickly as needed.

Risks related to our Indebtedness

The Issuer conducts limited business operations of its own and will depend on payments from other Group companies and in particular its subsidiaries to make payments on the Notes.

The Issuer conducts certain limited industrial operations of its own in Italy. The Issuer’s principal assets are the shares it holds in its direct subsidiaries. Repayment of the Issuer’s indebtedness, including under the Notes, is dependent on the ability of our subsidiaries and the Parent Guarantor to make such cash available to the Issuer, by dividend distributions, debt repayment, loans or otherwise. Our subsidiaries may not be able to, or may be restricted by the terms of their existing or future indebtedness, or by law, in their ability to make distributions or advance upstream loans to enable the Issuer to make payments in respect of our indebtedness, including the Notes. Each subsidiary of ours is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries.

While the Indenture governing the Notes and the Revolving Credit Facility will limit the ability of our subsidiaries to incur contractual restrictions on their ability to pay dividends or make other intercompany payments to us, such limitations are subject to certain significant qualifications and exceptions or adverse taxation effects. In the event that we do not receive distributions or other payments from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness, including the Notes. We do not expect to have any other sources of funds that would allow us to make payments to holders of the Notes.

In addition, while the Parent Guarantor may owe the Issuer certain amounts pursuant to intercompany debt, the Parent Guarantor is a holding company and may not have any means to obtain funds to service such debt in cash and thus allow the Issuer to make payments on the Notes.

Our substantial leverage and debt service obligations could adversely affect our business and prevent us from fulfilling our obligations with respect to our debt, including the Notes and the Note Guarantees.

Upon completion of the Refinancing Transactions, we will have a substantial amount of outstanding indebtedness with significant debt service requirements. As of June 30, 2016, after giving effect to the Refinancing Transactions, our total financial liabilities would have been €577.9 million, including the Notes and €37.0 million drawn under the Revolving Credit Facility and net of unamortized transaction costs.

Our significant leverage could have important consequences for you as a holder of the Notes, including:

- making it more difficult for us to satisfy our obligations with respect to the Notes, the Note Guarantees and our other debt and liabilities;
- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our debt, thus reducing the availability of our cash flow to fund internal growth through working capital, capital expenditures, acquisitions and for other general corporate purposes;
- increasing our vulnerability to a downturn in our business or economic or industry conditions;
- exposing us to interest rate increases on indebtedness under the Notes, the Revolving Credit Facility and other indebtedness that we may incur;
- placing us at a competitive disadvantage compared to our competitors that have less debt in relation to cash flow;
- limiting our flexibility in planning for or reacting to changes in our business and our industry;
- restricting us from exploiting certain business opportunities; and

- limiting, among other things, our and our subsidiaries' ability to borrow additional funds or raise equity capital in the future, and increasing the costs of such additional financings.

Our ability to service our indebtedness will depend on our future performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors. Many of these factors are beyond our control. If we cannot service our indebtedness and meet our other obligations and commitments, we might be required to refinance our debt or to dispose of assets to obtain funds for such purpose. We may not be able to effect any such refinancings or asset dispositions on a timely basis or on satisfactory terms, if at all, or we may not be permitted by the terms of our debt instruments to do so. Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, including under the Notes.

Despite our significant leverage, we and our subsidiaries will still be able to incur significant additional amounts of debt, which could further exacerbate the risks associated with our substantial indebtedness.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future, including secured indebtedness and indebtedness drawn under our Revolving Credit Facility of up to €75 million (of which €54 million was drawn as of June 30, 2016, €17.0 million of which we expect to be repaid as part of the Refinancing Transactions). We expect to replace our Revolving Credit Facility with the New Revolving Credit Facility on or subsequent to the Issue Date, which, upon effectiveness, will be available for drawing in an amount of up to €65.0 million. Although the Revolving Credit Facility currently contains, and the New Revolving Credit Facility and the Indenture will contain, restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. If new debt is added to our and our subsidiaries' existing debt levels, the related risks that we now face would increase. In addition, the Indenture and the New Revolving Credit Facility will not, and our Revolving Credit Facility currently does not, prevent us from incurring obligations that do not constitute indebtedness under those respective agreements.

We may not be able to generate sufficient cash to meet our debt service obligations, our Revolving Credit Facility matures on November 13, 2017 and there can be no assurances that we will enter into the New Revolving Credit Facility and have access to amounts thereunder which could lead to liquidity constraints.

Our ability to make scheduled interest payments when due on our indebtedness and to meet our other debt service obligations, including under the Notes and the Revolving Credit Facility, or to refinance our debt, depends on our future operating and financial performance, which will be affected by our ability to successfully implement our business strategy as well as general economic, financial, competitive, regulatory and other factors, many of which are beyond our control, as well as those factors discussed in these “Risk Factors” and elsewhere in this Listing Memorandum.

If we cannot generate sufficient cash to meet our debt service requirements, we may, among other things, need to refinance all or a portion of our debt, including the Notes and the Revolving Credit Facility, obtain additional financing, delay planned capital expenditures or investments or sell material assets. If we are not able to refinance any of our debt, obtain additional financing or sell assets on commercially reasonable terms or at all, we may not be able to satisfy our debt obligations, including under the Notes and the Revolving Credit Facility. In particular, the Revolving Credit Facility will, in the event that the Notes are issued and the proceeds thereof are applied pursuant to the Refinancing Transactions, mature on November 13, 2017, which is prior to the maturity date of the Notes. While we have obtained the consent of the requisite lenders under our Senior Facilities Agreement to, among other things, extend the maturity date of the Revolving Credit Facility to March 31, 2018, we have not, as of the date of this Listing Memorandum, entered into the definitive amendment documentation giving effect to such extension of the maturity date (the “**Extension Amendment**”). See “*Description of Other Indebtedness—Revolving Credit Facility—Consent Requests*”. In the event that we have not agreed definitive documentation in respect of the New Revolving Credit Facility and satisfied the other conditions precedent on or prior to the Issue Date, we currently intend to enter into the Extension Amendment on or about the Issue Date and, subject to customary conditions precedent, to effect the extension of the maturity date of our Revolving Credit Facility. If for any reason the Extension Amendment is not implemented, or the New Revolving Credit Facility is not entered into and/or unavailable for drawing to refinance the outstanding indebtedness under our Revolving Credit Facility, or if we are unable to refinance the Revolving Credit Facility with the New Revolving Credit Facility when it becomes due or any

of our other debt or if we are unable to procure a replacement liquidity line for working capital and capital expenditure purposes, our ability to implement our business strategy may be impaired and our financial condition may be adversely affected. While the Issuer has signed a commitment letter in respect of the New Revolving Credit Facility with the Initial Purchasers, the commitment letter is subject to certain conditions precedent and there can be no assurance that the New Revolving Credit Facility will be signed. Moreover, the commitments relating to the New Revolving Credit Facility are €65 million, €10 million less than the existing Revolving Credit Facility. The potential reduction in committed revolving credit could exacerbate any liquidity constraints which could materially and adversely affect our results of operations and financial condition. Additionally, borrowings under other debt agreements or instruments that contain cross default or cross acceleration provisions may become payable on demand, and we may not have sufficient funds to repay all of our debts, including the Notes. See “*Description of Other Indebtedness.*”

We are exposed to interest rate risk and shifts in such rates may adversely affect our debt service obligations.

Following the issuance of the Notes, the majority of our indebtedness, including the Notes and the loans under our Revolving Credit Facility (and under the New Revolving Credit Facility, if executed), will bear interest at variable rates, generally linked to the EURIBOR market benchmark. To the extent that the interest rates were to increase significantly on such indebtedness, our interest expense would correspondingly increase, reducing our cash flow. While we may attempt to manage this risk through entering into hedging arrangements, there is no requirement under the Indenture to procure such hedging and there can be no assurance that any current or future hedging contracts we enter into will adequately protect our operating results from the effects of interest rate fluctuations or will not result in losses or that our risk management practices and procedures will operate successfully.

We are subject to restrictive debt covenants that may limit our ability to finance our future operations and capital needs and to pursue business opportunities and activities.

The Indenture will restrict, among other things, our ability to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- create or incur certain liens;
- make certain payments, including dividends or other distributions, with respect to the shares of the Parent Guarantor or its respective restricted subsidiaries;
- prepay or redeem subordinated debt or equity;
- make certain investments;
- engage in sales of assets and subsidiary stock;
- enter into certain transactions with affiliates;
- consolidate or merge with other entities; and
- impair the security interest for the benefit of the holders of the Notes.

All of these limitations will be subject to significant exceptions and qualifications. See “*Description of the Notes—Certain Covenants.*” The covenants to which we are subject could limit our ability to finance our future operations and capital needs and our ability to pursue business opportunities and activities that may be in our interest.

In addition, we will be subject to the affirmative and negative covenants contained in the Indenture, the Revolving Credit Facility and, if implemented, the New Revolving Credit Facility. A breach of any of those covenants or other restrictions could result in an “event of default” under the Revolving Credit Facility. Upon the occurrence of any event of default under the Revolving Credit Facility, subject to applicable cure periods and other limitations on acceleration or enforcement, the relevant creditors could cancel the availability of the Revolving Credit Facility and elect to declare all amounts outstanding under the Revolving Credit Facility, together with accrued interest, immediately due and payable. In addition, any default under the Revolving Credit Facility could lead to an event of default and acceleration under other debt instruments that contain cross default or cross acceleration provisions, including the Indenture. We also expect that the foregoing consequences will be relevant in respect of our New Revolving Credit Facility, to the extent implemented. If our creditors, including the creditors under the Revolving Credit Facility (and, if implemented, any New Revolving Credit Facility), accelerate the payment of those

amounts, we cannot assure you that our assets and the assets of our subsidiaries would be sufficient to repay in full those amounts, to satisfy all other liabilities of our subsidiaries which would be due and payable and to make payments to enable us to repay the Notes, in full or in part. In addition, if we are unable to repay those amounts, our creditors could proceed against any collateral granted to them to secure repayment of those amounts.

As of June 30, 2016, we have recorded a contingent liability in the amount of €14.5 million in respect of a put option relating to 30% of the share capital of our Ukrainian subsidiary.

The Group conducts its activity in Ukraine through Guala Closures Ukraine LLC which is a subsidiary of ours of which 30% of its capital stock is owned by an investor that is also a manager of the company. Pursuant to the joint venture agreement that established Guala Closures Ukraine LLC, Guala Closures International B.V. granted a put option to the manager whose fair market value is determined based on a number of parameters, including the forecasted EBITDA of Guala Closures Ukraine LLC (based on last two years of sales and current budget) plus the net financial portion of the risk adjusted discount rate and the expected date of this put option. The manager is entitled to exercise the put in a number of circumstances, including at his retirement, if his position at Guala Closures Ukraine LLC is terminated without cause or a change of control in the Group which involves a local competitor of Guala Closures Ukraine LLC (or a group that operates in Ukraine). As of June 30, 2016, the value of this put option has been recorded on our consolidated balance sheet at €14.5 million. If the put option is exercised, depending on the performance of our Ukrainian subsidiary, we may be required to fund a significant payment in cash to the minority investor in Guala Closures Ukraine LLC. See Note 21 to our unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2016 included elsewhere in this Listing Memorandum. See also “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Contractual Obligations*”.

Risks related to the Notes and Note Guarantees Generally

The Notes will be structurally subordinated to the liabilities of non-Guarantor subsidiaries.

The Company, Guala Closures Australia Holdings Pty Ltd, Guala Closures Australia Pty Ltd, Guala Closures do Brasil Ltda., Guala Closures International B.V., Guala Closures New Zealand Limited, Guala Closures UK Limited and Guala Closures Ibérica S.A., respectively, will each guarantee the Notes as of the Issue Date. For the twelve months ended June 30, 2016, the Issuer and the Guarantors generated approximately 28% of the Company’s consolidated Adjusted EBITDA and 44% of revenue and represented 68% of total assets (in each case net of consolidation adjustments). Unless an entity is a Guarantor, the Issuer’s subsidiaries will not have any obligations to pay amounts due under the Notes or to make funds available for that purpose. As of June 30, 2016, the non-Guarantor subsidiaries of the Company (other than the Issuer) had approximately €5.2 million in third party financial liabilities outstanding, excluding a liability owed to the Ukrainian non-controlling investors which relates to a recognition of these investors’ rights to exercise a put option if certain conditions are met. See “*Risk Factors—Risks Related to Our Business—As of June 30, 2016, we have recorded a contingent liability in the amount of €14.5 million in respect of a put option relating to 30% of the share capital of our Ukrainian subsidiary*”.

Generally, holders of indebtedness of, and trade creditors of, non-Guarantor subsidiaries, including lenders under bank financing agreements, are entitled to payments of their claims from the assets of such subsidiaries before these assets are made available for distribution to the Issuer or any Guarantor, as a direct or indirect shareholder. As such, the Notes and each Guarantee will be structurally subordinated to the creditors (including trade creditors) and any preferred stockholders of our non-Guarantor subsidiaries. Accordingly, in the event that any non-Guarantor subsidiary becomes insolvent, is liquidated, reorganized or dissolved or is otherwise wound up other than as part of a solvent transaction:

- the creditors of the Issuer (including the holders of the Notes) and the Guarantors will have no right to proceed against the assets of such subsidiary; and
- creditors of such non-Guarantor subsidiary, including trade creditors, will generally be entitled to payment in full from the sale or other disposal of the assets of such subsidiary before the Issuer or any Guarantor, as direct or indirect shareholder, will be entitled to receive any distributions from such subsidiary.

If any of the subsidiaries of the Issuer that do not guarantee the relevant series of Notes incurs additional indebtedness, the holders of that debt will be entitled to share in any proceeds distributed in

connection with any insolvency, liquidation, reorganization, dissolution or other winding-up of such non-Guarantor subsidiaries ahead of the holders of the relevant Notes. While the covenant described under “*Description of the Notes—Certain Covenants—Limitation on indebtedness*” contains restrictions on the incurrence of indebtedness at the level of the relevant Issuer’s non-Guarantor subsidiaries, such restrictions are subject to a number of exceptions and would not limit the incurrence of obligations that do not qualify as indebtedness under the Indenture. If we incur additional indebtedness or other obligations that are not considered indebtedness under the Indenture, including structurally senior indebtedness, the related risks that we now face, as described above and elsewhere under “—*Risk related to our indebtedness*,” could intensify.

Creditors under the Revolving Credit Facility, certain future hedging obligations and certain additional debt that we incur in the future may be entitled to be repaid with the proceeds of enforcement of the Collateral securing the Notes in priority to the Notes.

Under the terms of the Intercreditor Agreement, the proceeds from any enforcement of the Collateral securing the Notes will be required to be applied in satisfaction of obligations under the Revolving Credit Facility and, upon effectiveness, our New Revolving Credit Facility, as well as certain additional indebtedness that we may incur in the future under credit facilities and certain hedging agreements, respectively, in priority to the repayment of any outstanding obligations of the Issuer and the Guarantors under the Notes and the Note Guarantees. As such, in the event of enforcement of the Collateral securing the Notes, you may not be able to recover on the Collateral if the then-outstanding liabilities under such “super priority” indebtedness are greater than the proceeds realized in the event of any enforcement of the Collateral securing the Notes.

Holders of the Notes may not control certain decisions regarding the Collateral.

To the extent permitted under applicable law, and subject to the Agreed Security Principles, the Notes will be secured on a first priority basis by substantially the same rights, property and assets securing the obligations under the Revolving Credit Facility (and under New Revolving Credit Facility, if executed) (except for the special lien of *privilegio speciale* to be granted by the Issuer in favor of the Revolving Credit Facility (and our New Revolving Credit Facility, if executed) only). In addition, under the terms of the Indenture, we will be permitted to incur significant additional indebtedness and other obligations, including hedging obligations, that may be secured by the same Collateral.

The Intercreditor Agreement shall provide that a common security agent serve as the security trustee for creditors of certain indebtedness incurred by members of the Group which also benefit from a security interest in the Collateral, which secured creditors will initially comprise the lenders under the Revolving Credit Facility and the holders of the Notes. The Intercreditor Agreement will also provide that the common security agent shall, subject to certain limited exceptions, act to enforce the security interests in the Collateral and take instructions from the relevant secured creditors in respect of the Collateral only at the direction of a creditor “instructing group” as further described below.

In terms of control over enforcement of the Collateral, the Intercreditor Agreement shall, subject to certain exceptions generally described below, require creditor representatives for the creditors comprising an instructing group and which are secured by the relevant Collateral to first consult in good faith with each other and the Security Agent for a period of 15 days (or such shorter period as may be agreed) (such period, a “consultation period”) with a view to coordinating the instructions to be given by an instructing group and agreeing an enforcement strategy.

Upon conclusion of a “consultation period”, if there are conflicting enforcement instructions given to the Security Agent by the different classes of creditors which are secured by the Collateral and who can constitute an instructing group, and provided that certain “security enforcement principles” to be set out in the Intercreditor Agreement have been complied with, then the “majority senior secured creditors” (generally, those creditors representing the majority of the outstanding participations under the Notes and any outstanding *pari passu* secured indebtedness under credit facilities, notes and interest rate and currency hedging agreements) shall constitute an instructing group and shall, subject to certain exceptions generally described below, have the right to instruct the Security Agent as to the enforcement of the relevant Collateral. If instructions as to enforcement of the relevant Collateral are subsequently provided by the majority senior secured creditors to the security agent and either (i) the lenders under the Revolving Credit Facility and other creditors of “super priority indebtedness” (such creditors, together, the “super priority creditors”) have not been repaid in full within six months of the end of the consultation period, (ii)

the security agent has not commenced any enforcement (or any transaction in lieu) or other enforcement action within three months of the end of the consultation period or (iii) an insolvency event has occurred, at any time, in respect of certain members of the Group, then, the security agent shall, provided that the “security enforcement principles” to be set out in the Intercreditor Agreement have been complied with, instead follow the instructions that are subsequently given by the “majority super senior creditors” (generally, those creditors representing 66⅔% of the aggregate participations under the Revolving Credit Facility and other “super priority” indebtedness under credit facilities and interest rate and currency hedging agreements).

Notwithstanding the foregoing paragraph, no consultation period shall be required prior to enforcement of the relevant Collateral if either (i) any of the Collateral becomes enforceable because of an insolvency event in respect of certain members of the Group or (ii) the majority super senior creditors and/ or the majority senior secured creditors determine in good faith that entering into consultation could reasonably be expected to reduce the amount likely to be realized upon enforcement to a level such that the obligations to the “super senior creditors” would not be discharged in full, in which case, any instructions will be limited to those necessary to protect or preserve the interests of the secured creditors on behalf of which the relevant instructing group is acting and the security agent shall act in accordance with the instructions first received.

The foregoing security enforcement arrangements could be disadvantageous to the holders of the Notes in a number of respects.

For example, disputes may occur between secured creditors in the Collateral, including the holders of the Notes, the lenders under our Revolving Credit Facility (and, if executed, our New Revolving Credit Facility), the counterparties to certain secured hedging arrangements that we may enter into and/or the creditors of any additional secured indebtedness that we may incur in future, respectively, as to the appropriate manner of pursuing enforcement remedies and strategies with respect to the Collateral securing such obligations. In any such event, the holders of the Notes will be bound by the decisions of the relevant creditor instructing group, which may result in enforcement action being taken in respect of the relevant Collateral, whether or not such action is approved by the holders of the Notes and irrespective of whether such enforcement action could result in an adverse outcome for the holders of the Notes.

In addition, the lenders under our Revolving Credit Facility (and under our New Revolving Credit Facility, if executed), the counterparties to certain secured hedging arrangements and/or the creditors of any additional secured indebtedness that we may incur in future, respectively, may also have interests that are divergent from the interest of holders of the Notes. For example, such creditors may, in their sole discretion, elect to pursue any remedies available to them in respect of the Collateral, under applicable law or otherwise, at a time when it could otherwise be disadvantageous for the holders of the Notes to do so.

Holders of the Notes should also be cognizant that creditors of other indebtedness incurred by a member of the Group and which are not party to the Intercreditor Agreement (such as unsecured creditors) could also take action against the relevant obligor or obligors of such indebtedness, and, to the extent having the benefit of a security interest(s) granted by a member of the Group, pursue enforcement action in respect of any assets and/or property provided by a member of the Group as collateral for such indebtedness. Such action, if taken, could have an adverse effect on the ability of the holders of the Notes to pursue an effective security enforcement strategy under the Intercreditor Agreement, which could, among other things, compromise the recoveries on their claims that they may be able to realize from taking such action.

The holders of the Notes will also have no independent right to enforce the Collateral securing the Notes. In addition, a holder of the Notes will not be able to independently instruct the Security Agent, force a sale of Collateral or otherwise independently pursue the remedies of a secured creditor in respect of the Collateral, unless, in each case, they comprise a creditor “instructing group” which is entitled to give such instructions or take such action (as the case may be), which, in turn, will depend on conditions and circumstances described above.

See “*Description of Other Indebtedness—Intercreditor Agreement*” and “*Description of the Notes—Security—Release of Liens*”.

The Notes was not initially secured by the Collateral.

As of the Issue Date, the Notes was not secured by the Collateral as further described under the heading “*Description of the Notes—Security—General*”. We have had 10 business days to grant the Issue

Date Collateral. Additionally, we have agreed in the Indenture to take such necessary actions so that the Notes are secured by the security interests in the Post-Closing Collateral described in this Listing Memorandum no later than the date that is 90 days after the Issue Date. The Collateral and the Post-Closing Collateral were granted by, respectively, 10 business days and 90 days after the Issue Date.

The providers of the security interests securing the Notes will have control over the Collateral, and the value of certain assets included in the Collateral may decrease because of obsolescence, impairment or certain casualty events or the sale of particular assets could reduce the pool of assets securing the Notes.

The Security Documents will allow the relevant provider of the security interest securing the Notes to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from, the relevant Collateral. So long as no “default” or “event of default” under the Indenture would result therefrom, the relevant security provider, may, among other things, and subject to the terms of the applicable Security Document, without any release or consent by the Security Agent or the Trustee, conduct ordinary course activities with respect to certain of the Collateral such as selling, factoring, abandoning or otherwise disposing of such Collateral and making ordinary course cash payments, including repayments of indebtedness.

Additionally, the value of certain assets, including property in Australia, Scotland and Brazil, included in the Collateral owned by the Issuer and certain Guarantors may be adversely affected by depreciation and normal wear and tear or because of certain events that may cause damage to such assets. Although the Security Documents will contain certain covenants in relation to the maintenance and preservation of assets, the Issuer and Guarantors are not required to improve the Collateral. The Issuer and Guarantors will be obligated under the Security Documents to maintain insurance policies to insure against losses, however, there are certain losses that may be either uninsurable or not economically insurable, in whole or in part. As a result, it is possible that the insurance proceeds will not compensate us fully for our losses in the event of a catastrophic loss.

Any of these activities could reduce the value of the Collateral, which could reduce the amounts payable to you from the proceeds of any sale of the Collateral in the case of an enforcement of the liens on the Collateral.

The Collateral may not be sufficient to satisfy the obligations under the Notes.

The Notes and the Note Guarantees will be secured by security interests in the Collateral (some of which will be granted after the Issue Date of the Notes), which collateral also secures the obligations under the Revolving Credit Facility. The Collateral may also secure additional debt to the extent permitted by the terms of the Indenture, the Revolving Credit Facility and the Intercreditor Agreement. Your rights to the Collateral may be diluted by any increase in the first priority debt secured by the Collateral or a reduction of the Collateral securing the Notes.

The Collateral securing the Notes will be subject to any and all exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Collateral securing the Notes as well as the ability of the Security Agent to realize or foreclose on such Collateral.

The value of the Collateral and the amount to be received upon an enforcement of such Collateral will depend upon many factors, including, among others, the ability to sell the Collateral in an orderly sale, economic conditions where operations are located and the availability of buyers. The book value of the Collateral should not be relied on as a measure of realizable value for such assets. All or a portion of the Collateral may be illiquid and may have no readily ascertainable market value. Similarly, we cannot assure you that there will be a market for the sale of the Collateral, or, if such a market exists, that there will not be a substantial delay in its liquidation. In addition, the share pledges of an entity may be of no value if that entity is subject to an insolvency or bankruptcy proceeding. The Collateral is located in more than one country, and the multi jurisdictional nature of any foreclosure on the Collateral may limit the realizable value of the Collateral. For example, the bankruptcy, insolvency, administrative and other laws of the various jurisdictions may be materially different from, or conflict with, each other, including in the areas of rights of creditors, priority of government and other creditors, ability to obtain post-petition interest and duration of the proceedings.

It may be difficult to realize the value of the Collateral securing the Notes.

The Collateral will be subject to any and all exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture and accepted by other creditors that have the benefit of priority security interests in the Collateral from time to time, whether on or after the date the Notes are first issued. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Collateral securing the Notes, as well as the ability of the Security Agent to realize or foreclose on such Collateral. Furthermore, the ranking of security interests can be affected by a variety of factors, including, among others, the timely satisfaction of perfection requirements, statutory liens or re-characterization under the laws of certain jurisdictions.

The security interests of the Security Agent will be subject to practical problems generally associated with the realization of security interests in Collateral. The Security Agent may also need to obtain the consent of a third party to enforce a security interest in certain jurisdictions. We cannot assure you that the Security Agent will be able to obtain any such consents. We also cannot assure you that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Accordingly, the Security Agent may not have the ability to foreclose upon those assets, and the value of the Collateral may decline significantly.

There are circumstances other than repayment or discharge of the Notes under which the Collateral will be released automatically without your consent or the consent of the Trustee.

Under various circumstances, the Collateral will be released automatically, including without limitation:

- as described under “*Description of the Notes—Amendments and Waivers*”;
- in connection with any sale or other disposition of property or assets constituting Collateral (other than the pledge on the Issuer’s share capital), if the sale or other disposition does not violate the “*Limitation on Sales of Assets and Subsidiary Stock*” covenant or other applicable provisions under the Indenture;
- upon payment in full of principal, interest and all other obligations of the Notes or defeasance or discharge of the Notes, as provided under “*Description of the Notes—Defeasance*” and “*Description of the Notes—Satisfaction and Discharge*”; and
- in accordance with the Intercreditor Agreement.

See “*Description of the Notes—Security—Release of Liens*”. Unless consented to by the holders of the Notes (and subject to certain exceptions), the Intercreditor Agreement provides that the Security Agent shall not, in an enforcement scenario, exercise its rights to release the security interests in the Collateral unless, among other things, the relevant sale or disposal is made:

- for consideration of which all or substantially all of which is in the form of cash; and
- pursuant to a public auction, or if a fairness opinion has been obtained from an internationally recognized investment bank selected by the Security Agent.

The Intercreditor Agreement also provides that the Collateral may be released and retaken in connection with the refinancing of certain indebtedness, including the Notes. In certain jurisdictions such as Italy, Luxembourg, Poland and Brazil, such a release and retaking of collateral may give rise to the start of a new hardening period in respect of the Collateral. Under certain circumstances, other creditors, insolvency administrators or representatives or courts could challenge the validity and enforceability of the grant of the Collateral. Any such challenge, if successful, could potentially limit your recovery in respect of the Collateral and thus reduce your recovery under the Notes.

See “*Description of Other Indebtedness—Intercreditor Agreement*”.

Your rights in the Collateral securing the Notes may be adversely affected by the failure to perfect security interests in the Collateral.

Under applicable law, a security interest in certain tangible and intangible assets can only be properly perfected, and its priority retained, through certain actions undertaken by the secured party and/or the grantor of the security. The liens in the Collateral securing the Notes may not be perfected with respect to the claims of the Notes if we or the Security Agent fails or are unable to take the actions we are required to take to perfect any of these liens. Such failure may result in the invalidity of the relevant security interest in

the Collateral securing the Notes or adversely affect the priority of such security interest in favor of the Notes against third parties, including a trustee in bankruptcy and other creditors who claim a security interest in the same Collateral.

There are circumstances other than repayment or discharge of the Notes under which the Note Guarantees will be released automatically, without your consent or any action on the part of the Trustee.

Under various circumstances, the Note Guarantee of a Restricted Subsidiary that is a Guarantor (a “**Subsidiary Guarantor**”) will terminate and release automatically, including:

- in connection with any disposition of a Subsidiary Guarantor or any of its subsidiaries permitted by the Indenture, other than to the Issuer or any of its subsidiaries, the release of the assets of such Subsidiary Guarantor or subsidiary and pursuant to which any applicable Note Guarantee is released, the release of the assets of such Subsidiary Guarantor or subsidiary; as may be permitted by the covenant described under “*Description of the Notes—Certain covenants—Limitation on Sale of Assets and Subsidiary Stock*”;
- upon the designation in accordance with the Indenture of such Subsidiary Guarantor as an Unrestricted Subsidiary;
- upon defeasance or discharge of the Notes, as provided in “*Description of the Notes—Defeasance*” and “*Description of the Notes—Satisfaction and Discharge*”;
- with respect to a Subsidiary Guarantor that is not a Significant Subsidiary, so long as no Event of Default has occurred and is continuing, to the extent that such Subsidiary Guarantor (i) is unconditionally released and discharged from its liability with respect to the Revolving Credit Facility and (ii) does not guarantee any other Credit Facility or Public Debt (as defined under “*Description of the Notes*”);
- in accordance with an enforcement action pursuant to the Intercreditor Agreement or any additional intercreditor agreement;
- as may be permitted by the provisions described under “*Description of the Notes—Amendments and Waivers*”;
- upon the release of the guarantee of the other indebtedness that triggered the grant of the relevant Note Guarantee in accordance with the covenant described below under “*Description of the Notes—Certain Covenants—Additional Guarantees*”; or
- as a result of a transaction permitted by the covenant described under “*Description of the Notes—Merger and Consolidation—The Subsidiary Guarantors*”.

The Note Guarantee of the Parent Guarantor will only be released upon the occurrence of a defeasance or satisfaction and discharge of the Indenture, following an amendment or waiver request under the Indenture or in accordance with an enforcement action pursuant to the Intercreditor Agreement.

Enforcement of the Notes, the Note Guarantees and the Collateral securing the Notes across multiple jurisdictions may be difficult.

The Issuer is organized under the laws of Italy; and the Guarantors are incorporated or organized (as applicable) under the laws of Australia, Brazil, The Grand Duchy of Luxembourg, New Zealand, The Netherlands, Scotland and Spain; and the assets and property securing the Notes are located in multiple jurisdictions including Poland and Ukraine. In the event of bankruptcy, insolvency or a similar event, proceedings could be initiated in any of these jurisdictions and in the jurisdiction of incorporation or organization of a future Guarantor. Your rights under the Notes, the Note Guarantees and the Collateral and will thus be subject to the laws of a number of jurisdictions, and it may be difficult to effectively enforce such rights in multiple bankruptcy, insolvency and other similar proceedings. Moreover, such multijurisdictional proceedings are typically complex and costly for creditors and often result in substantial uncertainty and delay in the enforcement of creditors’ rights.

The bankruptcy, insolvency, administration and other laws of the Issuer’s jurisdiction of organization and the jurisdiction of organization or incorporation of each of the Guarantors may be materially different from, or conflict with, each other and with the laws of the United States, including in the areas of creditors’ rights, priority of creditors, the ability to obtain post-petition interest and the duration of the insolvency

proceeding. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdictions' law should apply and could adversely affect your ability to enforce the Collateral securing the Notes and to realize any recovery under the Notes and the Note Guarantees. See "*Limitations on Validity and Enforceability of the Note Guarantees and the Security Interests and Certain Insolvency Law Considerations*".

Moreover, in certain jurisdictions, it is unclear whether all security interests in the Collateral securing the Notes give the Security Agent a right to prevent other creditors from foreclosing on and realizing the Collateral or whether certain security interests only give the Security Agent and the holders of the Notes priority (according to their rank) in the distribution of any proceeds of such realization. Accordingly, the Security Agent and the holders of the Notes may not be able to avoid foreclosure by other creditors (including unsecured creditors) on such Collateral.

It is possible that some of the Collateral securing the Notes may not be enforceable.

In certain jurisdictions, the creation of security interests to secure the obligations of a third party may be limited under applicable law. As a result, enforcement of the Collateral securing the Notes in certain jurisdictions may be subject to certain statutory limitations or defenses or to limitations contained in the terms of the Security Documents designed to ensure compliance with applicable statutory requirements. See "*Limitations on Validity and Enforceability of the Note Guarantees and the Security Interests and Certain Insolvency Law Considerations*" for a more detailed description of the various limitations on the security in each relevant jurisdiction.

In addition, under Italian law the beneficiary of a security interest must be clearly identified and indicated in the relevant security document. Due to the difficulty of clearly identify and keeping track of the names of the individual holder of the Notes over time, there might be the risk that beneficial owners of the Notes who are not identified as registered holders in the Italian collateral may not be able to validly enforce the security. See "*Limitations on Validity and Enforceability of the Note Guarantees and the Security Interests and Certain Insolvency Law Considerations*".

The Issuer may amend the economic terms and conditions of the Notes without the prior consent of all noteholders with the vote of either 75% or 50% of the outstanding Notes.

The Indenture contains provisions for calling meetings of the holders of the Notes to consider matters affecting their interests generally. As set forth in "*Description of the Notes—Meeting of Holders of Notes,*" the majority required to pass an extraordinary resolution at any meeting of noteholders will be one or more persons holding or representing at least 75% of the aggregate principal amount of the outstanding Notes. These provisions permit defined majorities (50% or 75%) to bind all holders of the Notes, including noteholders who did not attend and vote at the relevant meeting, and noteholders who voted in a manner contrary to the relevant majority. In particular, under the Indenture, an extraordinary resolution may include, among other things, proposals to reduce the rate or change the time for payment of principal or interest in respect of the Notes, to change the date on which any Note may be subject to redemption or reduce the redemption price, to change the currency of payments under the Notes and/or to change the quorum requirements relating to meetings and/or the majority required to pass a resolution, and change the amendment provisions. These and other changes may adversely impact noteholders' rights and may have a material adverse effect on the market value of the Notes. Under Italian law, the approval of an extraordinary resolution typically requires the consent of more than one half of the aggregate principal amount of the outstanding Notes. Our decision to increase the majority requirement is untested under Italian law, may be challenged by holders of the Notes, the Issuer and/or others, and if challenged, may not be upheld by an Italian court, with the consequence that the majority voting threshold is reduced from 75% to 50%.

Italian tax legislation may restrict the deductibility of all or a portion of the interest expense on the Issuer's indebtedness, including interest expense in respect of the Notes and the Revolving Credit Facility.

Current tax legislation in Italy (Article 96 of Presidential Decree No. 917 of December 22, 1986, as amended and restated) allows for the full tax deductibility of interest expense incurred by a company in each fiscal year up to the amount of the interest income of the same fiscal year, as evidenced by the relevant annual financial statements. A further deduction of interest expense in excess of this amount is allowed up to a threshold of 30% of the EBITDA of an Italian tax resident company (i.e., *risultato operativo lordo della gestione caratteristica*) ("ROL") as recorded in such company's profit and loss account. The amount of ROL not used for the deduction of the amount of interest expense that exceeds interest

income can be carried forward, increasing the amount of ROL for the following fiscal years. Interest expense not deducted in a relevant fiscal year can be carried forward to the following fiscal years and deducted, provided that and to the extent that, in such fiscal years, the amount of interest expense that exceeds interest income is lower than 30% of ROL. In the case of a tax group, interest expense not deducted by an entity within the tax group due to lack of ROL can be deducted at the tax unity level, within the limit of the excess of ROL of the other companies within the tax group. This 30% threshold applies to the Italian subsidiaries of the Issuer. According to Article 4 of Legislative Decree No. 147 of September 14, 2015, published on the Official Gazette No. 220 of September 22, 2015 (“**Internationalization Decree**”), starting from January 1, 2016, ROL of non-resident controlled companies will no longer be taken into consideration for such purposes. Under certain conditions, dividend received by non-resident controlled companies shall impact on ROL. Article 96 does not apply to certain entities active in the banking, insurance and financial sector (a 96 percent deduction of accrued interest expenses is allowed). This latter limitation will be repealed as from tax period 2017 for entities active in the banking and financial sector.

In addition, the Italian tax authorities have in certain instances challenged merger leverage buyout transactions with respect to the deductibility of interest expenses arising in connection with acquisition financing. On March 30, 2016, the Italian Revenue Agency issued Circular Letter n. 6/E clarifying, as a common principle, that interest on the acquisition bank loan in LBO transactions are generally deductible for IRES purposes, subject only to ordinary limitations stated in art. 96 Presidential Decree n.917 of December 22, 1986. The Circular Letter also indicates that shareholder loans may be re-characterized as capital contributions. Such re-characterization has to be evaluated on a case-by-case basis, based on the economic circumstances of the borrowing company and under the substance-over-form approach as provided by OECD Transfer Pricing Guidelines. The re-characterization provides that the: (i) interest incurred on any former or future shareholder loans are not deductible and (ii) interest payments made in respect of said shareholder loans may be subject to withholding tax on dividends.

In addition, there can be no assurance that in the case of a tax audit, the relevant tax authorities would not try to challenge the deductibility of interest expenses arising in connection with the component of any financing used, in whole or in part, to refinance an outstanding loan or debt, when the terms and conditions of the refinancing transaction appear less favorable than the ones of the previous financing transaction. In particular, in such circumstances, the relevant tax authorities could argue that the interest expenses arising from such financing does not relate to the business of the borrowing entity (as the relevant transaction is deemed as “anti-economic” and as such not compliant with the “inherence” principle set out under Italian tax law). Italian tax laws and pronouncements of the tax authorities are subject to change and positions that the Group takes for tax purposes may be challenged. In the past the Group has faced tax audits and investigations in respect of its financing which had resulted in the payment of fines by the Issuer.

Moreover, (i) any future changes in Italian tax laws or in their interpretation or application (including any future limitation on the use of the ROL of the Issuer and its subsidiaries and/or to the dividends received by the non-resident companies), or (ii) the tax treatment of interest expense arising from any indebtedness, including the Notes, the failure to satisfy the applicable legal requirements relating to the deductibility of interest expense or (iii) a change in the interpretation and application by Italian tax authorities of Italian tax law may result in our inability to fully deduct our interest expense, which may have an adverse impact on our financial condition.

Furthermore, if the Italian tax authorities were to successfully challenge the use of proceeds from the Offering to make a refinancing under the “inherence” principle, we may be unable to fully deduct our interest expenses or be subject to significant penalties or other consequences that could have a material adverse effect on our financial condition and results of operations or on our ability to service or otherwise make payments on the Notes and our other indebtedness.

Holders of the Notes generally will not be entitled to a gross-up for any Italian withholding taxes, unless the Italian withholding tax is caused by a failure of the Issuer to comply with certain procedures.

The Issuer is organized under the laws of Italy and is Italian resident for tax purposes and therefore payments of principal and interest on the Notes and, in certain circumstances, any gain on the Notes, will be subject to Italian tax laws and regulations. All payments in respect of the Notes will be made free and clear of withholding or deduction of Italian taxation, unless the withholding or deduction is required by law. In that event, subject to a number of exceptions, the Issuer will pay such additional amounts as will

result in the holders of the Notes receiving such amounts as they would have received in respect of such Notes had no such withholding or deduction been required. The Issuer is not liable to pay any additional amounts to holders of the Notes under certain circumstances, including if any withholding or deduction is required pursuant to Italian Legislative Decree No. 239 of April 1, 1996 (“**Decree 239**”) or pursuant to Legislative Decree No. 461 of November 21, 1997 (“**Decree 461**”), except, in the case of Decree 239, where the procedures required under Decree 239 in order to benefit from an exemption have not been complied with due to the actions or omissions of the Issuer or its agents. In such circumstances, investors subject to Italian withholding tax will only receive the net proceeds of their investment in the Notes. See “*Description of the Notes—Withholding Taxes*”. and “*Tax Considerations—Italian tax considerations*”.

Although we believe that, under current law, Italian withholding tax will not be imposed under Decree 239 or Decree 461 where a holder of Notes is resident for tax purposes in a country or territory which allows for a satisfactory exchange of information with the Italian tax authorities as contained (I) as at the date of this Listing Memorandum in the Ministerial Decree of the Minister of Economy and Finance of September 4, 1996, as amended and, supplemented from time to time and replaced, (the “**White List**”), or (II) once effective, in any other decree or regulation that will be issued in the future under the authority of Article 11(4)(c) of Decree 239 to provide the list of such countries and territories (the “**New White List**”), including any country or territory that will be deemed listed therein for the purpose of any interim rule and such holder complies with certain certification requirements, there is no assurance that this will be the case. Moreover, holders of the Notes will bear the risk of any change in Decree 239 after the date hereof, including any change in the White List (or the New White List once effective).

No assurance can be given that the listing of the Notes will satisfy the listing requirement of Article 32 of Law Decree No. 83 of June 22, 2012 and Decree 239.

No assurance can be given that the listing of the Notes on the Official List of the Luxembourg Stock Exchange will satisfy the listing requirement of Article 32 of Law Decree No. 83 of June 22, 2012 and Decree 239 in order for the Notes to be eligible to benefit from the provisions of such legislation relating to the exemption from the requirement to apply withholding tax. The Italian tax authorities issued an interpretive circular relating to, among others, the listing requirement of the aforementioned legislation that may be interpreted to require that the Notes be listed upon their issuance to benefit from the aforementioned provisions, including the exemption from the requirement to apply withholding tax. In the event that the Notes are not listed or that such listing requirement is not satisfied, payments of interest, premium and other income with respect to the Notes would be subject to a withholding tax, currently at a rate of 26%, and, subject to certain exceptions, see “*Description of the Notes—Withholding Taxes*”, we would be required to pay additional amounts with respect to such withholding taxes such that beneficial owners receive a net amount that is not less than the amount that they would have received in the absence of such withholding. The Issuer cannot assure you that the Italian tax authorities will not interpret the applicable legislation as requiring that the listing be effective at closing (upon issuance of the Notes) and we cannot assure you that the listing can be achieved by the Issue Date. The imposition of withholding taxes with respect to payments on the Notes and the resulting obligation to pay, subject to certain exemptions, additional amounts to holders of the Notes could have a material adverse effect on our financial condition and results of operations.

No assurance can be given that the procedural requirements to apply the Italian tax regime provided by Italian Legislative Decree No. 239 of April 1, 1996 in respect of the Notes will be met by the relevant foreign intermediaries.

The regime provided by Decree 239 and in particular the exemption from withholding tax in principle granted to holders of the Notes resident in countries included in the White List (or in the New White List once it is effective) applies if certain procedural requirements are met. It is not possible to assure that all non-Italian resident investors can claim the application of the withholding tax exemption where the relevant foreign intermediary fails to provide sufficient information to the relevant Italian tax authorities under the procedures set for applying the exemption regime. See “*Tax Considerations—Italian tax considerations*”.

The ability of our Group’s operating subsidiaries to upstream dividends for debt service is reduced by the presence of minority shareholders or will result in leakage.

The Issuer is dependent upon distributions from operating subsidiaries in the form of intragroup loan payments of interest and principle, service arrangements and dividend distributions in order to service its

debt, including the Notes. However, due to the presence of minority shareholders at various operating companies and sub-holding subsidiaries, including Guala Closures Ukraine LLC and Guala Closures DGS Poland S.A., dividends upstreamed from such entities will result in dividend leakage as the minority shareholders of the various subsidiaries will receive their pro rata share of dividends, reducing the amounts received by Guala Closures International B.V., our main international holding company, and therefore available for debt service at the level of the Issuer and/or to fund continuing operations.

The Note Guarantees of the Subsidiary Guarantors may be limited by applicable laws or subject to certain limitations or defenses that may adversely affect their validity and enforceability.

The obligations of the Subsidiary Guarantors and the enforcement of each of their Note Guarantees will be limited to the maximum amount that can be guaranteed by such Guarantor under the applicable laws of each jurisdiction, to the extent that the granting of such Guarantee is not in the relevant Guarantor's corporate interests, the burden of such Note Guarantee exceeds the benefit to the relevant Guarantor, such guarantee would be in breach of capital maintenance or thin capitalization rules or any other general statutory laws and/or would cause the directors of such Guarantor to contravene their fiduciary duties and/or incur civil or criminal liability.

Accordingly, enforcement of any such Note Guarantee against the relevant Guarantor would be subject to certain defenses available to guarantors generally or, in some cases, to limitations contained in the terms of the Note Guarantees designed to ensure compliance with statutory requirements applicable to the relevant Guarantors. These laws and defenses include those that relate to fraudulent conveyance or transfer, insolvency, voidable preference, financial assistance, corporate purpose or benefit, preservation of share capital, thin capitalization and defenses affecting the rights of creditors generally. As a result, a Guarantor's liability under its guarantee could be materially reduced or eliminated, depending on the law applicable to it.

It is possible that a Guarantor, or a creditor of a Guarantor, or the bankruptcy trustee in the case of a bankruptcy of a Guarantor, may contest the validity and enforceability of the Guarantor's guarantee on any of the above grounds and that the applicable court may determine that the guarantee should be limited or voided. To the extent that agreed limitations on the guarantee obligation apply, the Notes would be to that extent effectively subordinated to all liabilities of the applicable Guarantor, including trade payables of such Guarantor. Future guarantees may be subject to similar limitations. See "*Limitations on Validity and Enforceability of the Note Guarantees and the Security Interests and Certain Insolvency Law Considerations*".

For an overview of certain insolvency laws and enforceability issues as they relate to the Note Guarantees, see "*Limitations on Validity and Enforceability of the Note Guarantees and the Security Interests and Certain Insolvency Law Considerations*" for additional important information.

The grant of collateral to secure the Notes might be challenged or voidable in an insolvency proceeding.

The grant of collateral to secure the Notes may be voidable by the grantor or by an insolvency trustee, liquidator, receiver or administrator or by other creditors, or may be otherwise set aside by a court, or be unenforceable if certain events or circumstances exist or occur, including, among others, if the grantor is deemed to be insolvent at the time of the grant, or if the grant permits the secured parties to receive a greater recovery than if the grant had not been given and an insolvency proceeding in respect of the grantor is commenced within a legally specified "clawback" period following the grant. To the extent that the grant of any security interest is voided, holders of the relevant series of Notes would lose the benefit of the relevant security interest. See "*Limitations on Validity and Enforceability of the Note Guarantees and the Security Interests and Certain Insolvency Law Considerations*".

Further, under Italian law, in the event that the Issuer enters into insolvency proceedings, the security interests created under the security documents entered into to secure the Issuer's obligations under the Notes could be subject to potential challenges by an insolvency administrator or by other creditors of the Issuer under the rules of avoidance or claw back of Italian insolvency laws and the relevant law on the non-insolvency avoidance or claw back of transactions by the debtor made during a certain legally specified period (the "suspect period"). In this regard, a longer period might apply to any collateral governed by Italian law which be granted after the Offering.

The security interests in the Collateral will not be granted directly to the holders of the Notes.

In certain jurisdictions, the security interests in the Collateral that will secure our obligations under the Notes and the obligations of the Guarantors under the Note Guarantees will not be granted directly to the holders of the Notes but will be granted only in favor of the Security Agent or, in Italy, in favor of the Trustee acting in its capacity as representative (*rappresentante*) of the holders of the Notes pursuant to Article 2414-bis, paragraph 3, of the Italian Civil Code. The Indenture will provide, along with the Intercreditor Agreement, that only the Security Agent has the right to enforce the Security Documents. As a consequence, holders of the Notes may not have direct security interests and will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee, which will (subject to the applicable provisions of the Indenture) provide instructions to the Security Agent in respect of the Collateral.

The Collateral governed by Italian law will be created and perfected in favor of the Trustee acting in its capacity as representative (*rappresentante*) of the holders of the Notes pursuant to Article 2414-bis, paragraph 3, of the Italian Civil Code. Under such provision (introduced by Law No. 164 of November 11, 2014), the security interests and guarantees assisting bond issuances can be validly created in favor of the holders of the notes or in favour of a representative (*rappresentante*) of the holders of the Notes who will then be entitled to exercise in the name and on behalf of the holders all their rights (including any rights before any court and judicial proceedings) relating to the security interests and guarantees. However, there is no guidance or available case law on the exercise of the rights and enforcement of such security interest and guarantees by a *rappresentante* pursuant to Article 2414-bis, paragraph 3, of the Italian Civil Code also in the name and on behalf of the holders of the Notes which are neither directly parties to the Collateral nor are specifically identified therein or in the relevant share certificates and corporate documents or public registries.

The granting of the security interests in the Collateral may create hardening periods for such security interests in accordance with the law applicable in certain jurisdictions.

The granting of new security interests in connection with the issuance of the Notes offered hereby may create hardening periods for such security interests in certain jurisdictions. The applicable hardening period for these new security interests will run as from the moment each new security interest has been granted, perfected or recreated. At each time, if the security interest granted, perfected or recreated were to be enforced before the end of the respective hardening period applicable in such jurisdiction, it may be declared void and/or it may not be possible to enforce it.

In addition, the granting of a shared security interest to secure future indebtedness may restart or reopen hardening periods in certain jurisdictions including in respect of the New Revolving Credit Facility. The applicable hardening period may run from the moment such new security is amended, granted or perfected. If the security interest granted were to be enforced before the end of the respective hardening period applicable in such jurisdiction, it may be declared void or ineffective and/or it may not be possible to enforce it.

The Intercreditor Agreement and the Indenture will provide that the collateral securing the Notes may be released and retaken in connection with the refinancing of certain indebtedness, including the Notes. In Italy and certain other jurisdictions such as Luxembourg, Spain, Poland and Brazil, such a release and retaking of collateral may give rise to the start of a new hardening period in respect of the applicable collateral.

The insolvency and administrative laws of Italy, Luxembourg and other applicable jurisdictions may not be as favorable to you as the insolvency laws of the United States or those of another jurisdiction with which you are familiar; other limitations on the Note Guarantees, including fraudulent conveyance statutes, may adversely affect their validity and enforceability.

The Issuer's obligations under the relevant Notes will initially be guaranteed by the relevant Guarantors. The Issuer is organized under the laws of Italy and the relevant Guarantors are incorporated or organized (as applicable) under the laws of Australia, Brazil, The Grand Duchy of Luxembourg, New Zealand, The Netherlands, Scotland and Spain. In the event of insolvency or a similar event, proceedings could be initiated in any of these jurisdictions. Your rights under the Notes, the Note Guarantees and the collateral securing the Notes will thus be subject to the laws of a number of jurisdictions, and it may be difficult to effectively enforce such rights in multiple bankruptcy, insolvency and other similar proceedings. Moreover, such multi jurisdictional proceedings are typically complex and costly for creditors and often result in substantial uncertainty and delay in the enforcement of creditors' rights.

The insolvency, administration and other similar laws of foreign jurisdictions, including Italy, may not be as favorable to you as the laws of the United States or other jurisdictions with which you are familiar, including in the areas of creditors' rights, priority of creditors, the ability to obtain post-petition interest and the duration of insolvency proceedings. In the event that any one or more of the Issuer, the Guarantors or any other of the Issuer's subsidiaries experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings.

Although laws differ among the jurisdictions, in general, applicable fraudulent transfer and conveyance and equitable principles, insolvency laws and limitations on the enforceability of judgments obtained in courts in such jurisdictions could limit the enforceability of the Notes against the Issuer and the enforceability of a Notes Guarantee against a Guarantor. A court may also, in certain circumstances, avoid the guarantee where the company is close to or near insolvency. The following discussion of fraudulent transfer, conveyance and insolvency law is only a brief overview and describes certain generally applicable terms and principles which are defined under and subject to the relevant jurisdiction's fraudulent transfer and insolvency statutes. Prospective investors in the Notes should consult their own legal advisors with respect to such limitations and considerations.

In an insolvency proceeding, it is possible that creditors of the Guarantors or the appointed insolvency administrator may challenge the Note Guarantees and intercompany obligations generally, as fraudulent transfers or conveyances or on other grounds. If so, such laws may permit a court, if it makes certain findings, to:

- avoid or invalidate all or a portion of a Guarantor's obligations under its Note Guarantee;
- direct that holders of the Notes return any amounts paid under a guarantee or any security to the relevant Guarantor or to a fund for the benefit of the Guarantor's creditors; and
- take other action that is detrimental to you.

If the Issuer cannot satisfy its obligations under the Notes and any Note Guarantee is found to be a fraudulent transfer or conveyance or is otherwise set aside, we cannot assure you that we can ever repay in full any amounts outstanding under the Notes. In addition, the liability of each Guarantor under its Note Guarantee will be limited to the amount that will result in such Note Guarantee not constituting a fraudulent conveyance or improper corporate distribution or otherwise being set aside. However, there can be no assurance as to what standard a court would apply in making a determination of the maximum liability of each. There is also the possibility that the entire guarantee may be set aside, in which case the entire liability may be extinguished.

In order to initiate any of these actions under fraudulent transfer or other applicable principles, courts would, for example, need to find that, at the time the Note Guarantees were issued:

- the Guarantor knew or should have known that the transaction was to the detriment of the creditors;
- the Guarantor issued such guarantee with the intent of hindering, delaying or defrauding current or future creditors or with a desire to prefer some creditors over others;
- the Guarantor issued such guarantee in a situation where a prudent businessman, as a shareholder of such Guarantor, would have contributed equity to such Guarantor or where the relevant beneficiary of the Note Guarantee or knew or should have known that the Guarantor was insolvent or a filing for insolvency had been made;
- the Guarantor received less than reasonably equivalent value for incurring the debt represented by the guarantee, on the basis that the guarantee was incurred for our benefit, and only indirectly the Guarantor's benefit, or some other basis and (i) was insolvent or rendered insolvent by reason of the issuance of the guarantee, or subsequently became insolvent for other reasons, (ii) was engaged, or was about to engage, in a business transaction for which the Guarantor's assets were unreasonably small or (iii) intended to incur, or believed it would incur, debts beyond its ability to make required payments as and when they would become due;
- the Note Guarantee was held to exceed the corporate objects of the Guarantor or not to be in the best interests or for the corporate benefit of the Guarantor; or

- the amount paid or payable under the relevant Note Guarantee was in excess of the maximum amount permitted under applicable law.

The criteria on which insolvency is evaluated differs between jurisdictions, but a Guarantor generally may, in different jurisdictions, be considered insolvent at the time it issued a guarantee if:

- its liabilities exceed the fair market value of its assets;
- it cannot pay its debts as and when they become due; or
- the present saleable value of its assets is less than the amount required to pay its total existing debts and liabilities, including contingent and prospective liabilities, as they mature or become absolute.

Accordingly, there can be no assurance as to which standard a court would apply in determining whether a Guarantor was “insolvent” as of the date the Note Guarantees were issued or that, regardless of the method of valuation, a court would not determine that a Guarantor was insolvent on that date, or that a court would not determine, regardless of whether or not a Guarantor was insolvent on the date its Note Guarantee was issued, that payments to holders of the Notes constituted fraudulent transfers on other grounds.

Investors may face foreign exchange risks by investing in the Notes.

The Notes will be denominated and payable in euro. If investors measure their investment returns by reference to a currency other than euro, an investment in the Notes will entail foreign exchange related risks due to, among other factors, possible significant changes in the value of the euro relative to the currency by reference to which such investors measure the return on their investments. These changes may be due to economic, political and other factors over which we have no control. Depreciation of the euro against the currency by reference to which such investors measure the return on their investments could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to investors when the return on the Notes is translated into the currency by reference to which such investors measure the return on their investments. Investments in the Notes denominated in a currency other than U.S. dollars by U.S. investors may also have important tax consequences as a result of foreign exchange gains or losses, if any. See “*Tax Considerations—Certain U.S. Federal Income Tax Considerations*”.

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of the Notes.

We may not be able to obtain enough funds necessary to finance an offer to repurchase your Notes upon the occurrence of certain events constituting a “change of control” (as defined in the Indenture) as required by the Indenture.

The Indenture will contain provisions relating to certain events constituting a “change of control” of the relevant Issuer. Upon the occurrence of certain events constituting a change of control, the Issuer is required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest and additional amounts, if any, to the date of purchase. If a change of control were to occur, we cannot assure you that the Issuer would have sufficient funds available at such time to pay the purchase price of the outstanding Notes or that the restrictions in the Revolving Credit Facility and the Intercreditor Agreement or other then-existing contractual obligations of the Issuer would allow the Issuer to make such required repurchases. A change of control may result in an obligation to mandatorily prepay and cancel all or part of the Revolving Credit Facility, an event of default under, or acceleration of, the Revolving Credit Facility, and other indebtedness or trigger a similar obligation to offer to repurchase loans or notes thereunder. The repurchase of the Notes pursuant to such an offer could cause a default under such indebtedness, even if the change of control itself does not.

The Issuer's ability to pay cash to the holders of the Notes following the occurrence of a change of control may be limited by our then-existing financial resources. If an event constituting a "change of control" (as defined in the Indenture) occurs at a time when the Issuer is prohibited, under certain financing arrangements or otherwise, from repurchasing the Notes, we may seek the consent of the creditors under such indebtedness to the purchase of Notes or may attempt to refinance the borrowings that contain such prohibition. If we do not obtain such consent or repay such borrowings, the Issuer will remain prohibited from repurchasing any tendered Notes. In addition, we expect that we would require third party financing to make an offer to repurchase the Notes upon a change of control. We cannot assure you that we would be able to obtain such financing.

Any failure by the Issuer to offer to purchase the Notes would constitute a default under the Indenture, which would, in turn, constitute a default under the Revolving Credit Facility and certain other indebtedness. See "*Description of the Notes—Repurchase at the Option of Holders—Change of Control*".

The change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including reorganization, restructuring, merger or other similar transaction involving us that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership. Except as described under "*Description of the Notes—Repurchase at the Option of Holders—Change of Control*," the Indenture will not contain a provision that requires us to offer to repurchase or redeem the Notes in the event of a reorganization, restructuring, merger, recapitalization or similar transaction.

The definition of "change of control" contained in the Indenture includes (with certain exceptions) a disposition of all or substantially all of the assets of the Issuer and its restricted subsidiaries taken as whole to any person. Although there is a limited body of case law interpreting the phrase "all or substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Issuer and its restricted subsidiaries taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether the Issuer is required to make an offer to repurchase the Notes.

Transfers of the Notes are restricted, which may adversely affect the value of the Notes.

The Notes are being offered and sold pursuant to an exemption from registration under the U.S. Securities Act and applicable state securities laws of the United States. The Notes have not been and will not be registered under the U.S. Securities Act or any U.S. state securities laws. Therefore you may not transfer or sell the Notes in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws, or pursuant to an effective registration statement, and you may be required to bear the risk of your investment in the Notes for an indefinite period of time. The Notes and the Indenture governing the Notes contain provisions that restrict the Notes from being offered, sold or otherwise transferred except pursuant to the exemptions available pursuant to Rule 144A and Regulation S under the U.S. Securities Act, or other exemptions under the U.S. Securities Act. In addition, by acceptance of delivery of any Notes, the holder thereof agrees on its own behalf and on behalf of any investor accounts for which it has purchased the Notes that it shall not transfer the Notes in an aggregate principal amount of less than €100,000. Furthermore, we have not registered the Notes under any other country's securities laws. It is your obligation to ensure that your offers and sales of the Notes within the United States and other countries comply with applicable securities laws. See "*Transfer Restrictions*".

You may be unable to recover in civil proceedings for U.S. securities law violations.

The Issuer and each of the Guarantors and their respective subsidiaries are organized outside the United States, and our business is conducted entirely outside the United States. Almost all of the directors and executive officers of the Issuer and each of the Guarantors are non-residents of the United States. Although the Issuer and the Guarantors will submit to the jurisdiction of certain courts in New York in connection with any action under U.S. securities laws or under the Indenture, you may be unable to effect service of process within the United States on the directors and executive officers of the Issuer and the Guarantors. In addition, as substantially all of the assets of the Issuer and the Guarantors and their respective subsidiaries and those of their directors and executive officers are located outside of the United States, you may be unable to enforce judgments obtained in the U.S. courts against them. Moreover, in light of recent decisions of the U.S. Supreme Court, actions of the Issuer and the Guarantors may not be subject to the civil liability provisions of the federal securities laws of the United States. See "*Enforcement of Civil Liabilities*".

The Notes will initially be held in book-entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Notes will initially only be issued in global certificated form and held through Euroclear and Clearstream. Interests in the global notes will trade in book-entry form only, and Notes in definitive registered form, or definitive registered notes, will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book-entry interests will not be considered owners of the Notes. The nominee of the common depositary for Euroclear and Clearstream will be the sole registered holder of the global notes representing the Notes. Payments of principal, interest and other amounts owing on or in respect of the global notes representing the Notes will be made to Deutsche Bank AG, London Branch, as principal paying agent, which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to participants' accounts that hold book-entry interests in the global notes representing the Notes and credited by such participants to indirect participants. After payment to the common depositary for Euroclear and Clearstream, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest in the Notes, you must rely on the procedures of Euroclear and Clearstream, and if you are not a participant in Euroclear or Clearstream, Luxembourg, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of the Notes.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon our solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear or Clearstream, as applicable, or, if applicable, from a participant. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any matters or on a timely basis.

Similarly, upon the occurrence of an "event of default" under the Indenture, unless and until definitive registered Notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through Euroclear and Clearstream. We cannot assure you that the procedures to be implemented through Euroclear and Clearstream will be adequate to ensure the timely exercise of rights under the Notes. See "*Book-Entry, Delivery and Form*".

There may not be an active trading market for the Notes in which case your ability to sell the Notes will be limited.

We cannot assure you as to:

- the liquidity of any market in the Notes;
- your ability to sell your Notes; or
- the prices at which you would be able to sell your Notes.

Future trading prices of the Notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and the market for similar securities. Historically, the market for non-investment grade securities has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. The trading market for the Notes may attract different investors and this may affect the extent to which the Notes may trade. The liquidity of a trading market for the Notes may be adversely affected by a general decline in the market for similar securities and is subject to disruptions that may cause volatility in prices. It is possible that the market for the Notes will be subject to disruptions. Any such disruption may have a negative effect on you, as a holder of Notes, regardless of our prospects and financial performance. As a result, there may not be an active trading market for the Notes. If no active trading market develops, you may not be able to resell your Notes at a fair value, if at all.

In addition, the Indenture will allow us to issue additional notes in the future which could adversely impact the liquidity of the Notes.

The Notes may not become, or remain, listed on the Luxembourg Stock Exchange.

Although an application has been made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange within a reasonable period after the Issue Date, the Issuer cannot assure you that the Notes will become, or remain listed. If the Notes are listed on the Official List of the Luxembourg Stock Exchange and

admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange and the Issuer can no longer maintain such listing or if it becomes unduly burdensome to make or maintain such listing, the Issuer may cease to make or maintain such listing on the Official List of the Luxembourg Stock Exchange, provided, however, that it will use its commercially reasonable efforts to obtain and maintain the listing of the Notes on another “recognized stock exchange”, although there can be no assurance that the Issuer will be able to do so.

In addition, although no assurance is made as to the liquidity of the Notes as a result of listing the Notes on the Official List of the Luxembourg Stock Exchange or another recognized stock exchange in accordance with the Indenture, failure to obtain approval for the listing or the delisting of the Notes from the Official List of the Luxembourg Stock Exchange or another recognized stock exchange, as applicable, may have a material adverse effect on a holder’s ability to resell Notes in the secondary market.

Certain covenants may be suspended upon the occurrence of a change in our ratings.

The Indenture will provide that, if at any time following the date of the Indenture, the Notes receive a rating of “BBB—or better from S&P and “Baa3” or better from Moody’s and no default or event of default has occurred and is continuing, then beginning that day and continuing until such time that the Notes receive a rating of below “BBB—from S&P and below “Baa3” from Moody’s, certain covenants will cease to be applicable to the relevant Notes. See “*Description of the Notes—Certain Covenants Suspension of Covenants on Achievement of Investment Grade Status*”. If these covenants were to cease to be applicable, we would be able to incur additional indebtedness or make payments, including dividends or investments, which may conflict with the interests of holders of the Notes. There can be no assurance that the Notes will ever achieve an investment grade rating or that any such rating will be maintained.

The EU Savings Directive may give rise to withholding tax on payments made with respect to the Notes.

Under Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (the “**Savings Directive**”), Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

For a transitional period, Austria is instead required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments. The rate of such withholding tax equals 35%. The changes referred to below will broaden the types of payments subject to withholding in those Member States which still operate a withholding system when they are implemented. A number of non-EU countries and territories (including Switzerland) have adopted similar measures (a withholding system in the case of Switzerland).

On March 24, 2014, the Council of the European Union adopted an EU Council Directive, published on April 15, 2014 in the Official Journal of the European Union, amending and broadening the scope of the Savings Directive (the “**Amending Directive**”). In particular, the changes expand the range of payments covered by the Savings Directive to include certain additional types of income, and widen the range of recipients who are covered by the Savings Directive, to include certain other types of entities and legal arrangements. Member States are required to implement national legislation giving effect to these changes by January 1, 2016 (which national legislation must take effect from January 1, 2017).

On November 10, 2015, the Council of the European Union adopted a Council Directive (EU) 2015/2060 of November 10, 2015 repealing the Savings Directive from 1 January 2017 in the case of Austria and from January 1, 2016 in the case of all other EU Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The new regime under Council Directive 2011/16/EU (as amended) is in accordance with the Global Standard released by the Organization for Economic Co-operation and Development in July 2014. Council Directive 2011/16/EU (as amended) is generally broader in scope than the Savings Directive, although it does not impose withholding taxes.

The proposed financial transactions tax (FTT) may apply and impact dealings in the Notes.

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**Participating Member States**”). In December 2015, Estonia withdrew from the group of states willing to introduce the FTT.

The Commission’s Proposal has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission’s Proposal the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, “established” in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

In December 2015, a joint statement was issued by the Participating Member States (excluding Estonia), initially indicating an intention to make decisions on the remaining open issues by the end of June 2016. However, failing an agreement on such issues, the Participating Member States (excluding Estonia) indicated following the last ECOFIN meeting of 17 June 2016 that work and discussions would continue during the second half of 2016.

On 11 October 2016, the European Commissioner for Taxation, announced that the Participating Member States (excluding Estonia) had agreed on the “four important measures that will form the core engines of such a tax” and invited the European Commission to work alongside the technical group to prepare a draft legislation.

The FTT proposal remains subject to negotiation between the Participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

USE OF PROCEEDS

The gross proceeds from the sale of the Notes were €510 million. The estimated fees from the Offering were approximately €10.6 million.

The net proceeds from the issuance of the Notes will be applied on the Issue Date in connection with the Refinancing Transactions to refinance the Existing Notes by way of the Tender Offer and, with respect to the Existing Notes that are not offered in the Tender Offer, by way of satisfaction and discharge and subsequent redemption of any Existing Notes.

The following table illustrates the estimated sources and uses with respect to the Refinancing Transactions. Actual amounts will vary from estimated amounts depending on several factors, including differences from our estimates of fees and expenses, differences from our estimates of the costs of conducting the Tender Offer or satisfying and discharging and ultimately redeeming the Existing Notes and the ultimate timing thereof.

Sources of Funds	Amount (in € millions)	Uses of Funds	Amount (in € millions)
Notes offered hereby ⁽¹⁾	510.0	Refinance Existing Senior Secured Notes due 2019 ⁽²⁾	275.0
		Refinance Existing Senior Notes due 2018 ⁽²⁾	200.0
		Partial repayment of Revolving Credit Facility ⁽³⁾	17.0
		Accrued interest and redemption premium ⁽⁴⁾	10.7
		Estimated transaction fees and expenses and other payments ⁽⁵⁾ . . .	7.3
Total Sources	510.0	Total Uses	510.0

Notes:

- (1) Represents the gross proceeds from the Notes offered hereby. The proceeds from the issuance of the Notes will be applied on the Issue Date in connection with the Refinancing Transactions.
- (2) The Existing Notes will be refinanced in full using the proceeds of the Offering (i) by way of the Tender Offer and (ii) with respect to the Existing Notes that are not offered in the Tender Offer, by way of satisfaction and discharge and subsequent redemption pursuant to the indentures governing the Existing Notes.
- (3) Represents the repayment of €17.0 million of the outstanding drawings under the Revolving Credit Facility. As part of the Refinancing Transactions, we will repay €17.0 million of indebtedness under the Revolving Credit Facility. We have signed a commitment letter in respect of the New Revolving Facility which, subject to certain conditions precedent, will provide for a €65 million revolving credit facility. On or subsequent to the Issue Date, to the extent we enter into the New Revolving Credit Facility, we intend to refinance our current borrowings under the Revolving Credit Facility with the New Revolving Credit Facility.
- (4) The amount shown includes estimated accrued interest and redemption premium, which assumes that: (i) 30% of the aggregate outstanding principal amount of the Existing Notes will be repurchased pursuant to the Tender Offer at the tender price of 100.000% plus accrued and unpaid interest for the Existing Senior Secured Notes and at the tender price of 102.344% plus accrued and unpaid interest for the Existing Senior Notes and (ii) the remaining 70% of the aggregate outstanding principal amount of the Existing Notes will be satisfied and discharged and ultimately redeemed on or about December 2, 2016 at a redemption price of 102.344% plus accrued interest for the Existing Senior Notes and 100.000% plus accrued interest for the Existing Senior Secured Notes. The satisfied and discharged Existing Notes will be redeemed on or about December 2, 2016, 30 days after a notice of conditional redemption has been delivered under the Existing Notes. The Existing Notes will accrue interest until and on the date that they are redeemed. The Company and the Issuer will redeem the Existing Notes using funds received from the offering of the Notes. As of June 30, 2016, the outstanding principal amount of the Existing Senior Notes amounted to €200 million and the outstanding principal amount of the Existing Senior Secured Notes amounted to €275 million. Following the Refinancing Transactions, the Existing Notes will have been entirely redeemed and cancelled. See “*Capitalization*”.
- (5) Represents estimated fees and expenses associated with the Refinancing Transactions, including underwriting and professional fees and transaction costs.

On November 2, 2016, the Company and the Issuer launched a tender offer for the purchase of any and all of the Company’s Existing Senior Notes outstanding for and the Issuer’s Existing Senior Secured Notes outstanding for cash at a purchase price of 102.344% and 100.000%, respectively (the “**Tender Offer**”). The tender deadline under such Tender Offer expired on November 10, 2016 (the “**Expiration Date**”) and holders who participate in such Tender Offer prior to the Expiration Date received the tender

consideration on or about the Issue Date of the Notes offered hereby. Existing Notes not tendered prior to the Expiration Date were satisfied and discharged upon consummation of the Offering and redeemed in full on or about December 2, 2016, being 30 days after the Company's and the Issuer's delivery of a conditional notice of redemption on November 2, 2016. The Tender Offer was made pursuant to a separate tender offer memorandum (the "**Tender Offer Memorandum**") and not pursuant to this Listing Memorandum. On November 11, 2016, the Issuer announced the results of its cash tender offer for the Existing Senior Secured Notes and the Company announced the results of its cash tender offer for its Existing Senior Notes. The Issuer and the Company announced, respectively, that €43,650,000 in aggregate principal amount of the Existing Senior Secured Notes and €39,506,000 in aggregate principal amount of the Existing Senior Notes were validly tendered and not withdrawn prior to the Expiration Date and were accepted for repurchase. Following to the completion of the Tender Offer, the aggregate principal amount outstanding of the Existing Senior Secured Notes is €231,350,000 and of the Existing Senior Notes is €160,494,000.

CAPITALIZATION

The following table sets forth the cash and cash equivalents and consolidated capitalization of the Company as of June 30, 2016 on (i) a historical basis and (ii) an as adjusted basis to give effect to the Refinancing Transactions, as if such Refinancing Transactions had occurred on June 30, 2016.

This table should be read in conjunction with “*Use of Proceeds*,” “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*,” “*Description of Other Indebtedness*” and the consolidated financial statements and related notes thereto of the Company included elsewhere in this listing memorandum.

	As of June 30, 2016		As Adjusted for the Refinancing Transactions
	Actual	As Adjusted	
	(€ in millions)		
Cash and cash equivalents⁽¹⁾	34.7	—	34.7
Revolving Credit Facility ⁽²⁾	54.0	(17.0)	37.0
Existing Senior Secured Notes	275.0	(275.0)	—
Notes offered hereby ⁽³⁾	—	510.0	510.0
Other secured debt ⁽⁴⁾	13.7	—	13.7
Unamortized secured debt issuance costs ⁽⁵⁾	(4.1)	—	(4.1)
Total senior secured debt	338.6	218.0	556.6
Existing Senior Notes	200.0	(200.0)	—
Other unsecured debt	9.3	—	9.3
Put option on the Ukrainian non-controlling interest ⁽⁶⁾	14.5	—	14.5
Unamortized unsecured debt issuance costs ⁽⁵⁾	(2.5)	—	(2.5)
Total financial liabilities	559.9	18.0	577.9
Equity ⁽⁷⁾	107.1	—	107.1
Total capitalization	667.0	18.0	685.0

Notes:

- (1) Cash and cash equivalents excludes financial assets held by the Group. Neither the actual nor the adjusted amounts reflects any cash or cash equivalents that the Group has generated or used since June 30, 2016, except as otherwise indicated herein.
- (2) As part of the Refinancing Transactions, we will repay €17.0 million of indebtedness under the Revolving Credit Facility. We have signed a commitment letter in respect of the New Revolving Credit Facility which, subject to certain conditions precedent, will provide for a €65 million revolving credit facility. Subsequent to the Issue Date, to the extent we enter into the New Revolving Credit Facility, we intend to refinance our current borrowings under the Revolving Credit Facility with the New Revolving Credit Facility.
- (3) The Notes offered hereby have been reflected in the table at their aggregate principal amount.
- (4) Other secured debt includes capital leases and other debt secured by liens.
- (5) Assumes no net effect of the estimated debt issuance costs relating to the Refinancing Transactions and the write-off of the unamortized debt issuance costs relating to the refinancing of the Existing Notes.
- (6) The put option on the non-controlling interest in Guala Closures Ukraine LLC which relates to recognition of these investors’ right to exercise a put option if certain conditions are met. See note 19 to the Company’s consolidated financial statements as of and for the year ended December 31, 2015 and Note 21 to our condensed consolidated interim financial statements as of and for the six months ended June 30, 2016 included elsewhere in this Listing Memorandum.
- (7) Assumes no net effect on equity of the Refinancing Transactions.

SELECTED HISTORICAL FINANCIAL INFORMATION AND OTHER DATA

The selected consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows data for the Company set forth below as of and for the years ended December 31, 2013, 2014 and 2015 were derived from the audited consolidated financial statements and the notes thereto of the Company, prepared in accordance with IFRS, as adopted by the E.U., and included elsewhere in this Listing Memorandum. The consolidated financial statements including the notes thereto of the Company have been audited by the Independent Auditors for the years ended December 31, 2013, 2014 and 2015 as set forth in their auditors' opinions included elsewhere in this Listing Memorandum. The selected consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows data for the Company set forth below as of and for the six months ended June 30, 2015 and 2016 were derived from the unaudited condensed consolidated interim financial statements and the notes thereto of the Company, prepared in accordance with IAS 34.

The following information should be read in conjunction with the information contained in "Capitalization," "Use of Proceeds", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and the notes thereto for the Parent Guarantor included elsewhere in this Listing Memorandum.

Consolidated Statement of Comprehensive Income Data:

	For the year ended December 31,			For the six months ended June 30,	
	2013	2014	2015	2015	2016
	(€ in thousands)				
Net revenue	494,276	487,794	520,533	247,825	235,385
Change in inventories of finished goods and semi-finished products	3,902	1,023	3,066	10,011	11,106
Other operating income	13,161	9,974	9,703	5,114	4,317
Cost for raw materials	(213,203)	(219,182)	(233,336)	(116,749)	(108,711)
Costs for services	(94,673)	(86,152)	(91,083)	(45,724)	(43,437)
Personnel expense	(92,154)	(90,719)	(94,036)	(46,776)	(47,488)
Other operating costs	(10,263)	(12,295)	(11,577)	(4,876)	(5,027)
Amortization, depreciation and impairment losses	(39,309)	(39,396)	(37,583)	(18,921)	(15,147)
Operating profit	61,739	51,046	65,686	29,903	30,998
Financial income	4,227	7,756	11,100	5,556	3,897
Financial expense	(60,783)	(53,812)	(59,744)	(25,916)	(26,284)
Profit (loss) before taxation	5,183	4,990	17,042	9,544	8,611
Income taxes	(16,809)	(22,441)	(21,745)	(9,981)	(7,661)
Profit (loss) for the year	(11,626)	(17,452)	(4,703)	(436)	951
Attributable to:					
Owners of the Parent	(18,303)	(24,607)	(12,100)	(4,190)	(2,962)
Non-controlling interests	6,676	7,156	7,397	3,754	3,913

Consolidated Statement of Cash Flows Data:

	For the year ended December 31,			For the six months ended June 30,	
	2013	2014	2015	2015	2016
	(€ in thousands)				
Cash flows generated by operating activities	68,364	61,138	86,053	19,619	12,492
Cash flows used in investing activities	(33,474)	(33,490)	(22,626)	(13,175)	(16,588)
Cash flows generated by/(used in) financing activities	(50,248)	(33,653)	(34,296)	(13,789)	(22,812)
Net cash flows for the year	(15,358)	(6,005)	29,132	(7,345)	(26,908)

Consolidated Statement of Financial Position Data:

	As of December 31,			As of June 30,	
	2013	2014	2015	2015	2016
	(€ in thousands)				
Total current assets	219,771	205,186	227,652	228,623	227,528
Total non-current assets	612,243	598,471	571,828	589,898	567,448
Total assets	832,014	803,657	799,480	818,520	794,976
Total current liabilities	115,162	109,804	115,659	121,613	119,762
Total non-current liabilities	541,118	557,784	568,778	566,519	568,128
Total liabilities	656,280	667,588	684,438	688,132	687,890
Total equity	175,734	136,069	115,043	130,388	107,086
Total liabilities and equity	832,014	803,657	799,480	818,520	794,976

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of the Group's results of operations and financial condition based on the Company's audited consolidated financial statements as of and for the years ended December 31, 2013, 2014, and 2015, and the unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2015 and 2016, in each case prepared in accordance with IFRS.

You should read this section together with the Company's audited consolidated financial statements as of and for the years ended December 31, 2013, 2014 and 2015 and the unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2015 and 2016, including the notes thereto, as well as the other financial information contained elsewhere in this Listing Memorandum. See "Presentation of financial information" for an explanation of the financial information included in this "Management's Discussion and Analysis of Financial Condition and Results of Operations." A summary of the critical accounting policies that have been applied to these financial statements is set out below under the caption "—Critical accounting policies."

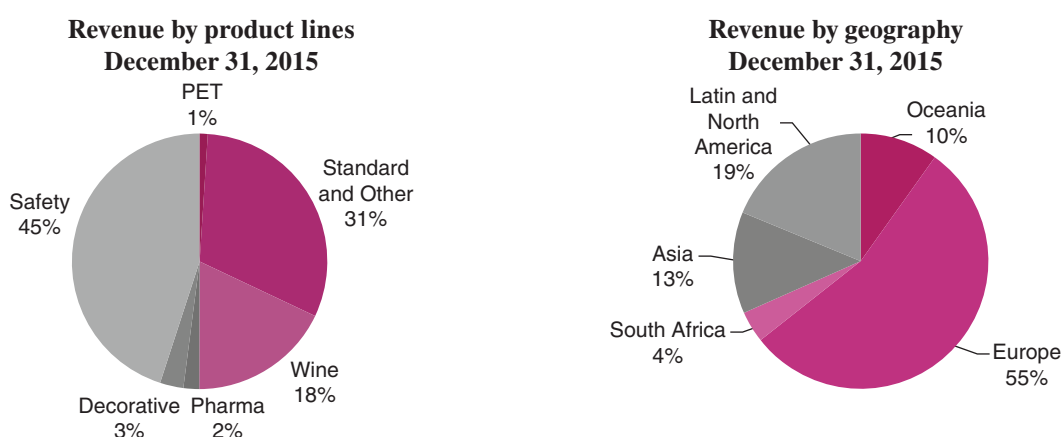
The following discussion contains forward looking statements based on assumptions about our future performance. Those statements are subject to risks, uncertainties and other factors that could cause our future results of operations or cash flows to differ materially from those expressed or implied in such forward looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and elsewhere in this Listing Memorandum, particularly under "Risk Factors" and "Forward looking statements."

Overview

We believe that we are the world's leading producer of high value added closures for spirits, with a strong presence in the emerging markets. Through ongoing development and technological innovation, we believe that we are the top producer of non-refillable safety closures for the spirits industry with at least a 60% market share by volume of units sold worldwide, the leading producer of aluminum screwcaps for wine closures with at least a 35% market share by volume of units sold and Europe's largest producer of standard aluminum closures for wine, spirits and olive oil, in each case in 2015. In aggregate, we operated from 26 plants and five research centers across five continents and sold approximately 14 billion closures in 100 countries in 2015.

Our product lines include: Safety, Wine, Decorative, Standard Closures and Others, Pharma and PET.

We serve a number of end markets and geographies. The following charts illustrate the breakdown of our revenue for the year ended December 31, 2015 by product line and by geography, based on the location from which the product is sold by us.



We believe that our global footprint and state of the art facilities, blue-chip customer base, technology and innovation and effective cost control provide us with a competitive advantage over other closures producers and create high barriers to entry in the markets in which we sell our products. Our position is further consolidated by our extensive patent portfolio, with over 80 patents for the design and manufacture of closures (as of the end of 2015), and continuous product innovation (over 20 new products have been launched over the last three years).

By geography, we are the leading producer of safety closures in a number of emerging markets including Ukraine, India, Brazil, Colombia and Mexico, as well as the leading manufacturer of aluminum screwcaps for wine produced in Argentina, Australia, Poland, New Zealand and in South Africa to serve the European market. Safety closures are primarily used in emerging markets where there is a high risk of counterfeiting of alcohol. Going forward, we believe we are well positioned to continue to maintain leading positions and benefit from the growth expected in most of these regions.

Our customer portfolio includes blue-chip major international and regional brands with whom we have built long-term relationships and have developed customized processes. We supply the top 10 premium spirits brands worldwide, including Smirnoff, Johnnie Walker, Bacardi, Jack Daniel's and Absolut. The breadth and diversity of our customer base results in no brand accounting for more than 3% of our net revenue during the last three years.

Alternative Performance Indicators

Some of the measures used in in the following section of the Listing Memorandum “—*Result of Operations*” (i.e. EBITDA, Adjusted EBITDA and Pro Forma Contractual Obligations) are not measurements of financial performance under IFRS, but have been prepared on the basis of IFRS amounts, and should not be considered as an alternative to cash flow from operating activities as a measure of liquidity or as an alternative to recurring profit from operations, income from operations or net income as indicators of our operating performance or any other measures of performance derived in accordance with IFRS.

EBITDA, Adjusted EBITDA and similar measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. You should exercise caution in comparing EBITDA and Adjusted EBITDA as reported by us to EBITDA and Adjusted EBITDA of other companies.

We believe that EBITDA is a useful indicator of our ability to incur and service our indebtedness and can assist certain investors, security analysts and other interested parties in evaluating us. We believe that Adjusted EBITDA is a relevant measure for assessing our performance because it is adjusted for certain items which, we believe, are not indicative of our underlying operating performance and thus aid in an understanding of EBITDA.

We define EBITDA as earnings before interest, tax, depreciation, amortization and impairment losses as shown on our consolidated statement of comprehensive income. The most directly reconcilable line item is the Operating Profit plus amortization, depreciation and impairment losses. In evaluating EBITDA, you should be aware that, as analytical tools, EBITDA is subject to certain limitations. See “*Presentation of financial and other information—Other financial measures*”. The following is a reconciliation of profit/loss to EBITDA for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,		For the 12 months ended June 30,
	2013	2014	2015	2015	2016	2016
	(€ in thousands, except ratios)					
Profit (loss)	(11,626)	(17,452)	(4,703)	(436)	951	(3,316)
Income taxes	16,809	22,441	21,745	9,981	7,661	19,425
Financial expense	60,783	53,812	59,744	25,916	26,284	60,112
Financial Income	(4,227)	(7,756)	(11,100)	(5,556)	(3,897)	(9,441)
Amortization, depreciation and impairment losses	39,309	39,396	37,583	18,921	15,147	33,809
EBITDA	<u>101,048</u>	<u>90,442</u>	<u>103,269</u>	<u>48,824</u>	<u>46,145</u>	<u>100,590</u>

Adjusted EBITDA refers to EBITDA as adjusted to remove the effects of certain exceptional items described in the table below that we do not consider to be indicative of our ongoing operating performance. The most directly reconcilable line item is the Operating Profit plus amortization, depreciation and impairment losses and M&A cost and rationalization cost (both not defined by IFRS) that are usually included in the line Costs for service, Personnel expenses and Other operating expenses. The following table shows the adjustments and estimates we have made to arrive at Adjusted EBITDA:

	For the year ended December 31,			For the six months ended June 30,		For the 12 months ended June 30,
	2013	2014	2015	2015	2016	2016
	(€ in thousands, except ratios)					
Profit (loss)	(11,626)	(17,452)	(4,703)	(436)	951	(3,316)
Income taxes	16,809	22,441	21,745	9,981	7,661	19,425
Financial expense	60,783	53,812	59,744	25,916	26,284	60,112
Financial Income	(4,227)	(7,756)	(11,100)	(5,556)	(3,897)	(9,441)
Amortization, depreciation and impairment losses	39,309	39,396	37,583	18,921	15,147	33,809
EBITDA	<u>101,048</u>	<u>90,442</u>	<u>103,269</u>	<u>48,824</u>	<u>46,145</u>	<u>100,590</u>
M&A costs	276	195	72	—	—	72
Rationalization costs	545	4,892	2,580	441	262	2,400
Other	146	224	482	128	—	354
Adjusted EBITDA	<u>102,015</u>	<u>95,754</u>	<u>106,404</u>	<u>49,394</u>	<u>46,406</u>	<u>103,416</u>

M&A costs are Merger and Acquisition activity-related costs (professional and consulting fees, administrative costs, etc.) incurred by the Group in connection with either successful or unsuccessful acquisitions while Rationalization costs relates to non-recurring activities carried out to streamline and optimize the Group's production facilities.

Pro Forma Contractual Obligations summarizes the material contractual obligations and commitments as of December 31, 2015, after giving pro forma effect to the Refinancing Transactions, including the issuance of the Notes in the Offering. Such obligations and commitments are presented as expected cash payments due by year on a nominal basis.

The pro forma financial information has been prepared for illustrative purposes only and does not represent what our actual net financial debt would have been had the issuance of the Notes and the application of the net proceeds thereof occurred on June 30, 2016; nor does it purport to project our net financial debt or net financial expenses at any future date. The pro forma financial information has not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act, the Prospectus Directive or any generally accepted accounting standards. Neither the assumptions underlying the pro forma adjustments nor the resulting pro forma financial information have been audited or reviewed in accordance with any generally accepted auditing standards.

Principal factors affecting our results of operations

Fluctuations in currency exchange rates

Our group operations are worldwide and we have significant non-euro denominated assets, liabilities, revenue and costs. For the year ended December 31, 2015, we derived 11.6%, 9.9%, 8.8% and 7.1% of our net revenue from sales in Indian rupees, U.S. dollars, Pounds Sterling and Australian dollars, respectively. We also have exposure to other currencies such as the Ukrainian hryvnia, Polish zloty, Brazilian real, Mexican peso, Colombian peso, Argentine peso, South African rand and New Zealand dollar. Certain of these currencies have experienced considerable volatility against the euro in recent years which has affected our results of operations.

By way of example to illustrate and quantify the impact of currency exchange rates on our results of operations that was significant over the periods under review, if we applied the average exchange rates of the currencies relevant to our business for the year ended December 31, 2013 to our net revenues and Adjusted EBITDA for the years ended December 31, 2014 and 2015, our net revenues would have been €524.2 million (as compared to €487.8 million as reported) and €581.3 million (as compared to €520.5 million as reported) and our Adjusted EBITDA would have been €106.8 million (as compared to €95.8 million as reported) and €128.7 million (as compared to €106.4 million as reported) and our operating profit would have been €60.1 million (as compared to €51.0 million as reported) and €84.7 million (as

compared to €65.7 million as reported), respectively. Applying the foregoing net revenues and Adjusted EBITDA on a constant currency basis normalized to the year ended December 31, 2013, the CAGR of our net revenues and Adjusted EBITDA would have been 8.4% and 12.3% from 2013 to 2015, respectively, as compared to 2.6% and 1.9% as reported. The foregoing impact on our results of operations is mainly due to the translation effect of non-euro revenues generated during the periods and the appreciation of the euro, particularly against emerging market currencies such as the Ukrainian hryvnia and Brazilian real. See “*Presentation of Financial Information—Other financial measures*”.

Transaction risk. Our exchange rate transaction risks principally relate to purchases of raw materials such as plastic resin and aluminum which have underlying global commodity price indexes denominated in U.S. dollars and are used to varying degrees in the production of all of our products. Our other fixed costs, such as energy, personnel and services related to production are typically denominated in the currency of the relevant production site (e.g. euro for Italy, zloty for Poland, Brazilian real for Brazil, etc.). Additionally, our customer contracts are typically payable in the currency of the country where the contract is signed, even if the customer may sell spirits or wine for a worldwide consumer base. By locating production in many countries where our customers are based, we seek to match our operating costs with operating revenue in each of the major currencies in which we operate. To the extent that we have incurred expenses that are not denominated in the same currency as related revenue, exchange rate fluctuations have in some cases caused our expenses to increase or decrease as a percentage of total revenue. We also utilize derivatives to manage movement in aluminum commodity prices. See “—*Costs for raw materials*”.

Translation risk. Our currency translation risk is primarily related to the recognition of revenue generated by subsidiaries during our period-end consolidation and reporting. To prepare the consolidated financial statements of the Group, we translate assets, liabilities, total revenue and expenses into euro at applicable exchange rates. To determine the applicable exchange rate, we use the average annual exchange rate for statement of comprehensive income items for the year in which we are reporting and the spot year-end exchange rate for balance sheet items. See note 2(d) to the Group’s consolidated financial statements as of and for the year ended December 31, 2015, as well as the other financial information contained elsewhere in this Listing Memorandum and “—*Critical accounting policies*” below. Both revenue and expenses that are denominated in foreign currency are converted into euro at the spot rates of the days on which they are recorded. In order to assist management to identify trends and compare performance across regions and business units, we report revenues and Adjusted EBITDA on a “constant currency” basis which is prepared translating the results of a given year in a particular local currency applying the average exchange rate of the local currency in the previous year.

Costs for raw materials

€213.2 million of our costs in 2013, €219.2 million of our costs in 2014, €233.3 million of our costs in 2015, and €108.7 million of our costs in the first six months of 2016 were related to raw materials. Raw materials accounted for 43.1% of our net revenue in 2013, 44.9% of our net revenue in 2014, 44.8% of our net revenue in 2015 and 46.2% of our net revenue in the first six months of 2016.

The principal raw materials used in our manufacturing processes are plastic resins and aluminum, which accounted for €34.4 million and €45.9 million, or approximately 32% and 42%, respectively, of the cost of all raw materials purchased in the first six months of 2016; €76.1 million and €100.8 million, or approximately 33% and 43%, respectively, of the cost of all raw materials purchased in 2015; €76.6 million and €89.4 million, or approximately 35% and 41% of the cost of all raw materials purchased in 2014; and approximately €72.8 million and €87.4 million, or approximately 34% and 41%, respectively, of the cost of all raw materials purchased in 2013.

Raw materials prices can fluctuate substantially over relatively short periods of time. Plastic resins are subject to substantial price fluctuations resulting from shortages in supply and changes in the prices of natural gas, crude oil and other petrochemical products from which resins are produced as well as other factors. Aluminum prices generally exhibit less fluctuation than plastic resins. The price of aluminum has trended downward in recent years due to supply-side factors, namely overcapacity among aluminum smelters since the weak global economic environment reduced industrial output in China. Aluminum prices on the demand-side are driven by end users from the construction, transportation (mainly automotive) and consumer (largely packaging) industries. During the period 2013-2015, commodity prices for the two main raw materials relevant to our business were higher in 2013 and 2014 and declined during the first half of 2016.

As we do not typically enter into long-term committed contracts with customers, our contractual arrangements with customers do not contain pass-through mechanisms that would allow or require us to make periodic adjustments in prices to account for commodity price fluctuations. As a result of the foregoing dynamics, generally, any increase in the prices of our raw materials has a direct impact on our production costs and operating margins unless we are able to raise prices. In 2014, the average prices of plastic resins increased by 0.7% and aluminum prices increased by 0.5%. In 2015, the average prices of plastic resins decreased by 0.4% and the price of aluminum increased 10%. In the first six months of 2016, the average prices of plastic resins and aluminum decreased by 1% and 14%, respectively, compared to the same period in the previous year. These increases and decreases contributed to corresponding changes in our total costs. We manage this exposure vis-à-vis customers through proactive renegotiation of prices with customers when raw material prices put pressure on our margins and rely on our long track record of delivering innovative new products and extracting efficiencies through reduction of raw material use to maintain, and even modestly raise, prices during low-commodity periods.

We also employ commodity derivatives for aluminum to hedge a certain portion of purchases. Approximately 47.5% and 52% of our total aluminum costs in 2015 and in the first six months of 2016, respectively, were related to purchases of aluminum ingots on the London Metal Exchange, through forward contracts and spot transactions, while the remaining aluminum costs consist primarily of costs incurred in conversion and processing which are typically contractually fixed for a short period of time. As we typically purchase aluminum based on contracts that set prices by reference to the aluminum quotations on the London Metal Exchange in U.S. dollars, which are converted into euro at the average exchange rate at the month of purchase, we seek to reduce our exposure to the risks associated with aluminum price fluctuations by entering into forward contracts with brokers operating on the London Metal Exchange, whereby we purchase aluminum at a fixed price to protect our operating margins from price volatility. In a low-commodity price environment such as the first half of 2016, we generally reduce the level of hedging if management believes that there are favorable commodity price trends which may generate production cost savings. Alternatively, we may increase the nominal amount of purchases of aluminum that we hedge during periods of rising commodity prices. Our forward hedging transactions covered approximately 31% of our estimated 2015 aluminum needs. See “*Risk Factors—Risks related to our Business—Our business is subject to fluctuations in the price and availability of raw materials*” and “*Business—Raw materials and suppliers*”.

Other methods of commodity risk mitigation include the careful selection of our suppliers, in particular for plastics, where we seek out suppliers that match our pricing, quality and reliability of supply criteria. We have not experienced any significant difficulties over the past few years in obtaining sufficient quantities of the raw materials required for our production. We also continually seek to implement innovative product and process solutions aimed at reducing consumption of raw materials.

The overall level of, and the interest rates payable on, our indebtedness

As of December 31, 2015, the Company and its consolidated subsidiaries had a consolidated net financial indebtedness of €491.9 million outstanding gross of unamortized transaction costs but net of financial assets and cash and cash equivalent and excluding the liability owed to Ukrainian non-controlling investors which relates to a recognition of these investors’ right to exercise a put option if certain conditions are met as further described under “*—Contractual Obligations—Ukrainian put option*”. As of June 30, 2016, the Company and its consolidated subsidiaries had a consolidated net financial indebtedness of €516.7 million outstanding gross of unamortized transaction costs but net of financial assets and cash and cash equivalent and excluding the aforementioned liability owed to Ukrainian non-controlling investors. For information relating to the interest rates payable on the Group’s financial indebtedness, see note 17 to the Company’s consolidated financial statements as of and for the year ended December 31, 2015.

Our net interest expense was €41.4 million in 2013, €42.5 million in 2014, € 41.0 million in 2015 and €18.7 million in the first six months of 2016.

General economic conditions and our responses to such conditions

As a consequence of the global financial crisis that commenced in 2007-2008, many countries experienced an economic slowdown, which included a general contraction in consumer spending resulting from, among other factors, reduced consumer confidence, falling gross domestic product, rising unemployment rates and uncertainty in the macroeconomic environment. Generally the impact was more

pronounced in developed countries, in particular in Western Europe during the 2009 to 2011 period. During such time, management took concerted action during the global financial crisis, including headcount reductions and temporary plant shutdowns in Italy and Mexico and plant closings in Spain and Mexico, to implement cost reduction measures and improve cash flow management in response to difficult conditions in Italy and Spain, and in the U.S. which was the main export market for Mexican spirits production. European and other developed markets have shown slow recovery in recent years while emerging markets have experienced strong growth as further discussed under “—*Favorable regulatory and market dynamics in the spirits and wine industries*”, though in certain countries such as Brazil economic volatility has increased in recent years due to, among other factors, depressed oil and other commodity prices that had previously underpinned economic expansion. Accordingly, during the last five years, the general economic conditions in a number of our key markets have been characterized by sluggish growth, high unemployment rates and reduced consumer confidence, and management has continued to focus on cost reduction measures and cash flow management.

Favorable market and regulatory dynamics in the spirits and wine industry promoting closures

Emerging markets have generally performed well in our industry during the periods under review as penetration of safety closures has increased in tandem with the trend of “premiumization” of local spirits brands, the acquisition of leading local brands by global players seeking new and growing markets and generally the growth in purchasing power among consumers as brands then seek to protect their brand and product integrity with safety closures and position themselves with more decorative packaging. Additionally, “New World” wine producing regions have favored the conversion of cork to aluminum screwcap closures for wine, and such wines have gained popularity in various regions of the world; due to the distances involved for shipping such wine to markets in Europe, Asia and North America, we believe that aluminum screwcaps will continue to be the closure method of choice. Our results of operations over the period under review have benefited from these structural tailwinds. Additionally, the preoccupation by consumers and beverage producers with counterfeiting and the need to protect consumer health and brand integrity has combined with regulatory scrutiny in certain countries such as India where the first draft food safety standards for alcoholic beverages were proposed by the Food Safety and Standards Authority of India are a sign that local and international brands operating in emerging markets are becoming incentivized to invest in the integrity and protection of their products.

Acquisitions affecting our results of operations

During the 2011 to 2012 time period, we completed a number of significant acquisitions of assets and companies through which we increased the size of our operations and which enabled us to expand into new geographical markets and into new product markets. The key acquisitions during the 2011 to 2012 period include DGS, our aluminum closures business in Poland, and the acquisition of MCG in South Africa, which produces metal closures for the spirits, wine and drink market in South Africa underpinned our growth over the period under review. In general, significant acquisitions impact the comparability of our results of operations from period to period. Following an acquisition, we may be required to, or may elect to, make significant investments in the acquired assets or companies.

Results of Operations

The following tables set out our consolidated results of operations for the years ended December 31, 2013, 2014 and 2015, respectively, and for the six months ended June 30, 2015 and 2016, respectively, which have been derived from the audited consolidated financial statements included herein, and from the unaudited condensed consolidated interim statements included herein.

Consolidated Results of Operations

	Year ended December 31,		
	2013	2014	2015
	(€ in thousands)		
Statement of comprehensive income data:			
Net revenue	494,276	487,794	520,533
Change in inventories of finished goods and semi-finished products	3,902	1,023	3,066
Other operating income	13,161	9,974	9,703
Cost for raw materials	(213,203)	(219,182)	(233,336)
Cost for services	(94,673)	(86,152)	(91,083)
Personnel expenses	(92,154)	(90,719)	(94,036)
Other operating expenses	(10,263)	(12,295)	(11,577)
Amortization, depreciation and impairment losses	(39,309)	(39,396)	(37,583)
Operating profit	61,739	51,046	65,686
Financial income	4,227	7,756	11,100
Financial expense	(60,783)	(53,812)	(59,744)
Profit before taxation	5,183	4,990	17,042
Income taxes	(16,809)	(22,441)	(21,745)
Profit (loss) for the year	(11,626)	(17,452)	(4,703)
Attributable to:			
Owners of the Parent	(18,303)	(24,607)	(12,100)
Non-controlling interests	6,676	7,156	7,397
	Six months ended June 30,		
	2015	2016	
	(€ in thousands)		
Statement of comprehensive income data:			
Net revenue	247,825	235,385	
Change in inventories of finished goods and semi-finished products	10,011	11,106	
Other operating income	5,114	4,317	
Cost for raw materials	(116,749)	(108,711)	
Cost for services	(45,724)	(43,437)	
Personnel expenses	(46,776)	(47,488)	
Other operating expenses	(4,876)	(5,027)	
Amortization, depreciation and impairment losses	(18,921)	(15,147)	
Operating profit	29,903	30,998	
Financial income	5,556	3,897	
Financial expense	(25,916)	(26,284)	
Profit before taxation	9,544	8,611	
Income taxes	(9,981)	(7,661)	
Profit (loss) for the year	(436)	951	
Attributable to:			
Owners of the Parent	(4,190)	(2,962)	
Non-controlling interests	3,754	3,913	

The tables below set out the product line distribution of our closures division revenue for the years ended December 31, 2013, 2014 and 2015.

	Year ended December 31,		
	2013	2014	2015
	(€ in thousands)		
Safety	216,114	215,422	233,119
Wine	87,375	87,929	95,879
Decorative	12,937	12,214	15,645
Standard closures and other	166,259	160,154	164,405
Pharma	8,318	8,721	8,319
Total Closures division	<u>491,002</u>	<u>484,440</u>	<u>517,368</u>

The tables below illustrate the geographic distribution of net revenue for the years ended December 31, 2013, 2014 and 2015, and for the six months ended June 30, 2015 and 2016, based on the geographical location from which the product is sold by us:

	Year ended December 31,		
	2013	2014	2015
	(€ in thousands)		
Europe	276,696	276,962	284,430
Asia	58,881	66,844	70,356
Latin and North America	84,247	77,714	96,589
Oceania	55,820	48,980	49,871
Africa	18,632	17,295	19,286
Net revenue	<u>494,276</u>	<u>487,794</u>	<u>520,533</u>

	Six months ended June 30,	
	2015	2016
	(€ in thousands)	
Europe	137,326	131,195
Asia	34,231	36,183
Latin and North America	43,627	39,289
Oceania	23,041	22,197
Africa	9,601	6,522
Net revenue	<u>247,825</u>	<u>235,385</u>

Results of Operations for the period ended June 30, 2016 compared with the Results of Operations for the period ended June 30, 2015

Net revenue

Net revenue decreased by €12.4 million, or 5.0%, from €247.8 million in the first six months of 2015 to €235.4 million in the first six months of 2016. The decrease was due to the significant translation impact (€24.0 million) of the appreciation of the euro against the main currencies of the markets in which we operate. The decrease was partly offset by the impact of higher sales volumes (€11.1 million) and, to a lesser extent, increases in selling prices (€0.5 million), in Argentina, India, Mexico, Poland and Ukraine due to the further penetration of safety closures and the continuing changeover from cork to aluminum closures for wine bottles. On a constant currency basis, net revenue increased by €11.6 million, or 4.7%, in the first six months of 2016 as compared to the prior period.

Closures division

The Closures division's net revenue decreased by €12.1 million, or 4.9%, from €246.0 million in the first six months of 2015 to €233.9 million in the first six months of 2016. As a percentage of net revenue, the Closure division's net revenue was almost stable at 99.4% in the first six months of 2016 as compared to the prior period. The decrease was due to significant translation impact (€24.0 million) of the appreciation of the euro. On a constant currency basis, net revenue increased by €12.0 million, or 4.9%, in the first six months of 2016 as compared to the prior period.

PET

PET's net revenue decreased from €1.8 million in the first six months of 2015 to €1.4 million in the first six months of 2016. As a percentage of net revenue, the PET products' net revenue was almost stable at 0.6% in the first six months of 2016 as compared to the prior period. The PET products' net revenue is generated solely by our PET business in Spain.

Net revenue by geographic area

Net revenue from operations in Europe decreased by €6.1 million, or 4.5%, from €137.3 million in the first six months of 2015 to €131.2 million in the first six months of 2016. As a percentage of net revenue, Europe represented 55.7% in the first six months of 2016 as compared to 55.4% in the prior period. The decrease was due to significant translation impact (€7.1 million) of the appreciation of the euro against the Ukrainian hryvnia, Polish zloty and UK pound sterling. On a constant currency basis, net revenue increased by €0.9 million, or 0.7%, in the first six months of 2016 as compared to the prior period. For the year ended December 31, 2015 we generated net revenues of €59.4 million and €43.7 million in Poland and Ukraine, respectively.

Net revenue from operations in Asia increased by €2.0 million, or 5.7%, from €34.2 million in the first six months of 2015 to €36.2 million in the first six months of 2016. As a percentage of net revenue, Asia represented 15.4% in the first six months of 2016 as compared to 13.8% in the prior period. The increase was driven by India's closure volumes despite the negative translation impact (€2.4 million) of the appreciation of the euro against principally the Indian rupee. On a constant currency basis, net revenue increased by €4.4 million, or 12.8%, in the first six months of 2016 as compared to the prior period. For the year ended December 31, 2015, we generated net revenues of €62.9 million in India where the Group is the leading producer of closures.

Net revenue from operations in Latin and North America decreased by €4.3 million, or 9.9%, from €43.6 million in the first six months of 2015 to €39.3 million in the first six months of 2016. As a percentage of net revenue, Latin and North America represented 16.7% in the first six months of 2016 as compared to 17.6% in the prior period. The decrease was due to the significant translation impact (€11.0 million) of the appreciation of the euro against the Mexican peso, Argentine peso stemming from its devaluation, Colombian peso and the Brazilian real. On a constant currency basis, net revenue increased by €6.6 million, or 15.2%, in the first six months of 2016 as compared to the prior period. For the year ended December 31, 2015, we generated net revenues of €38.9 million in Mexico, €23.5 million in Argentina, €14.4 million in Colombia and €12.9 million in Brazil. The Group is the leading producer of closures in each of those jurisdictions.

Net revenue from operations in Oceania decreased by €0.8 million, or 3.7%, from €23.0 million in the first six months of 2015 to €22.2 million in the first six months of 2016. As a percentage of net revenue, Oceania represented 9.4% in the first six months of 2016 as compared to 9.3% in the prior period. The decrease was due to the significant translation impact (€1.7 million) of the appreciation of the euro. On a constant currency basis, net revenue increased by €0.8 million, or 3.5%, in the first six months of 2016 as compared to the prior period.

Net revenue from operations in Africa decreased by €3.1 million, or 32.1%, from €9.6 million in the first six months of 2015 to €6.5 million in the first six months of 2016. As a percentage of net revenue, Africa represented 2.8% in the first six months of 2016 as compared to 3.9% in the prior period. The decrease was partly due to the significant translation impact (€1.9 million) of the appreciation of the euro against the South African rand. On a constant currency basis, net revenue decreased by €1.2 million, or 12.1%, in the first six months of 2016 as compared to the prior period. For the year ended December 31, 2015, we generated net revenues of €19.3 million in South Africa.

Change in inventories of finished goods and semi-finished products

Change in inventories of finished goods and semi-finished products increased by €1.1 million from €10.0 million in the first six months of 2015 to €11.1 million in the first six months of 2016.

Other operating income

Other operating income decreased by €0.8 million from €5.1 million in the first six months of 2015, or 2.1% of net revenue, to €4.3 million in the first six months of 2016, or 1.8% of net revenue. Other operating income is mainly comprised of capitalized development expenditure, extraordinary maintenance and capitalization for assets internal production.

Costs for raw materials

The following table sets out our costs for raw materials for the periods indicated.

	For the six months ended June 30,	
	2015	2016
	(€ in thousands)	
Raw materials and supplies	114,523	103,484
Consumables and maintenance	5,146	5,540
Packaging	4,651	4,547
Fuels	231	197
Other purchases	1,112	1,170
Change in inventories	(8,915)	(6,227)
Total	116,749	108,711

Costs for raw materials decreased by €8.0 million, or 6.9%, from €116.7 million in the first six months of 2015 to €108.7 million in the first six months of 2016. As a percentage of net revenue, costs for raw materials decreased to 46.2% in the first six months of 2016 as compared to 47.1% in the prior period. In the first six months of 2016, the average prices for plastic resin and aluminum decreased by 1% and 14%, respectively. We reduced the amount of aluminum purchases for which we entered into forward contracts allowing us to take advantage of the upside from low commodity prices.

Costs for services

Costs for services decreased by €2.3 million, or 5.0%, from €45.7 million in the first six months of 2015 to €43.4 million in the first six months of 2016. As a percentage of net revenue, costs for services were stable at 18.5% in the first six months of 2016 as compared to the prior period.

Personnel expense

Personnel expense increased by €0.7 million, or 1.5%, from €46.8 million in the first six months of 2015 to €47.5 million in the first six months of 2016. As a percentage of net revenue, personnel expense increased to 20.2% in the first six months of 2016 as compared to 18.9% in the prior period.

Other operating expense

Other operating expense increased by €0.1 million, or 3.1%, from €4.9 million in the first six months of 2015 to €5.0 million in the first six months of 2016. As a percentage of net revenue, other operating expense increased to 2.1% in the first six months of 2016 as compared to 2.0% in the prior period.

EBITDA and Adjusted EBITDA

EBITDA decreased by €2.7 million, or 5.5%, from €48.8 million in the first six months of 2015 to €46.1 million in the first six months of 2016. As a percentage of net revenue, EBITDA was 19.6% in the first six months of 2016 and 19.7% in the first six months of 2015. The decrease was due to the significant negative translation impact (€5.2 million) of the appreciation of the euro against the main currencies of markets in which we operate.

Adjusted EBITDA of €46.4 million in the first six months of 2016 represents EBITDA adjusted for €0.3 million of non-recurring costs in respect of the rationalization of the production structure. Adjusted EBITDA of €49.4 million in the first six months of 2015 represents EBITDA adjusted for €0.6 million of non-recurring costs in respect of the rationalization of the production structure and other costs.

Adjusted EBITDA decreased by €3.0 million, or 6.0%, in the first six months of 2016 as compared to the prior period. As a percentage of net revenue, Adjusted EBITDA was 19.7% in the first six months of 2016 and 19.9% in the first six months of 2015. The decrease in Adjusted EBITDA is due to the impact of the appreciation of the euro (€5.2 million) and mix and other cost variance effects (€5.2 million), which more than offset the positive impact of volume (€3.9 million), the reduction in raw material costs (€3.0 million) and, to a lesser extent, selling price improvements (€0.5 million).

Amortization, depreciation and impairment losses

Amortization, depreciation and impairment losses decreased by 19.9%, or €3.8 million, from €18.9 million in the first six months of 2015 to €15.1 million in the first six months of 2016. As a percentage

of net revenue, amortization, depreciation and impairment losses were 6.4% in the first six months of 2016 and 7.6% in the first six months of 2015. The decrease was primarily due to the €1.6 million reduction in the amortization expense in respect of Group trademarks following an increase in the useful life estimate, the €0.3 million reduction in the depreciation expense in respect of certain plant and equipment at the Magenta production facility following an increase in the useful life estimate, the release of €0.5 million of accruals in respect of an impairment allowance and the remaining to positive currency translation effects.

Financial income and expense

Net financial expense increased by €2.0 million, or 10.0%, from €20.4 million in the first six months of 2015 to €22.4 million in the first six months of 2016. The increase is primarily due to the impact of exchange rate losses of €2.9 million in the first six months of 2016. Net interest expense decreased by €2.3 million in the first six months of 2016 as compared to the prior period primarily due to the positive €1.0 million impact of the expiration in September 2015 of an unfavorable interest rate swap and the €0.7 million increase in interest income.

Income taxes

Income taxes decreased by €2.3 million, or 23.2%, from €10.0 million in the first six months of 2015 to €7.7 million in the first six months of 2016. The decrease was primarily due to lower profit before taxation in the first six months of 2016 as compared to the prior period.

Net loss

Profit (loss) for the period improved to a profit of €1.0 million in the first six months of 2016 from a loss of €0.4 million in the first six months of 2015. The improvement was mainly due to lower amortization, depreciation and impairment losses and income taxes in the first six months of 2016 as compared to the prior period, which were partly offset by lower EBITDA and higher net financial expense.

Results of Operations for the year ended December 31, 2015 compared with the Results of Operations for the year ended December 31, 2014

Net revenue

Net revenue increased by €32.7 million, or 6.7%, from €487.8 million in 2014 to €520.5 million in 2015. The overall increase was despite the significant negative translation impact (€10.4 million) of the appreciation of the euro against the Ukrainian hryvnia, Brazilian real and Colombian peso. The overall increase was driven by the impact of higher sales volumes (€37.8 million) and, to a lesser extent, increases in selling prices (€5.0 million), primarily in Ukraine, Mexico, Spain, Argentina, South Africa and Brazil due to the further penetration of safety closures and the continuing changeover from cork to aluminum closures for wine bottles. On a constant currency basis, net revenue increased by €43.1 million, or 8.8%, in 2015 as compared to the prior period.

Closures

The Closures division's net revenue increased by €32.9 million, or 6.8%, from €484.4 million in 2014 to €517.4 million in 2015. As a percentage of net revenue, the Closure division's net revenue was stable at 99.4% in 2015 as compared to 99.3% in the prior period. The increase was despite the significant negative translation impact (€10.4 million) of the appreciation of the euro. On a constant currency basis, net revenue increased by €43.3 million, or 8.9%, in 2015 as compared to the prior period.

Safety closures net revenue increased by €17.7 million, or 8.2%, from €215.4 million in 2014 to €233.1 million in 2015. As a percentage of net revenue, safety closures net revenue increased to 44.8% in 2015 as compared to 44.2% in the prior period. The overall increase was despite the significant negative translation impact (€5.0 million) of the appreciation of the euro. The increase was mainly due to the launch of new closures, principally in Mexico and Italy. On a constant currency basis, net revenue increased by €22.7 million, or 10.5%, in 2015 as compared to the prior period.

Decorative closures net revenue increased by €3.4 million, or 28.1%, from €12.2 million in 2014 to €15.6 million in 2015. As a percentage of net revenue, decorative closures net revenue increased to 3.0% in 2015 as compared to 2.5% in the prior period. The increase was in part due to a positive translation impact (€0.9 million), mainly from the pound sterling.

Wine closures net revenue increased by €7.9 million, or 9.0%, from €87.9 million in 2014 to €95.9 million in 2015. As a percentage of net revenue, wine closures net revenue increased to 18.5% in

2015 as compared to 18.0% in the prior period. Conversion of cork to aluminium continues to drive the result of this segment, a trend which was assisted by key elements such as quality of the wine (no more cork taint risk), superior convenience for the consumer (easy to open and re-close), and favorable commodity prices covering the cost of conversion to wine makers. The increase was in part due to a positive translation impact (€2.5 million), mainly from the pound sterling and U.S. dollar.

Pharma closures net revenue decreased by €0.4 million, or 4.6%, from €8.7 million in 2014 to €8.3 million in 2015. As a percentage of net revenue, pharma closures net revenue decreased to 1.6% in 2015 as compared to 1.8% in the prior period.

Standard closures and other net revenue increased by €4.2 million, or 2.7%, from €160.2 million in 2014 to €164.4 million in 2015. As a percentage of net revenue, standard closures and other net revenue decreased to 31.6% in 2015 as compared to 32.8% in the prior period. The overall increase was despite the significant negative translation impact (€8.8 million) of the appreciation of the euro. On a constant currency basis, net revenue increased by €13.1 million, or 8.2%, in 2015 as compared to the prior period.

PET

PET's net revenue decreased from €3.4 million in 2014 to €3.2 million in the 2015. As a percentage of net revenue, the PET products' net revenue was stable at 0.6% in the 2015 as compared to 0.7% in the prior period. The PET products' net revenue is generated solely by our PET business in Spain.

Net revenue by destination market

The destination markets for our closures include the spirits market, the wine market, the oil and vinegar market, the pharma market and other markets. The spirits market and the wine market are our most important destination markets in terms of net revenue.

Net revenue related to the spirits market increased by €21.2 million, or 6.7%, from €314.1 million in 2014 to €335.3 million in 2015. As a percentage of net revenue, the spirits market was stable at 64.4% in 2015 and 2014. The decrease was despite the significant negative translation impact (€11.0 million) of the appreciation of the euro.

Net revenue related to the wine market increased by €8.0 million, or 9.0%, from €87.9 million in 2014 to €95.9 million in 2015. As a percentage of net revenue, the wine market increased to 18.5% in 2015 from 18.0% in 2014. The growth was mainly due to higher sales in Poland, the United Kingdom, Australia and Argentina.

Net revenue by geographic area

Net revenue from operations in Europe increased by €7.4 million, or 2.7%, from €277.0 million in 2014 to €284.4 million in 2015. As a percentage of net revenue, Europe represented 54.6% in 2015 as compared to 56.8% in the prior period. The increase was primarily due to higher sales by our Ukrainian business and was despite the significant negative translation impact (€17.4 million) of the appreciation of the euro against the Ukrainian hryvnia. On a constant currency basis, net revenue increased by €24.9 million, or 9.0%, in 2015 as compared to the prior period.

Net revenue from operations in Asia increased by €3.6 million, or 5.3%, from €66.8 million in 2014 to €70.4 million in 2015. As a percentage of net revenue, Asia represented 13.5% in 2015 as compared to 13.7% in the prior period. The increase was due to the positive translation impact (€8.8 million) of the appreciation of the euro, which was partly offset by lower sales volumes in China. On a constant currency basis, net revenue decreased by €5.3 million, or 7.9%, in 2015 as compared to the prior period.

Net revenue from operations in Latin and North America increased by €18.9 million, or 24.3%, from €77.7 million in 2014 to €96.6 million in 2015. As a percentage of net revenue, Latin and North America represented 18.6% in 2015 as compared to 15.9% in the prior period. The increase was due to increased net revenue in Mexico and Argentina, which was partly offset by the negative translation impact (€2.1 million) of the appreciation of the euro against the Brazilian real and the Colombian peso. On a constant currency basis, net revenue increased by €21.0 million, or 27.0%, in 2015 as compared to the prior period.

Net revenue from operations in Oceania increased by €0.9 million, or 1.8%, from €49.0 million in 2014 to €49.9 million in 2015. As a percentage of net revenue, Oceania represented 9.6% in 2015 as compared to 10.0% in the prior period. The increase was primarily due to higher sales in Australia.

Net revenue from operations in Africa increased by €2.0 million, or 11.5%, from €17.3 million in 2014 to €19.3 million in 2015. As a percentage of net revenue, Africa represented 3.7% in 2015 as compared to 3.6% in the prior period. The increase was partly due to the positive translation impact (€0.3 million) of the depreciation of the euro against the South African rand. On a constant currency basis, net revenue increased by €1.7 million, or 9.6%, in 2015 as compared to the prior period.

Change in inventories of finished goods and semi-finished products

Change in inventories of finished goods and semi-finished products increased by €2.1 million from €1.0 million in 2014, to €3.1 million in 2015.

Other operating income

Other operating income decreased by €0.3 million from €10.0 million in 2014, or 2.0% of net revenue, to €9.7 million in 2015, or 1.9% of net revenue. Other operating income is mainly comprised of capitalized development expenditure, extraordinary maintenance and capitalization for assets internal production.

Costs for raw materials

The following table sets out our costs for raw materials for the periods indicated.

	For the year ended December 31,	
	2014	2015
	(€ in thousands)	
Raw materials and supplies	192,285	216,005
Consumables and maintenance	8,938	9,330
Packaging	8,793	9,729
Fuels	490	454
Other purchases	1,992	1,774
Change in inventories	6,685	(3,955)
Total	<u>219,182</u>	<u>233,336</u>

Costs for raw materials increased by €14.1 million, or 6.5%, from €219.2 million in 2014 to €233.3 million in 2015. As a percentage of net revenue, costs for raw materials decreased to 44.8% in 2015 as compared to 44.9% in the prior period. In 2015, the average prices for plastic resin decreased by 0.4% prices for aluminum increased by 10%.

Costs for services

Costs for services increased by €4.9 million, or 5.7%, from €86.2 million in 2014 to €91.1 million in 2015. As a percentage of net revenue, costs for services decreased to 17.5% in 2015 as compared to 17.7% in the prior period.

Personnel expense

Personnel expense increased by €3.3 million, or 3.7%, from €90.7 million in 2014 to €94.0 million in 2015. As a percentage of net revenue, personnel expense decreased to 18.1% in 2015 as compared to 18.6% in the prior period.

Other operating expense

Other operating expense decreased by €0.7 million, or 5.8%, from €12.3 million in 2014 to €11.6 million in 2015. As a percentage of net revenue, other operating expense decreased to 2.2% in 2015 as compared to 2.5% in the prior period. The decrease is partly due to the lower amount of non-recurring provisions recorded in 2015 as compared to 2014 for restructuring.

EBITDA and Adjusted EBITDA

EBITDA increased by €12.9 million, or 14.2%, from €90.4 million in 2014 to €103.3 million in 2015. As a percentage of net revenue, EBITDA was 19.8% in 2015 and 18.5% in 2014.

Adjusted EBITDA of €106.4 million in 2015 represents EBITDA adjusted for €3.1 million of non-recurring costs, of which €2.6 million are in respect of the rationalization of the production structure.

Adjusted EBITDA of €95.8 million in 2014 represents EBITDA adjusted for €5.3 million of non-recurring costs, of which €0.2 million are in respect of mergers and acquisition activities costs and €5.1 million are in respect of the rationalization of the production structure and other costs (including €4.4 million related to redundancy programs at Italian sites).

Adjusted EBITDA increased by €10.6 million, or 11.1%, in 2015 as compared to the prior period. As a percentage of net revenue, Adjusted EBITDA was 20.4% in 2015 and 19.6% in 2014. On a constant currency basis, Adjusted EBITDA increased by €17.4 million, or 18.2%, in 2015 as compared to the prior period. The increase in Adjusted EBITDA is due to the positive impact of volume (€11.2 million), selling price (€5.0 million) and mix and other cost variance effects (€4.1 million), which more than offset the negative impact of the appreciation of the euro (€6.7 million) and raw material costs (€3.0 million).

Amortization, depreciation and impairment losses

Amortization, depreciation and impairment losses decreased by 4.6%, or €1.8 million, from €39.4 million in 2014 to €37.6 million in 2015. As a percentage of net revenue, amortization, depreciation and impairment losses were 7.2% in 2015 and 8.1% in 2014. The decrease was primarily due to the reduction in the depreciation expense in respect of certain plant and equipment at the Magenta production facility following an increase in the useful life estimate.

Financial income and expenses

Net financial expense increased by €2.5 million, or 5.6%, from €46.1 million in 2014 to €48.6 million in 2015. The increase is primarily due to the impact of net exchange rate losses of €3.9 million in 2015 (compared to €1.1 million in 2014). Net interest expense decreased by €1.5 million in 2015 as compared to the prior period primarily due to the positive €0.4 million impact of the expiration in September 2015 of an unfavorable interest rate swap and €0.7 million of lower interest costs due to a lower interest rate on the existing Floating Rate Notes.

Income taxes

Income taxes decreased by €0.7 million, or 3.1%, from €22.4 million in 2014 to €21.7 million in 2015. The decrease was primarily due to the impact in 2014 of €5.5 million of one-time costs recorded in relation to potential tax and related matters dating to the 2009-2011 period. Excluding the impact of such one-time costs, income taxes were higher in 2015 as compared to 2014 due to higher profit before taxation in 2015.

Net loss

Profit (loss) for the period improved to a loss of €4.7 million in 2015 from a loss of €17.5 million in 2014. The improvement was mainly due to higher EBITDA in 2015.

Results of Operations for the year ended December 31, 2014 compared with the Results of Operations for the year ended December 31, 2013

Net revenue

Net revenue decreased by €6.5 million, or 1.3%, from €494.3 million in 2013 to €487.8 million in 2014. The overall decrease was due to the significant negative translation impact (€36.4 million) of the appreciation of the euro against the main currencies of the markets in which we operate. The decrease was partly offset by the impact of higher sales volumes (€26.0 million) and, to a lesser extent, increases in selling prices (€3.4 million), in Ukraine, India, Brazil, Argentina, China, the United Kingdom and Colombia due to the further penetration of safety closures and the continuing changeover from cork to aluminum closures for wine bottles. On a constant currency basis, net revenue increased by €29.9 million, or 6.0%, in 2014 as compared to the prior period.

Closures

The Closures division's net revenue decreased by €6.6 million, or 1.3%, from €491.0 million in 2013 to €484.4 million in 2014. As a percentage of net revenue, the Closure division's net revenue was stable at 99.3% in 2014 and in the prior period. The decrease was due the significant negative translation impact (€36.4 million) of the appreciation of the euro. On a constant currency basis, net revenue increased by €29.8 million, or 6.1%, in 2014 as compared to the prior period.

Safety closures net revenue decreased by €0.7 million, or 0.3%, from €216.1 million in 2013 to €215.4 million in 2014. As a percentage of net revenue, safety closures net revenue increased to 44.2% in

2014 as compared to 43.7% in the prior period. The overall decrease was due to the significant negative translation impact (€20.0 million) of the appreciation of the euro. The decrease was partly offset by net revenue from the launch of new closures, principally in Ukraine, Brazil and Colombia. On a constant currency basis, net revenue increased by €19.3 million, or 9.0%, in 2014 as compared to the prior period.

Decorative closures net revenue decreased by €0.7 million, or 5.6%, from €12.9 million in 2013 to €12.2 million in 2014. As a percentage of net revenue, decorative closures net revenue decreased to 2.5% in 2014 as compared to 2.6% in the prior period.

Wine closures net revenue increased by €0.5 million, or 0.6%, from €87.4 million in 2013 to €87.9 million in 2014. As a percentage of net revenue, wine closures net revenue increased to 18.0% in 2014 as compared to 17.6% in the prior period. The increase was despite a negative translation impact (€4.7 million) of the appreciation of the euro. On a constant currency basis, net revenue increased by €5.2 million, or 6.0%, in 2014 as compared to the prior period.

Pharma closures net revenue increased by €0.4 million, or 4.8%, from €8.3 million in 2013 to €8.7 million in 2014. As a percentage of net revenue, pharma closures net revenue increased to 1.8% in 2014 as compared to 1.7% in the prior period. On a constant currency basis, net revenue increased by €0.5 million, or 5.5%, in 2014 as compared to the prior period.

Standard closures and other net revenue decreased by €6.1 million, or 3.7%, from €166.3 million in 2013 to €160.2 million in 2014. As a percentage of net revenue, standard closures and other net revenue decreased to 32.8% in 2014 as compared to 33.6% in the prior period. The overall decrease was due to the significant negative translation impact (€12.0 million) of the appreciation of the euro. On a constant currency basis, net revenue increased by €5.9 million, or 3.6%, in 2014 as compared to the prior period.

PET

PET's net revenue increased slightly from €3.3 million in 2013 to €3.4 million in 2014. As a percentage of net revenue, the PET products' net revenue was stable at 0.7% in the 2014 as compared to the prior period. The PET products' net revenue is generated solely by our PET business in Spain.

Net revenue by destination market

The destination markets for our closures include the spirits market, the wine market, the oil and vinegar market, the pharma market and other markets. The spirits market and the wine market are our most important destination markets in terms of net revenue.

Net revenue related to the spirits market decreased by €11.6 million, or 3.5%, from €325.7 million in 2013 to €314.1 million in 2014. As a percentage of net revenue, the spirits market decreased to 64.4% in 2014 from 65.9% in 2013. The decrease was due to the significant negative translation impact (€28.6 million) of the appreciation of the euro.

Net revenue related to the wine market increased by €0.5 million, or 0.6%, from €87.4 million in 2013 to €87.9 million in 2014. As a percentage of net revenue, the wine market increased to 18.0% in 2014 from 17.6% in 2013.

Net revenue by geographic area

Net revenue from operations in Europe increased by €0.3 million, or 0.1%, from €276.7 million in 2013 to €277.0 million in 2014. As a percentage of net revenue, Europe represented 56.8% in 2014 as compared to 56.0% in the prior period. The increase was primarily due to higher sales by our Ukrainian business and was despite the significant negative translation impact (€17.3 million) of the appreciation of the euro against the Ukrainian hryvnia. On a constant currency basis, net revenue increased by €17.6 million, or 6.4%, in 2014 as compared to the prior period.

Net revenue from operations in Asia increased by €7.9 million, or 13.5%, from €58.9 million in 2013 to €66.8 million in 2014. As a percentage of net revenue, Asia represented 13.7% in 2014 as compared to 11.9% in the prior period. The increase, which was mainly due to increased demand for the Nip Cap in new areas and for new brands, was despite the negative translation impact (€2.3 million) of the appreciation of the euro. On a constant currency basis, net revenue increased by €10.3 million, or 17.5%, in 2014 as compared to the prior period.

Net revenue from operations in Latin and North America decreased by €6.5 million, or 7.8%, from €84.2 million in 2013 to €77.7 million in 2014. As a percentage of net revenue, Latin and North America represented 15.9% in 2014 as compared to 17.0% in the prior period. The decrease was due to the negative

translation impact (€12.2 million) of the appreciation of the euro against the Argentine peso, the Brazilian real, the Colombian peso and the Mexican peso, which was partly offset by net revenue from new closures in Brazil and Colombia. On a constant currency basis, net revenue increased by €5.7 million, or 6.7%, in 2014 as compared to the prior period.

Net revenue from operations in Oceania decreased by €6.8 million, or 12.3%, from €55.8 million in 2013 to €49.0 million in 2014. As a percentage of net revenue, Oceania represented 10.0% in 2014 as compared to 11.3% in the prior period. The increase was primarily due to the €2.4 million negative translation impact of the appreciation of the euro against the Australian dollar.

Net revenue from operations in Africa decreased by €1.3 million, or 7.2%, from €18.6 million in 2013 to €17.3 million in 2014. As a percentage of net revenue, Africa represented 3.5% in 2014 as compared to 3.8% in the prior period. The increase was partly due to the negative translation impact (€2.1 million) of the appreciation of the euro against the South African rand. On a constant currency basis, net revenue increased by €0.8 million as compared to the prior period.

Change in inventories of finished goods and semi-finished products

Change in inventories of finished goods and semi-finished products decreased by €2.9 million from €3.9 million in 2013 to €1.0 million in 2014.

Other operating income

Other operating income decreased by €3.2 million from €13.2 million in 2013, or 2.7% of net revenue, to €10.0 million in 2014, or 2.0% of net revenue. The decrease in 2014 as compared to 2013 is primarily attributable to the €3.5 million of insurance compensation in respect of a fire at the Magenta plant that was recorded in 2013. Other operating income is mainly comprised of capitalized development expenditure, extraordinary maintenance and capitalization for assets internal production.

Costs for raw materials

The following table sets out our costs for raw materials for the periods indicated.

	For the year ended December 31,	
	2013	2014
	(€ in thousands)	
Raw materials and supplies	200,703	192,285
Consumables and maintenance	9,520	8,793
Packaging	9,297	8,938
Fuels	515	490
Other purchases	2,782	1,992
Change in inventories	(9,614)	6,685
Total	<u>213,203</u>	<u>219,182</u>

Costs for raw materials increased by €6.0 million, or 2.8%, from €213.2 million in 2013 to €219.2 million in 2014. As a percentage of net revenue, costs for raw materials increased to 44.9% in 2014 as compared to 43.1% in the prior period. The increase was mainly due to the significant increase in plastic prices in India. In 2014, the average prices for plastic resin and aluminum increased by 0.7% and 0.5%, respectively.

Costs for services

Costs for services decreased by €8.5 million, or 9.0%, from €94.7 million in 2013 to €86.2 million in 2014. As a percentage of net revenue, costs for services decreased to 17.7% in 2014 as compared to 19.2% in the prior period. The decrease is primarily due to a decrease in external processing and in energy and transport costs.

Personnel expense

Personnel expense decreased by €1.5 million, or 1.6%, from €92.2 million in 2013 to €90.7 million in 2014. As a percentage of net revenue, personnel expense is stable to 18.6% in 2014.

Other operating expense

Other operating expense increased by €2.0 million, or 19.8%, from €10.3 million in 2013 to €12.3 million in 2014. As a percentage of net revenue, other operating expense increased to 2.5% in 2014 as compared to 2.1% in the prior period. The increase is partly due to the amount of non-recurring provisions recorded in 2014 for restructuring.

EBITDA and Adjusted EBITDA

EBITDA decreased by €10.6 million, or 10.5%, from €101.0 million in 2013 to €90.4 million in 2014. As a percentage of net revenue, EBITDA was 18.5% in 2014 and 20.4% in 2013.

Adjusted EBITDA of €95.8 million in 2014 represents EBITDA adjusted for €5.3 million of non-recurring costs, of which €0.2 million are in respect of mergers and acquisition activities costs and €5.1 million are in respect of the rationalization of the production structure and other costs, including €4.4 million related to redundancy programs at Italian sites.

Adjusted EBITDA of €102.0 million in 2013 represents EBITDA adjusted for €1.0 million of non-recurring costs, of which €0.3 million are in respect of mergers and acquisition activities costs and €0.7 million are in respect of the rationalization of the production structure and other costs.

Adjusted EBITDA decreased by €6.3 million, or 6.1%, in 2014 as compared to the prior period. As a percentage of net revenue, Adjusted EBITDA was 19.6% in 2014 and 20.6% in 2013. On a constant currency basis, Adjusted EBITDA increased by €4.7 million, or 4.6%, in 2014 as compared to the prior period. The decrease in Adjusted EBITDA is due to negative impact of the appreciation of the euro (€11.0 million) and raw material costs (€4.2 million), which were partly offset by the positive impact of volume (€4.0 million), selling price (€3.4 million) and mix and other cost variance effects (€1.6 million).

Amortization, depreciation and impairment losses

Amortization, depreciation and impairment losses increased by €0.1 million from €39.3 million in 2013 to €39.4 million in 2014. As a percentage of net revenue, amortization, depreciation and impairment losses were 8.0% in 2013 and 8.1% in 2014.

Financial income and expense

Net financial expense decreased by €10.5 million, or 18.6%, from €56.6 million in 2013 to €46.1 million in 2014. The decrease is primarily due to lower net exchange rate losses in 2014. Net interest expense increased by €1.1 million in 2014 as compared to the prior period primarily due to higher levels of indebtedness.

Income taxes

Income taxes increased by €5.6 million, or 33.5%, from €16.8 million in 2013 to €22.4 million in 2014. The increase was primarily due to the impact in 2014 of €5.6 million of one-time costs recorded in relation to potential tax and related matters dating to the 2009-2011 period.

Net loss

Profit (loss) for the period increased to a loss of €17.5 million in 2014 from a loss of €11.6 million in 2013. The increased loss was mainly due to the accrual recorded in 2014 in relation to potential tax and related matters dating to the 2009-2011 period.

Liquidity and Capital Resources

Our historical liquidity requirements have arisen primarily from the need to meet our debt service requirements, to finance our operations and to fund capital expenditures, product research and development and acquisitions.

Our primary sources of liquidity are cash flows from operations, borrowings from financial institutions under our credit facilities, particularly the Revolving Credit Facility. Our ability to generate cash from our operations depends on future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive market, legislative, regulatory and other factors, many of which are beyond our control, as well as the other factors discussed in the section of this Listing Memorandum entitled “*Risk Factors*”.

We will apply the proceeds from the issuance of the Notes to refinance the Existing Notes and related fees and expenses and to repay €17.0 million under the Revolving Credit Facility.

We believe that the Group's expected operating cash flows, together with cash on hand and future availability under the Revolving Credit Facility (as amended in connection with the Consent Requests) or, assuming we are able to procure the New Revolving Credit Facility to refinance and replace the Revolving Credit Facility, such replacement revolving credit facility and local facilities, will be adequate to meet our anticipated liquidity and debt service needs. However, we face significant risks to our liquidity. For instance, our business may not generate sufficient cash flows from operations or future debt and equity financing may not be available to us in an amount sufficient to enable us to pay our debts when due, including under the Notes, or to fund our other liquidity needs. See "*Description of Other Indebtedness—Revolving Credit Facility*" and "*Risk Factors—Risks Relating to our Indebtedness—We may not be able to generate sufficient cash to meet our debt obligations*".

We believe that the potential risks to our liquidity also include:

- a reduction in operating cash flows due to a decline in operating profit from our operations, which could be caused by a downturn in our performance or in the industry as a whole;
- the failure of our customers to make payments due to us;
- a delay by our customers to make payments due to us; and
- the need to fund maintenance capital expenditures.

If our future cash flows from operations and other capital resources (including borrowings under the Revolving Credit Facility) are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to:

- reduce or delay our business activities and capital expenditures;
- sell assets;
- obtain additional debt or equity financing; and/or
- restructure or refinance all or a portion of our debt, including the Notes, on or before maturity.

We may not accomplish any of the foregoing alternatives on a timely basis or on satisfactory terms, if at all. In addition, the terms of the Notes, the Revolving Credit Facility and any future debt may limit our ability to pursue any of these alternatives.

Consolidated Cash Flow

The following table sets out our historical cash flow statement data for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2013	2014	2015	2015	2016
	(€ in thousands)				
Statement of Cash Flows Data:					
Cash flows generated by operating activities	68,364	61,138	86,053	19,619	12,492
Cash flows used in investing activities	(33,474)	(33,490)	(22,626)	(13,175)	(16,588)
Cash flows from/(used in) financing activities	(50,248)	(33,653)	(34,296)	(13,789)	(22,812)
Net cash flows for the period	(15,358)	(6,005)	29,132	(7,345)	(26,908)

Cash Flows generated by Operating Activities

Cash flow generated by operating activities was €12.5 million in the first six months of 2016 and €19.6 million in the first six months of 2015. Cash flow generated by operating activities was impacted in the first six months of 2016 by lower operating profit less amortization, depreciation and impairment losses and higher negative variation in working capital.

Cash flow generated by operating activities was €86.1 million in 2015 and €61.1 million in 2014. Cash flow generated by operating activities in 2015 reflects the higher level of operating profit generated in 2015 and the improvement in variation in net working capital with particular attention to trade receivable optimization. These factors was partly offset by the negative effects of cash flows from other operating items and cash flows for taxes, which were impacted by the €4.8 million payment in respect of taxes dating to the period of 2009-2011 and higher taxes paid due to higher profit before taxes.

Cash flow generated by operating activities was €61.1 million in 2014 and €68.4 million in 2013. Cash flow generated by operating activities in 2014 reflect the lower level of operating profit generated in 2014 and the negative variation in working capital. Operating cash flow was positively impacted by the lower cash flows for other operating items and for taxes.

Cash flow generated by operating activities was €68.4 million in 2013. Cash flow generated by operating activities in 2013 reflects the higher level of operating profit generated in 2013. Operating cash flow was negatively impacted by the negative variation in working capital and cash flows for other operating items and taxes.

Cash Flows used in Investing Activities

Cash flow used in investing activities was €16.6 million in the first six months of 2016 and €13.2 million in the first six months of 2015.

Cash flows used in investing activities was €33.5 million in both 2013 and 2014 and €22.6 million in 2015.

Cash Flows used in Financing Activities

Cash flow used in financing activities was €22.8 million in the first six months of 2016 and €13.8 million in the first six months of 2015. Cash flow used in financing activities in the first six months of 2016 was negatively impacted by the level of repayment of borrowings and dividends paid to non-controlling interests, which impacts were partly offset by lower net interest expense.

Cash flows used in financing activities was €50.2 million in 2013, €33.7 million in 2014 and €34.3 million in 2015.

Contractual Obligations

The table below summarizes the material contractual obligations and commitments as of actual December 31, 2015.

Actual Contractual Obligations	2016	2017	2018	2019	2020	Total
Existing Notes	—	—	200.0	275.0	—	475.0
Revolving Credit Facility	1.0	54.0	—	—	—	55.0
Capital Leases	2.0	2.1	2.2	2.5	3.1	11.9
Other debt	1.0	2.7	2.4	0.5	0.2	6.7
Total⁽¹⁾	4.0	58.8	204.6	278.0	3.3	548.6

(1) See footnote 2 under “*Pro forma contractual obligations*”.

The table below summarizes the material contractual obligations and commitments as of December 31, 2015, after giving *pro forma* effect to the Refinancing Transactions, including (as applicable) the issuance of the Notes in the Offering and assuming that the New Revolving Credit Facility is entered into.

Pro Forma Contractual Obligations	Expected Cash Payments due by Year								Total
	2016	2017	2018	2019	2020	2021	2022	2023	
	(€ in millions)								
Notes	—	—	—	—	—	510.0	—	—	510.0
Revolving Credit Facility ⁽¹⁾	—	—	—	—	—	65.0	—	—	65.0
Capital Leases	2.0	2.1	2.2	2.5	3.1	—	—	—	11.9
Other debt	1.0	2.7	2.4	0.5	0.2	—	—	—	6.7
Total⁽²⁾	3.0	4.8	4.6	3.0	3.3	575.0	—	—	593.6

(1) We have signed a commitment letter in respect of a new revolving facility, subject to certain conditions precedents. Also see “*Description of Other Indebtedness—Revolving Credit Facility*” and “*—New Revolving Credit Facility Commitments*”.

(2) Total does not include the effect on future cash flow of the put option on the non-controlling interest which relates to recognition of these investors’ right to exercise a put option if certain conditions are met. See note 17 to the Parent Guarantor’s consolidated financial statements as of and for the six months ended June 30, 2016 since timing of the cash outflow cannot be reasonably estimated. See “*Risk Factors—Risks related to our indebtedness—As of June 30, 2016, we have recorded a contingent liability in the amount of €14.5 million in respect of a put option relating to 30% of the share capital of our Ukrainian subsidiary*”.

The following table presents an overview of the future minimum lease payments under non-cancellable leases (operating leases mainly related to warehouse and factory facilities) to which the Company and its subsidiaries is party as of December 31, 2015.

<u>Future minimum lease payments</u>	<u>2015</u>
Less than one year	4,342
Between one to five years	9,950
More than five years	1,022
Total	<u>15,313</u>

For more information, see note 41 for the Company’s audited consolidated financial statements as of and for the year ended December 31, 2015.

For a description of the material terms of our existing and anticipated material long-term financing arrangements, see “*Description of Other Indebtedness*” and “*Description of the Notes*”.

Ukrainian put option

In July 2008, in connection with our investment in a 70.0% ownership interest in the newly-formed Guala Closures Ukraine LLC (“**Guala Ukraine**”), Guala Closures International B.V. entered into a shareholders’ agreement with the minority shareholder of Guala Ukraine who is also a manager of Guala Ukraine. The shareholders’ agreement contains customary provisions for shareholders’ agreements of its kind, including board of director’s appointment rights, voting and veto rights for specified transactions, non-competition restrictions, restrictions on transfers of shares, drag-along and tag-along rights and call and put options relating to Guala Ukraine. The right of the minority shareholder to exercise its put option is subject to the occurrence of specified events, including events such as voting deadlocks, certain change of control events relating to Guala Ukraine and termination without cause or retirement. The shareholders’ agreement establishes customary procedures for determining the fair market value of the shares in the event of the exercise of such options including reference to forecasted EBITDA of Guala Ukraine (based on the last two years of sales and current budget). In our consolidated financial statements, the potential right of the minority shareholder to exercise its put opinion right if certain conditions are met is recognized as a liability based on the discounted estimated value of the put option at its estimated time of exercise. As of June 30, 2016, the amount of such liability was recorded as €14.5 million. See note 21 to our unaudited condensed consolidated interim financial statements as of and for the six months June 30, 2016. See “*Risk Factors—Risks related to our indebtedness—As of June 30, 2016, we have recorded a contingent liability in the amount of €14.5 million in respect of a put option relating to 30% of the share capital of our Ukrainian subsidiary.*”

Contingent Liabilities and Commitments

We are involved, from time to time, in lawsuits, claims, investigations and proceedings, arising in the ordinary course of business. Except for potential liabilities for which we have accrued sufficient provisions, as at the date of this Listing Memorandum, there are no such matters pending that our management expects to be material in relation to our business, consolidated financial position, results of operations or cash flows.

Our determination of the treatment of contingent liabilities in the financial statements is based on a view of the expected outcome of the applicable contingency. We consult legal counsel on matters related to litigation. We also consult with experts both within and outside our company with respect to other matters that arise in the ordinary course of business. Examples of such matters that are based on assumptions, judgments and estimates are the amount to be paid to settle certain other liabilities. A liability is accrued if the likelihood of an adverse outcome is probable, or if both its occurrence and the amount it will cost are estimable.

Capital Expenditures

The following table summarizes our capital expenditures for the periods indicated:

	Year ended December 31,			For the six months ended June 30,	
	2013	2014	2015	2015	2016
	(€ in thousands)				
Capital expenditures:⁽¹⁾	30,541	33,498	22,626	13,175	16,588
Fixed assets	28,646	31,849	21,482	12,567	16,247
Intangibles	1,895	1,649	1,144	608	341

Note:

- (1) Capital expenditure consists of acquisitions of property, plant and equipment and intangibles and proceeds from the sale of property, plant and equipment and intangibles.

Our capital expenditure and investments relate primarily to extending, upgrading and maintaining our production facilities and research and development activities.

Management also tracks and analyzes our capital expenditures by purpose in terms of maintenance and expansionary. Maintenance capital expenditures refers to ongoing maintenance of existing plants and machinery as well as investments in machinery to service new contracts. Expansionary capital expenditures refers to investments in new facilities and technological expansion.

Maintenance capital expenditures in the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2015 and 2016 amounted to €21 million, €23 million, €20 million, €11 million and €13 million, respectively. Expansionary capital expenditures in the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2015 and 2016 amounted to €10 million, €10 million, €3 million, €2 million and €4 million, respectively.

During 2014, the main non-recurring capital expenditures were in Brazil, Italy, the United Kingdom, Ukraine, Mexico, North America and Colombia. The expenditures included investments in sputtering technology in Italy, the United Kingdom, Ukraine and Mexico, investments in new product in Brazil and a new facility in Poland.

During 2015, the main non-recurring capital expenditures were in Italy, Poland, India, Ukraine, China and Mexico. The expenditures included investments in sputtering technology in Italy and Mexico.

For the six months ended June 30, 2016, our capital expenditures amounted to €16.6 million. During 2016, in addition to maintenance capital expenditure, investments have been made in sputtering technology in Italy, Poland and the United Kingdom and new technology in Ukraine. We expect that our total capital expenditures for 2016 and 2017 will be approximately €39 million and €37 million, respectively.

Off-Balance Sheet Commitments

As at the date of this Listing Memorandum, we are not party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition, results of operations, liquidity, capital expenditure or capital resources.

Critical Accounting Policies

The accounting policies described below are those we consider critical in preparing our consolidated financial statements. These policies include significant estimates and assumptions made by management using information available at the time the estimations are made. The application of these estimates and assumptions affects the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of income and expenses during the reporting period. Actual results may differ from these estimates given the uncertainty surrounding the assumptions and conditions upon which the estimates are based.

A more detailed description of the significant accounting policies used by us in preparing our consolidated financial statements is included in note 2 to our audited consolidated financial statements as of and for the year ended, December 31, 2015 included elsewhere in this Listing Memorandum.

Purchase accounting

Business combinations are accounted for using the acquisition method at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss in the other income caption.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognized at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in profit or loss.

Fair value measurements are inherently imprecise. In the case of fair value measurements, particularly those that do not involve contractual cash flows or for which market information is not available when making the estimate, fair value estimates often involve uncertainty in both the amount and timing of future cash flows. Fair value measurements may also be based on assumptions about future conditions, transactions or events whose outcome is uncertain and will therefore be subject to change over time.

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Impairment of intangible, tangible assets including Goodwill

The carrying amount of property, plant and equipment and intangible assets with a finite useful life is tested for impairment, if events or changed circumstances suggest that the carrying amount may not be recovered. If there is an indication of this type and in the event the carrying amount exceeds the estimated realizable value, the assets are adjusted to their realizable value. The realizable value of property, plant and equipment and intangible assets with a finite useful life is the higher of an asset's net selling price and its value in use. Value in use is defined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market estimate of the value of money at the current time and specific risks involved in connection with the item of property, plant and equipment. Impairment losses are recognized in a statement of comprehensive income under amortization, depreciation and impairment losses. Such impairment losses are reversed if the reasons for impairment are no longer valid.

Goodwill is subject to impairment test analysis on an annual basis at least, or more frequently if events or changes of circumstances take place that could give rise to impairment losses. At the date of acquisition, any goodwill is allocated to each of the cash-generating units that are expected to benefit from the synergic effects of the acquisition. Any impairment losses are identified through assessment of each unit's ability to generate cash flows sufficient to recover the part of goodwill allocated to it. An impairment loss is recognized in the event the amount recoverable by the cash-generating unit is less than its carrying amount.

These impairment losses are not reversed if the reasons for this are no longer valid.

The identification of the elements that may determine a potential impairment loss and the estimates used to measure such loss depend on factors which may vary over time, thereby affecting estimates and measurements.

Derivative financial instruments and cash flow hedges

The Group uses derivatives solely to hedge interest rate risks, the risk of fluctuations in the purchase price of aluminum and currency risk related to purchase and sales transactions.

In line with its treasury policy, the Group does not hold or issue derivatives for speculative or trading purposes. Nevertheless, those derivatives that do not qualify for hedge accounting are recognized as trading instruments.

Derivative financial assets and liabilities are initially measured at fair value which is then re-measured at each reporting date. The fair value of interest rate swaps is the present value of the difference between the rate to pay/receive and the interest rate based on market trends at the same date as the swap. The fair value of currency swaps, currency options and derivatives related to the price of raw materials is calculated by leading financial institutions on the basis of market conditions.

To reduce the risk of default, the counterparties in the derivative contracts are usually leading banks and financial institutions.

The effective part of changes in the fair value of those derivatives that qualify as cash flow hedges and which are highly effective is recognized in other comprehensive income and presented in the hedging reserve in equity. The amounts included in this reserve and subsequent changes in the fair value of the derivatives are reclassified to profit or loss in the year in which the flows generated by the hedged captions affect profit or loss.

Changes in the fair value of those derivatives that do not qualify as cash flow hedges and the ineffective portion of those which do qualify are recognized in profit or loss.

Fair value measurements are inherently imprecise. In the case of fair value measurements, particularly those that do not involve contractual cash flows or for which market information is not available when making the estimate, fair value estimates often involve uncertainty in both the amount and timing of future cash flows. Fair value measurements also may be based on assumptions about future conditions, transactions or events whose outcome is uncertain and will therefore be subject to change over time.

Deferred taxes

Deferred taxation is recognized using the balance sheet liability method for all temporary differences at year end between the carrying amounts of the assets and liabilities and the corresponding amounts used to calculate the tax base.

A deferred tax liability is recognized for all taxable temporary differences, unless the deferred tax liability arises from the initial recognition of goodwill or goodwill for which the amortization is not tax deductible or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are determined using the expected tax rates of the years in which the temporary differences will reverse, on the basis of tax rates and legislation enacted or substantially enacted at the reporting date.

Deferred tax assets and liabilities are determined using the expected tax rates of the years in which the temporary differences will reverse, on the basis of tax rates and legislation enacted or substantially enacted at the reporting date. The impact of changes in the tax rates on such taxation is taken to profit or loss in the year in which such change takes place.

In assessing the likelihood of realization, management considers available prior years' results of operations, estimates of future taxable income, the character of income needed to realize future tax benefits, and all available evidence. Actual income taxes could vary from estimated amounts due to the future impacts of various items, including changes in income tax laws, the Group's ability to achieve the forecasts set out in its business plan as well as its financial condition in future periods.

Provision for risk and charges

Provisions for risks and charges include certain or probable costs and charges, the amount or due date of which is unknown at year end. A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow from the Group of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made

of the obligation. The provisions are stated as the best estimate of the expenditure required to settle the obligation at the reporting date or to transfer it to a third party at that date. The actual settlement of such matter could differ from the judgments made in determining the amount of the provisions.

Bad debt reserve

Trade and other receivables are initially recognized at fair value, which generally equals nominal value. They are subsequently measured at amortized cost, net of identified impairment losses. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures.

Impairment losses are recognized in the statements of comprehensive income under amortization, depreciation and impairment losses.

Quantitative and Qualitative Disclosures about Market Risk

Upon completion of the Refinancing Transactions, we will be principally exposed to market risk from changes in the prices of raw materials, foreign currency exchange rates and interest rates. We monitor and manage those risks as an integral part of our overall risk management which recognizes the unpredictability of financial markets and seeks to reduce their potentially adverse effects on our results.

Currency Risk

This risk relates to the effect of fluctuations in exchange rates on sales, purchases and loans in currencies other than the functional currencies of the various Group entities. The Group is exposed to currency risk, particularly in relation to fluctuations of Indian rupees, Ukrainian hryvnia, Polish zloty, Australian dollars, Pounds Sterling, U.S. dollars and various Latin American currencies.

The risk of exchange rate fluctuations is managed using exchange rate hedges when significant differences are noted between cost and revenue in foreign currency. If that is the case, such differences are hedged through currency swaps. These provide for the purchase/sale of agreed amounts in foreign currency at a set exchange rate against the euro. However, such hedging activities have not been and may not be in the future be sufficient to protect us against the consequences of a significant fluctuation in exchange rates on our results of operations.

The impact of exchange rates fluctuations on our results of operations is significant. See “—*Principal factors affecting our results of operations—Fluctuations in currency exchange rates*” and note 38 of our consolidated financial statements as of and for the year ended December 31, 2015 included elsewhere in this Listing Memorandum.

Credit Risk

This is the risk that a customer or the counterparty to a financial instrument will be unable to meet an obligation, leading to a financial loss. These risks arise mainly in relation to trade receivables and financial investments.

The Group’s exposure to credit risk depends largely on each customer’s specific characteristics. The demographics of the Group’s customer portfolio, including the segment insolvency risk and the country risk, have an impact on the credit risk. See note 38 of our consolidated financial statements as of and for the year ended December 31, 2015 for further information.

The Group accrues an allowance for impairment equal to the estimated losses on trade and other loans and receivables. It comprises both the recognition of impairment losses for material individual amounts and the recognition of collective impairment for similar groups of assets to cover losses already incurred but not yet identified. The collective impairment losses are calculated on the basis of historical payment statistics.

Most of the Group’s trade receivables are due from leading operators of the alcoholic and non-alcoholic beverage segment. Most of its trading relationships are with longstanding customers. The Group’s historical figures indicate a modest amount of bad debts. The risk is fully covered by the corresponding allowance for impairment recognized in the financial statements.

There are no cases of very concentrated credit risk in geographical terms.

Liquidity risk

This risk relates to the Group's ability to meet its obligations arising from financial liabilities. The Group's approach to liquidity management is to ensure adequate funds are always available to cover its obligations at the expiration dates, both in normal conditions and at times of financial difficulty, without incurring borrowing expense at terms higher than market conditions.

The Group generally ensures there is sufficient cash and cash equivalents to cover forecast short-term operating expenses, including those related to financial liabilities. Contingent effects following extreme situations that cannot reasonably be forecast, such as natural disasters, are excluded from the above. Historically, the Group has always met its obligations on time.

Interest rate risk

This risk relates to volatility of the market rates which determine the interest expense paid on outstanding loans. The Group is exposed to interest rate risk as a significant amount of its financial liabilities provide for the payment of interest at variable rates subject to short-term re-pricing, including borrowings under the Revolving Credit Facility and indebtedness under the Notes offered hereby. To manage the exposure to changes in interest rates under our current floating-rate indebtedness and future floating-rate indebtedness to be incurred in connection with the Refinancing Transactions, we have used and generally expect to continue to use interest rate swaps to exchange the interest rate exposure on a portion of indebtedness, including the portion outstanding under the Revolving Credit Facility and the Notes offered hereby, from a floating interest rate to a fixed interest rate.

Raw material price risk

As a result of the nature of its activities, the Group is exposed to the risk of fluctuations in the purchase price of raw materials, particularly plastics and aluminum.

The risk of fluctuations in the purchase price of plastics has not been hedged as these raw materials are not listed on the international markets (the London Metal Exchange). However, the Group may be able to hedge this risk in the near future given recent developments in the listing of plastics on the international market and corresponding hedging instruments.

The risk of fluctuations in the purchase price of aluminum is partly hedged through derivatives which set a forward purchase price as described under "*—Principal factors affecting our results of operations— Costs for raw materials.*"

Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, retained earnings and non-controlling interests of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. There were no changes in the Group's approach to capital management during the period under review.

INDUSTRY OVERVIEW

Our principal markets

Our closures business primarily manufactures safety and standard closures for global premium and local brands in the global spirits market. We also manufacture standard closures for other beverages and for olive oil as well as closures and stoppers for the pharmaceutical industry. Our closures division, representing the core of our business, operates in two principal markets: (i) spirits closures; and (ii) winecap closures. Our aluminum winecap closures are supplied to wine producers globally. In 2015, our closures division generated 99% of our net revenue, or €517.4 million, with the remaining 1% of our net revenue, or €3.2 million, coming from our non-core PET business.

Packaging (bottle, label and closure) is an important consideration for spirits and wine producers worldwide and is increasingly becoming a significant point of differentiation as spirits and wine producers compete to attract consumers. The proliferation of spirits and wines available to the consumer at the retail level has made packaging increasingly important in conveying quality and brand image. Further, consolidation within the spirits and wine industry and the formation of several major international spirits and wine conglomerates with substantial advertising and marketing budgets has led to an increased emphasis on branding, especially as international spirits and wine producers increasingly pursue a strategy of “premiumization” and protection of their brands. Increasingly, local or regional producers in the emerging markets are also focusing on their packaging content in order to build new points of differentiation between their brands and competing brands. As such, spirits and wine producers, both in respect of global brands and local brands, work closely with packaging suppliers, including closures manufacturers, in order to design the desired image for their product and to help differentiate each product from its competitors.

Closures have today become part of the brand image for renowned global spirits and wines, allowing an end consumer to identify his or her favorite brand and to build a relationship with the brand. The look and feel of a product’s closure has a significant bearing on the consumer’s perception of quality and consistency of the brand, which is especially important for premium brands. Further, as spirits and wine producers expand into the fast-growing emerging markets, protection of product quality and brand integrity becomes increasingly important. Given the high excise duties charged in many emerging markets on the sale of imported alcohol, emerging markets are highly susceptible to counterfeiting of alcoholic beverages, especially premium brands. Safety closures, which provide significant anti-counterfeiting protection to spirits manufacturers, are therefore important packaging components for producers and consumers alike, providing producers with an ability to protect their brand image and integrity and providing consumers with the confidence that they are purchasing an authentic branded item that has not been counterfeited.

Spirits market

The spirits market consists of brandy and cognac, liqueurs, rum, whisky, tequila and mezcal, white spirits (such as vodka) and other specialty spirits. According to third party reports, during the 2005 to 2015 period, the global value of consumption of spirits grew at a CAGR of 3.9%, from \$322 billion in worldwide sales during 2005 to \$473 billion in 2015 at retail sales prices (“RSP”) at current prices. In 2015, Asia-Pacific accounted for 46% of global spirits sales, Western Europe accounted for 19%, North America accounted for 16%, Latin America accounted for 8%, Eastern Europe accounted for 7%, Middle East and Africa accounted for 4% and Australasia accounted for 1%. Growth is driven primarily by growth in emerging markets, including Middle East and Africa (CAGR 7.1%), Asia Pacific Region (CAGR 6.9%), Latin America (CAGR 4.9%), and North America (CAGR 3.9%) as well as Australasia (CAGR 3.6%). Other geographies have seen lower growth rates, with Western Europe and Eastern Europe growing at CAGRs of (0.5%) and 0.2%, respectively, between 2005 and 2015. The global spirits market is a stable market and is expected to continue to grow at similar rates in the future. By the end of 2017, according to third party sources, the global spirits market is expected to grow to approximately \$528 billion at forecast exchange rates, with an expected CAGR of 5.7% from 2015 to 2017. Emerging markets are expected to be the main driver of future growth.

Whisky is the main market segment within spirits, representing approximately 23% of the spirits market by value during 2015. It is followed by white spirits with 16% of the market. Liqueurs, brandy and cognac, rum, and tequila form the next largest categories with 8%, 8%, 6%, and 2% of the overall market respectively. Other spirits represent 37% of the market.

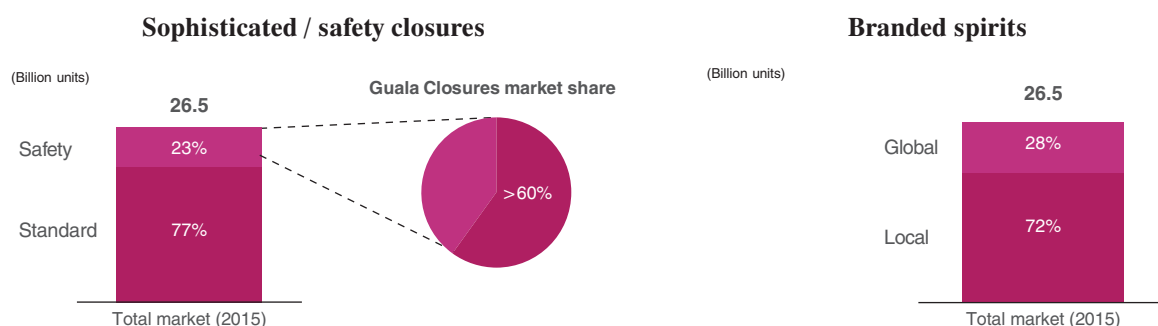
The spirits industry is fragmented and very competitive. Three of the world's leading players are Diageo PLC, Pernod Ricard S.A. and Hite Jinro with market shares of approximately 9.4%, 4.8% and 3.0%, respectively of the global spirits market by volume. Other leading players in the global spirits market include Thai Beverage Plc, Suntory Holdings, Bacardi, Allied Blenders, Beijing Shunxin Agriculture, Alliance Global Group Inc., Lotte Group, Muhak, Russian Standard, San Miguel, Cia Muller de Bebidas and Brown Forman Corporation. In 2015, the top 20 players in the global spirits market accounted for approximately 38% of the total market by volume.

Spirits closures market

The spirits closures market can be subdivided into two main segments: safety closures and standard closures. Safety closures are usually made of plastic or combine aluminum and plastic, and comprise up to 13 different components. Safety closures are fitted with special devices such as glass balls and valves to limit counterfeiting of the end product and to increase safety by making them tamper-evident, non-refillable and leak proof. As a result, safety closures require a high level of technology and innovation to design and produce. Key purchasing criteria for safety closures include innovation and design, quality, performance, service and price. Standard closures are primarily made of aluminum. Standard closures use simpler technology than safety closures (although standard closures can consist of up to three to five different components within one closure). Purchasing decisions for standard closures are driven by quality of service, flexibility (capacity to deliver the right closure at the right time) and price.

Excluding unbranded spirits, we estimate the size of the spirits closures market by volume for 2015 was approximately 26.5 billion pieces worldwide, of which safety and standard closures represented approximately 23% and 77%, respectively. By value, we estimate the size of the spirits closures market for branded spirits (safety and standard closures) was approximately €1.3 billion in 2015, of which safety and standard closures represented approximately €440 million and €860 million, respectively. We believe that safety closures have been taking market share from standard closures for some time, given the increasing threat of counterfeiting as global brands increase their presence in emerging markets and the increasing prominence of local brands.

During 2015, our net revenue related to the spirits market €335 million or 64%; and therefore, represented our most important market. We are the top producer of non-refillable safety closures for the spirits industry with at least a 60% market share by volume of units sold worldwide.

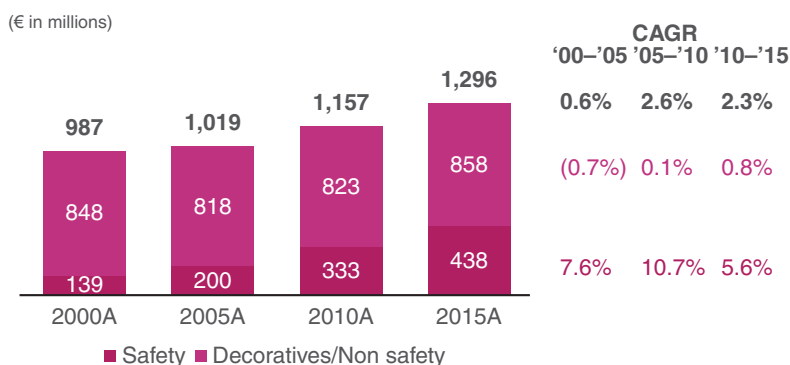


Source: Industry reports, Parent Guarantor estimates.

Source: Industry reports, Parent Guarantor estimates.

The branded spirits segment is comprised of producers of internationally recognized global brands and local producers which operate on a regional level. We believe that in 2015, global branded products represented approximately 28% of the closures market for spirits by volume of units sold, while local branded products represented approximately 72%. Local producers are particularly present in emerging markets and represent a commercial opportunity for us to the extent they convert to safety closures over time, as we anticipate. We believe that the demand for safety closures will continue to grow due to an increasing risk of counterfeiting worldwide and we expect to see a higher growth rate in emerging markets than in the worldwide market in the short term. This is due to the high occurrence of counterfeiting in emerging markets and the desire of local producers to follow Western standards and to develop sophisticated packaging solutions. We also believe that the demand for safety closures will grow if the consumption of branded spirits continues to grow as in recent years.

Closures market value growth



Source: Industry reports. Parent Guarantor estimates.

We believe we are in a strong position relative to our competitors to meet the demand for safety closures by spirits producers. Our competitors typically comprise small manufacturers, particularly in Asia, and large multinational companies who have generally focused on a particular geographic area or whose closures operations consist of only a small portion of their overall operations. Unlike our competitors, we have a global base of operations and focus our operations almost entirely on the production and distribution of closures for the spirits industry, permitting us to serve the needs of customers in Europe, South America, Asia, and recently North America. We are typically the sole supplier for specific brands in specific regions.

Our competitors in the safety closures market include Torrent, Global Closure Systems (part of RPC Group), Berry Plastics Group, Bericap, Tokk, Indeplast, Plastamp and various small Chinese manufacturers. In the standard closures market, our competitors include Amcor and Alplast.

Winecap closures market

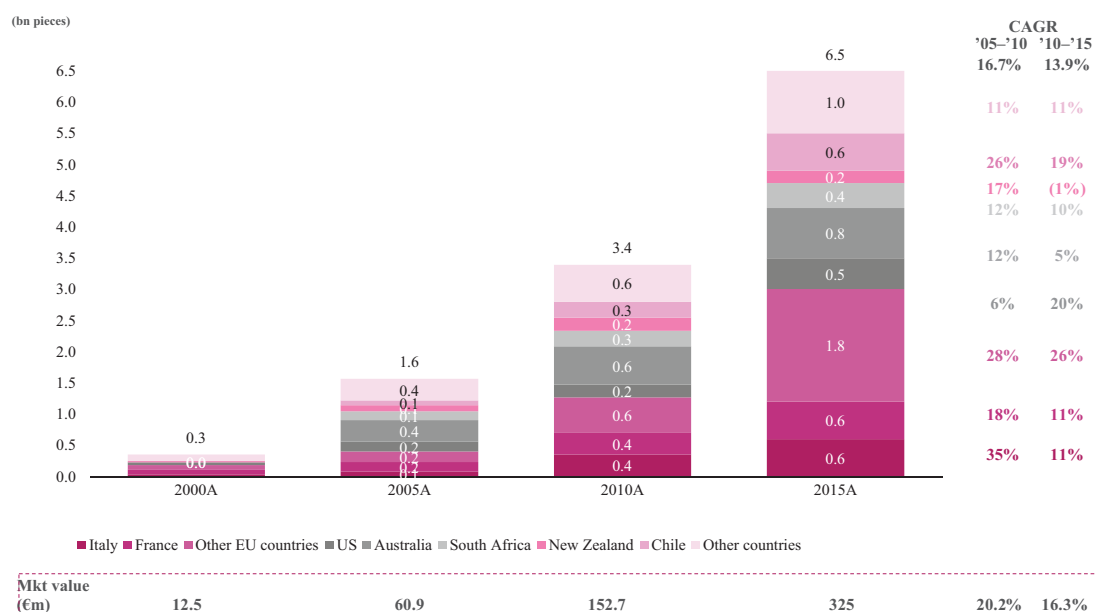
Outside of the spirits market, we are most active in the manufacturing of aluminum winecap closures for the global wine market. According to third-party reports, the global wine market was valued by sales at approximately \$287 billion in 2015 and is expected to grow to approximately \$367 billion in 2020 at forecast exchange rates, with an expected CAGR of 5.0%. The global wine market is very fragmented with the top 3 and top 20 leading players, on a combined basis, representing approximately 6% and 19% of total wine market volumes, respectively. The leading players in the global wine market are E & J Gallo Winery Inc., Constellation Brands, Inc., The Wine Group Inc., Accolade Wines Ltd and Castel Groupe. On a regional basis, the largest consumers of wine are Western Europe followed by Asia Pacific Region and North America which represent 42%, 21% and 13%, respectively, of the total wine market by volume. The largest producers of wine are Italy and France which account for about 47% of global annual wine production. However, New World wine countries such as New Zealand, Australia, South Africa, Chile and Argentina have been increasing their share of global wine production, in recent years.

The wine closures market is composed of traditional corks, synthetic corks and aluminum winecaps, with corks traditionally being the most predominant type of wine closure. However, there has recently been increased adoption of aluminum winecaps, due to their various benefits, including improved preservation of the organoleptic properties of wine, consumer preference for ease of use and storage, and lower cost of packaging. Corks, which deteriorate over time, do not perform as well when travelling long distances over extended periods of time and often cause contamination of the wine, while winecaps are not susceptible to natural cork taint issues and therefore do not create a risk of spoiling the wine in the bottles. As a result, we have seen significant growth in the aluminum winecaps market in recent years as wine producers, wholesalers and retailers increasingly substitute aluminum for cork winecaps. We believe that aluminum winecaps today account for approximately 20% of all bottled wine worldwide and we believe that we are well positioned to capitalize on future growth in this industry, especially as large regions such as North America and Europe move towards greater usage of aluminum winecaps.

Our winecap closures products represent a significant portion of our core business. During 2015, our winecap closures division accounted for €96 million or 18.5% of our net revenue; and therefore, represented our second most important market after spirits closures. In 2015, we manufactured over 2.3 billion aluminum winecaps. We estimate that the size of the worldwide winecaps closures market as of

December 31, 2015 was approximately 6.5 billion pieces or over €325 million by value. Based on the foregoing, we believe we are one of the top producers of aluminum winecap closures, with at least a 35% market share by volume of units sold. According to industry reports, between 2010 and 2015, the global winecaps volume grew at a CAGR of 13.9%, from 3.4 billion pieces in 2010 to 6.5 billion pieces in 2015, driven primarily by increased usage in USA, Chile, Italy and France.

Winecap market



Source: Global Wine Institute, Management

The key purchasing criteria for winecap closures customers are proximity to wine production facilities, speed and quality of service, reputation and price. We believe our market-leading position is driven by our ability to consistently meet these criteria and our unique competitive advantages including: cross-selling opportunities to spirits players that are diversified in the wine sector, scale of production (relevant market share), our printing and decoration capabilities, and close proximity of our plants to key production regions.

We have further strengthened our market position and geographic reach in the winecap market by completing the DGS Acquisition in Poland in 2011 and the MCG Acquisition in South Africa in 2012.

Our competitors in the winecap closures market include Amcor and Inesa.

Other closures markets

We are actively engaged in the European and Australian aluminum closures market for other beverages (such as mineral water, fruit juice, beer and carbonated soft drinks) and in the oil and vinegar market segments in both Spain and Italy. Some of our key customers include Nestlé, Schweppes and Coca Cola, Deoleo and Unilever. During 2015, these products accounted for approximately €64.2 million, or 12% of our net revenue.

We have recently entered into the market for pharmaceutical stoppers and closures (rubber stoppers, PET vials, child proof and tear-off devices) following the acquisition of Pharma Trade S.r.l. in 2009. We believe that the market for pharmaceutical closures and stoppers has similar characteristics in terms of production processes to safety closures for spirits and customers look for a similar level of product quality and reliability. During 2015, our pharmaceutical product line accounted for €8.3 million, or 2% of our net revenue.

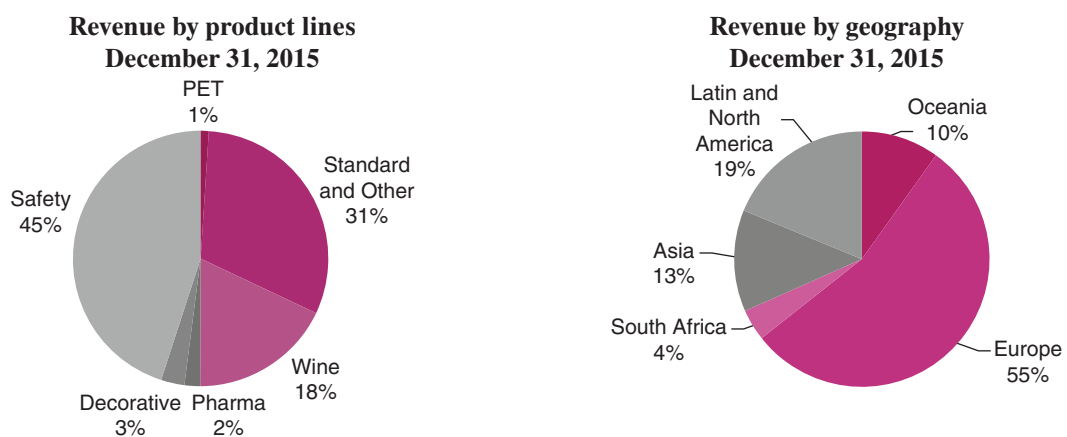
BUSINESS

Overview

We believe that we are the world's leading producer of high value added closures for the spirits and wine industry safety. Through ongoing development and technological innovation, we believe that we are the top producer of non-refillable safety closures for the spirits industry with at least a 60% market share by volume of units sold worldwide, the leading producer of aluminum screwcaps for wine closures with at least a 35% market share by volume of units sold and Europe's largest producer of standard aluminum closures for wine, spirits and olive oil, in each case, in 2015. In aggregate, we operate from 26 plants and five research centers across five continents and sold approximately 14 billion closures in 100 countries in 2015.

Our product lines include: Safety Closures, Decorative Closures, Standard Closures and Other, Wine Closures, Pharma and PET.

We serve a number of end markets and geographies. The following charts illustrate the breakdown of our revenue for the year ended December 31, 2015 by product line and by geography, based on the location from which the product is sold by us.



We believe that our global footprint and state of the art facilities, blue-chip customer base, technology and innovation and effective cost control provide us with a competitive advantage over other closures producers and create high barriers to entry in the markets in which we sell our products. Our position is further consolidated by our extensive patent portfolio, with over 80 active patents at the end of 2015 for the design and manufacture of closures, and continuous product innovation (over 20 new products have been launched over the last three years).

By geography, we are the leading producer of safety closures by volume of units sold in a number of emerging markets including Brazil, Colombia, India, Mexico and Ukraine, and the leading manufacturer of aluminum screwcaps for wine closures in Argentina, Australia, New Zealand and Poland to serve the European market and in South Africa. Safety closures are primarily used in emerging markets where there is a high risk of counterfeiting of alcohol. Going forward, we believe we are well positioned to continue to maintain leading positions and benefit from the growth expected in most of these regions.

Our customer portfolio includes blue-chip major international and regional brands with whom we have built long-term relationships and have developed customized processes. We supply the top 10 premium spirits brands worldwide, including Smirnoff, Johnnie Walker, Bacardi, Jack Daniel's and Absolut. The breadth and diversity of our customer base results in no brand accounting for more than 3% of our net revenue during the last three years.

For the twelve months ended June 30, 2016, the Group generated net revenue of €508 million, operating profit of €67 million and Adjusted EBITDA of €103 million, resulting in an Adjusted EBITDA margin of 20.4%. We believe that these high margins, which historically have been consistently around 20% on an annual basis, are assisted by our raw material cost management and our ability to absorb raw material price fluctuations, global diversity and exposure to growth markets and ongoing management initiatives to improve production efficiencies.

In the last five years, we have experienced significant growth in our business, attributable partly to organic growth and partly to acquisitions. The Group's net revenue, operating profit and Adjusted EBITDA have increased from €418 million, €47 million and €88 million in 2011 to €521 million, €66 million and €106 million in 2015, respectively. Our growth has been primarily driven by the increasing penetration of branded spirits in emerging markets, the premiumization of locally produced spirits for the export market, increasing preference on the part of spirits suppliers in those countries towards safety closures to prevent counterfeiting and through the acquisition of local producers in certain key markets. In addition, we continue to grow our wine closures business, benefitting from the sustained growth in the aluminum closures market. We believe that there is strong future growth potential due to the greater use of safety closures in emerging markets and an increasing global trend in the wine industry towards the usage of aluminum screwcaps.

History

We commenced operations in 1954 as a manufacturer of plastic closures for spirits. Early in our development we adopted an international focus, initially by licensing our products to local producers and later by establishing a direct presence in the markets we targeted. Over the last two decades, we have expanded our product lines and geographic markets through both organic growth and acquisitions. Over the last five years, our expansion has included the acquisition in 2011 of the DGS aluminum closure business in Poland, the acquisitions in 2012 of the MCG metal closures business in South Africa and the ASA screwcaps for wine closures business in Australia and the commencement in 2015 of production operations in Chile.

In 2008, we were acquired by our present shareholder group, comprised of investment funds and entities that were then controlled, directly or indirectly, by an affiliate of the Merchant Banking Funds, Intesa Sanpaolo S.p.A., certain members of our management team and other investors. See "*Principal Shareholders*".

Our products

Our products comprise the following product lines: Safety closures, Wine closures, Decorative, Standard and Others, Pharma and PET.

Safety closures

We produce safety closures almost exclusively for spirits, which are fitted with special devices to limit counterfeiting of the end-product, such as non-refillable devices. We are the world's leading producer of safety closures for spirits, with at least a 60% market share by volume of units sold worldwide. Safety closures have a complex structure that generally consists of from 5 to 13 components. Our safety closures are designed to prevent our competitors from imitating our closures and their unique components. The features of our safety closures products can include tamper-evident seals, non-refillable valve systems, positive lock systems and aluminum cladding.

We have been active in the production of safety closures since the 1970's when we launched the famous 1031 model safety closure. Most of our older patents related to the creation of innovative solutions for tamper evident and tamper proofing features in closures; these features being implemented alongside new designs of plastic components and the interaction of plastic components with aluminum shells. Our more recent patent applications take advantage of new technologies, in an innovative manner and for the first time in the closures field, include production cost savings and sustainable methods (for waste reduction) as well as improvements in the efficiency of tamper evident and anti-counterfeiting measures.

Safety closures are increasingly being used as a marketing tool to create a premium brand image through exclusive packaging. In response to the needs of our customers who wish to distinguish their brands, we also design and produce customized closures according to their specifications.

The table below sets out the key data for the principal closures in our safety closures product line.

Model	Launch date	Component material	Number of components	Key end products
1031	1978	Plastic	5	Bacardi Rum, William Lawson, Gordon Gin, Domecq Brandy, Amaro Averna
1031 TE	1995			
1331	1998			
1332	2001	Plastic	5	Fundador Brandy, Domecq Brandy
1600	1997	Plastic	9	Exclusively Chivas Regal
2500, 2600	1991	Plastic and aluminum	11	Cognac Martell, Tequila Cazadores and Chinese liquor products (Wulliangye)
500, 550, 552, 600	1966	Plastic and aluminum	5	Stolichnaya Vodka, Moskovskaya Vodka, Bell's Whisky, Sambuca Palini
1228	1992	Plastic and aluminum	7/8	Jim Beam, Ballantine's Tequila Cuervo
1228 TE	1999			
1229	2001	Plastic and aluminum	7	Windsor Whisky, Imperial Whisky
1235	1993	Aluminum	8	Exclusively Absolut Vodka
2060	1994	Plastic	3	Liquori Coebergh, Metaxa Ouzo
Monte Carlo	2000	Plastic and aluminum	9	Dewar's Whisky, Distillerie Seijong Ten
Sole, Luna	2000	Plastic and aluminum	4/7	Finlandia Vodka, Plymouth Gin
Alusnap	2001	Plastic and aluminum	6	J&B Whisky, Bols Nelden Vodka
M 500	1995	Plastic and aluminum	4/5	100 Pipers Whisky, Spey Royal Whisky, Black & White Whiskey
Mark 4	1983	Plastic and aluminum	10	Buchanan Whisky, Old Parr
POLKA	2003	Plastic and aluminum	5/6	Pilker Distilleries, Yeni Raki
633 (new aesthetic)	2003	Plastic	4/7	Finlandia Vodka
Kim	2003	Plastic	2	Skyy Vodka
2039	2004	Plastic	2	Ketel One Vodka
Royal salute Cork NRF	2008	Plastic, aluminum and cork		Royal Salute
1612	2008	Plastic and aluminum	11	Chivas Regal China
1612A	2008	Plastic	9	Chivas Regal Global
Alba	2010	Plastic and aluminum	6	Latin America
Siena	2010	Plastic and aluminum	5/7	
2610	2010	Plastic and aluminum	11	Martell
Deluxe	2010	Plastic	6	Eastern Europe
Kirk	2011	Plastic	5	Windsor
2615	2011	Plastic and aluminum	11	Martell
Roll on TE	2011	Plastic and aluminum	3	
3039	2012	Plastic and aluminum	4	Ketel One
Nuvò	2012	Plastic and aluminum	3	Nuvò (Diageo)
New Kirk	2012	Plastic	8	Windsor (Diageo)
Elix	2012	Plastic	3	Absolut
Pearl	2013	Plastic	4	Jinro (Pernod Ricard)
Florence	2013	Plastic and aluminum	3/5	Ballantine's
Verso	2013	Plastic and aluminum	4	Various (olive oil)
Tanqueray 10	2014	Plastic and aluminum	3	Tanqueray (Diageo)
Bikini	2014	Plastic	2	Skyy (Campari)
Wave	2014	Plastic	3	Caninha 51
TE Cork	2014	Plastic	5	Khlebny Dhar
Sunrise	2015	Plastic and aluminum	6	APU
Senja	2015	Plastic	1	Ukraine vodka
Florence OP Restage	2015	Plastic and aluminum	4	Ballantine
Skyy90	2015	Plastic and aluminum	3	Skyy (Campari)
Rosc+	2015	Plastic and aluminum	3	Absolut

In 2015, we sold approximately 4.1 billion safety closures, representing 45% of our net revenue.

Wine closures

Aluminum screwcap closures for wine are easy to open and convenient to store as well as lower cost than traditional cork closures. Screwcap closures for wine offer further a advantage to natural and synthetic corks for bottled wine as screwcaps are not susceptible to natural cork taint issues and, therefore, do not create a risk of spoiling the wine contained in the bottle. Demand for aluminum screwcaps closures for wine has increased in recent years, and screwcap closures are used on approximately 20% of all bottled wine worldwide.

We expanded our presence in the wine closures market through a series of acquisitions, including Global Cap in 2003, Auscap in Australia in 2007, DGS in Poland in 2011 and MCG in South Africa in 2012. In 2015, we commenced production operations in Chile. We offer one of the largest ranges of aluminum closures to the wine industry.

Flat coated and printed aluminum sheets are pressed to produce the closure shell, which is then finished to meet the customer's needs through the use of printing machines. Our wine closures product line includes a range of product and technological features, including decoration, concealed threading, tamper evident band, pressure retention and varying levels of permeability.

The table below sets out the features for certain of our wine closures product line.

Product	Design and Technological Features
Divinium	Classic screwcap
Savin Premium	Smooth external shell, aluminum insert
WAK	Non-visible thread
VIIVA	Pre-/post-opening pressure retention
Onxy/Ivory, Coral	Variable permeability
Roll On TE	Tamper evident band

In 2015, we sold approximately 2.3 billion wine closures, representing 18% of our net revenue.

Decorative closures

Our decorative closures product line specializes in the production of customized plastic and aluminum closures, typically designed for high-end spirits that are produced in limited quantities. These closures are designed to give a more distinctive character to our customers' brands and to improve the aesthetic appeal of their end-products. The decorative closures product line serves as an important promotional vehicle for both our safety and aluminum product lines.

The following table sets out key data for the principal closures in our decorative product line.

Closure	Customer	Material	Component	Product	Launch
Drambuie	Drambuie	Plastic	3	Liquor	2005
Xellent Vodka	Diwisa	Plastic	1	Vodka	2011
Dewar's 18 yo	Bacardi	Gravitas	2	18 yo blended whisky	2014
Mortlach	Diageo	Gravitas	3	Single malt whisky	2014
Royal Salute Standard	Pernod Ricard	Gravitas	2	21 yo blended whisky	2014
Royal Salute Eternal Reserve	Pernod Ricard	Gravitas	2	21 yo blended whisky	2014
Royal Salute NRF	Pernod Ricard	Gravitas	6	21 yo blended whisky	2014
Tanqueray 10	Diageo	Plastic+Alu	2	Gin	2014
Johnnie Walker XR	Diageo	Gravitas	3	21 yo blended whisky	2015
Ultis Chivas	Pernod Ricard	Gravitas	5	Aged blended malt	2016
Zacapa	Diageo	Gravitas	3	Aged rum	2016
Jack Daniel's 150	Brown Forman	Gravitas	2	Tennessee whisky	2016

In 2015, sales of decorative closures represented 3% of our net revenue.

Standard closures and Other

We produce standard closures, mainly using aluminum, for spirits. Our standard closures also includes closures for bottles of mineral water, soft drinks and beer. We also produce closures for the condiment markets (such as those for olive oil and vinegar).

Our products are comprised (i) long and short aluminum closures fitted with a thread enabling them to be screwed directly onto the neck of the bottle and (ii) aluminum closures with plastic components enabling special functions, such as anti-drop spouts (mainly designed for olive oil bottles) or flow inhibitors (mainly designed for vinegar bottles).

We seek to, where appropriate, migrate customers from standard closures to higher margin safety closures through a process of customer education and product innovation.

The table below sets out certain information for the principal closures in our standard closures product line.

	<u>Component material</u>	<u>Number of components</u>	<u>Key end-products</u>
Spring	Aluminum and plastic	3	Mineral water. Brands: San Pellegrino, San Benedetto, Norda, Borjomi.
30×35	Aluminum	2	Spirits. Brands: New Amsterdam, Smirnoff, Gilbey's, Kenya Cane.
31, 5×24	Aluminum	2	Spirits and Oil. Brands: Vermouth Martini, Carli, Salvadori
31, 5×50	Aluminum	2	Spirits. Brands: Amaro Ramazzotti
30×60	Aluminum and plastic	2	Wine and Spirits. Brands: Bacardi Rum range, Campari, Bailey's, Jacob's Creek
35×24	Aluminum and plastic	3	Olive Oil. Brands: Deoleo, Bertolli, Monini, Farchioni.
31, 5×44	Aluminum and plastic	2/3	Spirits and Oil; Vinegar. Brands: Eristoff & Aperol, Ponti, Unilever

In 2015, we sold approximately 7 billion pieces of standard closures, with standard closures and other representing 45% of our net revenue.

Pharma

We introduced pharmaceutical products as a new product line with our acquisition of Pharma Trade S.r.l. in August 2009. The pharmaceutical products market is a complementary market segment to the spirits closures market, with many of the same characteristics, including complex production processes, stringent safety and anti-counterfeit requirements and a specialized customer base. Similar to spirits closures customers, our pharmaceutical clients require safety, quality and reliability from their suppliers.

We ensure that our pharmaceutical products are in line with Good Manufacturing Practice standards and ISO 9001 by producing products with technologically advanced equipment to provide a greater guarantee to our customers. Our key pharmaceutical products include aluminum and PET closures (tear off/flip-off/child proof), rubber stoppers, PET vials, and bottle ring neck bottles.

In 2015, we sold approximately 600 million pieces of pharmaceutical closures, representing 2% of our net revenue.

PET

Our PET products comprise the custom molding line, which manufactures bottles, moldings, jars, flasks and miniature bottles, with capacities ranging from 20 ml to a maximum of 9 liters, and with bottle neck diameters ranging from 18 mm to 110 mm.

In 2015, PET sales represented 1% of our net revenue, generated solely by operations in Spain.

Principal customers

The major customers of our safety closures product line are the principal multinational producers of spirits, such as Diageo, Bacardi Martini, Brown Forman Pernod Ricard and Campari, and a number of important regional producers such as state distilleries in Colombia, large whisky producers in India, and vodka producers in Russia.

The customers of our standard aluminum closures product line include some of the key spirits producers, producers of mineral water such as Nestle (San Pellegrino), olive oil such as Deoleo from Deoleo group and vinegar such as the Ponti Group. The major customers of our wine closures are major wine producers such as Constellations Brands, Accolade, Pernod Ricard, Treasury wines, Castel, Concha y Toro, Caviro and Torres.

Purchasing decisions by our major clients are rarely centralized and are usually made by single product brand managers. With each of our major customers we enter into an overall framework agreement which governs dealings between the parties. Such arrangements generally specify the closure models required, volumes and procedures for determining the purchase price during the term of the contract. Usually a schedule of expected delivery quantities and dates is supplied at regular intervals which enables us to co-ordinate our procurement of raw materials. In order to confirm a particular delivery date and quantity, the customer sends us a purchase order containing the relevant information.

Our top five closures customers in 2015 were (in alphabetical order) Bacardi, Brown Forman, Casa Cuervo, Diageo-USL and Pernod Ricard. Together, they represented about 33% of our net revenue in 2015. However, no one brand represented more than 3% of our 2015 net revenue though we represent multiple brands of several global spirits manufacturers.

Competition

We are active in the design and production of safety closures for spirits and standard closures for spirits, wine and pharmaceutical products on a worldwide basis. Our competition in the safety closures market is limited because of the bespoke nature of our products and our long-standing relationships with customers. We face more competition in the markets for standard and screwcaps for wine closures because of the commoditization of these products. We are also actively engaged in the European aluminum closures market (for end products such as mineral water, fruit juice, beer and carbonated soft drinks) and in the oil and vinegar market segments in Spain and Italy. We are also active in the pharmaceutical closures market in Europe.

We believe that as of December 31, 2015, we held a 60% global market share by volume of the safety closures manufactured for spirits.

We estimate that our global revenue from sales of safety closures are six times greater than those of our nearest competitor, sales from standard closures are three times greater than that of our nearest competitor and sales from winery closures are twice those of our nearest competitor.

The following table lists the geographical area, type of product and our main competitors for each of the segments in which we operated for 2015.

<u>Market sector</u>	<u>Location</u>	<u>Product</u>	<u>Main competitors</u>
Spirits	World	Safety and aluminum closures	Global Closure Systems (part of the RPC Group), Amcor, Torrent, Alplast
Non-alcoholic beverages	Europe	Aluminum closures	C.S.I.
Wine	World	Aluminum closures	Amcor
Oil and vinegar	Italy and Spain	Aluminum closures	Torrent, Astro
Pharmaceuticals	World	Aluminum closures	West Pharma, Helvoet

We believe our competitors are comprised of small manufacturers, particularly in Asia, and large multinational companies who have generally focused on a particular geographic area.

Within Europe, our main competitor in the safety closures market for spirits is the Spanish company Torrent S.A. Our main competitor in the aluminum closures segment is United Closures and Plastics, which is primarily active in Europe.

Marketing and sales

We reach our customer base primarily through our direct sales force. Our sales force is organized geographically and is able to focus on target markets and customers by understanding local needs. In some markets, we enter into agency agreements with independent sales agents or use distributors in order to benefit from established local sales channels or because market conditions demand their use. We tailor our marketing activities primarily on the basis of our current level of penetration in a specific market.

Participation at annual trade fairs for spirits and wine industries is another important means of keeping in contact with customers, particularly in the earlier stages of our entrance into a market, when we have lower brand awareness and limited access to the market, for example, when we originally entered South East Asia such as Japan, Bangkok, Africa such as Nigeria and the United States.

Raw materials and suppliers

We primarily purchase aluminum in coil from a number of suppliers which we select based on technical criteria, service quality and reliability. Our principal suppliers of aluminum are located in Europe. Our aluminum purchase agreements specify quality and performance levels, technical specifications of the product, price breakdowns, total processing costs, delivery and payment schedules and minimum purchase quantities for annual consumption. We also purchase aluminum ingots on the spot market, which we then dispatch for processing to suppliers of aluminum coil.

The majority of our purchases of plastic resins are made on the basis of purchase orders from a number of leading European and world producers. Our raw materials are primarily sourced locally. Our key plastic resins suppliers for our European production facilities are located in Italy, France, Germany and Belgium. The majority of the plastics resins used in production are low and high density polyethylene, polystyrene, polypropylene and polycarbonate. Our supply requirements contracts with our principal suppliers set out the terms of payment, delivery schedules and the criteria for determining any price and volume discounts (usually conditional upon us meeting specified purchase targets). Our supply contracts also provide for adjustments of prices depending on periodic increases or decreases in plastic resins prices which, in turn, change on a weekly basis, except in the case of polycarbonate, the price of which is generally set for periods of several months.

Raw materials prices can fluctuate substantially over relatively short periods of time. Increases in the prices of our raw materials have therefore had a direct impact on our production costs. We are able to manage this by reducing the quantity of aluminum used in our manufacturing process and substituting it with other raw materials.

Since most of our closures division sales are made on the basis of contracts that fix our sales prices for the term of each contract (generally one year) or are otherwise made pursuant to purchase orders that do not link sales prices to increases in the cost of raw materials, our closures division margins are exposed to the risk of fluctuations of the prices of raw materials. In order to mitigate our exposure to such risks, we select our suppliers very carefully. We also continually seek to implement innovative product and process solutions aimed at reducing consumption of raw materials. Additionally, in respect of aluminum, we use hedging instruments to reduce our exposure to price fluctuations. We typically purchase aluminum based on contracts that set prices by reference to the aluminum quotations on the London Metal Exchange in U.S. dollars, which are converted into euro at the average exchange rate at the month of purchase. We seek to reduce our exposure to the risks associated with aluminum price fluctuations by entering into forward contracts with brokers operating on the London Metal Exchange, whereby we purchase aluminum at a fixed price to protect our operating margins from price volatility. Our forward hedging transactions currently cover approximately 23% of our estimated 2016 aluminum needs. See *“Management’s Discussion and Analysis of Financial Condition and Results of Operations—Principal factor affecting our results of operations—Costs for raw materials”*. To date we have not entered into similar hedging arrangements in respect of plastic price fluctuations, because such arrangements are not currently available in the market.

Manufacturing process

The production process for safety closures and for aluminum shells is divided into three stages: (i) injection molding of plastic components and for aluminum shell production, (ii) customization and (iii) assembly. We first produce each plastic component by using injection molding technology developed by our in-house personnel. Our closures are then customized by applying surface decoration through various techniques, such as off-set, silk screen or tampographic printing, or hot-stamping. Finally, we assemble the plastic safety closure itself.

The decorative product line uses the same processing techniques as our safety closures product line, but extra attention is paid to aesthetic design. The process may involve “metallization” of the capsule or applying other special finishes, depending on the characteristics of the end-product. The production process of standard aluminum closures, aluminum pharmaceutical closures and screwcaps for wine closures begins with the aluminum coil being washed and cleaned. The sheets are printed and pressed into different shells and aluminum rings. If a customer wishes to have a more aesthetically appealing design or to customize the closure with a particular color or with the company’s trademark, we perform side-printing using off-set and silk-screen techniques. The final stage of the production process is the assembly of the aluminum closure where we insert seals or plastic components such as non-drip spouts or flow inhibitors.

Some pharmaceutical closures use rubber which is cut to the correct shape then washed and sterilized.

We have warehouses adjacent to almost all the production facilities. Our plastic materials are kept in dedicated silos to avoid jeopardizing the purity of our end-products. Since our finished products are generally shipped directly to customers soon after production, they are stored only for limited periods of time.

Quality control

All of our closures division production facilities have been ISO 9001-certified (except for Basaluzzo (Italy), Santiago de Chile (Chile) and Fairfield (U.S.) plants), which requires compliance with a set of shipping, trading and technology standards promulgated by the International Organization for Standardization (“ISO”).

All our facilities utilize efficient quality control and certification processes for raw materials. We perform regular quality controls on the raw materials that are supplied to us by our suppliers. Our technical staff checks the technical characteristics, including the purity and quality of polymers, their resistance to pressure and shock, their conformity with EU regulations governing packaging materials for food, and their resistance to the effects of alcohol. Moreover, plastics are also tested to ensure that they do not affect the taste of spirits.

The closures division operates an advanced quality assurance process to improve the quality performance of all our facilities. Qualified staff at each production site carry out tests on raw materials, processes and end-products to improve quality and adopt corrective or preventive measures to ensure a high level of efficiency throughout our production chain. These processes include the use of statistical process control and we involve our employees in on-going monitoring activities. We believe that this approach to quality control increases employee participation and provides necessary training at all levels. The staff assigned to this task take an active part in the development and modernization of our production facilities. We monitor the quality of our finished products to ensure that our products fully meet our customers’ requirements.

We believe that our quality assurance practices are critical to improving our internal processes and the service we provide to customers.

In addition to our internal quality control operations, customers are offered the opportunity to send their personnel to our closures division facilities periodically to verify the quality of our products and the production process. Those of our facilities that manufacture products for the mineral water and pharmaceuticals markets also meet stringent requirements regarding facility hygiene.

Research and development

We believe that continuous product innovation is very important to our success. We devote significant resources to our research and development activities. The main focus of our research and development activities is on the development and delivery of products that address the quality requirements and design preferences of our customers, as well as increasing demand by identifying and implementing technical solutions that are more likely to result in innovative products. We also concentrate on standardizing functional components and on developing processes that reduce our operating costs.

Our principal research and development center is located in Alessandria, Italy. It comprises workshops and dedicated laboratories, collaborates on a regular basis with specialized external research centers, such as universities and private laboratories, and coordinates the operations of our other research centers in Scotland, Mexico, Ukraine and Bulgaria. Our research and development structure consists of engineers, product and mold designers, and product and project managers. As of December 31, 2015 our research and development centers employed a staff of 33 people.

The goals of our research and development activities are as follows:

- identifying innovative solutions that maximize the productivity and flexibility of our production facilities;
- researching innovative solutions for the treatment of plastic or aluminum to enhance their aesthetic features;
- designing and extending our product portfolio based on our customers’ requirements, including new design requirements specified by customers and product extensions and improvements resulting from collaboration with customers; and
- modernizing our existing products by adding new internal and external components to improve their functional and aesthetic features.

The laboratory analysis and design of a new model usually takes between four and seven months. The time required for industrialization and production is on average between six and 18 months, depending to a large extent on the technical complexity of the particular product.

During the last three years, we have launched over 20 new products. We currently have a pipeline of several new products which are due to be launched before the end of 2016 and in 2017.

Intellectual property

We rely on a combination of patents, utility models, trade secrets, trademarks, copyrights and other intellectual property rights, non-disclosure agreements and other protective measures to protect our proprietary rights. We strongly believe in the importance of intellectual property rights, which in our view is one of the key elements of our current business. We employ various methods, including confidentiality and non-disclosure agreements with third parties, employees and consultants to protect our trade secrets and know-how. At the end of 2015 we were the holder of, or had lodged applications for, over 80 active patents. These patents have been registered predominantly in countries in which our production facilities are located, or in countries in which our major customers are based.

We have been active in the production of safety closures since the 1970's when we launched the famous 1031 model safety closure. Most of our older patents related to the creation of innovative solutions for tamper evident and tamper proofing features in closures; these features being implemented alongside new designs of plastic components and the interaction of plastic components with aluminium shells. Our more recent patent applications take advantage of new technologies in an innovative manner and for the first time in the closures field, include production cost savings and sustainable methods (for waste reduction) as well as improvements in the efficiency of tamper evident and anti-counterfeiting measures.

To date, no third party has brought legal or administrative proceedings challenging the validity of a patent held or in the process of registration by us. Only where we have brought counterfeiting actions have third parties contested the validity of any of our patents.

Employees

The following table lists the number of employees we had for the years 2013, 2014 and 2015.

	As of December 31,		
	2013	2014	2015
Blue Collar	2,946	2,984	2,928
White Collar	834	865	873
Managers	177	197	195
Total	<u>3,957</u>	<u>4,046</u>	<u>3,996</u>

We believe that our relations with employees are satisfactory and we have not experienced significant strikes or work stoppages in recent years.

Production facilities

We believe that all of our facilities are well-maintained, in good operating condition and strategically located. At the end of 2015, we operated 26 production facilities in 17 different countries. This wide distribution of production activity reflects our strategy to operate in close proximity to our clients' production facilities, which we believe enables us to reduce transport and shipping costs and to be flexible in meeting our customers' demands.

Our production facilities were designed with the aim of ensuring safe assembly and high production speed. The assembly of the machinery used in production facilities is performed for safety closures at our headquarters in Alessandria, Italy. Both product lines perform maintenance and modernization work at the relevant production facilities.

The maintenance of our facilities is undertaken, both in Italy and abroad, by a team of specialized technicians. They are responsible for ordinary and extraordinary maintenance operations and also carry out modernization work which normally occurs every two or three years.

The following table sets out certain information regarding our production facilities.

<u>Location</u>	<u>Square meters</u>	<u>Owned/leased</u>
Spinetta Marengo, Italy	20,315	Leased ⁽¹⁾
Termoli, Italy	6,200	Owned
Magenta, Italy	8,285	Owned
Vasto, Italy	4,400	Leased
Basaluzzo, Italy	3,312	Leased
Jerez de la Frontera, Spain	5,184	Owned
Olerdola, Spain	4,850	Leased
Alcalá de Henares, Spain	8,000	Leased
Kirkintilloch, Scotland, UK	6,472	Leased
Sumy, Ukraine	10,307	Owned
Kazanlak, Bulgaria	19,872	Leased
Wloclawek, Poland	29,600	Owned
Beijing, China	4,602	Leased
Goa, India	15,083	Owned
Daman, India	3,085	Owned
Ahmedabad, India	8,964	Owned
West Footscray, Australia	9,180	Leased
Acacia Ridge, Australia	2,700	Leased
Auckland, New Zealand	3,000	Leased
San José Iturbide, Mexico	10,353	Owned
Barueri, Brazil	5,819	Owned
Chivilcoy, Argentina	5,000	Owned
Santiago de Chile, Chile	1,088	Leased
Bogotá, Colombia	3,950	Leased
Cape Town, South Africa	11,600	Owned
Fairfield, California, United States	1,100	Leased

Note:

- (1) On expiry of the finance lease in 2020, we intend to exercise the right (*diritto di riscatto*) provided therein to become the owners of this facility by paying the relative purchase option installment.

Environmental matters

Our past and present operations and ownership and use of real property are subject to extensive environmental laws and regulations in a number of jurisdictions pertaining to the discharge of materials into the environment and the handling and disposal of waste or otherwise relating to the protection of the environment. We believe that we are in substantial compliance with applicable environmental laws and regulations. We have adopted codes of conduct and undertaken projects to promote environmental protection in terms of both production procedures and the areas in which our plants are located.

Legal proceedings

We are party to various legal proceedings involving routine claims that are incidental to our business. Although our legal and financial liability with respect to such proceedings cannot be estimated with certainty, we do not believe that the outcome of these legal proceedings, individually or in the aggregate, will have a material adverse effect on our financial condition.

The Issuer has been subject to various tax audit assessments or investigations involving the Alessandria Tax Authority (*Agenzia delle Entrate—Direzione Provinciale di Alessandria*) (“**Tax Authority**”). These matters have arisen in connection with past tax reviews of the Issuer and its predecessor.

The Issuer has been the subject of tax reviews in the past regarding the applicability of Italian withholding tax with respect to its interest payments in respect of certain intercompany loans (which loans have been reduced in amount through subsequent capitalization). The Issuer reached settlements in 2014 and 2015 with the Tax Authority and made total payments (including accrued interest and penalties) of approximately €1.7 million, €1.4 million and €1.3 million in respect of withholding tax applicable to interest due in 2009, 2010 and 2011, respectively. While the Issuer is currently the subject of ongoing tax reviews

for periods subsequent to 2011, to date no assessments for withholding tax matters have been raised by the Tax Authority in respect of periods subsequent to 2011. There can be no assurance that such assessments will not be made in the future.

Following the inability to conclude a satisfactory settlement following a period of discussions with the Tax Authority in connection with the tax claim received in December 2015, the Issuer filed a motion with the relevant Italian provincial tax commission (*Commissione Tributaria Provinciale*) (“**Tax Commission**”) to obtain a ruling on the permissibility of the deductibility of interest in respect of certain intercompany indebtedness for fiscal year 2010. The Tax Authority had asserted that the appropriate amount of deductible interest for such year was approximately €380,000 (rather than the amount of approximately €9.8 million that we recorded). We cannot predict the period of time that it will take to obtain a ruling from the Tax Commission, although we have been informed that such a ruling typically can take between two to three years. If there was an adverse ruling, the Issuer would be entitled to make an appeal. On July 11, 2016, the Tax Authority notified the Company that it would challenge the deductibility of interest in respect of certain intercompany indebtedness for fiscal year 2011, although no claims have been made yet. In any event, we believe that the Issuer has net operating losses available to fully offset such claims for fiscal years 2010 and 2011. No claims or challenges have been made in respect of subsequent periods, although there can be no assurance that such claims will not be made in the future. The assessments (including interest and penalties) in such claims could be material.

For further information, see “*Risks Related to our Business—The international scope of our operations and our corporate and financing structure may expose us to potentially adverse tax consequences and potentially negatively affect our business*”.

MANAGEMENT

The Company

The Company is a corporate partnership limited by shares (*société en commandite par actions*), organized under the laws of Luxembourg, having its registered office at 8A, Rue Albert Borschette, L-1246 Luxembourg and registered with the Luxembourg Register of Commerce and Companies under number B-141684. The Company is managed by a board of directors which is vested with the broadest powers to perform all acts of administration and disposition that are in the Company's interest which are not expressly reserved by law or by the articles of association to the meeting of the shareholders and has full powers to carry out and approve for the Company all acts and operations consistent with the purposes of the Company.

The persons set forth below are the current directors of GCL Holdings S.C.A.

<u>Name</u>	<u>Age</u>	<u>Title and Address</u>
Francesco Bove	58	Director Class B, 12, via Rana, D/6 industrial estate, 15122 Spinetta Marengo (AL), Italy
Gregory Centurione	43	Director Class A, 89A, rue Pafebruch, 8308 Capellen, Luxembourg
Anibal Diaz	63	Director Class A, 8A, rue Albert Borschette, L-1246 Luxembourg
Marco Giovannini	60	Director Class A, 8A, rue Albert Borschette, L-1246 Luxembourg
Maximilian Hofert	39	Director Class B, 9-10, Savile Row, W1S 3PF London, United Kingdom
Mathieu Ledoux	41	Director Class A, 89A, rue Pafebruch, 8308 Capellen, Luxembourg
Annick Mayon	39	Director Class A, 89A, rue Pafebruch, 8308 Capellen, Luxembourg
Kunal Pandit	37	Director Class B, 42, Brook Street, W1K 5DB London, United Kingdom
Michele Quaranta	41	Director Class B, 16/b, via G.B. Pirelli, 20100 Milan, Italy
Alfio Riciputo	38	Director Class A, 89A, rue Pafebruch, 8308 Capellen, Luxembourg
Colin Taylor	54	Director Class B, 9-10 Savile Row, 5th floor, W1S 3PF, London, United Kingdom

Francesco Bove. Mr. Bove became a director of the Company in October 2015. For further information about Mr. Bove, see “—*The Issuer—Board of directors*”.

Gregory Centurione. Mr. Centurione became a director of the Company in October 2015. He is a chartered accountant with a certification from OEC Luxembourg. He has previously held positions as a director at Deloitte Belgium and Czech Republic, was a managing partner at Mazars Czech Republic, and most recently a managing partner at Value Partners S.A. Luxembourg from 2012 to present.

Anibal Diaz. Mr. Diaz became a director of the Company in October 2015. He holds a degree in economics and business. Mr. Diaz has 30 years of experience in the packaging industry. Prior to joining the Issuer's team in 2000, he held various management positions, including as Controller and later as Chief Financial Officer of Carnaud Metalbox, General Manager of Carnaud Aerosols' European division and as head of the Spanish and French division at Carnaud. Mr. Diaz serves as Chief Financial Officer of the Group and formerly served as manager of Guala Closures S.p.A.

Marco Giovannini. Mr. Giovannini became a director of the Company in October 2015. For further information about Mr. Giovannini, see “—*The Issuer—Board of directors*”.

Maximilian Hofert. Mr. Hofert became a director of the Company in October 2015. For further information about Mr. Hofert, see “—*The Issuer—Board of directors*”.

Mathieu Ledoux. Mr. Ledoux became a director of the Company in October 2015. He holds a Luxembourg tax degree. He also holds a Masters of Law specializing in economic and financial law from the Université Catholique de Louvain. He has worked in tax advisory services for Deloitte Luxembourg, Mazars S.A. and most recently Value Partners S.A. Luxembourg (from 2014 to present).

Annick Mayon. Mr. Mayon became a director of the Company in October 2015. He holds a bachelor’s degree in accounting from HELMo (Haute Ecole Libre Mosane) in Belgium and a chartered accountant certification in Luxembourg. He has nearly two decades of experience in accounting, administrative, corporate secretarial and outsourcing services for Luxembourg and foreign companies. He has held positions at Société Européenne de Banque S.A., Mazars ATO S.A. and Value Partners S.A Luxembourg. (from 2013 to present).

Kunal Pandit. Mr. Pandit became a director of the Company in October 2015. For further information about Mr. Pandit, see “—*The Issuer—Board of directors*”.

Michele Quaranta. Mr. Quaranta became a director of the Company in October 2015. For further information about Mr. Quaranta, see “—*The Issuer—Board of directors*”.

Alfio Riciputo. Mr. Riciputo became a director of the Company in October 2015. He holds a bachelor degree in tax and accounting. He also hold a Master II Finance, Banque, Assurance, Parcours Fonds et Gestion privé, from the Université Paris Ouest Nanterre La Defense. Mr. Riciputo has over 10 years experience on corporate banking and trust and financial services. He has held positions at the fiduciary Fidujambes S.à.r.l., Experta Corporate and Trust Services S.A., Luxembourg, Société Européenne de Banque, Intesa SanPaolo Group. He is a manager at Value Partners (since 2014).

Colin Taylor. Mr. Taylor became a director of the Company in October 2015. For further information about Mr. Taylor, see “—*The Issuer—Board of directors*”.

The Issuer

The following is a summary of certain information concerning the management of the Issuer, certain provisions of the by-laws (*statuto*) of the Issuer and of Italian law regarding corporate governance. This summary is qualified in its entirety by reference to such by-laws and/or Italian law, as the case may be, and it does not purport to be complete.

The Issuer is managed by a board of directors (*Consiglio di Amministrazione*) which, within the limits prescribed by Italian law, has the power to delegate its general authority to an executive committee and/or one or more managing directors. The board of directors determines the powers of the Chief Executive Officer. In addition, the Italian Civil Code requires the Issuer to have a board of statutory auditors (*Collegio Sindacale*) which functions as a supervisory body (see below).

Board of directors

There are currently eight members on the board of directors, which were elected at the general shareholders’ meeting held on April 29, 2014, with the exception of Michele Quaranta who was elected by cooptation by the board of directors on April 24, 2015 and ratified by the general shareholders’ meeting held on April 29, 2015 and Gianni Roberto Ferrari who has been elected by cooptation by the board of directors on December 22, 2015 and ratified by the general shareholders’ meeting held on April 29, 2016. These directors will remain in office until the approval by the shareholders of the financial statements for the year ended December 31, 2016.

The following table lists individuals who are the current directors of the board of the Issuer together with their age, title and other roles they hold within the Group.

<u>Name</u>	<u>Age</u>	<u>Title</u>
Marco Giovannini	60	Chairman and Managing Director
Gianni Roberto Ferrari	71	Director and Managing Director
Francesco Bove	58	Director and Chief Operating Officer
Michele Quaranta	41	Director
Maximilian Hofert	39	Director
Kunal Pandit	37	Director
Colin Andrew Taylor	54	Director
Allen Michael Yurko	65	Director

The business address for the directors of the Issuer is Via Rana 12, Spinetta Marengo, Alessandria 15122, Italy.

Marco Giovannini. Marco Giovannini holds degrees in nuclear engineering and mechanical engineering. Mr. Giovannini has over 30 years of experience in the packaging industry. Prior to joining the Issuer in 1998, Mr. Giovannini worked for Carnaud Metalbox (Crown Cork & Seal Group), Bormioli

Rocco Group, Alluminio Italia and Fiat T.T.G. S.p.A. Mr. Giovannini serves as Chief Executive Officer and is the Chairman of the Issuer. He currently also serves as a director of several companies outside of the Group, including Goglio S.p.A. and S.I.G. S.r.l Solar Investment Group and formerly Ducati Motor Holding S.p.A.. He also serves as director of the Proplast Consortium, which supports the Research & Development department at Politecnico di Torino Alessandria and as member of the Consiglio di Indirizzo of the Fondazione CRT. He is Cavaliere del Lavoro since 2012. Formerly President of Confindustria—Alessandria section and member of the Board of Cassa Depositi e Prestiti.

Gianni Ferrari. Mr. Ferrari has a degree in Economics from the Università Cattolica of Milano. He has worked for the Group since 1967 and in a management capacity since 1978. During this period he has worked in various positions in administrative, financial, legal and fiscal areas.

Francesco Bove. Francesco Bove holds a business degree from Marquette University. He also holds an M.B.A. from Thunderbird Business School. Mr. Bove joined the Issuer's team in 1999 and has over 32 years of experience in the packaging industry. Prior to joining the Issuer, Mr. Bove was Vice President of European Operations at Pechiney/Nacanco's canned beverage division. Mr. Bove currently serves as Chief Operating Officer of the Group. He currently also serves as member of the board of EAFA and as Chairman of Aluminium Closures Group.

Michele Quaranta. Michele Quaranta holds a degree in Business Administration from the University of Bari, where he graduated cum laude, and an M.B.A. from Bentley College in Boston, where he was a member of the "Beta Gamma Sigma" Honor Society. He is a Principal of Neuberger Berman and NB Renaissance Partners. Previously, he was a Principal of the Private Equity Group at Intesa Sanpaolo's CIB Division. Mr. Quaranta's prior role at Intesa Sanpaolo/Banca IMI was Vice President of M&A Advisory, where he was a member of the M&A Advisory group with responsibility for advising Italian and international corporate and private equity clients. Before that, he was an Associate in Intesa Sanpaolo/Banca Commerciale Italiana Equity Capital Markets, where he initiated and executed equity and equity-linked transactions such as IPOs, convertible bonds, capital increases and tender offers. Before joining Intesa Sanpaolo in 2000, Mr. Quaranta started his career at Trudeau & Trudeau Associates in Boston, where he worked on equity capital markets and M&A deals. Mr. Quaranta serves also as a board member of Engineering Informatica, Termomeccanica and Termomeccanica Pompe.

Maximilian Hofert. Maximilian Hofert holds a master's degree in Business Administration from the University of Mannheim and an M.B.A. from the Ecole Supérieure des Sciences Economiques et Commerciales (ESSEC) in Paris. He is a Partner and Managing Director of aPriori Capital Partners. Prior to the formation of aPriori Capital Partners, Mr. Hofert worked as a Director at DLJ Merchant Banking Partners, Credit Suisse's mid-market private equity business. Since joining DLJ Merchant Banking Partners in 2005, Mr. Hofert has been involved in the execution of several high-profile private equity and private equity-backed investments, including Nycomed, Grohe and Guala Closures. Prior to joining DLJ Merchant Banking Partners, Mr. Hofert worked in Credit Suisse's Investment Banking Division as a member of the Global Industrial and Services and European M&A Groups, based in London. Mr. Hofert serves, or has served, as a director of Grohe, Guala Closures and Inspiring Learning, and as Chairman of the Audit Committees of Grohe and Inspiring Learning.

Kunal Pandit. Kunal Pandit holds an undergraduate degree from Cambridge University. He also holds an M.B.A. from the Wharton School at the University of Pennsylvania. He is a Partner at Avista Capital Partners, which he joined in August, 2010. Prior to joining Avista, Mr. Pandit was at DLJ Merchant Banking Partners in London. Prior to that, he was a member of the leveraged finance group and the investment banking department at Lehman Brothers in London. He is also a director of ConvaTec, Acino and Trimb Healthcare.

Colin Andrew Taylor. Mr. Taylor is the Co-Founder and Managing Partner of aPriori Capital Partners, a private equity fund manager created in connection with the spin-off of DLJ Merchant Banking Partners from Credit Suisse in 2014. Prior to the spin-off, Mr. Taylor was a managing director with responsibility for the DLJ Merchant Banking Partners private equity business within Credit Suisse's Asset Management division. In addition to his role with DLJ Merchant Banking Partners, he also had responsibility for the firm's global private equity joint ventures and continues to serve on the investment committees of Gulf Capital and Mubadala Infrastructure Partners. He was a member of the Alternative Investments, Asset Management and EMEA management/operating committees while at Credit Suisse. Mr. Taylor joined DLJ Merchant Banking Partners in 2000 upon the merger of Credit Suisse and DLJ Merchant Banking Partners, having initially joined Credit Suisse in London in 1990. Prior to DLJ Merchant Banking Partners and while at Credit Suisse he was head of the firm's Power and Energy

industry group in Europe, a senior member of the CSFB European M&A team and a co-chair of the Managing Director Election Committee. Prior to Credit Suisse he was a sales executive, system engineer and financial controller at the IBM Corporation. Mr. Taylor serves, or has served, as a Director of Nycomed, Fougera, Grohe, Guala Closures, Safilo, Neuf Telecom, Gala Group, Inspiring Learning and other private companies. He is on the advisory board of the School of Business at Queen's University in Canada.

Allen Michael Yurko. Allen Yurko holds a Bachelor of Business degree from Lehigh University and holds an M.B.A. from Baldwin Wallace College. Mr. Yurko has been an Industry Executive with Avista Capital Partners since 2010, a private equity firm with offices in New York, London and Houston. He is currently Chairman of Avista portfolio companies Telular Corporation and Top-co Inc. Prior to joining Avista, Mr Yurko was an Industry Partner with DLJ Merchant Banking Partners from 2007-2010 and an Industry Partner at Compass Partners from 2002-2007, both in London. From 1994-2001 he was the Chief Executive Officer of Invensys plc in London. His early career was with U.S. corporations Eaton Corp, Joy Global and Mueller Water Products. Mr Yurko has been a Guala Director since 2008. He has previously been a Director of over 20 other public and private corporations including Armored AutoGroup Inc, Anthony Intl Inc., Invensys plc, Tate and Lyle plc, FlaktWoods Ag and Eco Spa.

Powers and responsibilities

Pursuant to the by-laws of the Issuer, the management of the Issuer's business is the exclusive responsibility of the directors, who may perform all acts that they consider necessary for the achievement of the Issuer's corporate purpose, except for those actions reserved by law or the by-laws for the shareholders' meeting. In particular, the board of directors has the ability to take all actions it deems appropriate to achieve the objectives of the Issuer. Subject to the limitations of applicable Italian law, the board may delegate its powers to an executive committee and/or to one or more directors. Currently, the board of directors has not exercised its right to appoint an executive committee.

Pursuant to its by-laws, meetings of the board of directors require a quorum of the majority of directors. Resolutions are adopted by an absolute majority of directors present at the meeting.

The Chairman of the board of directors, as well as the Chief Executive Officer, within the limit of the powers granted to them, have the power to bind the Issuer in dealings with third parties and to represent the Issuer in court proceedings.

Senior management

The following table lists the principal managers of the Group.

<u>Name</u>	<u>Year of birth</u>	<u>Title</u>
Marco Giovannini	1956	Chairman
Francesco Bove	1958	Chief Operations Officer
Anibal Diaz	1953	Chief Financial Officer
Paolo Ferrari	1956	Marketing Director and Head of M&A

See “—*The Issuer—Board of directors*” for biographies of Marco Giovannini and Francesco Bove and see “—*The Company—Board of directors*” for a biography of Anibal Diaz.

Paolo Ferrari. Paolo Ferrari holds a degree in mechanical engineering from the Politecnico di Milano. He joined the Issuer in 1981 and has held various management positions prior to his appointment both as head of product development and as head of international development operations and head of the commercial departments of the Issuer. He is currently in charge of M&A Group activities and also serves as Group Marketing Director.

Compensation

For the year ended December 31, 2015, the Issuer and its subsidiaries paid its board of directors and senior management aggregate remuneration and other benefits of €2.3 million. See “*Principal Shareholders—Co-investment and shareholders’ agreement provisions*”.

Board of statutory auditors

General

Pursuant to applicable Italian law, the Issuer has appointed a board of statutory auditors (*Collegio Sindacale*) whose objective is to oversee the Issuer's compliance with the law and with its by-laws, verify its compliance to best practices of administration, and assess the adequacy of the internal controls and accounting reporting systems at the Issuer, as well as the adequacy of provisions concerning the supply of information to its subsidiaries.

There are presently three auditors and two alternate auditors on the board of statutory auditors for the Issuer.

Members of the board of statutory auditors are appointed by the shareholders of the Issuer at ordinary shareholders' meetings for a three-year term expiring on the date of the ordinary shareholders' meeting called to approve the financial statements for the third financial year of their term. At least one of the auditors and one of the alternate auditors must be selected among legal auditors registered with the relevant special registry. Members of the board of statutory auditors may be removed only for a valid reason and with the approval of an Italian court. The term of office of the present members of the board of statutory auditors is scheduled to expire upon the ordinary shareholders' meeting called to approve the Issuer's financial statements for the year ended December 31, 2016.

The following table lists individuals who are current members of the statutory board of auditors for the Issuer elected on April 29, 2014, together with their age, title and other roles they hold within the Group. They will remain in office until approval by the shareholders of the financial statements for the year ended December 31, 2016.

<u>Name</u>	<u>Age</u>	<u>Title</u>
Maurizio Salom	62	Chairman
Roberto Zanfini	55	Auditor
Roberto Gianelli	58	Auditor
Mauro Messi	38	Alternate Auditor
Marco Baccani	71	Alternate Auditor

The business address for each of the members of the Issuer's board of statutory auditors is Via Rana 12, Spinetta Marengo, Alessandria 15122, Italy.

For the year ended December 31, 2015, the Issuer paid its board of statutory auditors €52,000 in aggregate.

PRINCIPAL SHAREHOLDERS

The Company

As of June 30, 2016, the Company had outstanding share capital of €141,217.50, divided into 39,578 Class A shares, 5,610 Class B limited shares, 67,785 preferred shares and one management share. Class A shares and preferred shares entitle the holders to one vote per share. Class B shares are non-voting.

The table below sets forth the beneficial owners and the percentages held of the Company's Class A shares and preferred shares and Class B shares as of June 30, 2016.

<u>Name of beneficial owner</u>	<u>Class A Shares and Preferred Shares Percentage</u>	<u>Class B Shares Percentage</u>
Merchant Banking Funds ⁽¹⁾	58.0%	—
Melville S.r.l. ⁽²⁾	19.6%	—
Management ⁽³⁾	11.7%	100%
Private Equity Opportunities II SCS-SIT (formerly HVB Capital Partners AG) ⁽⁴⁾	10.8%	—
Total	100%	100%

Notes:

- (1) The Merchant Banking Funds are investment funds and entities that are controlled, directly or indirectly, by aPriori Capital Partners L.P., and are currently the beneficial owners of 58.0% of the Company via their indirect ownership of 35.4% of GCL Holdings LP S.à r.l., a limited liability company organized under the laws of Luxembourg. Certain other investors own minority investments in a partnership through which certain of the Merchant Banking Funds have made their investment in GCL Holdings LP S.à r.l., which limited liability company is controlled by the Merchant Banking Funds and thus aPriori Capital Partners L.P. Voting and investment control over the indirect investments in the Company by all of the foregoing entities are exercised by an investment committee of aPriori Capital Partners L.P. The composition of the investment committee may change from time to time, but is currently comprised of four individuals. The individuals serving on such investment committee from time to time disclaim beneficial ownership of the shares, except to the extent of their direct pecuniary interest therein.
- (2) Melville S.r.l. (“**Melville**”) controls an ultimate beneficial voting interest of 19.6% of the Company, via its participation in GCL Holdings LP S.à r.l.
- (3) Management owners include Marco Giovannini, Francesco Bove, Anibal Diaz, Gianni Ferrari, Paolo Ferrari, other managers of the Company or its subsidiaries and their related parties who hold participations in GCL Holdings LP S.à r.l.
- (4) Private Equity Opportunities II SCS-SIT’s right to vote its shares is subject to provisions of the shareholders’ agreement. See “—Shareholders’ Agreements” below.

As of the date of this Listing Memorandum, the share capital of the Company has not changed since June 30, 2016.

aPriori Capital Partners L.P. (“**aPriori Capital Partners**”) is the private equity business created in connection with the spin-off of DLJ Merchant Banking Partners (“**DLJMB**”) from Credit Suisse in 2014. The DLJMB business, as continued by aPriori Capital Partners, is to make private equity investments in North America and Europe, with over 25-year history of leading leveraged buyout and related transactions in the middle-market.

Melville S.r.l. is controlled by NB Renaissance Partners Holdings S.à r.l., a private equity fund sponsored by Neuberger Berman Group and Intesa Sanpaolo.

GCL Holdings GP S.à r.l.

GCL Holdings GP S.à r.l. (“**GP**”) is the vehicle that holds the management share of the Company. It is a wholly owned subsidiary of GCL Holdings LP S.à r.l.

GCL Holdings LP S.à r.l.

GCL Holdings LP S.à r.l. (“**LP**”) is the investment vehicle through which the Merchant Banking Funds and their co-investors, Melville and certain members of management have invested in the Company.

The Issuer

The Issuer is a wholly owned subsidiary of the Company.

Shareholders' Agreements

The principal shareholders have entered into several agreements to govern their commercial relations and matters related to control of the Company.

A memorandum of understanding (“MoU”) among Melville, aPriori Capital Partners and the Merchant Banking Funds provides, among other things, that certain actions, including but not limited to, amendments to the articles of association of the Company and the Issuer, merger and demerger transactions, removal of directors and certain distributions of dividends by the Company, or the Issuer, shall require the favorable vote of both the Merchant Banking Funds and Melville.

The shareholders' agreement among LP, Private Equity Opportunities II SCS-SIT (“HVB”), aPriori Capital Partners, the Company and various parents of the Company includes the following terms: (i) HVB has agreed to vote its Class A shares in the Company in accordance with the direction of with aPriori Capital Partners (except in certain limited circumstances), (ii) each shareholder of the Company is subject to certain restrictions on transferring any shares of the Company and (iii) preemptive rights allowing each shareholder the right to subscribe to any new shares issued by the Company pro rata to their respective shareholding proportion.

Additionally, the Shareholders' Agreement includes customary drag and tag along rights in connection with the sale of the Company and rights granted to the shareholders of the Company regarding the registration of the various classes of capital stock of the Company following certain public equity offerings.

Co-investment and shareholders' agreement provisions

Class B shares of the Company are 100% owned by members of the management of the Company. The Class B shares are currently non-voting shares. However, upon the sale by LP of a controlling stake in the Company, any holder of Class B shares shall have its Class B shares converted into Class A shares. The shares have been purchased by several of the key managers of the Company through management loan agreements with LP, HVB and GP. These agreements provide for the pro-rata waiver of repayment obligations of such loans under certain conditions. The acquisition of the Class B shares by the managers through the management loan agreements (who were shareholders of the Issuer when it was acquired by the Company in 2008) was recorded in the Company's consolidated financial statements as consideration paid at acquisition of the Issuer.

RELATED PARTY TRANSACTIONS

We enter into transactions with certain related parties or our affiliates (as defined in the U.S. Securities Act) from time to time and in the ordinary course of our business. We have approved or ratified all such related party transactions to date.

Revolving Credit Facility

UniCredit Bank AG, Milan Branch (“UniCredit”), an affiliate of one of our shareholders, is a mandated lead arranger, bookrunner, lender and security agent under our Revolving Credit Facility.

Information on Melville’s conflicts of interest

Intesa Sanpaolo S.p.A. is no longer considered a related party of GCL Holdings Group as its private equity business which held an interest in the Group was transferred resulting in an assignment of the interest to Melville, for further information see “*Principal Shareholders—The Company*.” As a result, Melville is a related party of the Group. Intesa Sanpaolo has appointed one member of the board of directors and two members of the board of statutory auditors of Melville.

An indirect 19.6% beneficial ownership interest in the Company (Class A shares and preferred shares), via its investment in one of our holding entities, GCL Holdings LP S.à r.l.

Melville has appointed a representative on the Issuer’s board of directors and the board of statutory auditors. Melville also has appointed a representative on the board of directors of GCL Holdings GP S.à r.l. and a representative on the board of directors of GCL Holdings LP S.à r.l., the general partner of GCL Holdings GP S.à r.l.

Melville is party to the shareholders’ agreements described in “*Principal Shareholders—Shareholders Agreements*.”

The Merchant Banking Funds

The Merchant Banking Funds are a related party of the Group as the Merchant Banking Funds are shareholders of GCL Holdings LP S.à r.l., a company that directly controls GCL Holding SCA, a company that directly controls Guala Closures S.p.A. The Merchant Banking Funds (acting by their manager, aPriori Capital Partners L.P.) have 5 representatives on the board of directors of the Company, 5 representatives on the board of the Issuer, 3 representatives on the board of directors of GCL Holdings GP S.à r.l. and two representatives on the board of directors of GCL Holdings LP S.à r.l., the general partner of GCL Holdings GP S.à r.l.

The Merchant Banking Funds group entities are beneficial owners of 58% of the Company via its investment in one of our holding entities, GCL Holdings LP S.à r.l.

Pension Fund

A defined benefit pension fund for employees of the former Metal Closures Ltd (acquired by Guala Closures UK Ltd) is managed by Metal Closures Group Trustees Ltd.

DESCRIPTION OF OTHER INDEBTEDNESS

The following is a summary of the material terms of our principal financing arrangements. The following summaries do not purport to describe all of the applicable terms and conditions of such arrangements.

Revolving Credit Facility

The following is a summary of the provisions of the Revolving Credit Facility provided under the Senior Facilities Agreement entered into with, among others, the Issuer as original borrower, the Parent Guarantor as original guarantor, and UniCredit Bank AG, Milan Branch as agent (the “Senior Agent”) and as security agent (the “Security Agent”), originally dated October 10, 2008, as amended and restated on April 19, 2010, as amended on June 29, 2010, as amended and restated on April 8, 2011 and as amended and restated October 31, 2012 and December 11, 2012. The Issuer and certain of its subsidiaries are guarantors under the Senior Facilities Agreement, each guaranteeing, subject to certain limitations, the obligations of the Issuer as borrower and other guarantors.

The Issuer recently launched two consent request processes requesting the consent of the requisite lenders to certain amendments and waivers in respect of the Senior Facilities Agreement, which consent requests have, as of the date of this Listing Memorandum, been approved by the requisite lenders under the Senior Facilities Agreement. A summary of the amendments and waivers requested under the Senior Facilities Agreement in connection with the foregoing consent request processes is set out below under the caption “—*Consent Requests*”. In addition, the amendments contemplated to be made to the Senior Facilities Agreement, as of the date of this Listing Memorandum, have not been implemented by the Issuer notwithstanding that the requisite consents have been obtained and the Issuer retains the option to implement such amendments without requiring any further consent from the lenders under the Senior Facilities Agreement at any time, provided the completion of the offering of the Notes and the application of the proceeds therefrom occurs, prior to December 31, 2016. As such, investors should note that the following description of the Senior Facilities Agreement does not give effect to the amendments contemplated pursuant to the foregoing consent request processes.

Overview

The Revolving Credit Facility is available to be used to finance or refinance the general corporate purposes of the Group and the working capital needs of the Group including, without limitation, for making acquisitions and for capital expenditure purposes (but excluding the prepayment or repurchase of Existing Senior Notes or Existing Senior Secured Notes (or any refinancing thereof, respectively)).

Utilization

The Revolving Credit Facility may initially be utilized by the Issuer. Any member of the Group organized under the laws of a member state of the European Union and which (on an unconsolidated basis and excluding intra-group transactions) represents 5.0% or more of the Group’s consolidated EBITDA or the Group’s consolidated revenues, may become an additional borrower of the Revolving Credit Facility.

The Revolving Credit Facility may only be utilized in euro.

The Senior Facilities Agreement contains various conditions that the Parent Guarantor must satisfy in order for the lenders to make a loan under the Revolving Credit Facility. One such condition requires, in respect of non-rollover loans, the Parent Guarantor to comply with a leverage ratio (*pro forma* to take into account certain acquisitions) in certifying that, as at the quarter date immediately preceding the proposed utilization date, the ratio of consolidated net senior indebtedness to consolidated EBITDA of the Group was not greater than 4.50:1.00 (the “Utilisation Net Leverage Ratio”). See “—*Consent Requests*”.

Availability Period

Once the amendments and waivers have been reflected in the documentation, the Revolving Credit Facility may be utilized from time to time to and including November 13, 2017.

Interest and Fees

Loans under the Revolving Credit Facility will initially bear interest at rates per annum equal to EURIBOR plus certain mandatory costs, if any, plus a margin of 3.75% per annum. Provided that a period of at least 12 months has expired since the Effective Date, and no event of default has occurred and is continuing, the margin on loans under the Revolving Credit Facility will be subject to reduction if certain leverage ratios are met.

A commitment fee will be payable on the aggregate undrawn and uncanceled amount of the Revolving Credit Facility from the Effective Date to the end of the availability period for the Revolving Credit Facility at a rate of 40% of the applicable margin for the Revolving Credit Facility. The commitment fee will be payable quarterly in arrears, on the last day of the availability period of the Revolving Credit Facility and on the date the Revolving Credit Facility is cancelled in full or on the date on which a lender cancels its commitment. No commitment fee shall be payable unless the Effective Date occurs.

Default interest will be calculated as an additional 1% on the overdue amount.

The Issuer is also required to pay customary agency fees to the Senior Agent and the Security Agent in connection with the Senior Facilities Agreement.

Repayments

Loans under the Revolving Credit Facility must be repaid in full on the last day of the interest period relating thereto, subject to a netting mechanism against amounts to be drawn on such date. All outstanding amounts under the Revolving Credit Facility will be repaid on the termination date which is the earlier of (i) November 13, 2017 and (ii) the date falling three months before the scheduled maturity date of the Existing Senior Notes or Existing Senior Secured Notes (or any replacement financing thereof), whichever is earlier.

Prepayments

The Senior Facilities Agreement allows for voluntary prepayments (subject to *de minimis* amounts) of the Revolving Credit Facility.

The Senior Facilities Agreement also allows the Parent Guarantor to voluntarily prepay the Revolving Credit Facility with the net cash proceeds received by the Group from certain disposals of assets to the extent that such net cash proceeds have not been applied for other permitted purposes.

The Senior Facilities Agreement permits each lender thereunder to require the mandatory prepayment of all amounts due to that lender under the Revolving Credit Facility upon a “change of control” (as such term is defined therein).

Guarantees

Each of the Issuer, the Parent Guarantor, Guala Closures Australia Holdings Pty Ltd, Guala Closures Australia Pty Ltd, Guala Closures International B.V., Guala Closures New Zealand Limited, Guala Closures UK Limited and Guala Closures Ibérica S.A., currently provide a guarantee (together, the “RCF Guarantees”) of all amounts payable to the Senior Agent, the Security Agent, the mandated lead arrangers and the lenders under the Revolving Credit Facility as well as the counterparties to certain hedging agreements.

The Senior Facilities Agreement requires, subject to certain agreed security principles, the Company to ensure at all times, that the consolidated EBITDA represented by those members of the Group (i) who are providing an RCF Guarantee or (ii) whose shares or ownership interests are subject to security interests granted to secure the Revolving Credit Facility, is not less than 60% of the consolidated EBITDA of certain members of the Group, respectively, to provide a guarantee of the Revolving Credit Facility.

Security

The Revolving Credit Facility is currently secured by first-ranking security interests granted on an equal and ratable first-priority basis over (i) the entire issued share capital of each of Guala Closures Australia Holdings Pty Ltd, Guala Closures Australia Pty Ltd, Guala Closures New Zealand Limited, Guala Closures UK Limited, Guala Closures Ibérica S.A., Guala Closures Mexico S.A. de C.V., Guala Closures International B.V. and the Issuer, (ii) certain real property (including land and buildings) in respect of the production facility of Guala Closures do Brasil Ltda. in Barueri, Brazil, (iii) 70.0% of the issued share capital of Guala Closures Ukraine LLC, (iv) 70.0% of the issued share capital of Guala Closures DGS Poland S.A., (v) No. 1.073.628.695 quotas (corresponding to approximately 99.99% of the issued share capital) of Guala Closures do Brasil Ltda., (vi) certain intellectual property rights of the Issuer and Guala Closures International B.V., (vii) all the assets of Guala Closures Australia Pty Ltd and Guala Closures UK Limited and (viii) a special lien, or “*privilegio speciale*”, granted by the Issuer in favor of the lenders under the Revolving Credit Facility.

The Senior Facilities Agreement provides for the release of the foregoing security interests and the RCF Guarantees under certain circumstances, including certain permitted disposals, permitted reorganizations and permitted refinancings. Under certain circumstances, it is envisaged that the Security Agent shall effect such the release of such security interests without requiring the consent of the lenders under the Revolving Credit Facility.

Representations and Warranties

The Senior Facilities Agreement contains certain customary representations and warranties (subject to certain exceptions and qualifications and with certain representations and warranties being repeated), including status, binding obligations, non-conflict with constitutional documents, applicable laws or regulations or other obligations, power and authority, validity and admissibility into evidence, governing law and enforcement of “finance documents” (as such term is defined in the Senior Facilities Agreement).

Covenants

The Senior Facilities Agreement contains customary high yield-style incurrence covenants and related definitions.

Certain of the incurrence covenants under the Senior Facilities Agreement may be suspended upon the Existing Senior Secured Notes having achieved investment grade status (Baa3/BBB- or better by Moody’s Investors Service, Inc. or Standard & Poor’s Ratings Group).

The Senior Facilities Agreement also contains a “notes purchase condition” covenant, which provides, subject to certain exceptions set out in the Senior Facilities Agreement, that the Issuer and the Company may not, and shall procure that no other member of the Group will, repay, prepay, purchase, defease, redeem or otherwise acquire or offer to acquire or repay or pre-pay or redeem any of the principal amount of the Notes (or, in each case, any replacement or refinancing thereof as permitted under the Senior Facilities Agreement from time to time) prior to the scheduled repayment date. The exceptions to such covenant include, *inter alios*, (i) notes purchases funded with certain permitted indebtedness under the Senior Facilities Agreement and (ii) where the net senior leverage ratio for the 12 month period ending on the most recent quarter date (*pro forma* to take account of the relevant notes purchase) of the Group is greater than or equal to 3.00:1.00, note purchases that do not exceed 50% of the aggregate principal amount of the Notes, in each case, in existence as of November 13, 2012 or incurred thereafter (without double counting).

The Senior Facilities Agreement also requires certain members of the Group to observe certain affirmative covenants, including covenants relating to:

- maintenance of *pari passu* ranking of the Revolving Credit Facility;
- maintenance of insurance;
- maintenance of intellectual property;
- maintenance of “guarantor coverage” (see “—Guarantees” above); and
- further assurance with respect to security interests granted in favor of the Revolving Credit Facility.

The Senior Facilities Agreement also contains information undertakings under which, among other things, the Issuer or the Parent Guarantor are required to deliver to the Senior Agent annual financial statements, quarterly financial statements, compliance certificates and an annual budget.

Events of Default

The Senior Facilities Agreement contains events of default, comparable to those of high yield debt securities. In addition, the Senior Facilities Agreement contains the following events of default:

- inaccuracy of a representation or statement when made; and
- unlawfulness, repudiation, rescission, invalidity or unenforceability of the “finance documents” (under and as defined in the Senior Facilities Agreement) or any of the collateral securing the Revolving Credit Facility.

Consent Requests

On 28 September, 2016, the Issuer launched a consent request process with the existing lenders under the Senior Facilities Agreement (the “**Extension Consent Request**”), requesting the consent of all such

lenders to extend the termination date of the Revolving Credit Facility to March 31, 2018. We have obtained the consent of all the lenders under the Senior Facilities Agreement in respect of the Extension Consent Request, however, as of the date of this listing memorandum, we have not implemented the amendment to the Senior Facilities Agreement.

On October 28, 2016, the Issuer launched a consent request process with the existing lenders under the Senior Facilities Agreement (the “**Refinancing Consent Request**” and, together with the Extension Consent Request, the “**Consent Requests**”), requesting their consent to certain amendments and waivers in respect of the Senior Facilities Agreement. The waivers requested from the requisite lenders under the Refinancing Consent Request were to permit the issuance of the Notes, the Tender Offer for the Existing Notes, and the entry by each of the Senior Agent and the Security Agent, for itself and on behalf of the lenders under the Revolving Credit Facility, into the Intercreditor Agreement (in substitution of the relevant existing intercreditor arrangements which currently apply to the Revolving Credit Facility). In addition to the foregoing, and in order to reflect the new debt capital structure of the Group as contemplated by the Refinancing Transactions, the Consent Request also included a request for lender consent to various amendments to the Senior Facilities Agreement, including an increase in the Utilisation Net Leverage Ratio to 6.70:1.00 and the replacement of the high yield incurrence covenants and related definitions currently contained in the Senior Facilities Agreement with the comparative provisions (with certain adjustments) that will apply to the Notes as set out under the caption “*Description of the Notes*”.

As of the date of this listing memorandum, we have obtained the consent of the requisite lenders under the Senior Facilities Agreement in respect of the foregoing amendments and waivers (as applicable) under each of the Consent Requests. As such, we may elect, at our discretion, to implement the relevant amendments contemplated in each of the Consent Requests to the Senior Facilities Agreement (without the need for any further consent from the lenders under the Senior Facilities Agreement). For the avoidance of doubt, following the granting of the Refinancing Consent Request and the completion of the offering of the Notes and the application of the proceeds therefrom before December 31, 2016, without further action by the Issuer, any future requests to draw down under the Revolving Credit Facility will be subject to the Utilisation Net Leverage Ratio of 6.70:1.00 and the other conditions set forth in the Senior Facilities Agreement.

In the event that the definitive documentation for the New Revolving Credit Facility is not entered into by the parties thereto and/or the New Revolving Credit Facility is unavailable for drawing by the Issue Date, we expect, as of the date of this listing memorandum, to amend the Senior Facilities Agreement on or about the Issue Date to give effect to the amendments to each of the Consent Requests.

Termination of the Revolving Credit Facility

Subject to the definitive documentation for the New Revolving Credit Facility being executed by the parties thereto and the New Revolving Credit Facility being available for drawing as described further below under the caption “—*New Revolving Credit Facility Commitments*”, with the Issuer we expect, as of the date of this listing memorandum, to make a drawdown under the New Revolving Credit Facility on or subsequent to the Issue Date, the proceeds of which will be used to repay, in full, the outstanding utilisations under the Revolving Credit Facility. Following such repayment, we expect to cancel the Revolving Credit Facility and terminate the Senior Facilities Agreement.

New Revolving Credit Facility Commitments

On November 1, 2016, certain affiliates of the Initial Purchasers (together, the “**Credit Parties**”), pursuant to a commitment letter to be entered into with the Issuer (the “**RCF Commitment Letter**”), severally committed to provide to the Issuer a new revolving credit facility (the “**New Revolving Credit Facility**”) in the aggregate principal amount of €65.0 million. The execution and effectiveness of the New Revolving Credit Facility is subject to the definitive documentation in respect thereof being agreed as well as the satisfaction of customary conditions precedent for facilities of this type. The RCF Commitment Letter may be terminated by either of the Issuer or the Credit Parties if the definitive facility agreement for the New Revolving Credit Facility is not signed by close of business on November 30, 2016 (or such later date as agreed).

We expect, as of the date of the listing memorandum, that the New Revolving Credit Facility will be executed and become effective for utilization on or after the completion of the Offering of the Notes. The effectiveness of the New Revolving Credit Facility is not a condition to the issuance of the Notes, and there can be no assurance that the New Revolving Credit Facility will be executed and become effective.

The following is a summary of certain of the principal terms of the New Revolving Credit Facility proposed to be entered into, as provided for in the Commitment Letter:

- the New Revolving Credit Facility will be guaranteed and secured on the same basis as the Revolving Credit Facility currently available under our Senior Facilities Agreement;
- the New Revolving Credit Facility may be used for financing or refinancing the Group's working capital requirements and/or for the general corporate purposes of the Group (but excluding the prepayment or repurchase of the Notes (or any financing replacing the same, in whole or in part, from time to time));
- the original borrower under the New Revolving Credit Facility will be the Issuer;
- the New Revolving Credit Facility may be utilised in euros, U.S. dollar, pound sterling or in any other readily available currency which is freely convertible into euros with the consent of the lenders under the Revolving Facility funding the relevant utilization;
- assuming the definitive documentation for the New Revolving Credit Facility is executed by the parties thereto and effective on or prior to the Issue Date, the Revolving Facility may be utilized from and including the Issue Date for the Notes until the date falling one month prior to the "termination date" of the New Revolving Credit Facility (which will be the date falling 3 months prior to the final stated maturity date of the Notes);
- the loans under the New Revolving Credit Facility will bear cash pay interest at a rate per annum equal to, for loans denominated in euro, EURIBOR plus a margin of 4.00% per annum, subject to a margin ratchet linked to total net leverage levels;
- the New Revolving Credit Facility will contain a "guarantor coverage test" determined on the same basis as the Senior Facilities Agreement, as described above under the caption "*—Revolving Credit Facility—Guarantees*";
- the New Revolving Credit Facility will require the Company to comply with a "financial covenant", which will be based on the ratio of total commitments under the New Revolving Credit Facility to consolidated adjusted EBITDA, and whereby non-compliance will result in an event of default. The financial covenant will be tested quarterly on a rolling basis, subject to (i) the first test date falling at least 12 months after the Issue Date for the Notes (or, if later, at least 12 months after the effective date of the New Revolving Credit Facility) and (ii) the New Revolving Credit Facility being at least 40% drawn on the relevant test date by way of cash advance; and
- the New Revolving Credit Facility will contain certain of the incurrence covenants and related definitions (with certain adjustments) that will apply to the Notes as set out under the caption "*Description of the Notes*".

Intercreditor Agreement

To establish the relative rights of certain of our creditors under our financing arrangements, GCL Holdings S.C.A. (the "**Parent Guarantor**" or the "**Parent**"), the Issuer and any other entity which accedes or otherwise becomes a party to the Intercreditor Agreement as a debtor (together the "**Debtors**") will be parties to an intercreditor agreement (the "**Intercreditor Agreement**") to be entered into on or about the Issue Date with, among others, The Law Debenture Trust Corporation p.l.c. (the "**Trustee**"), the Security Agent and the agent (the "**RCF Agent**") and lenders under the New Revolving Credit Facility (or, in the event that the New Revolving Credit Facility is not consummated as described above under the caption "*—New Revolving Credit Facility Commitments*", the Revolving Credit Facility provided under the Senior Facilities Agreement and, together with the New Revolving Credit Facility, the "**RCF**").

By accepting a Note, the relevant holder thereof shall be deemed to have agreed to, and accepted the terms and conditions of, the Intercreditor Agreement and shall be deemed to have authorized the Trustee to enter into the Intercreditor Agreement on its behalf.

The following description is a summary of certain provisions, among others, that will be contained in the Intercreditor Agreement and which relate to the rights and obligations of the holders of the Notes. It does not restate the Intercreditor Agreement in its entirety. As such, you are urged to read the Intercreditor Agreement because it, and not the description that follows, defines certain rights of the holders of the Notes.

As of the date of this listing memorandum, the definitive documentation for the Intercreditor Agreement has not been finalized and, accordingly, the description set forth in the following summary remains subject to amendment.

Overview

The Intercreditor Agreement shall set out, among other things:

- the relative ranking of certain debt of the Parent and certain of its subsidiaries (together, the “**Group**”) in respect of (i) liabilities in respect of the RCF, (ii) Credit Facility Debt (as defined below), (iii) liabilities in respect of the Notes, (iv) Future Pari Passu Debt (as defined below), (v) Super Senior Hedging Liabilities (as defined below), (vi) Pari Passu Hedging Liabilities (as defined below), (vii) Senior Subordinated Debt (as defined below), (viii) Intra-Group Liabilities (as defined below) and (ix) Shareholder Debt Liabilities (as defined below);
- the relative ranking of certain security granted by certain members of the Group (as defined below);
- when payments can be made in respect of certain indebtedness of the Group;
- when enforcement action (including acceleration and/or demand for payment and certain similar actions) (“**Enforcement Action**”) can be taken in respect of certain security granted by certain members of the Group;
- provisions relating to the making of any acceleration or demand for payment in respect of the Notes;
- the terms pursuant to which certain indebtedness will be subordinated upon the occurrence of certain insolvency events;
- the requirement to turnover amounts received from enforcement of certain security and guarantees issued by certain members of the Group;
- when security and guarantee(s) issued by certain members of the Group will be released to permit an enforcement sale;
- the circumstances in which creditors’ claims (including noteholders’ claims against the Issuer) might be required to be transferred to third parties or released to assist in enforcement; and
- the order for applying proceeds from the enforcement of certain security, certain guarantees and other amounts received by the Security Agent.

Incurrence of Additional Indebtedness

The Intercreditor Agreement will contain customary provisions regulating certain additional indebtedness permitted to be incurred by members of the Group and which is contemplated to be secured by the documents creating security (the “**Transaction Security**”) granted by certain members of the Group (together, the “**Transaction Security Documents**”).

Such additional indebtedness may either, with respect to the Transaction Security (and the proceeds thereof): (i) have equivalent rights to the holders of the Notes under the Intercreditor Agreement, in which case it will vote in, and share in the proceeds of, enforcement of the Transaction Security with the same class of creditors as the holders of Notes (such indebtedness, “**Future Pari Passu Debt**” and, the holders of such indebtedness, “**Future Pari Passu Debt Creditors**”); (ii) rank senior to the liabilities in respect of the Notes, in which case it will vote in, and share in the proceeds of, enforcement of the Transaction Security with the lenders under the RCF (such indebtedness, “**Additional Credit Facility Debt**” and, the lenders of such indebtedness, “**Additional Credit Facility Creditors**”); or (iii) to the extent that it benefits from Transaction Security, rank junior to the liabilities in respect of the Notes, in which case it will share in the proceeds of enforcement of such Transaction Security on a junior basis to the holders of the Notes (such indebtedness, “**Senior Subordinated Debt**”, and the holders of such Senior Subordinated debt, the “**Senior Subordinated Creditors**”).

Hedging Transactions

The Intercreditor Agreement will contain provisions that will permit certain members of the Group to enter into interest rate and/or foreign exchange hedging agreements with certain hedge counterparties, which may also be secured by the Transaction Security.

The hedging agreements may either, with respect to the Transaction Security (and the proceeds thereof): (i) be secured on a senior basis to the liabilities in respect of the Notes, in which case it will vote in, and share in the proceeds of, enforcement of the Transaction Security with the lenders under the RCF

and the creditors of Additional Credit Facility Debt (such hedging agreements, the “**Super Senior Hedging Agreements**”, and, the hedge counterparties in respect thereof, the “**Super Senior Hedging Counterparties**”); or (ii) have equivalent rights to the holders of the Notes under the Intercreditor Agreement, in which case it will vote in, and share in the proceeds of, enforcement of the Transaction Security with the same class of creditors as the holders of Notes of the holders of any Future Pari Passu Debt (such hedging agreements, the “**Pari Passu Hedging Agreements**”, and, the hedge counterparties in respect thereof, the “**Pari Passu Hedging Counterparties**”).

Intra-Group Debt and Shareholder Debt

Customary subordination provisions will also be included in the Intercreditor Agreement in respect of (i) receivables owing from a member of the Group to a shareholder of the Parent (the “**Shareholder Debt Liabilities**” and, the shareholder creditor in respect of such Shareholder Debt Liabilities, each a “**Shareholder Subordinated Lender**”) and (ii) certain intra-Group loans made between certain members of the Group (the “**Intra-Group Liabilities**”, and, the lender of such intra-Group loan, an “**Intragroup Lender**”). See “—*Ranking and Priority—Intra Group Liabilities and Shareholder Debt Liabilities*” below.

Security Agent

There will be a single security agent appointed to act at all times on behalf of (i) the lenders under the applicable RCF (the “**RCF Lenders**”), the Super Senior Hedging Counterparties and Additional Credit Facility Creditors (together, the “**Super Senior Creditors**”), (ii) the holders of the Notes, the Pari Passu Hedging Counterparties and Future Pari Passu Debt Creditors (collectively, the “**Senior Secured Creditors**” and, together with the Super Senior Creditors, the “**Senior Secured Parties**”) and (iii) the Senior Subordinated Creditors.

Ranking and Priority

Priority of Indebtedness

The Intercreditor Agreement will provide that the liabilities of the Debtors, as the case may be, in respect of the applicable RCF (the “**RCF Liabilities**”), Additional Credit Facility Debt (the “**Additional Credit Facility Liabilities**”), the Notes (the “**Senior Secured Notes Liabilities**”), Future Pari Passu Debt (the “**Future Pari Passu Debt Liabilities**”), Senior Subordinated Debt (the “**Senior Subordinated Debt Liabilities**”), the amounts owing to the Super Senior Hedging Counterparties under the Super Senior Hedging Agreements (the “**Super Senior Hedging Liabilities**” and, together with the RCF Liabilities and the Additional Credit Facility Liabilities, the “**Super Senior Liabilities**”), the amounts owing to the Pari Passu Hedging Counterparties under the Pari Passu Hedging Agreements (the “**Pari Passu Hedging Liabilities**” and, together with the RCF Liabilities, the Additional Credit Facility Liabilities, the Senior Secured Notes Liabilities, the Future Pari Passu Debt Liabilities and the Super Senior Hedging Liabilities, the “**Senior Secured Liabilities**”), certain fees, costs and expenses owing to the Trustee (the “**Senior Secured Notes Trustee Amounts**”) and any other trustee in respect of Senior Subordinated Debt issued in the form of notes (the “**Senior Notes Trustee Amounts**” and, together with the Senior Secured Notes Trustee Amounts, the “**Notes Trustee Amounts**”), the Intra-Group Liabilities and the Shareholder Debt Liabilities, respectively, will rank in the following order:

- *first*, the RCF Liabilities, the Additional Credit Facility Liabilities, the Super Senior Hedging Liabilities, the Senior Secured Notes Liabilities, the Pari Passu Hedging Liabilities, the Future Pari Passu Debt Liabilities and the Notes Trustee Amounts *pari passu* and without any preference between them;
- *second*, the Senior Subordinated Debt Liabilities *pari passu* between themselves and without any preference between them; and
- *third*, the Intra-Group Liabilities and the Shareholder Debt Liabilities *pari passu* between themselves and without any preference between them.

Priority of Transaction Security

The Intercreditor Agreement shall provide that the Transaction Security created pursuant to the Transaction Security Documents shall rank and secure the following liabilities in the following order (but only, in each case, to the extent that such Transaction Security is expressed to secure those liabilities):

- *first*, the RCF Liabilities, the Additional Credit Facility Liabilities, the Super Senior Hedging Liabilities, the Senior Secured Notes Liabilities, the Pari Passu Hedging Liabilities, the Future Pari Passu Debt Liabilities and the Notes Trustee Amounts *pari passu* and without any preference between them;
- *second*, the Senior Subordinated Debt Liabilities *pari passu* between themselves and without any preference between them.

The proceeds from the enforcement of the Transaction Security are to be applied as described below under the caption “—*Waterfall—Transaction Security*”.

Intra-Group Liabilities and Shareholder Debt Liabilities

The Intercreditor Agreement shall provide that the Intra-Group Liabilities and the Shareholder Debt Liabilities are postponed and subordinated to the liabilities owed by the Debtors to the Super Senior Creditors, the Senior Secured Creditors and the Senior Subordinated Creditors (collectively, the “**Primary Creditors**”).

Restrictions on Payments

Super Senior Creditors and Senior Secured Creditors

The Intercreditor Agreement shall provide that the Debtors may make payments in respect of the RCF Liabilities, the Additional Credit Facility Liabilities, the Senior Secured Notes Liabilities and the Future Pari Passu Debt Liabilities, respectively, at any time in accordance with their respective terms.

Senior Subordinated Creditors

Prior to the date on which the RCF Liabilities, the Super Senior Hedging Liabilities, the Additional Credit Facility Liabilities, the Pari Passu Hedging Liabilities, the Senior Secured Notes Liabilities and the Future Pari Passu Debt Liabilities have been discharged (such liabilities, together, the “**Senior Secured Debt**” and, the date of discharge of the Senior Secured Debt liabilities, the “**Senior Secured Debt Discharge Date**”), the Debtors may not make payments to the Senior Subordinated Creditors in respect of the Senior Subordinated Debt Liabilities without the consent of the Majority Super Senior Creditors (as defined below) and Majority Senior Secured Creditors (as defined below), except for the following:

- (1) if:
 - (a) the payment is:
 - (i) any of the principal or interest (including capitalised interest and default interest) amount of the Senior Subordinated Debt Liabilities which is either (A) not prohibited from being paid by the facility agreement for the relevant RCF (the “**RCF Facility Agreement**”), the Indenture, any Additional Credit Facility Debt finance agreement or any Future Pari Passu Debt finance agreement or (B) is paid on or after the final maturity date of the Senior Subordinated Debt Liabilities (provided that such maturity date is no earlier than that contained in the relevant Senior Subordinated Debt finance documents as of the first date of incurrence of any Senior Subordinated Debt); or
 - (ii) any other amount in respect of Senior Subordinated Debt Liabilities which is not an amount of principal or capitalized interest and default interest on the Senior Subordinated Debt Liabilities accrued due and payable in cash in accordance with the terms of the relevant Senior Subordinated Debt finance documents, additional amounts payable as a result of the tax gross up provisions relating to the Senior Subordinated Debt Liabilities and amounts in respect of currency indemnities in the relevant Senior Subordinated Debt finance documents;
 - (b) no notice delivered pursuant to the terms of the Intercreditor Agreement blocking payments in respect of the Senior Subordinated Debt Liabilities (a “**Senior Subordinated Debt Payment Blockage Notice**”) is outstanding; and
 - (c) no payment default under the RCF Facility Agreement or any other Additional Credit Facility Debt finance agreement is continuing, no payment default of €100,000 or more in respect of the Senior Secured Notes Liabilities is continuing and/or no payment default of €100,000 or more in respect of the Future Pari Passu Debt Liabilities is continuing (a “**Senior Secured Debt Payment Default**”);

- (2) costs, commissions, taxes, consent fees and expenses incurred in respect of (or reasonably incidental to) the Senior Subordinated Debt finance documents;
- (3) costs, commissions, taxes, premiums and any expenses incurred in respect of (or reasonably incidental to) any refinancing of the Senior Subordinated Debt in compliance with the Intercreditor Agreement, the RCF Facility Agreement, any Additional Credit Facility Debt finance agreement, the Senior Secured Notes Indenture and any Future Pari Passu Debt finance agreement;
- (4) in respect of any Senior Subordinated Debt issued in the form of notes, certain customary costs and expenses payable to the creditor representative for such Senior Subordinated Debt;
- (5) of any consent fee payment (and any indemnities and fees under any consent solicitation agent documentation) in connection with the amendment of Senior Subordinated Debt finance documents which is reasonable and customary for that type of amendment (as determined in good faith by the Parent);
- (6) of amounts in connection with any purchases, repurchases or redemptions of, or similar transactions in respect of, all or a portion of Senior Subordinated Debt permitted under the RCF Facility Agreement, any Additional Credit Facility Debt finance agreement, the Senior Secured Notes Indenture and any Future Pari Passu Debt finance agreement; or
- (7) of any other amount not exceeding €2,000,000 (or its equivalent) in aggregate in any twelve (12) month period.

On or after the Senior Secured Debt Discharge Date, the Debtors may make payments to the Senior Subordinated Creditors in respect of the Senior Subordinated Debt Liabilities in accordance with the Senior Subordinated Debt finance documents.

Payment Block—Senior Subordinated Debt

Prior to the Senior Secured Debt Discharge Date, if a Senior Secured Debt Payment Default has occurred and is continuing, all payments in respect of the Senior Subordinated Debt Liabilities (other than certain very limited exceptions) are suspended.

Prior to the Senior Secured Debt Discharge Date, if an event of default (other than a Senior Secured Debt Payment Default) under the Senior Secured Debt finance documents (a “**Senior Default**”) has occurred and is continuing and the creditor representative of the Senior Subordinated Creditors (the “**Senior Subordinated Debt Representative**”) has received a Senior Subordinated Debt Payment Blockage Notice from either the RCF Agent, the Trustee or the creditor representative for any Additional Credit Facility Debt or any Future Pari Passu Debt (as the case may be) (the “**Relevant Representative**”) within 60 days of the date such Relevant Representative receives notice of the occurrence of such Senior Default, confirming that it is a Senior Default and specifying the relevant Senior Default, all payments in respect of the Senior Subordinated Debt Liabilities (other than those consented to by the Majority Super Senior Creditors and Majority Senior Secured Creditors and certain specified exceptions) are suspended until the earliest of:

- (i) the date on which there is a waiver, remedy or cure of such Senior Default in accordance with the relevant finance documents; or
- (ii) the date on which a default under the Senior Subordinated Debt occurs for failure to pay principal at the original scheduled maturity of the Senior Subordinated Debt;
- (iii) 179 days after the receipt by the Senior Subordinated Debt Representative of the Senior Subordinated Debt Payment Blockage Notice;
- (iv) if a Senior Subordinated Debt Standstill Period (as defined below) is in effect at any time after delivery of the Senior Subordinated Debt Payment Blockage Notice, the date on which the Senior Subordinated Debt Standstill Period expires;
- (v) the date on which the relevant Senior Default is no longer continuing and, if the relevant Senior Secured Liabilities have been accelerated, such acceleration has been rescinded (and if such acceleration consisted solely of declaring the relevant debt payable on demand such rescission can be effected by the relevant majority creditors in respect of the relevant debt);

- (vi) the date on which the Relevant Representative which issued the Senior Subordinated Debt Payment Blockage Notice (and, if at such time Senior Default is continuing (other than in respect of the debt in respect of which the notice was given), the Relevant Representative in respect of that other debt) notify/ies the Parent, the Security Agent and the Senior Subordinated Debt Representative that the Senior Subordinated Debt Payment Blockage Notice is cancelled;
- (vii) the Senior Secured Debt Discharge Date; and
- (vi) the date on which the Security Agent or Senior Subordinated Debt Representative takes any Enforcement Action against a member of the Group which it is permitted to take in accordance with the Intercreditor Agreement;

Unless the Senior Subordinated Debt Representative waives this requirement: (i) no Senior Subordinated Debt Payment Blockage Notice may be served by a Relevant Representative unless 360 days have elapsed since the immediately prior Senior Subordinated Debt Payment Blockage Notice; and (ii) no Senior Subordinated Debt Payment Blockage Notice may be served in respect of a Senior Default more than 60 days after the date that the Relevant Representative received notice of that Senior Default.

The Relevant Representative may only serve one Senior Subordinated Debt Payment Blockage Notice with respect to the same event or set of circumstances. Subject to the immediately preceding paragraph, this shall not affect the right of the Relevant Representatives to issue a Senior Subordinated Debt Payment Blockage Notice in respect of any other event or set of circumstances.

No Senior Subordinated Debt Payment Blockage Notice may be served by a Relevant Representative in respect of a Senior Default which had been notified to each of them at the time at which an earlier Senior Subordinated Debt Payment Blockage Notice was issued.

Cure of Payment Block—Senior Subordinated Creditors

If:

- (i) at any time following the issue of a Senior Subordinated Debt Payment Blockage Notice or the occurrence of a Senior Secured Debt Payment Default, that Senior Subordinated Debt Payment Blockage Notice ceases to be outstanding and/or (as the case may be) the Senior Secured Debt Payment Default ceases to be continuing; and
- (ii) the relevant Debtor then promptly pays to the Senior Subordinated Creditors an amount equal to any payments which had accrued under any Senior Subordinated Debt finance documents and which would have been payments that it would have otherwise been entitled to make but for that Senior Subordinated Debt Payment Blockage Notice or Senior Secured Debt Payment Default,

then any event of default which may have occurred as a result of that suspension of payments shall be waived and any Senior Subordinated Debt Enforcement Notice (as defined below) which may have been issued as a result of that event of default shall be waived, in each case without any further action being required on the part of the Senior Subordinated Creditors.

Enforcement Action

Permitted enforcement by Senior Subordinated Creditors

Prior to the Senior Secured Debt Discharge Date, neither the Senior Subordinated Debt Representative nor the Senior Subordinated Creditors may take Enforcement Action with respect to the Senior Subordinated Debt Liabilities (if any) or direct the Security Agent to enforce or otherwise require the enforcement of any relevant Transaction Security Document without the prior consent of or as required by an Instructing Group (as defined below), except if:

- (1) an event of default has occurred under the Senior Subordinated Debt (a “**Senior Subordinated Debt Event of Default**”) resulting from a failure to pay the principal amount of the Senior Subordinated Debt Liabilities at final maturity; or
- (2): (a) a Senior Subordinated Debt Event of Default is continuing (the “**Relevant Senior Subordinated Debt Event of Default**”);
- (b) the RCF Agent, the Trustee and the other creditor representatives of any Future Pari Passu Debt and Additional Credit Facility Debt have received notice of the Relevant Senior Subordinated Debt Event of Default from the Senior Subordinated Debt Representative;
- (c) a Senior Subordinated Debt Standstill Period (as defined below) has expired; and
- (d) the Relevant Senior Subordinated Debt Event of Default is continuing at the end of the Senior Subordinated Debt Standstill Period,

provided that in the case of paragraph (2) above only, no such enforcement action may be taken if the Security Agent is acting in accordance with the instructions of an Instructing Group to take steps for enforcement and such action might reasonably be likely to adversely affect such enforcement.

Standstill on enforcement by Senior Subordinated Creditors

A “**Senior Subordinated Debt Standstill Period**” shall mean the period starting on the date that the Senior Subordinated Debt Representative serves an enforcement notice on the RCF Agent, the Trustee and the other creditor representatives of any Future Pari Passu Debt and Additional Credit Facility Debt in respect of a Relevant Senior Subordinated Debt Event of Default and ending on the earliest to occur of:

- (a) 179 days after such date;
- (b) the date on which the Senior Secured Parties take any Enforcement Action (including the enforcement of any Transaction Security permitted to be enforced under the terms of the Intercreditor Agreement), *provided* that the Senior Subordinated Debt Representative and Senior Subordinated Creditors may only take the same Enforcement Action against the same entity as is taken by the Senior Secured Parties and may not take any other action against any other member of the Group;
- (c) the date on which an insolvency event occurs in respect of a Debtor of the Senior Subordinated Debt against whom Enforcement Action is to be taken;
- (d) the date on which a default under the Senior Subordinated Debt occurs for failure to pay principal at the original scheduled maturity of the Senior Subordinated Debt; and
- (e) the expiration of any other Senior Subordinated Debt Standstill Period which was outstanding at the date that the current Senior Subordinated Debt Standstill Period commenced (other than as a result of a cure, waiver or other permitted remedy thereof).

Enforcement of Transaction Security

Enforcement Instructions

The Intercreditor Agreement will provide that the Security Agent may refrain from enforcing the security unless instructed otherwise by (i) an Instructing Group, or (ii) if required as set out under the third paragraph of this section, the Majority Senior Subordinated Creditors (as defined below).

Subject to the Transaction Security having become enforceable in accordance with its terms (i) an Instructing Group or (ii) to the extent permitted to enforce or to require the enforcement of the security prior to the Senior Secured Debt Discharge Date as described above under the caption “—*Enforcement Action—Permitted enforcement by Senior Subordinated Creditors*”, the Majority Senior Subordinated Creditors, may give or refrain from giving, instructions to the Security Agent to enforce, or refrain from enforcing, the Transaction Security as they see fit, provided that any such instructions given are consistent with the security enforcement principles set forth below under the caption “—*Security Enforcement Principles*”.

Prior to the Senior Secured Debt Discharge Date, (i) if an Instructing Group has instructed the Security Agent not to enforce or to cease enforcing the Transaction Security or (ii) in the absence of instructions from an Instructing Group, and, in each case, an Instructing Group has not required any Debtor to make a distressed disposal, the Security Agent shall give effect to any instructions to enforce the Transaction Security which the Majority Senior Subordinated Creditors are then entitled to give to the Security Agent as described above under the caption “—*Enforcement Action—Permitted enforcement by Senior Subordinated Creditors*”.

Composition of the enforcing creditor groups

An “**Instructing Group**”, in relation to any instructions with respect to enforcement, shall comprise:

- (a) prior to the first date on which all the RCF Liabilities and the Additional Credit Facility Liabilities have been discharged (such date, the “**Credit Facility Discharge Date**”):
 - (i) the “**Majority Super Senior Creditors**”, comprising, generally, RCF Lenders, Additional Credit Facility Creditors and Super Senior Hedging Counterparties whose credit participations, together, represent more than 66²/₃% of the aggregate credit participations of all RCF Lenders, Additional Credit Facility Creditors and Super Senior Hedging Counterparties; and

- (ii) the “**Majority Senior Secured Creditors**”, comprising, generally, the holders of the Notes, the Future Pari Passu Debt Creditors and the Pari Passu Hedging Counterparties whose credit participations, together, represent more than 50% of the aggregate credit participations of all holders of the Notes, Future Pari Passu Debt Creditors and Pari Passu Hedging Counterparties

provided that,

(A) if:

- (1) the Super Senior Liabilities have not been repaid in full in cash within six months of the end of the Consultation Period (as defined below);
- (2) the Security Agent has not commenced any enforcement (or any transaction in lieu) or other Enforcement Action within three months of the end of the Consultation Period; or
- (3) an insolvency event has occurred with respect to a Relevant Company (as defined below) and the Security Agent has not commenced any enforcement (or any transaction in lieu) or other Enforcement Action at that time with respect to such Relevant Company,

then the Security Agent shall thereafter follow any instructions that are subsequently given by the Majority Senior Creditors (in each case provided the same are Qualifying Instructions) to the exclusion of those given by the Majority Senior Secured Creditors (to the extent conflicting with any instructions previously given by the Majority Senior Secured Creditors);

(B) subject to sub-paragraph (A), if, at the end of the Consultation Period, the Security Agent has received conflicting instructions then, in relation to such enforcement, Instructing Group shall mean the Majority Senior Secured Creditors *provided that* such instructions from the Majority Senior Secured Creditors are Qualifying Instructions.

- (b) on or after the Credit Facility Discharge Date but prior to the Senior Secured Debt Discharge Date, the Majority Senior Secured Creditors; and,
- (c) on or after the Senior Secured Debt Discharge Date but prior to the date of discharge of the Senior Subordinated Debt Liabilities (such date, the “**Senior Subordinated Debt Discharge Date**”), and subject to the restrictions on the enforcement of Transaction Security prior to the Senior Secured Debt Discharge Date as described above under the caption “—*Enforcement Action—Permitted enforcement by Senior Subordinated Creditors*”, the Majority Senior Subordinated Creditors.

The “**Majority Senior Subordinated Creditors**” means, at any time, those Senior Subordinated Creditors whose credit participations at that time aggregate more than 50% of the aggregate credit participations of all Senior Subordinated Creditors.

Consultation

Prior to giving any instructions to the Security Agent to commence enforcement of all or part of the Transaction Security, the creditor representative(s) of the creditors of the group represented in the Instructing Group concerned shall first notify the Security Agent and the creditor representative for each of the other Super Senior Creditors and Senior Secured Creditors that the applicable Transaction Security has become enforceable.

As soon as reasonably practicable after receipt of such a notice instructing the Security Agent to solicit instructions with respect to (i) the enforcement of Transaction Security or (ii) the taking of any other Enforcement Action by the Majority Super Senior Creditors and/or the Majority Senior Secured Creditors, the Security Agent shall distribute such notice to the relevant addressees promptly upon receipt, following which, the creditor representative acting on the instructions of the Majority Super Senior Creditors, the Trustee and the representative of the Future Pari Passu Debt Creditors will consult in good faith with each other and the Security Agent for a period of 15 days from the date such notice is received by such persons (or such shorter period as the relevant parties may agree) with a view to coordinating the instructions to be given by an Instructing Group and agreeing an enforcement strategy (the “**Consultation Period**”).

No such consultation shall be required (and an Instructing Group shall be entitled to give any instructions to the Security Agent to enforce the Transaction Security or take any other Enforcement Action, in each case, provided such instructions comply with the security enforcement principles set forth below under the caption “—*Security Enforcement Principles*” (“**Qualifying Instructions**”)), where:

- (a) any of the Transaction Security has become enforceable as a result of an insolvency event affecting the Parent, the Issuer, any Debtor (which owed liabilities to any Primary Creditor or the Issuer) a borrower or a guarantor or any subsidiary that is a “Significant Subsidiary” or “Material Company” or a group of subsidiaries that combined would constitute a “Significant Subsidiary” under and as defined in the RCF Facility Agreement (each a “**Relevant Company**”); or,
- (b) subject to no instructions being given by an Instructing Group in the circumstances referred to in paragraph (A)(3) of the definition of “Instruction Group” set out above, the Majority Super Senior Creditors and/or the Majority Senior Secured Creditors determine in good faith (and notifies each other creditor representative of the other Super Senior Creditors, Senior Secured Creditors and the Security Agent), that to enter into such consultations and thereby delay the commencement of enforcement of the Transaction Security could reasonably be expected to reduce the amount likely to be realised to a level such that (following application thereof in accordance with the payment waterfall described below under the caption “—*Waterfall—Transaction Security*”) the Super Senior Liabilities would not be discharged in full, in which case, any instructions will be limited to those necessary to protect or preserve the interests of the Senior Secured Creditors or, as the case may be, the Super Senior Creditors on behalf of which the relevant Instructing Group is acting and the Security Agent shall act in accordance with the instructions first received.

If following the Consultation Period, the Majority Super Senior Creditors and/or the Majority Senior Secured Creditors have agreed on an enforcement strategy, the Security Agent shall be instructed to implement the same.

Subject to the provisions contained in paragraph (A) of the definition of “Instructing Group” set out above, in the event that conflicting instructions (and for these purposes, the failure to give an instruction (or proposed instructions) as to enforcement shall be deemed to be a conflicting instruction) are received from an Instructing Group as at the end of or following the Consultation Period, the Security Agent shall enforce the Transaction Security and/or refrain from enforcing the Transaction Security and/or take the relevant other Enforcement Action in accordance with the instructions provided by the Majority Senior Secured Creditors, in each case provided such instructions are Qualifying Instructions and the terms of all instructions received by the Majority Super Senior Creditors during the Consultation Period will be deemed to be revoked.

Security Enforcement Principles

The Intercreditor Agreement will provide that enforcement of the Transaction Security must be conducted in accordance with the “**Security Enforcement Principles**”, which principles shall include the following:

- (a) It shall be the primary and over-riding aim of any enforcement of the Transaction Security to achieve the “**Security Enforcement Objective**” (being, maximizing, so far as is consistent with a prompt and expeditious realisation of value from enforcement of the Transaction Security, and in a manner consistent with the provisions of the Intercreditor Agreement, the recovery of the Super Senior Creditors, the Senior Secured Creditors and the Senior Subordinated Creditors (but only to the extent the Transaction Security is expressed to secure such debt));
- (b) Without prejudice to the Security Enforcement Objective, the Transaction Security will be enforced such that either:
 - (i) all proceeds of Enforcement are received by the Security Agent in cash (or substantially all cash) for distribution in accordance with the payment waterfall described below under the caption “—*Waterfall—Transaction Security*”; or,
 - (ii) sufficient proceeds from Enforcement will be received by the Security Agent in cash to ensure that when the proceeds are applied in accordance with the payment waterfall described below under the caption “—*Waterfall—Transaction Security*”, the Super Senior Liabilities are repaid and discharged in full (unless the Majority Super Senior Creditors agree otherwise);

- (c) On:
- (i) a proposed enforcement of any of the Transaction Security over assets other than shares in a member of the Group, where the aggregate book value of such assets exceeds €5.0 million (or its equivalent); or,
 - (ii) a proposed enforcement of any of the Transaction Security over some or all of the shares in a member of the Group over which Transaction Security exists,

the Security Agent shall (unless such enforcement is made pursuant to a public auction or process supervised by a court of law which makes a determination as to value) obtain an opinion from a reputable internationally recognized investment bank or international accounting firm or other reputable, third-party professional firm which is regularly engaged in providing valuations of businesses or assets similar or comparable to those charged under the Transaction Security to be enforced (a “**Financial Advisor**”) to opine as expert:

- (x) on the optimal method of enforcing the Transaction Security so as to achieve the Security Enforcement Objective and maximize the recovery from any such Enforcement Action;
 - (y) that the proceeds received from any such enforcement is fair from a financial point of view after taking into account all relevant circumstances; and,
 - (z) that such sale is otherwise in accordance with the Security Enforcement Objective.
- (d) The Security Agent shall be under no obligation to appoint a Financial Advisor or to seek the advice of a Financial Advisor, unless expressly required to do so by the Intercreditor Agreement.

The Security Enforcement Principles may be amended, varied or waived with the prior written consent of the Majority Super Senior Creditors and the Majority Senior Secured Creditors.

Manner of Enforcement

If the Transaction Security is being enforced as set forth above under the caption “—*Enforcement Instructions*,” the Security Agent shall enforce the security in such manner (including, without limitation, the selection of any administrator, examiner or equivalent officer of any Debtor to be appointed by the Security Agent) as:

- an Instructing Group; or,
- prior to the Senior Secured Debt Discharge Date, if (i) the Security Agent has, pursuant to the third paragraph under the caption “—*Enforcement of Security*” above, given effect to instructions given by the Majority Senior Subordinated Creditors to enforce the Transaction Security, and (ii) an Instructing Group has not given instructions as to the manner of enforcement of the security, the Majority Senior Subordinated Creditors,

shall instruct or, in the absence of any such instructions, as the Security Agent sees fit (it being understood that, absent such instructions, the Security Agent may elect to take no action).

Turnover

The Intercreditor Agreement will also provide that, subject to certain exceptions, if any Primary Creditor receives or recovers the proceeds of any enforcement of any Transaction Security other than as set out below under the caption “—*Waterfall—Transaction Security*”, it shall:

- in relation to receipts or recoveries not received or recovered by way of set-off: (i) hold that amount on trust for the Security Agent and promptly pay that amount or an amount equal to that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement, and (ii) promptly pay an amount equal to the amount (if any) by which receipt or recovery exceeds the relevant liabilities owed to such creditor to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and
- in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that receipt or recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Waterfall

Transaction Security

All amounts received or recovered by the Security Agent in connection with the realisation or enforcement of all or any part of the Transaction Security or otherwise paid to the Security Agent for application in accordance with the following “payment waterfall” shall, subject to certain exceptions, be paid in the following order of priority:

- (i) *first*, in payment of the following amounts in the following order (x) *pari passu* and *pro rata*, of any Notes Trustee Amounts and sums owing to the Security Agent and any receiver or any delegate thereof, then (y) *pari passu* and *pro rata* to each other creditor representative of the Primary Creditors (to the extent not included in sub-paragraph (x) above), respectively, in respect of their costs and expenses;
- (ii) *second*, *pari passu* and *pro rata*, in or towards payment of all costs and expenses incurred by the Super Senior Creditors in connection with any realisation or enforcement of the Transaction Security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent;
- (iii) *third*, *pari passu* and *pro rata*, in or towards payment to:
 - (a) each creditor representative in respect of the RCF and Additional Credit Facility Debt on its own behalf and on behalf of the arrangers and lenders thereunder; and,
 - (b) the Super Senior Hedging Counterparties,for application towards the discharge of (I) creditor representative liabilities in respect of the RCF and Additional Credit Facility Debt, the liabilities of the RCF Lenders and the Additional Credit Facility Creditors and the related liabilities of the arrangers in respect thereof and (II) the Super Senior Hedging Liabilities, on a *pro rata* basis as between the foregoing clauses (I) and (II);
- (iv) *fourth*, *pari passu* and *pro rata*, in or towards payment to the Trustee on behalf of the holders of the Notes and the relevant creditor representative(s) on behalf of the Future Pari Passu Debt Creditors it represents, respectively, for application towards any unpaid costs and expenses incurred by or on behalf of any holders of the Notes and Future Pari Passu Debt Creditors, in connection with any realisation or enforcement of the Transaction Security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent;
- (v) *fifth*, in or towards payment to:
 - (a) the Trustee on behalf of the holders of the Notes;
 - (b) the relevant creditor representative(s) on behalf of the Future Pari Passu Debt Creditors it represents; and,
 - (c) the Pari Passu Hedging Counterparties;for application towards the discharge of, respectively (I) the Senior Secured Notes Liabilities, (II) the Future Pari Passu Debt Liabilities and (III) the Pari Passu Hedging Liabilities, on a *pari passu* and *pro rata* basis as between the foregoing clauses (I), (II) and (III);
- (vi) *sixth*, *pari passu* and *pro rata* in or towards payment to each Senior Subordinated Debt Representative on behalf of the Senior Subordinated Creditors it represents for application towards any unpaid costs and expenses incurred by or on behalf of any Senior Subordinated Creditors in connection with any realisation or enforcement of the Transaction Security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent;
- (vii) *seventh*, *pari passu* and *pro rata*, to each Senior Subordinated Debt Representative on behalf of the Senior Subordinated Creditors it represents for application towards the discharge of the Senior Subordinated Debt Liabilities on a *pari passu* and *pro rata* basis; and,
- (viii) *eighth*, after the date of discharge of the liabilities of all of the Primary Creditors, in payment of the surplus (if any) to the relevant Debtor or such other person as may be entitled thereto.

Disposals

Non-distressed disposals

In circumstances where a disposal of an asset or certain other specified transactions (including, mergers, reorganisations and other transactions) are not being effected pursuant to acceleration of secured debt or enforcement of Transaction Security (such event, a “**Distress Event**”, and such disposal effected pursuant to a Distress Event being a “**Distressed Disposal**”) and are otherwise permitted by the terms of the RCF Facility Agreement, each Additional Credit Facility Debt finance agreement, the Indenture and any Future Pari Passu Debt finance agreement, respectively, the Intercreditor Agreement will provide that the Security Agent shall be authorized (i) to release the Transaction Security (and in connection with such release, execute any related documents), (ii) if the relevant asset being disposed of consists of shares in the capital of an Debtor, to release the Transaction Security or any other claim in respect of the liabilities secured by the Transaction Security over the assets of that Debtor and the shares in and assets of any of its subsidiaries, and (iii) to take any other action on behalf of the relevant secured creditor in connection with such disposal that is permitted under the finance documents constituting the relevant secured debt.

Distressed Disposals

Where a Distressed Disposal of an asset is being effected, the Intercreditor Agreement will provide that the Security Agent is authorized:

- (a) to release the Transaction Security, or any other claim over the relevant asset;
- (b) if the asset which is disposed of consists of shares in the capital of a Debtor, to release (x) that Debtor and any subsidiary of that Debtor from all or any part of its borrowing and guarantee liabilities to the Super Senior Creditors, Senior Secured Creditors, Senior Subordinated Creditors, Intragroup Lenders and Shareholder Subordinated Lenders (together, the “**Primary Liabilities**”) or other liabilities it may have to Shareholder Subordinated Lenders, Intragroup Lenders or Debtors (together, the “**Other Liabilities**”), (y) any Transaction Security granted by that Debtor or any subsidiary of that Debtor over any of its assets, and (z) any other claim of a Shareholder Subordinated Lender, Intragroup Lender, or another Debtor over that Debtor’s assets or over the assets of any subsidiary of that Debtor;
- (c) if the asset which is disposed of consists of shares in the capital of any holding company of a Debtor, to release: (x) that holding company and any subsidiary of that holding company from all or any part of its Primary Liabilities and Other Liabilities, (y) any Transaction Security granted by any subsidiary of that holding company over any of its assets, and (z) any other claim of a Shareholder Subordinated Lender, Intragroup Lender or another Debtor over the assets of any subsidiary of that holding company; and,
- (d) if the asset which is disposed of consists of shares in the capital of a Debtor or a holding company of a Debtor, to provide for (1) the transfer of liabilities to another Debtor and/or (2) at the discretion of the Security Agent (provided that it is acting in accordance with the Security Enforcement Principles) the disposal, to third parties, of creditor’s claims against that Debtor or holding company (which may include claims against the Issuer).

If a Distressed Disposal is being effected such that the any guarantees of Senior Subordinated Debt or any Transaction Security over assets of a Debtor of Senior Subordinated Debt will be released, it is a further condition to the release that either:

- (i) the Senior Subordinated Debt Representative has approved the release on the instructions of the requisite Senior Subordinated Debt Creditors (as determined under the relevant Senior Subordinated Debt finance documents or, if not addressed thereunder, with the approval of at least a majority of such Senior Subordinated Debt); or,
- (ii) each of the following conditions are satisfied:
 - (A) the proceeds of such sale or disposal are in cash (or substantially in cash);
 - (B) all present or future obligations owed to the relevant secured parties under the Senior Secured Debt finance documents by a member of the Group all of whose shares pledged under the Transaction Security are sold or disposed of pursuant to such Enforcement Action, are unconditionally released and discharged or sold or disposed of concurrently with such sale (and such obligations are not assumed by the purchaser or one of its affiliates), and

all Transaction Security in respect of the assets that are sold or disposed of is simultaneously and unconditionally released concurrently with such sale; and

- (C) such sale or disposal (including any sale or disposal of any claim) is made:
 - (I) pursuant to a public auction; or,
 - (II) where an internationally recognized investment bank or an internationally recognized firm of accountants selected by the Security Agent has delivered an opinion in respect of such sale or disposal that the amount received in connection therewith is fair from a financial point of view taking into account all relevant circumstances including the method of enforcement and the circumstances giving rise to such sale, *provided* that the liability of such investment bank or internationally recognized firm of accountants in giving such opinion may be limited to the amount of its fees in respect of such engagement.

The net proceeds of a Distressed Disposal (and the net proceeds of any disposal of liabilities) shall be paid to the Security Agent (as the case may be) for application in accordance with the provisions set forth under “—*Waterfall*” above as if those proceeds were the proceeds of an enforcement of the Transaction Security and, to the extent that any disposal of liabilities has occurred, as if the disposal of liabilities had not occurred.

Governing law

The Intercreditor Agreement will be governed by and construed in accordance with English law.

Certain Intra-Group Loans entered into in connection with the Refinancing Transactions

On or about the Issue Date, the Issuer, as lender, expects to enter into a loan agreement with the Parent Guarantor, as borrower, pursuant to which the Issuer will lend a portion of the proceeds received from the Offering of the Notes to the Parent Guarantor in connection with the Refinancing Transactions (the “**Parent Guarantor Proceeds Loan**”). On or after the Issue Date, and in connection with the Refinancing Transactions, the Issuer also expects to enter into one or more loan agreements with various members of the Group pursuant to which, the Issuer, as lender, will lend a portion of the proceeds from the Offering of the Notes (which may also include proceeds from cash on balance sheet) (the “**Additional Intra-Group Loans**”).

The Issuer’s rights under the Parent Guarantor Proceeds Loan will be initially pledged on a first priority basis to secure the obligations under the Revolving Credit Facility and the Notes. The definitive documentation for the Parent Guarantor Proceeds Loan and the Additional Intra-Group Loans, including as to interest payable on such instruments, will be entered into on arm’s length terms and in accordance with applicable law and regulation.

DESCRIPTION OF THE NOTES

You will find definitions of certain capitalized terms used in this “Description of the Notes” under the heading “Certain Definitions”. For purposes of this “Description of the Notes”, references to “we”, “our”, and “us” refer to GCL Holdings S.C.A. and its subsidiaries, references to the “Parent Guarantor” refer only to GCL Holdings S.C.A. and references to the “Issuer” refer only to Guala Closures S.p.A.

The Issuer will issue €510.0 million aggregate principal amount of Senior Secured Floating Rate Notes due 2021 (the “Notes”) under an indenture to be dated as of November 11, 2016 (the “Indenture”), between, *inter alios*, the Issuer, the Guarantors (as defined below), The Law Debenture Trust Corporation p.l.c., as trustee and legal representative of the holders of the Notes (*mandatario con rappresentanza*) under the Indenture, common representative (*rappresentante comune*) of the holders of the Notes pursuant to articles 2417 and 2418 of the Italian Civil Code and representative (*rappresentante*) pursuant to article 2414-*bis*, 3rd paragraph of the Italian Civil Code (the “Trustee”), UniCredit Bank AG, Milan Branch, as security agent (the “Security Agent”) and Deutsche Bank AG, London Branch, as paying agent. The Indenture will not be qualified under, incorporate or include, or be subject to, any of the provisions of the U.S. Trust Indenture Act of 1939, as amended.

The proceeds of the offering of the Notes sold on the Issue Date will be used by the Issuer to refinance certain existing indebtedness of the Parent Guarantor and its Subsidiaries and to pay costs and expenses incurred in connection with the Refinancing Transactions as set forth in this Listing Memorandum under the caption “Use of Proceeds”. By than 10 business days following the Issue Date, the Notes have been secured by the Collateral (other than the Post-Closing Collateral which was granted by 90 days following the Issue Date) (as defined under “—Security”).

On the Issue Date, the Notes were guaranteed by GCL Holdings S.C.A. (the “Parent Guarantor”) and each Initial Subsidiary Guarantor (as defined herein). The Guarantees will be joint and several obligations of the Guarantors.

The Indenture will be unlimited in aggregate principal amount, of which €510.0 million aggregate principal amount of Notes will be issued in this Offering. We may, subject to applicable law, issue an unlimited principal amount of additional Notes having identical terms and conditions as the Notes (the “Additional Notes”); *provided*, that if the Additional Notes are not fungible with the initial Notes for U.S. federal income tax purposes, such Additional Notes will be issued with a separate ISIN code or common code, as applicable, from the Notes. We will only be permitted to issue Additional Notes in compliance with the covenants contained in the Indenture, including the covenant restricting the Incurrence of Indebtedness (as described below under “—Certain Covenants—Limitation on Indebtedness”). Except with respect to right of payment and optional redemption, and as otherwise provided for in the Indenture, the Notes issued in this Offering and, if issued, any Additional Notes will be treated as a single class for all purposes under the Indenture, including, without limitation, with respect to waivers, amendments, redemptions and offers to purchase. Unless the context otherwise requires, in this “Description of the Notes”, references to the “Notes” include the Notes and any Additional Notes that are actually issued.

The Indenture will be subject to the terms of the Intercreditor Agreement and any Additional Intercreditor Agreements (as defined below). The terms of the Intercreditor Agreement are important to understanding the terms and ranking of the Liens on the Collateral securing the Notes. See “Description of Other Indebtedness—Intercreditor Agreement” for a description of the material terms of the Intercreditor Agreement.

This “Description of the Notes” is intended to be an overview of the material provisions of the Notes, the Indenture and the Security Documents. Since this description of the terms of the Notes is only a summary, you should refer to the Notes, the Indenture and the Security Documents for complete descriptions of the obligations of the Parent Guarantor and your rights. Copies of the Indenture are available from us upon request.

The registered Holder of a Note will be treated as the owner of it for all purposes. Only registered Holders will have rights under the Indenture, including, without limitation, with respect to enforcement and the pursuit of other remedies. The Notes have not been, and will not be, registered under the Securities Act and are subject to certain transfer restrictions.

General

The Notes

The Notes will, upon issuance:

- be general senior obligations of the Issuer;
- be secured as set forth under “—Security”, on *pari passu* basis with the interests granted in favor of the Revolving Credit Facility, except that Holders of the Notes will receive proceeds from enforcement of the Collateral and certain distressed disposals only after any obligations secured on a super-priority basis, including obligations under the Revolving Credit Facility and certain Hedging Obligations (if any), have been repaid in full;
- rank *pari passu* in right of payment with any existing and future Indebtedness of the Issuer that is not subordinated in right of payment to the Notes, including obligations under the Revolving Credit Facility;
- rank senior in right of payment to any existing and future Indebtedness of the Issuer that is expressly subordinated to the Notes;
- be effectively subordinated to any existing or future Indebtedness or obligation (including obligations to trade creditors) of the Issuer and its Subsidiaries that is secured by property or assets that do not secure the Notes, to the extent of the value of the property and assets securing such Indebtedness;
- be structurally subordinated to any existing or future Indebtedness of the Subsidiaries of the Issuer that are not Guarantors, including obligations owned to trade creditors; and
- be guaranteed on a senior secured basis by the Guarantors, subject to the limitations described herein and in “*Risk Factors—Risks related to the Notes and Note Guarantees Generally—The Note Guarantees of the Subsidiary Guarantors may be limited by applicable laws or subject to certain limitations or defenses that may adversely affect their validity and enforceability*” and “*Limitations on Validity and Enforceability of the Note Guarantees and Security Interests and Certain Insolvency Law Considerations*”.

The Guarantees

Each Guarantee of a Guarantor will, upon issuance:

- be a general senior obligation of the applicable Guarantor;
- rank *pari passu* with the interests granted in favor of the Revolving Credit Facility, except that Holders of the Notes will receive proceeds from enforcement of the Collateral and certain distressed disposals only after any obligations secured on a super-priority basis, including obligations under the Revolving Credit Facility and certain Hedging Obligations (if any), have been repaid in full;
- rank *pari passu* in right of payment with any existing and future Indebtedness of the applicable Guarantor that is not subordinated in right of payment to the applicable Guarantee, including obligations under the Revolving Credit Facility;
- rank senior in right of payment to any existing and future Indebtedness of such Guarantor that is expressly subordinated in right of payment to a Guarantor’s Guarantee;
- rank senior in right of payment to any existing or future Indebtedness of the applicable Guarantor that is expressly subordinated in right of payment to the applicable Guarantee;
- be effectively subordinated to any existing or future Indebtedness or obligation of the applicable Guarantor that is secured by property or assets that do not secure the Guarantee, to the extent of the value of the property and assets securing such Indebtedness or obligation, to the extent of the value of the property and assets securing such Indebtedness;
- be structurally subordinated to any existing and future Indebtedness of Subsidiaries of such Guarantor that do not Guarantee the Notes; and
- be subject to the limitations described herein and in “*Risk Factors—Risks related to the Notes and Note Guarantees Generally—The Note Guarantees of the Subsidiary Guarantors may be limited by*

applicable laws or subject to certain limitations or defenses that may adversely affect their validity and enforceability” and “Limitations on Validity and Enforceability of the Note Guarantees and the Security Interests and Certain Insolvency Law Considerations”.

Principal and Maturity

The Issuer will issue €510.0 million in aggregate principal amount of Notes on the Issue Date (the “*Initial Notes*”). The Notes will mature on November 15, 2021. The Notes will be issued in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

Interest

Interest on the Notes will accrue at a rate per annum (the “*Applicable Rate*”), reset quarterly, equal to the sum of (i) three-month EURIBOR (and if that rate is less than zero, EURIBOR shall be deemed to be zero) plus (ii) 4.75%, as determined by the calculation agent (the “*Calculation Agent*”), who shall initially be Deutsche Bank AG, London Branch. Interest on the Notes will:

- accrue from the Issue Date or, if interest has already been paid, from the date it was most recently paid;
- be payable in cash quarterly in arrears on February 15, May 15, August 15 and November 15, commencing on February 15, 2017;
- be payable to the holder of record of such Notes on the February 1, May 1, August 1 and November 1 immediately preceding the related interest payment date; and
- be computed on the basis of a 360-day year and the actual number of days elapsed.

Set forth below is a summary of certain of the provisions from the Indenture relating to the calculation of interest on the Notes.

“*Determination Date*” with respect to an Interest Period, means the day that is two TARGET Settlement Days preceding the first day of such Interest Period.

“*EURIBOR*” with respect to an Interest Period, means the rate (expressed as a percentage per annum) for deposits in euro for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date that appears on Reuters Page 248 as of 11:00 a.m. Brussels time, on the Determination Date. If Reuters Page 248 does not include such a rate or is unavailable on a Determination Date, the Agent Bank will request the principal London or Frankfurt office of each of four major banks in the euro-zone inter-bank market, as selected by the Agent Bank in consultation with the Issuer, to provide such bank’s offered quotation (expressed as a percentage per annum) as of approximately 11:00 a.m., Brussels time, on such Determination Date, to prime banks in the euro-zone inter-bank market for deposits in a Representative Amount in euro for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date. If at least two such offered quotations are so provided, the rate for the Interest Period will be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, the Agent Bank will request each of three major banks in London or Frankfurt, as selected by the Agent Bank in consultation with the Issuer, to provide such bank’s rate (expressed as a percentage per annum), as of approximately 11:00 a.m., London time, on such Determination Date, for loans in a Representative Amount in euro to leading European banks for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date. If at least two such rates are so provided, the rate for the Interest Period will be the arithmetic mean of such rates. If fewer than such rates are so provided then the rate for the Interest Period will be the rate in effect with respect to the immediately preceding Interest Period.

“*euro-zone*” means the region comprised of member states of the European Union that adopt the euro.

“*Interest Period*” means the period commencing on and including an interest payment date and ending on and including the day immediately preceding the next succeeding interest payment date, with the exception that the first Interest Period shall commence on and include the Issue Date and end on and include February 15, 2017.

“*Representative Amount*” means the greater of (i) €1,000,000 and (ii) an amount that is representative for a single transaction in the relevant market at the relevant time.

“*Reuters Page 248*” means the display page so designated on Reuters (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor).

“*TARGET Settlement Day*” means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open.

The Calculation Agent shall, as soon as practicable after 11:00 a.m. (Brussels time) on each Determination Date, determine the Applicable Rate and calculate the aggregate amount of interest payable in respect of the following Interest Period (the “*Interest Amount*”). The Interest Amount shall be calculated by applying the Applicable Rate to the principal amount of each Note outstanding at the commencement of the Interest Period, multiplying each such amount by the actual amounts of days in the Interest Period concerned divided by 360. All percentages resulting from any of the above calculations will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point, with five one-millionths of a percentage point being rounded upwards (e.g., 4.876545% (or .04876545) being rounded to 4.87655% (or .0487655)). The determination of the Applicable Rate and the Interest Amount by the Calculation Agent shall, in the absence of willful default, bad faith or manifest error, be final and binding on all parties. In no event will the rate of interest on the Notes be higher than the maximum rate permitted by applicable law, *provided, however*, that the Calculation Agent shall not be responsible for verifying that the rate of interest on the Notes is permitted under any applicable law.

The rights of Holders to receive the payments of interest on such Notes are subject to applicable procedures of Euroclear and Clearstream. If the due date for any payment in respect of any Notes is not a Business Day at the place at which such payment is due to be paid, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

Methods of Receiving Payments on the Notes

Principal, interest and premium, if any, on the Global Notes (as defined below) will be payable at the specified office or agency of one or more Paying Agents; *provided* that all such payments with respect to the Notes represented by one or more Global Note registered in the name of or held by a nominee of a common depository for Euroclear and Clearstream, as applicable, will be made by wire transfer of immediately available funds to the account specified by the Holder or Holders thereof.

Principal, interest and premium, Additional Amounts if any, on any certificated securities (“*Definitive Registered Notes*”) will be payable at the specified office or agency of one or more Paying Agents maintained for such purposes. In addition, interest on the Definitive Registered Notes may be paid by check mailed to the person entitled thereto as shown on the register for the Definitive Registered Notes. See “—*Paying Agent and Registrar for the Notes*”.

Paying Agent and Registrar for the Notes

The Issuer will maintain one or more Paying Agents for the Notes. The Issuer will also undertake to maintain a Paying Agent in a European Union member state that will not be obligated to withhold or deduct tax pursuant to the European Council Directive 2003/48/EC, or any other directive implementing the conclusions of the ECOFIN meeting of November 26, and 27, 2000 regarding the taxation of savings income, or any law implementing or complying with or introduced in order to conform to, any such directive. The initial Paying Agent will be Deutsche Bank AG, London Branch (the “*Principal Paying Agent*”).

The Issuer will also maintain a registrar (the “*Registrar*”) and a transfer agent (the “*Transfer Agent*”). The initial Registrar and Transfer Agent will be Deutsche Bank Luxembourg S.A. The Registrar will maintain a register reflecting ownership of the Notes outstanding from time to time, if any, and will make payments on and facilitate transfers of the Notes on behalf of the Issuer.

The Issuer may change any Paying Agents, Registrars or Transfer Agents for the Notes without prior notice to the Holders of such Notes. However, for so long as Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish notice of any change of Paying Agent, Registrar or Transfer Agent in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). Such notice of the change in a Paying Agent, Registrar or Transfer Agent may also be published on the official website of the Luxembourg Stock Exchange (www.bourse.lu), to the extent and in the manner permitted by the rules of the Luxembourg Stock Exchange. The Parent Guarantor or any of its Subsidiaries may act as Paying Agent or Registrar in respect of the Notes.

Guarantees

On the Issue Date the Notes will be guaranteed, jointly and severally on a senior secured basis, by (i) the Parent Guarantor and (ii) Guala Closures International B.V., Guala Closures Australia Holdings Pty Ltd., Guala Closure Australia Pty. Ltd., Guala Closures do Brasil Ltda., Guala Closures New Zealand Limited, Guala Closures Ibérica, Guala Closures UK Limited (the “*Initial Subsidiary Guarantors*”).

The obligations of the Guarantors will be contractually limited under the applicable Guarantees to reflect limitations under applicable law with respect to maintenance of share capital, corporate benefit, fraudulent conveyance and other legal restrictions applicable to the Guarantors and their respective shareholders, directors and general partners. For a description of such contractual limitations, see “*Risk Factors—Risks related to the Notes and the Note Guarantees Generally—The insolvency and administrative laws of Italy, Luxembourg and other applicable jurisdictions may not be as favorable to you as the insolvency laws of the United States or those of another jurisdiction with which you are familiar; other limitations on the Note Guarantees, including fraudulent conveyance statutes, may adversely affect their validity and enforceability*”, “*—The granting of the security interests in the Collateral may create hardening periods for such security interests in accordance with the law applicable in certain jurisdictions*”, and “*Limitations on Validity and Enforceability of the Note Guarantees and the Security Interests and Certain Insolvency Law Considerations*”.

As of and for the twelve months ended June 30, 2016, and on a *pro forma* basis after giving effect to the Refinancing Transactions, the Parent Guarantor, the Issuer and the Subsidiary Guarantors represented 44%, 28% and 68% of the Group’s consolidated total revenue, Adjusted EBITDA and total assets, respectively. As of June 30, 2016, on a *pro forma* basis after giving effect to the Refinancing Transactions, the Parent Guarantor and its consolidated subsidiaries would have had €577.9 million principal amount of indebtedness, of which €510.0 million is represented by the Notes and €37.0 million of which was drawn under the Revolving Credit Facility.

Although the Issuer is an operating company, a significant amount of its revenue and EBITDA are generated by, and a significant amount of its assets comprise, the contribution of its Subsidiaries for which it acts as holding company and conducts its operations outside of Italy through its Subsidiaries. Claims of creditors of non-Guarantor Subsidiaries, including trade creditors, secured creditors and creditors holding debt and guarantees issued by those Subsidiaries, and claims of preferred and minority stockholders (if any) of those Subsidiaries generally will have priority with respect to the assets and earnings of those Subsidiaries over the claims of creditors of the Issuer and the Guarantors, including Holders of the Notes. The Notes and each Guarantee therefore will be effectively subordinated to creditors (including trade creditors) and preferred and minority stockholders (if any) of Subsidiaries of the Issuer (other than the Subsidiary Guarantors). After giving *pro forma* effect to the Refinancing Transactions, as of June 30, 2016, the Subsidiaries of the Parent Guarantor that will not guarantee the Notes would have had €5.2 million of financial indebtedness outstanding. Although the Indenture will limit the incurrence of Indebtedness, Disqualified Stock and Preferred Stock of Restricted Subsidiaries, the limitation is subject to a number of significant exceptions. Moreover, the Indenture will not impose any limitation on the incurrence by Restricted Subsidiaries of liabilities that are not considered Indebtedness, Disqualified Stock or Preferred Stock under the Indenture. See “*—Certain Covenants—Limitation on Indebtedness*”.

In addition, as described below under “*—Certain Covenants—Additional Guarantees*” and subject to the Intercreditor Agreement and the Agreed Security Principles, each Restricted Subsidiary that guarantees the Revolving Credit Facility, Public Debt or certain other indebtedness shall also enter into a supplemental indenture as a Guarantor of the Notes and accede to the Intercreditor Agreement.

The Agreed Security Principles apply to the granting of guarantees and security in favor of obligations under the Revolving Credit Facility and the Notes. The Agreed Security Principles include restrictions on the granting of guarantees where, among other things, such grant would be restricted by general statutory or other legal limitations or requirements, financial assistance, corporate benefit, fraudulent preference, “thin capitalization” rules, retention of title claims and similar principles.

Each Guarantee will be limited to the maximum amount that would not render the Guarantor’s obligations subject to avoidance under applicable fraudulent conveyance provisions of the United States Bankruptcy Code or any comparable provision of foreign or state law, or as otherwise required under the Agreed Security Principles to comply with corporate benefit, financial assistance and other laws. By virtue of this limitation, a Guarantor’s obligation under its Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Guarantee.

See “*Risk Factors—Risk Factors—Risks related to the Notes and Note Guarantees Generally—The Note Guarantees of the Subsidiary Guarantors may be limited by applicable laws or subject to certain limitations or defenses that may adversely affect their validity and enforceability*” and “*Limitations on Validity and Enforceability of the Note Guarantees and the Security Interests and Certain Insolvency Law Considerations*”.

The Guarantee of a Subsidiary Guarantor will terminate and release:

- (1) upon a sale or other disposition (including by way of consolidation or merger) of the Capital Stock of the relevant Subsidiary Guarantor (whether by direct sale or sale of a holding company) or the sale or disposition of all or substantially all the assets of the Subsidiary Guarantor (other than to the Parent Guarantor or a Restricted Subsidiary) otherwise permitted by the Indenture;
- (2) upon the designation in accordance with the Indenture of the Subsidiary Guarantor as an Unrestricted Subsidiary;
- (3) upon defeasance or discharge of the Notes, as provided in “—*Defeasance*” and “—*Satisfaction and Discharge*”;
- (4) with respect to a Subsidiary Guarantor that is not a Significant Subsidiary, so long as no Event of Default has occurred and is continuing, to the extent that such Guarantor (i) is unconditionally released and discharged from its liability with respect to the Revolving Credit Facility and (ii) does not guarantee any other Credit Facility or Public Debt;
- (5) in accordance with an enforcement action pursuant to the Intercreditor Agreement or any Additional Intercreditor Agreement;
- (6) as described under “—*Amendments and Waivers*”;
- (7) as described in the first paragraph of the covenant described below under “—*Certain Covenants—Additional Guarantees*”;
- (8) as a result of a transaction permitted by “—*Merger and Consolidation—The Subsidiary Guarantors*”.

The Guarantee of the Parent Guarantor will only be released upon the occurrence of any event described in clauses (3), (5) or (6) above.

Upon the request of the Issuer, the Trustee shall take all necessary actions, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, to effectuate any release of a Guarantee in accordance with these provisions, subject to customary protections and indemnifications. Each of the releases set forth above shall be effected by Trustee without the consent of the Holders or any other action or consent on the part of the Trustee.

Transfer and Exchange

The Notes will be issued in the form of several registered notes in global form without interest coupons, as follows:

- Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the “*144A Global Notes*”). The 144A Global Notes will, on the Issue Date, be deposited with and registered in the name of the nominee of the common depository for the accounts of Euroclear and Clearstream.
- Notes sold outside the United States pursuant to Regulation S under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the “*Regulation S Global Notes*” and, together with the 144A Global Notes, the “*Global Notes*”). The Regulation S Global Note will, on the Issue Date, be deposited with and registered in the name of the nominee of the common depository for the accounts of Euroclear and Clearstream.

Ownership of interests in the Global Notes (“*Book-Entry Interests*”) will be limited to persons that have accounts with Euroclear and Clearstream or persons that may hold interests through such participants.

Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under the section “*Transfer Restrictions*” in the Listing Memorandum. In addition, transfers of Book-Entry

Interests between participants in Euroclear or participants in Clearstream will be effected by Euroclear and Clearstream pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream and their respective participants.

Book-Entry Interests in the 144A Global Notes (the “*144A Book-Entry Interests*”) may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Notes (the “*Regulation S Book-Entry Interests*”) denominated in the same currency only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

Prior to 40 days after the Issue Date of the Notes, ownership of Regulation S Book-Entry Interests will be limited to persons that have accounts with Euroclear or Clearstream or persons who hold interests through Euroclear or Clearstream, and any sale or transfer of such interest to US persons shall not be permitted during such period unless such resale or transfer is made pursuant to Rule 144A under the Securities Act. Subject to the foregoing, Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of 144A Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a “qualified institutional buyer” within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under the section “*Transfer Restrictions*” in the Listing Memorandum and in accordance with any applicable securities law of any other jurisdiction.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of €100,000 principal amount, and integral multiples of €1,000 in excess thereof, upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant which owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under the section “*Transfer Restrictions*” in the Listing Memorandum.

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 in principal amount and integral multiples of €1,000 in excess thereof. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging Holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at Euroclear or Clearstream, where appropriate, to furnish certain certificates and opinions, and to pay any Taxes in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the Holder, other than any Taxes payable in connection with such transfer.

Notwithstanding the foregoing, the Issuer is not required to register the transfer or exchange of any Definitive Registered Notes:

- (1) for a period of 15 days prior to any date fixed for the redemption of the Notes;
- (2) for a period of 15 days immediately prior to the date fixed for selection of Notes to be redeemed in part;
- (3) for a period of 15 days prior to the record date with respect to any interest payment date; or
- (4) which the Holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Disposition Offer.

The Issuer, the Trustee, the Paying Agent and the Registrar will be entitled to treat the Holder of a Notes as the owner of it for all purposes.

Restricted Subsidiaries and Unrestricted Subsidiaries

As of the Issue Date, all of the Parent Guarantor's Subsidiaries will be "Restricted Subsidiaries" for purposes of the Indenture. However, under the circumstances described below under "*Certain Definitions—Unrestricted Subsidiary*", the Issuer will be permitted to designate certain of its Subsidiaries as "*Unrestricted Subsidiaries*". The Issuer's Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture.

Security

General

Within 10 business days following the Issue Date, the Notes will be secured certain perfection requirements and any Permitted Collateral Liens, by security interests granted on an equal and ratable first-priority basis over the following property, rights and assets:

- (1) certain bank accounts of the Parent Guarantor;
- (2) all the issued Capital Stock of the Issuer (the "*Issuer Share Pledge*");
- (3) all the issued Capital Stock of the entire issued share capital of each of Guala Closures Australia Holdings Pty Ltd, Guala Closures Australia Pty Ltd, Guala Closures New Zealand Limited, Guala Closures UK Limited, Guala Closures Ibérica S.A., and Guala Closures International B.V.;
- (4) (i) the Parent Guarantor's rights in respect of all intercompany loans to which it is lender and (ii) the Issuer's rights in respect of the intercompany loan to the Parent Guarantor on or about the Issue Date;
- (5) certain intellectual property rights of Guala Closures International B.V. and the Issuer; and
- (6) all the assets of Guala Closures Australia Pty Ltd and Guala Closures UK Limited (collectively, the "*Issue Date Collateral*").

The Collateral to be granted in respect of substantially all the share capital of Guala Closures do Brasil Ltda., Guala Closures de Mexico S.A. de C.V., Guala Closures Ukraine LLC and Guala Closures DGS Poland S.A. owned, directly or indirectly, by the Parent Guarantor and certain real property (including land and buildings) in respect of the production facility of Guala Closures do Brasil Ltda. in Barueri, Brazil (collectively, the "*Post-Closing Collateral*" and, together with the Issue Date Collateral, the "*Collateral*") will be granted after the Issue Date. The Indenture will further provide that each of the Parent Guarantor and its Restricted Subsidiaries shall take such necessary actions so that the Liens on the Post-Closing Collateral shall be granted no later than the date that is 90 days after the Issue Date.

The Indenture will provide that, in the event that the Parent Guarantor were to own any Capital Stock of a company other than that of the Issuer, the Parent Guarantor will promptly pledge such Capital Stock on a first-ranking basis to secure the Notes and its Guarantee. The Indenture will also provide that the Parent Guarantor may only hold Capital Stock of the Issuer, Guala Closures International B.V. and one other Company; provided, however, this provision shall not be applicable in the event that all of the Capital Stock of each of the Parent Guarantor and its general partner (collectively, the "*Parent Share Pledge*") is pledged on a first-ranking basis to secure the Notes and the Guarantees.

Subject to certain conditions, including compliance with the covenants described under "*Certain Covenants—Impairment of Security Interest*" and "*Certain Covenants—Liens*", the Parent Guarantor and its Restricted Subsidiaries (including the Issuer) are permitted to grant security over the Collateral in connection with future issuances of Indebtedness or Indebtedness of the Restricted Subsidiaries, including any Additional Notes issued by the Issuer as permitted under the Indenture and the Intercreditor Agreement. See "*Risk Factors—Risks related to the Notes and the Notes Guarantees Generally*".

Any other security interests that may in the future be granted to secure obligations under the Notes, any Guarantee and the Indenture would also constitute "*Collateral*". All Collateral will be subject to the operation of the Agreed Security Principles and any Permitted Collateral Liens.

Notwithstanding the foregoing and the provisions of the covenant described below under “—*Certain Covenants—Additional Guarantees*”, certain property, rights and assets (other than the Collateral described in the first and second paragraphs of this section) may not be pledged, and any pledge over property, rights and assets may be limited (or the Liens not perfected), in accordance with the Agreed Security Principles. The following is a summary of certain terms of the Agreed Security Principles:

- general statutory limitations, financial assistance, corporate benefit, fraudulent preference, tax restrictions or costs, retention of title claims and similar principles may limit the ability to provide security or may require that the security interest on the property, right or asset be limited by an amount or otherwise;
- a key factor in determining whether or not a security interest shall be taken or the extent of its perfection is the applicable cost (including but not limited to adverse effects on interest deductibility and stamp duty, notarization and registration fees) which shall not be disproportionate to the benefit of obtaining such security interest;
- the maximum granted or secured amount may be limited to minimize stamp duty, notarisaton, registration or other applicable fees, taxes and duties where the benefit of increasing the granted or secured amount is disproportionate to the level of such fee, taxes and duties;
- in certain jurisdictions it may be either impossible or impractical to create security over certain categories of assets in which event security will not be taken over such assets;
- any assets subject to third party arrangements which may prevent those assets from being charged will be excluded from any relevant security document provided that such third party arrangements are permitted under the Indenture;
- the Parent Guarantor and its Restricted Subsidiaries will not be required to enter into security documents if the same would conflict with the fiduciary duties of the directors (or future officers) of such Person or contravene any legal prohibition or would result in (or in a material risk of) personal or criminal liability on the part of any director (or other officer) of any such Person provided that the relevant person shall use reasonable endeavors to overcome any such obstacle;
- the granting of security or the perfection of the security granted will not be required if it would restrict the ability of the Parent Guarantor or Restricted Subsidiary to conduct its operations and business in the ordinary course as otherwise permitted by the Indenture; and
- “parallel debt” provisions will be used where necessary.

As described above, all of the Collateral will also secure the liabilities under the Revolving Credit Facility as well as certain future Hedging Obligations and any Additional Notes and may also secure certain future indebtedness; *provided, however*, that the lenders under the Revolving Credit Facility and counterparties to certain future Hedging Obligations will receive the proceeds from the enforcement of the Collateral in priority to the holders of the Notes and any Additional Notes. See “—*Priority*” below. See also, “*Risk Factors—Risks related to the Notes and the Note Guarantees Generally—Creditors under the Revolving Credit Facility, certain future hedging obligations and certain debt that we incur in the future may be entitled to be repaid with the proceeds of the Collateral securing the Notes in priority to the Notes*”. The proceeds from the enforcement of the Collateral may not be sufficient to satisfy the obligations owed to the holders of the Notes.

No appraisals of the Collateral have been made in connection with this Offering of the Notes. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, the Collateral may not be able to be sold in a short period of time, or at all. See “*Risk Factors—Risks related to the Notes and the Note Guarantees Generally—The Collateral may not be sufficient to satisfy the obligations under the Notes*”.

Priority

The relative priority with regard to the security interest in the Collateral that is created by the Security Documents (the “*Security Interest*”) as between (a) the lenders under the Revolving Credit Facility, (b) the counterparties under certain future Hedging Obligations (if any), (c) the Trustee, the Security Agent and the Holders of the Notes under the Indenture, respectively, is established by the terms of the Intercreditor Agreement, the Indenture, the Security Documents and the security documents relating to the Revolving Credit Facility and such Hedging Obligations (if any) which provide, among other things, that the obligations under the Notes will receive proceeds on enforcement of security over the Collateral only after

the claims of the Revolving Credit Facility Agreement and such future Hedging Obligations (if any) and any future Indebtedness permitted to be secured on a super priority basis in accordance with the terms of the Indenture and the Intercreditor Agreement are satisfied.

See “*Description of Other Indebtedness—Intercreditor Agreement*”. In addition, pursuant to the Intercreditor Agreements or Additional Intercreditor Agreements entered into after the Issue Date, the Collateral may be pledged to secure other Indebtedness. See “*—Release of Liens*”, “*—Certain Covenants—Impairment of Security Interest*” and “*—Certain Definitions—Permitted Collateral Liens*”.

Security Documents

Under the Security Documents, security will be granted over the Collateral to secure the payment when due of the Issuer’s payment obligations under the Notes and the Indenture. The Security Documents will be entered into among, *inter alios*, the relevant security provider, the Security Agent, the Trustee acting for itself and in its capacity as the Trustee under the Indenture, as Security Representative and additionally as common representative (*rappresentante comune*) of the holders of the Notes pursuant to Articles 2417 and 2418 of the Italian Civil Code.

The Indenture and the Intercreditor Agreement will provide that, to the extent permitted by the applicable laws, only the Security Agent will have the right to enforce the Security Documents on behalf of the Trustee and the holders of the Notes. As a consequence of such contractual provisions, holders of the Notes will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee under the Indenture, who will (subject to the provisions of the Indenture) provide instructions to the Security Agent for the Collateral. Under the Intercreditor Agreement, the Security Agent will also act on behalf of the lenders under the Revolving Credit Facility and the counterparties under certain future hedging agreements in relation to the Security Interests in favor of such parties.

The Indenture will provide that, subject to the terms thereof and of the Intercreditor Agreement, the Notes and the Indenture, as applicable, will be secured by Security Interests in the Collateral until all obligations under the Notes, the Indenture have been discharged. See “*Risk Factors—Risks related to the Notes and Note Guarantees Generally*”. The validity and enforceability of the Security Interests will be subject to, *inter alia*, the limitations described in “*Risk Factors—Risks related to the Notes and Note Guarantees Generally*” and “*Limitations on Validity and Enforceability of the Note Guarantees and the Security Interests and Certain Insolvency Law Considerations*”.

The Security Documents will provide that the rights under the Security Documents and the Indenture must be exercised by the Security Agent. The Holders may only act through the Trustee (including in its role as Security Representative), who will instruct the Security Agent in accordance with the terms of the Indenture.

In the event that the Parent Guarantor or its Subsidiaries enter into insolvency, bankruptcy or similar proceedings, the Security Interest created under the Security Documents or the rights and obligations enumerated in the Intercreditor Agreement could be subject to potential challenges. If any challenge to the validity of the Security Interest or the terms of the Intercreditor Agreement was successful, the Holders may not be able to recover any amounts under the Security Documents. See “*Risk Factors—Risks related to the Notes and Note Guarantees Generally*”.

Enforcement of Security Interest

The Security Documents will provide that the rights under the Security Documents must be exercised by the Security Agent. Since the Holders are not a party to the Security Documents, Holders may not, individually or collectively, take any direct action to enforce any rights in their favor under the Security Documents. The Holders may only act through the Trustee (including in its role as Security Representative), who will instruct the Security Agent subject to and in accordance with the terms of the Indenture.

The creditors under the Revolving Credit Facility, the holders of Notes, the counterparties to future Hedging Obligations (if any) secured by the Collateral and the Trustee have, and by accepting a Note, each Holder will be deemed to have, appointed the Security Agent to act as its agent under the Intercreditor Agreement and the security documents securing such Indebtedness, including the Security Documents. Furthermore, each Holder will have deemed to have appointed the Security Agent pursuant to article 1704 of the Italian Civil Code to act on its behalf. The creditors under the Revolving Credit Facility, the Holders of Notes, the counterparties to future Hedging Obligations (if any) secured by the Collateral and the Trustee have, and by accepting a Note, each Holder will be deemed to have, authorized the Security Agent

to (i) perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Intercreditor Agreement and the security documents securing such Indebtedness, including the Security Documents, together with any other incidental rights, power and discretions; and (ii) execute each Security Document, waiver, modification, amendment, renewal or replacement expressed to be executed by the Security Agent on its behalf.

Intercreditor Agreement; Additional Intercreditor Agreements; Agreement to be Bound

The Indenture will provide that the Issuer and the Trustee will be authorized (without any further consent of the holders of the Notes) to enter into the Intercreditor Agreement to give effect to the provisions described in the section entitled “*Description of Other Indebtedness—Intercreditor Agreement*”.

The Indenture will also provide that each holder of the Notes, by accepting such Note, will be deemed to have:

- (1) appointed and authorized the Security Agent and the Trustee to give effect to the provisions in the Intercreditor Agreement and any Additional Intercreditor Agreements;
- (2) agreed to be bound by the provisions of the Intercreditor Agreement and the Security Documents;
- (3) agreed to, and accepted, the appointment of The Law Debenture Trust Corporation p.l.c. as common representative (*rappresentate comune*) of the Holders pursuant to articles 2417 and 2418 of the Italian Civil Code;
- (4) agreed to, and accepted, the appointment of The Law Debenture Trust Corporation p.l.c. as representative (*rappresentante*) of the Holders for the purposes of Article 2414-bis, third paragraph of the Italian Civil Code;
- (5) agreed and acknowledged that the Security Agent will administer the Collateral in accordance with the Intercreditor Agreement; and
- (6) appointed the Security Agent and the Trustee to act on its behalf to enter into and comply with the provisions of the Intercreditor Agreement.

Please see the sections entitled “*Risk Factors—Risks related to the Notes and Note Guarantees Generally—The holders of the Notes may not control certain decisions regarding the Collateral*” and “*Description of Other Indebtedness—Intercreditor Agreement*”.

Similar provisions to those described above may be included in any Additional Intercreditor Agreement (as defined below) entered into in compliance with the covenant described under “*—Certain Covenants—Additional Intercreditor Agreements*”.

Release of Liens

The Parent Guarantor, its Subsidiaries (including the Issuer) and any provider of Collateral will be entitled to the release of the Security Interest in respect of the Collateral under any one or more of the following circumstances (*provided, however* that the Parent Guarantor shall only be entitled to release the Issuer Share Pledge and the provider or providers of any future Parent Share Pledge shall only be entitled to release such Parent Share Pledge, in each case, in the circumstances described in clauses (3) and (4) below and the following paragraph):

- (1) in connection with any sale or other disposition of Collateral to (a) a Person that is not a Parent or a Restricted Subsidiary (but excluding any transaction subject to “*—Certain Covenants—Merger and Consolidation*”), if such sale or other disposition does not violate the covenant described under “*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*” or is otherwise permitted in accordance with the Indenture or (b) any Restricted Subsidiary *provided* that this clause 1(b) shall not be relied upon in the case of a transfer of capital stock or of accounts receivable to a Restricted Subsidiary (except to a Receivables Subsidiary) unless the relevant property and assets remain subject to, or otherwise become subject to a Lien in favor of the Notes following such sale or disposal;
- (2) in the case of a Guarantor that is released from its Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and Capital Stock, of such Guarantor;
- (3) as described under “*—Amendments and Waivers*”;
- (4) upon payment in full of principal, interest and all other obligations on the Notes or defeasance or discharge of the Notes, as provided in “*—Defeasance*” and “*—Satisfaction and Discharge*”;

- (5) if the Issuer designates any Restricted Subsidiary to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property and assets, and Capital Stock, of such Unrestricted Subsidiary; and
- (6) as otherwise permitted in accordance with the Indenture.

In addition, the Security Interest created by the Security Documents will be released (a) in accordance with the Intercreditor Agreement or any Additional Intercreditor Agreement and (b) as may be permitted by the covenant described under “—*Certain Covenants—Impairment of Security Interest*”.

At the request of the Issuer, the Security Agent and the Trustee (if required) will take all necessary action required to effectuate any release of Collateral securing the Notes and the Guarantees, in accordance with the provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement and the relevant Security Document. Each of the releases set forth above shall be effected by the Security Agent without the consent of the Holders or any action on the part of the Trustee.

Optional Redemption

Except as described below and except as described under “*Redemption for Taxation Reasons*”, the Notes are not redeemable until November 15, 2017. On and after November 15, 2017, the Issuer may redeem all or, from time to time, part of the Notes upon not less than 10 nor more than 60 days’ notice, at the following redemption prices (expressed as a percentage of principal amount) plus accrued and unpaid interest and Additional Amounts (as defined below), if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period beginning on November 15 of the year indicated below:

<u>Year</u>	<u>Redemption Price</u>
2017 and thereafter	100.000%

In addition, prior to November 15, 2017, the Issuer may redeem all or, from time to time, a part of the Notes upon not less than 10 nor more than 60 days’ notice at a redemption price equal to 100% of the principal amount of the Notes, plus the Applicable Premium and accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Any such redemption and notice may, in the Issuer’s discretion, be subject to the satisfaction of one or more conditions precedent. If such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice shall state that, in the Issuer’s discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed; *provided* that in no case shall the notice have been delivered less than 10 days or more than 60 days prior to the date on which such redemption (if any) occurs. In addition, the Issuer may provide in such notice that payment of the redemption price and performance of the Issuer’s obligations with respect to such redemption may be performed by another Person.

General

We may repurchase the Notes at any time and from time to time in the open market or otherwise. Notice of redemption will be provided as set forth under “—*Selection and Notice*” below.

If the Issuer effects an optional redemption of Notes, it will, for so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, inform the Luxembourg Stock Exchange of such optional redemption and confirm the aggregate principal amount of the Notes that will remain outstanding immediately after such redemption.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Issuer.

In connection with any redemption of Notes, any such redemption may, at the Issuer's discretion, be subject to one or more conditions precedent.

Sinking Fund

The Issuer is not required to make mandatory redemption payments or sinking fund payments with respect to the Notes.

Redemption at Maturity

On November 15, 2021, the Issuer will redeem the Notes, that have not been previously redeemed or purchased and canceled at 100% of their principal amount plus accrued and unpaid interest thereon and Additional Amounts, if any, to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Selection and Notice

If less than all of any series of Notes is to be redeemed at any time, the Principal Paying Agent or the Registrar will select Notes for redemption in compliance with the requirements of the principal securities exchange, if any, on which the Notes are listed, and in compliance with the requirements of Euroclear or Clearstream, or if the Notes are not so listed or such exchange prescribes no method of selection and the Notes are not held through Euroclear or Clearstream, or Euroclear or Clearstream prescribes no method of selection, on a *pro rata* basis by use of a pool factor; *provided, however*, that no Note of €100,000 in aggregate principal amount or less shall be redeemed in part and only Notes in integral multiples of €1,000 will be redeemed. Neither the Principal Paying Agent nor the Registrar will be liable for any selections made in accordance with this paragraph.

For so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Issuer shall publish notice of redemption in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) and in addition to such publication, not less than 10 nor more than 60 days prior to the redemption date, mail such notice to Holders by first-class mail, postage prepaid, at their respective addresses as they appear on the registration books of the Registrar. While in global form, notices to Holders may be delivered via Euroclear and Clearstream in lieu of notice via registered mail. Such notice of redemption may also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu) in lieu of publication in the *Luxemburger Wort* so long as the rules of the Luxembourg Stock Exchange are complied with.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note shall state the portion of the principal amount thereof to be redeemed. In the case of a Definitive Registered Note, a new Definitive Registered Note in principal amount equal to the unredeemed portion of any Definitive Registered Note redeemed in part will be issued in the name of the Holder thereof upon cancellation of the original Definitive Registered Note. In the case of a Global Note, an appropriate notation will be made on such Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Subject to the terms of the applicable redemption notice, Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of Notes called for redemption.

Redemption for Taxation Reasons

The Issuer may redeem the Notes in whole, but not in part, at any time upon giving not less than 30 nor more than 60 days' prior notice to the Holders of the Notes (which notice will be irrevocable) at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for redemption (a "*Tax Redemption Date*") (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) and all Additional Amounts (as defined below under "*Withholding Taxes*"), if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if any, if the Issuer determines in good faith that, as a result of:

- (1) any change in, or amendment to, the law or treaties (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined below) affecting taxation; or
- (2) any amendment to, or change in an official application or interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction or a change in published administrative practice) (each of the foregoing in clauses (1) and (2), a "*Change in Tax Law*"),

a Payor (as defined below) is, or on the next interest payment date in respect of Notes would be, required to pay Additional Amounts with respect to such Notes (but, in the case of a Guarantor, only if the payment giving rise to such requirement cannot be made by the Issuer or another Guarantor who can make such payment without the obligation to pay Additional Amounts) and such obligation cannot be avoided by taking reasonable measures available to the Payor (including, for the avoidance of doubt, the appointment of a new Paying Agent where this would be reasonable). Such Change in Tax Law must be announced and become effective on or after the Issue Date (or if the applicable Relevant Tax Jurisdiction became a Relevant Tax Jurisdiction on a date after the Issue Date, such later date). The foregoing provisions shall apply *mutatis mutandis* to any successor Person, after such successor Person becomes a party to the Indenture, with respect to a change or amendments occurring after the time such successor Person becomes a party to the Indenture.

Notice of redemption for taxation reasons will be published in accordance with the procedures described under “*Selection and Notice*”. Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 60 days prior to the earliest date on which the Payor would be obligated to make such payment of Additional Amounts and (b) unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. Prior to the publication or mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer will deliver to the Trustee (a) an Officer’s Certificate stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right so to redeem have been satisfied and (b) an opinion of an independent tax counsel of recognized standing to the effect that the Issuer has been or will become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee will accept and shall be entitled to rely on such Officer’s Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, without further inquiry, in which event it will be conclusive and binding on the Holders.

Withholding Taxes

All payments made by or on behalf of the Issuer or any Guarantor (each, a “*Payor*”) under or with respect to the Notes or any Guarantee, as applicable, will be made free and clear of and without withholding or deduction for, or on account of, any Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

- (1) any jurisdiction from or through which payment on any such Note or any Guarantee is made, or any political subdivision or governmental authority thereof or therein having the power to tax; or
- (2) any other jurisdiction in which a Payor is incorporated, organized, engaged in business for tax purposes, or otherwise considered to be a resident for tax purposes, or any political subdivision or governmental authority thereof or therein having the power to tax (each of clause (1) and (2), a “*Relevant Taxing Jurisdiction*”),

will at any time be required by law to be made from any payments made by or on behalf of the Payor or the Paying Agent under or with respect to any Note or any Guarantee, including, without limitation, payments of principal, redemption price, interest or premium, if any, the Payor will pay (together with such payments) such additional amounts (the “*Additional Amounts*”) as may be necessary in order that the net amounts received in respect of such payments, after such withholding, or deduction (including any such deduction or withholding from such Additional Amounts), will not be less than the amounts which would have been received in respect of such payments in the absence of such withholding or deduction; *provided, however*, that no such Additional Amounts will be payable for or on account of:

- (1) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant Holder (or between a fiduciary, settlor, beneficiary, partner, member or shareholder of, or possessor of power over the relevant Holder, if the relevant Holder is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction (including, without limitation, being resident for tax purposes, or being a citizen or resident or national of, or carrying on a business for tax purposes, or maintaining a permanent establishment in, or being physically present in, the Relevant Taxing Jurisdiction) but excluding, in each case, any connection arising solely from the acquisition, ownership, holding or sale of such Note or the receipt of any payment or the exercise or enforcement of rights under such Note, the Indenture or a Guarantee;

- (2) any Tax that is imposed or withheld by reason of the failure by the Holder or the beneficial owner of the Note to comply with a written request of the Payor addressed to the Holder, after reasonable notice (at least 60 days before any such withholding would be payable), to provide certification, information, documents or other evidence concerning the nationality, residence or identity of the Holder or such beneficial owner or to make any declaration or similar claim or satisfy any other reporting requirement relating to such matters, which is required by a statute, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from all or part of such Tax but, only to the extent the Holder or beneficial owner is legally entitled to provide such certification or documentation;
- (3) any Taxes, to the extent that such Taxes were imposed as a result of the presentation of the Note for payment (where presentation is required) more than 30 days after the relevant payment is first made available for payment to the Holder;
- (4) any Taxes that are payable otherwise than by withholding from a payment of the principal of, premium, if any, or interest, if any, on the Notes or with respect to any Guarantee;
- (5) any estate, inheritance, gift, sales, transfer, personal property or similar tax, assessment or other governmental charge;
- (6) any Taxes imposed in connection with a Note presented for payment by or on behalf of a Holder or beneficial owner who would have been able to avoid such Tax by presenting the relevant Note to, or otherwise accepting payment from, another Paying Agent in a member state of the European Union; or
- (7) any Taxes to the extent such Taxes are on account of *imposta sostitutiva* (pursuant to Italian Legislative Decree No. 239 of April 1, 1996, as amended or supplemented from time to time (“*Decree No. 239*”) and any related implementing regulations; *provided that*:
 - (i) Additional Amounts shall be payable in circumstances where the procedures required under Decree No. 239 in order to benefit from an exemption from *imposta sostitutiva* have not been complied with due to the actions or omissions of the Payor or their agents (including, without limitations, any failure by the Company to list the Notes as from the Issue Date on the Luxembourg Stock Exchange; and
 - (ii) for the avoidance of doubt, (i) no Additional Amounts shall be payable with respect to Taxes to the extent such Taxes result from payment to a non-Italian resident legal entity or a non-Italian resident individual which is subject to *imposta sostitutiva* by reason of non being resident in a country which allows for a satisfactory exchange of information with Italy (white list); and (ii) no Additional Amounts shall be payable with respect to Taxes to the extent such Taxes are on account of *imposta sostitutiva* if the Holder becomes subject to *imposta sostitutiva* after the Issue Date by reason of the approval of the ministerial Decree to be issued under Art. 11 para. 4 lett. c) of Decree 239, as subsequently amended or superseded, of a new list of countries which allow for a satisfactory exchange of information with Italy, whereby such Holders country of residence does not appear on the new list;
- (8) any Taxes that are imposed or withheld pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the “*Code*”), as of the Issue Date (or any amended or successor version of such sections that is substantively comparable and not materially more onerous to comply with), any regulations promulgated thereunder, any official interpretations thereof, any similar law or regulation adopted pursuant to an intergovernmental agreement between a non-U.S. jurisdiction and the United States with respect to the foregoing or any agreements entered into pursuant to Section 1471(b)(1) of the Code; or
- (9) any combination of the items (1) through (8) above.

In addition, no Additional Amounts shall be paid with respect to a Holder who is a fiduciary or a partnership or any person other than the beneficial owner of the Notes, to the extent that the beneficiary or settler with respect to such fiduciary, the member of such partnership or the beneficial owner would not have been entitled to Additional Amounts had such beneficiary, settler, member or beneficial owner held such Notes directly.

The Payor will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor will use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes and will provide such certified copies, or if, notwithstanding the Payor's reasonable efforts to obtain such tax receipts, such tax receipts are not available, certified copies of other reasonable evidence of such payments as soon as reasonably practicable to the Trustee. Such copies shall be made available to the Holders upon request and will be made available at the offices of the Paying Agent.

If any Payor is obligated to pay Additional Amounts under or with respect to any payment made on any Note or any Guarantee, at least 45 days prior to the date of such payment, the Payor will deliver to the Trustee an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable and such other information necessary to enable the Paying Agent to pay Additional Amounts on the relevant payment date (unless such obligation to pay Additional Amounts arises less than 30 days prior to the relevant payment date, in which case the Payor may deliver such Officer's Certificate as promptly as practicable after the date that is 30 days prior to the payment date). The Trustee shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

Wherever in the Indenture, the Notes or this "Description of the Notes" there is mentioned, in any context:

- (1) the payment of principal;
- (2) purchase prices in connection with a redemption of Notes;
- (3) interest; or
- (4) any other amount payable on or with respect to any of the Notes or any Guarantee,

such reference shall be deemed to include payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay (and will indemnify the Holder or beneficial owner for) any present or future stamp, issue, registration, transfer, court or documentary taxes, or similar charges or levies (including any related interest, penalties or additions to tax) or any other excise, property or similar taxes or similar charges or levies (including any related interest, penalties or additions to tax) that arise in a Relevant Taxing Jurisdiction from the execution, delivery or registration of any Notes, any Guarantee, the Indenture, or any other document or instrument in relation thereto (other than in each case, in connection with a transfer of the Notes after this Offering) or the receipt of any payments with respect thereto or any such taxes or similar charges or levies (including any related interest, penalties or additions to tax) imposed by any jurisdiction as a result of, or in connection with, the enforcement of the Notes or any Guarantee (limited, solely in the case of any such taxes or similar charges or levies attributable to the receipt of any payments with respect thereto, to any such taxes imposed in a Relevant Taxing Jurisdiction that are not excluded under clauses (1) through (3) and (5) through (8) or any combination thereof).

The foregoing obligations will survive any termination, defeasance or discharge of the Indenture or any transfer by a Holder or beneficial owner of its Notes, and will apply *mutatis mutandis* to any jurisdiction in which any successor to a Payor is incorporated, organized, engaged in business for tax purposes or otherwise resident for tax purposes, or any jurisdiction from or through which any payment under, or with respect to the Notes is made by or on behalf of such Payor, or any political subdivision or taxing authority or agency thereof or therein.

Change of Control

If a Change of Control occurs, subject to the terms of the covenant described under this heading "*Change of Control*", each Holder will have the right to require the Issuer to repurchase all or any part of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of the Notes, plus accrued and unpaid interest to the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided, however*, that the Issuer shall not be obligated to repurchase the Notes as described under this heading, "*Change of Control*", in the event and to the extent that it has unconditionally exercised its right to redeem all of the Notes of such series as described under "*—Optional Redemption*" or all conditions to such redemption have been satisfied or waived.

Unless the Issuer has unconditionally exercised its right to redeem all the Notes as described under “—*Optional Redemption*” or all conditions to such redemption have been satisfied or waived, no later than the date that is 60 days after any Change of Control, the Issuer will mail a notice (the “*Change of Control Offer*”) to each Holder of Notes, with a copy to the Trustee:

- (1) stating that a Change of Control has occurred or may occur and that such Holder has the right to require the Issuer to purchase all or any part of such Holder’s Notes at a purchase price in cash equal to 101% of the principal amount of such Notes plus accrued and unpaid interest to, but not including, the date of purchase (subject to the right of Holders of record on a record date to receive interest on the relevant interest payment date) (the “*Change of Control Payment*”);
- (2) stating the repurchase date (which shall be no earlier than 10 days nor later than 60 days from the date such notice is mailed) and the record date (the “*Change of Control Payment Date*”);
- (3) stating that any Note accepted for payment pursuant to the Change of Control Offer will cease to accrue interest on the Change of Control Payment Date unless the Change of Control Payment is not paid, and that any Notes or part thereof not tendered will continue to accrue interest;
- (4) describing the circumstances and relevant facts regarding the transaction or transactions that constitute the Change of Control;
- (5) describing the procedures determined by the Issuer, consistent with the Indenture, that a Holder must follow in order to have its Notes repurchased; and
- (6) if such notice is mailed prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control.

On the Change of Control Payment Date, if the Change of Control shall have occurred, the Issuer will, to the extent lawful:

- (1) accept for payment all Notes or portion thereof properly tendered pursuant to the Change of Control Offer;
- (2) deposit with the Principal Paying Agent an amount equal to the Change of Control Payment in respect of all Notes so tendered;
- (3) deliver or cause to be delivered to the Trustee an Officer’s Certificate stating the aggregate principal amount of Notes or portions of the Notes being purchased by the Issuer in the Change of Control Offer;
- (4) in the case of Global Notes, deliver, or cause to be delivered, to the Principal Paying Agent the Global Notes in order to reflect thereon the portion of such Notes or portions thereof that have been tendered to and purchased by the Issuer; and
- (5) in the case of Definitive Registered Notes, deliver, or cause to be delivered, to the Registrar for cancellation all Definitive Registered Notes accepted for purchase by the Issuer.

If any Definitive Registered Notes have been issued, the Paying Agent will promptly mail to each Holder of Definitive Registered Notes so tendered the Change of Control Payment for such Notes, and the Trustee (or an authenticating agent) will, at the cost of the Issuer, promptly authenticate and mail (or cause to be transferred by book-entry) to each Holder of Definitive Registered Notes a new Definitive Registered Note equal in principal amount to the unpurchased portion of the Notes surrendered, if any; *provided* that each such new Note will be in a principal amount that is at least €100,000 and integral multiples of €1,000 in excess thereof.

For so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such exchange so require, the Issuer will publish notices relating to the Change of Control Offer in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or to the extent and in the manner permitted by such rules, post such notices on the official website of the Luxembourg Stock Exchange (www.bourse.lu).

Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. The existence of a Holder’s right to require the Issuer to repurchase such Holder’s Notes upon the occurrence of a Change of Control may deter a third party from seeking to acquire the Parent Guarantor or its Subsidiaries in a transaction that would constitute a Change of Control.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place providing for the Change of Control at the time the Change of Control Offer is made.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations conflict with provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the Indenture by virtue of the conflict.

The Issuer's ability to repurchase Notes issued by it pursuant to a Change of Control Offer may be limited by a number of factors. The occurrence of certain of the events that constitute a Change of Control would require a mandatory prepayment of Indebtedness under the Revolving Credit Facility. In addition, certain events that may constitute a change of control under the Revolving Credit Facility and require a mandatory prepayment of Indebtedness under such agreement may not constitute a Change of Control under the Indenture. Future Indebtedness of the Parent Guarantor or its Subsidiaries may also contain prohibitions of certain events that would constitute a Change of Control or require such Indebtedness to be repurchased upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Issuer to repurchase the Notes could cause a default under, or require a repurchase of, such Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Issuer. Finally, the Issuer's ability to pay cash to the Holders upon a repurchase may be limited by the Issuer's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases. See "*Risk Factors—Risks related to the Notes and Note Guarantees Generally—We may not be able to obtain enough funds necessary to finance an offer to repurchase your Notes upon the occurrence of certain events constituting a "change of control" (as defined in the Indenture) as required by the Indenture*".

The definition of "Change of Control" includes a disposition of all or substantially all of the property and assets of the Parent Guarantor and its Restricted Subsidiaries taken as a whole to specified other Persons. Although there is a limited body of case law interpreting the phrase "substantially all", there is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the property or assets of a Person. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder may require the Issuer to make an offer to repurchase the Notes as described above.

The provisions of the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the written consent of Holders of a majority in outstanding principal amount of the Notes.

Certain Covenants

Limitation on Indebtedness

The Parent Guarantor will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); *provided, however*, that the Parent Guarantor and any Restricted Subsidiary may Incur Indebtedness (including Acquired Indebtedness) if on the date of such Incurrence and after giving *pro forma* effect thereto (including *pro forma* application of the proceeds thereof), (1) the Fixed Charge Coverage Ratio for the Parent Guarantor and its Restricted Subsidiaries would have been at least 2.0 to 1.0; and (2) to the extent that the Indebtedness is Senior Secured Indebtedness, the Consolidated Senior Secured Net Leverage Ratio for the Parent Guarantor and its Restricted Subsidiaries would have been no greater than 4.75 to 1.0.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness (“*Permitted Debt*”):

- (1) Indebtedness Incurred by the Issuer and the Guarantors pursuant to any Credit Facility (including in respect of letters of credit or bankers’ acceptances issued or created thereunder), and any Refinancing Indebtedness in respect thereof and Guarantees in respect of such Indebtedness in a maximum aggregate principal amount at any time outstanding not exceeding the greater of (a) €100.0 million and (b) 97% of Consolidated EBITDA, *plus* (c) in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses Incurred in connection with such refinancing;
- (2) (a) Guarantees by the Parent Guarantor or any Restricted Subsidiary of Indebtedness of the Parent Guarantor or any Restricted Subsidiary, so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture; or
(b) without limiting the covenant described under “—*Limitation on Liens*”, Indebtedness arising by reason of any Lien granted by or applicable to any Person securing Indebtedness of the Parent Guarantor or any Restricted Subsidiary so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture;
- (3) Indebtedness of the Parent Guarantor owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Parent Guarantor or any Restricted Subsidiary; *provided, however*, that:
 - (a) in the case of Indebtedness owing to and held by any Restricted Subsidiary that is not a Subsidiary Guarantor (except in respect of intercompany current liabilities incurred in the ordinary course of business in connection with cash management positions of the Parent Guarantor and its Restricted Subsidiaries), such Indebtedness shall be unsecured and expressly subordinated in right of payment to the prior payment in full in cash of all obligations with respect to the Notes, in the case of the Issuer, and the respective Guarantee, in the case of a Subsidiary Guarantor to the extent required by the Intercreditor Agreement; and
 - (b) (i) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Parent Guarantor or a Restricted Subsidiary of the Parent Guarantor; and (ii) any sale or other transfer of any such Indebtedness to a Person other than the Parent Guarantor or a Restricted Subsidiary of the Parent Guarantor, shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (3) by the Parent Guarantor or such Restricted Subsidiary, as the case may be;
- (4) (a) Indebtedness represented by the Notes (other than any Additional Notes) outstanding on the Issue Date, the related Guarantees, and any related “parallel debt” obligations under the Intercreditor Agreement and the Security Documents, (b) any Indebtedness (other than Indebtedness Incurred under the Revolving Credit Facility and Indebtedness described in clause (3) of this paragraph) outstanding on the Issue Date, (c) [Reserved]; (d) Refinancing Indebtedness Incurred in respect of any Indebtedness described in this clause (4) or clauses (5) and (13) of this paragraph or Incurred pursuant to the first paragraph of this covenant, (e) Management Advances and (f) any loan or other instrument contributing the proceeds of the Notes;
- (5) Indebtedness of any Person (a) outstanding on the date on which such Person becomes a Restricted Subsidiary or any Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Parent Guarantor or any Restricted Subsidiary or (b) Incurred to provide all or a portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which any Person became a Restricted Subsidiary or was otherwise acquired by the Parent Guarantor or a Restricted Subsidiary; *provided, however*, with respect to this clause (5), that at the time of such acquisition or other transaction (x) the Parent Guarantor would have been able to Incur €1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio in the first paragraph of this covenant after giving *pro forma* effect to the relevant acquisition and the Incurrence of such Indebtedness pursuant to this clause (5) or (y) the Fixed

- Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such acquisition or other transaction;
- (6) Indebtedness under Currency Agreements, Interest Rate Agreements and Commodity Hedging Agreements not for speculative purposes (as determined in good faith by the Board of Directors or an Officer of the Issuer);
 - (7) Indebtedness consisting of (a) Capitalized Lease Obligations, mortgage financings, Purchase Money Obligations or other financings, incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in a Similar Business or (b) Indebtedness otherwise incurred to finance the purchase, lease, rental or cost of design, construction, installation or improvement of property (real or personal) or equipment that is used or useful in a Similar Business, whether through the direct purchase of assets or the Capital Stock of any Person owning such assets, and any Indebtedness which refinances, replaces or refunds such Indebtedness, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (7) and then outstanding, will not exceed at any time outstanding the greater of 3% of Total Assets and €25.0 million;
 - (8) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, performance, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Parent Guarantor or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business or in respect of any governmental requirement, (b) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business or in respect of any governmental requirement, *provided, however*, that upon the drawing of such letters of credit or other similar instruments, the obligations are reimbursed within 30 days following such drawing, (c) the financing of insurance premiums in the ordinary course of business and (d) any customary treasury and/or cash management services, including treasury, depository, overdraft, credit card processing, credit or debit card, purchase card, electronic funds transfer, the collection of cheques and direct debits, cash pooling and other cash management arrangements, in each case, in the ordinary course of business;
 - (9) Indebtedness arising from agreements providing for customary guarantees, indemnification, obligations in respect of earnouts or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); *provided* that, in the case of a disposition, the maximum liability of the Parent Guarantor and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Parent Guarantor and its Restricted Subsidiaries in connection with such disposition;
 - (10) (a) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided, however*, that such Indebtedness is extinguished within five Business Days of Incurrence;
 - (b) customer deposits and advance payments received in the ordinary course of business from customers for goods or services purchased in the ordinary course of business;
 - (c) Indebtedness owed on a short-term basis of no longer than 30 days to banks and other financial institutions incurred in the ordinary course of business of the Parent Guarantor and its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Parent Guarantor and its Restricted Subsidiaries; and
 - (d) Indebtedness incurred by a Restricted Subsidiary in connection with bankers' acceptances, discounted bills of exchange or the discounting or factoring of receivables for credit management of bad debt purposes, in each case incurred or undertaken in the ordinary course of business;

- (11) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (11) and then outstanding, will not exceed €40.0 million;
- (12) Indebtedness Incurred by a Receivables Subsidiary in a Qualified Receivables Financing;
- (13) Indebtedness of the Issuer and the Guarantors in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (13) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Parent Guarantor from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Funding or Capital Stock (other than Disqualified Stock or an Excluded Contribution) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or an Excluded Contribution) of the Parent Guarantor, in each case, subsequent to the Issue Date; *provided, however*, that (i) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the first paragraph and clauses (1), (6) and (10) of the fourth paragraph of the covenant described below under “*Certain Covenants—Limitation on Restricted Payments*” to the extent the Parent Guarantor and its Restricted Subsidiaries incur Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause (13) to the extent the Parent Guarantor or any of its Restricted Subsidiaries makes a Restricted Payment under the first paragraph and clauses (1), (6) and (10) of the fourth paragraph of the covenant described below under “*—Certain Covenants—Limitation on Restricted Payments*” in reliance thereon;
- (14) customer deposits and advance payments received in the ordinary course of business from customers for goods and services purchased in the ordinary course of business;
- (15) Indebtedness in connection with Investments in Associates not exceeding, at any time outstanding, €10.0 million; and
- (16) Indebtedness under local Credit Facilities in an aggregate principal amount not to exceed, at any one time outstanding, €20.0 million.

Notwithstanding the foregoing, the aggregate principal amount of Indebtedness Incurred by Restricted Subsidiaries of the Parent Guarantor that are not Subsidiary Guarantors or the Issuer pursuant to the first paragraph of this covenant at any time outstanding shall not exceed €40.0 million at any time.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

- (1) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Issuer, in its sole discretion, will classify, and may from time to time reclassify, such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one of the clauses of the second paragraph or the first paragraph of this covenant;
- (2) all Indebtedness outstanding on the Issue Date under the Revolving Credit Facility shall be deemed initially Incurred under clause (1) of the second paragraph of this covenant and not the first paragraph or clause (4)(b) of the second paragraph of this covenant, and may not be reclassified;
- (3) Guarantees of, or obligations in respect of letters of credit, bankers’ acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;
- (4) if obligations in respect of letters of credit, bankers’ acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to clause (1), (7), (11) or (16) of the second paragraph above or the first paragraph above and the letters of credit, bankers’ acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;
- (5) the principal amount of any Disqualified Stock of the Parent Guarantor or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the

maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

- (6) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness;
- (7) for the purposes of determining “Consolidated EBITDA” (x) *pro forma* effect shall be given to Consolidated EBITDA on the same basis for calculating the Consolidated Net Leverage Ratio for the Parent Guarantor and its Restricted Subsidiaries and (y) in relation to clause (1) of the second paragraph of this covenant, Consolidated EBITDA shall be measured on the most recent date on which new commitments are obtained (in the case of revolving facilities) or the date on which new Indebtedness is Incurred (in the case of term facilities) and for the period of the most recent four consecutive fiscal quarters ending prior to such date for which such internal consolidated financial statements of the Parent Guarantor are available; and
- (8) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of IFRS.

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in IFRS will not be deemed to be an Incurrence of Indebtedness for purposes of the covenant described under this “—*Limitation on Indebtedness*”. Except as otherwise specified, the amount of any Indebtedness outstanding as of any date shall be (a) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (b) the principal amount, or liquidation preference thereof, in the case of any other Indebtedness.

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary as of such date (and, if such Indebtedness is not permitted to be Incurred as of such date under the covenant described under this “—*Limitation on Indebtedness*”, the Parent Guarantor shall be in Default of this covenant).

For purposes of determining compliance with any euro-denominated restriction on the Incurrence of Indebtedness, the Euro Equivalent of the principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or, at the option of the Parent Guarantor, first committed, in the case of Indebtedness Incurred under a revolving credit facility; *provided* that (a) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than euro, and such refinancing would cause the applicable euro-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such euro-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed the amount set forth in clause (2) of the definition of Refinancing Indebtedness; (b) the Euro Equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date; and (c) if any such Indebtedness that is denominated in a different currency is subject to a Currency Agreement (with respect to the euro) covering principal amounts payable on such Indebtedness, the amount of such Indebtedness expressed in euro will be adjusted to take into account the effect of such agreement.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Parent Guarantor or a Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Neither the Issuer nor any Guarantor will incur any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of the Issuer or any Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the Notes and the applicable Guarantee, if any, on substantially identical terms; *provided, however*, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Issuer or

any Guarantor solely by virtue of being unsecured or by virtue of being secured with different collateral or by virtue of being secured on a junior priority basis or by virtue of the application of waterfall or other payment ordering provisions affecting different tranches of Indebtedness.

No Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Issuer or any Guarantor solely by virtue of being unsecured or by virtue of being secured on a first or junior Lien basis.

Limitation on Restricted Payments

The Parent Guarantor will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

- (1) declare or pay any dividend or make any other payment or distribution on or in respect of the Parent Guarantor's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Parent Guarantor or any of its Restricted Subsidiaries) except:
 - (i) dividends or distributions payable in Capital Stock of the Issuer (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Parent Guarantor or in Subordinated Shareholder Funding; and
 - (ii) dividends or distributions payable to the Parent Guarantor or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Parent Guarantor or another Restricted Subsidiary on no more than a *pro rata* basis, measured by value);
- (2) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Parent Guarantor or any direct or indirect Parent of the Parent Guarantor held by Persons other than the Parent Guarantor or a Restricted Subsidiary (other than in exchange for Capital Stock of the Parent Guarantor (other than Disqualified Stock));
- (3) make any principal payment on or with respect to, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to the scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (a) any such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement and (b) any Indebtedness Incurred pursuant to clause (3) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*");
- (4) make any payment (other than by capitalization of interest) on or with respect to, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, any Subordinated Shareholder Funding); or
- (5) make any Restricted Investment in any Person,
(any such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (5) are referred to herein as a "*Restricted Payment*"), if at the time the Parent Guarantor or such Restricted Subsidiary makes such Restricted Payment:
 - (a) a Default or Event of Default shall have occurred and be continuing (or would result immediately thereafter therefrom);
 - (b) the Parent Guarantor is not able to Incur an additional €1.00 of Indebtedness pursuant to the first paragraph of the covenant described under "*—Limitation on Indebtedness*" after giving effect, on a pro forma basis, to such Restricted Payment; or
 - (c) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the Issue Date (and not returned or rescinded) (including Permitted Payments permitted below by clauses (5), (9), (10) and (11) of the third succeeding paragraph, but excluding all other Restricted Payments permitted by the third succeeding paragraph) would exceed the sum of (without duplication):
 - (i) 50% of Consolidated Net Income for the period (treated as one accounting period) from the first day of the fiscal quarter commencing prior to the Issue Date to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for

which internal consolidated financial statements of the Parent Guarantor are available (or, in the case such Consolidated Net Income is a deficit, minus 100% of such deficit);

- (ii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the second succeeding paragraph) of property or assets or marketable securities, received by the Parent Guarantor from the issue or sale of its Capital Stock (other than Disqualified Stock) or Subordinated Shareholder Funding subsequent to the Issue Date or otherwise contributed to the equity (other than through the issuance of Disqualified Stock) of the Parent Guarantor subsequent to the Issue Date (other than (w) Subordinated Shareholder Funding or Capital Stock in each case sold to a Subsidiary of the Parent Guarantor, (x) Net Cash Proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Parent Guarantor or any Subsidiary of the Parent Guarantor for the benefit of its employees to the extent funded by the Parent Guarantor or any Restricted Subsidiary, (y) Net Cash Proceeds or property or assets or marketable securities to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (6) of the third succeeding paragraph and (z) Excluded Contributions);
- (iii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the second succeeding paragraph) of property or assets or marketable securities, received by the Parent Guarantor or any Restricted Subsidiary from the issuance or sale (other than to the Parent Guarantor or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Parent Guarantor or any Subsidiary of the Parent Guarantor for the benefit of its employees to the extent funded by the Parent Guarantor or any Restricted Subsidiary) by the Parent Guarantor or any Restricted Subsidiary subsequent to the Issue Date of any Indebtedness that has been converted into or exchanged for Capital Stock of the Parent Guarantor (other than Disqualified Stock) or Subordinated Shareholder Funding (plus the amount of any cash, and the fair market value (as determined in accordance with the second succeeding paragraph) of property or assets or marketable securities, received by the Parent Guarantor or any Restricted Subsidiary upon such conversion or exchange) but excluding (w) Disqualified Stock or Indebtedness issued or sold to a Subsidiary of the Parent Guarantor, (x) Net Cash Proceeds to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (6) of the third succeeding paragraph, and (y) Excluded Contributions;
- (iv) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the second succeeding paragraph) of property or assets or marketable securities, received by the Parent Guarantor or any Restricted Subsidiary (other than to the Parent Guarantor or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Parent Guarantor or any Subsidiary of the Parent Guarantor for the benefit of its employees to the extent funded by the Parent Guarantor or any Restricted Subsidiary) from the disposition of any Unrestricted Subsidiary or the disposition or repayment of any Investment constituting a Restricted Payment made after the Issue Date;
- (v) in the case of the designation of an Unrestricted Subsidiary as a Restricted Subsidiary or all of the assets of such Unrestricted Subsidiary are transferred to the Parent Guarantor or a Restricted Subsidiary, or the Unrestricted Subsidiary is merged or consolidated into the Parent Guarantor or a Restricted Subsidiary, 100% of such amount received in cash and the fair market value of any property or marketable securities received by the Parent Guarantor or any Restricted Subsidiary in respect of such redesignation, merger, consolidation or transfer of assets, excluding the amount of any Investment in such Unrestricted Subsidiary that constituted a Permitted Investment made pursuant to clause (11) of the definition of “Permitted Investment”; and
- (vi) 100% of any dividends or distributions received by the Parent Guarantor or a Restricted Subsidiary after the Issue Date from an Unrestricted Subsidiary,

provided, however, that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Issuer’s option) included in the foregoing clause (iv), (v) or (vi).

The fair market value of property or assets other than cash covered by the preceding two sentences shall be the fair market value thereof as determined in good faith by an officer of the Issuer, or, if such fair market value exceeds €10.0 million, by the Board of Directors.

The foregoing provisions will not prohibit any of the following (collectively, “*Permitted Payments*”):

- (1) any Restricted Payment made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale (other than to a Subsidiary of the Parent Guarantor) of, Capital Stock of the Parent Guarantor (other than Disqualified Stock), Subordinated Shareholder Funding or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or through an Excluded Contribution of the Parent Guarantor; *provided, however*, that to the extent so applied, the Net Cash Proceeds, or fair market value (as determined in accordance with the preceding sentence) of property or assets or of marketable securities, from such sale of Capital Stock or Subordinated Shareholder Funding or such contribution will be excluded from clause (c)(ii) of the first paragraph of this covenant and clause (6) of this paragraph and shall not be considered Excluded Contributions or Net Cash Proceeds from a Public Equity Offering for purposes of the “Optional Redemption” provisions of the Indenture;
- (2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made by exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Indebtedness permitted to be Incurred pursuant to the covenant described under “—*Limitation on Indebtedness*” above;
- (3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Preferred Stock of the Parent Guarantor or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of the Parent Guarantor or a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to the covenant described under “—*Limitation on Indebtedness*” above, and that in each case, constitutes Refinancing Indebtedness;
- (4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness:
 - (a) (i) from Net Available Cash to the extent permitted under “—*Limitation on Sales of Assets and Subsidiary Stock*” below, but only if the Parent Guarantor shall have first complied with the terms described under “—*Limitation on Sales of Assets and Subsidiary Stock*” and purchased all Notes tendered pursuant to any offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest;
 - (b) following the occurrence of a Change of Control (or other similar event described therein as a “change of control”), but only (i) if the Parent Guarantor shall have first complied with the terms described under “—*Change of Control*” and purchased all Notes tendered pursuant to the offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest; or
 - (c) (i) consisting of Acquired Indebtedness (other than Indebtedness Incurred (A) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Parent Guarantor or a Restricted Subsidiary or (B) otherwise in connection with or contemplation of such acquisition) and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest and any premium required by the terms of any Acquired Indebtedness;
- (5) any dividends paid within 60 days after the date of declaration if at such date of declaration such dividend would have complied with this covenant;

- (6) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of the Parent Guarantor, any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof) and loans, advances, dividends or distributions by the Issuer to any Parent to permit any Parent to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Issuer, any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof), or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Issuer, any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof), in each case from Management Investors; *provided* that such payments, loans, advances, dividends or distributions do not exceed an amount (net of repayments of any such loans or advances) equal to (1) €2.0 million in any calendar year, *plus* (2) amounts not to exceed the Net Cash Proceeds received during such 12-month period by the Parent Guarantor or its Restricted Subsidiaries (including through receipt of proceeds from the issuance or sale of its Capital Stock or Subordinated Shareholder Funding to a Parent) from, or as a contribution to the equity (in each case under this clause (2), other than through the issuance of Disqualified Stock) of the Parent Guarantor from, the issuance or sale to Management Investors of Capital Stock (including any options, warrants or other rights in respect thereof), to the extent such Net Cash Proceeds have not otherwise been designated as Excluded Contributions and are not included in any calculation under clause (c)(ii) of the first paragraph describing this covenant or clause (i) of this paragraph;
- (7) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the covenant described under “—*Limitation on Indebtedness*”;
- (8) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof;
- (9) dividends, loans, advances or distributions to any Parent or other payments by the Parent Guarantor or any Restricted Subsidiary in amounts equal to (without duplication):
 - (a) the amounts required for any Parent to pay any Parent Expenses or any Related Taxes; or
 - (b) amounts constituting or to be used for purposes of making payments of fees and expenses Incurred (i) in connection with the Refinancing Transactions or disclosed in the Listing Memorandum or (ii) to the extent specified in clauses (2), (3), (5), (7) and (11) of the second paragraph under “—*Limitation on Affiliate Transactions*”;
- (10) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), the declaration and payment by the Parent Guarantor of, or loans, advances, dividends or distributions to any Parent to pay, dividends on the common stock or common equity interests of the Parent Guarantor or any Parent following a Public Offering of such common stock or common equity interests, in an amount not to exceed in any fiscal year the greater of (a) 7% of the Net Cash Proceeds received by the Parent Guarantor from such Public Offering or contributed to the equity (other than through the issuance of Disqualified Stock or through an Excluded Contribution) of the Parent Guarantor or contributed as Subordinated Shareholder Funding to the Parent Guarantor and (b) following the Initial Public Offering, an amount equal to 7% of the Market Capitalization; *provided* that in the case of this clause (b) after giving *pro forma* effect to such loans, advances, dividends or distributions, the Consolidated Net Leverage Ratio shall be equal to or less than 3.5 to 1.0 *provided further*, in each case, that if such Public Offering was of the Capital Stock of the Parent Guarantor or a Parent, the net proceeds of any such loans, advances, dividends or distributions are used to fund a corresponding dividend in equal or greater amount on the Capital Stock of the Parent Guarantor or such Parent;
- (11) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), Restricted Payments in an aggregate amount outstanding at any time not to exceed €30.0 million;
- (12) payments by the Parent Guarantor, or loans, advances, dividends or distributions to any Parent to make payments, to holders of Capital Stock of the Parent Guarantor or any Parent in lieu of the

issuance of fractional shares of such Capital Stock, *provided, however*, that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this covenant or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by the Board of Directors or an Officer of the Issuer);

- (13) Restricted Payments in an aggregate amount outstanding at any time not to exceed the aggregate cash amount of Excluded Contributions, or consisting of non-cash Excluded Contributions, or Investments in exchange for or using as consideration Investments previously made under this clause (13);
- (14) payment of any Receivables Fees and purchases of Receivables Assets pursuant to a Receivables Repurchase Obligation in connection with a Qualified Receivables Financing;
- (15) the payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution) by a Restricted Subsidiary to the holders of its Capital Stock (other than the Parent Guarantor or any Restricted Subsidiary) on a no more than *pro rata* basis;
- (16) dividends or other distributions of Capital Stock, Indebtedness or other securities of Unrestricted Subsidiaries; and
- (17) advances or loans to (a) any future, present or former officer, director, employee or consultant of the Parent Guarantor or a Restricted Subsidiary to pay for the purchase or other acquisition for value of Equity Interests of the Parent Guarantor or any Parent (other than Disqualified Stock), or any obligation under a forward sale agreement, deferred purchase agreement or deferred payment arrangement pursuant to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or other agreement or arrangement or (b) any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit trust or the trustees of any such plan or trust to pay for the purchase or other acquisition for value of Equity Interests of the Parent Guarantor or any Parent (other than Disqualified Stock); provided that the total aggregate amount of Restricted Payments made under this clause (17) does not exceed €2.0 million in any calendar year.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Parent Guarantor or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment shall be determined conclusively by the Board of Directors of the Parent Guarantor acting in good faith.

Limitation on Liens

The Parent Guarantor will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, incur or suffer to exist any Lien upon any of its property or assets (including Capital Stock of a Restricted Subsidiary), whether owned on the Issue Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Indebtedness (such Lien, the “*Initial Lien*”), except (a) in the case of any property or asset that does not constitute Collateral, (1) Permitted Liens or (2) Liens on property or assets that are not Permitted Liens if the Notes and the Indenture (or a Guarantee of the Notes in the case of Liens of a Guarantor) are directly secured equally and ratably with, or prior to, in the case of Liens with respect to Subordinated Indebtedness, the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured, and (b) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Any such Lien created in favor of the Notes will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Initial Lien to which it relates, and (ii) otherwise as set forth under “—*Security—Release of Liens*”.

Limitation on Restrictions on Distributions from Restricted Subsidiaries

The Parent Guarantor will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

- (A) pay dividends or make any other distributions in cash or otherwise on its Capital Stock or pay any Indebtedness or other obligations owed to the Parent Guarantor or any Restricted Subsidiary, or with respect to any other interest or participation in, or measured by, its profits;
- (B) make any loans or advances to the Parent Guarantor or any Restricted Subsidiary; or
- (C) sell, lease or transfer any of its property or assets to the Parent Guarantor or any Restricted Subsidiary,

provided that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Parent Guarantor or any Restricted Subsidiary to other Indebtedness Incurred by the Parent Guarantor or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

The provisions of the preceding paragraph will not prohibit:

- (1) any encumbrance or restriction pursuant to (a) any Credit Facility (including the Revolving Credit Facility) or (b) any other agreement or instrument, in each case, in effect at or entered into on the Issue Date (including the Indenture, the Notes, the Intercreditor Agreement, the Security Documents or any related security documents);
- (2) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Parent Guarantor or any Restricted Subsidiary, or on which such agreement or instrument is assumed by the Parent Guarantor or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Parent Guarantor or was merged, consolidated or otherwise combined with or into the Parent Guarantor or any Restricted Subsidiary entered into or in connection with such transaction) and outstanding on such date; *provided* that, for the purposes of this clause (2), if another Person is the Successor Company (as defined under “—*Merger and Consolidation*”), any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Parent Guarantor or any Restricted Subsidiary when such Person becomes the Successor Company;
- (3) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to in clause (1) or (2) of this paragraph or this clause (3) (an “*Initial Agreement*”) or contained in any amendment, supplement or other modification to an agreement referred to in clause (1) or (2) of this paragraph or this clause (3); *provided, however*, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement or instrument are no less favorable in any material respect to the Holders taken as a whole than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by the Board of Directors or an Officer of the Issuer);
- (4) any encumbrance or restriction:
 - (a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract;
 - (b) contained in mortgages, charges, pledges or other security agreements permitted under the Indenture or securing Indebtedness of the Parent Guarantor or a Restricted Subsidiary permitted under the Indenture to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, charges, pledges or other security agreements; or

- (c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Parent Guarantor or any Restricted Subsidiary;
- (5) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalized Lease Obligations permitted under the Indenture, in each case, that impose encumbrances or restrictions on the property so acquired, or any encumbrance or restriction pursuant to a joint venture agreement that imposes restrictions on the distribution or transfer of the assets or Capital Stock of the joint venture;
- (6) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;
- (7) customary provisions in leases, licenses, joint venture agreements and other similar agreements and instruments entered into in the ordinary course of business;
- (8) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order, or required by any regulatory authority;
- (9) any encumbrance or restriction on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business;
- (10) any encumbrance or restriction pursuant to Currency Agreements, Interest Rate Agreements or Commodity Hedging Agreements;
- (11) any encumbrance or restriction arising pursuant to an agreement or instrument (a) relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under “—*Limitation on Indebtedness*” if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders of the Notes than (i) the encumbrances and restrictions contained in the Revolving Credit Facility, together with the security documents associated therewith, and the Intercreditor Agreement, in each case, as in effect on the Issue Date or (ii) as is customary in comparable financings (as determined in good faith by the Board of Directors or an Officer of the Issuer) or (b) constituting an Additional Intercreditor Agreement;
- (12) restrictions effected in connection with a Qualified Receivables Financing that, in the good faith determination of the Board of Directors or an Officer of the Issuer, are necessary or advisable to effect such Qualified Receivables Financing; or
- (13) any encumbrance or restriction existing by reason of any lien permitted under “—*Limitation on Liens*”.

Limitation on Sales of Assets and Subsidiary Stock

The Parent Guarantor will not, and will not permit any Restricted Subsidiary to, consummate any Asset Disposition unless:

- (1) the consideration the Parent Guarantor or such Restricted Subsidiary receives for such Asset Disposition is not less than the fair market value of the assets sold (as determined by the Issuer’s Board of Directors); and
- (1) at least 75% of the consideration the Parent Guarantor or such Restricted Subsidiary receives in respect of such Asset Disposition consists of:
 - (i) cash (including any Net Cash Proceeds received from the conversion within 180 days of such Asset Disposition of securities, notes or other obligations received in consideration of such Asset Disposition);
 - (ii) Cash Equivalents;
 - (iii) the assumption by the purchaser of (x) any liabilities recorded on the Parent Guarantor’s or such Restricted Subsidiary’s balance sheet or the notes thereto (or, if incurred since the date of the latest balance sheet, that would be recorded on the next balance sheet) (other than Subordinated Debt), as a result of which neither the Parent Guarantor nor any of the

Restricted Subsidiaries remains obligated in respect of such liabilities or (y) Indebtedness of a Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, if the Parent Guarantor and each other Restricted Subsidiary is released from any guarantee of such Indebtedness as a result of such Asset Disposition;

- (iv) Replacement Assets;
- (v) any Capital Stock or assets of the kind referred to in clause (D) or (F) in the second paragraph of this covenant;
- (vi) consideration consisting of Indebtedness of the Issuer or any Guarantor received from Persons who are not the Parent Guarantor or any Restricted Subsidiary, but only to the extent that such Debt (i) has been extinguished by the Issuer or the applicable Guarantor and (ii) is not Subordinated Indebtedness of the Issuer or such Guarantor;
- (vii) any Designated Non-Cash Consideration received by the Parent Guarantor or any Restricted Subsidiary, having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at any one time outstanding, not to exceed 1.5% of Total Assets at the time of the receipt of such Designated Non-Cash Consideration (with the fair market value of each issue of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value); or
- (viii) a combination of the consideration specified in clauses (i) through (vii) of this clause (2).

If the Parent Guarantor or any Restricted Subsidiary consummates an Asset Disposition, the Net Cash Proceeds of the Asset Disposition, within 360 days (or 540 days in the circumstances described in clause (H) below) of the later of (i) the date of the consummation of such Asset Disposition and (ii) the receipt of such Net Cash Proceeds, may be used by the Parent Guarantor or such Restricted Subsidiary to:

- (A) (i) prepay, repay, purchase or redeem any Indebtedness incurred under clause (1) of the second paragraph of the covenant described under “—*Limitation on Indebtedness*” or any Refinancing Indebtedness in respect thereof; (ii) unless included in (A)(i), prepay, repay, purchase or redeem Notes or Indebtedness that is secured by a Lien on the Collateral that is not subordinated in right of payment to the Notes at a price of no more than 100% of the principal amount of the Notes or such applicable Indebtedness, plus accrued and unpaid interest to the date of such prepayment, repayment, purchase or redemption; or (iii) prepay, repay, purchase or redeem any Indebtedness of a Restricted Subsidiary that is not a Subsidiary Guarantor or any Indebtedness that is secured on assets which do not constitute Collateral (in each case other than Subordinated Indebtedness of the Issuer or a Guarantor or Indebtedness owed to the Parent Guarantor or any Restricted Subsidiary); *provided* that the Issuer shall prepay, repay, purchase or redeem Public Debt (other than the Notes) pursuant to clause (ii) only if the Issuer makes (at such time or in compliance with this covenant) an offer to Holders to purchase their Notes in accordance with the provisions set forth below for an Asset Disposition Offer for an aggregate principal amount of Notes equal to the proportion that (x) the total aggregate principal amount of Notes outstanding bears to (y) the sum total aggregate principal amount of the Notes outstanding plus the total aggregate principal amount outstanding of such Indebtedness (other than the Notes);
- (B) purchase any series of Notes pursuant to an offer to all Holders of such Notes at a purchase price in cash equal to at least 100% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the date of purchase (subject to the right of Holders of record on the record date to receive interest due on the interest payment date);
- (C) invest in any Replacement Assets;
- (D) acquire all or substantially all of the assets of, or any Capital Stock of, another Similar Business, if, after giving effect to any such acquisition of Capital Stock, the Similar Business is or becomes a Restricted Subsidiary;
- (E) make a capital expenditure;
- (F) acquire other assets (other than Capital Stock and cash or Cash Equivalents) that are used or useful in a Similar Business;
- (G) consummate any combination of the foregoing; or

(H) enter into a binding commitment to apply the Net Cash Proceeds pursuant to clause (A), (C), (D), (E) or (F) of this paragraph or a combination thereof, *provided* that, a binding commitment shall be treated as a permitted application of the Net Cash Proceeds from the date of such commitment until the earlier of (x) the date on which such investment is consummated, (y) the 180th day following the expiration of the aforementioned 365 day period, if the investment has not been consummated by that date.

The amount of such Net Cash Proceeds not so used as set forth in this paragraph constitutes “*Excess Proceeds*”. Pending the final application of any such Net Cash Proceeds, the Parent Guarantor may temporarily reduce revolving credit borrowings or otherwise invest such Net Cash Proceeds in any manner that is not prohibited by the terms of the Indenture.

On the 361st day (or the 541st day if a binding commitment as described in clause (H) is entered into) after an Asset Disposition, or such earlier time if the Parent Guarantor elects, if the aggregate amount of Excess Proceeds exceeds €20.0 million, the Issuer will be required within 10 Business Days thereof to make an offer (“*Asset Disposition Offer*”) to all Holders and, to the extent the Parent Guarantor elects, to all holders of other outstanding Pari Passu Indebtedness, to purchase the maximum principal amount of Notes and any such Pari Passu Indebtedness to which the Asset Disposition Offer applies that may be purchased out of the Excess Proceeds, at an offer price in respect of the Notes in an amount equal to (and, in the case of any Pari Passu Indebtedness, an offer price of no more than) 100% of the principal amount of the Notes and 100% of the principal amount of Pari Passu Indebtedness, in each case, plus accrued and unpaid interest, if any, to, but not including, the date of purchase, in accordance with the procedures set forth in the Indenture or the agreements governing the Pari Passu Indebtedness, as applicable, in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof in the case of the Notes.

To the extent that the aggregate amount of Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Parent Guarantor may use any remaining Excess Proceeds for general corporate purposes, subject to other covenants contained in the Indenture. If the aggregate principal amount of the Notes surrendered in any Asset Disposition Offer by Holders and other Pari Passu Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Excess Proceeds shall be allocated among the Notes and Pari Passu Indebtedness to be repaid or purchased on a *pro rata* basis on the basis of the aggregate principal amount of tendered Notes and Pari Passu Indebtedness. For the purposes of calculating the principal amount of any such Indebtedness not denominated in euro, such Indebtedness shall be calculated by converting any such principal amounts into their Euro Equivalent determined as of a date selected by the Parent Guarantor that is within the Asset Disposition Offer Period (as defined below). Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

To the extent that any portion of Net Available Cash payable in respect of the Notes is denominated in a currency other than the currency in which the Notes are denominated, the amount thereof payable in respect of such Notes shall not exceed the net amount of funds in the currency in which such Notes are denominated that is actually received by the Parent Guarantor upon converting such portion of the Net Available Cash into such currency.

The Asset Disposition Offer, in so far as it relates to the Notes, will remain open for a period of not less than 20 Business Days following its commencement (the “*Asset Disposition Offer Period*”). No later than five Business Days after the termination of the Asset Disposition Offer Period (the “*Asset Disposition Purchase Date*”), the Parent Guarantor will purchase the principal amount of Notes and, to the extent it elects, Pari Passu Indebtedness required to be repaid or purchased by it pursuant to this covenant (the “*Asset Disposition Offer Amount*”) or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Notes and Pari Passu Indebtedness validly tendered in response to the Asset Disposition Offer.

On or before the Asset Disposition Purchase Date, the Parent Guarantor will, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary, the Asset Disposition Offer Amount of Notes and Pari Passu Indebtedness or portions of Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn and in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof. The Parent Guarantor will deliver to the Trustee an Officer’s Certificate stating that such Notes or portions thereof were accepted for payment by the Parent

Guarantor in accordance with the terms of this covenant. The Parent Guarantor or the Paying Agent, as the case may be, will promptly (but in any case not later than five Business Days after termination of the Asset Disposition Offer Period) mail or deliver to each tendering Holder an amount equal to the purchase price of the Notes so validly tendered and not properly withdrawn by such Holder, and accepted by the Parent Guarantor for purchase, and the Parent Guarantor will promptly issue a new Note (or amend the applicable Global Note), and the Trustee (or an authenticating agent), upon delivery of an Officer's Certificate from the Parent Guarantor, will authenticate and mail or deliver (or cause to be transferred by book-entry) such new Note to such Holder, in a principal amount equal to any unpurchased portion of the Note surrendered; *provided* that each such new Note will be in a principal amount with a minimum denomination of €100,000. Any Note not so accepted will be promptly mailed or delivered (or transferred by book-entry) by the Parent Guarantor to the Holder thereof.

The Parent Guarantor will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, the Parent Guarantor will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance.

Limitation on Affiliate Transactions

The Parent Guarantor will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Parent Guarantor (any such transaction or series of related transactions being an "*Affiliate Transaction*") involving aggregate value in excess of €2.0 million unless:

- (1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Parent Guarantor or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's-length dealings with a Person who is not such an Affiliate;
- (2) in the event such Affiliate Transaction involves an aggregate value in excess of €10.0 million, the terms of such transaction or series of related transactions have been approved by a resolution of the majority of the disinterested members of the Board of Directors of the Issuer resolving that such transaction complies with clause (1) above; and
- (3) in the event such Affiliate Transaction involves an aggregate consideration in excess of €20.0 million, the Issuer has received a written opinion (a "*Fairness Opinion*") from an Independent Financial Advisor that such Affiliate Transaction is fair, from a financial standpoint, to the Parent Guarantor and its Restricted Subsidiaries or that the terms are not materially less favorable than those that could reasonably have been obtained in a comparable transaction at such time on an arm's-length basis from a Person that is not an Affiliate.

The provisions of the preceding paragraph will not apply to:

- (1) any Restricted Payment permitted to be made pursuant to the covenant described under "*—Limitation on Restricted Payments*", any Permitted Payments (other than pursuant to clause (9)(b)(ii) of the fourth paragraph of the covenant described under "*—Limitation on Restricted Payments*") or any Permitted Investment (other than Permitted Investments as defined in paragraphs (1)(b), (2), (11) and (17) of the definition thereof);
- (2) any issuance or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Issuer, any Restricted Subsidiary or any Parent, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement,

savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors of the Issuer, in each case in the ordinary course of business;

- (3) any Management Advances and any waiver or transaction with respect thereto;
- (4) any transaction between or among the Parent Guarantor and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries or any Receivables Subsidiary;
- (5) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities (including under customary insurance policies) and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Parent Guarantor, any Restricted Subsidiary or any Parent (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);
- (6) (i) the Refinancing Transactions, (ii) the entry into and performance of obligations of the Parent Guarantor or any of its Restricted Subsidiaries under the terms of any transaction pursuant to or contemplated by, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Issue Date or described in “*Related Party Transactions*” in the Listing Memorandum, as these agreements and instruments may be amended, modified, supplemented, extended, renewed, replaced or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the Holders in any material respect, and (iii) the entry into and performance of any registration rights or other listing agreement;
- (7) the execution, delivery and performance of any Tax Sharing Agreement or any arrangement pursuant to which the Parent Guarantor or any of its Restricted Subsidiaries is required or permitted to file a consolidated tax return, or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business *provided*, that any such consolidated group arrangement does not permit or require payments in excess of the amount of Tax that would be payable by the Parent Guarantor and its Restricted Subsidiaries on a stand-alone basis;
- (8) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business, which are fair to the Parent Guarantor or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or an Officer of the Parent Guarantor or the relevant Restricted Subsidiary, or are on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;
- (9) any transaction in the ordinary course of business between or among the Parent Guarantor or any Restricted Subsidiary and any Affiliate of the Parent Guarantor or an Associate or similar entity that would constitute an Affiliate Transaction solely because the Parent Guarantor or a Restricted Subsidiary or any Affiliate of the Parent Guarantor or a Restricted Subsidiary or any Affiliate of any Permitted Holder owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity;
- (10) (a) issuances or sales of Capital Stock (other than Disqualified Stock) of the Parent Guarantor or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Funding; *provided* that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board of Directors in their reasonable determination and (b) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the other provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement, as applicable;
- (11) (a) payments by the Parent Guarantor or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) of annual management, consulting, monitoring or advisory fees and related expenses in an aggregate amount not to exceed €2.0 million per year and (b) customary payments by the Parent Guarantor or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) for financial advisory, financing, underwriting or placement services or in respect of other

investment banking activities, including in connection with loans, capital market transactions, acquisitions or divestitures, which payments (or agreements providing for such payments) in respect of this clause (11) are approved by a majority of the Board of Directors of the Issuer in good faith; and

(12) any transaction effected as part of a Qualified Receivables Financing.

Reports

So long as any Notes are outstanding, the Parent Guarantor will furnish to the Trustee the following reports:

- (1) within 120 days after the end of the Parent Guarantor's fiscal year beginning with the fiscal year ended December 31, 2016, annual reports containing, to the extent applicable: (i) an operating and financial review of the audited financial statements, including a discussion of the results of operation, financial condition, consolidated EBITDA and liquidity and capital resources; (ii) unaudited *pro forma* income statement and balance sheet information of the Parent Guarantor (which, for the avoidance of doubt, shall not include provision of a full income statement or balance sheet to the extent not reasonably available, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates; *provided further* that if such *pro forma* financial information is not reasonably available, the Parent Guarantor will provide, in the case of a material acquisition, acquired company financials; (iii) the audited consolidated balance sheet of the Parent Guarantor as at the end of the most recent fiscal year and audited consolidated income statements and statements of cash flow of the Parent Guarantor for the most recent two fiscal years, including appropriate footnotes to such financial statements, for and as at the end of such fiscal years and the report of the independent auditors on the financial statements; (iv) a description of the business, management and shareholders of the Parent Guarantor, all material affiliate transactions; and a description of all material debt instruments; and (v) a description of material operational risk factors and material subsequent events;
- (2) within 60 days following the end of the first and third fiscal quarters in each fiscal year of the Parent Guarantor beginning with the fiscal quarter ended September 30, 2016 and within 75 days for the second fiscal quarter in each fiscal year, quarterly financial statements of the Parent Guarantor containing the following information: (i) the Parent Guarantor's unaudited condensed consolidated balance sheet as at the end of such quarter and unaudited condensed statements of income and cash flow for the most recent quarter year to date period ending on the unaudited condensed balance sheet date and the comparable prior period, together with condensed footnote disclosure; (ii) unaudited *pro forma* income statement and balance sheet information of the Parent Guarantor, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such quarterly report relates (*provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense, in which case the Parent Guarantor will provide, in the case of a material acquisition, acquired company financials); (iii) an operating and financial review of the unaudited financial statements, including a discussion of the consolidated financial condition, results of operations, consolidated EBITDA and material changes in liquidity and capital resources of the Parent Guarantor; (iv) a discussion of material changes in material debt instruments since the most recent report; and (v) material subsequent events and any material changes to the risk factors disclosed in the most recent annual report; and
- (3) promptly after the occurrence of a material event that the Parent Guarantor announces publicly or any acquisition, disposition or restructuring, merger or similar transaction that is material to the Parent Guarantor and the Restricted Subsidiaries, taken as a whole, or a senior executive officer or director changes at the Parent Guarantor or a change in auditors of the Parent Guarantor, a report containing a description of such event.

In addition, the Parent Guarantor shall furnish to the Holders and to prospective investors, upon the request of such parties, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act for so long as the Notes are not freely transferable under the Exchange Act by persons who are not "affiliates" under the Securities Act.

The Parent Guarantor shall also make available to Holders and prospective holders of the Notes copies of all reports furnished to the Trustee on the Parent Guarantor's website and if and so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market thereof and to the extent that the rules and regulations of the Luxembourg Stock Exchange so require, by posting such reports on the official website of the Luxembourg Stock Exchange (www.bourse.lu).

All financial statement information shall be prepared in accordance with IFRS as in effect on the date of such report or financial statement (or otherwise on the basis of IFRS as then in effect) and on a consistent basis for the periods presented, except as may otherwise be described in such information; *provided, however*, that the reports set forth in clauses (1), (2) and (3) above may, in the event of a change in IFRS, present earlier periods on a basis that applied to such periods. No report need include separate financial statements for any Subsidiaries of the Parent Guarantor or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in this Listing Memorandum. In addition, the reports set forth above will not be required to contain any reconciliation to U.S. generally accepted accounting principles.

At any time that any of the Parent Guarantor's subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or a group of Unrestricted Subsidiaries, taken as a whole, constitutes a Significant Subsidiary of the Parent Guarantor, then the quarterly and annual financial information required by the first paragraph of this "Reports" covenant will include (i) a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Parent Guarantor and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Parent Guarantor or (ii) stand-alone audited or unaudited financial statements, as the case may be, of such Unrestricted Subsidiary or Unrestricted Subsidiaries, together with an unaudited reconciliation to the financial information of the Parent Guarantor and its subsidiaries, which reconciliation shall include the following items: revenues, consolidated EBITDA, net income, cash, total assets, total debt, shareholder equity, capital expenditures and interest expense.

For the purposes of this covenant, IFRS shall be deemed to be IFRS as in effect from time to time, without giving effect to the proviso in the definition thereof.

All reports provided pursuant to this "Reports" covenant shall be made in the English language.

In the event that (i) the Parent Guarantor becomes subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, or elects to comply with such provisions, for so long as it continues to file the reports required by Section 13(a) with the SEC or (ii) the Parent Guarantor elects to provide to the Trustee reports which, if filed with the SEC, would satisfy (in the good faith judgment of the Parent Guarantor) the reporting requirements of Section 13(a) or 15(d) of the Exchange Act (other than the provision of U.S. GAAP information, certifications, exhibits or information as to internal controls and procedures), for so long as it elects, the Parent Guarantor will make available to the Trustee such annual reports, information, documents and other reports that the Parent Guarantor is, or would be, required to file with the SEC pursuant to such Section 13(a) or 15(d). Upon complying with the foregoing requirement, the Parent Guarantor will be deemed to have complied with the provisions contained in the preceding paragraphs.

Merger and Consolidation

The Parent Guarantor

The Parent Guarantor will not consolidate with or merge with or into, or assign, convey, transfer, lease or otherwise dispose of all or substantially all the assets of the Parent Guarantor and its Restricted Subsidiaries, taken as a whole, in one transaction or a series of related transactions to, any Person, unless:

- (1) the resulting, surviving or transferee Person (the "Successor Company") will be a Person organized and existing under the laws of any member state of the European Union, or the United States of America, any State of the United States or the District of Columbia, Canada or any province of Canada, Norway or Switzerland and the Successor Company (if not the Parent Guarantor) will expressly assume, (a) by supplemental indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Parent Guarantor under the Notes and the Indenture and (b) all obligations of the Parent Guarantor under the Intercreditor Agreement and the relevant Security Documents (including the Issuer Share Pledge);

- (2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Company or any Subsidiary of the Successor Company as a result of such transaction as having been Incurred by the Successor Company or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;
- (3) immediately after giving effect to such transaction, either (a) the Successor Company would be able to Incur at least an additional €1.00 of Indebtedness pursuant to the first paragraph of the covenant described under “—*Limitation on Indebtedness*” or (b) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such transaction; and
- (4) the Parent Guarantor shall have delivered to the Trustee an Officer’s Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the Indenture and an Opinion of Counsel to the effect that such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Company (in each case, in form and substance reasonably satisfactory to the Trustee), *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer’s Certificate as to any matters of fact.

Any Indebtedness that becomes an obligation of the Parent Guarantor or any Restricted Subsidiary (or that is deemed to be Incurred by any Restricted Subsidiary that becomes a Restricted Subsidiary) as a result of any such transaction undertaken in compliance with this covenant, and any Refinancing Indebtedness with respect thereto, shall be deemed to have been Incurred in compliance with the covenant described under “—*Limitation on Indebtedness*”.

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Parent Guarantor, which properties and assets, if held by the Parent Guarantor instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Parent Guarantor on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Parent Guarantor.

The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Parent Guarantor under the Indenture but in the case of a lease of all or substantially all its assets, the predecessor company will not be released from its obligations under the Indenture or the Notes.

There is no precise established definition of the phrase “substantially all” under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve “all or substantially all” of the property or assets of a Person.

The foregoing provisions (other than the requirements of clause (2) of the first paragraph of this “*Merger and Consolidation*” covenant) shall not apply to (i) any transactions which constitute an Asset Disposition if the Parent Guarantor has complied with the covenant described under “—*Limitation on Sales of Assets and Subsidiary Stock*” or (ii) the creation of a new subsidiary as a Restricted Subsidiary.

The Issuer

The Issuer will not consolidate with or merge with or into, or assign, convey, transfer, lease or otherwise dispose of all or substantially all the assets of the Issuer and its Restricted Subsidiaries, taken as a whole, in one transaction or a series of related transactions to, any Person, unless:

- (1) the resulting, surviving or transferee Person (the “*Successor Issuer*”) will be a Person organized and existing under the laws of any member state of the European Union, or the United States of America, any State of the United States or the District of Columbia, Canada or any province of Canada, Norway or Switzerland and the Successor Issuer (if not the Issuer) will expressly assume, (a) by supplemental indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Issuer under the Notes and the Indenture and (b) all obligations of the Issuer under the Intercreditor Agreement and the Security Documents, as applicable;
- (2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Issuer or any Subsidiary of the Successor Issuer as a result of such transaction as having been Incurred by the Successor Issuer or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;
- (3) immediately after giving effect to such transaction, either (a) the Successor Issuer would be able to Incur at least an additional €1.00 of Indebtedness pursuant to the first paragraph of the

covenant described under “—*Limitation on Indebtedness*” or (b) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such transaction; and

- (4) the Issuer shall have delivered to the Trustee an Officer’s Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the Indenture and an Opinion of Counsel to the effect that such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Issuer (in each case, in form and substance reasonably satisfactory to the Trustee), *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer’s Certificate as to any matters of fact.

Any Indebtedness that becomes an obligation of the Parent Guarantor or any Restricted Subsidiary (or that is deemed to be Incurred by any Restricted Subsidiary that becomes a Restricted Subsidiary) as a result of any such transaction undertaken in compliance with this covenant, and any Refinancing Indebtedness with respect thereto, shall be deemed to have been Incurred in compliance with the covenant described under “—*Limitation on Indebtedness*”.

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Issuer, which properties and assets, if held by the Issuer instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Issuer on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Issuer.

The Successor Issuer will succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Indenture but in the case of a lease of all or substantially all its assets, the predecessor company will not be released from its obligations under the Indenture or the Notes.

There is no precise established definition of the phrase “substantially all” under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve “all or substantially all” of the property or assets of a Person.

The foregoing provisions (other than the requirements of clause (2) of the second paragraph of this “*Merger and Consolidation*” covenant) shall not apply to (i) any transactions which constitute an Asset Disposition if the Issuer has complied with the covenant described under “—*Limitation on Sales of Assets and Subsidiary Stock*” or (ii) the creation of a new Subsidiary as a Restricted Subsidiary.

The Subsidiary Guarantors

No Subsidiary Guarantor (other than a Subsidiary Guarantor whose guarantee is to be released in accordance with the terms of the Indenture or the Intercreditor Agreement) may:

- (1) consolidate with or merge with or into any Person (whether or not such Subsidiary Guarantor is the surviving corporation);
- (2) sell, assign, convey, transfer, lease or otherwise dispose of, all or substantially all of the assets of such Subsidiary Guarantor and its Restricted Subsidiaries taken as a whole, in one transaction or a series of related transactions, to any Person; or
- (3) permit any Person to merge with or into it unless:
 - (A) the other Person is the Parent Guarantor, the Issuer or any Restricted Subsidiary that is a Subsidiary Guarantor or becomes a Subsidiary Guarantor;
 - (B) (1) either (x) a Subsidiary Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person expressly assumes all of the obligations of the Subsidiary Guarantor under its Guarantee and the Indenture (pursuant to a supplemental indenture executed and delivered in a form reasonably satisfactory to the Trustee); and (2) immediately after giving effect to the transaction, no Default or Event of Default shall have occurred and is continuing; or
 - (C) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of a Subsidiary Guarantor or the sale or disposition of all or substantially all the assets of a Subsidiary Guarantor (in each case other than to the Parent Guarantor or a Restricted Subsidiary) otherwise permitted by the Indenture,

provided, however, that the prohibition in clauses (1), (2) and (3) of this paragraph shall not apply to the extent that compliance with clauses (A) and (B)(1) could give rise to or result in: (1) any breach or

violation of statutory limitations, corporate benefit, financial assistance, fraudulent preference, thin capitalization rules, capital maintenance rules, guidance and coordination rules or the laws rules or regulations (or analogous restriction) of any applicable jurisdiction; (2) any risk or liability for the officers, directors or (except in the case of a Restricted Subsidiary that is a partnership) shareholders of such Restricted Subsidiary (or, in the case of a Restricted Subsidiary that is a partnership, directors or shareholders of the partners of such partnership); or (3) any cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out of pocket expenses.

The provisions set forth in this “*Merger and Consolidation*” covenant shall not restrict (and shall not apply to): (i) any Restricted Subsidiary that is not a Subsidiary Guarantor from consolidating with, merging or liquidating into or transferring all or substantially all of its properties and assets to the Parent Guarantor, the Issuer, a Subsidiary Guarantor or any other Restricted Subsidiary that is not a Subsidiary Guarantor; (ii) a Subsidiary Guarantor from merging or liquidating into or transferring all or part of its properties and assets to the Parent Guarantor, the Issuer or another Subsidiary Guarantor; and (iii) the Parent Guarantor, the Issuer or any Subsidiary Guarantor consolidating into or merging or combining with an Affiliate incorporated or organized for the purpose of changing the legal domicile of such entity, reincorporating such entity in another jurisdiction, or changing the legal form of such entity; *provided, however*, that clauses (1), (2) and (4) under the headings “—*The Parent Guarantor*” and “—*The Issuer*” or clauses (3)(A) and (3)(B) under the heading “—*The Subsidiary Guarantors*”, as the case may be, shall apply to any such transaction.

Suspension of Covenants on Achievement of Investment Grade Status

If on any date following the Issue Date, the Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing (a “*Suspension Event*”), then, beginning on that day and continuing until such time, if any, at which the Notes cease to have Investment Grade Status (the “*Reversion Date*”), the provisions of the Indenture summarized under the following captions will not apply to the Notes:

- (1) “—*Limitation on Restricted Payments*”;
- (2) “—*Limitation on Indebtedness*”;
- (3) “—*Limitation on Restrictions on Distributions from Restricted Subsidiaries*”;
- (4) “—*Limitation on Affiliate Transactions*”;
- (5) “—*Limitation on Sales of Assets and Subsidiary Stock*”; and
- (6) the provisions of clause (3) of the first paragraph of the covenant described under “—*Merger and Consolidation—the Parent Guarantor*” and “—*The Issuer*”.

and, in each case, any related default provision of the Indenture will cease to be effective and will not be applicable to the Parent Guarantor and its Restricted Subsidiaries.

Such covenants and any related default provisions will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Parent Guarantor or any of its Restricted Subsidiaries properly taken during the continuance of the Suspension Event, and no action taken prior to the Reversion Date will constitute a Default or Event of Default. The “*Limitation on Restricted Payments*” covenant will be interpreted as if it has been in effect since the date of the Indenture but not during the continuance of the Suspension Event. On the Reversion Date, all Indebtedness Incurred during the continuance of the Suspension Event will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (4)(b) of the second paragraph of the covenant described under “—*Limitation on Indebtedness*”. In addition, the Indenture will also permit, without causing a Default or Event of Default, the Parent Guarantor or any of the Restricted Subsidiaries to honor any contractual commitments or take actions in the future after any date on which the Notes cease to have an Investment Grade Status as long as the contractual commitments were entered into during the Suspension Event and not in anticipation of the Notes no longer having an Investment Grade Status. The Issuer shall notify the Trustee that the conditions set forth in the first paragraph under this caption has been satisfied, *provided* that, no such notification shall be a condition for the suspension of the covenants described under this caption to be effective. There can be no assurance that the Notes will ever achieve or maintain an Investment Grade Status.

Impairment of Security Interest

The Parent Guarantor shall not, and shall not permit any Restricted Subsidiary to, take or knowingly or negligently omit to take any action that would have the result of materially impairing the Security Interest with respect to the Collateral (it being understood, subject to the proviso below, that the Incurrence of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the Security Interest with respect to the Collateral) for the benefit of the Trustee and the Holders, and the Parent Guarantor shall not, and shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the Holders and the other beneficiaries described in the Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement, any interest whatsoever in any of the Collateral, except that (i) the Parent Guarantor and its Restricted Subsidiaries may Incur Permitted Collateral Liens and the Collateral may be discharged and released and retaken, if applicable, in accordance with the Indenture, the applicable Security Documents or the Intercreditor Agreement or any Additional Intercreditor Agreement and (ii) the applicable Security Documents may be amended, extended, renewed, restated, supplemented or otherwise modified or replaced, from time to time to cure any ambiguity, mistake, omission, defect or inconsistency therein; *provided, however*, that in the case of clause (i) above, except with respect to any discharge or release in accordance with the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement, the Incurrence of Permitted Collateral Liens or any action expressly permitted by the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement, the Security Documents may not be amended, extended, renewed, restated, supplemented, released and retaken, if applicable, or otherwise modified or replaced, unless contemporaneously with any such action, the Issuer delivers to the Trustee, either (1) a solvency opinion, in form and substance reasonably satisfactory to the Trustee from an Independent Financial Advisor confirming the solvency of the Parent Guarantor and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, (2) a certificate from the Board of Directors of the relevant Person which confirms the solvency of the person granting such Security Interest after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, or (3) an Opinion of Counsel, in form and substance reasonably satisfactory to the Trustee, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, the Lien or Liens created under the Security Documents, so amended, extended, renewed, restated, supplemented, modified or replaced are valid Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification or replacement.

In the event that the Parent Guarantor complies with the requirements of this covenant, the Trustee and the Security Agent shall (subject to customary protections and indemnifications) consent to such amendments without the need for instructions from the Holders.

Additional Guarantees

Notwithstanding anything to the contrary in this covenant, no Restricted Subsidiary shall Guarantee the Indebtedness outstanding under the Revolving Credit Facility, any Credit Facility or any other Public Debt, in each case of the Parent Guarantor or a Guarantor unless such Restricted Subsidiary is or becomes a Guarantor on the date on which the Guarantee is incurred and, if applicable, executes and delivers to the Trustee a supplemental indenture pursuant to which such Restricted Subsidiary will provide a Guarantee, which Guarantee will be senior to or *pari passu* with such Restricted Subsidiary's guarantee of such other Indebtedness; *provided*, however, that such Restricted Subsidiary shall not be obligated to become such a Guarantor to the extent and for so long as the Incurrence of such Guarantee is contrary to the Agreed Security Principles or could give rise to or result in: (1) any breach or violation of statutory limitations, corporate benefit, financial assistance, fraudulent preference, thin capitalization rules, capital maintenance rules, guidance and coordination rules or the laws rules or regulations (or analogous restriction) of any applicable jurisdiction; (2) any risk or liability for the officers, directors or (except in the case of a Restricted Subsidiary that is a partnership) shareholders of such Restricted Subsidiary (or, in the case of a Restricted Subsidiary that is a partnership, directors or shareholders of the partners of such partnership); or (3) any cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out of pocket expenses. At the option of the Parent Guarantor, any Guarantee may contain limitations on Guarantor liability to the extent reasonably necessary.

Additional Guarantees granted pursuant to this provision shall be released as set forth under “—*Releases of the Guarantees*”. A Guarantee of an additional Guarantor may also be released at the option of the Parent Guarantor if at the date of such release either (i) there is no Indebtedness of such Guarantor outstanding which was Incurred after the Issue Date and which could not have been Incurred in compliance with the Indenture if such Guarantor had not been designated as a Guarantor, or (ii) there is no Indebtedness of such Guarantor outstanding which was Incurred after the Issue Date and which could not have been Incurred in compliance with the Indenture as at the date of such release if such Guarantor were not designated as a Guarantor as at that date. The Trustee and the Security Agent shall each take all necessary actions, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, to effectuate any release of a Guarantee in accordance with these provisions, subject to customary protections and indemnifications.

The validity and enforceability of the Guarantees and the Security Interests and the liability of each Guarantor will be subject to the limitations as described and set out in “*Limitations on Validity and Enforceability of the Note Guarantees and the Security Interests and Certain Insolvency Law Considerations*” in the Listing Memorandum.

Additional Intercreditor Agreements

The Indenture will provide that, at the request of the Parent Guarantor, in connection with the Incurrence by the Parent Guarantor or its Restricted Subsidiaries of any Indebtedness permitted pursuant to the covenant described under “—*Limitation on Indebtedness*”, the Parent Guarantor, the relevant Restricted Subsidiaries, the Trustee and the Security Agent shall enter into with the holders of such Indebtedness (or their duly authorized Representatives) an intercreditor agreement (an “*Additional Intercreditor Agreement*”) or a restatement, amendment or other modification of the existing Intercreditor Agreement on substantially the same terms as the Intercreditor Agreement (or terms not materially less favorable to the Holders), including containing substantially the same terms with respect to release of Guarantees and priority and release of the Security Interest; *provided* that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, as applicable, adversely affect the rights, duties, liabilities or immunities of the Trustee or Security Agent under the Indenture or the Intercreditor Agreement.

The Indenture also will provide that, at the direction of the Parent Guarantor and without the consent of Holders, the Trustee and the Security Agent shall from time to time enter into one or more amendments to any Intercreditor Agreement to: (1) cure any ambiguity, omission, defect or inconsistency of any such agreement, (2) increase the amount or types of Indebtedness covered by any such agreement that may be Incurred by the Parent Guarantor or any Restricted Subsidiary that is subject to any such agreement (including with respect to any Intercreditor Agreement or Additional Intercreditor Agreement, the addition of provisions relating to new Indebtedness ranking junior in right of payment to the Notes), (3) add Restricted Subsidiaries to the Intercreditor Agreement or an Additional Intercreditor Agreement, (4) further secure the Notes (including Additional Notes), (5) make provision for equal and ratable pledges of the Collateral to secure Additional Notes, (6) implement any Permitted Collateral Liens, (7) amend the Intercreditor Agreement or any Additional Intercreditor Agreement in accordance with the terms thereof or (8) make any other change to any such agreement that does not adversely affect the Holders in any material respect. The Parent Guarantor shall not otherwise direct the Trustee or the Security Agent to enter into any amendment to any Intercreditor Agreement without the consent of the Holders of the majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under “*Amendments and Waivers*” or as permitted by the terms of the Intercreditor Agreement or any Additional Intercreditor Agreement, and the Parent Guarantor may only direct the Trustee and the Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, adversely affect their respective rights, duties, liabilities or immunities under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Indenture shall also provide that, in relation to any Intercreditor Agreement or Additional Intercreditor Agreement, the Trustee (and Security Agent, if applicable) shall consent on behalf of the Holders to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Notes thereby; *provided, however*, that such transaction would comply with the covenant described under “—*Limitation on Restricted Payments*”.

The Indenture also will provide that each Holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement or any Additional Intercreditor Agreement, (whether then entered into or entered into in the future pursuant to the provisions described herein) and to have directed the Trustee and the Security Agent to enter into any such Additional Intercreditor Agreement. A copy of the Intercreditor Agreement or any Additional Intercreditor Agreement shall be made available for inspection during normal business hours on any Business Day upon prior written request at our offices or at the offices of the listing agent.

Maintenance of Listing

The Issuer will use its commercially reasonable efforts to maintain the listing of the Notes on the Euro MTF market for so long as such Notes are outstanding; *provided* that if at any time the Issuer determines that it will not maintain such listing, it will obtain prior to the delisting of the Notes from the Euro MTF market, and thereafter use its commercially reasonable efforts to maintain, a listing of such Notes on another recognized stock exchange.

Payments for Consent

The Parent Guarantor will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any holder of Notes for or as an inducement to any consent, waiver or amendment of any of the terms of the provisions of the Indenture or the Notes unless such consideration is offered to be paid and is paid to all holders of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement. Notwithstanding the foregoing, the Parent Guarantor and its Restricted Subsidiaries shall be permitted, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture, to exclude holders of Notes in any jurisdiction where (A)(i) the solicitation of such consent, waiver or amendment, including in connection with an offer to purchase for cash, or (ii) the payment of the consideration therefor would require the Parent Guarantor or any of its Restricted Subsidiaries to file a registration statement, prospectus or similar document under any applicable securities laws (including, but not limited to, the United States federal securities laws and the laws of the European Union or its member states), which the Parent Guarantor in its sole discretion determines (acting in good faith) would be materially burdensome (it being understood that it would not be materially burdensome to file the consent document(s) used in other jurisdictions, any substantially similar documents or any summary thereof with the securities or financial services authorities in such jurisdiction); or (B) such solicitation would otherwise not be permitted under applicable law in such jurisdiction.

Lines of Business

The Parent Guarantor will not, and will not permit any Restricted Subsidiary to, engage in any business other than a Similar Business, except to such extent as would not be material to the Parent Guarantor and its Restricted Subsidiaries, taken as a whole.

Financial Calculations for Limited Condition Acquisitions.

When calculating the availability under any basket or ratio under the Indenture, in each case in connection with a Limited Condition Acquisition, the date of determination of such basket or ratio and of any Default or Event of Default shall, at the option of the Issuer, be the date the definitive agreements for such Limited Condition Acquisition are entered into and such baskets or ratios shall be calculated on a *pro forma* basis after giving effect to such Limited Condition Acquisition and the other transactions to be entered into in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof) as if they occurred at the beginning of the applicable reference period for purposes of determining the ability to consummate any such Limited Condition Acquisition (and not for purposes of any subsequent availability of any basket or ratio). For the avoidance of doubt, (x) if any of such baskets or ratios are exceeded as a result of fluctuations in such basket or ratio (including due to fluctuations in Consolidated EBITDA of the Parent Guarantor or the target company) subsequent to such date of determination and at or prior to the consummation of the relevant Limited Condition Acquisition, such baskets or ratios will not be deemed to have been exceeded as a result of such fluctuations solely for purposes of determining whether the Limited Condition Acquisition and the related transactions are permitted hereunder and (y) such baskets or ratios shall not be tested at the time of consummation of such Limited Condition Acquisition or related transactions; *provided further* that if the Issuer elects to have such

determinations occur at the time of entry into such definitive agreement, any such transactions (including any Incurrence of Indebtedness and the use of proceeds thereof) shall be deemed to have occurred on the date the definitive agreements are entered and outstanding thereafter for purposes of calculating any baskets or ratios under the Indenture after the date of such agreement and before the consummation of such Limited Condition Acquisition.

Events of Default

Each of the following is an “Event of Default” under the Indenture:

- (1) default in any payment of interest or Additional Amounts on any Note issued under the Indenture when due and payable, continued for 30 days;
- (2) default in the payment of the principal amount of or premium, if any, on any Note issued under the Indenture when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;
- (3) failure by the Issuer or any Guarantor to comply with the provisions described under the caption “—*Certain Covenants—Consolidation and Merger*”;
- (4) failure by the Parent Guarantor or any of its Restricted Subsidiaries to comply for 30 days after written notice by the Trustee or the Holders of at least 25% in principal amount of the outstanding Notes with the provisions described under the caption “—*Change of Control*” (other than the failure to purchase Notes which will constitute an Event of Default under clause (2) above);
- (5) failure by the Parent Guarantor or any of its Restricted Subsidiaries to comply for 30 days after written notice by the Trustee or the Holders of at least 25% in principal amount of the outstanding Notes with its other agreements contained in the Indenture (other than a default in performance, or breach, of a covenant or agreement which is specifically addressed in clauses (1), (2), (3) or (4) above) or the Notes;
- (6) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Parent Guarantor or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by the Parent Guarantor or any of its Restricted Subsidiaries) other than Indebtedness owed to the Parent Guarantor or a Restricted Subsidiary whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, which default:
 - (a) is caused by a failure to pay principal at stated maturity on such Indebtedness, immediately upon the expiration of the grace period provided in such Indebtedness (“*payment default*”); or
 - (b) results in the acceleration of such Indebtedness prior to its maturity (the “*cross acceleration provision*”),

and, in each case, either (i) the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates €20.0 million or more or (ii) to the extent any such Indebtedness is incurred pursuant to clause (1) or (6) of the second paragraph of the “—*Limitation on Indebtedness*” covenant and secured by Collateral that is granted the benefit of super senior priority rights on the proceeds of enforcement of Collateral under the Intercreditor Agreement, upon any instruction by an instructing group to commence enforcement of the Collateral in accordance with the terms thereof;

- (7) certain events of bankruptcy, insolvency or court protection of the Parent Guarantor, the Issuer or a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Parent Guarantor and its Restricted Subsidiaries), would constitute a Significant Subsidiary (the “*bankruptcy provisions*”);
- (8) failure by the Parent Guarantor, the Issuer or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Parent Guarantor and its Restricted Subsidiaries), would constitute a Significant Subsidiary to pay final judgments aggregating in excess of €20.0 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days after the judgment becomes final (the “*judgment default provision*”);

- (9) any security interest under the Security Documents shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the relevant Security Document, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Indenture and except through the gross negligence or willful misconduct of the Trustee or Security Agent) with respect to Collateral having a fair market value in excess of €10.0 million for any reason other than the satisfaction in full of all obligations under the Indenture or the release of any such security interest in accordance with the terms of the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents or any such security interest created thereunder shall be declared invalid or unenforceable or the Parent Guarantor or any Restricted Subsidiary shall assert in writing that any such security interest is invalid or unenforceable and any such Default continues for 10 days; and
- (10) any Guarantee of the Parent Guarantor or a Significant Subsidiary ceases to be in full force and effect (other than in accordance with the terms of such Guarantee or the Indenture) or is declared invalid or unenforceable in a judicial proceeding or any Guarantor denies or disaffirms in writing its obligations under its Guarantee and, in the case of any Guarantee of a Subsidiary Guarantor only, such Default continues for 10 days.

However, a default under clauses (5), (6) or (8) of this paragraph will not constitute an Event of Default until the Trustee or the Holders of 25% in principal amount of the outstanding Notes under the Indenture notify the Issuer of the default and, with respect to clauses (5), (6) or (8) the Issuer does not cure such default within the time specified in clauses (5), (6) or (8), as applicable, of this paragraph after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (7) above) occurs and is continuing, the Trustee by notice to the Issuer or the Holders of at least 25% in principal amount of the outstanding Notes under the Indenture by written notice to the Issuer and the Trustee, may, and the Trustee at the request of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest on all the Notes under the Indenture to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest will be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (6) under “Events of Default” has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (6) shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except nonpayment of principal, premium or interest on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

If an Event of Default described in clause (7) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

Holders of the Notes may not enforce the Indenture or the Notes except as provided in the Indenture and may not enforce the Security Documents except as provided in such Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Holders of a majority in principal amount of the outstanding Notes under the Indenture may waive all past or existing Defaults or Events of Default (except with respect to nonpayment of principal, premium, interest or Additional Amounts, if any) and rescind any such acceleration with respect to such Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee indemnity and/or security satisfactory to the Trustee against any loss, liability or expense. Except to enforce the right to receive payment of principal or interest when due, no Holder may pursue any remedy with respect to the Indenture or the Notes unless:

- (1) such Holder has previously given the Trustee notice that an Event of Default is continuing;

- (2) Holders of at least 25% in principal amount of the outstanding Notes have requested the Trustee to pursue the remedy;
- (3) such Holders have offered the Trustee security and/or indemnity satisfactory to it against any loss, liability or expense;
- (4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security and/or indemnity; and
- (5) the Holders of a majority in principal amount of the outstanding Notes have not given the Trustee a direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of a majority in principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee.

The Indenture will provide that, in the event an Event of Default has occurred and is continuing, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification and/or security satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking such action. The Indenture will provide that if a Default occurs and is continuing and the Trustee is informed of such occurrence by the Issuer, the Trustee must give notice of the Default to the Holders within 60 days after being notified by the Issuer. Except in the case of a Default in the payment of principal of, or premium, if any, or interest on any Note, the Trustee may withhold notice if and so long as the Trustee determines that withholding notice is in the interests of the Holders. The Issuer is required to deliver to the Trustee, within 120 days after the end of each fiscal year, an Officer's Certificate indicating whether the signers thereof know of any Default or Event of Default that occurred during the previous year. The Issuer is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events of which it is aware which would constitute certain Defaults, their status and what action the Issuer is taking or proposes to take in respect thereof.

The Indenture will provide that (i) if a Default occurs for a failure to deliver a required certificate in connection with another default (an "*Initial Default*") then at the time such Initial Default is cured, such Default for a failure to report or deliver a required certificate in connection with the Initial Default will also be cured without any further action and (ii) any Default or Event of Default for the failure to comply with the time periods prescribed in the covenant entitled "*—Reports*" or otherwise to deliver any notice or certificate pursuant to any other provision of the Indenture shall be deemed to be cured upon the delivery of any such report required by such covenant or notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture.

The Indenture will provide for the Trustee to take action on behalf of the Holders in certain circumstances, but only if the Trustee is indemnified and/or secured to its satisfaction. It may not be possible for the Trustee to take certain actions in relation to the Notes and, accordingly, in such circumstances the Trustee will be unable to take action, notwithstanding the provision of an indemnity to it, and it will be for Holders to take action directly.

Amendments and Waivers

Subject to certain exceptions, the Notes Documents may be amended, supplemented or otherwise modified with the consent of Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes) and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes). However, without the consent of Holders holding not less than 75% of the then outstanding principal amount of the Notes affected, then outstanding, an amendment or waiver may not, with respect to any Notes held by a non-consenting Holder:

- (1) reduce the principal amount of Notes whose Holders must consent to an amendment, waiver or modification;

- (2) reduce the stated rate of or extend the stated time for payment of interest on any Note;
- (3) reduce the principal of or extend the Stated Maturity of any Note;
- (4) reduce the premium payable upon the redemption of any Note or change the time at which any Note may be redeemed, in each case as described above under “—*Optional Redemption*”;
- (5) make any Note payable in money other than that stated in the Note;
- (6) impair the right of any Holder to institute suit for the enforcement of any such payment on or with respect to such Holder’s Notes;
- (7) make any change in the provision of the Indenture described under “—*Withholding Taxes*” that adversely affects the right of any Holder of such Notes in any material respect or amends the terms of such Notes in a way that would result in a loss of an exemption from any of the Taxes described thereunder or an exemption from any obligation to withhold or deduct Taxes so described thereunder unless the Issuer or the applicable Payor agrees to pay Additional Amounts, if any, in respect thereof;
- (8) release any security interests granted for the benefit of the Holders in the Collateral other than in accordance with the terms of the Intercreditor Agreement, any applicable Additional Intercreditor Agreement, the Indenture or the applicable Security Documents;
- (9) waive a Default or Event of Default with respect to the nonpayment of principal, premium or interest or Additional Amounts, if any, on the Notes (except pursuant to a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of such Notes and a waiver of the payment default that resulted from such acceleration);
- (10) release any Guarantor from any of its obligations under its Guarantee or the Indenture, except in accordance with the terms of the Indenture, the Intercreditor Agreement any applicable Additional Intercreditor Agreement;
- (11) make any change in the amendment or waiver provisions which require the Holders’ consent described in this sentence.

Notwithstanding the foregoing, without the consent of any Holder, the Issuer, the Trustee, the Security Agent and the other parties thereto, as applicable, may amend or supplement any Notes Documents to:

- (1) cure any ambiguity, omission, defect, error or inconsistency;
- (2) provide for the assumption by a successor Person of the obligations of the Parent Guarantor, the Issuer or any Restricted Subsidiary under any Notes Document;
- (3) add to the covenants or provide for a Guarantee for the benefit of the Holders or surrender any right or power conferred upon the Parent Guarantor or any Restricted Subsidiary;
- (4) make any change that would provide additional rights or benefits to the Trustee or the Holders or that does not adversely affect the rights or benefits to the Trustee or any of the Holders in any material respect under the Notes Documents;
- (5) make such provisions as necessary (as determined in good faith by the Board of Directors or an Officer of the Issuer) for the issuance of Additional Notes;
- (6) to provide for any Restricted Subsidiary to provide a Guarantee in accordance with the covenants described under “*Certain Covenants—Limitation on Indebtedness*” or “*Certain Covenants—Additional Guarantees*”, to add Guarantees with respect to the Notes, to add security to or for the benefit of the Notes, or to confirm and evidence the release, termination, discharge or retaking of any Guarantee or Lien (including the Collateral and the Security Documents) or any amendment in respect thereof with respect to or securing the Notes when such release, termination, discharge or retaking or amendment is provided for under the Indenture, the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement;
- (7) to conform the text of the Indenture, the Security Documents or the Notes to any provision of this “*Description of the Notes*” to the extent that such provision in this “*Description of the Notes*” was intended to be a verbatim recitation of a provision of the Indenture, the Security Documents or the Notes;

- (8) to evidence and provide for the acceptance and appointment under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement of a successor Trustee or Security Agent pursuant to the requirements thereof or to provide for the accession by the Trustee or Security Agent to any Notes Document;
- (9) in the case of the Security Documents, to mortgage, pledge, hypothecate or grant a security interest in favor of the Security Agent for the benefit of the Holders or parties to the Revolving Credit Facility, in any property which is required by the Security Documents or the Revolving Credit Facility (as in effect on the Issue Date) to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Security Agent, or to the extent necessary to grant a security interest in the Collateral for the benefit of any Person; *provided* that the granting of such security interest is not prohibited by the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement and the covenant described under “—*Certain Covenants—Impairment of Security Interest*” is complied with; or
- (10) as provided in “—*Certain Covenants—Additional Intercreditor Agreements*”.

In formulating its decision on such matters, the Trustee shall be entitled to require and rely absolutely on such evidence as it deems necessary, including Officer’s Certificates and Opinions of Counsel.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment of any Notes Document. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under the Indenture by any Holder of Notes given in connection with a tender of such Holder’s Notes will not be rendered invalid by such tender.

For so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such exchange so require, the Issuer will publish notice of any amendment, supplement and waiver in Luxembourg in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). Such notice of any amendment, supplement and waiver may also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Acts by Holders

In determining whether the Holders of the required principal amount of the Notes have concurred in any direction, waiver or consent, the Notes owned by the Issuer or by any Person directly or indirectly controlled, or controlled by, or under direct or indirect common control with, the Issuer will be disregarded and deemed not to be outstanding.

Meeting of Holders of Notes

All meetings of Holders of the Notes will be held in accordance with Italian applicable laws and regulations.

In addition to and without prejudice to the provisions described above under the caption “—*Amendments and Waivers*”, in accordance with the provisions set forth under the Italian Civil Code, the Indenture will include provisions for the convening of meetings of the Holders of the Notes to consider any matter affecting their interests, including, without limitation, the modification or abrogation by extraordinary resolution of any provisions of the Notes or the Indenture. A meeting may be convened either (i) by the Board of Directors of the Issuer, (ii) by the Noteholders’ Representative (as defined below) or (iii) upon request by holders of at least 5.0% of the aggregate principal amount of the outstanding Notes.

In accordance with the Italian Civil Code, the vote required to pass a resolution by a meeting of the Holders of Notes will be (i) in the case of the first meeting, one or more persons that hold or represent Holders of more than one half of the aggregate principal amount of the outstanding Notes, and (ii) in the case of the second and any further adjourned meeting, one or more persons that hold or represent Holders of at least two-thirds of the aggregate principal amount of the Notes so present or represented at such meeting. Any such second or further adjourned meeting will be validly held if there are one or more persons present that hold or represent Holders of more than one-third of the aggregate principal amount of the outstanding Notes; *provided, however*, that the Issuer’s bylaws may provide for a higher quorum (to the extent permitted under Italian law). Certain proposals, as set out under Article 2415 paragraph 1, item 2, and paragraph 3 of the Italian Civil Code (namely, the amendment of the economic terms and conditions of the Notes) may only be approved by an extraordinary resolution passed at a meeting of Holders of the Notes (including any adjourned meeting) by one or more persons present that hold or represent holders of not less than one-half of the aggregate principal amount of the outstanding Notes.

With respect to the matters set forth in the second paragraph under “—*Amendments and Waivers*”, and to the extent permitted under Italian law, the Indenture will contractually increase the percentage of the aggregate principal amount of Notes otherwise required by Article 2415 of the Italian Civil Code to pass an extraordinary resolution with respect to such matters from 50% to 75% of the aggregate principal amount of the outstanding Notes. See “*Risk Factors—Risks related to the Notes and Note Guarantees Generally—The Issuer may amend the economic terms and conditions of the Notes without the prior consent of all noteholders with the vote of either 75% or 50% of the outstanding Notes*”. Any resolution duly passed at any such meeting shall be binding on all the holders of the Notes, whether or not such holder was present at such meeting or voted to approve such resolution. To the extent provided by the Italian Civil Code, the resolutions passed by a meeting of Holders of the Notes can be challenged by Holders pursuant to Articles 2377 and 2379 of the Italian Civil Code.

The Indenture will provide that the provisions described under this “—*Meeting of Holders of Notes*” will be in addition to, and not in substitution of, the provisions described under the caption “—*Amendments and Waivers*”. As such and notwithstanding the foregoing, any amendment, supplement and/or waiver, in addition to complying with the provisions described under this “—*Meeting of Holders of Notes*” must also comply with the other provisions described under “—*Amendments and Waivers*”.

Security Representative and Noteholders’ Representative

Pursuant to the terms of the Indenture, the execution of the Indenture and the issuance and purchase of the Notes on the Issue Date shall be deemed to constitute the authorization and agreement on behalf of the holders of the Notes of the initial appointment as of the Issue Date of The Law Debenture Trust Corporation p.l.c., as representative (*rappresentante*) pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code (the “*Security Representative*”) in order to create and grant in its favor security interests and guarantees securing and guaranteeing the Notes and entitle it to exercise in the name and on behalf of the Holders of the Notes all their rights (including any rights before any court and judicial proceedings) relating to such security interests and guarantees. Pursuant to the terms of the Indenture each holder of the Notes from time to time, by accepting a Note, shall be deemed to have agreed to, and accepted, the appointment of The Law Debenture Trust Corporation p.l.c. as Security Representative.

Moreover, a representative of the Holders of the Notes (*rappresentante comune*) (the “*Noteholders’ Representative*”) may be appointed pursuant to Articles 2415 and 2417 of the Italian Civil Code by the Holders of the Notes in order to represent the interests of the Holders of the Notes pursuant to Article 2418 of the Italian Civil Code as well as to give effect to resolutions passed at a meeting of the Holders of the Notes. If the Noteholders’ Representative is not appointed by a meeting of the Holders of the Notes, the Noteholders’ Representative shall be appointed by a decree of the Court where the Issuer has its registered office upon request by one or more Holders of the Notes or upon request by the directors of the Issuer. The Noteholders’ Representative remains appointed for a maximum period of three years but may be subsequently reappointed thereafter.

Defeasance

The Issuer at any time may terminate all obligations of the Issuer and the Guarantors under the Notes and the Indenture (“*legal defeasance*”) and cure all then existing Defaults and Events of Default, except for certain obligations, including those respecting the defeasance trust, the rights, powers, trusts, duties, immunities and indemnities of the Trustee and the obligations of the Issuer in connection therewith and obligations concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust. Subject to the foregoing, if the Issuer exercises its legal defeasance option, the rights of the Trustee and the Holders under the Intercreditor Agreement or any Additional Intercreditor Agreement in effect at such time will terminate (other than with respect to the defeasance trust).

The Issuer at any time may terminate its and the Guarantors’ obligations under the covenants described under “*Certain Covenants*” (other than clauses (1) and (2) of “—*Certain Covenants—Merger and Consolidation*”) and “*Change of Control*” and the default provisions relating to such covenants described under “*Events of Default*” above, the operation of the cross-default upon a payment default, the cross acceleration provisions, the bankruptcy provisions with respect to the Issuer and Significant Subsidiaries, the judgment default provision, the guarantee provision and the security default provision described under “*Events of Default*” above (“*covenant defeasance*”).

The Issuer at its option at any time may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to such Notes. If the Issuer exercises its covenant defeasance option with respect to the Notes, payment of the Notes may not be accelerated because of an Event of Default specified in clause (5), (6) (with respect only to the Significant Subsidiaries), (7), (8) or (9) under “*Events of Default*” above.

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the “defeasance trust”) with the Trustee (or another entity designated by the Trustee for this purpose) cash in euros or euro-denominated European Government Obligations or a combination thereof for the payment of principal, premium, if any, and interest on the Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of:

- (1) an Opinion of Counsel in the United States to the effect that the beneficial owners of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and in the case of legal defeasance only, such Opinion of Counsel in the United States must be based on a ruling of the U.S. Internal Revenue Service or other change in applicable U.S. federal income tax law);
- (2) an Officer’s Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Issuer;
- (3) an Officer’s Certificate and an Opinion of Counsel (which opinion of counsel may be subject to customary assumptions and exclusions), each stating that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with;
- (4) an Opinion of Counsel to the effect that the trust resulting from the deposit does not constitute, or is qualified as, a regulated investment company under the U.S. Investment Company Act of 1940, as amended; and
- (5) the Issuer delivers to the Trustee all other documents or other information that the Trustee may reasonably require in connection with either defeasance option.

Satisfaction and Discharge

The Indenture, and the rights of the Trustee and the Holders under the Intercreditor Agreement and any Additional Intercreditor Agreement and the Security Documents will be discharged and cease to be of further effect (except as to surviving rights of conversion or transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when (1) either (a) all the Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Notes, and certain Notes for which provision for payment was previously made and thereafter the funds have been released to the Issuer) have been delivered to the Principal Paying Agent for cancellation; or (b) all Notes not previously delivered to the Principal Paying Agent for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year under arrangements reasonably satisfactory to the Trustee for the giving of notice of redemption by the Principal Paying Agent in the name, and at the expense, of the Issuer; (2) the Issuer has deposited or caused to be deposited with the Trustee (or another entity designated by the Trustee for this purpose), money or euro-denominated European Government Obligations, or a combination thereof, as applicable, in an amount sufficient to pay and discharge the entire indebtedness on the Notes not previously delivered to the Principal Paying Agent for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of Notes that have become due and payable), or to the Stated Maturity or redemption date, as the case may be; (3) the Issuer has paid or caused to be paid all other sums payable under the Indenture; (4) the Issuer has delivered irrevocable instructions to the Trustee to apply the funds deposited towards the payment of the Notes at maturity or on the redemption date, as the case may be; and (5) the Issuer has delivered to the Trustee an Officer’s Certificate and an Opinion of Counsel each to the effect that all conditions precedent under the “*Satisfaction and Discharge*” section of the Indenture relating to the satisfaction and discharge of the Indenture have been complied with, *provided* that any such counsel may rely on any Officer’s Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)).

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator or shareholder of the Parent Guarantor or any of their respective Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Issuer or any Guarantor under the Notes Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Concerning the Trustee and Certain Agents

The Law Debenture Trust Corporation p.l.c. is to be appointed as Trustee under the Indenture. The Indenture will provide that, except during the continuance of an Event of Default, the Trustee will perform only such duties as are set forth specifically in the Indenture. During the existence of an Event of Default of which a responsible officer of the Trustee is aware, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care that a prudent Person would use in conducting its own affairs. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty.

The Indenture will impose certain limitations on the rights of the Trustee, should it become a creditor of the Issuer, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions with the Parent Guarantor, the Issuer and its Affiliates and Subsidiaries.

The Indenture will set out the terms under which the Trustee may retire or be removed, and replaced. Such terms will include, among others, (1) that the Trustee may be removed at any time by the Holders of a majority in principal amount of the then outstanding Note, or may resign at any time by giving written notice to the Issuer and (2) that if the Trustee at any time (a) has or acquires a conflict of interest that is not eliminated, (b) fails to meet certain eligibility requirements or (c) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Issuer may remove the Trustee, or any Holder who has been a bona fide Holder for not less than 6 months may petition any court for removal of the Trustee and appointment of a successor Trustee.

Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor Trustee.

The Indenture will contain provisions for the indemnification of the Trustee for any loss, liability, taxes expenses incurred without gross negligence, willful misconduct or fraud on its part, arising out of or in connection with the acceptance or administration of the Indenture.

Notices

For so long as any of the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, notices of the Issuer with respect to the Notes will be published in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or if, in the opinion of the Issuer such publication is not practicable, in an English language newspaper having general circulation in Europe. In addition, for so long as any Notes are represented by Global Notes, all notices to Holders of the Notes will be delivered by or on behalf of the Issuer to Euroclear and Clearstream. Such notices may also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu) in lieu of publication in the *Luxemburger Wort* so long as the rules of the Luxembourg Stock Exchange allow.

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made; *provided* that, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Any notice or communication mailed to a Holder shall be mailed to such Person by first-class mail or other equivalent means and shall be sufficiently given to such Holder if so mailed within the time prescribed. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it. For so long as any Notes are represented by Global Notes, notices to Holders of the Notes may be delivered via Euroclear and Clearstream in lieu of notice via registered mail.

Prescription

Claims against the Issuer and the Guarantors for the payment of principal, or premium, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer and the Guarantors for the payment of interest on the Notes will be prescribed five years after the applicable due date for payment of interest.

Currency Indemnity and Calculation of Euro-Denominated Restrictions

The euro is the sole currency of account and payment for all sums payable by the Issuer and the Guarantors, if any, under or in connection with the Notes and the Guarantees, if any, including damages. Any amount received or recovered in a currency other than euro, whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer, any Guarantor or otherwise by any Holder or by the Trustee, in respect of any sum expressed to be due to it from the Issuer or a Guarantor will only constitute a discharge to the Issuer or such Guarantor, as applicable, to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If that euro amount is less than the euro amount expressed to be due to the recipient or the Trustee under any Note, the Issuer and the Guarantors, if any, will indemnify them against any loss sustained by such recipient or the Trustee as a result. In any event, the Issuer and the Guarantors, if any, will indemnify the recipient or the Trustee on a joint or several basis against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be *prima facie* evidence of the matter stated therein for the Holder of a Note or the Trustee to certify in a manner reasonably satisfactory to the Issuer (indicating the sources of information used) the loss it Incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Issuer's and the Guarantors' other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder of a Note or the Trustee (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any Guarantee, or to the Trustee.

Except as otherwise specifically set forth herein, for purposes of determining compliance with any euro-denominated restriction herein, the Euro Equivalent amount for purposes hereof that is denominated in a non-euro currency shall be calculated based on the relevant currency exchange rate in effect on the date such non-euro amount is Incurred or made, as the case may be.

Listing

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF Market thereof. There can be no assurance that the application to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes on the Euro MTF Market will be approved and settlement of the Notes is not conditioned on obtaining such listing.

Enforceability of Judgments

Since substantially all the assets of the Issuer are located outside the United States, any judgment obtained in the United States against the Issuer, including judgments with respect to the payment of principal, premium, interest, Additional Amounts, if any, and any redemption price and any purchase price with respect to the Notes, may not be collectable within the United States.

Consent to Jurisdiction and Service

In relation to any legal action or proceedings arising out of or in connection with the Indenture and the Notes, the Issuer will in the Indenture irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City of New York, County and State of New York, United States.

Governing Law

The Indenture and the Notes, and the rights and duties of the parties thereunder shall be governed by and construed in accordance with the laws of the State of New York. The Intercreditor Agreement and the rights and duties of the parties thereunder shall be governed by and construed in accordance with the laws of England and Wales.

Certain Definitions

“*Acquired Indebtedness*” means Indebtedness (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, or (2) assumed in connection with the acquisition of assets from such Person, in each case whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary or such acquisition or (3) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the Parent Guarantor or any Restricted Subsidiary. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to clause (3) of the preceding sentence, on the date of the relevant merger, consolidation or other combination.

“*Affiliate*” of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, “control” when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“*Agreed Security Principles*” means the agreed security principles appended to the Revolving Credit Facility, as of the date of the Listing Memorandum, as applied *mutatis mutandis* with respect to the Notes in good faith by the Issuer.

“*Applicable Premium*” means, with respect to any Note the greater of:

- (a) 1% of the principal amount of such Note; and
- (b) the excess (to the extent positive) of:
 - (A) the present value at such redemption date of (1) the redemption price of such Note at November 15, 2017 (such redemption price (expressed in percentage of principal amount) being set forth in the table under the heading “*Optional Redemption*” (excluding accrued and unpaid interest)), *plus* (2) all required interest payments due on such Note to and including November 15, 2017 (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the Bund Rate at such redemption date *plus* 50 basis points and assuming that the rate of interest on the Note for the period from the redemption date through November 15, 2017 will equal the rate of interest on the Notes in effect on the date on which the applicable notice of redemption is given; over
 - (B) the outstanding principal amount of such Note,

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate.

For the avoidance of doubt, calculation of Applicable Premium shall not be an obligation or duty of the Trustee, the Calculation Agent, or any Paying Agent or Registrar.

“*Asset Disposition*” means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases (other than operating leases entered into in the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Subsidiary (other than directors’ qualifying shares), property or other assets (each referred to for the purposes of this definition as a “disposition”) by the Parent Guarantor or any of its Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction. Notwithstanding the preceding provisions of this definition, the following items shall not be deemed to be Asset Dispositions:

- (1) a disposition by a Restricted Subsidiary to the Parent Guarantor or by the Parent Guarantor or a Restricted Subsidiary to a Restricted Subsidiary;
- (2) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;
- (3) a disposition of inventory, trading stock, security equipment or other equipment or assets in the ordinary course of business;
- (4) a disposition of obsolete, damaged, retired, surplus or worn out equipment or assets or equipment, facilities or other assets that are no longer useful in the conduct of the business of the

- Parent Guarantor and its Restricted Subsidiaries and any transfer, termination, unwinding or other disposition of hedging instruments or arrangements not for speculative purposes;
- (5) transactions permitted under “—*Certain Covenants—Merger and Consolidation*” or a transaction that constitutes a Change of Control;
 - (6) an issuance of Capital Stock by a Restricted Subsidiary to the Parent Guarantor or to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved by the Board of Directors or the issuance of directors’ qualifying shares and shares issued to individuals as required by applicable law;
 - (7) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by the Board of Directors or an Officer of the Parent Guarantor) of less than €5.0 million;
 - (8) any Restricted Payment that is permitted to be made, and is made, under the covenant described above under “—*Certain Covenants—Limitation on Restricted Payments*” and the making of any Permitted Payment or Permitted Investment or, solely for purposes of the second paragraph of the covenant described under “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*”, asset sales, the proceeds of which are used to make such Restricted Payments or Permitted Investments;
 - (9) the granting of Liens not prohibited by the covenant described above under the caption “—*Certain Covenants—Limitation on Liens*”;
 - (10) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements or any sale of assets received by the Parent Guarantor or a Restricted Subsidiary upon the foreclosure of a Lien granted in favor of the Parent Guarantor or any Restricted Subsidiary;
 - (11) the licensing or sub-licensing of intellectual property or other general intangibles and licenses, sub-licenses, leases or subleases of other property, in each case, in the ordinary course of business;
 - (12) foreclosure, condemnation, taking by eminent domain or any similar action with respect to any property or other assets;
 - (13) the sale or discount (with or without recourse, and on customary or commercially reasonable terms) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable;
 - (14) sales or dispositions of receivables in connection with any Qualified Receivables Financing or any factoring transaction or in the ordinary course of business;
 - (15) any issuance, sale or disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;
 - (16) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Parent Guarantor or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;
 - (17) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;
 - (18) an issuance of Capital Stock by a Restricted Subsidiary to the Parent Guarantor or to another Restricted Subsidiary, an issuance or sale by a Restricted Subsidiary of Preferred Stock that is permitted by the covenant described above under “—*Limitation on Indebtedness*” or an issuance of Capital Stock by the Parent Guarantor pursuant to an equity incentive or compensation plan approved by the Board of Directors;
 - (19) sales, transfers or other dispositions of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in

joint venture arrangements and similar binding agreements; *provided* that any cash or Cash Equivalents received in such sale, transfer or disposition is applied in accordance with the “—*Limitation on Sales of Assets and Subsidiary Stock*” covenant;

- (20) any disposition with respect to property built, owned or otherwise acquired by the Parent Guarantor or any Restricted Subsidiary pursuant to customary sale and lease-back transactions, asset securitizations and other similar financings permitted by the Indenture ;and
- (21) the disposition of assets to a Person who is providing services (the provision of which have been or are to be outsourced by the Parent Guarantor or any Restricted Subsidiary to such Person) related to such assets.

“*Associate*” means (i) any Person engaged in a Similar Business of which the Parent Guarantor or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (ii) any joint venture entered into by the Parent Guarantor or any Restricted Subsidiary.

“*Board of Directors*” means (1) with respect to the Issuer or any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorized committee thereof; (2) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; and (3) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision of the Indenture requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval). The obligations of the “Board of Directors of the Issuer” under the Indenture may be exercised by the Board of Directors of a Restricted Subsidiary or a Parent pursuant to a delegation of powers of the Board of Directors of the Issuer.

“*Bund Rate*” means the yield to maturity at the time of computation of direct obligations of the Federal Republic of Germany (*Bunds* or *Bundesanleihen*) with a constant maturity (as officially compiled and published in the most recent financial statistics that has become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected in good faith by the Board of Directors or an Officer of the Issuer) most nearly equal to the period from the redemption date to November 15, 2017; *provided, however*, that if the period from the redemption date to November 15, 2017 is not equal to the constant maturity of a direct obligation of the Federal Republic of Germany for which a weekly average yield is given, the Bund Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of the Federal Republic of Germany for which such yields are given, except that if the period from such redemption date to November 15, 2017 is less than one year, the weekly average yield on actually traded direct obligations of the Federal Republic of Germany adjusted to a constant maturity of one year shall be used.

“*Business Day*” means each day that is not a Saturday, Sunday or other day on which banking institutions in Milan, Italy or London, United Kingdom are authorized or required by law to close and, with respect to payments to be made under the Indenture, other than any day which is not a TARGET Settlement Day.

“*Capital Stock*” of any Person means any and all shares of, rights to purchase, warrants or options for, or other equivalents of or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

“*Capitalized Lease Obligations*” means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes on the basis of IFRS (as in effect on the Issue Date for purposes of determining whether a lease is a capitalized lease). The amount of Indebtedness will be, at the time any determination is to be made, the amount of such obligation required to be capitalized on a balance sheet (excluding any notes thereto) prepared in accordance with IFRS, and the stated maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

“*Cash Equivalents*” means:

- (1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian governments, a Permissible Jurisdiction, Switzerland or Norway or, in each case, any agency or

- instrumentality thereof (*provided* that the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;
- (2) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof (a "*Deposit*") or cash in credit balance or deposit which are freely transferable or convertible within 90 days issued or held by any lender party to the Revolving Credit Facility or by any bank or trust company (a) if at any time since January 1, 2010 the Parent Guarantor or any of its Subsidiaries held Deposits with such bank or trust company (or any branch or subsidiary thereof), (b) whose commercial paper is rated at least "A-3" or the equivalent thereof by S&P or at least "P-3" or the equivalent thereof by Moody's (or if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (c) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of €250 million;
 - (3) [Reserved];
 - (4) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) entered into with any bank meeting the qualifications specified in clause (2) above;
 - (5) commercial paper rated at the time of acquisition thereof at least "A-3" or the equivalent thereof by S&P or "P-3" or the equivalent thereof by Moody's or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if both of the two named rating agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof;
 - (6) readily marketable direct obligations issued by any state of the United States of America, any province of Canada, a Permissible Jurisdiction, Switzerland or Norway or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Moody's or S&P (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;
 - (7) Indebtedness or preferred stock issued by Persons with a rating of "BBB-" or higher from S&P or "Baa3" or higher from Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition;
 - (8) bills of exchange issued in the United States, Canada, a Permissible Jurisdiction, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);
 - (9) interests in investment funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (8) of this definition; and
 - (10) for purposes of clause (2) of the definition of "Asset Disposition", the marketable securities portfolio owned by the Parent Guarantor and its Subsidiaries on the Issue Date.

"*Change of Control*" means the occurrence of any of the following:

- (1) the Issuer becoming aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date), other than one or more Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Issue Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Parent Guarantor, *provided* that for the purposes of this clause, (x) no Change of Control shall be deemed to occur by reason of the Parent Guarantor becoming a Subsidiary of a Successor Parent; and (y) any Voting Stock of which any Permitted Holder is the "beneficial owner" (as so defined) shall not be included in any Voting Stock of which any "person" or "group of related persons" is the "beneficial owner" (as so defined) unless that person or group is not an Affiliate of a Permitted Holder and has greater voting power with respect to that Voting Stock;

- (2) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the assets of the Parent Guarantor and its Restricted Subsidiaries taken as a whole to a Person, other than a Restricted Subsidiary or one or more Permitted Holders; or
- (3) the shareholders of the Parent Guarantor approve any plan of liquidation or dissolution of the Parent Guarantor or the Issuer.

“*Clearstream*” means Clearstream Banking, *société anonyme*, as currently in effect or any successor securities clearing agency.

“*Collateral*” means any and all assets from time to time in which a security interest has been or will be granted on the Issue Date or thereafter pursuant to any Security Document to secure the obligations under the Indenture, the Notes and/or any Guarantee.

“*Commodity Hedging Agreements*” means, in respect of a Person, any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements), to which such Person is a party or a beneficiary.

“*Consolidated EBITDA*” for the period of the four most recent fiscal quarters ending prior to the relevant date of measurement for which internal consolidated financial statements are available, means, without duplication, the Consolidated Net Income for such period, plus the following to the extent deducted in calculating such Consolidated Net Income:

- (1) Consolidated Interest Expense;
- (2) Consolidated Income Taxes;
- (3) depreciation, amortization (including, without limitation, amortization of intangibles and deferred financing fees) and other non-cash charges and expenses (including without limitation write downs and impairment of property, plant, equipment and intangibles and other assets and the impact of purchase accounting on the Parent Guarantor and its Restricted Subsidiaries for such period) of the Parent Guarantor and its Restricted Subsidiaries (excluding any such non-cash charge or expense to the extent that it represents an accrual of or reserve for cash charges or expenses in any future period) for such period;
- (4) any expenses, charges or other costs related to any issuance of Capital Stock, listing of Capital Stock, Investment, acquisition (including amounts paid in connection with the acquisition or retention of one or more individuals comprising part of a management team retained to manage the acquired business and any expenses, charges or other costs related to deferred or contingent payments), disposition, recapitalization or the Incurrence, issuance, redemption or refinancing of any Indebtedness permitted by the Indenture or any amendment, waiver, consent or modification to any document governing any such Indebtedness (whether or not successful) (including any such fees, expenses or charges related to the Refinancing Transactions), in each case, as determined in good faith by the Board of Directors or an Officer of the Issuer;
- (5) any foreign currency losses of the Parent Guarantor and its Restricted Subsidiaries (less any foreign currency such gains);
- (6) any minority interest expense consisting of income attributable to minority equity interests of third parties in such period or any prior period or any net earnings, income or share of profit of any Associates, associated company or undertaking, except to the extent of dividends declared or paid on, or other cash payments in respect of, equity interests held by such parties;
- (7) the amount of management, monitoring, consulting and advisory fees and related expenses paid in such period to the Permitted Holders to the extent permitted by the covenant described under “—*Certain Covenants—Limitation on Affiliate Transactions*”;
- (8) other non-cash charges, write-downs or items reducing Consolidated Net Income (excluding any such non-cash charge, write-down or item to the extent it represents an accrual of or reserve for cash charges expected to be paid in any future period) or other items classified by the Issuer as special, extraordinary, exceptional, unusual or nonrecurring items less other non-cash items of income increasing Consolidated Net Income (excluding any such non-cash item of income to the extent it represents a receipt of cash expected to be paid in any future period);

- (9) the proceeds of any business interruption insurance received or that become receivable during such period to the extent the associated losses arising out of the event that resulted in the payment of such business interruption insurance proceeds were included in computing Consolidated Net Income;
- (10) payments received or that become receivable with respect to, expenses that are covered by the indemnification provisions in any agreement entered into by such Person in connection with an acquisition to the extent such expenses were included in computing Consolidated Net Income; and
- (11) any Receivables Fees and discounts on the sale of accounts receivables in connection with any Qualified Receivables Financing representing, in the Issuer's reasonable determination, the implied interest component of such discount for such period.

“*Consolidated Income Taxes*” means taxes or other payments, including deferred Taxes, based on income, profits or capital of any of the Parent Guarantor and its Restricted Subsidiaries whether or not paid, estimated, accrued or required to be remitted to any governmental authority.

“*Consolidated Interest Expense*” means, for any period (in each case, determined on the basis of IFRS), the consolidated net interest income/expense of the Parent Guarantor and its Restricted Subsidiaries, whether paid or accrued, plus or including (without duplication) any interest, costs and charges consisting of:

- (1) interest expense attributable to Capitalized Lease Obligations;
- (2) amortization of original issue discount but excluding amortization of debt issuance costs, fees and expenses and the expensing of any finance costs;
- (3) non-cash interest expense;
- (4) costs associated with Hedging Obligations (excluding amortization of fees or any non-cash interest expense attributable to the movement in mark-to-market valuation of such obligations);
- (5) the product of (a) all dividends or other distributions in respect of all Disqualified Stock of the Parent Guarantor and all Preferred Stock of any Restricted Subsidiary, to the extent held by Persons other than the Parent Guarantor or a subsidiary of the Parent Guarantor, multiplied by (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined national, state and local statutory tax rate of such Person, expressed as a decimal, as estimated in good faith by a responsible accounting or financial officer of the Issuer;
- (6) the consolidated interest expense that was capitalized during such period; and
- (7) interest actually paid by the Parent Guarantor or any Restricted Subsidiary under any Guarantee of Indebtedness or other obligation of any other Person,

minus (i) accretion or accrual of discounted liabilities other than Indebtedness, (ii) any expense resulting from the discounting of any Indebtedness in connection with the application of purchase accounting in connection with any acquisition, (iii) interest with respect to Indebtedness of any Holding Company of such Person appearing upon the balance sheet of such Person solely by reason of push-down accounting under IFRS and (iv) any Additional Amounts with respect to the Notes included in interest expense under IFRS or other similar tax gross up on any Indebtedness included in interest expense under IFRS. Consolidated Interest Expense shall not include any interest expenses relating to Subordinated Shareholder Funding.

“*Consolidated Net Income*” means, for any period, the net income (loss) of the Parent Guarantor and its Restricted Subsidiaries determined on a consolidated basis on the basis of IFRS; *provided, however*, that there will not be included in such Consolidated Net Income:

- (1) subject to the limitations contained in clause (3) below, any net income (loss) of any Person if such Person is not a Restricted Subsidiary, except that the Parent Guarantor's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed by such Person during such period to the Parent Guarantor or a Restricted Subsidiary as a dividend or other distribution or return on investment, as reasonably determined by an Officer (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (2) below);

- (2) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph of the covenant described under “—*Certain Covenants—Limitation on Restricted Payments*”, any net income (loss) of any Restricted Subsidiary (other than a Guarantor) if such Subsidiary is subject to restrictions on the payment of dividends or the making of distributions by such Restricted Subsidiary to the Parent Guarantor by operation of the terms of such Restricted Subsidiary’s charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes or the Indenture, (c) contractual restrictions in effect on the Issue Date with respect to a Restricted Subsidiary (including pursuant to the Revolving Credit Facility and the Intercreditor Agreement), and other restrictions with respect to such Restricted Subsidiary that, taken as a whole, are not materially less favorable to the Holders than such restrictions in effect on the Issue Date, and (d) restrictions specified in clause (11) of the second paragraph of the covenant described under “—*Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries*”), except that the Parent Guarantor’s equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Parent Guarantor or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause);
- (3) any net gain (or loss) realized upon the sale or other disposition of any asset or disposed operations of the Parent Guarantor or any Restricted Subsidiaries (including pursuant to any sale/leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by an Officer or the Board of Directors of the Issuer);
- (4) any extraordinary, one-off, non-recurring, exceptional or unusual gain, loss, expense or charge, including any charges or reserves in respect of any restructuring, redundancy, relocation, refinancing, integration or severance or other post-employment arrangements, signing, retention or completion bonuses, transaction costs (including costs related to the Refinancing Transactions or any investments), acquisition costs, business optimization, system establishment, software or information technology implementation or development, costs related to governmental investigations and curtailments or modifications to pension or post-retirement benefits schemes, litigation or any asset impairment charges or the financial impacts of natural disasters (including fire, flood and storm and related events), each as determined in good faith by an Officer or the Board of Directors of the Issuer;
- (5) the cumulative effect of a change in accounting principles;
- (6) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards, any non-cash deemed finance charges in respect of any pension liabilities or other provisions, any non-cash net after tax gains or losses attributable to the termination or modification of any employee pension benefit plan and any charge or expense relating to any payment made to holders of equity based securities or rights in respect of any dividend sharing provisions of such securities or rights to the extent such payment was made pursuant to the covenant described under “—*Certain Covenants—Limitation on Restricted Payments*”;
- (7) all deferred financing costs written off and premiums paid or other expenses incurred directly in connection with any early extinguishment of Indebtedness or Hedging Obligations and any net gain (loss) from any write-off or forgiveness of Indebtedness;
- (8) any unrealized gains or losses in respect of Hedging Obligations or other financial instruments or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value or changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations;
- (9) any unrealized foreign currency translation gains or losses;
- (10) any one-time non-cash charges or any amortization or depreciation, in each case to the extent related any acquisition of, merger or consolidation with, another Person or business or resulting from any reorganization or restructuring or incurrence of Indebtedness involving the Parent Guarantor or its Restricted Subsidiaries;

- (11) any goodwill or other intangible asset impairment charge or write-off or write-down; and
- (12) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding.

“*Consolidated Net Leverage*” means the sum of the aggregate outstanding Indebtedness of the Parent Guarantor and its Restricted Subsidiaries (excluding Hedging Obligations) less cash and Cash Equivalents of the Parent Guarantor and its Restricted Subsidiaries, as of the relevant date of calculation on a consolidated basis on the basis of IFRS.

“*Consolidated Net Leverage Ratio*” means, as of any date of determination, the ratio of (x) Consolidated Net Leverage at such date to (y) the aggregate amount of Consolidated EBITDA for the period of the four most recent fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Parent Guarantor are available. In the event that the Parent Guarantor or any of its Restricted Subsidiaries Incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness subsequent to the commencement of the period for which the Consolidated Net Leverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Consolidated Net Leverage Ratio is made (the “*Calculation Date*”), then the Consolidated Net Leverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Issuer) to such Incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable reference period; *provided, however*, that the *pro forma* calculation shall not give effect to (i) any Indebtedness incurred on the Calculation Date pursuant to the provisions described in the second paragraph under “—*Limitation on Indebtedness*” or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to the provisions described in the second paragraph under “—*Limitation on Indebtedness*”.

In addition, for purposes of calculating the Consolidated Net Leverage Ratio:

- (1) acquisitions and Investments (each, a “*Purchase*”) that have been made by the Parent Guarantor or any of its Restricted Subsidiaries, including through mergers or consolidations, or any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the Parent Guarantor or any of its Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Issuer and may include anticipated expense and cost reduction synergies) as if they had occurred on the first day of the reference period; *provided* that, if definitive documentation has been entered into with respect to a Purchase that is part of the transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated after giving *pro forma* effect to such Purchase (including reasonably anticipated synergies and cost savings) as if such Purchase had occurred on the first day of such period, even if the Purchase has not yet been consummated as of the date of determination;
- (2) the Consolidated EBITDA (whether positive or negative) attributable to discontinued operations, as determined in accordance with IFRS, and operations, businesses or group of assets constituting a business or operating unit (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded on a *pro forma* basis as if such disposition occurred on the first day of such period (taking into account anticipated expense and cost reduction synergies resulting from any such disposal, as determined in good faith by a responsible accounting or financial officer of the Issuer);
- (3) the Consolidated Interest Expense attributable to discontinued operations, as determined in accordance with IFRS, and operations, businesses or group of assets constituting a business or operating unit (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded on a *pro forma* basis as if such disposition occurred on the first day of such period, but only to the extent that the obligations giving rise to such Consolidated Interest Expense will not be obligations of the Parent Guarantor or any of its Restricted Subsidiaries following the Calculation Date;
- (4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such reference period;

- (5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such reference period; and
- (6) if any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Indebtedness), and if any Indebtedness is not denominated in the Parent Guarantor's functional currency, that Indebtedness for purposes of the calculation of Consolidated Net Leverage shall be determined in accordance with IFRS.

For the purposes of the definitions of Consolidated EBITDA, Consolidated Income Taxes, Consolidated Interest Expense and Consolidated Net Income, calculations will be determined in accordance with the terms set forth above.

“*Consolidated Senior Secured Net Leverage*” means the sum of the aggregate outstanding Senior Secured Indebtedness of the Parent Guarantor and its Restricted Subsidiaries (excluding Hedging Obligations) less cash and Cash Equivalents of the Parent Guarantor and its Restricted Subsidiaries, as of the relevant date of calculation on a consolidated basis on the basis of IFRS.

“*Consolidated Senior Secured Net Leverage Ratio*” means, as of any date of determination, the ratio of (x) Consolidated Senior Secured Net Leverage at such date to (y) the aggregate amount of Consolidated EBITDA for the period of the four most recent fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Parent Guarantor are available, in each case, calculated with such *pro forma* and other adjustments as are consistent with the *pro forma* provisions set forth in the definition of Consolidated Net Leverage Ratio.

“*Contingent Obligations*” means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute Indebtedness (“*primary obligations*”) of any other Person (the “*primary obligor*”), including any obligation of such Person, whether or not contingent:

- (1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;
- (2) to advance or supply funds:
 - (a) for the purchase or payment of any such primary obligation; or
 - (b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or
- (3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

“*Credit Facility*” means, with respect to the Parent Guarantor or any of its Subsidiaries, one or more debt facilities, arrangements, instruments or indentures (including the Revolving Credit Facility or commercial paper facilities and overdraft facilities) with banks, institutions or investors providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), notes, letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks, institutions or investors and whether provided under the original Revolving Credit Facility or one or more other credit or other agreements, indentures, financing agreements or otherwise) and, in each case, including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term “*Credit Facility*” shall include any agreement or instrument (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Parent Guarantor as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

“*Currency Agreement*” means, in respect of a Person, any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement to which such Person is a party or beneficiary.

“*Default*” means any event which is, or after notice or passage of time or both would be, an Event of Default.

“*Designated Non-Cash Consideration*” means the fair market value (as determined in good faith by the Board of Directors or an Officer of the Issuer) of non-cash consideration received by the Parent Guarantor or one of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer’s Certificate, setting forth the basis of such valuation, less the amount of cash, Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the covenant described under “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*”.

“*Disqualified Stock*” means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, in each case on or prior to the date that is 90 days after the earlier of (a) the Stated Maturity of the Notes or (b) the date on which there are no Notes outstanding. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a change of control or an asset disposition will not constitute Disqualified Stock if the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under the caption “—*Certain Covenants—Restricted Payments*”. For purposes hereof, the amount of Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the fair market value of such Disqualified Stock, such fair market value to be determined as set forth herein. Only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock.

“*Equity Offering*” means (x) a sale of Capital Stock of a Parent, the Parent Guarantor or a Restricted Subsidiary (other than Disqualified Stock and other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions and other than offerings to the Parent Guarantor or any Restricted Subsidiary), or (y) the sale of Capital Stock or other securities by any Person (other than to the Parent Guarantor or a Restricted Subsidiary), the proceeds of which are contributed to the equity (other than through the issuance of Disqualified Stock or through an Excluded Contribution) of the Parent Guarantor or any of its Restricted Subsidiaries.

“*Escrowed Proceeds*” means the proceeds from the offering of any debt securities or other Indebtedness paid into escrow accounts with an independent escrow agent on the date of the applicable offering or incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow accounts upon satisfaction of certain conditions or the occurrence of certain events. The term “*Escrowed Proceeds*” shall include any interest earned on the amounts held in escrow.

“*Euro Equivalent*” means, with respect to any monetary amount in a currency other than euro, at any time of determination thereof by the Issuer or the Trustee, the amount of euro obtained by converting such currency other than euro involved in such computation into euro at the spot rate for the purchase of euro with the applicable currency other than euro as published in *The Financial Times* in the “*Currency Rates*” section (or, if *The Financial Times* is no longer published, or if such information is no longer available in *The Financial Times*, such source as may be selected in good faith by the Board of Directors or an Officer of the Issuer) on the date of such determination.

“*Euroclear*” means Euroclear Bank SA/NV or any successor securities clearing agency.

“*European Government Obligations*” means any security that is (1) a direct obligation of any country that is a member of the European Monetary Union on the date of the Indenture, for the payment of which

the full faith and credit of such country is pledged or (2) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of any such country the payment of which is unconditionally Guaranteed as a full faith and credit obligation by such country, which, in either case under the preceding clause (1) or (2), is not callable or redeemable at the option of the issuer thereof.

“*European Union*” means all members of the European Union as of January 1, 2004. For the avoidance of doubt, all references to a “member” of the European Union shall include the United Kingdom.

“*Exchange Act*” means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

“*Excluded Contribution*” means Net Cash Proceeds or property or assets received by the Parent Guarantor as capital contributions to the equity (other than through the issuance of Disqualified Stock) of the Parent Guarantor after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Parent Guarantor or any Subsidiary of the Parent Guarantor for the benefit of its employees to the extent funded by the Parent Guarantor or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock) or Subordinated Shareholder Funding of the Parent Guarantor, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer’s Certificate of the Issuer.

“*fair market value*” wherever such term is used in this “Description of the Notes” or the Indenture (except in relation to an enforcement action pursuant to the Intercreditor Agreement or any Additional Intercreditor Agreement and except as otherwise specifically provided in this “Description of the Notes” or the Indenture), may be conclusively established by means of an Officer’s Certificate or a resolution of the Board of Directors of the Issuer setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

“*Fixed Charge Coverage Ratio*” means, as of any date of determination, the ratio of (x) the aggregate amount of Consolidated EBITDA of such Person for the period of the four most recent fiscal quarters prior to the date of such determination for which internal consolidated financial statements are available to (y) the Fixed Charges of such Person for such four fiscal quarters.

In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases, retires, extinguishes or otherwise discharges any Indebtedness (other than Indebtedness incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) or issues, repurchases or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the “*Calculation Date*”), then the Fixed Charge Coverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of such Person), including in respect of anticipated expense and cost reduction synergies, to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance, retirement, extinguishment or other discharge of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or Preferred Stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period; *provided, however*, that (other than for the purposes of the calculation of the Fixed Charge Coverage Ratio under clause (5) of the second paragraph of the covenant under “—*Certain Covenants—Limitation on Indebtedness*”) the *pro forma* calculation of Fixed Charges shall not give effect to (i) any Indebtedness incurred on the Calculation Date pursuant to the provisions described in the second paragraph of the covenant described above under “—*Certain Covenants—Limitation on Indebtedness*” or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to the provisions described in the second paragraph of the covenant described above under “—*Certain Covenants—Limitation on Indebtedness*”.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

- (1) acquisitions or Investments (each, a “*Purchase*”) that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations, or by any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of such Person), including in respect of anticipated expense and cost reductions and synergies, as if they had occurred on the first day of the four-

quarter reference period; *provided* that, if definitive documentation has been entered into with respect to a Purchase that is part of the transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated after giving *pro forma* effect to such Purchase (including reasonably anticipated synergies and cost savings) as if such Purchase had occurred on the first day of such period, even if the Purchase has not yet been consummated as of the date of determination;

- (2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;
- (3) the Fixed Charges attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;
- (4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;
- (5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period;
- (6) if any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months, or, if shorter, at least equal to the remaining term of such Indebtedness); and
- (7) Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Issuer to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with IFRS.

“*Fixed Charges*” means, with respect to any specified Person for any period, the sum, without duplication, of:

- (1) the Consolidated Interest Expense of such Person for such period; plus
- (2) all dividends, whether paid or accrued and whether or not in cash, on or in respect of all Disqualified Stock of the Parent Guarantor or any series of Preferred Stock of any Restricted Subsidiary, other than dividends on Equity Interests payable to the Parent Guarantor or a Restricted Subsidiary.

“*Guarantee*” means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

- (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or
- (2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part),

provided, however, that the term “Guarantee” will not include endorsements for collection or deposit in the ordinary course of business. The term “Guarantee” used as a verb has a corresponding meaning.

“*Guarantor*” means (i) the Parent Guarantor and (ii) the Subsidiary Guarantors.

“*Hedging Obligations*” of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Hedging Agreement.

“*Holder*” means each Person in whose name the Notes are registered on the Registrar’s books, which shall initially be the respective nominee of Euroclear or Clearstream, as applicable.

“*Holding Company*” means, in relation to any Person, any other Person in respect of which it is a Subsidiary.

“*IFRS*” means International Financial Reporting Standards (formerly International Accounting Standards) endorsed from time to time by the European Union or any variation thereof with which the Parent Guarantor or its Restricted Subsidiaries are, or may be, required to comply. Except as otherwise set forth in the Indenture, all ratios and calculations contained in the Indenture shall be computed in accordance with IFRS; *provided* that at any date after the Issue Date the Parent Guarantor may make an irrevocable election to establish that “IFRS” shall mean, except as otherwise specified herein, IFRS as in effect on a date that is on or prior to the date of such election. Notwithstanding the foregoing, for purposes of any calculations pursuant to the Indenture, IFRS shall be deemed to treat operating leases in a manner consistent with the treatment thereof under IFRS as in effect on the Issue Date, notwithstanding any modifications or interpretative changes thereto that may occur after the Issue Date.

“*Incur*” means issue, create, assume, enter into any Guarantee of, incur or otherwise become liable for; *provided, however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and the terms “Incurred” and “Incurrence” have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall only be “Incurred” at the time any funds are borrowed thereunder.

“*Indebtedness*” means, with respect to any Person on any date of determination (without duplication):

- (1) the principal of indebtedness of such Person for borrowed money;
- (2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (3) all reimbursement obligations of such Person in respect of letters of credit, bankers’ acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have been reimbursed) (except to the extent such reimbursement obligations relate to trade payables or other obligations not constituting Indebtedness and such obligations are satisfied within 30 days of Incurrence), in each case only to the extent that the underlying obligation in respect of which the instrument was issued would be treated as Indebtedness;
- (4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables), where the deferred payment is arranged primarily as a means of raising finance, which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto;
- (5) Capitalized Lease Obligations of such Person;
- (6) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends);
- (7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided, however*, that the amount of such Indebtedness will be the lesser of (a) the fair market value of such asset at such date of determination (as determined in good faith by the Board of Directors or an Officer of the Issuer) and (b) the amount of such Indebtedness of such other Persons;
- (8) Guarantees by such Person of the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person; and
- (9) to the extent not otherwise included in this definition, net obligations of such Person under Currency Agreements and Interest Rate Agreements (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time).

The term “Indebtedness” shall not include (i) Subordinated Shareholder Funding, (ii) any lease, concession or license of property (or Guarantee thereof) which would be considered an operating lease under IFRS as in effect on the Issue Date, (iii) prepayments of deposits received from clients or customers

in the ordinary course of business, (iv) obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Issue Date or in the ordinary course of business, or (v) any asset retirement obligations.

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amounts of funds borrowed and then outstanding. The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in the Indenture, and (other than with respect to letters of credit or Guarantees or Indebtedness specified in clause (7) or (8) above) shall equal the amount thereof that would appear on a balance sheet of such Person (excluding any notes thereto) prepared on the basis of IFRS.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

- (1) Contingent Obligations Incurred in the ordinary course of business, obligations under or in respect of Qualified Receivables Financings and accrued liabilities Incurred in the ordinary course of business that are not more than 90 days past due;
- (2) in connection with the purchase by the Parent Guarantor or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided, however*, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter; or
- (3) for the avoidance of doubt, any obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes.

“*Independent Financial Advisor*” means an investment banking or accounting firm of international standing or any third party appraiser of international standing; *provided, however*, that such firm or appraiser is not an Affiliate of the Issuer.

“*Initial Investors*” means (i) aPriori Capital Partners L.P. and/or any of its Affiliates or any trust, fund, company or partnership owned, managed or advised by aPriori Capital Partners or any limited partner of any such trust, fund, company or partnership (ii) NB Renaissance Partners and its Affiliates or any trust, fund, company or partnership owned, managed or advised by NB Renaissance Partners or any limited partner of any such trust, fund, company or partnership and (iii) Marco Giovannini, Francesco Bove, Anibal Diaz, Gianni Ferrari and Paolo Ferrari.

“*Initial Public Offering*” means an Equity Offering of common stock or other common equity interests of the Parent Guarantor or any Parent or any successor of the Issuer or any Parent (the “*IPO Entity*”) following which there is a Public Market and, as a result of which, the shares of common stock or other common equity interests of the IPO Entity in such offering are listed on an internationally recognized exchange or traded on an internationally recognized market.

“*Intercreditor Agreement*” means the Intercreditor Agreement dated on or about the Issue Date, by and among, *inter alios*, the Parent Guarantor, the Issuer, UniCredit Bank AG, Milan Branch, as agent under the Revolving Credit Facility, the Security Agent and the Trustee, as amended from time to time.

“*Interest Rate Agreement*” means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

“*Investment*” means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any advance, loan or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business, and excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the Incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet (excluding any notes thereto) prepared on the basis of IFRS; *provided, however*, that endorsements of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment. If the Parent Guarantor or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving

effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Parent Guarantor or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment equal to the fair market value of the Capital Stock of such Subsidiary not sold or disposed of in an amount determined as provided in the fifth paragraph of the covenant described above under the caption “—*Certain Covenants—Limitation on Restricted Payments*”.

For purposes of “—*Certain Covenants—Limitation on Restricted Payments*”:

- (1) “Investment” will include the portion (proportionate to the Parent Guarantor’s equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; and
- (2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors or an Officer of the Issuer.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Issuer’s option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

“*Investment Grade Securities*” means:

- (1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);
- (2) securities issued or directly and fully guaranteed or insured by a Permissible Jurisdiction, Switzerland or Norway or any agency or instrumentality thereof (other than Cash Equivalents);
- (3) debt securities or debt instruments with a rating of “BBB –” or higher from S&P or “Baa3” or higher by Moody’s or the equivalent of such rating by such rating organization or, if no rating of Moody’s or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization, but excluding any debt securities or instruments constituting loans or advances among the Parent Guarantor and its Subsidiaries;
- (4) investments in any fund that invests exclusively in investments of the type described in clauses (1), (2) and (3) above which fund may also hold cash and Cash Equivalents pending investment or distribution; and
- (5) any investment in repurchase obligations with respect to any securities of the type described in clauses (1), (2) and (3) above which are collateralized at par or over.

“*Investment Grade Status*” shall occur when all of the Notes receive both of the following:

- (1) a rating of “BBB –” or higher from S&P; and
- (2) a rating of “Baa3” or higher from Moody’s,

or the equivalent of such rating by either such rating organization or, if no rating of Moody’s or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization.

“*IPO Entity*” has the meaning given to it in the definition of Initial Public Offering.

“*Issue Date*” means November 11, 2016.

“*Issuer*” means Guala Closures S.p.A. or any other Successor Issuer in accordance with the Indenture.

“*Italian Civil Code*” means the Italian civil code, enacted by Royal Decree No. 262 of March 16, 1942, as subsequently amended and supplemented.

“*Lien*” means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

“*Limited Condition Acquisition*” means any acquisition, including by way of merger, amalgamation or consolidation, by the Parent Guarantor or one or more of its Restricted Subsidiaries the consummation of which is not conditioned upon the availability of, or on obtaining, third-party financing; *provided* that Consolidated EBITDA, other than for purposes of calculating any ratios in connection with the Limited Condition Acquisition and the related transactions, shall not include any Consolidated EBITDA of or attributable to the target company or assets involved in any such Limited Condition Acquisition unless and until the closing of such Limited Condition Acquisition shall have actually occurred.

“*Management Advances*” means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers, employees or consultants of any Parent, the Parent Guarantor or any Restricted Subsidiary:

- (1) (a) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business or (b) for purposes of funding any such person’s purchase of Capital Stock or Subordinated Shareholder Funding (or similar obligations) of the Parent Guarantor, its Subsidiaries or any Parent with (in the case of this sub-clause (b)) the approval of the Board of Directors;
- (2) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or
- (3) (in the case of this clause (3)) not exceeding €5.0 million in the aggregate outstanding at any time.

“*Management Investors*” means (i) members of the management team of the Parent Guarantor or its Subsidiaries who subsequently invest directly or indirectly in the Parent Guarantor from time to time and (ii) any entity that may hold shares transferred by departing members of the management team of the Parent Guarantor or its Subsidiaries for future redistribution to the management team of the Parent Guarantor or its Subsidiaries.

“*Market Capitalization*” means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity on the date of the declaration of the relevant dividend multiplied by (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

“*Moody’s*” means Moody’s Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

“*Nationally Recognized Statistical Rating Organization*” means a nationally recognized statistical rating organization within the meaning of Section 3(a)(62) under the Exchange Act.

“*Net Available Cash*” from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

- (1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid or required to be paid or accrued as a liability under IFRS (after taking into account any available tax credits or deductions and any Tax Sharing Agreements), as a consequence of such Asset Disposition;
- (2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or which must by its terms, or in order to obtain a necessary consent to such Asset Disposition, or by applicable law, be repaid out of the proceeds from such Asset Disposition;
- (3) all distributions and other payments required to be made to minority interest holders (other than any Parent, the Parent Guarantor or any of their respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition; and
- (4) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of IFRS, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Parent Guarantor or any Restricted Subsidiary after such Asset Disposition.

“*Net Cash Proceeds*”, with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, means the cash proceeds of such issuance or sale net of attorneys’ fees, accountants’ fees, underwriters’ or placement agents’ fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any Tax Sharing Agreements).

“*Notes Documents*” means the Notes (including Additional Notes issued from time to time), the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreements.

“*Listing Memorandum*” means this listing memorandum in relation to the Notes.

“*Officer*” means, with respect to any Person, (1) any member of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer or the Secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other individual designated as an “Officer” for the purposes of the Indenture by the Board of Directors of such Person. The obligations of an “Officer of the Issuer” may be exercised by the Officer of any Restricted Subsidiary or the Parent Guarantor who has been delegated such authority by the Board of Directors of the Issuer.

“*Officer’s Certificate*” means, with respect to any Person, a certificate signed by one Officer of such Person.

“*Opinion of Counsel*” means a written opinion from legal counsel reasonably satisfactory to the Trustee. The counsel may be an employee of or counsel to the Parent Guarantor or its Subsidiaries.

“*Parent*” means any Person of which the Parent Guarantor at any time is or becomes a Subsidiary after the Issue Date and any holding companies established by any Permitted Holder for purposes of holding its investment in any Parent.

“*Parent Expenses*” means:

- (1) costs (including all professional fees and expenses) Incurred by any Parent in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of the Parent Guarantor or any Restricted Subsidiary, including in respect of any reports filed with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;
- (2) customary indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person to the extent relating to the Parent Guarantor and its Subsidiaries;
- (3) obligations of any Parent in respect of director and officer insurance (including premiums therefor) to the extent relating to the Parent Guarantor and its Subsidiaries;
- (4) fees and expenses payable by any Parent in connection with the Refinancing Transactions;
- (5) general corporate overhead expenses, including (a) professional fees and expenses and other operational expenses of any Parent related to the ownership or operation of the business of the Parent Guarantor or any of its Restricted Subsidiaries, and (b) costs and expenses with respect to the ownership, directly or indirectly, by any Parent, (c) any taxes and other fees and expenses required to maintain such Parent’s corporate existence and to provide for other ordinary course operating costs, including customary salary, bonus and other benefits payable to, and indemnities provided on behalf of, officers and employees of such Parent and (d) to reimburse reasonable out of pocket expenses of the Board of Directors of such Parent;
- (6) other fees, expenses and costs relating directly or indirectly to activities of the Parent Guarantor and its Subsidiaries or any Parent or any other Person established for purposes of or in connection with the Refinancing Transactions or which holds directly or indirectly any Capital Stock or Subordinated Shareholder Funding of the Parent Guarantor, in an amount not to exceed €1.0 million in any twelve-month period;
- (7) any income taxes, to the extent such income taxes are attributable to the income of the Parent Guarantor and its Restricted Subsidiaries and, to the extent of the amount actually received in cash from its Unrestricted Subsidiaries, in amounts required to pay such taxes that are attributable to the income of the Unrestricted Subsidiaries; *provided, however*, that the amount of such payments in any fiscal year do not exceed the amount that the Parent Guarantor and its consolidated Subsidiaries would be required to pay in respect of such taxes for such fiscal year were the Parent Guarantor and each of these Subsidiaries to pay such taxes on a consolidated basis on behalf of an affiliated group consisting only of Parent Guarantor and such Subsidiaries; and
- (8) expenses Incurred by any Parent in connection with any public offering or other sale of Capital Stock or Indebtedness;

- (a) where the net proceeds of such offering or sale are intended to be received by or contributed to the Parent Guarantor or a Restricted Subsidiary;
- (b) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; or
- (c) otherwise on an interim basis prior to completion of such offering so long as any Parent shall cause the amount of such expenses to be repaid to the Parent Guarantor or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed.

“*Parent Guarantor*” means as of the Issue Date, GCL Holdings S.C.A.

“*Pari Passu Indebtedness*” means Indebtedness of the Parent Guarantor or any Guarantor which does not constitute Subordinated Indebtedness.

“*Paying Agent*” means any Person authorized by the Issuer to pay the principal of (and premium, if any) or interest on any Note on behalf of the Issuer, which shall include the Principal Paying Agent.

“*Permissible Jurisdiction*” means any member state of the European Union (excluding Greece).

“*Permitted Collateral Liens*” means Liens on the Collateral:

- (a) that are described in one or more of clauses (2), (3), (4), (5), (8), (9), (11), (12), (18), (20) and (23) of the definition of “*Permitted Liens*” and, in each case, arising by law or that would not materially interfere with the ability of the Security Agent to enforce the Security Interest in the Collateral;
- (b) to secure:
 - (i) the Initial Notes and related Guarantees;
 - (ii) Indebtedness permitted to be Incurred under the first paragraph of the covenant described under “—*Certain Covenants—Limitation on Indebtedness*”;
 - (iii) Indebtedness described under clause (1) of “—*Permitted Debt*”, which Indebtedness may have super seniority priority status not materially less favorable to the Holders than that accorded to the Revolving Credit Facility on the Issue Date pursuant to the Intercreditor Agreement;
 - (iv) Indebtedness described under clause (2) of “—*Permitted Debt*”, to the extent such Guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of *Permitted Collateral Liens*;
 - (v) Indebtedness described under paragraphs (b), (d) and (f) of clause (4) of “—*Permitted Debt*”;
 - (vi) Indebtedness described under clause (5)(b) of “—*Permitted Debt*” Incurred by the Issuer or a Guarantor, *provided* that, at the time of the acquisition or other transaction pursuant to which such Indebtedness is Incurred and after giving *pro forma* effect to the Incurrence of such Indebtedness and the application of the proceeds thereof, (a) the Parent Guarantor would have been able to Incur €1.00 of Senior Secured Indebtedness pursuant to the first paragraph of the covenant described under “—*Limitation on Indebtedness*” or (b) the Consolidated Senior Secured Net Leverage Ratio would have been no greater than it was prior to giving *pro forma* effect to such acquisition or transaction, the Incurrence of such Indebtedness and the application of the proceeds thereof;
 - (vii) Indebtedness described under clause (6) of “—*Permitted Debt*” which Indebtedness may have super senior priority status not materially less favorable to the Holders than that accorded to the Revolving Credit Facility on the Issue Date pursuant to the Intercreditor Agreement;
 - (viii) Indebtedness Incurred by the Issuer or any Guarantor described under clauses (7) (covering only the assets acquired with or financed by such indebtedness), (11), and (13) of “—*Permitted Debt*”;
 - (ix) Indebtedness on a junior basis to the Notes;
 - (x) any Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clauses (i) to (ix); and

- (c) Incurred in the ordinary course of business of the Parent Guarantor or any of its Restricted Subsidiaries with respect to obligations that in total do not exceed €5.0 million at any one time outstanding and that (i) are not Incurred in connection with the borrowing of money) and (ii) do not in the aggregate materially detract from the value of the property or materially impair the use thereof or the operation of the Parent Guarantor's or such Restricted Subsidiary's business,

provided, that each of the secured parties to any such Indebtedness (acting directly or through its respective creditor representative) will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement; provided, further that subject to the Agreed Security Principles (but without regard to any Agreed Security Principles limiting the types of assets that may be pledged to secure the Notes and the related Guarantees under the Indenture), all property and assets (including, without limitation, the Collateral) of the Parent Guarantor or any Restricted Subsidiary securing such Indebtedness (including any Guarantees thereof) or Refinancing Indebtedness secure the Notes and related Guarantees and the Indenture on a senior or *pari passu* basis (including by application of payment order, turnover or equalization provisions substantially consistent with the corresponding provisions set forth in the Intercreditor Agreement or any Additional Intercreditor Agreement), except to the extent provided in clauses (b)(iii) and (b)(vii) above.

“*Permitted Holders*” means, collectively, (1) the Initial Investors, (2) the Management Investors, (3) any Related Person of any Persons specified in clause (1) or (2), and (4) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any Parent or the Parent Guarantor, acting in such capacity. Any person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

“*Permitted Investment*” means (in each case, by the Parent Guarantor or any of its Restricted Subsidiaries):

- (1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Parent Guarantor or (b) a Person that is engaged in a Similar Business (including the Capital Stock of any such Person) and such Person will, upon the making of such Investment, become a Restricted Subsidiary;
- (2) Investments in another Person if such Person is engaged in a Similar Business and as a result of such Investment such other Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, the Parent Guarantor or a Restricted Subsidiary;
- (3) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;
- (4) Investments in receivables owing to the Parent Guarantor or any Restricted Subsidiary created or acquired in the ordinary course of business, including Investments in connection with any Qualified Receivables Financing;
- (5) Investments in payroll, travel, relocation, entertainment and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;
- (6) Management Advances and any advances or loans not to exceed €5.0 million at any one time outstanding to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit trust or the trustees of any such plan or trust to pay for the purchase or other acquisition for value of Capital Stock (other than Disqualified Stock) of the Parent Guarantor or a Parent of the Parent Guarantor;
- (7) Investments in Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Parent Guarantor or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;
- (8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Disposition, in each case, that was made in compliance with “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*”;

- (9) Investments in existence on, or made pursuant to legally binding commitments in existence on, the Issue Date, and any extension, modification or renewal of any such Investment; *provided* that the amount of the Investment may be increased (a) as required by the terms of the Investment as in existence on the Issue Date or (b) as otherwise permitted under the Indenture;
- (10) Currency Agreements, Interest Rate Agreements, Commodity Hedging Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with “—*Certain Covenants—Limitation on Indebtedness*”;
- (11) Investments, taken together with all other Investments made pursuant to this clause (11) and at any time outstanding, in an aggregate amount at the time of such Investment (net of any distributions, dividends, payments or other returns in respect of such Investments) not to exceed the greater of 3% of Total Assets and €25.0 million; *provided* that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under “—*Certain Covenants—Limitation on Restricted Payments*”, such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of “Permitted Investments” and not this clause;
- (12) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of “Permitted Liens” or made in connection with Liens permitted under the covenant described under “—*Certain Covenants—Limitation on Liens*”;
- (13) any Investment to the extent made using Capital Stock of the Parent Guarantor (other than Disqualified Stock), Subordinated Shareholder Funding or Capital Stock of any Parent as consideration;
- (14) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of the second paragraph of the covenant described under “—*Certain Covenants—Limitation on Affiliate Transactions*” (except those described in clauses (1), (3), (8) and (9) of that paragraph);
- (15) Guarantees not prohibited by the covenant described under “—*Certain Covenants—Limitation on Indebtedness*” and (other than with respect to Indebtedness) guarantees, keepwells and similar arrangements in the ordinary course of business;
- (16) [Reserved];
- (17) Investments in Associates in an aggregate amount when taken together with all other Investments made pursuant to this clause (17) that are at any time outstanding not to exceed €10.0 million; *provided* that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the Indenture, such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of “Permitted Investments” and not this clause; and
- (18) Investments in loans under the Revolving Credit Facility, the Notes and any Additional Notes and any other Indebtedness of the Parent Guarantor and its Restricted Subsidiaries.

“*Permitted Liens*” means, with respect to any Person:

- (1) [Reserved];
- (2) pledges, deposits or Liens under workmen’s compensation laws, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or in connection with bids, tenders, completion guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure surety, indemnity, judgment, appeal or performance bonds, guarantees of government contracts (or other similar bonds, instruments or obligations), or as security for contested taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business;

- (3) Liens imposed by law, including carriers', warehousemen's, mechanics', landlords', materialmen's and repairmen's or other similar Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;
- (4) Liens for taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings; *provided* that appropriate reserves required pursuant to IFRS have been made in respect thereof;
- (5) Liens in favor of issuers of surety, performance or other bonds, guarantees or letters of credit or bankers' acceptances (not issued to support Indebtedness for borrowed money) issued pursuant to the request of and for the account of the Parent Guarantor or any Restricted Subsidiary in the ordinary course of its business;
- (6) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Parent Guarantor and its Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Parent Guarantor and its Restricted Subsidiaries;
- (7) Liens on assets or property of the Parent Guarantor or any Restricted Subsidiary (other than Collateral) securing Hedging Obligations permitted under the Indenture relating to Indebtedness permitted to be Incurred under the Indenture and which is secured by a Lien on the same assets or property that secures such Indebtedness;
- (8) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;
- (9) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;
- (10) Liens on assets or property of the Parent Guarantor or any Restricted Subsidiary for the purpose of securing Capitalized Lease Obligations or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, or securing other Indebtedness Incurred to finance or refinance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business; *provided* that (a) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under clause (7) of the second paragraph of the covenant described above under "*Certain Covenants—Limitation on Indebtedness*" and (b) any such Lien may not extend to any assets or property of the Parent Guarantor or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property;
- (11) Liens arising by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary or financial institution;
- (12) Liens arising from Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Parent Guarantor and its Restricted Subsidiaries in the ordinary course of business;
- (13) Liens existing on, or provided for or required to be granted under written agreements existing on, the Issue Date;
- (14) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time the Parent Guarantor or a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, consolidation or other business combination transaction with or into the Parent Guarantor or any Restricted Subsidiary); *provided, however*, that such Liens are not created, Incurred or assumed in

- anticipation of or in connection with such other Person becoming a Restricted Subsidiary (or such acquisition of such property, other assets or stock); *provided*, that such Liens are limited to all or part of the same property, other assets or stock (plus improvements, accession, proceeds or dividends or distributions in connection with the original property, other assets or stock) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;
- (15) Liens on assets or property of the Parent Guarantor or any Restricted Subsidiary securing Indebtedness or other obligations of such Restricted Subsidiary owing to the Parent Guarantor or another Restricted Subsidiary, or Liens in favor of the Parent Guarantor or any Restricted Subsidiary;
 - (16) Liens securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, and permitted to be secured under the Indenture; *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;
 - (17) any interest or title of a lessor under any Capitalized Lease Obligation or operating lease;
 - (18) (a) mortgages, liens, security interest, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Parent Guarantor or any Restricted Subsidiary has easement rights or on any leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;
 - (19) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of, or assets owned by, any joint venture or similar arrangement pursuant to any joint venture or similar agreement;
 - (20) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;
 - (21) Liens on Receivables Assets Incurred in connection with a Qualified Receivables Financing;
 - (22) [Reserved];
 - (23) Liens arising under general business conditions in the ordinary course of business, including without limitation the general business conditions of any bank or financial institution with whom the Parent Guarantor or any of its Restricted Subsidiaries maintains a banking relationship in the ordinary course of business (including arising by reason of any treasury and/or cash management, cash pooling, netting or set-off arrangement or other trading activities);
 - (24) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;
 - (25) Liens securing Indebtedness or other obligations of a Receivables Subsidiary;
 - (26) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;
 - (27) any security granted over the marketable securities portfolio described in clause (10) of the definition of “Cash Equivalents” in connection with the disposal thereof to a third party;
 - (28) (a) Liens created for the benefit of or to secure, directly or indirectly, the Notes, (b) Liens pursuant to the Intercreditor Agreement and the senior security documents entered into pursuant to the Revolving Credit Facility, (c) Liens in respect of property and assets securing Indebtedness if the recovery in respect of such Liens is subject to loss-sharing or sharing of recoveries as among the Holders of the Notes and the creditors of such Indebtedness pursuant to the Intercreditor Agreement or an Additional Intercreditor Agreement, (d) Liens securing Indebtedness under clause (11) and (16) of the second paragraph of the covenant described under “—*Certain Covenants—Limitation on Indebtedness*” and (e) Liens pursuant to a “special privilege” securing Indebtedness under clause (1) of the second paragraph of the covenant described under “—*Certain Covenants—Limitation on Indebtedness*”;

- (29) [Reserved];
- (30) Liens provided that the maximum amount of Indebtedness secured in the aggregate at any one time pursuant to this clause (30) does not exceed €10.0 million;
- (31) Liens on (a) Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or (b) on cash set aside at the time of the incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in escrow accounts or similar arrangement to be applied for such purpose; and
- (32) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligations of such joint ventures.

“*Person*” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

“*Preferred Stock*”, as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

“*Public Debt*” means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the Securities Act or (2) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

“*Public Market*” means any time after:

- (1) an Equity Offering has been consummated; and
- (2) shares of common stock or other common equity interests of the IPO Entity having a market value in excess of €100 million on the date of such Equity Offering have been distributed pursuant to such Equity Offering.

“*Public Offering*” means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A or Regulation S under the Securities Act to professional market investors or similar persons).

“*Purchase Money Obligations*” means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

“*Qualified Receivables Financing*” means any Receivables Financing of a Receivables Subsidiary that meets the following conditions: (1) the Board of Directors or an Officer of the Issuer shall have determined in good faith that such Qualified Receivables Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Issuer and the Receivables Subsidiary, (2) all sales of accounts receivable and related assets to the Receivables Subsidiary are made at fair market value (as determined in good faith by the Board of Directors or an Officer of the Issuer), and (3) the financing terms, covenants, termination events and other provisions thereof shall be on market terms (as determined in good faith by the Board of Directors or an Officer of the Issuer) and may include Standard Securitization Undertakings.

“*Rating Agencies*” means Moody’s and S&P or, in the event Moody’s or S&P no longer assigns a rating to the Notes, any other “nationally recognized statistical rating organization” within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act selected by the Issuer as a replacement agency.

“*Receivables Assets*” means any assets that are or will be the subject of a Qualified Receivables Financing.

“*Receivables Fees*” means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Receivables Financing.

“*Receivables Financing*” means any transaction or series of transactions that may be entered into by the Issuer or any of its Subsidiaries pursuant to which the Issuer or any of its Subsidiaries may sell, convey or otherwise transfer to (a) a Receivables Subsidiary (in the case of a transfer by the Issuer or any of its Subsidiaries), or (b) any other Person (in the case of a transfer by a Receivables Subsidiary), or may grant a security interest in, any accounts receivable (whether now existing or arising in the future) of the Issuer or any of its Subsidiaries, and any assets related thereto, including all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets which are customarily transferred or in respect of which security interest are customarily granted in connection with asset securitization transactions involving accounts receivable and any Hedging Obligations entered into by the Issuer or any such Subsidiary in connection with such accounts receivable.

“*Receivables Repurchase Obligation*” means any obligation of a seller of receivables in a Qualified Receivables Financing to repurchase receivables arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

“*Receivables Subsidiary*” means a Subsidiary of the Parent Guarantor (or another Person formed for the purposes of engaging in a Qualified Receivables Financing with the Parent Guarantor in which the Parent Guarantor or any Subsidiary of the Parent Guarantor makes an Investment and to which the Parent Guarantor or any Subsidiary of the Parent Guarantor transfers accounts receivable and related assets) which engages in no activities other than in connection with the financing of accounts receivable of the Parent Guarantor and its Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and which is designated by the Board of Directors of the Issuer (as provided below) as a Receivables Subsidiary and:

- (1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by the Parent Guarantor or any other Restricted Subsidiary (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (ii) is subject to terms that are substantially equivalent in effect to a guarantee of any losses on securitized or sold receivables by the Parent Guarantor or any other Restricted Subsidiary, (iii) is recourse to or obligates the Parent Guarantor or any other Restricted Subsidiary in any way other than pursuant to Standard Securitization Undertakings, or (iv) subjects any property or asset of the Parent Guarantor or any other Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;
- (2) with which neither the Parent Guarantor nor any other Restricted Subsidiary has any contract, agreement, arrangement or understanding other than on terms which the Parent Guarantor reasonably believes to be no less favorable to the Parent Guarantor or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Parent Guarantor; and
- (3) to which neither the Parent Guarantor nor any other Restricted Subsidiary has any obligation to maintain or preserve such entity’s financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Issuer giving effect to such designation and an Officer’s Certificate certifying that such designation complied with the foregoing conditions.

“*refinance*” means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge mechanism) and the terms “refinances”, “refinanced” and “refinancing” as used for any purpose in the Indenture shall have a correlative meaning.

“*Refinancing Indebtedness*” means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness existing on the date of the Indenture or Incurred in compliance with the Indenture (including Indebtedness of the Parent Guarantor that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Parent Guarantor or another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; *provided, however*, that:

- (1) if the Indebtedness being refinanced constitutes Subordinated Indebtedness, the Refinancing Indebtedness has a final stated maturity at the time such Refinancing Indebtedness is Incurred that is the same as or later than the final stated maturity of the Indebtedness being refinanced or, if shorter, the Notes;
- (2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced (plus, without duplication, any additional Indebtedness Incurred to pay interest or premiums required by the instruments governing such existing Indebtedness and costs, expenses and fees Incurred in connection therewith);
- (3) if the Indebtedness being refinanced is expressly subordinated to the Notes, such Refinancing Indebtedness is subordinated to the Notes on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced,

provided, however, that Refinancing Indebtedness shall not include Indebtedness of the Parent Guarantor or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary.

Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred from time to time after the termination, discharge or repayment of any such Credit Facility or other Indebtedness.

“*Refinancing Transactions*” shall have the meaning assigned to such term in this Listing Memorandum under the caption “*Summary—The Refinancing Transactions*”.

“*Related Person*” with respect to any Permitted Holder, means:

- (1) any controlling equity holder, majority (or more) owned Subsidiary or partner or member of such Person; or
- (2) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof; or
- (3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; or
- (4) any investment fund or vehicle managed, sponsored or advised by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

“*Related Taxes*” means any Taxes, including sales, use, transfer, rental, ad valorem, value added, stamp, property, consumption, franchise, license, capital, registration, business, customs, net worth, gross receipts, excise, occupancy, intangibles or similar Taxes (other than (x) Taxes measured by income and (y) withholding imposed on payments made by any Parent), required to be paid (*provided* such Taxes are in fact paid) by any Parent by virtue of its:

- (a) being incorporated or otherwise being established or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Parent Guarantor or any of the Parent Guarantor’s Subsidiaries);
- (b) issuing or holding Subordinated Shareholder Funding;
- (c) being a holding company or parent, directly or indirectly, of the Parent Guarantor or any of the Parent Guarantor’s Subsidiaries;

- (d) receiving dividends from or other distributions in respect of the Capital Stock of, directly or indirectly, the Parent Guarantor or any of the Parent Guarantor's Subsidiaries; or
- (e) having made any payment with respect to any of the items for which the Parent Guarantor is permitted to make payments to any Parent pursuant to "*Certain Covenants—Limitation on Restricted Payments*".

"*Replacement Assets*" means non-current properties and assets that replace the properties and assets that were the subject of an Asset Disposition or non-current properties and assets that will be used in the Parent Guarantor's business or in that of the Restricted Subsidiaries or any and all businesses that in the good faith judgment of the Board of Directors or any Officer of the Issuer are reasonably related.

"*Representative*" means any trustee, agent or representative (if any) for an issue of Indebtedness or the provider of Indebtedness (if provided on a bilateral basis), as the case may be.

"*Restricted Investment*" means any Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Parent Guarantor other than an Unrestricted Subsidiary.

"*Revolving Credit Facility*" means the revolving credit facility established pursuant to the senior facilities agreement originally dated October 10, 2008, as amended and restated on April 19, 2010, as amended on June 29, 2010, as amended and restated on April 8, 2011, as amended and restated on November 12, 2012, and as amended and restated on or about the Issue Date, among, *inter alios*, the Issuer, the senior lenders (as named therein), UniCredit Bank AG, Milan Branch, as agent and security agent, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time.

"*S&P*" means S&P Global Ratings (formerly Standard & Poor's Ratings Services) or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*SEC*" means the U.S. Securities and Exchange Commission.

"*Securities Act*" means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Security Documents*" means the security agreements, pledge agreements, collateral assignments, and any other instrument and document executed and delivered pursuant to the Indenture or otherwise or any of the foregoing, as the same may be amended, supplemented or otherwise modified from time to time, creating the security interests in the Collateral as contemplated by the Indenture.

"*Senior Secured Indebtedness*" means, with respect to any Person as of any date of determination, any Indebtedness for borrowed money that is secured by a Lien (except for (a) Liens on the Collateral ranking junior to the Liens securing the Notes and (b) Liens securing Indebtedness Incurred under clauses (12) and (15) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*").

"*Significant Subsidiary*" means any Restricted Subsidiary that meets any of the following conditions:

- (1) the Parent Guarantor's and its Restricted Subsidiaries' investments in and advances to the Restricted Subsidiary exceed 10% of the total assets of the Parent Guarantor and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year;
- (2) the Parent Guarantor's and its Restricted Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10% of the total assets of the Parent Guarantor and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year; or
- (3) the Parent Guarantor's and its Restricted Subsidiaries' proportionate share of the Consolidated EBITDA of the Restricted Subsidiary exceeds 10% of the Consolidated EBITDA of the Parent Guarantor and its Restricted Subsidiaries on a consolidated basis for the most recently completed fiscal year.

"*Similar Business*" means (a) any businesses, services or activities engaged in by the Parent Guarantor or any of its Subsidiaries or any Associates on the Issue Date and (b) any businesses, services and activities that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

“*Standard Securitization Undertakings*” means representations, warranties, covenants, indemnities and guarantees of performance entered into by the Parent Guarantor or any Subsidiary of the Parent Guarantor which the Parent Guarantor has determined in good faith to be customary in a Receivables Financing, including those relating to the servicing of the assets of a Receivables Subsidiary, it being understood that any Receivables Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

“*Stated Maturity*” means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations, including those described in “—*Change of Control*” and the covenant under “—*Limitation on Sales of Assets and Subsidiary Stock*”, to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

“*Subordinated Indebtedness*” means, with respect to any person, any Indebtedness (whether outstanding on the Issue Date or thereafter Incurred) which is expressly subordinated in right of payment to the Notes or any Guarantee of the Notes pursuant to a written agreement, including any Subordinated Shareholder Funding.

Subordinated Shareholder Funding” means, collectively, any funds provided to the Parent Guarantor by any Parent, any Affiliate of any Parent or any Permitted Holder or any Affiliate thereof, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by any of the foregoing Persons, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; *provided, however*, that such Subordinated Shareholder Funding:

- (1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Parent Guarantor or any funding meeting the requirements of this definition) or the making of any such payment prior to the first anniversary of the Stated Maturity of the Notes is restricted by the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement;
- (2) does not require, prior to the first anniversary of the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts or the making of any such payment prior to the first anniversary of the Stated Maturity of the Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;
- (3) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Stated Maturity of the Notes or the payment of any amount as a result of any such action or provision or the exercise of any rights or enforcement action, in each case, prior to the first anniversary of the Stated Maturity of the Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;
- (4) does not provide for or require any security interest or encumbrance over any asset of the Parent Guarantor or any of its Subsidiaries; and
- (5) pursuant to its terms or to the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement, is fully subordinated and junior in right of payment to the Notes pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding or are no less favorable in any material respect to Holders than those contained in the Intercreditor Agreement as in effect on the Issue Date with respect to the “Shareholder Liabilities” (as defined therein).

“*Subsidiary*” means, with respect to any Person:

- (1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; or

- (2) any partnership, joint venture, limited liability company or similar entity of which:
- (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interests or otherwise; and
 - (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

“*Subsidiary Guarantor*” means (i) the Initial Subsidiary Guarantors and (ii) any other Restricted Subsidiary that Guarantees the Notes from time to time.

“*Successor Parent*” with respect to any Person means any other Person with more than 50% of the total voting power of the Voting Stock of which is, at the time the first Person becomes a Subsidiary of such other Person, “beneficially owned” (as defined below) by one or more Persons that “beneficially owned” (as defined below) more than 50% of the total voting power of the Voting Stock of the first Person immediately prior to the first Person becoming a Subsidiary of such other Person. For purposes hereof, “beneficially own” has the meaning correlative to the term “beneficial owner”, as such term is defined in Rules 13d-3 and 13d-5 under the Exchange Act (as in effect on the Issue Date).

“*Tax Sharing Agreement*” means any tax sharing or profit and loss pooling or similar agreement with customary or arm’s-length terms entered into with any Parent or its Subsidiary, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and of the Indenture; *provided, however* that any such agreement does not permit or require payments in excess of the amounts of tax that would be payable by the Parent Guarantor and its Restricted Subsidiaries on a stand-alone basis.

“*Taxes*” means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including interest and penalties with respect thereto) that are imposed by any government or other taxing authority.

“*Temporary Cash Investments*” means any of the following:

- (1) any investment in:
 - (a) direct obligations of, or obligations Guaranteed by, (i) the United States of America or Canada, (ii) a Permissible Jurisdiction, (iii) Switzerland or Norway, (iv) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Parent Guarantor or a Restricted Subsidiary in that country with such funds or (v) any agency or instrumentality of any such country or member state; or
 - (b) direct obligations of any country recognized by the United States of America rated at least “A” by S&P or “A-2” by Moody’s (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody’s then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);
- (2) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers’ acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by:
 - (a) any lender under the Revolving Credit Facility;
 - (b) any institution authorized to operate as a bank in any of the countries or member states referred to in subclause (1)(a) above; or
 - (c) any bank or trust company organized under the laws of any such country or member state or any political subdivision thereof,

in each case, having capital and surplus aggregating in excess of €250 million (or the foreign currency equivalent thereof) and whose long-term debt is rated at least “A” by S&P or “A-2” by Moody’s (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody’s then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

- (3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) or (2) above entered into with a Person meeting the qualifications described in clause (2) above;
- (4) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Parent Guarantor or any of its Subsidiaries), with a rating at the time as of which any Investment therein is made of “P-2” (or higher) according to Moody’s or “A-2” (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody’s then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);
- (5) Investments in securities maturing not more than one year after the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of the United States of America, Canada, a Permissible Jurisdiction or Switzerland, Norway or by any political subdivision or taxing authority of any such state, commonwealth, territory, country or member state, and rated at least “BBB-” by S&P or “Baa3” by Moody’s (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody’s then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);
- (6) bills of exchange issued in the United States, Canada, a Permissible Jurisdiction, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);
- (7) any money market deposit accounts issued or offered by a commercial bank organized under the laws of a country that is a member of the Organization for Economic Co-operation and Development, in each case, having capital and surplus in excess of €250 million (or the foreign currency equivalent thereof) or whose long term debt is rated at least “A” by S&P or “A2” by Moody’s (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody’s then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;
- (8) investment funds investing 95% of their assets in securities of the type described in clauses (1) through (7) above (which funds may also hold reasonable amounts of cash pending investment or distribution); and
- (9) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended.

“*Total Assets*” means the consolidated total assets of the Parent Guarantor and its Restricted Subsidiaries as shown on the balance sheet of such Person prepared on the basis of IFRS (and may give *pro forma* effect to any acquisition on the same basis as described in the definition of “Consolidated Net Leverage Ratio”).

“*U.S. GAAP*” means generally accepted accounting principles in the United States of America as in effect from time to time.

“*Unrestricted Subsidiary*” means:

- (1) any Subsidiary of the Parent Guarantor that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Parent Guarantor in the manner provided below); and
- (2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Issuer may designate any Subsidiary of the Parent Guarantor (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein) to be an Unrestricted Subsidiary only if:

- (1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Parent Guarantor or any other Subsidiary of the Parent Guarantor which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and
- (2) such designation and the Investment of the Parent Guarantor in such Subsidiary complies with “—*Certain Covenants—Limitation on Restricted Payments*”.

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Issuer giving effect to such designation and an Officer's Certificate certifying that such designation complies with the foregoing conditions.

The Board of Directors of the Issuer may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that immediately after giving effect to such designation (1) no Default or Event of Default would result therefrom and (2)(x) the Parent Guarantor could Incur at least €1.00 of additional Indebtedness under the Fixed Charge Coverage Ratio first paragraph of the covenant described under “—*Certain Covenants—Limitation on Indebtedness*” or (y) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such designation, in each case, on a *pro forma* basis taking into account such designation. Any such designation by the Board of Directors shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Board of Directors giving effect to such designation or an Officer's Certificate certifying that such designation complied with the foregoing provisions.

“*Uniform Commercial Code*” means the New York Uniform Commercial Code.

“*Voting Stock*” of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

BOOK-ENTRY, DELIVERY AND FORM

General

Notes sold within the United States to QIBs in reliance on Rule 144A (the “**Rule 144A Notes**”) under the U.S. Securities Act will be represented by one or more global notes in registered form without interest coupons attached (collectively, the “**Rule 144A Global Notes**”). The Rule 144A Global Notes will be deposited with, or on behalf of, a common depositary (the “**Common Depositary**”) for the accounts of Euroclear Bank SA/NV, as operator of the Euroclear system (“**Euroclear**”), and Clearstream Banking, *société anonyme* (“**Clearstream**”) and registered in the name of the nominee of the Common Depositary.

Notes sold outside the United States in reliance on Regulation S (the “**Regulation S Notes**”) under the U.S. Securities Act will be represented by one or more global notes in registered form without interest coupons attached (collectively, the “**Regulation S Global Notes**” and, together with the Rule 144A Global Notes, the “**Global Notes**”). The Regulation S Global Notes will be deposited with, or on behalf of, the Common Depositary and registered in the name of the nominee of the Common Depositary.

Except as set forth below, the Notes will be issued in registered, global form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. Notes will be issued at the closing of this offering only against payment in immediately available funds.

Ownership of interests in the Rule 144A Global Notes (the “**Restricted Book-Entry Interests**”) and in the Regulation S Global Notes (the “**Regulation S Book-Entry Interests**” and, together with the Restricted Book-Entry Interests, the “**Book-Entry Interests**”) will be limited to persons that have accounts with Euroclear and/or Clearstream, or persons that hold interests through such participants or otherwise in accordance with applicable transfer restrictions set out in the Indenture governing the Notes and any applicable securities laws of any state of the United States or any other jurisdiction. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers’ securities accounts in their respective names on the books of their respective depositaries. Except under the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of certificated Notes.

Book-Entry Interests will be shown on, and transfers thereof will be done only through, records maintained in book-entry form by Euroclear and Clearstream and their respective participants. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive certificated form. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not be considered the owners or “holders” of Notes for any purpose.

So long as the Notes are held in global form, the Common Depositary for Euroclear and/or Clearstream (or its nominee), as applicable, will be considered the sole holders of Global Notes for all purposes under the Indenture. In addition, participants in Euroclear and/or Clearstream must rely on the procedures of Euroclear and/or Clearstream, as the case may be, and indirect participants must rely on the procedures of Euroclear, Clearstream and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders under the Indenture.

Neither the Issuer, the Trustee, any Paying Agent, Registrar or Transfer Agent nor any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Redemption of the Global Notes

In the event any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream (or their respective nominee), as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The Common Depositary will surrender such Global Note to the Registrar for a cancellation or, in the case of a partial redemption, the Common Depositary will request the Registrar or Trustee to mark down, endorse and return the applicable Global Note to reflect the reduction in the principal amount of such Global Note as a result of such partial redemption. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that, under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are

to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or on such other basis as they deem fair and appropriate; *provided, however, that* no Book-Entry Interest of less than €100,000 in principal amount may be redeemed in part.

Payments on Global Notes

The Issuer will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, interest and additional interest, if any) to the Common Depositary or its nominee for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their customary procedures. The Issuer will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under “*Description of the Notes—Withholding Taxes*”. If any such deduction or withholding is required to be made, then, to the extent described under “*Description of the Notes—Withholding Taxes*”, the Issuer will pay additional amounts as may be necessary in order that the net amounts received after such deduction or withholding will equal the net amounts that would have been otherwise received absent such withholding or deduction. The Issuer expects that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, the Issuer and the Trustee will treat the registered holders of the Global Notes (i.e., the Common Depositary Euroclear or Clearstream (or its nominee)) as the owners thereof for the purpose of receiving payments and for all other purposes. Consequently, neither the Issuer nor the Trustee nor any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest; or
- Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants.

Currency of Payment for the Global Notes

Except as may otherwise be agreed between Euroclear and/or Clearstream and any holder, the principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interests in such Notes through Euroclear and/or Clearstream in euros.

Payments will be subject in all cases to any fiscal or other laws and regulations (including any regulations of the applicable clearing system) applicable thereto. Neither the Issuer nor the Trustee nor the Initial Purchasers nor any of their respective agents will be liable to any holder of a Global Note or any other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection with any such payment.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of Notes only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes, each of Euroclear and Clearstream reserves the right to exchange the Global Notes for definitive registered Notes in certificated form (the “**Definitive Registered Notes**”), and to distribute such Definitive Registered Notes to its participants.

Transfers

Transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of Euroclear and Clearstream and their respective direct or indirect participants, which rules and procedures may change from time to time.

The Global Notes will bear a legend to the effect set forth in “*Transfer restrictions*”. Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers as discussed in “*Transfer restrictions*”.

Transfers of Restricted Book-Entry Interests to persons wishing to take delivery of Restricted Book-Entry Interests will at all times be subject to the transfer restrictions contained in the legend appearing on the face of the Rule 144A Global Note, as set forth in “*Transfer restrictions*”.

Restricted Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144A or any other exemption (if available) under the U.S. Securities Act.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Restricted Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note.

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in such other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

The Notes represented by the Global Notes are expected to be listed on the Euro MTF Market. Transfers of interests in the Global Notes between participants in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures, which rules and operating procedures may change from time to time.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, the Trustee, the Paying Agent or any of their respective agents will have any responsibility for the performance by Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Definitive Registered Notes

Under the terms of the Indenture, owners of Book-Entry Interests will receive Definitive Registered Notes if:

- Euroclear or Clearstream notifies the Issuer that it is unwilling or unable to continue as depository for the Global Notes, and the Issuer fails to appoint a successor;
- Euroclear or Clearstream so requests following an event of default under the Indenture; or
- the owner of a Book-Entry Interest requests such exchange in writing delivered through either Euroclear or Clearstream, as applicable, following an event of default under the Indenture.

Euroclear has advised the Issuer that upon request by an owner of a Book-Entry Interest, its current procedure is to request that the Issuer issue or cause to be issued Notes in definitive registered form to all owners of Book-Entry Interests.

In such an event, the Registrar will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear and/or Clearstream, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend set forth in “*Transfer Restrictions*”, unless that legend is not required by the Indenture or applicable law.

To the extent permitted by law, the Issuer, the Trustee, the Paying Agents, the Registrars and the Transfer Agents will be entitled to treat the registered holder of any Global Note as the absolute owner thereof.

In the case of the issuance of Definitive Registered Notes, the holder of a Definitive Registered Note may transfer such Note by surrendering it to the Registrar. In the event of a partial transfer or a partial redemption of a holding of Definitive Registered Notes represented by one Definitive Registered Note, a Definitive Registered Note will be issued to the transferee in respect of the part transferred, and a new Definitive Registered Note in respect of the balance of the holding not transferred or redeemed will be issued to the transferor or the holder, as applicable; *provided that* no Definitive Registered Note in a denomination less than €100,000 and in integral multiples of €1,000, in excess thereof, will be issued. The Issuer will bear the cost of preparing, printing, packaging and delivering the Definitive Registered Notes. Holders of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and/or Clearstream.

If Definitive Registered Notes are issued and a holder thereof claims that such Definitive Registered Notes have been lost, destroyed or wrongfully taken or if such Definitive Registered Notes are mutilated and are surrendered to the Registrar or at the office of a Transfer Agent, the Issuer will issue and the Trustee will authenticate a replacement Definitive Registered Note if the Trustee's and the Issuer's requirements are met. The Issuer or the Trustee may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of both the Trustee and the Issuer to protect the Issuer, the Trustee or the Paying Agent appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. The Issuer may charge for the expenses of replacing a Definitive Registered Note.

In case any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by the Issuer pursuant to the provisions of the Indenture, the Issuer in its discretion may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only in accordance with the Indenture and, if required, only after the transferor first delivers to the Transfer Agent a written certification (in the form provided in the Indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such Notes. See "*Transfer Restrictions*".

So long as the Notes are listed on the Official List of and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish a notice of any issuance of Definitive Registered Notes in a newspaper having general circulation in Luxembourg (which is expected to be the *d'Wort*). Payment of principal, any repurchase price, premium and interest on Definitive Registered Notes will be payable at the office of the Paying Agent in Luxembourg so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require.

TAX CONSIDERATIONS

Prospective purchasers of Notes are advised to consult their own tax advisers as to the tax consequences, under the tax laws of the country of which they are resident, of a purchase of Notes including, without limitation, the consequences of receipt of interest and premium, if any, on a sale or redemption of Notes or any interest therein.

Italian tax considerations

The statements herein regarding Italian taxation are based on the laws and published practices of the Italian tax authorities in effect in Italy as of the date of this listing memorandum and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following is a summary only of the material Italian tax consequences of the purchase, ownership and disposition of Notes for Italian resident and non-Italian resident beneficial owners only and it is not intended to be, nor should it be constructed to be, legal or tax advice. The following summary does not purport to be a comprehensive description of all tax considerations which may be relevant to make a decision to purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to additional or special rules. Prospective purchasers of the Notes are advised to consult their own tax advisors concerning the overall tax consequences of their acquiring, holding and disposing of Notes and receiving payments on interest, principal and/or other amounts under the Notes, including, in particular, the effect of any state, regional and local tax laws.

Tax Treatment of the Notes issued by the Issuer

Tax Treatment of Interest

Italian Legislative Decree No. 239 of 1 April 1996 (“**Decree 239**”) sets out the applicable regime regarding the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price and any relevant make-whole premium, hereinafter collectively referred to as “**Interest**”) deriving from Notes falling within the category of bonds (*obbligazioni*) and similar securities, pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986, as amended and supplemented (“**Decree 917**”), issued, *inter alia*, by:

- (a) companies whose shares are listed on a regulated market or on a multi-lateral trading platform of EU Member States and of the States party to the European Economic Area Agreement included in the list issued under Article 11, par. 4, let. c) of Decree 239 (“**Approved List**”); or
- (b) companies whose shares are not listed, issuing Notes traded on the aforementioned regulated markets or platforms.

Italian resident Noteholders

Noteholders not engaged in an entrepreneurial activity

Where an Italian resident beneficial owner of the Notes (a “**Noteholder**”) is:

- (a) an individual not engaged in an entrepreneurial activity to which the Notes are connected (unless he has opted for the application of the *risparmio gestito* regime—see “*Tax treatment of capital gains*” below);
- (b) a non-commercial partnership (*società semplice*) and professional association;
- (c) a non-commercial private or public institution (other than Italian undertakings for collective investment); or
- (d) an investor exempt from Italian corporate income taxation,

then Interest derived from the Notes, and paid during the relevant holding period, is subject to a withholding tax, referred to as “*imposta sostitutiva*”, levied at the rate of 26% (either when Interest is paid or obtained upon disposal of the Notes). All the above categories are qualified as “net recipients.”

Noteholders Engaged in an Entrepreneurial Activity

In the event that the Noteholders described under clauses (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax and may be deducted from the taxation on income due or be claimed for refund in the relevant tax return.

Where an Italian resident Noteholder is a company or similar commercial entity, or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected, and the Notes are deposited with an authorized intermediary, Interest from the Notes will not be subject to imposta sostitutiva. They must, however, be included in the relevant Noteholder's income tax return and are therefore subject to general Italian corporate taxation and, in certain circumstances, depending on the "status" of the Noteholder, the Italian regional tax on productive activities ("**IRAP**").

Real Estate Investment Funds and Real Estate SICAFs

Payments of Interest deriving from the Notes made to Italian resident real estate collective investment funds and real estate SICAFs, provided that the Notes, together with the coupons relating thereto, are timely deposited directly or indirectly with an Italian authorized financial intermediary (or permanent establishment in Italy of a foreign intermediary) are subject neither to imposta sostitutiva nor to any other income tax at the level of the real estate investment fund. However, a withholding or substitute tax of 26% will apply, in certain circumstances, to income realized by unitholders or shareholders in the event of distributions, redemption or sale of the units or shares.

Funds, SICAVs and non-real estate SICAFs

Where an Italian resident Noteholder is a non real estate open-ended or a closed-ended collective investment fund ("**Fund**") or a Società di Investimento a Capitale Variabile ("**SICAV**") or a non-real estate SICAF established in Italy and either (i) the Fund, the SICAV or the non-real estate SICAF or (ii) their manager is subject to the supervision of a regulatory authority and the Notes are deposited with an authorized intermediary, Interest accrued during the holding period on the Notes will not be subject to imposta sostitutiva, but must be included in the management results of the Fund, the SICAV or the SICAF. The Fund, the SICAV or the SICAF will not be subject to taxation on such results, but a withholding or substitute tax of 26% will instead levied on proceeds distributed or received by certain categories of unitholders or shareholders upon redemption or disposal of the units.

Pension Funds

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an authorized intermediary, Interest relating to the Notes and accrued during the holding period will not be subject to imposta sostitutiva, but must be included in the results of the relevant portfolio accrued at the end of the tax period (which will be subject to an 20% substitute tax). As of 1 January 2015, Italian pension funds benefit from a tax credit equal to 9% of the result of the relevant portfolio accrued at the end of the tax period, provided that the pension fund invests in certain medium long term financial assets identified by Ministerial Decree of 19 June 2015.

Application of Imposta Sostitutiva

Pursuant to Decree 239, imposta sostitutiva is applied by banks, società di intermediazione mobiliare ("**SIM**"), fiduciary companies, società di gestione del Risparmio ("**SGR**"), stockbrokers and other entities identified by a decree of the Ministry of Finance (each, an "**Intermediary**").

An Intermediary must:

- (a) be resident in Italy, or be a permanent establishment in Italy of a non-Italian resident financial intermediary, and
- (b) intervene, in any way, in the collection of Interest or in the transfer of the Notes. For the purpose of the application of the imposta sostitutiva, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change in ownership of the relevant Notes or in a change in Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the imposta sostitutiva is applied and withheld by any Italian bank or by any Italian financial intermediary paying interest to a Noteholder or, absent that, by the Issuer and gross recipients that are Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected are entitled to deduct imposta sostitutiva suffered from income taxes due.

Non-Italian Resident Noteholders

Where the Noteholder is a non-Italian resident, payments of Interest in respect of Notes issued by the Issuer will not be subject to the imposta sostitutiva at the rate of 26% provided that:

- (a) the payments are made to non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected; and
- (b) such beneficial owners are residents, for tax purposes, in a country which recognizes the Italian fiscal authorities' right to an adequate exchange of information and listed in the White List; and
- (c) all the requirements and procedures set forth in Decree 239 and in the relevant implementation rules, as subsequently amended, in order to benefit from the exemption from imposta sostitutiva are timely met and complied with.

Decree 239 also provides for additional exemptions from the imposta sostitutiva for payments of Interest in respect of the Notes made to:

- (a) an international body or entity set up in accordance with international agreements which have entered into force in Italy;
- (b) an "institutional investor", whether or not subject to tax, which is established in a country which allows for a satisfactory exchange of information with Italy and is included in the White List, even if it does not possess the status of a taxpayer in its own country of establishment and provided that they timely file with the relevant depository the appropriate self-declaration; or
- (c) a central bank or an entity which manages, *inter alia*, the official reserves of a foreign State.

In order to ensure gross payment, non-Italian resident Noteholders must be the beneficial owners of the payments of Interest and must:

- (a) deposit, directly or indirectly, the Notes with a resident bank or a SIM or a permanent establishment in Italy of a non-Italian resident bank or a SIM or with a non-Italian resident entity or company participating in a centralized securities management system which is in contact, via computer, with the Ministry of Economy and Finance (Euroclear is such a depository); and
- (b) file with the relevant depository, prior to or concurrently with the deposit of the Notes, a statement of the relevant Noteholder (*auto-certificazione*), which remains valid until withdrawn or revoked, in which the Noteholder declares to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. This statement, which is not required for international bodies or entities set up in accordance with international agreements which have entered into force in Italy nor in the case of foreign central banks or entities which manage, *inter alia*, the official reserves of a foreign State, must comply with the requirements set forth by the Ministerial Decree of 12 December 2001.

Failure of a non-resident Noteholder to timely comply with the procedures set forth in Decree 239 and in the relevant implementation rules will result in the application of imposta sostitutiva on Interest payments to a non-resident Noteholder.

Noteholders who are subject to the imposta sostitutiva might, nevertheless, be eligible for full or partial relief under an applicable tax treaty, subject to timely filing of required documentation provided by Measure of the Director of Italian Revenue Agency No. 2013/84404 of 10 July 2013.

Payments Made by an Italian Resident Guarantor

With respect to payments on the Notes made to Italian resident Noteholders by an Italian resident Guarantor of the Notes, in accordance with one interpretation of Italian tax law, any payment of liabilities equal to Interest and other proceeds from the Notes may be subject to a provisional withholding tax at a rate of 26% pursuant to the Presidential Decree No. 600 of 29 September 1973. In case of payments to non-Italian resident Noteholders, the final withholding tax may be applied at a rate of 26%.

Double tax treaties entered into by Italy may also apply, allowing for a lower (or, in certain cases, nil) rate of withholding tax.

However, in accordance with an alternative interpretation, any such payment made by the Italian resident Guarantor will be treated, in certain circumstances, as a payment by the Issuer and will thus be subject to the Italian tax regime described above.

Tax Treatment of Capital Gains

Italian Resident Noteholders

Noteholders Not Engaged in an Entrepreneurial Activity

Where an Italian resident Noteholder is an individual not engaged in an entrepreneurial activity to which the Notes are connected, any capital gain realized by such Noteholder from the sale or redemption of the Notes would be subject to an *imposta sostitutiva*, levied at the rate of 26%. Noteholders may set off any capital losses with their capital gains.

In respect of the application of *imposta sostitutiva*, taxpayers may opt for any of the three regimes described below.

Tax Declaration Regime

Under the “tax declaration regime” (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains (net of any incurred capital loss of the same kind) realized by the Italian resident individual holding the Notes, during any given tax year. Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realized in any tax year, net of any relevant incurred capital loss of the same kind, in their annual tax return and pay the *imposta sostitutiva* on such gains of the same kind together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realized in any of the four succeeding tax years. Under Decree No. 66 of 24 April 2014 (“Decree 66”), capital losses may be carried forward and offset against capital gains of the same nature realized as of 1 July 2014 for an overall amount of: (i) 48.08% of the relevant capital losses realized before 1 January 2012; (ii) 76.92% of the capital losses realized from 1 January 2012 to 30 June 2014; and (iii) 100% of the capital losses realized as of 1 July 2014.

Risparmio Amministrato Regime

As an alternative to the tax declaration regime, Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realized on each sale or redemption of the Notes (*risparmio amministrato* regime). Such separate taxation of capital gains is allowed subject to:

- i. the Notes being deposited with an Italian bank, SIM or certain authorized financial intermediary; and
- ii. an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Noteholder.

The depository must account for the *imposta sostitutiva* in respect of capital gains realized on each sale or redemption of the Notes (as well as in respect of capital gains realized upon the revocation of its mandate), net of any incurred capital loss. The depository must also pay the *imposta sostitutiva* to the Italian tax authorities on behalf of the Noteholder, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, any possible capital loss resulting from a sale or redemption of the Notes may be deducted from capital gains subsequently realized, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under Decree 66, capital losses may be carried forward and offset against capital gains of the same nature realized as of 1 July 2014 for an overall amount of: (i) 48.08% of the relevant capital losses realized before 1 January 2012; (ii) 76.92% of the capital losses realized from 1 January 2012 to 30 June 2014; and (iii) 100% of the capital losses realized as of 1 July 2014. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in the annual tax return.

Risparmio Gestito Regime

In the *risparmio gestito* regime, any capital gains realized by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity and who have entrusted the management of their financial assets (including the Notes) to an authorized intermediary, will be included in the computation of the annual increase in value of the managed assets accrued, even if not realized, at tax year-end, subject to

a 26% substitute tax, to be paid by the managing authorized intermediary. Any decrease in value of the managed assets accrued at the tax year-end may be carried forward against any increase in value of the managed assets accrued in any of the four succeeding tax years. Under Decree 66, decreases in value of the managed assets may be carried forward and offset against any subsequent increase in value accrued as of 1 July 2014 for an overall amount of: (i) 48.08% of the relevant decreases in value occurred before 1 January 2012; (ii) 76.92% of the decreases in value occurred from 1 January 2012 to 30 June 2014; and (iii) 100% of the decreases in value occurred as of 1 July 2014. The Noteholder is not required to declare the capital gains realized in the annual tax return. The Noteholder is not required to declare the capital gains realized in its annual tax return.

Noteholders Engaged in an Entrepreneurial Activity

Any gain obtained from the sale or redemption of the Notes would be treated as part of taxable income (and, in certain circumstances, depending on the “status” of the Noteholder, also as part of net value of the production for IRAP purposes) if realized by an Italian company, a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Real Estate Investment Funds and Real Estate SICAFS

Any capital gains realized by a Noteholder which is an Italian real estate investment fund and real estate SICAF accrues to the tax year-end appreciation of the managed assets, which is exempt from any income tax. A withholding tax may apply in certain circumstances at the rate of 26% on distributions made by Italian real estate funds.

Funds, SICAV and non-real estate SICAF

Any capital gains realized by a Noteholder that is a Fund, a non-real estate SICAF or a SICAV will be included in the result of the relevant portfolio accrued at the end of the relevant tax period. A 26% withholding tax will apply in certain circumstances to distributions by the Fund, the non-real estate SICAF or the SICAV or received by certain categories of unitholders or shareholders upon redemption or disposal of the units or the shares (as applicable).

Pension Funds

Any capital gains realized by a Noteholder who is an Italian pension fund (subject to the regime provided for by Article 17 of Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the relevant tax period, and subject to an 20% substitute tax. As of January 1, 2015, Italian pension fund benefits from a tax credit equal to 9% of the result of the relevant portfolio accrued at the end of the tax period, provided that the pension fund invests in certain medium long term financial assets to be identified by Ministerial Decree June 19, 2015.

Non-Italian Resident Noteholders

The 26% final *imposta sostitutiva* on capital gains may be payable on capital gains realized upon the sale or redemption of the Notes by non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, pursuant to Article 23, par. 1f), of Decree 917, capital gains realized by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian resident issuer and traded on regulated markets in Italy or abroad are not subject to the *imposta sostitutiva*, subject to timely filling of required documentation (in particular, a self-declaration that the Noteholder is not resident in Italy for tax purposes). As of the date of this listing memorandum, the Italian tax authorities have not been officially confirmed whether a multi-lateral trading platform qualifies for this exemption.

Capital gains realized by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian resident issuer, even if not traded on regulated markets, are not subject to the *imposta sostitutiva*, provided that the effective beneficiary is:

- (a) resident, for tax purposes, in a State included in the White List and does not have a permanent establishment in Italy to which the Notes are effectively connected;
- (b) an international body or entity set up in accordance with international agreements which have entered into force in Italy;

- (c) an “institutional investor”, whether or not subject to tax, which is established in a country which allows for a satisfactory exchange of information with Italy and included in the White List, even if it does not possess the status of a taxpayer in its own country of establishment; or
- (d) a central bank or an entity which manages, inter alia, the official reserves of a foreign State.

Under these circumstances, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected hold Notes with an Italian authorized financial intermediary and are subject to the *risparmio amministrato* regime or elect for the *risparmio gestito* regime, exemption from Italian taxation on capital gains will apply upon condition that they file in time with the authorized financial intermediary an appropriate self-declaration stating that they are resident, for tax purposes, in a country which recognizes the Italian fiscal authorities’ right to an adequate exchange of information.

If none of the above conditions above is met, capital gains realized by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian resident issuer and not traded on regulated markets may be subject to the *imposta sostitutiva* at the current rate of 26%. However, Noteholders might benefit from an applicable tax treaty with Italy providing that capital gains realized upon the sale or redemption of the Notes are to be taxed only in the tax resident tax country of the recipient.

Under these circumstances, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected hold Notes with an Italian authorized financial intermediary and are subject to the *risparmio amministrato* regime or elect for the *risparmio gestito* regime, exemption from Italian taxation on capital gains will apply upon condition that the non-Italian residents file in time with the authorized financial intermediary appropriate documents which include, inter alia, a certificate of residence from the competent tax authorities of their country of residence.

The *risparmio amministrato* regime is the ordinary regime automatically applicable to non-Italian resident persons and entities holding Notes deposited with an Intermediary, but non-Italian resident Noteholders retain the right to waive this regime.

Italian Inheritance Tax and Gift Tax

The transfer of Notes by reason of gift, donation or succession proceedings is subject to Italian gift and inheritance tax as follows:

- (a) 4% for transfers in favor of the spouse or direct relatives exceeding, for each beneficiary, a threshold of €1.0 million;
- (b) 6% for transfers in favor of siblings exceeding, for each beneficiary, a threshold of €0.1 million;
- (c) 6% for transfers in favor of relatives up to the fourth degree and to all relatives in law in direct line and to other relatives in law up to the third degree, on the entire value of the inheritance or the gift; and
- (d) 8% for transfers in favor of any other person or entity, on the entire value of the inheritance or the gift.

If the heir/heirress and/or the donee is a person with a severe disability pursuant to Law No. 104 of 5 February 1992, inheritance tax or gift tax is applied to the extent that the value of the inheritance or gift exceeds €1.5 million.

With respect to Notes listed on a regulated market, the value for inheritance and gift tax purposes is the average stock exchange price of the last quarter preceding the date of the succession or of the gift (including any accrued interest). With respect to unlisted Notes, the value for inheritance tax and gift tax purposes is generally determined by reference to the value of listed debt securities having similar features or based on certain elements as presented in the Italian tax law.

Italian inheritance tax and gift tax applies to non-Italian resident individuals for bonds issued by Italian resident companies.

Wealth Tax

According to Article 19 of Decree No. 201 of 6 December 2011 (“**Decree 201**”), individuals, non-commercial institutions and non-commercial partnership resident in Italy holding financial products—including the Notes—outside Italy are required to pay a wealth tax at the rate of 0.20% (the tax being determined in proportion to the period of ownership). The wealth tax applies on the market value at the

end of the relevant year or—in the absence of a market value—on the nominal value or redemption value of such financial products held outside Italy or in the case that the nominal value or redemption values cannot be determined, on the purchase value of any financial product. Taxpayers are generally permitted to deduct from the wealth tax a tax credit equal to any wealth taxes paid in the State where the financial assets are held (up to the amount of the Italian wealth tax due).

Stamp Taxes and Duties

According to Article 19 of Decree 201, a proportional stamp duty applies on a yearly basis at the rate of 0.20% on the market value or—in the absence of a market value—on the nominal value or the redemption amount of any financial product or financial instruments or in the case that the nominal value or redemption values cannot be determined, on the purchase value of any financial asset (including the Notes). The stamp duty should not exceed €14,000 if the Notes are held by Noteholders who are not natural persons. Stamp duty applies both to Italian resident Noteholders and to non-Italian resident Noteholders, to the extent that the Notes are held with an Italian-based financial intermediary. In case of reporting periods of less than 12 months, the stamp duty is pro-rated.

Transfer tax

Contracts relating to the transfer of securities are subject to the registration tax as follows:

- (a) public deeds and notarized deeds (*atti pubblici e scritture private autenticate*) are subject to fixed registration tax at rate of €200.00, and
- (b) private deeds (*scritture private non autenticate*) are subject to fixed registration tax of €200.00 only in case of use or voluntary registration.

Certain U.S. Federal Income Tax Considerations

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below). This summary deals only with initial purchasers of Notes at their “issue price” (as defined below) in the initial offering that are U.S. Holders and that will hold the Notes as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors (including consequences under the alternative minimum tax or net investment income tax), and does not address state, local, non-U.S. or other tax laws. This summary also does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes, investors who are members of an “expanded group” as defined by U.S. Treasury Regulations Section 1.385-1(c)(4) that includes the Issuer, investors that have ceased to be U.S. citizens or lawful permanent residents of the United States, investors holding the Notes in connection with a trade or business conducted outside of the United States, U.S. citizens or lawful permanent residents living abroad or investors whose functional currency is not the U.S. dollar).

As used herein, the term “U.S. Holder” means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States or any State thereof, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities or arrangements treated as partnerships for U.S. federal income tax purposes should consult their tax advisers concerning the U.S. federal income tax consequences to them and their partners of the acquisition, ownership and disposition of Notes by the partnership.

This summary is based on the tax laws of the United States, including the U.S. Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed U.S. Treasury regulations thereunder, published rulings and court decisions, all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING, AND DISPOSING OF THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Payments of Interest

General. Interest on a Note will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on such holder's method of accounting for U.S. federal income tax purposes, subject to the discussion below. Interest paid by the Issuer on the Notes and original issue discount ("OID"), if any, accrued with respect to the Notes (as described below under "—Original Issue Discount") constitutes income from sources outside the United States.

Foreign Currency Denominated Interest. The amount of income recognised by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

An accrual basis U.S. Holder may determine the amount of income recognised with respect to an interest payment denominated in euro in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within each taxable year).

Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within each taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the Internal Revenue Service (the "IRS").

Upon receipt of the interest payment (including a payment attributable to accrued but unpaid interest upon the sale or other disposition of a Note) denominated in euro, the accrual basis U.S. Holder may recognise U.S. source exchange gain or loss (taxable as U.S.-source ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

Effect of Non-U.S. Withholding Taxes. As discussed above under "—Tax Considerations", under current law payments of interest on the Notes to foreign investors may be subject to Italian or Luxembourg withholding taxes. The Issuer or any Guarantor is liable for the payment of Additional Amounts to U.S. Holders (see "Description of the Notes—Withholding Taxes") so that U.S. Holders receive the same amounts they would have received had no such withholding taxes been imposed. For U.S. federal income tax purposes, U.S. Holders would be treated as having received the amount of any such taxes withheld by the Issuer with respect to a Note, and as then having paid over such withheld taxes to the relevant taxing authorities. As a result, the amount of interest income included in gross income for U.S. federal income tax purposes by a U.S. Holder with respect to a payment of interest may be greater than the amount of cash actually received (or receivable) by the U.S. Holder from the Issuer with respect to the payment.

Subject to certain limitations, a U.S. Holder generally will be entitled to a credit against its U.S. federal income tax liability, or a deduction in computing its U.S. federal taxable income, for non-U.S. income taxes withheld by the Issuer. Interest generally will constitute "passive category income" for purposes of the foreign tax credit. The rules governing foreign tax credits are complex. Prospective purchasers should consult their tax advisers concerning the foreign tax credit implications of non-U.S. withholding taxes.

Original Issue Discount

General. If the Notes are issued with OID equal to or greater than a statutorily defined de minimis amount, a U.S. Holder will be required to include a portion of the OID on the Notes in gross income as interest in each taxable year, or portion thereof, in which the U.S. Holder holds the Notes even if the U.S. Holder has not received a cash payment in respect of the OID. The amount of a Note's OID is the excess of the Note's stated redemption price at maturity over its issue price. Generally, the issue price of a Note will be the first price at which a substantial amount of Notes included in the issue of which the Note is a part is sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers. In general, the stated redemption price at maturity of a Note will be its principal amount. The Notes will be treated as issued with less than a statutorily defined de minimis amount of OID (and, therefore, not require such OID to be currently included in income) if the amount of OID is less than 0.25 per cent. multiplied by the product of the stated redemption price at maturity and the number of complete years to maturity from the issue date.

U.S. Holders of Notes must include OID in income calculated on a constant-yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Notes. The amount of OID includible in income by a U.S. Holder of a Note is the sum of the daily portions of OID with respect to the Note for each day during the taxable year or portion of the taxable year on which the U.S. Holder holds the Note ("**accrued OID**"). The daily portion is determined by allocating to each day in any "accrual period" a pro rata portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Note as long as (i) no accrual period is longer than one year; and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Note's adjusted issue price at the beginning of the accrual period and the Note's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of interest on the Note allocable to the accrual period. The "adjusted issue price" of a Note at the beginning of any accrual period is the issue price of the Note increased by the amount of accrued OID for each prior accrual period.

Since the Notes bear stated interest at a qualified floating rate, both the yield to maturity and the amount of stated interest of a Note in each accrual period will be determined, solely for purposes of calculating the accrual of OID, as though such Note will bear stated interest in all periods at a fixed rate generally equal to the rate that would be applicable to stated interest payments on such Note on its date of issue. To the extent the stated interest actually accrued or paid during an accrual period exceeds (or is less than) the stated interest to be accrued or paid during the accrual period based on such fixed rate on the date of issue, such difference will be accounted for U.S. federal income tax purposes as an adjustment to stated interest and will have no effect on the computation of OID.

OID for each accrual period will be determined in euro and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above under "Payments of Interest". Upon receipt of an amount attributable to OID (whether in connection with a payment of interest or the sale or other disposition of a Note), a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars. For these purposes, all receipts on a Note will be viewed first, as payments of stated interest payable on the Notes; second as receipts of previously accrued OID (to the extent thereof), with payments considered made for the earliest accrual periods first; and third, as receipts of principal.

Election to Treat All Interest as Original Issue Discount. A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant-yield method described above under "Original Issue Discount—General", with certain modifications. For purposes of this election, interest includes interest and OID. This election may not be revoked without the consent of the IRS. U.S. Holders should consult their tax advisers concerning the propriety and consequences of this election.

Sale or Other Disposition of the Notes

A U.S. Holder generally will recognise gain or loss on the sale or other disposition of a Note equal to the difference between the amount realised on the sale or other disposition and the U.S. Holder's adjusted

tax basis of the Note. A U.S. Holder's adjusted tax basis in a Note generally will be its U.S. dollar cost (as defined below) increased by the amount of any OID included in the U.S. Holder's income with respect to the Note. The U.S. dollar cost of a Note purchased with euro generally will be the U.S. dollar value of the purchase price on the date of purchase, or the settlement date for the purchase, in the case of Notes traded on an established securities market, within the meaning of the applicable U.S. Treasury regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects). The amount realised does not include the amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income. The amount realised on a sale or other disposition for an amount in euro will be the U.S. dollar value of this amount on the date of sale or other disposition, or the settlement date for the sale, in the case of Notes traded on an established securities market, within the meaning of the applicable U.S. Treasury regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects).

A U.S. Holder will recognise U.S. source exchange rate gain or loss (taxable as ordinary income or loss) on the sale or other disposition of a Note equal to the difference, if any, between the U.S. dollar values of the U.S. Holder's purchase price for the Note (i) on the date of sale or other disposition and (ii) the date on which the U.S. Holder acquired the Note. Any such exchange rate gain or loss (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest or amounts in respect of OID) will be realised only to the extent of total gain or loss realised on the sale or other disposition. Except to the extent of changes in exchange rates, gain or loss recognised by a U.S. Holder on the sale or other disposition of a Note will be capital gain or loss and will be long-term capital gain or loss if the Note was held by the U.S. Holder for more than one year.

Gain or loss realised by a U.S. Holder on the sale or other disposition of a Note generally will be U.S. source. Therefore, a U.S. Holder may have insufficient foreign source income to utilise foreign tax credits attributable to any foreign withholding tax imposed on the sale or disposition (see "*Tax Considerations*"). Prospective purchasers should consult their tax advisers as to the foreign tax credit implications of the sale or other disposition of Notes.

Disposition of Foreign Currency

Foreign currency received as interest on a Note or on the sale or other disposition of a Note will have a tax basis equal to its U.S. dollar value at the time the foreign currency is received. Foreign currency that is purchased generally will have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase Notes or upon exchange for U.S. dollars) will generally be U.S. source ordinary income or loss.

Backup Withholding and Information Reporting

Payments of principal and interest, and accruals of OID, on, and the proceeds of the sale or other disposition of Notes paid by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable U.S. Treasury regulations. Backup withholding may apply to these payments, including payments of accrued OID, if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to comply with applicable certification requirements. Certain U.S. Holders are not subject to backup withholding. U.S. Holders should consult their tax advisers about these rules and any other reporting obligations that may apply to the ownership or disposition of Notes.

Reportable Transactions

A U.S. taxpayer that participates in a "reportable transaction" will be required to disclose its participation to the IRS. Under the relevant rules, a U.S. Holder may be required to treat a foreign currency exchange loss from the Notes denominated in a foreign currency as a reportable transaction if this loss exceeds the relevant threshold in the regulations, and to disclose its investment by filing Form 8886 with the IRS. Significant penalties may be imposed on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. Prospective purchasers are urged to consult their tax advisers regarding the application of these rules.

Foreign Financial Assets

Individuals (which may include certain entities treated as individuals for the purposes of these rules) that own “specified foreign financial assets” with an aggregate value in excess of certain minimum thresholds at any time during the tax year generally are required to file an information report under IRS Form 8938 (Statement of Specified Foreign Financial Assets) with respect to such assets with their tax returns. The Notes generally will constitute specified foreign financial assets subject to these reporting requirements, unless the Notes are held in an account at certain financial institutions.

LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF THE NOTE GUARANTEES AND THE SECURITY INTERESTS AND CERTAIN INSOLVENCY LAW CONSIDERATIONS

The following is a summary of certain limitations on the validity and enforceability of the Note Guarantees and the security interests being provided for the Notes, and a summary of certain insolvency law considerations in each of the jurisdictions in which the Issuer and the Guarantors are incorporated or organized. The description below is only a summary, and does not purport to be complete or to discuss all of the limitations or considerations that may affect the validity and enforceability of the Notes or the Note Guarantees or security interests being provided for the Notes. Prospective investors in the Notes should consult their own legal advisors with respect to such limitations and considerations.

European Union

The Issuer and several of the Guarantors are incorporated or organized under the laws of the Member States of the European Union.

Center of Main Interests

Regime applicable to insolvency proceedings opened before June 26, 2017.

Pursuant to Council Regulation (EC) No. 1346/2000 of May 29, 2000 on insolvency proceedings (the “**EU Insolvency Regulation**”), the court which shall have jurisdiction to open insolvency proceedings in relation to a company is the court of the Member State (other than Denmark) where the company concerned has its “center of main interests” (as that term is used in Article 3(1) of the EU Insolvency Regulation). The determination of where any such company has its “center of main interests” is a question of fact on which the courts of the different Member States may have differing and conflicting views. The term “center of main interests” is not a static concept and may change from time to time. Although there is a rebuttable presumption under Article 3(1) of the EU Insolvency Regulation that any such company has its “center of main interests” in the Member State in which it has its registered office, Preamble 13 of the EU Insolvency Regulation states that the “center of main interests” of a debtor should correspond to the place where the debtor conducts the administration of its interests on a regular basis and is therefore ascertainable by third parties. In that respect, factors such as where board meetings are held, the location where the company conducts the majority of its business and the location where a large majority of the company’s creditors are established may all be relevant in the determination of the place where the company has its “center of main interests”.

If the “center of main interests” of a company is and will remain located in the state in which it has its registered office, the main insolvency proceedings in respect of the company under the EU Insolvency Regulation would be commenced in such jurisdiction and, accordingly, a court in such jurisdiction would be entitled to commence the types of insolvency proceedings referred to in Annex A to the EU Insolvency Regulation. Insolvency proceedings opened in one Member State under the EU Insolvency Regulation are to be recognized in the other Member States (other than Denmark), although secondary proceedings may be opened in another Member State. If the “center of main interests” of a debtor is in one Member State (other than Denmark), under Article 3(2) of the EU Insolvency Regulation, the courts of another Member State (other than Denmark) have jurisdiction to open “territorial proceedings” only in the event that such debtor has an “establishment” (in the meaning of the EU Insolvency Regulation) in the territory of such other Member State. The effects of those territorial proceedings are restricted to the assets of the debtor situated in the territory of such other Member State. If the company does not have an establishment in any other Member State, no court of any other Member State has jurisdiction to open territorial proceedings in respect of such company under the EU Insolvency Regulation.

Regime applicable to insolvency proceedings opened after June 26, 2017

On June 5, 2015, Regulation (EU) 2015/848 of the European Parliament and of the Council of May 20, 2015 on insolvency proceedings (the “**Recast EU Insolvency Regulation**”) was published on the Official Gazette of the European Union.

The Recast EU Insolvency Regulation will be applicable to insolvency proceedings opened after June 26, 2017. Insolvency proceedings opened before June 26, 2017 will be subject to the EU Insolvency Regulation. The Recast EU Insolvency Regulation will apply to insolvency proceedings opened in respect of a company whose center of main interests is located in a Member State (other than Denmark).

Main insolvency proceedings

Pursuant to Article 3(1) of the Recast EU Insolvency Regulation, the court which shall have jurisdiction to open insolvency proceedings in relation to a company is the court of the Member State (other than Denmark) within which the center of a debtor's main interests is situated. The "center of main interests" is defined as "the place where the debtor conducts the administration of its interests on a regular basis and which is ascertainable by third parties". Article 3(1), paragraph 2, provides for a rebuttable presumption, whereby in the case of a company, it is assumed that its center of main interests is in the jurisdiction of the place of its registered office. In order to prevent fraudulent or abusive forum shopping, such presumption only applies if the registered office has not been moved to another Member State within the three-month period prior to the request of the opening of insolvency proceedings. Otherwise, the presumption shall not apply and the court which shall have jurisdiction to open insolvency proceedings in relation to a company will be the court of the Member State (other than Denmark) within which the company had its registered office before moving it.

If the "center of main interests" of a company is and will remain located in the state in which it has its registered office, the main insolvency proceedings in respect of the company under the Recast EU Insolvency Regulation would be commenced in such jurisdiction and, accordingly, a court in such jurisdiction would be entitled to commence the types of insolvency proceedings referred to in Annex A to the Recast EU Insolvency Regulation. Pursuant to Preamble 10, Annex A has been extended to include insolvency proceedings previously not falling within the scope of the EU Insolvency Regulation (such as, with respect to Italian insolvency proceedings, *accordi di ristrutturazione*, *procedure di composizione della crisi da sovraindebitamento del consumatore* and *liquidazione dei beni*) in order to promote the rescue of economically viable but financially distressed businesses.

Furthermore, pursuant to Article 6 of the Recast EU Insolvency Regulation, the courts of the Member State within the territory of which insolvency proceedings have been opened in accordance with Article 3 shall have jurisdiction for any action that derives directly from the insolvency proceedings and is closely linked with them, such as avoidance actions.

Secondary insolvency proceedings

Insolvency proceedings opened in one Member State under the recast EU Insolvency Regulation are to be recognized in the other Member States (other than Denmark), although secondary proceedings may be opened in other Member States. If the "center of main interests" of a debtor is in one Member State (other than Denmark), under Article 3(2) of the Recast EU Insolvency Regulation, the courts of another Member State (other than Denmark) have jurisdiction to open "secondary" or "territorial" insolvency proceedings only in the event that such debtor has an "establishment" in the territory of such other Member State. "Establishment" is defined as any place of operations where a debtor carries out or has carried out in the three-month period prior to the request to open main insolvency proceedings a non-transitory economic activity with human means and assets. The effects of those territorial proceedings are restricted to the assets of the debtor situated in the territory of such other Member State.

However, under Article 36 of the Recast EU Insolvency Regulation, the insolvency practitioner in the main insolvency proceedings may prevent the opening of secondary insolvency proceedings in another Member State by giving a unilateral undertaking in respect of the assets located in the Member State in which secondary insolvency proceedings could be opened. For this purpose the insolvency practitioner must undertake to comply with the distribution and priority rights under the relevant national law and from which the local creditors would benefit if the insolvency proceeding was opened in the Member State where the assets are located. Such undertaking must be made in writing and is subject to approval by a majority of local creditors, determined in accordance with applicable local laws. If approved, the undertaking is binding on the insolvent estate and if a court is requested to open secondary insolvency proceedings, it should refuse to open such proceeding if it is satisfied that the undertaking adequately protects the general interests of local creditors.

Pursuant to Article 4 of the Recast EU Insolvency Regulation, a court requested to open insolvency proceedings will be required to examine whether it has jurisdiction pursuant to Article 3; such decision may be challenged by the debtor or any creditor on grounds of international jurisdiction.

Insolvency proceedings involving members of a group of companies

The Recast EU Insolvency Regulation provides for a cooperation and communication mechanism in the event that insolvency proceedings concerning two or more members of a group of companies are

opened. Insolvency practitioners appointed in proceedings concerning a member of the group shall cooperate with any insolvency practitioner appointed in proceedings concerning another member of the group to the extent that such cooperation is appropriate. Similarly, the court which has opened proceedings shall also cooperate with any other court before which a request is made to open proceedings concerning another member of the group to the extent that cooperation is appropriate to facilitate the effective administration of the proceedings, is not incompatible with the rules applicable to them and does not entail any conflict of interest. In this respect, the courts may, where appropriate, appoint a third party, provided that this is not incompatible with the rules applicable to them.

Applicability

In the event that any one or more of the Issuer, the Guarantors or any of their respective subsidiaries experience financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Applicable insolvency laws may affect the enforceability of the obligations of the Issuer and the Guarantors.

Australia

The Notes will be guaranteed by Guala Closures Australia Holdings Pty Ltd and Guala Closures Australia Pty Ltd, each being companies incorporated under the laws of Australia (together, the “**Australian Guarantors**”). The Notes and the Note Guarantees will also be secured by registered security interests (together, the “**Australian Collateral**”) over (i) the share capital of each of the Australian Guarantors and (ii) all of the assets of Guala Closures Australia Pty Ltd.

New secured transactions law

Australian Secured Transactions Law was substantially rewritten in early 2012, with the coming into operation of the Personal Property Securities Act 2009 (Cth) (the “**PPSA**”). The PPSA introduced a new national register of security interests in Australia, as well as a system of priority and other provisions which affect most types of collateral (other than land).

Under the PPSA, a security interest will only be fully effective if it is properly documented and perfected. If it is not perfected, the secured party will be exposed to various risks including that its security interest could rank behind other security interests in a priority dispute, be extinguished entirely (for example, if the grantor transfers the collateral to another person) or could vest upon the administration or liquidation of the grantor company.

The most common method of perfecting a security interest is by registering a financing statement on the Personal Property Securities Register (the “**PPS Register**”). Security interests can also be perfected, for some types of collateral, by possession or control. If a security interest that is provided for by a Security Document is to be perfected only by registration, the Security Agent will need to register a financing statement on the PPS Register within 20 business days after that Security Document comes into force, otherwise the security interest will be void if the grantor becomes subject to an insolvency proceeding within six months.

A security interest will not necessarily defeat other security interests just because it was perfected first. For example, a security interest that is perfected by control will usually have priority over all other security interests, even ones which were perfected (for example, by registration) earlier. The PPSA also gives a super priority to purchase money security interests (“**PMSI**”). In most cases, a PMSI will have priority over other security interests even if the other security interests were perfected first (unless the other security interest is perfected by control).

If a security interest is over “circulating assets” (such as funds in bank accounts (other than term deposits), inventory, most accounts (for example, many receivables) and negotiable instruments), then it may also rank behind some statutorily preferred claims (such as employee entitlements and the costs and expenses of certain insolvency proceedings including an administrator of the grantor company) in an insolvency proceeding.

The ability to enforce the Australian Collateral may be constrained by Chapter 4 of the PPSA. The enforceability of the Australian Collateral may also be subject to general law and statutory duties, obligations and limitations. For example:

- an Australian Guarantor may be able to redeem the corresponding secured property by tender of payment in full of the obligations secured, at any time before the property is sold;

- the secured party may need to exercise its power of sale in good faith and in a manner that is not reckless, harsh or unconscionable, and may need to take reasonable care to obtain on sale a proper price or true market value in accordance with the circumstances prevailing at the time;
- if the secured party is in possession of the secured property, it may need to account to the corresponding Australian Guarantor for any excess, over the secured money, of rents and profits received;
- the Australian Collateral may be set aside in respect of any secured property which is confiscated by a Government Agency under laws relating to the proceeds of criminal activities;
- the exercise of a power of sale under the Australian Collateral may be subject to notice provisions and other requirements imposed by statute in the relevant jurisdiction;
- a court may grant relief against the consequences of default if the default is subsequently remedied or an undertaking to remedy it is given to the court; and
- the document may not be admissible in evidence before a court if any necessary stamp duty has not been paid.

The ability of a secured party to enforce the Australian Collateral may be affected if the relevant Australian Guarantor enters into administration, particularly if the security granted by the Australian Guarantor is not over all or substantially all of its property (including for this purpose all PPSA retention of title property as defined in section 51F of the Corporations Act 2001 (Cth) (the “**Corporations Act**”).

Note Guarantees and Collateral

The validity, enforceability and efficacy of the Note Guarantee and the Australian Collateral (security) to be granted by each of the Australian Guarantors will be affected in various circumstances under Australian law, notwithstanding that the Note Guarantees are to be governed by the laws of the State of New York, including, without limitation, if:

- in granting a Note Guarantee or security, the directors of the Australian Guarantors did not exercise their powers in good faith in the best interests, and for the benefit, of the relevant Guarantor;
- the granting of a Note Guarantee or security breaches section 260A of the Corporations Act, which prohibits the giving of financial assistance in connection with the acquisition of shares in an Australian company or one of its holding companies, subject to a limited number of statutory exceptions, including where shareholder approval for the financial assistance transaction has been obtained. When a company giving financial assistance has an ultimate Australian registered holding company, whether listed or not, immediately after the relevant acquisition occurs, shareholder approval will also be required from that company;
- any payment or proposed payment under the Note Guarantee or security would breach laws and regulations in Australia which prohibit or restrict transactions with persons and entities considered to be associated with terrorism and payments to, or transactions in relation to, a person or entity against whom the Commonwealth of Australia has imposed economic, political or other international sanctions; and
- the Note Guarantee or security can be overturned, or payments made under the guarantee can be recovered by a liquidator of the company (see below).

Enforcement may also be limited by statutes of limitation or by general law doctrines or statutory relief in relation to such matters as fraud, misrepresentation, duress, or unconscionable conduct, frustration, estoppel, waiver or penalties.

A liquidator is able to challenge certain transactions into which the company has entered. In particular, the Corporations Act empowers a liquidator to overturn an “uncommercial transaction” (as defined below) entered into at a time when the company was insolvent, or an uncommercial transaction which causes (whether wholly or in connection with other factors) the company to become insolvent, which uncommercial transaction was entered into: (i) within the preceding two years; (ii) within the preceding four years if the transaction involved a related entity of the company; and (iii) within the preceding ten years if the purpose of the transaction was to defeat, delay or interfere with the rights of creditors on a winding-up of the company. Uncommercial transactions are those which a reasonable person in the

company's position would not have entered into having regard to any relevant matter, including the benefits (if any) to the company of entering into the transaction, the detriment to the company of doing so and the benefits to other parties of entering into the transaction.

In addition, a liquidator is able to challenge a transaction (including payments made under a guarantee or security) which results in a creditor receiving from the company in respect of an unsecured debt more than the creditor would receive from the company if the transaction was set aside and the creditor was to prove for the debt in the winding-up of the company, and the transaction was entered into: (i) within the preceding six months; (ii) within the preceding four years if the transaction involved a related entity of the company; and (iii) within the preceding ten years if the purpose of the transaction was to defeat, delay or interfere with the rights of creditors on a winding-up of the company.

Further, upon liquidation, a circulating security interest, being a security interest that attaches to circulating assets (as to which, see above), that was granted within six months of the commencement of the liquidation, is void against the liquidator, except so far as the security secures, among other things, (A) advances of new money to the grantor company, (B) a liability under a guarantee or other obligation undertaken at or after the time of the grant of security on behalf of or for the benefit of the grantor company, or (C) an amount payable for new property or services provided to the company. This arises under section 588FJ of the Corporations Act. The matter of what constitutes the grant of security on behalf of or for the benefit of the company granting the security, for the purposes of this provision, was considered in the case - *Cuthbertson & Richards Sawmills Pty Ltd v Thomas* (1999) 30 ACSR 504, Section 588FJ does not apply where the grantor company was solvent immediately after the grant of the security.

Insolvency Proceedings

There are four principal corporate insolvency processes in Australia: administration (sometimes referred to as voluntary administration); deed of company arrangement; liquidation (winding-up); and receivership. In addition, there is a fifth, lesser-used regime: schemes of arrangement.

According to section 435A of the Corporations Act, the object of administration is to maximize the chances of the company or its business continuing in existence or, if it is not possible for the company or its business to continue in existence, is to result in a better return for the company's creditors and members than would result from an immediate winding-up of the company.

Administration is only intended to last for a short period. During this period, the administrator takes control of the company, assesses its situation and the options available to it, and reports to creditors his or her opinion on which of those options should be followed. The options in question are either liquidation, deed of company arrangement or for the administration (and moratorium) to end and for the company to return to its directors. To permit the administrator the opportunity to do this, there is a moratorium on the enforcement of creditors' claims (including security interests) and actions against the company and its property (subject to certain exceptions, such as where a lender which holds a security interest over the whole or substantially the whole of the company's assets has enforced the security interest before the administration begins or enforces the security interest during the first 13 days of commencement of the administration).

A deed of company arrangement is an agreement binding on the company and its creditors (and sometimes others) in the nature of a compromise. By force of the Corporations Act, the agreement is one which will bind even those unsecured creditors who do not vote in favor of it, provided a simple majority (by number and value of claims) votes in favor. Creditors holding security interests are not bound by a deed of company arrangement if they do not vote for it.

The purpose of a liquidation is to enable the realization of all of a company's assets and the distribution of the proceeds of sale of those assets among the company's creditors and (if there is a surplus after paying creditors) members. Generally speaking, to the extent that their security is sufficient, secured creditors stand outside the liquidation and therefore do not have to prove for their debts. They are generally entitled to sell the assets subject to their security or have them sold and to receive the proceeds (subject to the rights of any prior security holders).

Receivers are typically appointed by a person to whom the company has granted a security interest. Their appointment and powers are usually governed by the terms of the security agreement under which they are appointed. The receiver's principal task is to realize the assets subject to the security interest(s) and pay the proceeds to the secured party. Receivership is a regime implemented for the benefit of the secured creditor which appoints the receiver; whereas both administration and liquidation are regimes

aimed at securing the best outcome for all the company's unsecured creditors as a body. Where a company grants security over an asset, the proceeds of enforcement must generally be remitted to the secured party because they represent property which belonged to the secured party.

One exception to this is that where assets are subject to a security interest over circulating assets, the receiver must pay or provide for priority payments from their proceeds before accounting to the chargee. Priority payments are those listed in section 433(3) of the Corporations Act and include liabilities in respect of certain insurance policies, auditors fees and employees' wages and superannuation and certain other employee entitlements, and the amount owing to the administrator on account of his or her fees, costs and expenses.

A scheme of arrangement is a court-sanctioned arrangement or compromise, proposed by the relevant company and voted on by the creditors and members of the relevant company, which binds the company and its creditors or members even though a dissentient minority of those creditors or members may oppose it.

Brazil

The Brazilian Insolvency Law

One of the Guarantors of the Notes, Guala Closures do Brasil Ltda., is a limited liability company, organized under the laws of Brazil (the "**Brazilian Guarantor**"). Accordingly, insolvency proceedings with respect to the Brazilian Guarantor will proceed under, and be governed by, Brazilian insolvency law.

Brazilian Federal Law 11,101, dated February 9, 2005, as amended (the "**Brazilian Insolvency Law**") provides the legal regime applicable to recoveries (both *in* and *out of court*) and bankruptcy in Brazil.

Court recoveries under Brazilian Insolvency Law

Among the various key provisions of Brazilian Insolvency Law relating to *in court recoveries*, the most significant are those providing more control over the recovery process to the Creditor's Meeting. All existing creditors prior to the *in court recovery* request are subject to the proceeding, even if their debts are not due at the date of filing of the *in court recovery* request (pursuant to Article 49 of Brazilian Insolvency Law). Tax debts are not subject to the *in court recovery* proceeding.

The *in court recovery* request must be filed by the debtor along with an analysis of the debtor's financial and economic condition and the feasibility of its business. After the *in court recovery* request is accepted by the court, the debtor must present a recovery plan to creditors within 60 days (according to Article 53 of Brazilian Insolvency Law).

Under Brazilian Insolvency Law, the acceptance by the court of the *in court recovery* request suspends the course of all lawsuits filed against the debtor for a maximum period of 180 days (the "Stand Still Period") (pursuant to §4 of Article 6 of Brazilian Insolvency Law). During the Stand Still Period, foreclosure of collateral may be subject to certain restrictions. For instance, (a) Article 49, §3 restricts the foreclosure of assets that are deemed to be essential to carry out the debtor's activities and (b) Article 49, §5 establishes that any credit rights and receivables pledged on behalf of creditors shall be deposited into a judicial account and shall not be withdrawn during the Stand Still Period.

The recovery plan for *in court recoveries* must be approved by the following classes of creditors during a creditors' meeting: (i) labor creditors (including a majority of voting creditors); (ii) secured creditors (including a majority of both credit value and voting creditors); (iii) unsecured, subordinated creditors (as defined in Article 83, VIII "a)" and "b)" of Brazilian Insolvency Law, which includes the subordinated credits as determined by law or contract or the credits held by the stakeholders and managers of the debtor) and special and general privilege creditors (including a majority of both credit value and voting creditors); (iv) microenterprises, small-sized companies creditors. However, the plan may be approved in a "cramdown" proceeding (pursuant to Article 58, §1 of Brazilian Insolvency Law) even though it was rejected by one class of creditors if it: (i) was approved by the vote of creditors that represent more than 50% of the total claims present in the creditors' meeting, regardless of the class of creditors; (ii) was approved by two classes of creditors; and (iii) received a favorable vote of more than one-third of the creditors in the class in which it was rejected.

The approval of a recovery plan is considered a novation and it is mandatory for the debtor and all creditors subject to it. The parties are free to negotiate how *in court recovery* is implemented, including, for instance, the reduction of liability and priority of repayment. Debtors may carry out corporate actions to facilitate recovery. Examples include spin-offs, mergers, transfers or leases, conclusion of collective labor

agreements, sale of assets, issue of debentures, replacement of guarantees and other analogous measures (according to Article 50 of Brazilian Insolvency Law). In addition, under the Brazilian Insolvency Law, the acquirer of assets of the debtor will not be held liable for any liabilities (including tax and labor liabilities) of the debtor selling the assets. This rule is only applicable in a case of the sale of branches or isolated production units and does not apply to the sale of the whole business (according to Article 60, sole paragraph of Brazilian Insolvency Law).

Out of court recovery under Brazilian Insolvency Law

The *out of court recovery* may affect participating or non-participating creditors if the claims of the non-participating creditors are dealt with in the recovery plan and the recovery plan is duly signed by creditors representing three-fifths ($\frac{3}{5}$) of each class of claims treated therein. Claims arising from labor and tax matters cannot be governed by *out of court recovery* plans. Once approved, the plan will apply to all creditors who adhered to it and will be binding on all creditors included within its scope, whether or not such creditors executed the *out of court recovery* plan.

Bankruptcy under Brazilian Insolvency Law

Bankruptcy is a procedure carried out in the collective interest of the creditors of a certain debtor and culminates with a court liquidation, in which the main purpose is to wind up and sell the assets of the debtor in order to satisfy the credits held by each creditor.

In the event of bankruptcy of the Brazilian Guarantor, all of its debt obligations, including the Note Guarantee for the Notes, which are denominated in foreign currency, will be converted into Brazilian *reais* at the prevailing exchange rate on the date of declaration of the bankruptcy by the court. We cannot assure investors that such rate of exchange will afford full compensation of the amount invested in the Notes plus any accrued interest. In addition, companies in Brazil may only remit funds out of Brazil and/or convert such funds into hard currency in strict compliance with foreign exchange rules, and there can be no assurance that such companies would have the ability to convert Brazilian real into dollars or euro, nor that such companies would be able to remit such funds out of Brazil.

In addition, if the value of the Brazilian Guarantor's assets is insufficient to pay creditors, no interest accrues on claims, except interest on debentures and secured claims, which can be paid with the proceeds resulting from the sale of the underlying security.

Moreover, if the Brazilian Guarantor is declared bankrupt, its obligations under its Note Guarantee will be subordinated to the statutory preferences established by the Brazilian Insolvency Law. According to Brazilian Insolvency Law, in case of bankruptcy, payments of any amounts due by the debtor shall follow the following priority ranking:

- (i) costs of proceedings (including trustee fees, costs of running the debtor's business during the proceedings, and claims by creditors that granted credit to the debtor after the judicial recovery petition was filed);
- (ii) labor-related claims up to 150 minimum monthly wages (as determined by the Federal Government of Brazil) per creditor plus claims for damages arising from labor-related accidents;
- (iii) secured credits (up to the value of the collateral), such as credits secured by pledges and mortgages;
- (iv) tax claims (except for fines);
- (v) special privileged claims;
- (vi) general privileged claims;
- (vii) unsecured credits (including labor-related claims in excess of the amount mentioned in clause (ii) above and claims of secured creditors with a value exceeding that of the collateral);
- (viii) contractual penalties and fines for breach of criminal or administrative law (including tax-related fines); and
- (ix) subordinated credits, as defined by law or pursuant to the relevant agreement.

The foregoing priority is established by law and may not be modified by a court.

There are certain credits that are senior to or excluded from the priority order above, such as:

- (a) credits secured by fiduciary assignment/transfer (*cessão/alienação fiduciária*) up to the value of the asset

contemplated by such lien, pursuant to Article 49, § 3 of Brazilian Insolvency Law; (b) credits arising from an advance against exchange contracts (“ACC”) pursuant to Article 86, II; and (c) credits and obligations assumed before any clearing systems pursuant to Article 193 § 3 of Brazilian Insolvency Law, amongst other specific cases established in Brazilian Insolvency Law.

Enforceability of the Note Guarantee

Under Brazilian law, if not characterized as a credit instrument (like promissory notes governed by Brazilian law), which could be enforced independently from the main obligation, the Note Guarantees are considered supplementary to the underlying or principal obligation and the nullity of the principal obligation results in the invalidity of the accessory obligation. Therefore, should the obligations of the Issuer under the Notes or the Indenture be rendered invalid, the Note Guarantees would, under Brazilian law, also be deemed invalid.

Hardening Period / Clawback and Fraudulent Transfer

The validity and enforceability of the Note Guarantee granted by the Brazilian Guarantor of the Issuer’s obligations under the Notes depends upon the best interests of such Brazilian Guarantor and whether the Brazilian Guarantor receives fair and adequate consideration for the granting of the Note Guarantee. In the event the Brazilian Guarantor becomes subject to a recovery proceeding or to bankruptcy under Brazilian Insolvency Law, the relevant Note Guarantee, if granted up to two (2) years before the declaration of bankruptcy, may be deemed to have been fraudulent and declared void, under the argument that the Brazilian Guarantor has not received fair consideration in exchange for such Note Guarantee pursuant to Article 129, § IV of Brazilian Insolvency Law.

Perfection of Security Interests

Under Brazilian law, the perfection of security interests over assets depends on certain registration requirements to be binding against third parties. Depending on the assets over which the security interest is to be created, the relevant security agreement (translated into Portuguese by a sworn translator, if executed in a foreign language and executed abroad must be either duly legalized by a Brazilian Consulate or, for countries that are party to the Hague convention of 1961 (“**Apostille Convention**”), duly apostilled) must be registered with the Registry of Titles and Deeds or with the Registry of Real Estate, as applicable. In addition, the perfection of security interests over certain assets may require additional formalities. This is the case for the perfection of security interests created over shares issued by a Brazilian company, which depends on the registration of the relevant liens in the company’s shares registration books, with the relevant shares registration agent (if that is the case) or in the company’s articles of incorporation (in the case of limited liability companies).

Until such registrations occur, the security agreement is binding upon the parties but not binding against third parties. In the case of security interests which are required to be registered with the Registry of Titles and Deeds, if the relevant security agreement is registered within 20 days from its execution date, the security interest created thereby shall be deemed effective against third parties as of the date of execution of such security agreement; otherwise, it shall be deemed effective against third parties as of the date of the relevant security agreement is submitted for registration at the Registry of Titles and Deeds.

Italy

Limitations on Granting Security Interests and Guarantees under Italian Law

Under Italian law, entry into of a transaction (including the creation of a security interest or the granting of a guarantee) by a company must be permitted by the applicable laws and by its laws (statuto sociale) and is subject to compliance with the rules on corporate benefit, corporate authorization and certain other Italian mandatory provisions. If a security interest or a guarantee is being provided in the context of an acquisition, group reorganization or restructuring, financial assistance issues may also be triggered.

An Italian company granting a security interest must receive a real and adequate benefit in exchange for the security interest. The concept of real and adequate benefit is not defined in the applicable legislation and its existence is purely a business decision to the directors and the statutory auditors, if any. As a general rule, corporate benefit is to be assessed at the level of the relevant company on a stand-alone

basis, although upon certain circumstances and subject to specific rules the interest of the group to which such company belongs may also be taken into consideration. While corporate benefit for down-stream security or guarantee (*i.e.*, security or a guarantee granted to secure financial obligations of directly or indirectly subsidiaries of the relevant grantor) is usually self-evident, the validity and effectiveness of up-stream or cross-stream security (*i.e.*, security granted to secure financial obligations of the direct or indirect parent or sister companies of the relevant grantor) granted by an entity organized under the laws of Italy depend on the existence of a real and adequate benefit in exchange for the granted security interest. In particular, in case of an up-stream and cross-stream guarantee or security for the financial obligations of group companies, examples may include financial consideration in the form of access to cash flows through intercompany loans from other members of the group, while transactions featuring debt financings of distributions to shareholders are largely untested in Italian courts, and, therefore, limited guidance is provided as to whether and to what extent such transactions could be challenged for lack of corporate benefit and conflict of interest. The general rule is that the risk assumed by an Italian grantor of security or guarantee must not be disproportionate to the direct or indirect economic benefit to it.

As a general rule, absence of a real and adequate benefit could render the transaction (including granting a security interest or guarantee entered into) by an Italian company *ultra vires* and potentially affected by a conflict of interest. Civil liabilities may be imposed on the directors of an Italian grantor if a court holds that it did not act in the best interest of the grantor and that the acts carried out do not fall within the corporate purpose of the company or were against mandatory provisions of Italian law. The lack of corporate benefit could also result in the imposition of civil liabilities on those companies or persons ultimately exercising control over an Italian grantor or having knowingly received an advantage or profit from such improper control. Moreover, the security interest or guarantee granted by an Italian company could be declared null and void if the lack of corporate benefit was known or presumed to be known by the third party and such third party acted intentionally against the interest of the Italian company.

The above principles on corporate benefit apply equally to up-stream and down-stream guarantees granted by Italian companies.

In addition, the granting of a security or a guarantee by an Italian company cannot include any liability which would result in unlawful financial assistance within the meaning of Article 2358 or 2474, as the case may be, of the Italian Civil Code pursuant to which, subject to specific exceptions, it is unlawful for a company to give financial assistance (whether by means of loans, security, guarantees or otherwise) to support the acquisition or subscription by a third party of its own shares or quotas or those of any entity that (directly or indirectly) controls the Italian company. Financial assistance for refinancing indebtedness originally incurred for the purchase or subscription of its own shares or quotes or those of its direct or indirect parent company would also be a violation. Any loan, guarantee or security given or granted in breach of these provisions is null and void.

The Collateral will be created and perfected in favor of the Trustee acting in its capacity as representative (*rappresentante*) of the holders of the Notes pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code. Under such provision (introduced by Law No. 164 of November 11, 2014), the security interests and guarantees assisting bond issuances can be validly created in favor of the holders of the notes or in favor of a representative (*rappresentante*) of the holders of the Notes who will then be entitled to exercise in the name and on behalf of the holders all their rights (including any rights before any court and judicial proceedings) relating to the security interests and guarantees. However, there is no guidance or available case law on the exercise of the rights and enforcement of such security interest and guarantees by a *rappresentante* pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code also in the name and on behalf of the holders of the Notes which are neither directly parties to the Collateral nor are specifically identified therein or in the relevant share certificates and corporate documents or public registries.

In addition, as the holders of the Notes are not direct party to the Indenture, there is the risk that the appointment of Trustee in its capacity as representative (*rappresentante*) of the holders of the Notes pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code is not upheld by an Italian court and that therefore an Italian court may determine that the holders of the Notes at the time of enforcement are not secured by the security under the Security Documents and/or that the *rappresentante* cannot exercise the rights and enforce the Collateral also in the name and on behalf of the holders of the Notes. In addition, the provisions and the subject matter of paragraph 3 of Article 2414-*bis*, paragraph 3, of the Italian Civil Code are new and, as such, untested by Italian Courts and, therefore, even if the appointment of the *rappresentante* is upheld by an Italian Court, It cannot be excluded that an Italian Court may take a

different view and interpretation and determine that, where the Collateral is only granted in favour of the *rappresentante*, the holders of the Notes at the time of enforcement are not secured by the Collateral and/or cannot enforce that Collateral.

Insolvency laws

The insolvency laws of Italy may not be as favorable to investors' interests as those of other jurisdictions with which investors may be familiar. In Italy, courts play a central role in the insolvency process. Moreover, in court procedures may be materially more complex and the enforcement of security interests by creditors in Italy can be more time-consuming than in equivalent situations in jurisdictions with which holders of the Notes may be familiar.

The following is a brief description of certain aspects of insolvency law in Italy.

Certain provisions of Italian law have been amended or have entered into force only recently and, therefore, may be subject to further implementation and/or interpretations and have not been tested to date in the Italian courts. In this respect, the most recent reform has been approved by the Italian Government on 23 June 2015 through a law-decree containing urgent reforms applicable, *inter alia*, to Italian bankruptcy law (the “**Decree**”). The Decree entered into force on June 2015 (the date of its publication in the *Gazzetta Ufficiale*) and has been converted into law by the Law No. 132/2015 (“**Law 132**”). Law 132 entered into force on 21 August 2015 (the date after its publication in the *Gazzetta Ufficiale*).

The two primary aims of Royal Decree No. 267 of March 16, 1942 (the main Italian bankruptcy legislation), as reformed and currently in force (the “Italian Bankruptcy Law”), are to liquidate the debtor’s assets and protect the goodwill of the going concern (if any) for the satisfaction of creditors’ claim as well as, in case of the “*Prodi-bis*” procedure or “*Marzano*” procedure, to maintain employment. These competing aims have often been balanced by selling businesses as going concerns and ensuring that employees are transferred along with the businesses being sold. However, the Italian Bankruptcy Law has been recently amended with a view to promoting rescue procedures rather than liquidation focusing on the continuity and survival of financially distressed businesses and enhancing pre-bankruptcy restructuring options.

Under the Italian Bankruptcy Law, bankruptcy must be declared by a court, based on the insolvency (*insolvenza*) of a company upon a petition filed by the company itself, the public prosecutor and/or one or more creditors. Insolvency occurs when a debtor is no longer able to regularly meet its obligations as they become due. This must be a permanent, and not a temporary, status of insolvency in order for a court to hold that a company is insolvent.

In addition, the following forms of debt restructuring and bankruptcy are available under Italian law for companies in a state of crisis and for insolvent companies.

Restructuring outside of a judicial process (concordati stragiudiziali)

Restructuring generally takes place through a formal judicial process because it is more favorable for the debt and because informal arrangements put in place as a result of an out-of-court restructuring are but facing financial difficulties to being reviewed by a court in the event of a subsequent insolvency, and possibly challenged as voidable transactions. However, in cases where a company is solvent, it may be possible to enter into an out-of-court arrangement with its creditors, which may safeguard the existence of the company.

Out-of-court reorganization plans (Piani di risanamento) pursuant to Article 67, Paragraph 3(d) of the Italian Bankruptcy Law

Out-of-court debt restructuring agreements are based on restructuring plans (*piani di risanamento attestati*) prepared by companies in order to restructure their indebtedness and to ensure the recovery of their financial condition. An independent expert appointed by the debtor has to verify the feasibility of the restructuring plan and the truthfulness of the business and accounting data provided by the company. The expert must possess certain specific professional requisites and qualifications and meet the requirements set forth by Article 2399 of the Italian Civil Code and may be subject to liability in case of misrepresentation or false certification.

The terms and conditions of these plans are freely negotiable, provided that they are finalized at restructuring the debtor's indebtedness and rebalancing its capital structure. Unlike in-court pre-bankruptcy agreement proceedings and debt restructuring agreements, out-of-court reorganization plans pursuant to Article 67, Paragraph 3(d) of the Italian Bankruptcy Law do not offer the debtor any protection against enforcement proceedings and/or precautionary actions of third-party creditors. The Italian Bankruptcy Law provides that, should these plans fail and the debtor subsequently declared bankrupt, the payments and/or acts carried out for the implementation of the reorganization plan, subject to certain conditions: (i) are not subject to clawback action; and (ii) are exempted from certain potentially applicable criminal sanctions. Neither ratification by the court nor publication in the companies' register are needed (although publication in the companies' register is possible upon a debtor's request and would allow for certain tax benefits) and, therefore, the risk of bad publicity or disvalue judgments are lower than in case of an in-court pre-bankruptcy agreement or a debt restructuring agreement.

Debt restructuring agreements with creditors (accordi di ristrutturazione dei debiti) pursuant to Article 182-bis of the Italian Bankruptcy Law

Out-of-court agreements for the restructuring of indebtedness entered into with creditors representing at least 60% of the outstanding company's debts can be ratified by the court. An independent expert appointed by the debtor must assess the truthfulness of the business and accounting data provided by the company and declare that the agreement is feasible and, particularly, that it ensures that the debts of the non-participating creditors can be fully satisfied within a 120-day term from: (i) the date of ratification of the agreement by the court, in the case of debts which are due and payable to the non-participating creditors as of the date of the sanctioning (*omologazione*) of the debt restructuring agreement by the court; and (ii) the date on which the relevant debts fall due, in case of receivables which are not yet due and payable to the non-participating creditors as at the date of the sanctioning (*omologazione*) of the debt restructuring agreement by the court. Only a debtor who is insolvent or in a state of crisis (i.e. facing financial distress which does not yet amount to insolvent) can initiate this process and request the court's sanctioning (*omologazione*) of the debt restructuring agreement entered into with its creditors.

The agreement is published in the companies' register and is effective as of the day of its publication. Starting from the date of such publication and for 60 days thereafter, creditors cannot start or continue any interim relief or enforcement actions over the assets of the debtor and cannot obtain any security interest (unless agreed) in relation to preexisting debts. The moratorium can be requested, pursuant to Article 182-bis, Paragraph 6 of the Italian Bankruptcy Law, by the debtor from the court pending negotiations with creditors (prior to the above-mentioned publication of the agreement), subject to the fulfillment of certain conditions. Such moratorium request must be published in the companies' register and becomes effective as of the date of publication. The court, having verified the completeness of the documentation, sets the date for a hearing within 30 days of the publication and orders the company to supply the relevant documentation in relation to the moratorium to the creditors. In such hearing, the court assesses whether the conditions for granting the moratorium are in place and, if they are, orders that no interim relief or enforcement action may be started or continued, nor can security interests (unless agreed) be acquired over the assets of the debtor, and sets a deadline (not exceeding 60 days) within which the restructuring agreement has to be filed. The court's order may be challenged within 15 days of its publication. Within the same time frame, an application for the *concordato preventivo* (as described below) may be filed, without prejudice to the effect of the moratorium.

The Italian Bankruptcy Law does not expressly provide for any indications concerning the contents of the debt restructuring agreement. The plan can therefore provide, *inter alia*, either for the prosecution of the business by the debtor or by a third party, or the sale of the business to a third party, and may contain refinancing agreements, moratoria, write-offs and/or postponements of claims. The debt restructuring agreement may also contain a proposed tax settlement for the partial or deferred payment of certain taxes. Creditors and other interested parties may oppose the agreement within 30 days from the publication of the agreement in the companies' register. The court will, after having settled the oppositions (if any), validate the agreement by issuing a decree, which may be appealed within 15 days of its publication.

The Decree, as amended by Law 132, modified the basis for calculation of the 60% of the outstanding debtor's debt threshold required for courts' sanctioning of debt restructuring agreements (*accordi di ristrutturazione dei debiti*), easing the requirements with respect to financial creditors.

Pursuant to the new Article 182-septies of the Decree, as amended by Law 132, debtors whose financial indebtedness is at least 50% of their total indebtedness are entitled to enter into debt restructuring agreements obtaining the approval of financial creditors representing at least 75% of the

aggregate financial claims of the relevant category and ask the court to declare such agreement binding on the dissenting financial creditors belonging to the same category (so called “cram down”), subject to certain conditions being met, including that treatment of dissenting creditors is not worse than under any other available alternative. If the abovementioned conditions are met, then the remaining 25% of non-participating financial creditors belonging to the same class of creditors are crammed down; however, crammed down creditors can challenge the deal and refuse to be forced into it, on the basis of the lack of homogeneity of the classes of creditors. Similarly, a standstill agreement (*convenzione di moratoria*) entered into between a debtor and financial creditors representing 75% of that debtor’s aggregate financial indebtedness would also bind the non-participating financial creditors, provided that an independent expert certifies the homogeneity of the classes and subject to certain conditions being met. The purpose is to prevent banks with modest credits from effectively having the power to block restructuring operations involving more exposed bank creditors, resulting in the failure of the overall restructuring and the opening of a procedure. Financial creditors who did not participate in the agreement may oppose to it (within 30 days of receipt of the application).

Such debt restructuring agreements and standstill agreements will not affect the rights of non-financial creditors (e.g. trade creditors) who cannot be crammed down and must be paid within 120 days if not participating to a scheme.

Pursuant to Article 182-*quater* of the Italian Bankruptcy Law, financing granted to the debtor pursuant to the approved debt restructuring agreement (or a court-supervised Pre-Bankruptcy Composition with Creditors) enjoy priority status in cases of subsequent bankruptcy (such status also applies to financing granted by shareholders, but only up to 80 percent of such financing). Financing granted “in view of” (i.e., before) presentation of a petition for a debt restructuring agreement or a court-supervised Pre-Bankruptcy Composition with Creditors may be granted such priority status provided that it is envisaged by the relevant plan or agreement and that such priority is expressly provided for by the court at the time of approval of the plan or sanctioning (*omologazione*) of the agreement.

Pursuant to the new Article 182 *quinquies* of the Italian Bankruptcy law, the court, pending the sanctioning (*omologazione*) of the agreement pursuant to Article 182 *bis*, paragraph 1, or after the filing of the petition pursuant to Article 182 *bis*, paragraph 6, or a petition for a *concordato preventivo* also pursuant to Article 161, paragraph 6, may authorize the debtor to: (i) incur new pre-deductible indebtedness subject to authorization by the court and if an expert certifies that such financing is functional to the overall restructuring process, (ii) secure such indebtedness via in rem securities (“*garanzie reali*”), provided that the expert appointed by the debtor, having verified the overall financial needs of the company until the sanctioning (*omologazione*), declares the aim of the new financial indebtedness results in a better satisfaction of the creditors; and (iii) pay debts deriving from the supply of services or goods, already payable and due, provided that the expert declares that such payment is essential for the keeping of the company’s activities and to ensure the best satisfaction for all creditors. In addition, according to the provisions of the Decree, as amended by Law 132, the aforementioned authorization may be given also before the filing of the additional documentation required pursuant to Article 161, Paragraph 6 of the Italian Bankruptcy Law.

The provision of Article 182-*quinquies* of the Italian Bankruptcy Law applies to both debt restructuring agreement and to the court-supervised pre-bankruptcy compositions with creditors (*concordato preventivo*) outlined below.

Furthermore, according to the Article 1 of the Decree, as amended by Law 132, pending the sanctioning (*omologazione*) of the debt restructuring agreement pursuant to Article 182-*bis*, Paragraph 1 of the Italian Bankruptcy Law or after the filing of the moratorium application pursuant to Article 182-*bis*, Paragraph 6 of the Italian Bankruptcy Law also in absence of the plan pursuant to Article 161, Paragraph 2, letter (e) of the Italian Bankruptcy Law, the court may also authorize the debtor to incur in new super senior (so called pre-deducibile) indebtedness, aimed at supporting urgent financial needs related to the company’s business. The company, while filing such request of authorization, is required to specify (i) the purpose of the financing; (ii) that it is unable to otherwise obtain the required funds and (iii) that the absence of such financing will entail an imminent and irreparable prejudice to the company.

Court-supervised pre-bankruptcy composition with creditors (concordato preventivo)

A company which is insolvent or in a situation of crisis, (i.e. facing financial distress which does not yet amount to insolvent), has the option to make a composition proposal to its creditors, under court supervision, in order to compose its overall indebtedness and/or reorganize its business, thereby avoiding a

declaration of insolvency and the initiation of bankruptcy proceedings. Such composition proposal can be made by a commercial enterprise which exceeds any of the following thresholds: (i) has had assets (*attivo patrimoniale*) in an aggregate amount exceeding €0.3 million for each of the three preceding fiscal years, (ii) gross revenue (*ricavi lordi*) in an aggregate amount exceeding €0.2 million for the three preceding fiscal years, and (iii) has total indebtedness in excess of €0.5 million. Only the debtor company can initially file a petition with the court for a *concordato preventivo* (together with, inter alia, a restructuring plan and an independent expert report assessing the feasibility of the composition proposal and the truthfulness of the business and accounting data provided by the company). The petition for *concordato preventivo* is then published by the debtor in the company's register. From the date of such publication to the date on which the court sanctions the *concordato preventivo*, all enforcement and interim relief actions by the creditors (whose debt became due before the sanctioning of the *concordato preventivo* by the court) are stayed. During this time, all enforcement precautionary actions and interim measures sought by the creditors, whose title arose beforehand are stayed pre-existing creditors cannot obtain security interests (unless authorized by the court) and mortgages registered within the 90 days preceding the date on which the petition for the *concordato preventivo* is published in the company's register are ineffective against such pre-existing creditors.

The composition proposal filed in connection with the petition may provide for: (i) the restructuring and payment of debts and the satisfaction of creditors' claims (provided that, in any case, it shall ensure payment of at least 20% of the unsecured receivables, except for the case of composition with creditors with continuity of the going concern (*concordato con continuità aziendale*) pursuant to Article 186-bis of the Italian Bankruptcy Law), including through extraordinary transactions, such as the granting to creditors and to their subsidiaries or affiliated companies of shares, bonds (including bonds convertible into shares), or other financial instruments and debt securities); (ii) the transfer to a receiver (*assuntore*) of the operations of the debtor company making the composition proposal; (iii) the division of creditors into classes and (iv) different treatment of creditors belonging to different classes. The composition proposal may also contain a proposed tax settlement for the partial or deferred payment of certain taxes.

The filing of the petition for the *concordato preventivo* may be preceded by the filing of a preliminary petition for a *concordato preventivo* (so called *concordato in bianco*, pursuant to Article 161, paragraph 6, of the Italian Bankruptcy Law, as amended by Law Decree No. 69/2013 as converted into Law No. 98/2013 ("**Law Decree 69/2013**"). The debtor company may file such petition along with (i) its financial statements from the latest three financial years; and (ii) the list of creditors with the reference to the amount of their respective receivables, reserving the right to submit the underlying plan, the proposal and all relevant documentation within a period assigned by the court between 60 and 120 days from the date of the filing of the preliminary petition, subject to one possible further extension of up to 60 days, where there are reasonable grounds for such extension. In advance of such deadline, the debtor may also file a petition for the approval of a debt restructuring agreement (pursuant to Article 182-bis of the Italian Bankruptcy Law). If the court accepts such preliminary petition, it may: (i) appoint a judicial commissioner (*commissario giudiziale*) to overview the company, who, in the event that the debtor has carried out one of the activities under Article 173 of the Italian Bankruptcy Law (e.g., concealment of part of assets, omission to report one or more claims, declaration of nonexistent liabilities or commission of other fraudulent acts), shall report it to the court, which, upon further verification, may reject the petition at court for a *concordato preventivo*; and (ii) set forth reporting and information duties of the company during the above-mentioned period.

The debtor company may not file such pre-application where it had already done so in the previous two years without the admission to the *concordato preventivo* having followed. The decree setting the term for the presentation of the documentation contains also the periodical information requirements (also relating to the financial management of the company and to the activities carried out for the purposes of the filing of the application and the restructuring plan) that the company has to fulfill, at least on a monthly basis, until the lapse of the term established by the court. The debtor company shall file, on a monthly basis, the company's financial position, which is published, the following day, in the company's register. Noncompliance with these requirements results in the application for the composition with creditors being declared inadmissible and, upon request of the creditors or the public prosecutor and provided that the relevant requirements are verified, in the adjudication of the distressed company into bankruptcy. If the activities carried out by the debtor company appear to be clearly inappropriate to the preparation of the application and the restructuring plan, the court may, ex officio, after hearing the debtor and—if appointed—the judicial commissioner, reduce the time for the filing of additional documents.

Following the filing of the preliminary petition and until the decree of admission to the composition with creditors, the distressed company may: (i) carry out acts pertaining to its ordinary activity; and (ii) seek the court's authorization to carry out acts pertaining to its non-recurring activity, to the extent they are urgent. Claims arising from acts lawfully carried out by the distressed company and new super senior indebtedness authorized by the court, pending the sanctioning (*omologazione*) of the debt restructuring agreement pursuant to Article 182-*bis*, Paragraph 1 of the Italian Bankruptcy Law or after the filing of the moratorium application pursuant to Article 182-*bis*, Paragraph 6 of the Italian Bankruptcy Law also in absence of the plan pursuant to Article 161, Paragraph 2, letter (e) of the Italian Bankruptcy Law, aimed at supporting urgent financial needs related to the company's business as recently introduced by Article 1 of the Decree, as amended by Law 132, are treated as super-senior (so called *pre-deducibili*) pursuant to Article 111 of the Italian Bankruptcy Law and the related acts, payments and security interests granted are exempted from the clawback action provided under Article 67 of the Italian Bankruptcy Law. Law No. 9/2014 specified that the super-seniority of the claims—which arise out of loans granted with a view to allowing the filing of the preliminary petition for the composition with creditors (*domanda di pre-concordato*)—is granted, pursuant to Article 111 of the Italian Bankruptcy Law, conditional upon the proposal, the plan and all other required documents being filed within the term set by the court and the company being admitted to the concordato preventivo within the same proceeding opened with the filing of the preliminary petition.

The composition proposal may propose that (i) the debtor's company's business continues to be run by the debtor's company as a going concern; or (ii) the business is transferred to one or more companies and any assets which are no longer necessary to run the business are liquidated (*concordato con continuità aziendale*). In these cases, the petition for the *concordato preventivo* should fully describe the costs and revenues that are expected as a consequence of the continuation of the business as a going concern, as well as the financial resources and support which will be necessary. The report of the independent expert shall also certify that the continuation of the business is conducive to the satisfaction of creditors' claims to a greater extent than if such composition proposal was not implemented.

Furthermore, the going concern-based arrangements with creditors can provide for, inter alia, the winding-up of those assets that are not functional to the business allowed. The composition agreement may also contain a proposed tax settlement for the partial or deferred payment of certain taxes.

If the court determines that the composition proposal is admissible, it appoints a judge (*giudice delegato*) to supervise the procedure, appoints one or more judicial officers (*commissari giudiziali*) and calls a creditors' meeting. During the implementation of the proposal, the company generally continues to be managed by its board of directors, but is supervised by the appointed judicial officers and judge (who shall authorize all transactions that exceed the ordinary course of business).

The *concordato preventivo* is voted on at a creditors' meeting and must be approved with the favorable vote of: (a) the creditors representing the majority of the receivables admitted to vote and, in the event that the plan provides for more classes of creditors, also (b) the majority of the classes. The Composition with Creditors is approved only if the required majorities of creditors expressly voted in favor of the proposal. Law 132 abrogated the implied consent rule under which those creditors who, being entitled to vote, did not do so and those who did not express their dissent within 20 days of the closure of the minutes of the creditors' meeting are deemed as consenting to the composition with creditors. Under the current regime, creditors who did not exercise their voting rights in the creditors' meeting can do so (even via email) within 20 days of the closure of the minutes of the creditors' meeting and, after such term, creditors who have did not exercise their voting right will be deemed not to approve the *concordato preventivo* proposal. Secured creditors are not entitled to vote on the proposal of *concordato preventivo* unless and to the extent they waive their security, or the *concordato preventivo* provides that they will not receive full satisfaction of the fair market value of their secured assets (such value being assessed by an independent expert), in which case they can vote only in respect of the part of their debt affected by the proposal. The court may also approve the concordato preventivo (notwithstanding the circumstance that one or more classes objected to it) if: (i) the majority of classes has approved it; and (ii) the court deems that the interests of the dissenting creditors would be adequately safeguarded through it compared to other solutions. If an objection to the implementation of the *concordato preventivo* is filed by 20% of the creditors or, in the case there are different classes of creditors by a creditor belonging to a dissenting class entitled to vote, the court may nevertheless sanction the *concordato preventivo* if it deems that the relevant creditors' claims are likely to be satisfied to a greater extent as a result of the *concordato preventivo* than would otherwise be the case.

The Decree, as amended by Law 132, introduced the possibility for creditors (except for individuals or entities controlled, controlling or under common control of the debtor) holding at least 10% of the aggregate claims against a debtor to present an alternative plan to the debtor's plan in a pre-bankruptcy agreement proceedings (*concordato preventivo*) subject to certain conditions being met, including, in particular, that the proposal of the debtor do not ensure recovery of at least (i) 40% of the unsecured claims (i) in case of pre-bankruptcy agreement proposal with liquidation purpose (*concordato liquidatorio*), or (ii) 30% of the unsecured claims (*crediti chirografari*) in case of pre-bankruptcy agreement proposals based on the continuation of the going concern (*concordato con continuità aziendale*).

In addition, in order to strengthen the position of the unsecured creditors, Law 132 sets forth that a pre-bankruptcy agreement proposal with liquidation purpose (*concordato liquidatorio*) (i.e. a pre-bankruptcy agreement proposal aiming at transferring all the assets to the creditors and having such assets sold in their interest by the judicial commissioner) must ensure that the unsecured creditors are paid in a percentage of at least 20% of their claims. This provision does not apply to pre-bankruptcy agreement proposals based on the continuation of the going concern (*concordato con continuità aziendale*).

To the extent the alternative plan is approved by the creditors and ratified (*omologato*), the court may grant special powers to the judicial commissioner to implement the plan if the debtor does not cooperate, including by taking all corporate actions required.

In addition, Article 163-bis of the Italian Bankruptcy Law, introduced by the Decree, as amended by Law 132, provides that, if a plan in pre-bankruptcy composition with creditors (*concordato preventivo*), pursuant to Article 161, Paragraph 2, letter (e) of the Italian Bankruptcy Law, includes an offer for the sale of the debtor's assets or of a going concern of the debtor to an identified third party, the judicial commissioner may request to the court the opening a competitive bidding process to the extent that it would be in the best interest of the creditors. After the approval by the creditors' meeting, the court (having settled possible objections raised by the dissenting creditors, if any) confirms the concordato preventivo proposal by issuing a confirmation order.

After the approval by the creditors' meeting, the court (having settled possible objections raised by the dissenting creditors, if any) confirms the *concordato preventivo* proposal by issuing a confirmation order.

If the creditors' meeting does not approve the *concordato preventivo*, the court may, upon request of the public prosecutor or a creditor, and having decided that the appropriate conditions apply, declare the company bankrupt.

Bankruptcy (fallimento)

A request to declare a debtor company bankrupt and to commence bankruptcy proceedings (*fallimento*) and the judicial liquidation of the debtor company's assets can be filed by the debtor company itself, any of its creditors and, in certain cases, by the public prosecutor. Insolvency, as defined under the Italian Bankruptcy Law, occurs when a debtor is no longer able to regularly meet its obligations with ordinary means as they come due. The bankruptcy is declared by the competent bankruptcy court. The Italian Bankruptcy Law is applicable only to commercial enterprises (*imprenditori commerciali*) if any of the following thresholds are met the company (i) has had assets (*attivo patrimoniale*) in an aggregate amount exceeding €0.3 million for each of the three preceding fiscal years, (ii) has gross revenue (*ricavi lordi*) in an aggregate amount exceeding €0.2 million for the last three fiscal years and has total indebtedness in excess of €0.5 million).

Upon the commencement of bankruptcy proceedings, among other things:

- all actions of creditors are stayed and creditors must file any claims for their debts within a prescribed period. However, in certain circumstances and subject to certain procedures, some security interests can continue to be enforced, i.e. secured claims are paid out of the proceeds of liquidation of the secured assets, along with the applicable interest and subject to any relevant expenses. Any outstanding balance will be considered unsecured and will rank *pari passu* with all of the bankrupt's other unsecured debt;
- the administration of the debtor company and the management of its assets pass from the debtor company to the bankruptcy receiver (*curatore fallimentare*);
- any act of the debtor company done after a declaration of bankruptcy (including payments made) is ineffective against the creditors;

- continuation of business may be authorized by the court if an interruption would cause greater damage to the company, but only if the continuation of the company's business does not cause damage to creditors; and
- the execution of certain contracts and/or transactions pending as of the date of the bankruptcy declaration are suspended until the receiver decides whether to take them over. Although the general rule is that the bankruptcy receiver is allowed to either continue or terminate contracts where some or all of the obligations have not been performed by both parties, certain contracts are subject to specific rules expressly provided for by the Italian Bankruptcy Law.

The bankruptcy proceedings are carried out and supervised by a court-appointed bankruptcy receiver, a deputy judge (*giudice delegato*) and a creditors' committee. The bankruptcy receiver is not a representative of any one of the creditors, but is responsible for the liquidation of the assets of the debtor for the satisfaction of the creditors as a whole. The proceeds from the liquidation are distributed in accordance with statutory priority rights. The liquidation of a debtor can take a considerable amount of time, particularly in cases where the debtor's assets include real estate. In this respect, Law 132 amended the relevant provision of the Italian Bankruptcy Law which sets forth the requisite applicable to the liquidation procedure and as a consequence the timing for the liquidation of a debtor is shortened. The Italian Bankruptcy Law provides for a priority of payment to certain preferential creditors, including administrative costs associated with the bankruptcy proceeding and costs related to the receiver's running of the company, Italian tax and national social security contributions and employee arrears of wages or salary. Such priority of payment is provided under mandatory provisions of Italian law (and, as a consequence, it is untested and it is unlikely that priority of payments such as those commonly provided in intercreditor contractual arrangements would be recognized by an Italian bankruptcy estate to the extent they are inconsistent with the priorities provided by applicable law). Bankruptcy composition with creditors (*concordato fallimentare*).

A bankruptcy proceeding can terminate prior to liquidation through a bankruptcy composition proposal with creditors. The relevant proposal can be filed, by one or more creditors or third parties, from the declaration of bankruptcy. By contrast, the debtor or its subsidiaries are only permitted to file such proposal after one year following such declaration, but within two years following the decree giving effectiveness to the liabilities account (*stato passivo*). Secured creditors are not entitled to vote on the proposal of *concordato fallimentare*, unless and to the extent they waive their security or the *concordato fallimentare* provides that they will not receive full satisfaction of the fair market value of their secured assets (such value being assessed by an independent expert), in which case they can vote only in respect of the part of their debt affected by the proposal.

The proposal may provide for the division of creditors into classes (thereby proposing different treatment among the classes), the restructuring of debts and the satisfaction of creditors' claims in any manner. The *concordato fallimentare* proposal must be approved by the creditors' committee and the creditors holding the majority (by value) of claims (and, if classes are formed, also by a majority (by value) of the claims in a majority of the classes). Final court ratification is also required.

Statutory priorities

The statutory priority given to creditors under the Italian Bankruptcy Law may be different from that established in the United States, the United Kingdom and certain other EU jurisdictions. Neither the debtor nor the court can deviate from the rules of statutory priority by proposing their own priorities of claims or by subordinating one claim to another based on equitable subordination principles (as a consequence it must be noted that priority of payments such as those commonly provided in intercreditor contractual arrangements may not be enforceable against an Italian bankruptcy estate to the extent they are inconsistent with the priorities provided by law). The rules of statutory priority apply irrespective of whether the proceeds are derived from the sale of the entire bankrupt's estate or part thereof, or from a single asset.

Article 111 of the Italian Bankruptcy Law establishes that proceeds of liquidation shall be allocated according to the following order: (i) for payments of "pre-deductible" claims (i.e. claims originated in the insolvency proceeding, such as costs related to the procedure); (ii) for payment of claims which are privileged, such as claims of secured creditors; and (iii) for the payment of unsecured creditors' claims. Under Italian law, the highest priority claims (after the costs of the proceedings are paid) are the claims of preferential creditors including, inter alia, a claim whose priority is legally acquired (i.e., repayment of rescue or interim financing, mentioned above), the claims of the Italian tax authorities and social security

administrators, and claims for employee wages. The remaining priority claims are those of “privileged” creditors (*creditori privilegiati*; a priority in payment in most circumstances, but not exclusively, provided for by law), mortgagees (*creditori ipotecari*), pledgees (*creditori pignoratizi*) and unsecured creditors (*crediti chirografari*).

Avoidance powers in insolvency

Under Italian law, there are “clawback” or avoidance provisions that may lead to, *inter alia*, the revocation of payments made or security interests granted by the debtor prior to the declaration of bankruptcy. The key avoidance provisions include, but are limited to, transactions made below market value, preferential transactions and transactions made with a view to defrauding creditors. Clawback rules under Italian law are normally considered to be particularly favorable to the receiver in bankruptcy, compared to the rules applicable in other jurisdictions.

In bankruptcy proceedings, depending on the circumstances, the Italian Bankruptcy Law provides for a clawback period of up to either one year or six months in (noting that in the context of extraordinary administration procedures—See below—in relation to certain transactions, the clawback period, can be extended to five and three years respectively) and a two-year ineffectiveness period for certain other transactions.

The Italian Bankruptcy Law distinguishes between acts or transactions that are ineffective by operation of law and acts or transactions that are voidable at the request of the bankruptcy receiver/court commissioner, as detailed below.

(a) *Acts ineffective by operation of law*

- (i) Under Article 64 of the Italian Bankruptcy Law, all transactions entered into for no consideration are ineffective as against creditors if entered into by the debtor in the two-year period prior to the insolvency declaration. Any asset subject to a transaction which is ineffective pursuant to Article 64 of the Italian Bankruptcy Law becomes part of the bankruptcy estate by operation of law upon registration (*trascrizione*) of the declaration of bankruptcy, without need to wait the ineffectiveness of the transaction is sanctioned by a court. Any interested person may challenge the registration before the delegated judge for violation of law; and
- (ii) under Article 65 of the Italian Bankruptcy Law, payments of debts falling due on the day of the declaration of insolvency or thereafter are deemed ineffective as against creditors if made by the debtor in the two-year period prior to the insolvency declaration.

(b) *Acts that could be declared ineffective at the request of the bankruptcy receiver/court commissioner*

- (i) The following acts and transactions, if done or made during the period specified below, may be clawed back (*revocati*) vis-à-vis the bankruptcy as provided for by article 67 of the above referenced Royal Decree and be declared ineffective unless the other party proves that it had no actual or constructive knowledge of the debtor’s insolvency:
 - (I) the onerous transactions entered into in the year preceding the insolvency declaration, where the value of the debt or of the obligations undertaken by the debtor exceeds by 25% the value of the consideration received by and/or promised to the debtor;
 - (II) payments of debts, due and payable, made by the debtor, which were not paid in cash or by other customary means of payment in the year preceding the insolvency declaration;
 - (III) pledges and mortgages granted by the bankrupt entity in the year preceding the insolvency declaration in order to secure pre-existing debts which have not yet fallen due; and
 - (IV) pledges and mortgages, granted by the bankrupt entity in the six months preceding the insolvency declaration, in order to secure debts which had fallen due.
- (ii) The following acts and transactions, if done or made during the period specified below, may be clawed back (*revocati*) and declared ineffective if the bankruptcy receiver proves that the other party knew that the bankrupt entity was insolvent at the time of the act or transaction:
 - (I) the payments of debts that are immediately due and payable and any onerous transactions entered into or made in the six months preceding the insolvency declaration; and

- (II) the granting of security interests securing debts (even those of third parties) and made in the six months preceding the insolvency declaration.
- (iii) The following transactions are exempt from clawback actions:
 - (I) a payment for goods or services made in the ordinary course of business and in accordance with market practice;
 - (II) a remittance on a bank account, provided that it does not reduce the bankrupt entity's debt towards the bank in a material and lasting manner;
 - (III) a sale, including an agreement for sale registered pursuant to Article 2645-*bis* of the the Italian Civil Code, currently in force, made for a fair value and concerning a residential property that is intended as the main residence of the purchaser or the purchaser's family (within three degrees of kinship) or a non-residential property that is intended as the main seat of the enterprise of the purchaser, on the condition that, as of the date of the insolvency declaration, such activity is actually exercised or the investments for the start of such activity have been carried out;
 - (IV) transactions entered into, payments made and security interests granted with respect to the bankrupt entity's goods, provided that they concern the implementation of a *piano di risanamento attestato* (see "Out-of-court reorganization plans (*Piani di risanamento*) pursuant to Article 67, Paragraph 3(d) of the Italian Bankruptcy Law" above);
 - (V) a transaction entered into, payment made or security interest granted to implement a *concordato preventivo* (see "Court-supervised pre-bankruptcy composition with creditors (*concordato preventivo*)" above) or an *accordo di ristrutturazione dei debiti* under Article 182-*bis* of the Italian Bankruptcy Law (see "Debt Restructuring Agreement with Creditors (*accordi di ristrutturazione dei debiti*) pursuant to Article 182-*bis* of the Italian Bankruptcy Law" above) and transactions entered into, payments made and security interests granted after the filing of the application for a *concordato preventivo* (see above);
 - (VI) remuneration payments to the bankrupt entity's employees and consultants; and
 - (VII) a payment of a debt that is immediately due, payable and made on the due date, with respect to services necessary for access to *concordato preventivo* procedures.

In addition, in certain cases, the bankruptcy receiver can request that certain transactions of the bankrupt entity be declared without effect vis-à-vis the acting creditors within the Italian Civil Code ordinary clawback period of five years (*revocatoria ordinaria*). Under Article 2901 of the Italian Civil Code, a creditor may demand that transactions through which the bankrupt entity disposed of its assets to the detriment to a creditor's rights be declared ineffective with respect to such creditor, provided that the bankrupt entity was aware of such detriment (or, if the transaction was entered into prior to the date on which the claim originated, that such transaction was fraudulently entered into by the debtor to its own detriment) and that, in the case of a transaction entered into for consideration with a third person, the third person was aware of such detriment (and, if the transaction was entered into prior to the date on which the claim originated, such third person participated in the fraudulent scheme). Burden of proof lies entirely with the receiver.

Law 132 also introduced new article 2929-*bis* to the Italian Civil Code, providing for a "simplified" claw back action for the creditor in respect of certain type of transactions put in place by the debtor with the aim to subtract (registered) assets from the attachment by its creditors.

In particular, the creditor can now start enforcement proceedings over the relevant assets without previously obtaining a Court decision clawing back/nullifying the relevant (fraudulent) transaction, to the extent that such transaction had been carried out for no consideration (*e.g.* gratuitous transfers, or creation of shield instruments such as trusts or the so called *fondo patrimoniale* - "family trust"). In case of gratuitous transfers, the enforcement action can be carried out by the creditor also against the third party purchaser.

Extraordinary administration for large insolvent companies (amministrazione straordinaria delle grandi imprese in stato di insolvenza)

An extraordinary administration procedure applies under Italian law for large industrial and commercial enterprises (the “*Prodi-bis*” procedure). The relevant company must be insolvent, but demonstrating serious recovery prospects. To qualify for this procedure, the company must have employed at least 200 employees in the previous year. In addition, it must have debts equal to at least two-thirds of its assets as shown in its financial statements and two-thirds of its income from sales and services during its last financial year.

Any of the creditors, the debtor, a court or the public prosecutor may make a petition to commence an extraordinary administration procedure. The same rules set forth for bankruptcy proceedings with respect to existing contracts and creditors’ claims largely apply to extraordinary administration proceedings. There are two main phases – a “judicial” phase and an “administrative” phase.

Judicial phase

In the judicial phase, the court determines whether the company meets the admission criteria and whether it is insolvent. It then issues a decision to that effect and appoints up to three judicial receivers (*commissario giudiziale*) to investigate whether the company has serious prospects for recovery via a business sale or reorganization. The judicial receiver files a report with the court within 30 days, and within 10 days from such filing, the Italian Productive Activities Minister (the “**Ministry**”) may make an opinion on the admission of the company to the extraordinary administration procedure. The court then decides (within 30 days from the filing of the report) whether to admit the company to the procedure or to place it into bankruptcy.

Administrative phase

Assuming that the company is admitted to the extraordinary administration procedure, the administrative phase begins and an extraordinary commissioner (or commissioners) is appointed by the Ministry. The extraordinary commissioner(s), prepare(s) a plan which can provide for either the sale of the business as a going concern within one year (unless extended by the Ministry) (the “**Disposal Plan**”) or a reorganization leading to the company’s economic and financial recovery within two years (unless extended by the Ministry) (the “**Recovery Plan**”). The plan may also include an arrangement with creditors (e.g. a debt for equity swap, an issue of shares in a new company to whom the assets of the company have been transferred, etc.) (*concordato*). The plan must be approved by the Ministry within 30 days from submission by the extraordinary commissioner.

In addition, the extraordinary commissioner draws up a report every six months on the financial condition and interim management of the company and sends it to the Ministry.

The procedure ends upon successful completion of either a Disposal Plan or a Recovery Plan, failing which the company is declared bankrupt.

Industrial restructuring of large insolvent companies (ristrutturazione industriale di grandi imprese in stato di insolvenza)

Introduced in 2003, the industrial restructuring of large insolvent companies is also known as the “Marzano procedure”. It is complementary to the *Prodi-bis* procedure and, except as otherwise provided, the same provisions apply. The Marzano procedure is intended to be faster than the *Prodi-bis* procedure. For example, although a company must be insolvent, the application to the Ministry is made together with the filing to the court for the declaration of the insolvency of the debtor.

The Marzano procedure only applies to large insolvent companies which, on a consolidated basis, have at least 500 employees in the year before the procedure is commenced and at least €300 million of debt. The decision whether to open a Marzano procedure is taken by the Ministry following the debtor’s request (who must also file an application for the declaration of insolvency). The Ministry assesses whether the relevant requirements are met and then appoints the extraordinary commissioner(s) who will manage the company. The court also decides on the company’s insolvency.

The extraordinary commissioner(s) has/have 180 days (or 270 days if the Ministry so agrees) to submit a Disposal Plan or Recovery Plan. The restructuring through the Disposal Plan or the Recovery Plan must

be completed within, respectively, one year (extendable to two years) and two years. If no Disposal or Recovery Plan is approved by the Ministry, the court will declare the company bankrupt and open bankruptcy proceedings.

Compulsory administrative winding-up (liquidazione coatta amministrativa)

A compulsory administrative winding-up (*liquidazione coatta amministrativa*) is only available for certain companies, including, *inter alia*, public interest entities such as state-controlled companies, insurance companies, credit institutions and other financial institutions, none of which can be made subject to bankruptcy proceedings. It is irrelevant whether these companies belong to the public or the private sector. A compulsory administrative winding-up is a special sort of insolvency proceeding in which the entity is liquidated not by the bankruptcy court, but by the relevant administrative authority that oversees the industry in which the entity is active. The procedure may be triggered not only by the insolvency of the relevant entity, but also on other grounds expressly provided for by the relevant legal provisions (e.g., in respect of Italian banks, serious irregularities concerning the management of the bank or serious violations of the applicable legal, administrative or statutory provisions).

The effect of this procedure is that the entity loses control over its assets and a liquidator (*commissario liquidatore*) is appointed to wind up the company. The liquidator's actions are monitored by a steering committee (*comitato di sorveglianza*). The powers assigned to the designated judge and the bankruptcy court under the other insolvency proceedings are assumed by the relevant administrative authority under this procedure. The effect on creditors of the forced administrative winding-up is largely the same as under bankruptcy proceedings and includes, for example, a ban on enforcement measures. The same rules set forth for bankruptcy proceedings with respect to existing contracts and creditor's claims largely apply to extraordinary administration proceedings.

Interim financing

The Decree, as amended by Law 132, introduced the possibility for debtors to also obtain authorization to urgent interim financing and to continue to use existing "*linee di credito autoliquidanti*" (trade receivables credit lines) necessary for their business needs before a court's approval of a Pre-Bankruptcy Composition with Creditors (*concordato preventivo*) or the entry into a debt restructuring agreement (*accordo di ristrutturazione dei debiti*) with priority status (*prededucibilità*) in case of subsequent bankruptcy without the expert certification and through an accelerated review process by the relevant court, upon, *inter alia*, the relevant debtor's declaration that interim finance is urgently needed and the debtor's inability to access such finance would cause imminent and irreparable damage. The court must decide on the request within 10 days of the filing of the application after consultation with the judicial commissioner and, if deemed necessary, the principal creditors.

Before the entry into force of the Decree, debtors could be granted financing with priority status (*prededucibilità*) before a court's approval of a Pre-Bankruptcy Composition with Creditors (*concordato preventivo*) or the entry into a debt restructuring agreement (*accordo di ristrutturazione dei debiti*) if: (i) an expert certified that such financing is functional to the overall restructuring process; or (ii) such financing is provided for by the plan or the agreement, provided in each case that the court approved such priority status.

Limitations on Enforcement

Fraudulent Transfer Provisions of General Applicability Including During Bankruptcy

Under Italian law, also in the ordinary course of business, an action can be brought by any creditor of a given debtor within five years from the date in which the latter enters into a guarantee, agreement and any other act by which it disposes of any of its assets, in order to seek a clawback action (*azione revocatoria*) pursuant to Article 2901 of the Italian Civil Code (which results in a declaration of ineffectiveness as to the acting creditor) of the said guarantee, agreement and other act that is purported to be prejudicial to the acting creditor's right of credit. An Italian court could revoke said guarantee, agreement and other act only if it, in addition to ascertaining the prejudice (as outline above), was to make the two following findings:

- that the debtor was aware of the prejudice which the act would cause to the rights of the acting creditor, or, if such act was done prior to the existence of the claim or credit, that the act was fraudulently designed for the purpose of prejudicing the satisfaction of the claim or credit;

- that, in the case of non-gratuitous act, the third party involved was aware of said prejudice and, if the act was done prior to the existence of the claim or credit, that the said third party participated in the fraudulent design.

Mexico

The Collateral for the Notes includes a security interest granted over the entire issued share capital of Guala Closures Mexico S.A. C.V.

Certain Insolvency Law Considerations

The Mexican insolvency law (*Ley de Concursos Mercantiles*) contemplates a single proceeding for reorganization (*concurso mercantil*) and bankruptcy (*quiebra*) with two successive stages: the first stage, known as the “mediation” stage, which is compulsory and is designed to reorganize the insolvent entity; and the second stage, known as the “bankruptcy” stage, which provides for the bankruptcy and liquidation of the insolvent entity.

In Mexico, a person will be declared insolvent when it generally fails to pay its obligations as and when they become due. Insolvency of a person may be adjudicated at the request of the insolvent entity, the Mexican attorney general’s office or any creditor of the insolvent entity when: (a) the insolvent entity has defaulted in its payment obligations with two or more creditors; and (b) when, on the date of such request, (i) 35% or more of such obligations have been outstanding for more than 30 days and/or (ii) the insolvent entity does not have sufficient liquid assets (namely, cash and cash equivalents, such as bank deposits and other receivables with a maturity of no more than 90 days, or securities that may be sold within 30 days, in each case, from the date of filing of the insolvency request) to pay at least 80% of its due and payable obligations on the date of filing of the insolvency request.

If the insolvency request is filed voluntarily by the insolvent entity, only one of the conditions described in items (i) and (ii) of clause (b) above would have to be satisfied. If the insolvency request is filed by the attorney general’s office or any creditor of the insolvent entity, both conditions described in items (i) and (ii) of clause (b) above would have to be satisfied. An insolvency presumption will exist with respect to any person or entity when, *inter alia*, (A) its assets for attachment in aid of execution of a judgment or claim are insufficient; (B) it has failed to pay two or more creditors; or (C) it has participated in fraudulent or fictitious acts to avoid payment to creditors.

Upon filing of a petition for a judgment declaring insolvency, the court will instruct the Federal Institute of Insolvency Specialists (*Instituto Federal de Especialistas de Concursos Mercantiles*) to appoint an inspector (*visitador*) to visit the entity presumed to be insolvent. The inspector will then issue an opinion regarding the commercial entity’s insolvency, which will enable the court to issue a judicial resolution declaring the legal insolvency of such person. Following the issuance of such insolvency judgment, the Federal Institute of Insolvency Specialists will designate and appoint a mediator (*conciliador*) who will facilitate the negotiations between the insolvent entity and its creditors in order to reach a creditors’ agreement. The issuance of the insolvency judgment and the appointment of the mediator will initiate the “mediation” stage of the insolvency proceeding. The insolvency proceeding in Mexico is at all times court controlled, and upon receipt of an insolvency petition, the insolvency court may take preliminary measures (*providencias precautorias*) to secure the property of the insolvent entity.

During the “mediation” stage, the insolvent entity and those creditors that have been recognized within the insolvency proceeding as creditors of the insolvent entity negotiate an agreement with respect to the payment of the outstanding obligations of the insolvent entity. In order for such creditors’ agreement to become effective and binding, it must be entered into between the insolvent entity and those recognized creditors holding title to more than 50% of the sum of (i) the amount of all unsecured claims of all unsecured recognized creditors of the insolvent entity, and (ii) the amount of all secured claims of those secured recognized creditors that enter into such creditors’ agreement. The creditors’ agreement would then have to be approved by the insolvency court. A secured claim under the Mexican insolvency law is considered to be a claim secured under a pledge or a mortgage or otherwise benefiting from any other form of statutory privilege or priority of payment.

Under the Mexican insolvency statute, the creditors’ agreement would be deemed to be entered into by an unsecured recognized creditor (whether or not such creditor actually enters into the agreement) if the agreement expressly contemplates (a) the payment of all amounts due and payable to such creditor on the date of the respective insolvency judgment converted to *Unidades de Inversión* (a Mexican

inflation-pegged accounting unit determined by the Mexican government on a daily basis), (b) the payment of all amounts that would become due and payable to such creditor from the date of the insolvency judgment until the date of approval of the creditors' agreement by the insolvency court, which would be converted into *Unidades de Inversión* on the date such amounts become due and payable, and (c) the payment of all amounts that would become due and payable to such creditor after the date of approval of the creditors' agreement, also converted into *Unidades de Inversión* on the date such amounts become due and payable.

The creditors' agreement could also provide, with respect to any unsecured recognized creditors that are not a party to such agreement, (i) a stay of such creditors' claim (with a capitalization of ordinary interest), but only to the extent the term of such stay is at least equal to the shortest stay assumed by those unsecured creditors that are a party to the creditors' agreement and whose claims amount to 30% of all aggregate recognized claims, (ii) a write-off of such creditors' claim, but only to the extent such write-off is at least equal to the lowest write-off assumed by those unsecured creditors that are a party to the creditors' agreement whose claims amount to 30% of all aggregate recognized claims, or (iii) a combination of a stay and a write-off of such creditors' claim, to the extent it is identical to the combinations accepted by those unsecured creditors that are a party to the creditors' agreement whose claims amount to 30% of all aggregate recognized claims.

Secured recognized creditors that do not become a party to the creditors' agreement may commence or continue foreclosure of their respective collateral, unless the creditors' agreement contemplates the payment of their respective claims or the payment of the price of the properties constituting such collateral. In the latter case, any excess with respect to the value of such properties would be deemed an unsecured claim for the purposes of the insolvency proceeding.

At the request of the insolvent entity, if the "mediation stage" expires without the filing of an approved creditors' agreement before the insolvency court or at the request of the mediator, the insolvency court would be required to issue a judgment declaring the bankruptcy of the insolvent entity. Upon such declaration of bankruptcy, the insolvency court would appoint a receiver (*síndico*) that would be charged with the management of the insolvent entity until its liquidation. The receiver would carry out the liquidation of the insolvent entity through the sale of its assets, in accordance with certain pre-set rules and conditions. The proceeds obtained from the liquidation of the assets of the insolvent entity would be applied by the receiver to make payments to creditors in the following order of priority:

- first, payment of labor claims for salaries and severance for the two calendar years preceding the insolvency judgment;
- second, payments to secured creditors (including costs and expenses relating to foreclosure and the enforcement of their respective rights), but only to the extent of the value of their respective collateral;
- third, payment of liabilities and obligations of the estate of the insolvent entity (i.e., management costs, fees and expenses incurred after the insolvency judgment);
- fourth, payment of litigation costs and expenses, and fees and expenses of the inspector, the mediator and any appointed receivers;
- fifth, payment of other labor claims and tax claims;
- sixth, payments to other creditors that qualify as "privileged" under Mexican commercial laws (e.g., creditors that are entitled to retain an asset until payment is made), but only to the extent of the value of the respective privilege; and
- seventh, payments to unsecured creditors.

Generally, the issuance of an insolvency judgment may affect the enforceability of the security interests granted over the entire issued share capital of Guala Closures Mexico S.A. de C.V. ("**Guala Mexico**"). On the date of an insolvency judgment issued against Guala Mexico, the obligations of Guala Mexico will (i) be converted into Mexican pesos at the exchange rate prevailing at the time of the insolvency judgment and then from Mexican pesos into *Unidades de Inversión* and would not be adjusted to take into account any devaluation of the Mexican peso relative to the U.S. Dollar occurring after such conversion, (ii) be subject to the outcome of, and priorities recognized in, the Mexican insolvency law, (iii) cease to accrue interest from the date a reorganization proceeding is declared, and (iv) would be subject to certain statutory preferences including tax, social security and labor claims and claims of secured creditors.

Under the Mexican insolvency law, any action consummated by Guala Mexico prior to the date of an insolvency judgment will be deemed fraudulent when Guala Mexico is knowingly defrauding its creditors, and the third party participating in any such action had actual knowledge of such fraudulent intent. If the action is gratuitous, the action will be deemed fraudulent even if the third party had no actual knowledge of the fraudulent intent. Any action consummated by Guala Mexico at any time after the date that is 270 calendar days prior to the date of the applicable insolvency judgment: (i) will be deemed fraudulent when, *inter alia*, (a) Guala Mexico receives no consideration, or the consideration received or paid by Guala Mexico, or the terms and conditions of the transaction, are clearly or materially below market, or (b) Guala Mexico makes a payment of indebtedness not yet due, or forgives receivables owed to it; and (ii) will be presumed fraudulent, unless the interested third party proves that it was acting in good faith, when (x) Guala Mexico grants or increases collateral that was not originally contemplated and (y) Guala Mexico makes any payments-in-kind that were not originally contemplated. In addition, certain transactions among related parties will also be deemed fraudulent and may be set aside by the insolvency court. In Mexico, the obligations of Guala Mexico would be considered to be ancillary obligations (*obligaciones accesorias*) to the principal obligations that they secure. If the principal obligations were to be declared null and void by the insolvency court, the ancillary obligations would also be considered to be null and void.

As regards the creation by Guala Mexico of a security interest through the transfer of collateral to a security trust (*fideicomiso de garantía*) in Mexico, under Mexican law such assets should not be considered to be assets of Guala Mexico, but rather assets held by the trustee under such security trust exclusively for the purposes set forth therein. If Guala Mexico were to become insolvent, the exercise of rights of the secured parties under the security trust may be substantially delayed and could be adversely affected by the ensuing insolvency proceeding.

Other Local Law Considerations

Under Mexican law, the implementation of a security trust or a floating lien pledge (*prenda sin transmisión*) to create a security interest requires compliance with certain formalities. In the case of a security trust, if the assets being transferred to the trustee as collateral consist of movable property the amount of which is equal to or greater than the Mexican peso equivalent of 250,000 *Unidades de Inversion*, the parties to the related security trust agreement are required to ratify their signatures in the presence of a Mexican notary public. If the assets being transferred to the trustee as collateral consist of real estate property, the agreement documenting such assignment would have to be granted in a public deed in the presence of a Mexican notary public, and such public deed would have to be recorded in the Public Registry of Property of the jurisdiction where such real estate property is located in order for such transfer to become effective before third parties.

Similarly, in the case of a floating lien pledge, the related floating lien pledge agreement is required to be documented in writing and, when the secured obligations equal or exceed the Mexican peso equivalent of 250,000 *Unidades de Inversion*, the parties thereto shall ratify their signatures in the presence of a Mexican notary public. The floating lien pledge agreement will become effective among the parties on the execution date thereof; provided that such agreement will only become effective before third parties after it has been recorded in the Public Registry of Commerce.

The Grand Duchy of Luxembourg

The Company, which is the Parent Guarantor, is organized under the laws of The Grand Duchy of Luxembourg.

Insolvency laws

The Company has its “center of main interests” (within the meaning of EU Council Regulation No. 1346/2000 of May 29, 2000 on insolvency proceedings) and its “central administration” (within the meaning of the Luxembourg law of 10 August 1915, on commercial companies, as amended (the Companies Act 1915)) in Luxembourg. Accordingly, insolvency proceedings with respect to the Company may proceed under, and be governed by, the Luxembourg insolvency laws. The insolvency laws of Luxembourg may not be as favorable to investors’ interests as those of other jurisdictions with which investors may be familiar and may limit the ability of holders of the Notes to enforce the Note Guarantee provided by the Company (and any future Guarantor incorporated under the laws of Luxembourg) of the Issuer’s obligations under the Notes. Insolvency proceedings may have a material adverse effect on the Company’s business, assets and obligations as Guarantor. The following is a brief description of certain aspects of insolvency laws in Luxembourg.

Pursuant to Luxembourg insolvency laws, your ability to receive payment under the Notes may be more limited than would be the case under U.S. bankruptcy laws. Under Luxembourg law, the following types of proceedings (altogether referred to as “insolvency proceedings”) may be opened against an entity having its “center of main interests” in Luxembourg or an establishment within the meaning of E.U. Council Regulation No. 1346/2000 of May 29, 2000 on insolvency proceedings (in relation to secondary proceedings):

- bankruptcy proceedings (*faillite*), the opening of which may be requested by the relevant Luxembourg company or by any of its creditors. Following such a request, the courts having jurisdiction may open bankruptcy proceedings, if that Luxembourg company (a) is in default of payment (*cessation des paiements*) and (b) has lost its commercial creditworthiness (*ébranlement de crédit*). If a court finds that these conditions are satisfied, it may also open bankruptcy proceedings, absent a request made by such Luxembourg company or a creditor. The main effect of such proceedings is the suspension of all measures of enforcement against the Luxembourg company, except, subject to certain limited exceptions, for secured creditors and the payment of creditors in accordance with their rank upon the realization of assets;
- controlled management proceedings (*gestion contrôlée*), the opening of which may only be requested by the relevant Luxembourg company and not by its creditors; and
- composition proceedings (*concordat préventif de la faillite*), which may be requested only by the relevant Luxembourg company (having received prior consent of a majority of its creditors representing three quarters of all uncontested claims or claims admitted provisionally) and not by its creditors. The court’s decision to admit a company to the composition proceedings triggers a provisional stay on enforcement of claims by creditors.

In addition to these proceedings, the ability of the holders of Notes to enforce the Note Guarantee may be affected by a decision of a court to grant a reprieve from payments (*sursis de paiements*) or to put the relevant Luxembourg company into judicial liquidation (*liquidation judiciaire*). Judicial liquidation proceedings may be opened at the request of the public prosecutor against companies pursuing an activity in violation of criminal laws or in serious violation of the Luxembourg Code of Commerce or of the laws governing commercial companies. The conduct of such liquidation proceedings will generally follow the same rules as those applicable to bankruptcy proceedings.

The liability of the Company as a Guarantor of the Notes will, in the event of a liquidation of the entity following bankruptcy or judicial liquidation proceedings, rank after the cost of liquidation (including any debt incurred for the purpose of such liquidation) and those debts of the Company that are entitled to priority under Luxembourg law. Preferential debts under Luxembourg law for instance include, among others:

- certain amounts owed to the Luxembourg Revenue;
- value-added tax and other taxes and duties owed to the Luxembourg Customs and Excise;
- social security contributions; and
- remuneration owed to employees.

Article 20 of the Luxembourg law dated 5 August 2005 concerning financial collateral arrangements, as amended (the “**Collateral Act 2005**”) provides that all Luxembourg law collateral arrangements (pledges, security assignments and repo agreements) over claims and financial instruments falling within the scope of the Collateral Act 2005, as well as all enforcement measures and valuation and enforcement measures agreed upon by the parties in accordance with this law, are valid and enforceable even if entered into during the hardening period against third parties, commissioners, receivers, liquidators and other similar persons notwithstanding the insolvency proceedings (save in the case of fraud).

Article 24 of the Collateral Act 2005 provides that foreign law security interests over claims or financial instruments granted by a Luxembourg company will be valid and enforceable as a matter of Luxembourg law notwithstanding any Luxembourg insolvency proceedings, if such foreign law security interests are similar to a Luxembourg security interest falling within the scope of the Collateral Act 2005 and even if entered into during the hardening period (save in case of fraud).

Article 21 (2) of the Collateral Act 2005 provides that where a financial collateral arrangement has been entered into after the opening of liquidation proceedings or the coming into force of reorganization measures or the entry into force of such measures, such arrangement is enforceable against third parties,

administrators, insolvency receivers, liquidators and other similar organs if the collateral taker proves that it was unaware of the fact that such proceedings had been opened or that such measures had been taken or that it could not reasonably be aware of it.

During insolvency proceedings, all enforcement measures by unsecured creditors are suspended. Other than as described above, the ability of secured creditors to enforce their security interests may also be limited, particularly in the event of controlled management proceedings automatically causing the rights of secured creditors to be frozen until a final decision has been taken by a Luxembourg court as to the petition for controlled management, and may be affected thereafter by a reorganization order given by the court. A reorganization order requires the prior approval by more than 50% of the creditors representing more than 50% of the relevant Luxembourg company's liabilities in order to take effect.

Furthermore, investors' should note that declarations of default and subsequent acceleration (such as acceleration upon the occurrence of an event of default) may not be enforceable during controlled management proceedings, excluding declarations of default, subsequent acceleration and any similar enforcement actions in connection with any financial collateral agreement falling within the scope of the Collateral Act 2015.

Transactions that may be challenged or set aside

Luxembourg insolvency laws may also affect transactions entered into or payments made by a Luxembourg Guarantor during the period before bankruptcy, the so-called "suspect period" (*période suspecte*), which is a maximum of six months (and 10 days, depending on the transaction in question) preceding the judgment declaring bankruptcy, except that in certain specific situations the Luxembourg court may set the start of the suspect period at an earlier date (if the bankruptcy judgment was preceded by another insolvency bankruptcy judgment under Luxembourg law, in which case the court may set the maximum of up to six months prior to the filing for such controlled management). In particular:

- pursuant to Article 445 of the Luxembourg Code of Commerce (*Code de commerce*), specified transactions (such as, in particular, the payment of debts which have not fallen due, whether payment is made in cash or by way of assignment, sale, set-off or by any other means; the payment of debts which have fallen due by any means other than in cash or by bill of exchange; the sale of assets without consideration or with substantially inadequate consideration) entered into during the suspect period (or the 10 days preceding it) must be set aside or declared null and void, if so requested by the insolvency receiver;
- pursuant to Article 446 of the Luxembourg Code of Commerce, payments made for matured debts as well as other transactions concluded for consideration during the suspect period are subject to cancellation by the court upon proceedings instituted by the insolvency receiver if they were concluded with the knowledge of the bankrupt party's cessation of payments; and
- in the case of bankruptcy, Article 448 of the Luxembourg Code of Commerce and article 1167 of the Luxembourg Civil Code (*action paulienne* or *actio pauliana*) gives the insolvency receiver (acting on behalf of the creditors) the right to challenge any fraudulent payments and transactions, including the granting of security with an intent to defraud, made prior to the bankruptcy, without any time limit. The conditions governing the *actio pauliana* are the following: (i) the creditor must prove that the act he challenges actually caused him some harm; (ii) the creditor must prove the fraudulent intent of his debtor, which may be inferred; and (iii) the creditor's claim must precede the transaction challenged for fraud.

The transactions potentially subject to avoidance also include those contemplated by the Note Guarantee issued by the Company or the granting of security interests under the Security Documents by the Company. If challenged successfully, the Note Guarantee issued by the Company may become unenforceable and any amounts received must be refunded to the insolvent estate.

In principle, a bankruptcy order rendered by a Luxembourg court does not result in automatic termination of contracts except for *intuitu personae* contracts, that is, contracts for which the identity of the company or its solvency were crucial. The contracts, therefore, subsist after the bankruptcy order. However, the insolvency receiver may choose to terminate certain contracts. As of the date of adjudication of bankruptcy, no interest on any unsecured claim will accrue vis-à-vis the bankruptcy estate.

Insolvency proceedings may therefore have a material adverse effect on the relevant Luxembourg company's business and assets and the Luxembourg company's respective obligations under the Notes.

Finally, international aspects of Luxembourg bankruptcy, controlled management or composition proceedings may be subject to the EU Insolvency Regulation.

Financial Assistance and Limitation on Note Guarantee and Security Interest

Any security interests/guarantees granted by entities organized in Luxembourg, which constitute a breach of the provisions on financial assistance as defined by Article 49-6 of the Companies Act 1915, or any other similar provisions (to the extent applicable, as at the date of this Listing Memorandum, to an entity organized under the laws of Luxembourg and having the form of a public limited liability company), might not be enforceable.

The granting of guarantees/security interests by a Luxembourg company is subject to specific limitations and requirements relating to corporate object and corporate benefit.

The granting of guarantees/security interests by a company incorporated and existing in Luxembourg must not be prohibited by the corporate object (*objet social*) and/or legal form of that company. In addition, there is also a requirement according to which the granting of security by a company has to be for its “corporate benefit”.

Although no statutory definition of corporate benefit (*intérêt social*) exists under Luxembourg law, corporate benefit is widely interpreted and includes any transactions from which the company derives a direct or indirect economic or commercial benefit. The provision of a guarantee/security interest for the obligations of direct or indirect subsidiaries is likely to raise no particular concerns.

Failure to comply with the above mentioned corporate benefit requirement will typically result in liability for the directors of the Luxembourg company concerned, but not in the annulment of the guarantee security interest improperly granted.

There is a limited risk that the directors of a Luxembourg company will be held liable if, among other things:

- the guarantee/security interest so provided would materially exceed the (direct or indirect) benefit deriving from the secured obligations for the Luxembourg company, or
- the Luxembourg company derives no personal benefit or obtains no direct or indirect consideration for the guarantee/security interest granted, or
- the commitment of the Luxembourg company exceeds its financial means.

In addition to any criminal and civil liability incurred by the managers of the Luxembourg company, a guarantee provided by a Luxembourg company could itself be held unenforceable, if it is held that it is contrary to public policy (*ordre public*) (in case of facts consisting a misuse of corporate assets).

The above analysis is slightly different within a group of companies where a group interest (*intérêt de groupe*) exists. The existence of a group interest could prevent a guarantee/security interest provided by a Luxembourg company from falling foul of the above constraints. In order for a group interest to be recognized, the following cumulative criteria must be met and proven:

- the “assisting” company must receive some benefit, or there must be a balance between the respective commitments of all the affiliates;
- the financial assistance must not exceed the assisting company’s financial means, in which case it is typical for the guarantee/security interest to be limited to an aggregate amount not exceeding the assisting company’s own funds *capitaux propres*; and
- the companies involved must form part of a genuine group operating under a common strategy aimed at a common objective.

As a result, the guarantees/security interests granted by a Luxembourg company may be subject to certain limitations, which usually take the form of a general limitation language, which is inserted in the relevant finance document(s) and which covers the aggregate obligations and exposure of the relevant Luxembourg assisting company under all finance documents.

The Netherlands

Limitation on Enforcement

If a Dutch company grants a guarantee or security interest and that guarantee or security interest is not in the company’s corporate interest, the guarantee or security interest may be nullified by the Dutch

company, its receiver (curator) in bankruptcy (*faillissement*) and its administrator (*bewindvoerder*) in moratorium of payment proceedings (*surseance van betaling*) or otherwise and, as a consequence, not be valid, binding and enforceable against it. In determining whether the granting of a guarantee or security interest is in the interest of a Dutch company, Dutch courts would not only consider the text of the objects clause in the articles of association (*statuten*) of the company but all relevant circumstances, including (i) whether the company irrespective of the wording of the objects clause derives certain commercial benefits from the transaction in respect of which the guarantee or security interest was granted and (ii) the balance between the risk that the company is assuming and the benefit it derives from such transaction. In addition, if it is determined that there are no, or insufficient, commercial benefits from the transactions for the company that grants the guarantee, then such company (and any bankruptcy receiver) may challenge the enforcement of the guarantee or security interest, and it is possible that such challenge would be successful. Such benefit may, according to Dutch case law, consist of an indirect benefit derived by the company as a consequence of the interdependence of such company with the group of companies to which it belongs. In addition, it is relevant whether, as a consequence of the granting of the guarantee or security interest, the continuity of such company would foreseeably be endangered by the granting of such guarantee or security interest. It remains possible that even if such strong financial and commercial interdependence exists, the transaction may be declared void if it appears that the granting of the guarantee or security interest cannot serve the realization of the relevant company's objects or where it is determined that there is a material imbalance to the disadvantage of the company between the commercial benefit on the one hand and the risks on the other hand. The above *ultra vires* concepts also apply with respect to any security interest granted or other legal act entered into by a Dutch company.

If Dutch law applies, a guarantee or security governed by Dutch law may be voided by a court, if the document was executed through undue influence (*misbruik van omstandigheden*), fraud (*bedrog*), duress (*bedreiging*) or mistake (*dwaling*) of a party to the agreement contained in that document.

Payment pursuant to a guarantee or following enforcement or foreclosure of security granted may, regardless of an insolvency situation occurring or not, also be withheld due to unforeseen circumstances (*onvoorziene omstandigheden*), force majeure (*niet-toerekenbare tekortkoming*) or reasonableness and fairness (*redelijkheid en billijkheid*). Other impeding factors include dissolution (*ontbinding*) of contract and set off (*verrekening*).

In addition, a guarantee issued by a Dutch company and a security interest provided by a Dutch company may be suspended or avoided by the Enterprise Chamber of the Court of Appeal in Amsterdam (*Ondernemingskamer van het Gerechtshof te Amsterdam*) on the motion of the holder or holders of 10% or more of the shares in such company or shares or depositary receipts issued therefor with a nominal value of €225,000 or more or such lesser amount as provided in the company's articles of association, as well as on the motion of a trade union and of other entities entitled thereto in the articles of association of the relevant Dutch company. Likewise, the guarantee or security itself may be upheld by the Enterprise Chamber, yet actual payment under it may be suspended or avoided.

Parallel Debt

Under Dutch law, certain "accessory" security interests such as pledges require that the pledgee and the creditor be the same person. Such security interests cannot be held by a third party which does not hold the secured claim but purports to hold security interests for the parties that do. The beneficial holders of the Notes from time to time will not be party to the Security Documents. In order to permit the Noteholders from time to time to have a secured claim, the Security Documents or other finance documents will provide for the creation of a "parallel debt." Pursuant to the parallel debt, the Security Agent becomes the holder of a claim equal to each amount payable by an obligor under the Notes. The pledges governed by Dutch law will directly secure the parallel debt. The parallel debt structure has not been tested under Dutch law, and there is no certainty that it will eliminate or mitigate the risk of unenforceability posed by Dutch law.

Fraudulent Transfer

To the extent that Dutch law applies, a guarantee or security interest granted by a legal entity may, under certain circumstances, be nullified by any of its creditors, if (i) the guarantee or security interest was granted without prior existing legal obligation to do so (*onverplicht*), (ii) the creditor concerned was prejudiced as a consequence of the guarantee or the granting of the security interest and (iii) at the time the guarantee or security interest was granted both the legal entity and, unless the guarantee or security

interest was granted for no consideration (*om niet*), the beneficiary of the guarantee or security interest knew or should have known that one or more of the entities' creditors (existing or future) would be prejudiced (*actio pauliana*). Also to the extent that Dutch insolvency law applies, a guarantee or security interest may be nullified by the bankruptcy receiver on behalf of and for the benefit of all creditors of the insolvent debtor, and in such case the beneficiary of the guarantee or security interest is presumed (subject to evidence to the contrary) to have known that creditors of the debtor would be prejudiced if the bankruptcy follows within a year of the granting and for no consideration. The foregoing requirements apply mutatis mutandis for such actions. In addition, the bankruptcy receiver may challenge the guarantee or security interest if it was granted on the basis of a prior existing legal obligation to do so (*verplichte rechtshandeling*), if (i) the guarantee or security interest was granted at a time that the beneficiary of such guarantee or security interest knew that a request for bankruptcy had been filed or (ii) if such guarantee or security interest was granted as a result of deliberation between the debtor and the beneficiary of such guarantee or security interest with a view to give preference to the beneficiary over the debtor's other creditors. Consequently, the validity of any guarantees or security interests granted by a Dutch legal entity may be challenged and it is possible that such challenge would be successful.

It is not certain and has not been determined in published case law whether a right of pledge on shares can be created in advance of the acquisition of the shares by the pledgor.

If a security right is created in collateral to which a Dutch company has not yet obtained title, such collateral will not be subject to such a security interest if that company is declared bankrupt or granted a moratorium of payments prior to obtaining title thereto.

It is not possible to conduct searches in respect of any Dutch law governed security (other than in respect of rights of mortgage, if any), except that any security created over the shares in a Dutch company should be registered in its shareholders' register. However, this does not constitute conclusive evidence of the absence of any pre-existing security.

Insolvency

Guala Closures International B.V. is a Guarantor incorporated in the Netherlands. Any insolvency proceedings concerning such Guarantor's Note Guarantee would likely be based on Dutch insolvency law. Under certain circumstances, bankruptcy proceedings may also be opened in The Netherlands in accordance with Dutch law over the assets of companies that are not established under Dutch law.

The following is a brief description of certain aspects of Dutch insolvency law.

There are two primary insolvency regimes under Dutch law: the first, moratorium of payments (*surseance van betaling*), is intended to facilitate the reorganization of a debtor's indebtedness and enable the debtor to continue as a going concern. The second, bankruptcy (*faillissement*), is primarily designed to liquidate assets and distribute the proceeds of the assets of a debtor to its creditors. Both insolvency regimes are set forth in the Dutch Bankruptcy Act. In practice, a suspension of payments often results in bankruptcy. A general description of the principles of both insolvency regimes is set out below.

An application for a moratorium of payments can only be made by the debtor itself. Once the request for a moratorium of payments is filed, a court will immediately (*dadelijk*) grant a provisional moratorium and appoint an administrator (*bewindvoerder*). A meeting of creditors is required to decide on the definitive moratorium. If a draft composition (*ontwerp akkoord*) is filed simultaneously with the application for moratorium of payments, the court can order that the composition will be processed before a decision about a definitive moratorium. If the composition is accepted and subsequently ratified by the court (*gehomologeerd*), the provisional moratorium ends. The definitive moratorium will generally be granted unless a qualified minority (more than one-quarter in amount of claims held by creditors represented at the creditors' meeting or more than one-third in number of creditors represented at such creditors' meeting) of the unsecured non-preferential creditors withholds its consent. The moratorium of payments is only effective with regard to unsecured non-preferential creditors.

Unlike Chapter 11 proceedings under U.S. bankruptcy law, during which both secured and unsecured creditors are generally barred from seeking to recover on their claims during a moratorium of payments, under Dutch law, secured and preferential creditors (including tax and social security authorities) may enforce their rights against assets of the company in moratorium of payments to satisfy their claims as if there were no moratorium of payments. A recovery under Dutch law could, therefore, involve a sale of assets that does not reflect the going concern value of the debtor. However, the court may order a "cooling down period" (*afkoelingsperiode*) for a maximum period of four months during which enforcement actions

by secured or preferential creditors are barred. Also in a definitive moratorium of payments, a composition (*akkoord*) may be offered to creditors. A composition will be binding on all unsecured and non-preferential creditors if it is approved by (i) a majority in number of the creditors represented at the creditors' meeting, representing at least 50% in amount of the claims that are admitted for voting purposes and (ii) subsequently ratified (*gehomologeerd*) by the court. Consequently, Dutch insolvency laws could preclude or inhibit the ability of the Noteholders to effect a restructuring and could reduce the recovery of a holder of Notes in Dutch moratorium of payments proceedings. Interest payments that fall due after the date on which a moratorium of payments is granted cannot be claimed in a composition.

Under Dutch law, a debtor can be declared bankrupt when it is no longer able to pay its debts when due. The bankruptcy can be requested by a creditor of a claim that is due and payable but left unpaid when there is at least one other creditor. The debtor can also request the application of bankruptcy proceedings itself.

Under Dutch bankruptcy proceedings, the assets of a debtor are generally liquidated and the proceeds distributed to the debtor's creditors in accordance with the respective rank and priority of their claims. The general principle of Dutch bankruptcy law is the so-called *paritas creditorum* (principle of equal treatment) which means that all creditors have an equal right to payment and that the proceeds of bankruptcy proceedings shall be distributed in proportion to the size of their claims. However, certain creditors (such as secured creditors and tax and social security authorities) will have special rights that take priority over the rights of other creditors. Consequently, Dutch insolvency laws could reduce your potential recovery in Dutch bankruptcy proceedings.

The claim of a creditor may be limited depending on the date the claim becomes due and payable in accordance with its terms. Generally, claims of the Noteholders that were not due and payable by their terms on the date of a bankruptcy of the relevant Guarantor will be accelerated and become due and payable as of that date. Each of these claims will have to be submitted to the bankruptcy receiver to be verified. "Verification" under Dutch law means that the receiver determines the value of the claim and whether and to what extent it will be admitted in the bankruptcy proceedings to the purpose of the distribution of the proceeds. The valuation of claims that otherwise would not have been payable at the time of the bankruptcy proceedings may be based on a net present value analysis. Interest payments that fall due after the date of the bankruptcy cannot be verified. The existence, value and ranking of any claims submitted by the Noteholders may be challenged in the Dutch bankruptcy proceedings. Generally, in a creditors' meeting (*verificatievergadering*), the bankruptcy receiver, the insolvent debtor and all verified creditors may dispute the verification of claims of other creditors. Creditors whose claims or value thereof are disputed in the creditors' meeting may be referred to separate court proceedings (*renvooiprocedure*). These procedures could cause Noteholders to recover less than the principal amount of their Notes or less than they could recover in a U.S. liquidation. Such *renvooi* proceedings could also cause payments to the Noteholders to be delayed compared with holders of undisputed claims. As in moratorium of payments proceedings, in a bankruptcy a composition may be offered to creditors, which shall be binding on unsecured non-preferential creditors if it is approved by (i) a majority in number of the creditors represented at the creditors' meeting, representing at least 50% in amount of the claims that are admitted for voting purposes and (ii) subsequently confirmed by the court. The Dutch Bankruptcy Act does not in itself recognize the concept of classes of creditors. Remaining amounts, if any, after satisfaction of the secured and the preferential creditors are distributed among the unsecured non-preferential creditors, who will be satisfied on a pro rata basis. Contractual subordination may to a certain extent be given effect in Dutch insolvency proceedings. The actual effect depends largely on the way such subordination is construed.

Secured or preferential creditors may (including tax and social security authorities) enforce their rights against assets of the debtor to satisfy their claims under a Dutch bankruptcy as if there is no bankruptcy. As in moratorium of payments proceedings, the court may order a "cooling down period" for a maximum of four months during which enforcement actions by secured or preferential creditors are barred unless such creditors have obtained leave for enforcement from the supervisory judge (*rechter-commissaris*). Further, a receiver in bankruptcy can force a secured creditor to enforce its security interest within a reasonable period of time, failing which the receiver will be entitled to sell the secured assets, if any, and the secured creditor will have to share in the bankruptcy costs, which may be significant. Excess proceeds of enforcement must be returned to the bankrupt estate; they may not be set-off against an unsecured claim of the secured creditor in the bankruptcy. Such set-off is allowed prior to the bankruptcy, although a set-off prior to bankruptcy may be subject to clawback in the case of fraudulent conveyance or bad faith in obtaining the claim used for set-off.

Moreover, to the extent that Dutch law applies, a legal act performed by a debtor (including, without limitation, an agreement pursuant to which it guarantees the performance of the obligations of a third party or agrees to provide or provides security for any of its or a third party's obligations, enters into additional agreements benefiting from existing security and any other legal act having a similar effect) can be challenged in an insolvency proceeding or otherwise and may be nullified by any of its creditors or its trustee in bankruptcy, if (i) it performed such acts without an obligation to do so (*onverplicht*), (ii) generally the creditor concerned or, in the case of its bankruptcy, any creditor was prejudiced as a consequence of the act, and (iii) at the time the act was performed both it and (unless the act was for no consideration (*om niet*)) the party with or towards which it acted, knew or should have known that one or more of its creditors (existing or future) would be prejudiced. In addition, in the case of such a bankruptcy, their trustee may nullify its performance of any due and payable obligation (including (without limitation) an obligation to provide security for any of its or a third party's obligations) if (i) the payee (*hij die betaling ontving*) knew that a request for bankruptcy had been filed at the moment of payment, or (ii) the performance of the obligation was the result of a consultation between the debtor and the payee with a view to give preference to the latter over the debtor's other creditors.

Whether or not a Guarantor is insolvent in The Netherlands, pursuant to Dutch law, payment under a guarantee or a security document may be withheld under the doctrines of reasonableness and fairness (*redelijkheid en billijkheid*), force majeure and unforeseen circumstances (*onvoorziene omstandigheden*).

Any pending executions of judgments against the debtor will be suspended by operation of law when suspension of payments is granted and terminate by operation of law when bankruptcy is declared. In addition, all attachments on the debtor's assets will cease to have effect upon the suspension of payments having become definitive, a composition having been ratified by the court or the declaration of bankruptcy (as the case may be) subject to the ability of the court to set an earlier date for such termination. Litigation pending on the date of the bankruptcy order is automatically stayed.

New Zealand

Enforcement of Guarantee

The Notes will be guaranteed by Guala Closures New Zealand Limited, a company incorporated under the laws of New Zealand (the "**Kiwi Guarantor**").

New Zealand law requires that the directors of the Kiwi Guarantor are satisfied that (among other things) granting the guarantee is in the best interests of the company, or (if permitted by an express term in its constitution) the best interests of its holding company. The law also requires that shareholder approval is obtained where the contingent liability under the guarantee is greater than half the value of the company's assets.

Under New Zealand law, a liquidator of a company which has given a guarantee may recover from the beneficiary of the guarantee any amount received by the beneficiary from the company pursuant to the guarantee which exceeds the value that the company obtained from the beneficiary. Such amount may only be recovered by the liquidator if the company made a payment under the guarantee within two years of its liquidation and, at the time it made the payment, the company was either unable to pay its due debts or became unable to do so as a result of granting the guarantee. A company is presumed to be "unable to pay its due debts" if it has failed to comply with a statutory demand, execution against the company in respect of a judgment debt is unsatisfied in whole or in part, a receiver has been appointed, or a creditors' compromise under the Companies Act 1993 (the "**1993 Act**") has been put to a vote.

Section 269 of the 1993 Act also confers power on a liquidator to disclaim any property of the New Zealand company being liquidated which consists of, among other things, (i) unprofitable contracts or (ii) any property which is unsaleable or not readily saleable or that may give rise to a liability to pay money or perform an onerous act. The liquidator's hand may be forced, in that any person interested in the property may give the liquidator notice requiring him or her to decide whether or not he or she will disclaim and, if the liquidator wishes to disclaim in such circumstances, he or she must elect to do so by the date specified in the notice (being at least 20 working days after the date the notice is received by the liquidator).

A disclaimer terminates, as and from the date of the disclaimer, the rights, interests and liabilities of the company in the contract or the property, but the disclaimer does not affect the rights or liabilities of any other person, except so far as necessary for the purpose of releasing the company from liability. Any person damaged by the operation of a disclaimer may claim as a creditor of the company for the amount of the damages, and may prove that amount as a debt in the liquidation.

Insolvency Proceedings

The formal corporate insolvency processes available in New Zealand are broadly the same as those available in Australia, and include: administration under Part 15A of the 1993 Act; receivership; liquidation under Part 16 of the 1993 Act; compromises and arrangements under Parts 14 and 15 of the 1993 Act; and statutory management.

New Zealand's administration regime (also known as "voluntary administration") is based very closely on, and has similar objectives to, the Australian administration regime. The principal differences relate to time periods, voting requirements and the relevance of statutorily preferred creditors. Administration in New Zealand can also lead to a deed of company arrangement, along the lines of the equivalent in Australia, although the creditors' voting thresholds are higher.

As with liquidations in Australia, the purpose of a liquidation is to enable the realization of all of a company's assets and the distribution of the proceeds of sale of those assets among the company's creditors and (if there is a surplus after paying creditors) shareholders. Generally speaking, to the extent that their security is sufficient, secured creditors stand outside the liquidation and therefore do not have to prove for their debts. They are generally entitled to sell the assets subject to their security or have them sold and to receive the proceeds (subject to the rights of any prior security holders). Liquidators have various statutory powers, including power to attack certain pre-liquidation transactions.

Again as in Australia, receivers are typically appointed by a person to whom the company has granted a security interest. Their appointment and powers are usually governed by the terms of the security document under which they are appointed and by the Receiverships Act 1993 (New Zealand). The receiver's principal task is to realize the assets subject to the security interest and pay the proceeds to the security holder. Receivership is a regime implemented for the benefit of the secured creditor which appoints the receiver, whereas both administration and liquidation are regimes aimed at securing the best outcome for all the company's unsecured creditors as a whole. Where a company grants security over an asset, the proceeds of enforcement must generally be remitted to the security holder towards satisfaction of the security interest.

In liquidations, certain classes of statutorily preferred creditors will have priority over the proceeds of certain classes of assets (basically accounts receivable and inventory), as set out in the Seventh Schedule to the 1993 Act. A receiver must also apply the proceeds of accounts receivable and inventory in priority to preferential creditors if the security interest under which they were appointed extends to those assets and is not a "purchase money security interest" under the Personal Property Securities Act 1999. Compromises under Part 14 of the 1993 Act essentially involve a "proponent," which is usually the board of directors of the company, giving to (among others) each creditor of the company a notice of meeting and a "statement" which includes details of the compromise to be proposed and voted on at the meeting. A compromise which is approved by the requisite majority of creditors binds the company and all creditors to whom the notice was given.

Whereas a compromise under Part 14 of the 1993 Act can be achieved without necessarily involving the court, an arrangement or compromise under Part 15 of the 1993 Act can only be achieved through the court. Part 15 is extraordinarily wide, and allows a court to order that a compromise is binding on such "persons or class of persons as the court may specify and any such order may be made on such terms and conditions as the court thinks fit." If the compromise is intended to bind third parties, the court may order that the third parties be served with the proposed compromise and have the opportunity to be heard on it.

Statutory management is not a process which is available to creditors generally, as it can only occur pursuant to a declaration by the New Zealand Governor-General by Order in Council on the advice of the Minister of Commerce and Consumer Affairs given in accordance with a recommendation of the New Zealand Financial Markets Authority. Its features include an automatic and comprehensive moratorium regime, including as regards rights of set-off and the rights of secured creditors, and the vesting of management rights and wide statutory powers in a "statutory manager."

Poland

The Notes will be secured by a security interest granted over 70.0% of the entire issued share capital of Guala Closures DGS Poland S.A. ("DGS"). DGS is incorporated as a joint stock company and registered in Poland.

Insolvency (bankruptcy) Proceedings

DGS will not be a Guarantor of the Notes, however a portion of the entire issued share capital in DGS will be subject to security, and therefore insolvency laws (and other applicable regulations) relevant to the pledgor of the shares in the Polish Company must be considered.

The sole fact of DGS becoming bankrupt does not affect the security interest granted over its shares, but may materially adversely impact the value of such security.

The following is a general description of certain aspects of the insolvency laws of Poland relating to bankruptcy and restructuring proceedings and how such laws affect the enforcement rights of secured and unsecured creditors.

General

The insolvency laws of Poland are primarily set out in the Bankruptcy Law dated 28 February 2003 (*Prawo upadłościowe*) (consolidated text in the Journal of Laws (*Dziennik Ustaw*) of 2015, no. 233, as amended) (the “**Polish Insolvency Law**”).

By default, the courts of Poland have jurisdiction over insolvency proceedings of a company incorporated and registered in Poland and with its center of main interests in Poland.

The insolvency laws of Poland and, in particular, the provisions of the Polish Insolvency Law in relation to priority of creditors and the duration of insolvency proceedings may not be as favorable to creditors as the insolvency laws of other jurisdictions, and therefore may limit the ability of creditors to recover payments, to the extent exceeding the limitations arising under other insolvency laws.

Under the Polish Insolvency Law, insolvency proceedings are not initiated by the competent insolvency court *ex officio*, but require a debtor or creditor to file a petition to commence insolvency proceedings (the “**bankruptcy petition**”). The debtor is obliged, no later than within thirty days (30) from the day on which the grounds for the declaration of bankruptcy arose, to file a bankruptcy petition with the court.

A declaration of bankruptcy should be issued in respect of a debtor that has become insolvent. A debtor is insolvent if: (i) it is in default of its enforceable pecuniary obligations (it is presumed that a debtor has lost the ability to perform its due monetary obligations if the delay in payments exceeds three months) or (ii) (in the case of a legal entity with legal personality (*osobowość prawna*) or a legal entity without legal personality, but with legal capacity (*i.e.* the ability to enter into transactions and to be the subject of rights and obligations (*zdolność prawna*)), the debtor’s obligations exceed the value of its assets and this situation lasts for more than twenty-four months (although the entity satisfies its monetary liabilities). In the latter case, however, the court may refuse to sustain the bankruptcy petition if there is no risk that the entity would cease to perform its monetary obligations in the near future.

The court may dismiss a bankruptcy petition where the delay in the discharge of obligations by the debtor has not exceeded three months, and where the sum of the outstanding obligations is not greater than 10.0% of the balance sheet value of the debtor’s business. The debtor is not exempted from filing a bankruptcy petition solely because it considers that such grounds for dismissal would apply. However, irrespective of the foregoing, the petition will not be dismissed by a court where the obligations remain outstanding, or where the dismissal of the petition might be prejudicial to creditors.

If the assets of the debtor are insufficient to cover the costs of the proceedings, the court will dismiss the bankruptcy petition. The court may also dismiss a petition where it has been established that the assets are encumbered by security (such as a mortgage or pledge) to such an extent that the residual assets are insufficient to cover the costs of the proceedings. However, the court will not order dismissal if it is established that the encumbrances on the debtor’s assets are ineffective under the Polish Insolvency Law, or that they were created to the detriment of creditors, and further, if it is established that the debtor performed other acts, such as disposing of assets sufficient to cover the costs of the proceedings, which can potentially be set aside under the Polish Insolvency Law.

If the petition is dismissed, any conservatory measures are called off and the debtor is free to continue its commercial activity.

Provisions of any agreement which stipulate that such an agreement will be terminated and/or amended upon bankruptcy (or upon bankruptcy petition being filed) of one of the parties are invalid. Also, provisions of an agreement to which the bankrupt entity is a party which hinder or prevent the objectives of the insolvency proceedings will be deemed ineffective in relation to the bankruptcy estate.

Any debt (claim) payable in a currency other than Polish zloty, regardless of whether the claim has fallen due or not, if put on the list of claims, must be converted into Polish zloty at the average exchange rate of the National Bank of Poland (NBP) prevailing on the date on which the bankruptcy court issues a decision on the debtor's bankruptcy. Accordingly, in the event of bankruptcy, creditors may be subject to exchange rate risk between the date of the decision of the bankruptcy court on the debtor's bankruptcy and the date of receipt of any proceeds of the insolvency proceedings.

The insolvency proceedings will be carried out through liquidation of the bankrupt debtor's assets.

In insolvency proceedings, all creditors, whether secured or unsecured, wishing to assert claims against the debtor, need to participate in the insolvency proceedings. Polish insolvency proceedings are in principle collective proceedings and creditors are barred from separately pursuing their individual claims separately.

Accordingly, unsecured creditors may file their claims in the relevant insolvency proceeding (lodging of claims) and will be paid on a *pro rata* basis out of the bankruptcy estate. Creditors who have a security interest over the debtor's assets or any part thereof have priority rights under the governing law of the security interest and under the relevant provisions of the Polish Insolvency Law. In essence, secured creditors are not entitled to enforce such security interest outside the relevant insolvency proceeding. Creditors secured by a registered pledge may enforce their security interest directly by way of appropriation of such collateral.

Priority of Creditors in Insolvency Proceedings

The funds of the bankruptcy estate will include proceeds of the liquidation of the bankruptcy estate, and income earned from running or leasing the bankrupt's enterprise, as well as interest on bank deposits.

Sums obtained from the transfer of assets and rights encumbered with a mortgage or pledge will be allocated to satisfy those creditors whose receivable debts were secured over the transferred assets or rights.

The Polish Insolvency Law governs the priority of claims for (i) secured creditors (i.e. creditors whose claims are secured by a mortgage, pledge, registered pledge or treasury pledge) and (ii) other creditors. In the latter case, the Polish Insolvency Law provides for four categories of debts, which include a number of preferential debts (such as money owed to the State Treasury of Poland in respect of taxes or social security contributions).

In cases where creditors have rights in rem to the sold tangible property or rights, the receiver makes a separate plan to distribute the money earned on the sold tangible property or rights.

If the sum allocated for distribution is not sufficient to satisfy all the debts in full, debts of lower categories of priority are satisfied only after the full satisfaction of debts of preceding categories of priority, and when the assets are insufficient to satisfy in full all debts within the same category of priority, then such debts shall be satisfied on a *pro rata* basis.

Hardening Periods and Fraudulent Transfer

After a debtor is declared bankrupt, the following are recognized as ineffective against the bankruptcy estate, by operation of law:

- (i) a disposition of the debtor's assets or a transaction granting a creditor security can be avoided if it was effected in the one year preceding the filing of a petition for the commencement of an insolvency proceeding, if the transaction was gratuitous or for consideration manifestly lower than the consideration received by the debtor;
- (ii) satisfaction of a debt before its maturity date or the granting of security in respect of such debt, if effected within the period of two months preceding the filing of a petition for the commencement of an insolvency proceeding, and if, at the time of such transaction, the debtor was already insolvent and the creditor had knowledge of it;
- (iii) a transaction made within the period of six months preceding the filing of a petition for the commencement of an insolvency proceeding where the debtor is a legal person and the other party is its shareholder, representative, spouse or affiliated company, or such affiliated company's shareholder, representative or spouse (and noting that the same rule applies if the debtor entered into a transaction with a dominant company). Ineffectiveness is recognized by the judge in charge of the bankruptcy proceedings shall determine, *ex officio* or at the request of the receiver

Security interests granted over a party's assets in the form of registered pledges or other security interests may be voidable transactions which are capable of being challenged by an administrator of the bankruptcy estate and may be set aside by a judge-commissioner ex officio within two years of a declaration of bankruptcy, if: (i) the party was not personally liable for the debt; (ii) such security interest was granted less than one year preceding the date of the bankruptcy petition; (iii) the party did not receive any consideration for the granting of such security interest or the consideration received was disproportionately low in comparison to the value of the security interest granted; and (iv) regardless of the value of consideration previously received by the bankrupt party, security interests were granted to secure debts of companies in the same corporate group.

Other actions detrimental to creditors may also be challenged on the basis of the *Actio -Pauliana*, governed by articles 527 onward of the Polish Civil Code (*Kodeks cywilny*).

Restructuring proceedings

The restructuring laws of Poland are primarily set out in the Restructuring Law dated 15 May 2015 (*Prawo Restrukturyzacyjne*) (consolidated text in the Journal of Laws (*Dziennik Ustaw*) of 2016, no. 1574 as amended) (the “**Polish Restructuring Law**”).

A debtor may also apply for restructuring proceedings if the debtor at risk of insolvency or is insolvent (“**Restructuring Proceedings**”).

The Restructuring Proceedings may be carried out against a debtor who is insolvent and/or at risk of insolvency. An insolvent debtor shall be construed as a debtor who is insolvent in the meaning of the Polish Insolvency Law. A debtor threatened with insolvency shall be construed as a debtor whose economic situation indicates that he may soon become insolvent. The Restructuring Proceedings shall be instituted on the basis of the restructuring application filed by the debtor. The restructuring application shall be construed as an application for the opening of the restructuring proceedings and an application for the approval of the arrangement adopted in the arrangement approval proceedings.

The restructuring shall be carried out under the following Restructuring Proceedings: (i) arrangement approval proceedings (*postępowanie o zatwierdzenie układu*), (ii) accelerated arrangement proceedings (*przyspieszone postępowanie układowe*), (iii) arrangement proceedings (*postępowanie układowe*), (iv) remedial proceedings (*postępowanie sanacyjne*).

In the case of filing a restructuring application and a bankruptcy application, the restructuring application shall be examined first.

The purpose of the Restructuring Proceedings is to avoid a declaration of bankruptcy of the debtor by enabling him to restructure through an arrangement with creditors and, in the case of remedial proceedings, by carrying out remedial actions, whilst safeguarding the legitimate rights of creditors.

The arrangement approval proceedings shall enable the conclusion of the arrangement, where the debtor shall collect the creditors' votes by himself without involvement of the court and may be carried out if the total disputed claims which give the right to vote on the arrangement does not exceed 15% of the total claims giving the right to vote on the arrangement.

The accelerated arrangement proceedings shall enable the debtor to conclude the arrangement after the table of claims under a simplified procedure has been prepared and approved; it may be carried out if the total disputed claims which give the right to vote on the arrangement does not exceed 15% of the total claims giving the right to vote on the arrangement.

The arrangement proceedings shall enable the debtor to conclude the arrangement after the table of claims has been prepared and approved and may be carried out if the total disputed claims which give the right to vote on the arrangement exceeds 15% of the total claims giving the right to vote on the arrangement.

Cases in restructuring proceedings shall be examined by a restructuring court. The district court—commercial court shall be the restructuring court.

Preservation of security in Restructuring Proceedings

As a rule, once Restructuring Proceedings have commenced it will not be possible to create a new security interest to secure a pre-petition debt (unless the council of creditors agrees otherwise). However, if a motion to register a mortgage or a registered pledge is filed more than six months before the filing of a motion to open Restructuring Proceedings, the mortgage or pledge will be registered.

The reform does not modify the general rule that pre-petition in rem security interests (*e.g.* mortgage, pledge, registered pledge, security assignment) survive the Restructuring Proceedings and the claims secured by any of these security interests are not affected by the arrangement. However, the arrangement will cover secured claims to the extent that these claims are not covered by the value of collateral, or the relevant secured creditor agrees to be covered by the arrangement. Secured creditors consenting to the arrangement may be allocated to a separate class of creditors and be afforded special treatment in the arrangement (*i.e.* different from unsecured creditors).

There is an important exception to this rule in relation to partial arrangements (which are permitted in arrangement approval proceedings and accelerated arrangement proceedings), if the proposed arrangement offers the relevant secured creditor full satisfaction (although on a date specified in the arrangement) or satisfaction in part, but to the extent not lower than that expected in the case of enforcement of security. If this exception applies, the relevant secured claim will be covered by the arrangement irrespective of the creditor's consent.

Certain security will be ineffective towards the remedial estate (*masa sanacyjna*) *i.e.*:

- (i) security established by the debtor within one year before the date of filing the application for the opening of remedial proceedings which has not been established directly in connection with the receipt of the performance by the debtor shall be ineffective in relation to the remedial estate;
- (ii) security in the part which on the day of the establishment of the security exceeds more than half the value of the secured performance received by the debtor together with claims for incidental performance determined in the document forming the grounds to provide security, established within the year prior to the date of the filing of the application for the opening of remedial proceedings, shall be ineffective in relation to the remedial estate.

Security interests—pledges

Under Polish law, in general, all security interests, including, without limitation, pledges, are considered accessory to the underlying secured claims, *i.e.* the security interest will automatically terminate if the secured claims are repaid, terminated or become void.

The establishment of certain security interests in Poland requires the execution of appropriate documents and often making entries into registers or making filings with the relevant courts. The establishment of a pledge requires the execution of contractual documents (in the form of pledge agreements) and, with respect to registering the pledge, the entry of the pledge in the pledge register held by the relevant Polish court.

The process of registration of a registered pledge may take up to two months and, until registration is complete, the pledge will not legally exist under Polish law. Once registered, the order of priority of the registered pledges will be determined by the order in which the applications for registration of pledges were submitted to the court. In respect of certain rights, such as rights over shares and bank accounts, over which a registered pledge is to be granted, the payment obligations may also be secured by a “financial pledge”. However, a financial pledge does not grant the same scope of rights to the secured creditors as a registered pledge.

As a general rule, the grant of a pledge (registered or financial) will not prevent third-party creditors from initiating enforcement proceedings under the Code of Civil Procedure dated 17 November 1964 (*Kodeks postępowania cywilnego*) (Journal of Laws (*Dziennik Ustaw*) of 1964, no. 43, item 296, as amended) (the “**Code of Civil Procedure**”) to satisfy their claims from the assets encumbered by the pledge. In such instances, the pledgee will be able to participate in the distribution of funds resulting from such enforcement and its claims will have priority over (i) unsecured claims of third parties (except for certain court-enforcement expenses, alimony claims and employee and pension claims) and (ii) claims secured by lower ranking pledges under the order of priorities set forth under the Code of Civil Procedure.

The Code of Civil Procedure provides that certain claims against a debtor in the event of: (i) the debtor's property becoming subject to court enforcement proceedings in accordance with the Code of Civil Procedure or to administrative enforcement proceedings, or (ii) the debtor becoming subject to proceedings under the Polish Insolvency Law, enjoy priority by operation of law. Subordination provisions will be superseded and/or limited by court enforcement and insolvency or other laws of general application relating to or affecting the ranking and rights of creditors (including secured creditors).

In respect of a registered pledge, the pledgee will have the right to satisfy claims secured by such pledge (if so provided by the relevant pledge agreement) by assuming title to the pledged assets on the

terms set out in the respective pledge agreement or through the sale of such assets in an auction conducted by a notary public or a court enforcement officer, in priority to other creditors. However, if any third-party creditor initiates enforcement proceedings to satisfy their claims in respect of the assets secured by a registered pledge, then the pledgee will not be able to exercise any of the methods of enforcement discussed above, but rather will only be entitled to enforcement of such pledge via a standard court enforcement process, which is usually considered more time-consuming and more expensive for the secured creditor.

In the event of enforcement of a pledge over shares in a company organized under the laws of Poland, the Polish regulations in respect of the pledge and the provisions of Polish company law with respect to the transfer of shares have to be adhered to.

The security interest granted for the benefit of the pledgee in Poland often includes the grant of both financial pledges and registered pledges over the same assets. The legal validity of the co-existence of registered and financial pledges over the same asset and securing the same claim is untested under Polish law and could be subject to challenge.

The Competition Act (change of control)

Pursuant to the Competition Act dated 16 February 2007 (*Ustawa o ochronie konkurencji i konsumentów*) (consolidated text in the Journal of Laws (*Dziennik Ustaw*) of 2015, item 184), taking control over an entity by way of, among other things, an acquisition of shares and/or any part of its assets and/or an acquisition of a right to exercise the voting rights under shares held in such entity, may require prior approval of the President of the Office of Competition and Consumer Protection (OCCP) and/or the competition authorities of other countries and/or the European Commission. It follows that, if a pledgee were to enforce a registered pledge by way of acquiring title to the pledged shares or by exercising the voting rights in respect of those shares, it may require prior approval(s) of the respective competition authorities. Violation of the Competition Act or other relevant competition laws or regulations may result in fines, a duty to dispose of the acquired assets, or other penalties.

Polish Law on the Acquisition of Real Estate by Foreigners

Under the Polish Law on the Acquisition of Real Estate by Foreigners dated 24 March 1920 (*Ustawa o nabywaniu nieruchomości przez cudzoziemców*) (consolidated text in the Journal of Laws (*Dziennik Ustaw*) of 2016, item 1061), the acquisition of real estate in Poland or the acquisition of shares in a Polish company owning real estate in Poland, or any other action through which such Polish company becomes controlled by a foreign entity, in certain situations requires a permit from the Polish Ministry of Internal Affairs and Administration (a “**MOI Permit**”). The Polish Law on the Acquisition of Real Estate by Foreigners provides for a number of exemptions from the duty to obtain a MOI Permit. In particular, such duty is waived in respect of acquisition of Shares in a company by bank having its registered office in Poland and foreign Shareholders or persons domiciled in countries which are members of the European Economic Area. However, these exemptions are not absolute and they do not apply to certain types of real estate (such as agricultural land or the real properties located within the border zone).

Under the Law on the Acquisition of Real Estate by Foreigners, an acquisition by the pledgee of shares in a company organized under the laws of Poland in the course of the enforcement of a pledge over such shares may also require a MOI Permit if the pledgee does not have a registered office in a country which is a member of the European Economic Area.

New Act on Agricultural Land

On 30 April 2016 the Act on Prohibiting the Sale of Real Properties Held in State Treasury Resources and on the Amendment of Certain Other Acts dated 14 April 2016 (*Ustawa o wstrzymaniu sprzedaży nieruchomości Zasobu Własności Rolnej Skarbu Państwa oraz o zmianie niektórych ustaw*) (Journal of Laws (*Dziennik Ustaw*) of 2016 item 585) (the “**New Act on Agricultural Land**”) entered into force.

The New Act on Agricultural Land introduces completely new pre-emptive and buyout rights with respect to shares in companies holding agricultural land. Consequently, in the case of selling shares, or disposing of them in any other legal form, the Agricultural Property Agency (*Agencja Nieruchomości Rolnych*) will have pre-emptive or buyout rights with respect to the shares being subject of the disposal, (i) even if the agricultural land constitutes an inconsiderable part of the assets of the company and (ii) regardless of how many shares are being transferred (there is no minimum threshold in this respect, so even a transfer of one share triggers the Agency’s right).

In case a company organized under the laws of Poland holds the agricultural properties an acquisition by the pledgee of shares in that company in the course of the enforcement of a pledge may also be (with the reservation of certain exemptions) subject to pre-emption/buyout rights of the Agricultural Property Agency.

Recognition and enforcement of foreign judgments

The recognition and enforcement of judgments of foreign courts in Poland is subject to limitations, including those set out in the Code of Civil Procedure and in Council Regulation (EC) Regulation (EU) No. 1215/2012 of the European Parliament and of the Council of 12 December, 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters. Accordingly, a court in Poland may not recognize a judgment issued in a foreign jurisdiction if such recognition is manifestly contrary to public policy in Poland.

Scotland

One of the Notes Guarantors, Guala Closures UK Limited, is a company incorporated under the laws of Scotland (the “**Scottish Guarantor**”). Therefore, any insolvency proceedings by or against the Scottish Guarantor would likely be based on Scottish insolvency laws. However, pursuant to the EU Insolvency Regulation (which will apply to insolvencies commenced prior to 26 June 2017) and the Recast EU Insolvency Regulation (which will apply to insolvencies commenced after 26 June 2017), where a company incorporated under Scots law has its “center of main interest” in a Member State of the European Union other than Scotland, then the main insolvency proceedings for that company may be opened in the Member State in which its center of main interest is located and be subject to the laws of that Member State. For proceedings to which the Recast EU Insolvency Regulation applies, the rebuttable presumption that a company’s “center of main interest” is the location of the jurisdiction of its registered office shall not apply where that registered office has been moved within the previous three months. See “—*European Union*” above. Similarly, the U.K. Cross Border Insolvency Regulations 2006, which implement the UNCITRAL Model Law on Cross Border Insolvency in the United Kingdom, provide that a foreign (*i.e.*, non-European) court may have jurisdiction where any Scottish company has a center of its main interests in such foreign jurisdiction, or where it has an “establishment” (being a place of operations in such foreign jurisdiction, where it carries out non-transitory economic activities with human means and assets or services).

Fixed and Floating Charges

Fixed charge security has a number of advantages over floating charge security: (a) an administrator appointed to a charging company can convert floating charge assets to cash and use such cash, or use cash subject to the floating charge, to meet administration expenses (which can include the costs of continuing to operate the charging company’s business while in administration) in priority to the claims of the floating charger holder; (b) a fixed charge over assets, even if created after the date of a floating charge, may have priority as against the floating charge over the charged assets; (c) general costs and expenses (including the liquidator’s remuneration) properly incurred in a winding-up are payable out of the floating charge assets to the extent the assets of the company available for creditors generally are otherwise insufficient to meet them (subject to certain restrictions for the costs of litigation) in priority to floating charge claims; (d) until the floating charge security crystallizes, a company is usually entitled to deal with assets that are subject to floating charge security in the ordinary course of business, meaning that such assets can effectively be disposed of by the charging company so as to give a third party good title to the assets free of the floating charge; (e) floating charge security is subject to certain challenges under Scottish insolvency law (see “—*Grant of floating charge*” below); and (f) floating charge security is subject, to the claims of preferential creditors (such as occupational pension scheme contributions and salaries owed to the employees (subject to a cap per employee) and holiday pay owed to employees) and, where the floating charge is not a security financial collateral arrangement, to the claims of unsecured creditors in respect of a ring-fenced amount of the proceeds (see “—*Administration and floating charges*” below).

In Scotland, forms of security are closely tied to specific types of property. Since Scots law does not recognize the English law concept of “equity”, there is more focus on the legal formalities rather than the intention of the parties with respect to the creation of security interests. If the strict legal requirements under Scots law are not met, there will be no security over the subjects notwithstanding the intention of the parties.

In respect of moveable property, it is essential that the security holder has some form of possession (which may take different forms) over the security subject(s) in order to create a valid security interest. Scots law does not differentiate between legal and equitable ownership of property so, for instance, in order to create a security interest over shares in companies incorporated in Scotland, the security holder (or its nominee) must be registered as the shareholder. Furthermore, there is no Scottish equivalent of an English law of equitable assignment, and an interest in Scottish incorporeal property will only be created when the assignation is properly notified to the relevant parties.

Fixed charges over land and buildings situated in Scotland may only be created using a standard security (which is the Scottish law equivalent of a legal mortgage over an interest of land), and this is governed by statute.

Administration and Floating Charges

Under Scottish insolvency law, Scottish courts are empowered to make an administration order in respect of a Scottish company in certain circumstances. An administrator can also be appointed out of court by the company, its directors, or the holder of a qualifying floating charge, and different procedures apply according to the identity of the appointor.

During the administration, there is a moratorium in place, which in general means that no proceedings or other legal process may be commenced or continued against the company, or security enforced over the company's property, except with the consent of the administrator or with the leave of the court. The moratorium does not, however, apply to a "security financial collateral arrangement" (such as a charge over cash or financial instruments such as shares, bonds or tradable capital market debt instruments) under the Financial Collateral Arrangements (No. 2) Regulations 2003. During the administration of a company, a creditor would not be able to enforce any security interest (other than security financial collateral agreement) or guarantee granted by it without the consent of the administrator or the court. In addition, a secured creditor cannot appoint an administrative receiver.

In order to empower a secured creditor to appoint an administrative receiver or an administrator to the company, the floating charge by the relevant Scottish company must constitute a "qualifying floating charge" for purposes of Scottish insolvency law and, in the case of the ability to appoint an administrative receiver, the qualifying floating charge must, unless the security document pre-dates September 15, 2003, fall within one of the exceptions in the Enterprise Act 2002 to the prohibition on the appointment of administrative receivers.

In order to constitute a qualifying floating charge, the floating charge must be created by an instrument which: (a) states that the relevant statutory provision applies to it; (b) purports to empower the holder to appoint an administrator of the company; (c) purports to empower the holder to appoint an administrative receiver; or (d) purports to empower the holder of a floating charge in Scotland to appoint a receiver who on appointment would be an administrative receiver (although this is only permitted under limited circumstances). A secured creditor can appoint an administrator by the out-of-court route, or an administrative receiver, if it holds a qualifying floating charge security, which together (if necessary) with the fixed charge security interests, relates to the whole or substantially the whole of the relevant Scottish company's property. Whether the assets that are subject to the floating charges and other security will constitute substantially the whole of the relevant Scottish company's assets at the time that the floating charges are enforced will be a question of fact at that time.

Even if the secured creditor holds a qualifying floating charge, it can only appoint an administrative receiver if one of the exceptions to the general prohibition of appointing an administrative receiver applies. The most relevant exception to the prohibition is that a secured creditor can appoint an administrative receiver relating to a "capital market arrangement" (as defined in the U.K. Insolvency Act 1986, as amended), which is the case if the issue of the note creates a debt of at least £50 million for the relevant company during the life of the arrangement and the arrangement involves the issue of a "capital markets investment" (which is defined in the U.K. Insolvency Act 1986 as amended, but is generally a rated, listed or traded debt instrument).

An administrator, receiver or liquidator of the company will be required to ring-fence a certain percentage of the proceeds of enforcement of floating charge security for the benefit of unsecured creditors. Under current law, this applies to 50% of the first £10,000 of net floating charge realizations and 20% of the remainder over £10,000, with a maximum aggregate cap of £600,000.

Challenges to Guarantees

There are circumstances under Scottish insolvency law in which the granting by a company organized under the laws of Scotland (a “**Scottish company**”) of a guarantee can be challenged. In most cases this will only arise if the company is placed into administration or liquidation within a specified period of the granting of the guarantee or security. Therefore, if during the specified period an administrator or liquidator is appointed to a Scottish company, he may challenge the validity of the guarantee or security given by such company.

The following potential grounds for challenge may apply to the Note Guarantee to be granted by the Scottish Guarantor:

Gratuitous Alienations

Under Scottish insolvency law, a liquidator, administrator or creditor of a Scottish company could apply to the Scottish courts for an order to set aside a security interest or a guarantee granted by the company (or give other relief) on the grounds that the creation of such security interest or guarantee constituted a gratuitous alienation. The grant of a security interest or guarantee will only be a gratuitous alienation if at the time of or as a result of the transaction, the Scottish company is insolvent. The transaction can be challenged if the Scottish company enters into liquidation or administration proceedings within a period of two years from the date the Scottish company grants the security interest or the guarantee, or five years in the case of a ‘connected person’ of the Scottish company. A transaction might be subject to being set aside as a gratuitous alienation (the English equivalent is a transaction at undervalue) if the company makes a gift to a person (save in certain specified circumstances), if the company receives no consideration, or if the company receives consideration of significantly less value, in money or money’s worth, than the consideration given by such company. However, a court generally will not intervene if the person seeking to uphold the alienation establishes (i) that immediately or at any other time or after the alienation, the company’s assets were greater than its liabilities, (ii) the alienation was made for adequate consideration; or (iii) the alienation was a birthday, Christmas or other gift for a charitable purpose to a person who is not an associate of the company, which in all circumstances it was reasonable for the company to make (without prejudice to any right or interest acquired in good faith and for value from the recipient of the alienation). If the court determines that the transaction was a gratuitous alienation, the court can grant a reduction or for restoration of the property or assets or such other redress as may be appropriate. In any proceedings, it is for the person seeking to uphold the alleged gratuitous alienation to demonstrate that the Scottish company was solvent (the test for which is set out in clause (i) above).

A transaction made at a time when a company is insolvent may also constitute a gratuitous alienation at common law. In these circumstances, no time limits apply in relation to challenging it. A gratuitous alienation may constitute wrongful (or indeed fraudulent) trading, or a breach of duty, and lead to action being raised against directors personally.

Unfair Preferences

Under Scottish insolvency law, a liquidator, administrator or creditor of a Scottish company could apply to the court for an order to set aside a security interest or a guarantee (or give other relief) on the grounds that the security interest or such guarantee constituted an unfair preference. The transaction can be challenged if the Scottish company enters into liquidation or administration proceedings within a period of six months from the date the Scottish company grants the security interest or the guarantee. A transaction may constitute an unfair preference if it has the effect of putting a creditor of the Scottish company (or a surety or guarantor for any of the company’s debts or liabilities) in a better position (in the event of the company going into insolvent liquidation) than such creditor, guarantor or surety would otherwise have been in had that transaction not been entered into. If the court determines that the transaction was an unfair preference, the court may grant a reduction or restoration of the property or assets or such other redress as may be appropriate (although there is protection for a third party who acquires any rights or interests through the creditor in whose favor the preference was created in good faith, for value and without notice). An unfair preference may also constitute wrongful (or indeed fraudulent) trading or a breach of duty and lead to actions being raised against directors personally.

The following will not constitute unfair preferences:

- transactions in the ordinary course of business;

- payment in cash for a debt that, when paid, has become payable, unless the transaction was collusive for the purpose of prejudicing the general body of creditors;
- transactions where the parties take on reciprocal obligations, unless the transaction was collusive; and
- payments made on the basis of court decree in certain prescribed circumstances.

Grant of Floating Charge

Under Scottish insolvency law, if a Scottish company is insolvent at the time of (or as a result of) granting a floating charge, then such floating charge is invalid except to the extent of the value of the money paid to, or goods or services supplied to, or any discharge or reduction of any debt of, the Scottish company, at the same time as or after the creation of the floating charge.

If the floating charge is granted to a connected person, then such floating charge is invalid except to the extent of the value of the money paid to, or goods or services supplied to, or any discharge or reduction of any debt of the Scottish company, at the same time as or after the creation of the floating charge, whether the Scottish company is solvent or insolvent.

Where the floating charge is granted to a connected person, the transaction can be challenged if the Scottish company enters into liquidation or administration within a period of two years from the date the Scottish company grants the floating charge. The relevant period for challenge is one year where the floating charge is granted to an unconnected person.

Considerations on the Enforceability of Guarantees

A pure guarantee is an accessory obligation by a guarantor relating to the primary obligation of the party whose obligations are guaranteed. If the primary obligation is altered, discharged or fails, the guarantee may not be enforceable. However, the document containing the guarantee will almost invariably contain an indemnity, i.e. a direct obligation from the guarantor to the third party as an independent primary obligation. The indemnity should survive even if the guarantee is unenforceable in the circumstances described above. No limitation language is required to be included in the Indenture relating to the Note Guarantee by the Scottish Guarantor.

Corporate benefit must be established if a company is granting a guarantee. If there is doubt about whether there is corporate benefit, shareholders' approval for the act may be obtained, although the act could still be challenged by other parties such as creditors. In addition, if no corporate benefit is established and a liquidator or administrator is appointed to the company, the transaction is more susceptible to an attack by the liquidator or an administrator as an "unfair preference" or a "gratuitous alienation" and may be rendered unenforceable.

Directors' Authority

If no corporate benefit is established, it may not be possible to enforce a guarantee granted where the directors of the company giving the guarantee exceeded their authority. Directors will exceed their authority if a transaction is beyond the objects or powers in the company's articles of association (i.e., its constitution). A third party dealing in good faith with a company can still enforce the transaction. However, a third party will not be acting in good faith if it knows the transaction is beyond the power of the directors and is not for the benefit of the company (e.g., a guarantee has no corporate benefit for the company but benefits the directors or another person). In a transaction of this nature it is therefore market practice for the legal advisors to confirm that there are no such restrictions in the articles of association.

Spain

Insolvency and Bankruptcy

One of the Guarantors of the Notes, Guala Closures Ibérica S.A.U., is incorporated and organized under the laws of Spain (the "**Spanish Guarantor**"). Accordingly, pre-insolvency, insolvency or liquidation proceedings with respect to the Spanish Guarantor may proceed under, and be governed by, Spanish insolvency law.

The insolvency laws of Spain may not be as favorable to your interests as creditors as the laws of the United States, the United Kingdom or other jurisdictions to which you may be familiar. The following is a brief description of certain aspects of the insolvency laws of Spain.

In Spain, bankruptcy proceedings are only triggered in the event of a debtor's current or imminent insolvency. A debtor is deemed insolvent when it becomes unable to regularly meet its obligations as they become due. The bankruptcy proceedings may be initiated either by the debtor ("voluntary bankruptcy") or by any of its creditors ("compulsory bankruptcy"). Whether bankruptcy proceedings are voluntary or compulsory will affect the basis for the bankruptcy, as well as impact upon the debtor's capacity.

The Spanish Insolvency Act provides that insolvency proceedings conclude following either the implementation of an agreement between the creditors and the debtor, the liquidation of the debtor, or payment of the total debt to the debtor's creditors.

Voluntary Bankruptcy

If the debtor requests the bankruptcy, it must prove its current or imminent insolvency: a situation in which the debtor cannot meet its financial obligations consistently and on time, including obligations not yet due. The debtor is obligated to file a petition for a declaration of bankruptcy within two months after it becomes aware, or should have become aware, of its state of insolvency. It is presumed that the debtor becomes aware of its state of insolvency, unless otherwise proved, if any of the circumstances that qualify as the basis for a petition for compulsory bankruptcy occur. In the event of the debtor failing to file a petition for bankruptcy within the time period established by law, it may be unable to exercise certain courses of action (including, among others, the possibility of submitting a proposed settlement in advance) and the personal liability of the members of the management body is increased.

Notwithstanding the foregoing, the general duty to file for insolvency within the referred two months does not apply if the debtor notifies the applicable Court that it has initiated negotiations with its creditors to obtain support to reach a pre-packaged composition agreement (*propuesta de convenio anticipado*); or an out-of-court workout (a refinancing agreement) set out in Section 71 bis.1 or in the Fourth Additional Provision of the Spanish Insolvency Act (*Ley 22/2003, de 9 de Julio, Concursal*), (as amended from time to time, the "**Spanish Insolvency Act**") (the so-called 5 bis communication) or an out-of-court repayment agreement under Article 231 et seq of the Spanish Insolvency Act.

Effectively, by means of the 5 bis communication, on the top of those two months, the debtor gains an additional three month period to achieve an agreement with its creditors or to obtain accessions to an anticipated composition agreement and one further month to file for the declaration of insolvency. During such period of time, creditors' petitions for mandatory insolvency will not be accepted and court or out-of-court enforcement actions, other than those arising from public law claims are prohibited or suspended (as applicable). In addition, enforcement proceedings that have been brought by creditors holding financial claims (as defined in the Fourth Additional Provision of the Spanish Insolvency Act) shall be prohibited or suspended (as applicable) provided that it is evidenced that at least 51% of the creditors holding financial liabilities (by value) have supported the initiation of negotiations to enter into a refinancing agreement and have agreed to suspend or not initiate enforcement proceedings against the debtor while creditors holding financial liabilities are still negotiating. Nevertheless secured creditors shall be entitled to bring enforcement proceedings against the corresponding secured assets although once proceedings have been initiated they shall be immediately suspended.

Compulsory Bankruptcy

If a creditor requests the bankruptcy, it must provide evidence of the debtor's insolvency in the terms and by the means stated under Section 2.4 of the Spanish Insolvency Act such as: (i) a generalized default on payments by the debtor; (ii) the occurrence of generalized attachments on the debtor's assets; (iii) a hasty or loss-making liquidation of assets; or (iv) generalized default on certain tax, social security and employment obligations during the applicable statutory period (three (3) months). Upon receipt of an insolvency petition by a creditor, the insolvency court may issue provisional interim measures to protect the assets of a debtor and may request a guarantee from the petitioning creditor asking for the adoption of such measures to cover damages caused by the preliminary protective measures.

The debtor will be entitled to file an opposition to such petition, and will have to prove that it is not insolvent. The court will then summon the parties to a hearing, and will finally render a court ruling either dismissing the application filed by the creditor, or declaring the insolvency of the debtor.

Effects of the Bankruptcy for the Debtor

If the bankruptcy is voluntary, the debtor usually retains its powers to manage and dispose of its business, albeit under supervision by the insolvency receivers (*administración concursal*). If the bankruptcy

is compulsory, then the debtor is removed from its power over its assets, which become subject to management by the bankruptcy authorities.

These situations may be modified at any time by the competent court.

Actions carried out by the debtor that breach any required supervision of the bankruptcy authorities may be declared null and void unless ratified by the insolvency receivers.

Effects of the Bankruptcy on Contracts

Under Section 61 of the Spanish Insolvency Act, all clauses that entitle any party to terminate an agreement based solely on the other party's declaration of bankruptcy are deemed void. The declaration of bankruptcy does not affect agreements with reciprocal obligations pending performance by either the insolvent or the other party. However, the insolvency receivers (together with the bankrupt or by their sole discretion if the bankrupt is not allowed to carry on its business) may request the court to terminate the relevant contract (on the grounds of convenience in the bankruptcy proceedings). There are cases in which the Spanish law expressly allows to establish an agreement for termination in the event of bankruptcy (e.g., agency contracts).

Hardening Periods and Fraudulent Transfer

There is no automatic claw back by operation of law. Therefore, there are no prior transactions that automatically become void as a result of the initiation of insolvency proceedings but instead the insolvency administrator must expressly challenge those transactions that are considered detrimental to the insolvency estate. In addition, creditors who have applied to exercise any claw back action (stating the specific action they aim to contest or revoke and their grounds), shall be entitled to exercise such action if the insolvency administrator does not do so within the two months following their request. The Spanish Insolvency Act does not define the meaning of "patrimonial damage." Damage does not refer to the intention of the parties, but to the consequences of the transaction on the debtor's interest or on the equality of treatment among creditors. The Spanish Insolvency Act provides that the insolvency receivers may undertake claw-back actions against acts that took place before the declaration of bankruptcy that are considered to be detrimental to the insolvency estate. as follows:

- (a) actions carried out in the two years preceding the declaration of insolvency may be challenged, even in the absence of fraudulent intention;
- (b) such actions must be considered to be detrimental to the insolvency estate, which is presumed in the following cases:
 - without admission of proof to the contrary: (i) actions of disposal for no consideration, except for ordinary largesse (*liberalidades de uso*); or (ii) regarding payments or other actions cancelling obligations falling due after the declaration of bankruptcy (unless they were secured); or
 - with admission of proof to the contrary: (i) in actions for valuable consideration carried out for any party especially related to the debtor, (ii) granting of in rem security covering preexisting debts or new debts incurred to cancel preexisting debts; or (iii) cancellation of secured obligations falling due after the declaration of insolvency.

Otherwise, the damage must be proved by the person seeking rescission;

- (c) under no circumstances can actions carried out in the debtor's ordinary course of professional or entrepreneurial business and under market conditions be rescinded;
- (d) some kinds of refinancing arrangements (*acuerdos de refinanciación*) meeting certain legal requirements set forth in article 71.bis or in Forth Additional Provision of the Spanish Insolvency Act, as well as the security created in connection therewith, may not be rescinded; and
- (e) where the party who benefits from the act detrimental to the insolvency estate proves that such act is subject to the law of another State that does not allow its challenge in any case, the act will not be set aside.

Request of joint insolvency

Creditors may apply for a joint insolvency declaration of two or more of its debtors if either (a) there is a confusion of assets among them, or (b) they form part of the same group of companies. Therefore, the

request for the joint insolvency of two or more legal entities may only be filed by a common creditor of the relevant companies and each of the affected companies must in fact be separately insolvent. Joint insolvency may also be requested by the companies themselves provided that they form part of the same group.

Any of the insolvent debtors, or the insolvency administrator, as the case may be, may apply for the procedural consolidation of insolvency proceedings already declared under certain circumstances (and, in particular, if the insolvent debtors form part of the same group of companies). In addition, creditors may apply for the procedural consolidation of the insolvency proceedings of two or more of its debtors already declared if either (a) there is a confusion of assets among them, or (b) they form part of the same group of companies, provided that a petition has not been submitted by any of the insolvent debtors or by the insolvency administrator pursuant to article 25 bis of the Spanish Insolvency Act.

Insolvency proceedings declared jointly or accumulated are processed in coordination, without consolidation of the estate of the insolvent debtors. As a result, and as a general rule, a “group insolvency” does not lead to a commingling of the debtors’ assets and creditors of such group. This means that the creditors of one company of the group will not have recourse against other companies of the same group (except where cross-guarantees exist, in which case such a claim might be subordinated). The current system is basically a procedural one, aimed at making the insolvency proceedings as time and cost efficient as possible. However, exceptionally, and for the purpose of the drafting of the insolvency report, by the insolvency administrator only, assets and liabilities amongst the companies declared insolvent may be consolidated where there is a confusion of states and assets and liabilities belonging to each of the companies cannot be identified.

In any event, set-off is prohibited unless the requirements for the set-off were satisfied prior to the declaration of insolvency or the claim of the insolvent is governed by a law that permits set-off.

Rules on Priority of Creditors

Under the Spanish Insolvency Act, the ranking of claims determines the order of payment of credits. For such purposes, the claims of the creditors of any debtor are divided into privileged, ordinary and subordinated claims. Privileged creditors can have a special or general privilege, depending on whether the security was created over a specific asset (special privilege) or over all of the insolvency estate (general privilege). However, notwithstanding the three categories for creditors mentioned above, there is a special and prioritized category of creditors, the creditors against the insolvency estate (*créditos contra la masa*), which are not subject to ranking or acknowledgement and, in principle, must be paid by the insolvency receivers when they fall due.

As for secured credits (those secured with *in rem* security interests) the Spanish Insolvency Act gives them the status of creditors with special privilege, because the law includes in such category those in which the collateral is comprised of specific property or rights (mortgage, pledge or antichresis) or equivalent rights (financial lease agreement for the leased property). Certain limited exceptions may, however, exist to this general rule (e.g., restrictions in Article 90.1.6 of the Spanish Insolvency Act regarding pledges over future credit rights). An *in rem* secured creditor is secured (for the purposes of insolvency) for the value of the asset subject of the security (and such value will be calculated taking into account the rules set forth under the Spanish Insolvency Act in order to determine its “reasonable value”) and will be deemed to be unsecured (or ordinary) for the rest.

Limitations to Enforcement by a Unsecured and Secured Creditor

As a general rule, the enforcement rights of unsecured creditors are suspended upon the court declaration of bankruptcy. Unsecured creditors cannot initiate any enforcement proceedings against the debtor company’s assets after the declaration of bankruptcy.

Notwithstanding the rules on priority mentioned in “—*Rules on priority of creditor*” above, in the event of the debtor’s insolvency and in accordance with the provisions of the Spanish Insolvency Act, the ability of a secured creditor to enforce the collateral is limited if such collateral is considered necessary the debtor to continue its professional or business activities.

In such a case, the Spanish insolvency Act imposes a moratorium on, the enforcement of secured creditors’ rights in the event of insolvency, the enforcement of security may not be commenced until (i) a composition is approved (the content of which does not affect this right) or (ii) one year elapses from the insolvency declaration without liquidation taking place.

Enforcement will be stayed even if at the time of declaration of insolvency the notices announcing the public auction have been published. The stay will only be lifted when the court hearing the insolvency proceedings determines that the asset is not considered necessary for the debtor to continue its professional or business activities. When it comes to determining which assets of the debtor are used for its professional or business activities, courts have generally embraced a broad interpretation and will likely include most of the debtor's assets. Finally, enforcement of the security will be subject to the provisions of Spanish Civil Procedure Law and Spanish Insolvency Act (where applicable) and this may entail delays in the enforcement.

Settlement or composition agreement

Once the debtor's assets and liabilities have been identified, the Spanish Insolvency Act encourages creditors to reach an agreement regarding payment of the insolvency debts. This agreement may be proposed either by the debtor or by the creditors, and it shall set forth how, when and up to what amount creditors are to be paid. Once executed, this agreement must be honored by the debtor and respected by the creditors.

The settlement or composition should contain proposals for write-offs and stays, Article 100 of Insolvency Act provides that it may also contain alternative or complementary proposals for all creditors or for certain classes of creditors (except for Public Law creditors), including conversion of debt into shares, into profit-sharing credits convertible bonds or subordinated debt, or any financial instrument different from the original debt. It may also include proposals for allocation of all assets or of certain assets to a specific person with a commitment from the acquirer to continue the activity and to pay off the debt as determined in the settlement.

The proposals in the settlement shall include a payment schedule.

In order for a settlement or composition to be deemed approved by the creditors, the following majorities shall be met at the creditors' meeting:

- (a) In case the composition agreement contains write-offs equal to or less than 50 per cent of the amount of the claims; to stays on the payment of principal, interest or any other outstanding amount, for a period not exceeding five years; or, in the case of creditors other than those related to the public administration or employment matters, the conversion of debt into profit participating loans over the same period, at least 50 per cent of the unsecured liabilities (ordinary credits) have voted in favor of such settlement or composition. Notwithstanding the above, a vote by creditors representing a portion of the unsecured liabilities that is greater than the vote against will suffice when the settlement consists of (i) full payment of ordinary or unsecured claims within a period not exceeding three years or (ii) immediate repayment of outstanding ordinary unsecured claims applying a write off of less than 20 per cent.
- (b) In case the composition agreement contains stays of between five and ten years; write-offs of more than 50 per cent of the amount of the claims and, in the case of creditors other than those related to the public administration or employment matters, the conversion of debt into profit participating loans over the same period and any other proposal under article 100 of the Insolvency Act, 65 per cent of the unsecured liabilities (ordinary credits) should have voted for the settlement or composition.

The holders of subordinated credits and those creditors considered as especially related to the debtor are not entitled to vote.

Although in principle secured creditors are not subject to an approved settlement or composition (unless they have expressly voted in its favor) the effects of an approved composition can be extended to secured and privileged creditors provided that the relevant composition of creditors has been approved by the following majorities of creditors within its category of creditors (Public Law creditors, financial creditors or others):

- (a) In case the composition agreement contains a write-off (or debt discharges) equal to or less than 50 per cent of the amount of the claims, stays for a period no longer than 5 years or conversion of debt into profit participating loans, also for a period no longer than 5 years, at least 60 per cent of privileged creditors have voted in favor; and
- (b) In case the composition agreement contains a write-off of more than 50 per cent of the claim; stays (for a period between 5 and 10 years), conversion of debt into profit participating loans also

for a period between 5 and 10 years, and any other proposal under article 100 of the Insolvency Act, at least 75 per cent of privileged creditors have voted in favor.

Liquidation

Liquidation is conceived as an outcome subsidiary to settlement. It operates where a composition is not reached or when it is decided upon by the insolvency court. The insolvent must file a petition for liquidation if, during the period while the settlement is in force, it becomes aware of no longer being able to meet the payment commitments and obligations undertaken after the approval of such settlement. In such a case, the company will be aimed at dissolution and the directors and liquidators will be removed. Deferred credits will compulsorily fall due and credits consisting of other benefits are converted into cash credits.

The insolvency administration will be required to prepare a liquidation plan that must be approved by the insolvency court. The insolvency administration is required to report quarterly on the liquidation and has one year to complete it. If the liquidation is not completed within one year, the court may appoint a different insolvency administration.

Special regimes for certain refinancing agreements:

- (a) Refinancing agreements that fulfill the following conditions cannot be rescinded except at the request of the insolvency administration and under certain circumstances (namely, that the refinancing agreement lacks the formal requirements set forth below) and save in the case of fraud: (i) the refinancing agreement gives rise to a “significant increase” in the funds available to the borrower, or a modification of the terms of the initial financing by extending the maturity date or by replacing the existing obligations with new ones, provided that they meet a viability plan that allows the continuity of the debtor’s business in the short and medium term; (ii) the agreement has been entered into with creditors whose credits represent at least 60 per cent of the debtor’s liabilities as of the date of the agreement; (iii) a certification is issued by the auditors of the debtor, on the sufficiency of the liabilities required to adopt the agreement; and (iv) the refinancing agreement and the documents substantiating performance of conditions (ii) to (iii) above are executed by way of a Spanish public deed.
- (b) Together with the refinancing agreements described above, no action for rescission will be either available (save in case of fraud or because the formal criteria have not been met) for those refinancing agreements that meet all the following criteria: (i) the ratio of assets to liabilities is greater under the refinancing agreement than before the agreement took effect; (ii) the resulting current assets are equal to or higher than the then current liabilities prior to reaching that private agreement; (iii) the value of the security that would be provided to the relevant creditors does not exceed either 90 per cent of the value of the debt owed to those creditors, or the ratio of security to outstanding debt that the creditors had the benefit of prior to the agreement taking effect; (iv) the rate of interest relating to the debt under the refinancing agreement for the creditors concerned is no more than one third of the rate applicable to the debt before the refinancing; and the agreement has been executed as a Spanish public deed by all parties concerned.
- (c) In addition, certain refinancing agreements (those that have been approved by at least 51% of the financial creditors and meet the criteria under (a) above other than (ii)) may be sanctioned by the court (*homologación judicial*) and be imposed to certain dissenting creditors:
 - all those creditors that have a financial claim against the debtor, irrespective of whether they are subject to financial supervision or not;
 - any other creditors that have voluntarily signed up to the refinancing agreement, with the exception of commercial and public sector creditors; and
 - secured creditors in certain circumstances (generally, when certain majorities of secured creditors have voted in favor of the refinancing agreement).

The majorities required for the courts to sanction a refinancing agreement vary depending on whether the financial liabilities concerned are secured or non secured and on the effects to be imposed on non-participating or dissenting creditors with the court’s approval.

Fraudulent Conveyance Laws

Under Spanish law, in addition to the insolvency claw-back action, the insolvency administrator and any creditor may bring an action to rescind a contract or agreement (*acción rescisoria pauliana*) against the debtor and the third party which is a party to such contract or agreement, provided that the same is performed or entered into fraudulently and the creditor cannot obtain payment of the amounts owed in any other way. Although case law is not entirely consistent, it is broadly accepted that the following requirements must be met in order for a creditor to bring such action:

- the debtor owes the creditor an amount under a valid contract and the fraudulent action took place after such debt was created;
- the debtor has carried out an act that is detrimental to the creditor and beneficial to the third party;
- such act was fraudulent;
- there is no other legal remedy available to the creditor to obtain compensation for the damages suffered; and
- debtor's insolvency, construed as the situation where there has been a relevant decrease in the debtor's estate making it impossible or more difficult to collect the claim.

The existence of fraud (which must be evidenced by the creditor) is one of the essential requirements under Spanish law for the action to rescind to succeed. Pursuant to Article 1,297 of the Spanish Civil Code: (i) agreements by virtue of which the debtor transfers assets for no consideration, and (ii) transfers for consideration carried out by parties who have been held liable by a court (*sentencia condenatoria*) or whose assets have been subject to a writ of attachment (*mandamiento de embargo*) will be considered fraudulent. The presumption referred to in (i) above is a *iuris et de iure* presumption (i.e. it cannot be rebutted by evidence), unlike the presumption indicated in (ii) above, which is a *iuris tantum* presumption (i.e. it is a rebuttable presumption).

If the rescission action were to be upheld, the third party would be liable to return to the debtor the consideration received under the contract in order to satisfy the debt owed to the creditor. Following that, the creditor would need to carry out the actions necessary to obtain the amount owed by the debtor. If the consideration received by the third party under the contract cannot be returned to the debtor, the third party must indemnify the creditor for such damages.

Limitation on validity and enforcement of guarantees granted by any Spanish subsidiary

Under Spanish law, claims may become time-barred (5 years being the general term established for obligations *in personam* under article 1,964 of the Spanish Civil Code (*Código Civil*)) or may be or become subject to the defence of set-off or counterclaim. In addition, article 1851 of the Spanish Civil Code establishes that an extension granted to a debtor by a creditor without the consent of the guarantor extinguishes the guarantee.

A guarantee such as the guarantee granted by the Spanish Guarantor will be null if the obligations it secures are declared null. The enforcement of guarantees may be limited since the guarantor may not be required to pay any amount in excess of the amount owed by the principal debtor or under conditions that are less favourable than those applying to the principal debtor.

The terms "enforceable," "enforceability," "valid," "legal," "binding" and "effective" (or any combination thereof) mean that all the obligations assumed by the relevant party under the relevant documents are of a type enforced by Spanish Courts; the terms do not mean that these obligations will necessarily be enforced in all circumstances in accordance with their terms. In particular, enforcement before the Courts will in any event be subject to:

- the nature of the remedies available in the Courts;
- Spanish public policy;
- the availability of defences such as (without limitation), set-off (unless validly waived), circumvention of law (*fraude de ley*), abuse in the exercise of rights (*abuso de derecho*), misrepresentation, force majeure, unforeseen circumstances, statute of limitations, undue influence, fraud, duress, abatement and counter-claim; and
- The obligations under Guarantees granted by the Spanish Guarantor shall not extend to any use of the proceeds of the Notes for the purpose of acquiring shares representing the share capital of such

Spanish Guarantor or shares representing the share capital of its controlling company, or refinancing a previous debt incurred for the acquisition of shares representing the share capital of such Spanish Guarantor or shares representing the share capital of its holding company or of companies of the Group and all provisions of such Guarantee shall be construed accordingly in the sense that, in no case can any Guarantee or security given by the Spanish Guarantor secure repayment of the above-mentioned funds, in light of articles 150 (for Spanish public limited companies (*sociedades anónimas*)) and 143 (for Spanish private limited companies (*sociedades de responsabilidad limitada*)) of the Spanish the Spanish Capital Companies Act (*Real Decreto Legislativo 1/2010, de 2 de julio, por el que se aprueba el texto refundido de la Ley de Sociedades de Capital*), as applicable.

Enforcement of Civil Liabilities—Spain

A final and conclusive judgment obtained against the Issuer or any of the Guarantors in any U.S. Courts or any other appellate court in the United States, would be recognized and enforced by the courts of Spain after having obtained the “*exequatur*”, in accordance with article 523.2 of the Spanish Civil Procedure Act (*Ley 1/2000, de 7 de enero, de Enjuiciamiento Civil*) and articles 41 to 55 of the Spanish International Cooperation in Civil Matters Act (*Ley 29/2015, de 30 de julio de cooperación jurídica internacional en materia civil*), both inclusive.

Such provisions set forth that any, in principle, final and conclusive judgment rendered outside Spain may be enforced in Spain:

- In accordance with the provisions of any applicable treaty (there being none currently in existence between Spain and the United States for these purposes);
- In the absence of any treaty, in those cases in which the relevant court from a foreign country which is not a member bound by the provisions of the EU Regulation 1215/2012, if it meets the formal requirements of (i) the relevant law from said foreign country and (ii) Spanish law, to be considered authentic, i.e. enacted by an authorized court (in Spain it would be required, inter alia, that the judgement is duly legalized or apostilled and translated into Spanish) and enforceable, and
- If it does not fall within the circumstances set forth in article 46 of the Spanish International Cooperation in Civil Matters Act, in particular:
 - that the judgement breaches Spanish public order (“*orden público*”);
 - that the judgement has been rendered by clearly breaching the rights of defence of any of the parties (if a judgement has been rendered by default (“*en rebeldía*”) of the defendant it would be deemed to breach his rights of defence if the defendant has not been regularly and timely notified to enable him to defend himself properly);
 - that the subject matter in respect of which the judgement has been rendered falls within the exclusive jurisdiction of the Spanish courts or, in any other matters, if the foreign court jurisdiction does not have a reasonable connection with the dispute;
 - that the foreign judgement is incompatible with other Spanish judgements;
 - that the foreign judgement is incompatible with another country’s judgement which meets the requirements to be enforceable in Spain;
 - that there is an ongoing proceeding between the same parties and dealing with the same subject which was opened before a Spanish court prior to the opening of the proceedings before the foreign court; or
 - the company is subject to an insolvency proceeding in Spain and the foreign judgment does not meet the requirements provided for in the Spanish Insolvency Law.

According to Article 3.2 of the Spanish International Cooperation in Civil Matters Act, the Spanish Government may establish that the Spanish authorities will not cooperate with other country’s authorities when there has been a reiteration refusal of cooperation or a legal prohibition of providing cooperation by such other country’s authorities.

The United States and Spain are not party to any treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards rendered in civil and commercial matters.

Accordingly, any party wishing to have a U.S. ruling recognized or enforced in Spain, which would not directly be recognized or enforced in Spain, must file an application seeking declaration of enforceability of the U.S. resolution (*exequatur*) with the relevant Spanish Judge of First Instance (*Juzgado de Primera Instancia*) or Commercial Court (*Juzgado de lo Mercantil*) for which purpose the abovementioned requirements must be met.

The Spanish courts may express any such order in a currency other than euro in respect of the amount due and payable by the Issuer or a Guarantor, but in case of enforcement in Spain, the court costs and interest will be paid in euros.

A final and conclusive judgment obtained against the Issuer or any of the Guarantors in any country bound by the provisions of the EU Regulation 1215/2012 will be recognized and enforceable by the Spanish courts, without review of its merits.

The enforcement of any judgments in Spain entails, among others, the following actions and costs: (a) documents in a language other than Spanish must be accompanied by a sworn translation into Spanish; (b) certain professional fees are required for the verification of the legal authority of a party litigating in Spain, if needed; (c) certain court fees must be paid, and (d) the procedural acts of a party litigating in Spain must be directed by an attorney-at-law and the party must be represented by a court agent (*procurador*). In addition, Spanish civil proceedings rules cannot be amended by agreement of the parties and will therefore prevail notwithstanding any provision to the contrary in the Notes.

Enforcement of Security Interests governed by Spanish law

The enforcement in Spain of security interests governed by Spanish law will be subject to Spanish rules of civil in-court and out-of-court procedure (including, but not limited to, the Civil Procedure Act 1/2000 of 7 January (*Ley 1/2000, de 7 de enero, de Enjuiciamiento Civil*) as amended from time to time (the “Spanish Civil Procedure Law”) and the Royal Decree-Law 5/2005, of 11 March (*Real Decreto-ley 5/2005, de 11 de marzo, de reformas urgentes para el impulso a la productividad y para la mejora de la contratación pública*) which implemented in Spain the EU Directive 2002/47/EC of the European Parliament and of the Council of 6 June 2002 on financial collateral arrangements (“**RDL 5/2005**”).

When enforcing security interests governed by Spanish law, the following particularities shall be taken into account:

- if the principal obligation is to be complied with in a jurisdiction other than Spain, it may not be enforceable in Spain to the extent that compliance therewith would be illegal under the laws of the primary jurisdiction, in which circumstances any collateral securing that principal obligation in Spain may also become unenforceable.
- Spanish law does not contemplate the concept of a “security agent”. Although this by itself does not prohibit this agent to be set in place, the fact that there is a lack of regulation on the matter provides uncertainty as to how a Spanish court would recognize the acting of the security agent in an enforcement situation. Since holders of the Notes will not have any independent power to enforce the security securing the notes, except through the security agent following the instructions of the trustee, there is some uncertainty as to whether a Spanish court would recognize the authority of the security agent or whether lack of recognition would entail delays in the enforcement or even the consequence of the security not being able to be enforced on the same terms as provided for in the security documentation. For this reason, the entity acting as security agent and probably the other secured parties on account of whom it would be acting will be required to be parties in any applicable legal proceeding. Notarised evidence of any and all assignments carried out by the entity acting as security trustee and/or sufficient evidence of title over the Notes by the holders of the Notes will need to be provided to the Spanish court.
- the term “enforceable” means that the obligations assumed by the parties are of a type that the Spanish courts enforce. It does not mean that those obligations will necessarily be enforced in all circumstances in accordance with their terms.
- although Spanish law does not expressly recognize the existence of two or more pledges over the same asset, the existence of two or more pledges over the same assets has become a market practice in Spain and is accepted by the majority of legal scholars although no case law has supported the enforceability of such pledges and it cannot be disregarded that a court could take a different view and consider such pledges inefficient and not admissible in Spain.

- a Spanish court or a Spanish notary may not accept an enforcement of security interests governed by Spanish law in respect of the secured documents based on the breach of obligations, undertakings or covenants which are merely ancillary or complementary to the main payment undertakings.
- Spanish law does not protect the abusive exercise of rights (i.e. against such an agreement's purpose and prejudicing third parties) or arbitrary decisions or determinations by one of the parties. Accordingly, Spanish courts may refuse to uphold the termination of an agreement based on an unreasonable, inequitable or bad faith interpretation of one of its events of default or on the breach of obligations, undertakings or covenants which are merely ancillary or complementary to the main payment undertakings of the secured documents.
- enforceability of any Spanish security documents' provisions relating to application of enforcement proceeds will be subject to mandatory Spanish law requirements on the order of distributions.
- if a transaction is performed in formal compliance with a Spanish law requirement, but the actual intention is to cover another transaction, a Spanish court will apply the law governing the transaction that was meant to be covered.
- under Spanish law, claims may become time-barred or may be or become subject to the defense of set-off or counterclaim, abuse of rights (*abuso de derecho*), misrepresentation, force majeure, unforeseen circumstances, undue influence, duress or error.
- as regards ordinary pledges (as opposed to pledges without transfer of possession), the Spanish Civil Code requires that the pledgor is deprived of the possession of the pledged asset. Such transfer of possession is a requirement for the valid creation of the ordinary pledge. When the pledge is a pledge over credit rights, which is not regulated by the Spanish Civil Code but generally admitted by scholars and case law, the question is if the actual transfer of possession is substituted by the notice of the creation of the pledge to the debtor of the pledged credit right. Article 90.1.6 of the Spanish Insolvency Act admits a special privilege to pledges over credit rights if such pledge is contained in a document with true date (*fecha fehaciente*) -normally notarial document- without making any reference about the need of the notice to the debtor for the valid creation of the pledge over credit rights. Notwithstanding this, the practical effect of not notifying the creation of the pledge to the debtor is that, if such debtor effectively pays the credit to its creditor ignoring the existence of the pledge over the credit right, any such payment will have release effects (*efectos liberatorios*) for the debtor and the pledgee will not have recourse against it.
- Spanish law does not regulate expressly, with respect to claims deriving from proceeds obtained through a bond issuance, that security interests may be created only for the benefit of a secured notes trustee. Further, evidence of any potential replacement of the entity acting as secured notes trustee in its position as such will need to be recorded at the relevant Spanish public registry prior to the commencement of any enforcement proceedings if the security was registered at a Spanish public registry in favor of the secured notes trustee.
- the enforcement by Spanish courts of any final judgment for a sum of money in relation to the secured documents obtained against the Spanish Guarantor in any court outside of Spain may be limited by the provisions of Spanish principles of public policy ("*orden público*"). Moreover, the Spanish courts may refuse to apply a provision of the law of the United States if application of that provision would be manifestly incompatible with Spanish public policy ("*orden público*").
- under Spanish law, acts carried out in accordance with the terms of a legal provision whenever said acts seek a result which is forbidden by or contrary to law, shall be deemed to have been executed in circumvention of law ("*fraude de ley*") and the provisions whose application was intended to be avoided shall apply.
- in accordance with the general principles of Spanish Civil Procedural laws, the rules of evidence in any judicial proceeding cannot be modified by agreement of the parties. Accordingly, provisions in an agreement in which determinations by a party are to be deemed to be conclusive would not be upheld by a Spanish court. A determination, designation, calculation or certificate from one party as to any matter provided in the secured documents might, in certain circumstances, be held by a Spanish court not to be final, conclusive and binding, if it could be shown to have an unreasonable or arbitrary basis or in the event of manifest error despite any provision in the secured documents to the contrary.

- Spanish law precludes the validity and performance of contractual obligations to be left to the discretion of one of the contracting parties. Therefore, Spanish courts may refuse to uphold and enforce terms and conditions of an agreement giving discretionary authority to one of the contracting parties.
- Spanish law limits the enforcement of fixed penalty provisions contained in agreements, allowing the courts to reduce the amount of the penalty payable.
- it is not beyond doubt that the entity acting as secured notes trustee may validly establish a liquidated sum in respect of a claim in a proceeding for the enforcement of security interests governed by Spanish law in accordance with the procedure established in Article 572.2 of the Spanish Civil Procedure Law because the secured documentation does not qualify as self-executing documents under Spanish law and, to the best of our knowledge, the Spanish courts have not handed down a judgment in relation to the applicability of said Article to agreements governed by a law other than the Spanish law. Therefore, it may not be disregarded that the enforcement of the Spanish security could require that a judgment be rendered in New York establishing the default in respect of the secured obligations and the liquid amount payable thereunder which would then be recognized and enforced in Spain over the assets subject to such Spanish security.
- under Spanish law, nullity or termination of the principal obligation will entail nullity or termination of collateral obligations securing it.
- it is not entirely clear whether RDL 5/2005, would apply to Spanish law security interest securing the Notes. In such case, the enforcement provisions contained therein referred to RDL 5/2005 would not be effective although such security interests could be enforced through any of the other enforcement proceedings permitted by the Spanish law and contemplated in the relevant provisions included in such security interests.
- a certified translation into Spanish by an official translator of any document not executed in Spanish will be required to make such document admissible in evidence in Spain if a translation made by a private translator is challenged by the party not having filed it.

In addition, it should be noted that when granting security for existing debt within the two year suspicious period set out in the Spanish Insolvency Act for example, on the basis of a promissory security given at the time of obtaining such debt, there is a risk that security interests governed by Spanish law may fall within the legal presumption of a harmful act to the debtor's assets provided in article 71 of the Spanish Insolvency Act and said security interests created may be challenged (please also refer to section *Insolvency and Bankruptcy* and subsection *Hardening Periods and Fraudulent Transfer*).

With regard to security interests governed by Spanish law that need to be registered within a Spanish public registry, in addition to the above it should be noted that:

- such security interest are only duly created as valid security interests, constituting an effective security interest exercisable *vis-à-vis* third parties, when the notarial deed by which the security interest is granted has been recorded at the relevant Spanish registry.
- the competent Spanish registrar may refuse to register events of default or early termination events stipulated in the secured documents thereunder (irrespective of their governing law) which may be deemed contrary to the principles of Spanish law applicable to rights *in rem* over assets located in Spain, such as events of default or early termination events based on the breach of obligations, undertakings or covenants which are merely ancillary or complementary to the main payment undertakings of the secured documents. In such case, a Spanish court or a Spanish notary would not accept an enforcement of such security interest based on an event of default or early termination event which has not been registered in the relevant Spanish public registry.

Ukraine

In connection with the Refinancing Transactions, 70.0% of the “issued share capital” of Guala Closures Ukraine LLC will be the subject of a participatory interest pledge (the “Ukrainian Security”). Guala Closures Ukraine LLC is a limited liability company registered under the laws of Ukraine. Certain aspects of Ukrainian law will be relevant in relation to enforcement of the Ukrainian Security.

Effectiveness of security and specifics of enforcement

It is uncertain under Ukrainian law, whether a participatory interest in a Ukrainian limited liability company (an “LLC”) may be pledged as collateral. The court practice in this respect is contradictory,

although the most recent court practice is mostly positive, stating that an LLC participatory interest can be pledged. At the same time, it should be noted that with no system of precedent in Ukraine, there is a risk that courts in Ukraine may apply inconsistent approaches to similar laws or fact scenarios. Accordingly, the creditors should be aware that there is a risk that a Ukrainian court may not confirm the Ukrainian security and, notwithstanding the inclusion of contractual provisions in the Ukrainian Security, prohibit the transfer of a participatory interest to a pledgee, or to a third party.

The out-of-court enforcement procedures, provided by the Ukrainian Security (such as the security pledgee taking ownership over the pledged participatory interest or the sale of such pledged participatory interest to third parties), may not be possible without cooperation of the current shareholders of Guala Closures Ukraine LLC. In particular, in order to perform the out-of-court enforcement the pledgee would need to receive a resolution of the current shareholders of Guala Closures Ukraine LLC where they would agree to the pledge (or a third party to which the participatory interest is to be sold by the pledgee) becoming a new shareholder of Guala Closures Ukraine LLC. In case of lack of cooperation of the current shareholders, the pledgee would need to enforce the Ukrainian Security through a Ukrainian court.

Ukrainian law contains provisions relating to the enforcement of a participatory interest in an LLC, according to which enforcement may only be initiated if the shareholder who has pledged their participatory interest has no other assets which could be used to discharge the relevant debt obligation. In addition, enforcement may only be carried out against that portion of the company's assets which corresponds to the relevant participatory interest, and not against the participatory interest itself. It is unclear whether such provisions would apply in case the enforcement is performed on the basis of a pledge agreement if applied, a pledgee seeking to enforce the pledge will need to make a claim, demanding repayment by the pledgor from the company's assets of an amount which is proportionately equal in value to the pledgor's participatory interest, or foreclose against the respective portion of the company's assets.

It should be noted that under Ukrainian law the shareholder which participatory interest is not pledged shall have a preemptive right to acquire a pledged participatory interest in case of the enforcement of the latter. Although such a right may be waived, it is uncertain under Ukrainian law as to whether such waiver can be made in advance, and whether such advance waiver would be enforceable.

Enforcement procedures

The Ukrainian Security can be enforced either by way of out-of-court enforcement or in Ukrainian courts.

Out-of-court enforcement procedures are governed by a set of procedural rules which require, among other things, the issuance and registration of a cure notice at least 30 days before enforcement, notification of other registered creditors and registration of the initiation of the out-of-court enforcement procedure in the Ukrainian public encumbrances register. Nevertheless, as it was mentioned above, out-of-court enforcement procedure can be complicated by the procedure of approval with the current shareholders of Guala Closures Ukraine LLC.

The court decision expressly stating that the pledge should be enforced by way of transfer of the participatory interest to the pledgee or to the specific third party most probably would not entail separate enforcement proceedings. In general, such court judgement can be a ground for the state registrar to input an appropriate information regarding the new owner of the participatory interest into the Ukrainian register of legal entities.

In case of court enforcement through an appropriate executive procedure (if so required), the pledgee would need to apply to a bailiff. The public authority responsible for the enforcement in Ukraine is the State Enforcement Agency. Enforcement performed by the State Enforcement Agency can be time-consuming and may not succeed for a variety of reasons, including due to the complexity of the auction procedures for the sale of the relevant participatory interest, the pledgor or Guala Closures Ukraine LLC itself becoming subject to insolvency proceedings. Recently Ukrainian legislation was changed to allow the enforcement of court decisions by private enforcement officers (which have the same powers as the state enforcement officers). Although the institute of private enforcement officers has not yet been properly tested in practice, it is expected that it will be more effective in comparison to the state enforcement officers.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in a purchase agreement (the “**Purchase Agreement**”) dated as of the date hereof, entered into by and among the Issuer, the Guarantors and Credit Suisse Securities (Europe) Limited, Banca IMI S.p.A., Barclays Bank PLC, J.P. Morgan Securities plc and UniCredit Bank AG, we have agreed to sell to each Initial Purchaser, and each Initial Purchaser has agreed, severally and not jointly, to purchase from us, together with all other Initial Purchasers, Notes in the principal amount indicated in the following table:

	Principal Amount of Notes
	(€)
Credit Suisse Securities (Europe) Limited	204,000,000
Banca IMI S.p.A.	76,500,000
Barclays Bank PLC.	76,500,000
J.P. Morgan Securities plc	76,500,000
UniCredit Bank AG.	76,500,000
Total	510,000,000

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by counsel. Each of the Issuer and the Guarantors has agreed, subject to certain limited exceptions, that during the period from the date hereof through and including the date that is 90 days after the date the Notes are issued, to not, without having received prior written consent provided for in the Purchase Agreement, offer, sell, contract to sell or otherwise dispose of any securities issued or guaranteed by the Issuer or such Guarantor that are substantially similar to the Notes.

Certain of the Initial Purchasers are not registered with the SEC as U.S. registered broker-dealers and will effect offers and sales solely outside of the United States or within the United States to the extent permitted by Rule 15a-6 through one or more U.S.-registered broker-dealers and as permitted by the Financial Industry Regulatory Authority regulations.

The Initial Purchasers propose to offer the Notes initially at the price indicated on the cover page hereof. After the initial offering, the offering price and other selling terms of the Notes may from time to time be varied by the Initial Purchasers without notice.

The Notes have not been and will not be registered under the U.S. Securities Act. The Initial Purchasers have agreed that they will only offer or sell the Notes: (i) to non-U.S. persons outside the United States in offshore transactions in reliance on Regulation S; and (ii) in the United States to qualified institutional buyers in reliance on Rule 144A. The terms used above have the meanings given to them by Regulation S and Rule 144A. In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of such Notes within the United States by a dealer that is not participating in the offering of the Notes may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the U.S. Securities Act. Resales of the Notes are restricted as described under “*Transfer Restrictions*”.

Persons who purchase Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the Offering price set forth on the cover page hereof.

The Notes are a new issue of securities for which there currently is no market. We will apply, through our listing agent, to list the Notes on the Official List of the Luxembourg Stock Exchange and to have the Notes admitted to trading on the Euro MTF Market thereof.

The Initial Purchasers have advised us that they intend to make a market in the Notes as permitted by applicable law. The Initial Purchasers are not obligated, however, to make a market in the Notes, and any market-making activity may be discontinued at any time at the sole discretion of the Initial Purchasers without notice. In addition, any such market-making activity will be subject to the limits imposed by the U.S. Securities Act and the U.S. Securities Exchange Act of 1934, as amended (the “**U.S. Exchange Act**”). Accordingly, we cannot assure you that any market for the Notes will develop, that it will be liquid if it does develop, or that you will be able to sell any Notes at a particular time or at a price that will be favorable to you.

The Initial Purchasers may engage in over-allotment, stabilizing transactions, covering transactions and penalty bids in accordance with Regulation M under the U.S. Exchange Act. Over-allotment involves sales in excess of the Offering size, which creates a short position for the relevant Initial Purchasers. Stabilizing transactions permit bidders to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Penalty bids permit the Initial Purchasers to reclaim a selling concession from a broker or dealer when the Notes originally sold by that broker or dealer are purchased in a stabilizing or covering transaction to cover short positions. These activities may stabilize or maintain the respective market price of the Notes above market levels that may otherwise prevail. The Stabilizing Manager is not required to engage in these activities, and may end these activities at any time. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Notes. See “*Risk Factors—Risks Related to the Notes and Note Guarantees Generally—There may not be an active trading market for the Notes in which case your ability to sell the Notes will be limited*”.

The Initial Purchasers expect to make offers and sales both inside and outside the United States through their selling agents. Any offers and sales in the United States will be conducted by broker-dealers registered with the U.S. Securities and Exchange Commission.

Each Initial Purchaser has represented, warranted and agreed that it:

- has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the UK Financial Services and Markets Act 2000 (the “FSMA”) received by it in connection with the issuance or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

No action has been taken in any jurisdiction, including the United States and the United Kingdom, by the Issuer or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Listing Memorandum or any other material relating to the Issuer or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Listing Memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This Listing Memorandum does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Listing Memorandum comes are advised to inform themselves about and to observe any restrictions relating to the Offering, the distribution of this Listing Memorandum and resale of the Notes. See “*Notice to Investors*”, “*Notice to Certain European Investors*” and “*Transfer restrictions*”.

The Purchase Agreement provides that the Issuer and the Guarantors will indemnify and hold harmless the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act. The Issuer has agreed to pay the Initial Purchasers a commission and pay certain fees and expenses relating to the offering of the Notes.

The Issuer has also agreed that it will not at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances in which such offer, sale, pledge, contract or disposition would cause the exemption afforded by Section 4(a)(2) of the U.S. Securities Act or the safe harbors of Rule 144A and Regulation S to cease to be applicable to the offer and sale of the Notes.

We expect that delivery of the Notes will be made against payment on the Notes on or about the date specified on the cover page of this Listing Memorandum, which will be the sixth business day (as such term is used for purposes of Rule 15c6-1 of the U.S. Exchange Act) following the date of pricing of the Notes (this settlement cycle is being referred to as “**T+6**”). Under Rule 15c6-1 of the U.S. Exchange Act, trades in the secondary market generally are required to settle in three business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of this Listing Memorandum or the next three succeeding business days will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

The Initial Purchasers and/or their respective affiliates and parent companies have engaged, and may in the future engage, in lending, advisory, investment banking, corporate finance services, commercial banking transactions and/or other commercial dealings with, and may provide services to, us and our affiliates, in the ordinary course of business to the Issuer (including its parent and group companies). In addition, in the ordinary course of their business activities, the Initial Purchasers and/or their respective affiliates and parent companies may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve our securities and/or instruments or those of our affiliates. The Initial Purchasers and/or their respective affiliates and parent companies that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, the Initial Purchasers and/or their respective affiliates and parent companies would hedge such exposure by entering into transactions that consist of either the purchase of credit default swaps or the creation of short positions in securities, including, potentially, the Notes. Any such short positions could adversely affect future trading prices of the Notes and would bear the costs deriving from a possible (total or partial) cancellation of the bond hedging swaps. The Initial Purchasers and/or their respective affiliates and parent companies may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. They have received, and expect to receive, customary fees and commissions for these transactions with proceeds from the issuance of the Notes. Banca IMI S.p.A., a subsidiary of the Intesa Sanpaolo Group, will subscribe and pay for the Notes; in addition, one or more subsidiaries of the Intesa Sanpaolo Group are among the main financial lenders to the Issuer, the Company and its subsidiaries. Banca IMI S.p.A., an Initial Purchaser, will subscribe and pay for the Notes being offered; furthermore, one or more of the companies of the Intesa Sanpaolo Group are among the main financial lenders to the Parent Guarantor and its subsidiaries. Intesa Sanpaolo has appointed one member of the board of directors and two members of the board of statutory auditors of Melville, which has an indirect ownership interest in the Parent Guarantor.

In addition, affiliates of the Initial Purchasers are mandated lead arrangers, bookrunners and lenders under the Revolving Credit Facility (which will be partly repaid with a portion of the proceeds from the Offering) and have provided commitments under the New Revolving Credit Facility, and such entities may act as counterparties in the hedging arrangements we may enter into in connection with the Notes offered hereby, and will receive customary fees for their services in such capacities. UniCredit Bank AG, an Initial Purchaser of the Notes, is also the Security Agent for the Existing Senior Secured Notes and Existing Senior Notes, and under the Intercreditor Agreement and will be the Security Agent for the Notes.

Certain proceeds from the Offering will be used to repay all outstanding amounts due under the Existing Senior Secured Notes and the Existing Senior Notes, for which certain of the Initial Purchasers acted as initial purchasers. Credit Suisse Securities (Europe) Limited, one of the Initial Purchasers, is acting as dealer manager in the Tender Offer. In connection with its services in such capacity, Credit Suisse will receive customary fees and commissions.

TRANSFER RESTRICTIONS

Because of the following restrictions, you are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Notes offered hereby.

The Notes have not been and will not be registered under the U.S. Securities Act, or any state securities laws, and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and other applicable state securities laws. Accordingly, the Notes offered hereby are being offered and sold only to QIBs (as defined in Rule 144A under the U.S. Securities Act) in reliance on Rule 144A and in offshore transactions in reliance on Regulation S. Accordingly, the Issuer is offering and selling the Notes to the Initial Purchasers for re-offer and resale only:

- (a) in the United States, to “**qualified institutional buyers**”, commonly referred to as “**QIBs**”, as defined in Rule 144A in compliance with Rule 144A; and
- (b) outside the United States, to non-U.S. persons in offshore transactions in accordance with Regulation S.

The Issuer uses the terms “**offshore transaction**”, “**U.S. person**” and “**United States**” with the meanings given to them in Regulation S.

Each purchaser of Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the Issuer and the Initial Purchasers as follows:

- (1) It understands and acknowledges that the Notes have not been registered under the U.S. Securities Act or any other applicable securities laws and that the Notes are being offered for resale in transactions not requiring registration under the U.S. Securities Act or any other securities laws, including sales pursuant to Rule 144A and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the U.S. Securities Act or any other applicable securities laws, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set out in paragraphs (4) and (5) below.
- (2) It is neither the Issuer’s “**affiliate**” (as defined in Rule 144), nor acting on its behalf and that either:
 - (a) a person in the United States or a U.S. person who is a QIB, within the meaning of Rule 144A and is aware that any sale of these Notes to it will be made in reliance on Rule 144A, and such acquisition will be for its own account or for the account of another QIB; or
 - (b) it is purchasing the Notes in an offshore transaction in accordance with Regulation S.
- (3) It acknowledges that none of the Issuer or the Initial Purchasers, nor any person representing any of them, has made any representation to it with respect to the Issuer and its subsidiaries or the offer or sale of any of the Notes, other than the information contained in this Listing Memorandum, which Listing Memorandum has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes. It acknowledges that neither the Initial Purchasers nor any person representing the Initial Purchasers make any representation or warranty as to the accuracy or completeness of this Listing Memorandum. It has had access to such financial and other information concerning the Issuer and its subsidiaries and the Notes that it deems necessary in connection with its decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, the Issuer and the Initial Purchasers.
- (4) It is purchasing the Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the U.S. Securities Act or any state securities laws, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the U.S. Securities Act, or in any transaction not subject to the U.S. Securities Act.
- (5) It agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes, and each subsequent holder of the Notes by its acceptance thereof will be deemed to

agree, to offer, sell or otherwise transfer such Notes prior to the date (the “**Resale Restriction Termination Date**”) that is, in the case of the Rule 144A Notes, one year after the later of the date of the original issue and the last date on which the Issuer or any of its affiliates were the owner of such Notes (or any predecessor thereof) or, in the case of the Regulation S Notes, 40 days after the later of the original issue date and the last date on which the Notes were first offered to persons other than Distributors (as defined in Rule 902 of Regulation S), only (i) to the Issuer; (ii) pursuant to a registration statement that has been declared effective under the U.S. Securities Act; (iii) for so long as the Notes are eligible for resale pursuant to Rule 144A, to a person you reasonably believe is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A; (iv) pursuant to offers and sales that occur outside the United States in offshore transactions in compliance with Regulation S; or (v) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and to compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to the Issuer and the Trustee’s rights prior to any such offer, sale or transfer (I) pursuant to clause (v) above to require the delivery of an opinion of counsel, certification and other information satisfactory to each of them and (II) in each of the foregoing cases, to require that a certificate of transfer is completed and delivered by the transferor to the Trustee. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date.

Each purchaser acknowledges that each Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, (THE “**U.S. SECURITIES ACT**”), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, (1) REPRESENTS THAT (A) IT IS A “**QUALIFIED INSTITUTIONAL BUYER**” (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT (“**RULE 144A**”)) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN “**OFFSHORE TRANSACTION**” PURSUANT TO RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, AND (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE RESALE RESTRICTION TERMINATION DATE, WHICH IS [IN *THE CASE OF REGULATION S NOTES*: 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE DATE ON WHICH THIS SECURITY WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF THE REGULATION S)] [IN *THE CASE OF RULE 144A NOTES*: ONE YEAR AFTER THE LATEST OF THE ORIGINAL ISSUE DATE HEREOF, THE ORIGINAL ISSUE DATE OF THE ISSUANCE OF ANY ADDITIONAL NOTES AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY)], ONLY (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT, OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE

FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND OTHER INFORMATION SATISFACTORY TO EACH OF THEM.

Each Note will also contain a legend substantially to the following effect:

BY ACCEPTANCE OF A NOTE, EACH HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT EITHER (A) NO PORTION OF THE ASSETS USED BY SUCH HOLDER TO ACQUIRE OR HOLD THE NOTES CONSTITUTES THE ASSETS OF ANY EMPLOYEE BENEFIT PLAN THAT IS SUBJECT TO TITLE I OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), A PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT THAT IS SUBJECT TO SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") OR PROVISIONS UNDER ANY OTHER FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS, RULES OR REGULATIONS THAT ARE SIMILAR TO SUCH PROVISIONS OF ERISA OR THE CODE ("SIMILAR LAWS"), OR ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE "PLAN ASSETS" OF ANY SUCH PLAN, ACCOUNT OR ARRANGEMENT OR (B) THE PURCHASE AND HOLDING OF THE NOTES BY SUCH HOLDER WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A SIMILAR VIOLATION UNDER ANY APPLICABLE SIMILAR LAWS. A purchaser of Notes, will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

Each Note issued with original issue discount for U.S. federal income tax purposes will contain a legend substantially to the following effect:

THIS NOTE HAS BEEN ISSUED WITH "ORIGINAL ISSUE DISCOUNT" (WITHIN THE MEANING OF SECTIONS 1272 THROUGH 1275 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED). UPON REQUEST, THE ISSUER WILL PROMPTLY MAKE AVAILABLE TO ANY HOLDER OF THIS NOTE THE FOLLOWING INFORMATION: (1) THE ISSUE PRICE AND DATE OF THE NOTE, (2) THE AMOUNT OF ORIGINAL ISSUE DISCOUNT ON THE NOTE AND (3) THE YIELD TO MATURITY OF THE NOTE. HOLDERS SHOULD CONTACT THE CHIEF FINANCIAL OFFICER OF THE COMPANY AT VIA RANA, 12, SPINETTA MARENGO, ALESSANDRIA 15122, ITALY.

- (6) It understands that the issuance of Additional Notes under the Indenture may have the effect of extending the Resale Restriction Termination Date.
- (7) It agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on the transfer of such Notes.
- (8) It acknowledges that until 40 days after the commencement of the offering, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.
- (9) It acknowledges that the Registrar will not be required to accept for registration or transfer any Notes acquired by it except upon presentation of evidence satisfactory to the Issuer and the Registrar that the restrictions set out therein have been complied with.
- (10) It acknowledges that the Issuer, the Initial Purchasers and others will rely upon the truth and accuracy of the acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by your purchase of the Notes are no longer accurate, it will promptly notify the Issuer and the Initial Purchasers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor

account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

- (11) It understands that no action has been taken in any jurisdiction (including the United States) by the Issuer or the Initial Purchasers that would result in a public offering of the Notes or the possession, circulation or distribution of this Listing Memorandum or any other material relating to the Issuer or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set out under *“Notice to Certain European investors”* and *“Plan of distribution”*.
- (12) Either (a) no portion of the assets used to acquire or hold the Notes constitutes assets of any Plan or non-U.S., governmental or church plan subject to any Similar Laws or entity whose underlying assets are considered to include “plan assets” of any such Plan, account or arrangement or (b) the purchase and holding of the Notes will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation under any applicable Similar Laws.

Persons into whose possession this Listing Memorandum comes are advised to inform themselves about and to observe any restrictions relating to the offering, the distribution of this Listing Memorandum and resale of the Notes. See *“Important Information”*, *“Notice to Certain European investors”* and *“Plan of Distribution”*.

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon for the Issuer by Linklaters LLP, as to matters of United States federal law, New York State law and Luxembourg law, and by Studio Legale Associato in association with Linklaters LLP, as to matters of English law and Italian law.

Certain legal matters in connection with the Offering will be passed upon for the Initial Purchasers by Latham & Watkins (London) LLP, as to matters of United States federal law, New York State law, English law and Italian law.

INDEPENDENT AUDITORS

The consolidated financial statements of the Company for the years ended December 31, 2013, 2014 and 2015, which were prepared in accordance with IFRS as adopted by the E.U., included in this Listing Memorandum, have been audited by KPMG Luxembourg Société Coopérative for the years ended December 31, 2014 and 2015 and by KPMG Luxembourg S.à r.l for the year ended December 31, 2013, independent auditors, as stated in their reports appearing herein.

ENFORCEMENT OF CIVIL LIABILITIES

The Issuer was incorporated as a *società per azioni* under the laws of the Republic of Italy. The Company was organized as a *société en commandite par actions* under the laws of the Grand Duchy of Luxembourg. The Notes Guarantors are organized or incorporated (as applicable) under the laws of Australia, Brazil, The Grand Duchy of Luxembourg, The Netherlands, New Zealand, Scotland and Spain. Substantially all of the directors and executive officers of the Issuer and of each of the Guarantors are non-residents of the United States. Substantially all of the assets of the Issuer and each of the Guarantors, and its and their directors and executive officers, are located outside the United States. As a result, any judgment obtained in the United States against an Issuer or a Guarantor or any such other person, including judgments with respect to the payment of principal, premium (if any) and interest on the Notes or any judgment of a U.S. court predicated upon civil liabilities under U.S. federal or state securities laws, may not be collectible in the United States. Furthermore, although the Issuer and each of the Guarantors will appoint an agent for service of process in the United States and will submit to the jurisdiction of New York courts, in each case, in connection with any action in relation to the Notes, the Note Guarantees and the Indenture or under U.S. securities laws, it may not be possible for investors to effect service of process on the Issuer or on such other persons as mentioned above within the United States in any action, including actions predicated upon the civil liability provisions of U.S. federal securities laws. If a judgment is obtained in a U.S. court against an Issuer, any Guarantor, or any of their respective directors or executive officers, investors will need to enforce such judgment in jurisdictions where the relevant company or individual has assets. Even though the enforceability of U.S. court judgments outside the United States is described below for Italy, you should consult with your own advisors in any pertinent jurisdictions as needed to enforce a judgment in those countries or elsewhere outside the United States.

We have been advised by counsel in Italy that the recognition and enforcement of a judgment rendered by a U.S. federal or New York state court in Italy is governed by Article 64 of the Private International Law Act (i.e. Law 218 of May 31 1995) (the “**PIL Act**”) (and certain other provisions of the PIL Act).

Pursuant to the PIL Act, any judgment issued by a U.S. federal or New York state court should automatically be recognized in Italy provided that the following requirements are met:

- the relevant U.S. federal or New York state court had appropriate jurisdiction to pass judgment upon the matter (in accordance with the Italian rules on jurisdiction);
- the defendant had received the summons in accordance with the laws of the state in which the proceedings have taken place, and the defendant had not been deprived of his fundamental right to a defense;
- the parties had appeared in the proceedings in accordance with the local procedural law, or the proceedings were conducted *in absentia* (*in contumacia*) in accordance with such local procedural law;
- the judgment rendered by the U.S. federal or New York state court must be final and binding (*passato in giudicato*) according to the law of the state in which it was issued;
- the judgment rendered by the U.S. federal or New York state court is not in conflict with any earlier final and binding judgment issued by an Italian court;
- there is no pending proceeding before any Italian court in relation to the same subject matter and between the same parties which started prior to the commencement of the proceedings before the relevant U.S. federal or New York state court; and
- the judgment rendered by the U.S. federal or New York state court is not contrary to Italian public policy.

In addition, according to Article 67 of the PIL Act, if the judgment rendered by the U.S. federal or New York state court is not complied with, its recognition is challenged or it is necessary to enforce such judgment, a proceeding must be instituted in the competent Court of Appeal to this end. The competent Court of Appeal does not consider the merits of the case but reviews exclusively the existence of all the requirements set out above (including that requiring that the judgment rendered by the U.S. federal or New York state court is not contrary to public policy in Italy).

Luxembourg

Although there is no treaty between Luxembourg and the United States regarding the reciprocal enforcement of judgments, a valid, final and conclusive judgment against a guarantor or a security grantor incorporated in Luxembourg obtained from a state or federal court of the United States, which judgment remains in full force and effect, may be enforced through a court of competent jurisdiction in Luxembourg, subject to compliance with the enforcement procedures set forth in Article 678 *et seq.* of the Luxembourg New Code of Civil Procedure, being:

- the foreign court must properly have had jurisdiction to hear and determine the matter, both according to its own laws and to the Luxembourg international private law conflict of jurisdiction rules;
- the foreign court must have applied the law which is designated by the Luxembourg conflict of laws rules or, at least, the order must not contravene the principles underlying those rules;
- the decision of the foreign court must be final and enforceable (*exécutoire*) in the jurisdiction in which it was rendered;
- the foreign court must have applied the proper law to the matter submitted to it and the foreign procedure must have been regular in light of the laws of the country of origin;
- the decision of the foreign court must not have been obtained by fraud, but in compliance with the rights of the defendant and in compliance with its own procedural laws; and
- the decisions and the considerations of the foreign court must not be contrary to Luxembourg international public policy rules or have been given in proceedings of a tax, penal or criminal nature (which would include awards of damages made under civil liabilities provisions of the U.S. federal securities laws, or other laws, to the extent that the same would be classified by Luxembourg courts as being of a penal or punitive nature (for example, fines or punitive damages)) or rendered subsequent to an evasion of Luxembourg law (*fraude à la loi*). Ordinarily an award of monetary damages would not be considered as a penalty, but if the monetary damages include punitive damages such punitive damages may be considered as a penalty).

If an original action is brought in Luxembourg, without prejudice to specific conflict of law rules, Luxembourg courts may refuse to apply the designated law (i) if the choice of such foreign law was not made *bona fide* or (ii) if the foreign law was not pleaded and proved or (iii) if pleaded and proved, such foreign law was contrary to mandatory Luxembourg laws or incompatible with Luxembourg public policy rules. In an action brought in Luxembourg on the basis of U.S. federal or state securities laws, Luxembourg courts may not have the requisite power to grant the remedies sought.

In practice, Luxembourg courts now tend not to review the merits of a foreign judgment, although there is no clear statutory prohibition of such review.

While, in the event of any proceedings being brought in a Luxembourg court in respect of a monetary obligation expressed to be payable in a currency other than Euro, a Luxembourg court would have power to give a judgment expressed as an order to pay a currency other than euro, enforcement of the judgment against any party in Luxembourg would be available only in euro and for such purposes all claims or debts would be converted into Euro.

We have also been advised by our counsel in Australia, Brazil, The Netherlands, New Zealand, Scotland and Spain that similar risks to those described above in relation to enforcing judgments from a U.S. federal or state court exist in such jurisdictions. Accordingly, we cannot assure you that such risks do not and will not exist in other jurisdictions, including those in which the assets of some or all of our subsidiaries that may guarantee the Notes in the future are located.

AVAILABLE INFORMATION

We are not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act. However, pursuant to the Indenture and so long as the Notes are outstanding, we will furnish periodic information to the holders of the Notes. See “*Description of the Notes—Certain Covenants—Reports*”, and “*Listing and General Information—Listing Information*”.

Each purchaser of Notes from an Initial Purchaser will be furnished with a copy of this Listing Memorandum and, to the extent provided to the Initial Purchasers by us for such purpose, any related amendments or supplements to this Listing Memorandum. Each person receiving this Listing Memorandum and any related amendments or supplements to this Listing Memorandum acknowledges that:

- (1) such person has been afforded an opportunity to request from us and to review, and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;
- (2) such person has not relied on any of the Initial Purchasers or any person affiliated with any of the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and
- (3) except as provided pursuant to clause (1) above, no person has been authorized to give any information or to make any representation concerning the Notes or the Note Guarantees offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or any of the Initial Purchasers.

For so long as any of the Notes remain outstanding and are “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act, we will, during any period in which we are neither subject to the reporting requirements of Section 13 or 15(d) of the U.S. Exchange Act, nor exempt from the reporting requirements under Rule 12g3-2(b) of the U.S. Exchange Act, provide to the holder or beneficial owner of a Note or to any prospective purchaser of a Note designated by such holder or beneficial owner, in each case upon the written request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the U.S. Securities Act. Any such request should be directed to the Company at 8A, rue Albert Borschette, L-1246 Luxembourg.

LISTING AND GENERAL INFORMATION

Listing Information

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and for the admission of the Notes to trading on the Euro MTF market of the Luxembourg Stock Exchange.

So long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and are admitted to trading on the Euro MTF and the rules and regulations of the Luxembourg Stock Exchange so require, each Issuer will publish notices (including financial notices) in a leading newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the official website of the Luxembourg Stock Exchange (www.bourse.lu).

So long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and are admitted to trading on the Euro MTF Market and the rules and regulations of the Luxembourg Stock Exchange require, copies of the following documents may be inspected and obtained free of charge at the specified office of the Luxembourg listing agent (Deutsche Bank Luxembourg S.A.) during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted):

- (a) the organizational documents of the Issuer and each of the Guarantors;
- (b) the financial statements included in this Listing Memorandum;
- (c) the Indenture relating to the Notes (which includes the form of the Notes);
- (d) the Intercreditor Agreement;
- (e) the Security Documents; and
- (f) other material agreements described in this Listing Memorandum as to which we specify that copies thereof will be made available.

The Issuer has appointed Deutsche Bank Luxembourg S.A. as Luxembourg listing agent, paying agent, transfer agent and registrar and to make payments on the Notes, when applicable, and to perform transfers of the Notes. The Issuer reserves the right to vary such appointments in accordance with the terms of the Indenture and will publish a notice of such change of appointment in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by the rules and regulations of the Luxembourg Stock Exchange, on the official website of the Luxembourg Stock Exchange (www.bourse.lu).

The Issuer accepts responsibility for the information contained in this Listing Memorandum. The Issuer declares that, to the best of its knowledge, except as otherwise noted, the information contained in this Listing Memorandum is in accordance with the facts and does not omit anything likely to affect the import of this Listing Memorandum. This Listing Memorandum may only be used for the purposes for which it has been published.

Clearing Information

The Notes sold pursuant to Regulation S and Rule 144A have been accepted for clearance through the facilities of Clearstream, Luxembourg and Euroclear under common codes 151632246 and 151632343, respectively. The international securities identification number (“ISIN”) for the Notes sold pursuant to Regulation S is XS1516322465 and the ISIN for the Notes sold pursuant to Rule 144A is XS1516323430.

Legal Information

General

Issuer

The Issuer was incorporated as a *società per azioni* under the laws of the Republic of Italy on July 26, 2000. As of June 30, 2016, the Issuer had a total share capital of €74,624,491.00, of which €74,624,491.00 has been subscribed and paid up, comprising 74,624,491 ordinary shares of a nominal value of €1.00 each. As of the date of this Listing Memorandum, the share capital of the Issuer has not changed since June 30, 2016. The Issuer’s corporate seat and principal executive offices are located at Via Rana 12, 15122, Alessandria, Spinetta Marengo, Italy. The Issuer is registered with the *Registro delle Imprese of Alessandria* with registered number and *codice fiscale* 13201120154.

Pursuant to Article 3 of its articles of incorporation, the corporate purpose of the Issuer is, among other things, to manufacture, produce and sell goods and equipment for packaging.

The Issuer's financial year is from January 1 to December 31. It prepares and publishes annual audited consolidated financial statements. It does not publish interim financial statements.

The Parent Guarantor's financial year is from January 1 to December 31. Since the date of its incorporation and for each year thereafter, the Parent Guarantor has prepared and published annual audited consolidated financial statements. Any future published financial statements prepared by the Parent Guarantor and annual consolidated financial statements of the Issuer will be available, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted), at the offices of the Luxembourg listing agent.

The Issuer has obtained all necessary consents, approvals and authorizations in the jurisdiction of its incorporation in connection with the issuance and performance of the Notes. The creation and issuance of the Notes was authorized by the Issuer's board of directors on October 31, 2016.

Guarantors' Legal Information

The Group companies that are Guarantors on the closing date have the following corporate information:

- (a) GCL Holdings S.C.A. was organized as a *société en commandite par actions* under the laws of the Grand Duchy of Luxembourg on July 4, 2008, and registered with the Luxembourg Register of Commerce and Companies under registration number B141684. The registered office of GCL Holdings S.C.A. is at 8A, rue Albert Borschette, L-1246, Luxembourg, Grand Duchy of Luxembourg.
- (b) Guala Closures Australia Holdings Pty Ltd was registered as a proprietary company under the laws of Australia on December 5, 2006 (registration number: ACN 122 994 763). Guala Closures Australia Holdings Pty Ltd is a wholly owned subsidiary of Guala Closures International B.V. Its registered office is located at Ashurst Australia, Level 26, 181 William Street, Melbourne, Victoria 3000, Australia.
- (c) Guala Closures Australia Pty Ltd was registered as a proprietary company under the laws of Australia on March 29, 2005 (registration number: ACN 113 553 263). Guala Closures Australia Pty Ltd is a wholly owned subsidiary of Guala Closures Australia Holdings Pty Ltd. Its registered office is located at Ashurst Australia, Level 26, 181 William Street, Melbourne, Victoria 3000, Australia.
- (d) Guala Closures UK Limited was organized as a private limited company under the laws of Scotland on February 8, 1966 (registration number: SC043087). Guala Closures UK Limited is a wholly owned subsidiary of Guala Closures International B.V. Its registered office is located at Old Mill Park Estate, Kirkintilloch, Glasgow G66 1ST.
- (e) Guala Closures Ibérica, S.A. is a company duly incorporated as a *Sociedad Anónima* under the laws of Spain, registered with the Commercial Register of Cádiz, under Volume 1717, Sheet 57, Page CA28550, and registered with Spanish tax number (CIF) A-28187672. Guala Closures Ibérica, S.A. is a wholly owned subsidiary of Guala Closures International B.V. Its registered office is located at Polígono Industrial El Portal, Avenida Cantos Roperero S/N, Jerez de la Frontera, Cádiz (Spain).
- (f) Guala Closures do Brasil Ltda. is a limited liability company which was originally organized as a corporation on March 13, 1984 under the laws of the Federative Republic of Brazil and on February 13, 2007 was transformed into a "*sociedade limitada*". It is registered with the Taxpayers' Registry of the Brazilian Ministry of Finance (CNPJ/MF) under No. 46.664.330/0001-82 and with the Commercial Registry of the State of São Paulo (JUCESP) under NIRE No. 35221244106. Guala Closures do Brasil Ltda. is headquartered in the City of Barueri, State of São Paulo, at Alameda Araguaia, nº 3938, CEP 06455-000.
- (g) Guala Closures International B.V. is a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands on April 27, 1989 (trade register registration number: 33211123). Its corporate seat is in Amsterdam, The Netherlands, and its registered office is at Muiderstraat 7B, 1011 PZ Amsterdam, The Netherlands. Its telephone number is +31 20 450 9974. The address of Guala Closures International B.V.'s management board is the same as its registered office address.

- (h) Guala Closures New Zealand Limited was incorporated as a limited liability company under the laws of New Zealand on 5 November 2004 (company number: 1570706). Guala Closures New Zealand Limited is a wholly owned subsidiary of Guala Closures International B.V. Its registered office is c/- Bell Gully, Level 22, Vero Center, 48 Shortland Street, Auckland, 1010, New Zealand.

General

Except as otherwise disclosed in this Listing Memorandum:

- (1) there has been no material adverse change in the Company's consolidated financial and trading position since June 30, 2016;
- (2) there has been no material adverse change in the prospects of the Issuer since 31 December 2015; and
- (3) neither the Issuer nor any of the Guarantors nor any of their respective subsidiaries is involved, or has been involved during the twelve months preceding the date of this Listing Memorandum, in any litigation, administrative proceeding or arbitration relating to claims or amounts which are material in the context of the issuance of the Notes, and, so far as the Issuer and each of the Guarantors are aware, no such litigation, administrative proceeding or arbitration is pending or threatened.

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**GCL HOLDINGS S.C.A.
and Subsidiaries**

**CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS**

**FOR THE PERIOD
ENDED JUNE 30, 2016**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2016

<u>(Thousands of Euros)</u>	<u>December 31, 2015</u>	<u>June 30, 2016</u>	<u>Note</u>
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	61,944	34,744	5
Current financial assets	87	93	
Trade receivables	86,880	93,176	6
Inventories	67,301	82,718	7
Current direct tax assets	2,138	4,421	
Current indirect tax assets	5,834	7,824	
Financial derivative assets	—	509	
Other current assets	3,468	4,043	
Total current assets	<u>227,652</u>	<u>227,528</u>	
<i>Non-current assets</i>			
Non-current financial assets	465	462	
Property, plant and equipment	186,144	185,535	8
Intangible assets	376,656	373,850	9
Deferred tax assets	8,060	6,946	
Other non-current assets	504	656	
Total non-current assets	<u>571,828</u>	<u>567,448</u>	
TOTAL ASSETS	<u>799,480</u>	<u>794,976</u>	
LIABILITIES AND EQUITY			
<i>Current liabilities</i>			
Current financial liabilities	13,283	13,431	10
Trade payables	67,140	70,698	11
Current direct tax liabilities	5,379	4,899	
Current indirect tax liabilities	4,290	3,792	
Current provisions	1,624	1,165	
Financial derivative liabilities	1,071	578	
Other current liabilities	22,872	25,199	
Total current liabilities	<u>115,659</u>	<u>119,762</u>	
<i>Non-current liabilities</i>			
Non-current financial liabilities	546,814	546,459	10
Employee benefits	5,745	6,220	
Deferred tax liabilities	15,959	15,237	
Non-current provisions	148	148	
Other non-current liabilities	112	64	
Total non-current liabilities	<u>568,778</u>	<u>568,128</u>	
Total liabilities	<u>684,438</u>	<u>687,890</u>	
Share capital and reserves attributable to non-controlling interests	17,302	18,705	
Profit for the period attributable to non-controlling interests	7,397	3,913	
Equity attributable to non-controlling interests	<u>24,699</u>	<u>22,618</u>	12
<i>Equity attributable to the owners of the parent</i>			
Share capital	141	141	
Share premium and other similar reserves	295,228	295,228	
Translation reserve	(46,077)	(48,662)	
Hedging reserve	(974)	(902)	
Losses carried forward and other reserves	(145,874)	(158,375)	
Loss for the period	(12,100)	(2,962)	
Equity attributable to the owners of the parent	<u>90,344</u>	<u>84,468</u>	
Total equity	<u>115,043</u>	<u>107,086</u>	
TOTAL LIABILITIES AND EQUITY	<u>799,480</u>	<u>794,976</u>	

The accompanying notes to the condensed consolidated interim financial statements are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OCI
FOR THE SIX MONTHS ENDED JUNE 30, 2016

<u>(Thousands of Euros)</u>	<u>For the six months ended June 30,</u>		<u>Note</u>
	<u>2015</u>	<u>2016</u>	
Net revenue	247,825	235,385	13
Change in inventories of finished goods and semi-finished products	10,011	11,106	
Other operating income	5,114	4,317	
Costs for raw materials	(116,749)	(108,711)	14
Costs for services	(45,724)	(43,437)	15
Personnel expense	(46,776)	(47,488)	16
Other operating expense	(4,876)	(5,027)	17
Amortization, depreciation and impairment losses	(18,921)	(15,147)	8-9
Operating profit	29,903	30,998	
Financial income	5,556	3,897	18
Financial expense	(25,916)	(26,284)	19
Net finance costs	(20,359)	(22,386)	
Profit before taxation	9,544	8,611	
Income taxes	(9,981)	(7,661)	
Profit (loss) for the period	(436)	951	
Other comprehensive income			
Items that will never be reclassified to profit or loss:			
Actuarial gains/(losses) on the defined benefit liability (asset)	19	(400)	
	<u>19</u>	<u>(400)</u>	
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations	(1,133)	(2,379)	
Effective portion of fair value gains (losses) of cash flows hedges	4	(42)	
Net change in fair value of cash flows hedges reclassified to profit or loss . . .	162	141	
Income taxes on other comprehensive income	(46)	(27)	
	<u>(1,013)</u>	<u>(2,307)</u>	
Total comprehensive expense for the period, net of tax	(994)	(2,707)	
Total comprehensive expense for the period	(1,430)	(1,756)	
Profit (loss) attributable to:			
owners of the parent	(4,190)	(2,962)	
non-controlling interests	3,754	3,913	
Total comprehensive income /(expenses) attributable to:			
owners of the parent	(4,370)	(5,876)	
non-controlling interests	2,939	4,119	

The accompanying notes to the condensed consolidated interim financial statements are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2016

(Thousands of Euros)	For the six months ended June 30,		Note
	2015	2016	
Opening cash and cash equivalents	35,273	61,944	5
A) Cash flows generated by operating activities			
Profit before taxation	9,544	8,611	
Amortization, depreciation and impairment losses	18,921	15,147	
Net finance costs	20,359	22,386	
Change in:			
Receivables, payables and inventory	(16,580)	(20,652)	
Other	1,317	(351)	
VAT and indirect tax assets/liabilities	(1,496)	(2,630)	
Income taxes paid	(12,446)	(10,020)	
TOTAL	19,619	12,492	
B) Cash flows used in investing activities			
Acquisitions of property, plant and equipment and intangibles	(13,204)	(16,594)	
Proceeds from sale of property, plant and equipment and intangibles	28	6	
TOTAL	(13,175)	(16,588)	
C) Cash flows used in financing activities			
Acquisition of non-controlling interest in Guala Cl. Argentina	(319)	—	
Interest income	243	943	18
Interest expense	(20,154)	(18,829)	19
Other financial items	(132)	(409)	
Dividends paid to non-controlling interest	(725)	(2,092)	
Proceeds from new borrowings	10,670	11,353	
Repayment of borrowings	(2,202)	(12,782)	
Repayment of finance leases	(1,043)	(994)	
Change in financial assets	(127)	(3)	
TOTAL	(13,789)	(22,812)	
D) Net cash flows for the period (A+B+C)	(7,345)	(26,908)	
Effect of exchange rate fluctuations on cash held	121	(292)	
Closing cash and cash equivalents	28,049	34,744	5

The accompanying notes to the condensed consolidated interim financial statements are an integral part of these condensed consolidated interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2016**

(Thousands of €)	Attributable to owners of the Company							Share ca and rese attributal non-contr interes
	Share capital	Share premium and other similar reserves	Translation reserve	Hedging reserve	Losses carried forward and other reserves	Loss for the period	Equity attributable to the owners of the Company	
January 1, 2015	141	295,228	(35,715)	(1,170)	(121,604)	(24,607)	112,273	16,64
Allocation of 2014 profit (loss)					(24,607)	24,607	—	7,15
Profit (loss) for the period ended June 30, 2015						(4,190)	(4,190)	
Other comprehensive expense	—	—	(320)	120	20	—	(180)	(81)
Total comprehensive income/(expense) of the period	—	—	(320)	120	(24,587)	20,417	(4,370)	6,34
Dividends to non-controlling interests	—	—	—	—	—	—	—	(4,25
Total distributions to owners of the Company	—	—	—	—	—	—	—	(4,25
June 30, 2015	141	295,228	(36,035)	(1,050)	(146,191)	(4,190)	107,903	18,73
January 1, 2016	141	295,228	(46,077)	(974)	(145,874)	(12,100)	90,344	17,30
Allocation of 2015 profit (loss)					(12,100)	12,100	—	7,39
Profit (loss) for the period ended June 30, 2016						(2,962)	(2,962)	
Other comprehensive expense	—	—	(2,585)	72	(400)	—	(2,913)	20
Total comprehensive income/(expense) of the period	—	—	(2,585)	72	(12,500)	9,138	(5,876)	7,60
Dividends to non-controlling interests (declared)	—	—	—	—	—	—	—	(6,20
Total distributions to owners of the Company	—	—	—	—	—	—	—	(6,20
June 30, 2016	141	295,228	(48,662)	(902)	(158,375)	(2,962)	84,468	18,70

The accompanying notes to the condensed consolidated interim financial statements are an integral part of these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS AT JUNE 30, 2016

(1) General information

GCL Holdings S.C.A. is a company domiciled in Luxembourg. The condensed consolidated interim financial report of GCL Holdings S.C.A. as at and for the six months ended June 30, 2016 comprises the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates and jointly controlled entities.

GCL Holdings S.C.A. is the owner of Guala Closures S.p.A. and its subsidiaries from September 2008 pursuant to a voluntary public tender offer.

The Group’s main activities involve the design and manufacturing of closures for spirits, wine and non-alcoholic drinks such as water, olive oil and vinegar, as well as pharma to be sold on the domestic and international markets.

The Group is also active in the field of production of PET plastic preforms and bottles.

The Group structure is reported at page 5 of this Report.

(2) Basis of preparation

The condensed consolidated interim financial statements of GCL Holdings S.C.A and its subsidiaries as of June 30, 2015 and June 30, 2016 (“the interim financial statements”) have been prepared in accordance with international accounting standard (“IAS”) 34, Interim Financial Reporting. They should be read in conjunction with the annual consolidated financial statements and the notes thereto in the Company annual report for the year ended December 31, 2015 which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by European Union (“E.U.”).

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended December 31, 2015. These condensed consolidated interim financial statements do not include all the information required for full annual financial statements prepared in accordance with IFRS as adopted by E.U. Preparing these condensed consolidated interim financial statements require Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial report, significant judgements made by Management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements as at and for the year ended December 31, 2015.

The condensed consolidated interim financial statements have been prepared in euros, rounding the amounts to the nearest thousand. Any discrepancies between financial statements balances and those on the tables of the notes to the condensed consolidated interim financial statements are due exclusively to the rounding and do not alter their reliability or substance.

GCL Holdings S.C.A.’s Board of Directors approved the condensed consolidated interim financial statements on September 14, 2016.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

AS AT JUNE 30, 2016

(2) Basis of preparation (Continued)

The following exchange rates are applied to translate those financial statements presented in currencies that are not legal tender in Luxembourg:

Statement of financial position

<u>1 Euro = x foreign currency</u>	<u>June 30, 2015</u>	<u>December 31, 2015</u>	<u>June 30, 2016</u>
Pound sterling	0.71140	0.73395	0.82650
US dollar	1.11890	1.08870	1.11020
Indian rupee	71.18730	72.02150	74.96030
Mexican peso	17.53320	18.91450	20.63470
Colombian peso	2,896.44820	3,456.01000	3,244.46542
Brazilian real	3.46990	4.31170	3.58980
Chinese renmimbi	6.93660	7.06080	7.37550
Argentinean peso	10.16530	14.09720	16.58016
Polish zloty	4.19110	4.26390	4.43620
New Zealand dollar	1.65480	1.59230	1.56160
Australian dollar	1.45500	1.48970	1.49290
Ukrainian hryvnia	23.54059	26.15870	27.56384
Bulgarian lev	1.95580	1.95580	1.95580
South African Rand	13.64160	16.95300	16.4461
Japanese Yen	137.01000	131.07000	114.0500
Chilean peso	n.a.	772.71300	735.5005

Statement of profit or loss

<u>1 Euro = x foreign currency</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>
Pound sterling	0.73238	0.77849
US dollar	1.11585	1.11553
Indian rupee	70.12237	74.97762
Mexican peso	16.88610	20.15993
Colombian peso	2,770.36000	3,485.44333
Brazilian real	3.30765	4.13492
Chinese renmimbi	6.94110	7.29366
Argentinean peso	9.83888	15.98963
Polish zloty	4.13967	4.36861
New Zealand dollar	1.50551	1.64848
Australian dollar	1.42595	1.52206
Ukrainian hryvnia	23.90085	28.40308
Bulgarian lev	1.95580	1.95580
South African Rand	13.29908	17.2037
Japanese Yen	134.16483	124.5015
Chilean peso	n.a.	769.2615

(3) Accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are consistent with those used by the Group in its annual consolidated financial statements as at and for the year ended December 31, 2015. The same accounting policies are also expected to be reflected in the Group's annual consolidated financial statements as at and for the year ending December 31, 2016.

Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended December 31, 2015.

There was no transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

AS AT JUNE 30, 2016

(4) Operating segments

Reportable segments are the Group's strategic divisions as determined in accordance with the quantitative and qualitative requirements of IFRS 8.

The Group has only one reportable segment, the Closures division. The Group's CEO (the chief operating decision maker) reviews internal management reports on the reportable segment, the closures division, on at least a quarterly basis. The following summary describes the operations in this reportable segment.

The Closures division represents the Group's core business. Other operations include the PET division that does not meet any of the quantitative thresholds for determining reportable segments in 1H 2016 or 1H 2015 under IFRS 8.

Information regarding the results of the Group's reportable segment is included below. Performance is measured based on segment revenue and gross operating profit, depreciation and amortization, trade receivables, inventories, property, plant and equipment, trade payables and capital expenditure as included in the internal management reports that are reviewed by the CEO and by the board of directors.

Management considers the above information as the most suitable to evaluate the results of the segment compared to other entities that operate in these industries.

All other asset and liability figures are non reportable by segment as the management believes that the availability of such information by segment is not relevant.

	Closures		Other Operations		Total	
	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016
Thousands of Euros						
External revenue	245,987	233,942	1,839	1,443	247,825	235,385
Gross operating profit	48,489	46,077	335	68	48,824	46,145
Amortization, depreciation and impairment losses	(18,851)	(15,079)	(69)	(68)	(18,921)	(15,147)

	Closures		Other Operations		Total	
	December 31, 2015	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015	June 30, 2016
Thousands of Euros						
Trade receivables	86,347	92,601	533	575	86,880	93,176
Inventories	66,788	82,118	513	600	67,301	82,718
Trade payables	(66,829)	(70,368)	(311)	(330)	(67,140)	(70,698)
Property, plant and equipment . . .	185,580	185,035	564	500	186,144	185,535

	Closures		Other Operations		Total	
	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016
Thousands of Euros						
Capital expenditure	13,143	16,584	32	4	13,175	16,588

Geographical information

The Closures segment operates from many manufacturing facilities primarily in India, Poland, Italy, the United Kingdom, Spain, Ukraine, Mexico, Australia, Argentina and Chile and South Africa.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

AS AT JUNE 30, 2016

(4) Operating segments (Continued)

In presenting information on the basis of geographical segments, segment revenue and segment assets are based on the geographical location of the assets/subsidiaries.

<u>Thousands of Euros</u>	Net revenue	
	<u>June 30, 2015</u>	<u>June 30, 2016</u>
India	31,129	32,426
Poland	30,281	29,501
Italy	34,136	28,251
UK	24,978	23,847
Spain	21,224	21,691
Ukraine	19,518	20,877
Mexico	16,949	17,463
Australia	17,409	16,561
Argentina + Chile	10,325	9,952
South Africa	9,601	6,522
Other countries and consolidation adjustments	32,276	28,293
Consolidated net revenue	<u>247,825</u>	<u>235,385</u>

<u>Thousands of Euros</u>	Non-current assets other than financial instruments and deferred tax assets: Property, plant and equipment and Intangible assets	
	<u>December 31, 2015</u>	<u>June 30, 2016</u>
Italy	327,652	326,104
Australia	69,689	68,966
Poland	32,563	32,187
India	25,320	24,719
Spain	21,120	20,833
Mexico	15,361	13,767
Brasil	10,133	12,409
Ukraine	10,265	11,430
South Africa	9,780	9,872
Other countries and consolidation adjustments	40,918	39,097
Property, plant and equipment and Intangible assets	<u>562,800</u>	<u>559,385</u>

<u>Thousands of Euros</u>	Deferred Tax Assets	
	<u>December 31, 2015</u>	<u>June 30, 2016</u>
Italy	2,993	2,605
Australia	1,661	1,425
Spain	763	543
Ukraine	325	360
New Zealand	246	280
Argentina	468	224
China	98	94
UK	53	65
Mexico	71	65
Other countries and consolidation adjustments	1,382	1,285
Consolidated Deferred Tax Assets	<u>8,060</u>	<u>6,946</u>

The Group is not exposed to significant geographical risks other than normal business risks.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

AS AT JUNE 30, 2016

(4) Operating segments (Continued)

Information about major customers

In the Closures segment, there is only one customer with a percentage of revenue (of total revenue) over 10%.

(5) Cash and cash equivalents

Cash and cash equivalents include the following for the purposes of the cash flow statement:

<u>Thousands of Euros</u>	<u>December 31, 2015</u>	<u>June 30, 2016</u>
Bank and postal accounts	54,054	23,760
Cash and cash equivalents	7,891	10,984
Total	<u>61,944</u>	<u>34,744</u>

(6) Trade receivables

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2015</u>	<u>June 30, 2016</u>
Trade receivables	95,031	100,759
Allowance for impairment	(8,151)	(7,582)
Total	<u>86,880</u>	<u>93,176</u>

The allowance for impairment varied as follows:

<u>Thousands of Euros</u>	<u>June 30, 2016</u>
Opening allowance for impairment	8,151
Exchange rate losses	(72)
Addition	139
Utilization	(636)
Closing allowance for impairment	<u>7,582</u>

(7) Inventories

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2015</u>	<u>June 30, 2016</u>
Raw materials, consumables and supplies	34,111	39,422
(Allowance for inventory write-down)	(1,590)	(1,324)
Work in progress and semi-finished products	16,925	22,070
(Allowance for inventory write-down)	(572)	(590)
Finished products and goods	19,752	23,895
(Allowance for inventory write-down)	(1,493)	(1,083)
Payments on account	170	327
Total	<u>67,301</u>	<u>82,718</u>

The changes in the caption are as follows:

<u>Thousands of Euros</u>	
Balance at January 1, 2015	67,301
Exchange rate gain	(2,074)
Change in raw materials, consumables and supplies (net of write-down)	6,227
Change in finished goods and semi-finished products (net of write-down)	11,106
Change in payments on account	157
Balance at June 30, 2015	<u>82,718</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

AS AT JUNE 30, 2016

(7) Inventories (Continued)

Inventories increased from € 67.3 million at the end of December 2015 to € 82.7 million at the end of June 2016. The increase is mainly attributable to business seasonality factors.

(8) Property, plant and equipment

The following tables show the changes in this caption for the six months ended June 30, 2015 and June 30, 2016:

Thousands of Euros	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
Historical cost at December 31, 2014	76,356	361,977	58,209	8,228	7,015	511,785
Accumulated depreciation and impairment at December 31, 2014	(16,082)	(240,367)	(45,230)	(7,282)	—	(308,960)
Carrying amount at December 31, 2014	60,274	121,610	12,980	946	7,015	202,825
Carrying amount at January 1, 2015	60,274	121,610	12,980	946	7,015	202,825
Exchange rate gains	(263)	864	223	30	82	935
Additions	2,234	2,340	(112)	383	4,908	9,754
Disposals	(7)	1	(5)	(15)	(2)	(28)
Impairment losses	(6)	(217)	—	—	—	(223)
Reclassifications	608	3,869	1,532	12	(6,025)	(4)
Depreciation	(971)	(11,961)	(1,694)	(205)	—	(14,830)
Historical cost at June 30, 2015	78,580	381,688	63,357	8,639	5,978	538,242
Accumulated depreciation and impairment at June 30, 2015	(16,711)	(265,182)	(50,433)	(7,488)	—	(339,814)
Carrying amount at June 30, 2015	61,869	116,506	12,924	1,151	5,978	198,428

Thousands of Euros	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
Historical cost at December 31, 2015	76,358	367,584	59,780	8,815	3,870	516,407
Accumulated depreciation and impairment at December 31, 2015	(17,512)	(257,603)	(47,465)	(7,684)	—	(330,263)
Carrying amount at December 31, 2015	58,846	109,981	12,315	1,131	3,870	186,144
Carrying amount at January 1, 2016	58,846	109,981	12,315	1,131	3,870	186,144
Exchange rate gains	242	(2,565)	(64)	1	(82)	(2,469)
Additions	—	1,935	379	31	13,038	15,383
Disposals	—	—	(3)	(3)	—	(6)
Impairment losses	(5)	(40)	—	—	—	(46)
Reclassifications	830	4,713	456	25	(6,016)	9
Depreciation	(975)	(10,886)	(1,448)	(170)	—	(13,479)
Historical cost at June 30, 2016	77,376	364,917	60,163	8,869	10,810	522,135
Accumulated depreciation and impairment at June 30, 2016	(18,438)	(261,779)	(48,529)	(7,853)	—	(336,600)
Carrying amount at June 30, 2016	58,937	103,138	11,634	1,016	10,810	185,535

Property, plant and equipment decreased from €186.1 million at the end of 2015 to € 185.5 million at the end of June 2016, representing a decrease of €0.6 million.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

AS AT JUNE 30, 2016

(8) Property, plant and equipment (Continued)

This variation is due to € 13.5 million of depreciation and impairment losses and € 2.5 million of exchange rate differences, partly compensated by € 15.4 million net capex (additions net of disposals).

The net capex of the period includes € 3.4 million investments made in Poland, € 3.3 million investments made in Italy, € 2.9 million investments made in Ukraine, € 1.8 million investments made in India and other investments made by other Group companies.

The useful life of some generic plant and equipment in the Italian plant of Magenta changed for the six months ended June 30, 2016 compared to the six months ended June 30, 2015 based on an internal appraisal that shows a longer useful life of certain assets.

(9) Intangible assets

The following tables show the changes in this caption for the six months ended June 30, 2015 and June 30, 2016:

Thousands of Euros	<u>Development expenditure</u>	<u>Licences and patents</u>	<u>Goodwill</u>	<u>Other</u>	<u>Assets under development and payments on account</u>	<u>Total</u>
Historical cost at December 31, 2014	6,797	65,588	358,559	11,535	1,329	443,808
Accumulated amortization and impairment at December 31, 2014	<u>(5,945)</u>	<u>(46,659)</u>	<u>—</u>	<u>(5,650)</u>	<u>—</u>	<u>(58,254)</u>
Carrying amount at December 31, 2014	<u>851</u>	<u>18,929</u>	<u>358,559</u>	<u>5,885</u>	<u>1,329</u>	<u>385,554</u>
Carrying amount at January 1, 2015	<u>851</u>	<u>18,929</u>	<u>358,559</u>	<u>5,885</u>	<u>1,329</u>	<u>385,554</u>
Exchange rate losses	(16)	(18)	(936)	142	—	(829)
Additions	—	—	—	6	602	608
Reclassifications	455	34	—	—	(485)	4
Amortisation	<u>(135)</u>	<u>(2,671)</u>	<u>—</u>	<u>(780)</u>	<u>—</u>	<u>(3,586)</u>
Historical cost at June 30, 2015	7,256	65,611	357,623	11,812	1,447	443,749
Accumulated amortization and impairment at June 30, 2015	<u>(6,101)</u>	<u>(49,337)</u>	<u>—</u>	<u>(6,559)</u>	<u>—</u>	<u>(61,997)</u>
Carrying amount at June 30, 2015 ..	<u>1,155</u>	<u>16,274</u>	<u>357,623</u>	<u>5,253</u>	<u>1,447</u>	<u>381,751</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

AS AT JUNE 30, 2016

(9) Intangible assets (Continued)

Thousands of Euros	Development expenditure	Licences and patents	Goodwill	Other	Assets under development and payments on account	Total
Historical cost at December 31, 2015	7,254	65,963	356,168	11,424	1,555	442,365
Accumulated amortization and impairment at December 31, 2015	(6,400)	(52,131)	—	(7,179)	—	(65,709)
Carrying amount at December 31, 2015	855	13,833	356,168	4,245	1,555	376,656
Carrying amount at January 1, 2016	855	13,833	356,168	4,245	1,555	376,656
Exchange rate losses	5	34	(1,168)	(93)	(2)	(1,224)
Additions	—	(11)	—	2	350	341
Reclassifications	465	70	—	—	(543)	(9)
Amortisation	(209)	(993)	—	(713)	—	(1,915)
Historical cost at June 30, 2016	7,720	66,027	354,999	11,152	1,361	441,259
Accumulated amortization and impairment at June 30, 2016	(6,604)	(53,094)	—	(7,711)	—	(67,409)
Carrying amount at June 30, 2016 ..	1,117	12,933	354,999	3,441	1,361	373,850

Goodwill may be analysed as follows:

Thousands of Euros	December 31, 2015	June 30, 2016
Goodwill—Guala Closures Group	317,227	317,227
Acquisition of Guala Closures DGS Poland S.A.	24,864	23,942
Goodwill—Guala Closures Ukraine LLC	5,812	5,516
Acquisition of Guala Closures Bulgaria A.D.	3,203	3,203
Acquisition of Pharma Trade S.r.l.	2,512	2,512
Acquisition of MCL division in Guala Closures South Africa	1,646	1,697
Acquisition of Guala Closures Tools A.D.	722	722
Acquisition of Metalprint assets	182	182
Total	356,168	354,999

The variation occurred in the period December 31, 2015 to June 30, 2016 is due to the exchange rate fluctuation of goodwill booked in local currency.

The useful life estimate of the Group trademark increased from June 30, 2016 compared to December 31, 2015 based on an internal appraisal that shows a longer useful life of the same.

(10) Financial liabilities

This section provides information on the contractual terms governing the Group's bank overdrafts, loans and bonds.

The Group's main outstanding financing instruments as at June 30, 2016 are GCL Holdings S.C.A.'s High Yield Bond due 2018, Guala Closures S.p.A.'s Floating Rate Senior Secured Notes due 2019 and Guala Closures S.p.A.'s Senior Revolving Facility. These financing instruments do not foresee the compliance with any maintenance financial covenants.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

AS AT JUNE 30, 2016

(10) Financial liabilities (Continued)

The table below provides the details of amount used and residual available amount for the main outstanding financial liabilities:

<u>Credit facility</u>	<u>Available amount (thousands of Euros)</u>	<u>Amount used at June 30, 2016</u>	<u>Residual available amount at June 30, 2016</u>	<u>Repayment date</u>
Bond Guala Closures S.p.A.— Floating Rate Senior Secured Notes due 2019 . . .	275,000	275,000	—	final repayment 15/11/2019
Senior Revolving Facility due 2017	75,000	54,000	21,000	final repayment 15/11/2017
HY Bond GCL Holdings S.C.A.—due 2018	200,000	200,000	—	final repayment 15/04/2018
Total	<u>550,000</u>	<u>529,000</u>	<u>21,000</u>	

Financial liabilities at December 31, 2015 and June 30, 2016 are shown below:

<u>Thousands of Euros</u>	<u>December 31, 2015</u>	<u>June 30, 2016</u>
Current financial liabilities		
Bonds	5,726	5,665
Bank loans and borrowings	5,569	5,747
Other financial liabilities	1,988	2,019
	<u>13,283</u>	<u>13,431</u>
Non-current financial liabilities		
Bonds	468,140	469,126
Bank loans and borrowings	55,236	53,996
Other financial liabilities	23,438	23,337
	<u>546,814</u>	<u>546,459</u>
Total	<u>560,098</u>	<u>559,890</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

AS AT JUNE 30, 2016

(10) Financial liabilities (Continued)

The terms and expiry dates of the financial liabilities at December 31, 2015 and June 30, 2016 are shown below:

Thousands of Euros	Nominal amount					
	Total December 31, 2015	Within one year	From one to five years	After five years	Current	Non-current
BONDS:						
HY Bonds issued by GCL Holdings						
S.C.A.—20/04/2011	200,000	—	200,000	—	—	200,000
Accrued interest—GCL Holdings						
S.C.A.	3,906	3,906	—	—	3,906	—
Transaction costs	(3,079)	—	(3,079)	—	—	(3,079)
TOTAL HY Bonds 2018 GCL Holdings						
S.C.A.	200,827	3,906	196,921	—	3,906	196,921
Floating Rate Senior Secured Notes due in 2019 issued by Guala Closures						
S.p.A.—13/11/2012	275,000	—	275,000	—	—	275,000
Accrued interest—Guala Closures						
S.p.A.	1,820	1,820	—	—	1,820	—
Transaction costs	(3,781)	—	(3,781)	—	—	(3,781)
TOTAL FRSN 2019 Guala Closures						
S.p.A.	273,038	1,820	271,219	—	1,820	271,219
TOTAL BONDS	473,866	5,726	468,140	—	5,726	468,140
BANK LOANS AND BORROWINGS:						
Senior Revolving Facility						
Transaction costs	55,000	—	55,000	—	—	55,000
	(966)	—	(966)	—	—	(966)
Total Senior Revolving Facility	54,034	—	54,034	—	—	54,034
Accrued interest and expense—Guala Closures S.p.A.						
	194	194	—	—	194	—
Handlowy S.A. bank overdraft (Poland)						
	3,473	3,473	—	—	3,473	—
Bancolumbia loan (Colombia)						
	465	203	263	—	203	263
Bradescos / ITAU loan (Brazil)						
	1,154	656	497	—	656	497
Advances on receivables and loans (Argentina)						
	393	174	219	—	174	219
Bancomer loan (Mexico)						
	1,092	870	222	—	870	222
TOTAL BANK LOANS AND BORROWINGS	60,805	5,569	55,236	—	5,569	55,236
OTHER FINANCIAL LIABILITIES:						
Guala Closures S.p.A. finance leases . . .						
	11,780	1,899	9,881	—	1,899	9,881
Bulgarian companies finance leases . . .						
	65	60	5	—	60	5
Put option on non-controlling interests						
	13,500	—	—	13,500	—	13,500
Other liabilities						
	82	29	53	—	29	53
TOTAL OTHER FINANCIAL LIABILITIES	25,427	1,988	9,938	13,500	1,988	23,438
TOTAL	560,098	13,283	533,314	13,500	13,283	546,814

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

AS AT JUNE 30, 2016

(10) Financial liabilities (Continued)

Thousands of Euros	Nominal amount					
	Total June 30, 2016	Within one year	From one to five years	After five years	Current	Non- current
BONDS:						
HY Bonds issued by GCL Holdings SCA—						
20/04/2011	200,000	—	200,000	—	—	200,000
Accrued interest—GCL Holdings S.C.A.	3,906	3,906	—	—	3,906	—
Transaction costs	(2,464)	—	(2,464)	—	—	(2,464)
TOTAL HY Bonds 2018 GCL Holdings S.C.A.	201,442	3,906	197,536	—	3,906	197,536
Floating Rate Senior Secured Notes due in 2019 issued by Guala Closures S.p.A.—						
13/11/2012	275,000	—	275,000	—	—	275,000
Accrued interest—Guala Closures S.p.A.	1,759	1,759	—	—	1,759	—
Transaction costs	(3,410)	—	(3,410)	—	—	(3,410)
TOTAL FRSN 2019 Guala Closures S.p.A.	273,349	1,759	271,590	—	1,759	271,590
TOTAL BONDS	474,791	5,665	469,126	—	5,665	469,126
BANK LOANS AND BORROWINGS:						
Senior Revolving Facility	54,000	—	54,000	—	—	54,000
Transaction costs	(709)	—	(709)	—	—	(709)
Total Senior Revolving Facility	53,291	—	53,291	—	—	53,291
Accrued interest and expense—Guala Closures S.p.A.	192	192	—	—	192	—
Handlowy S.A. bank overdraft (Poland)	3,365	3,365	—	—	3,365	—
Bancolumbia loan (Colombia)	388	216	172	—	216	172
Bradesco / ITAU / Santander loan (Brazil)	1,126	684	442	—	684	442
Advances on receivables and loans (Argentina)	806	714	91	—	714	91
Bancomer loan (Mexico)	575	575	—	—	575	—
TOTAL BANK LOANS AND BORROWINGS	59,743	5,747	53,996	—	5,747	53,996
OTHER FINANCIAL LIABILITIES:						
Guala Closures S.p.A. finance leases	10,815	1,965	8,850	—	1,965	8,850
Bulgarian companies finance leases	35	35	—	—	35	—
Put option on non-controlling interests	14,450	—	—	14,450	—	14,450
Other liabilities	55	19	37	—	19	37
TOTAL OTHER FINANCIAL LIABILITIES	25,356	2,019	8,887	14,450	2,019	23,337
TOTAL	559,890	13,431	532,009	14,450	13,431	546,459

The liability to the Ukrainian non-controlling investors relates to recognition of these investors' right to exercise a put option if certain conditions are met. It represents the discounted estimated value of the put option at its estimated time of exercise.

Pursuant to IAS 27, this caption has been recognized using the present access method since 2008, whereby the financial liability was recognized as a reduction in equity, Retained earnings, in the first year. The fluctuation in each year, if any, is recognized under financial income (expense) in profit or loss and the non-controlling interests continue to be presented separately as, to all effects, the non-controlling investors have the right to access the profit or loss pertaining to their investment.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

AS AT JUNE 30, 2016

(10) Financial liabilities (Continued)

Reference should be made to note 21) Fair value of financial instruments and sensitivity analysis for further detail.

(11) Trade payables

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2015</u>	<u>June 30, 2016</u>
Suppliers	59,612	65,996
Payments on account	<u>7,527</u>	<u>4,702</u>
Total	<u>67,140</u>	<u>70,698</u>

(12) Equity attributable to non-controlling interests

Equity attributable to non-controlling interests relates to the following consolidated companies:

<u>Thousands of Euros</u>	<u>Non-controlling interests % December 31, 2015</u>	<u>Non-controlling interests % June 30, 2016</u>	<u>Balance at December 31, 2015</u>	<u>Balance at June 30, 2016</u>
Guala Closures Ukraine LLC	30.00%	30.00%	8,078	8,797
Guala Closures India (Pvt) Ltd	5.00%	5.00%	1,748	1,736
Guala Closures Argentina S.A.	1.62%	1.62%	32	27
Guala Closures de Colombia LTDA	6.80%	6.80%	518	442
Guala Closures Bulgaria A.D.	30.00%	30.00%	1,669	1,746
Guala Closures Tools A.D.	30.00%	30.00%	378	372
Guala Closures DGS Poland S.A.	30.00%	30.00%	<u>12,274</u>	<u>9,497</u>
Total			<u>24,699</u>	<u>22,618</u>

Reference should be made to the statement of changes in equity for changes in, and details of, equity attributable to the non-controlling interests.

During the first half of 2016, has been paid, as dividends to non controlling interests, a total amount of € 2.1 million. The difference between the dividends distribution declared on net equity and the dividends paid during the period is due to the liability for dividends and to the translation effect, mainly versus the Ukrainian non controlling interests.

In the same period of 2015 the total amount paid as dividends was € 0.7 million.

STATEMENT OF PROFIT OR LOSS

(13) Net revenue

The table below shows net revenue by geographical location of the group companies that generated it:

<u>Thousands of Euros</u>	<u>For the six months ended June 30,</u>	
	<u>2015</u>	<u>2016</u>
Europe	137,326	131,195
Asia	34,231	36,183
Latin and North America	43,627	39,289
Oceania	23,041	22,197
Africa	<u>9,601</u>	<u>6,522</u>
Total	<u>247,825</u>	<u>235,385</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

AS AT JUNE 30, 2016

(14) Costs for raw materials

This caption includes:

<u>Thousands of Euros</u>	<u>For the six months ended June 30,</u>	
	<u>2015</u>	<u>2016</u>
Raw materials and supplies	114,523	103,484
Consumables and maintenance	5,146	5,540
Packaging	4,651	4,547
Fuel	231	197
Other purchases	1,112	1,170
Change in inventories	(8,915)	(6,227)
Total	<u>116,749</u>	<u>108,711</u>

(15) Costs for services

This caption includes:

<u>Thousands of Euros</u>	<u>For the six months ended June 30,</u>	
	<u>2015</u>	<u>2016</u>
Electricity / Heating	11,250	10,763
Transport	10,257	9,712
External processing	4,539	3,785
Sundry industrial services	2,751	2,889
Maintenance	3,115	2,700
External labor / portorage	2,313	2,295
Travel	2,195	2,239
Legal and consulting fees	1,444	1,671
Insurance	1,551	1,531
Administrative services	1,251	1,273
Cleaning service	566	536
Directors' fees	988	481
Technical assistance	450	467
Entertainment expenses	271	463
Telephone costs	428	419
Commissions	483	416
Security	250	232
Expos and trade fairs	141	173
Advertising services	213	159
Commercial services	155	148
Other	1,114	1,085
Total	<u>45,724</u>	<u>43,437</u>

(16) Personnel expense

This caption includes:

<u>Thousands of Euros</u>	<u>For the six months ended June 30,</u>	
	<u>2015</u>	<u>2016</u>
Wages and salaries	37,954	38,399
Social security contributions	6,762	6,329
Expense/(Income) from defined benefit plans	808	740
Other costs	1,252	2,020
Total	<u>46,776</u>	<u>47,488</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

AS AT JUNE 30, 2016

(17) Other operating expense

This caption includes:

<u>Thousands of Euros</u>	<u>For the six months ended June 30,</u>	
	<u>2015</u>	<u>2016</u>
Rent and leases	2,430	2,358
Taxes and duties	1,065	905
Other costs for the use of third party assets	846	873
Provisions	92	416
Other charges	444	476
Total	<u>4,876</u>	<u>5,027</u>

(18) Financial income

This caption includes:

<u>Thousands of Euros</u>	<u>For the six months ended June 30,</u>	
	<u>2015</u>	<u>2016</u>
Exchange rate gains	4,320	2,357
Interest income	142	852
Fair value gains on aluminium derivatives	16	597
Other financial income	102	91
Change in fair value of IRS	977	—
Total	<u>5,556</u>	<u>3,897</u>

(19) Financial expense

This caption includes:

<u>Thousands of Euros</u>	<u>For the six months ended June 30,</u>	
	<u>2015</u>	<u>2016</u>
Interest expense	21,131	19,534
Exchange rate losses	3,468	5,240
Financial expense—non-controlling investors in the Ukrainian company	350	950
Fair value losses on aluminum derivatives	580	20
Other financial expense	386	539
Total	<u>25,916</u>	<u>26,284</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

AS AT JUNE 30, 2016

(19) Financial expense (Continued)

The interest rates and interest expense by facility for the six months ended June 30 are shown below:

Thousands of Euros	Currency	Nominal interest rate	Interest expense	
			For the six months ended June 30,	
			2015	2016
BONDS:				
HY BONDS—GCL Holdings S.C.A.—20/04/11	EUR	9.375%	9,375	9,375
Amortisation of transaction costs	EUR	n.a.	556	614
Total HY BONDS—GCL Holdings S.C.A.			9,931	9,989
BONDS—Guala Closures S.p.A.—13/11/12	EUR	euribor 3M + 5.375%	7,491	7,229
Amortisation of transaction costs	EUR	n.a.	446	372
Total BONDS—Guala Closures S.p.A.			7,937	7,601
BANK LOAN AND BORROWINGS:				
Senior Revolving Facility	EUR	euribor 3M + 3.75%	837	1,037
Amortisation of transaction costs	EUR	n.a.	255	257
Total Senior Revolving Facility			1,092	1,294
Loan Cassa di Risparmio di Alessandria	EUR	euribor 3M + 2.75%	2	—
Other bank loans Guala Closures S.p.A.	EUR	n.a.	1	1
IRS on SFA	EUR	n.a.	1,030	—
Commitment fees	EUR	n.a.	235	154
Loan Banco Sabadell (Spain)	EUR	5,20%	2	—
Loan Bancolombia (Colombia)	COP	n.a.	33	20
Advances on receivables and loans (Argentina)	AR\$	n.a.	205	143
Loan Bancomer (Mexico)	MXP	TIEE28 (*)	131	31
Total other bank loans and borrowings			1,639	349
Other financial liabilities:				
Guala Closures S.p.A. finance leases	EUR	euribor + 1.5% (**)	105	76
IRS on Leasing	EUR	n.a.	162	141
Bulgarian companies finance leases	BGN	n.a.	2	1
Other liabilities		n.a.	262	83
Total other financial liabilities			531	301
TOTAL			21,131	19,534

(*) TIEE28 stands for “Tasa de Interés Interbancaria de Equilibrio a 28 días”.

(**) Nominal interest rate on the property finance lease.

(20) Income taxes

This caption includes:

Thousands of Euros	For the six months ended June 30,	
	2015	2016
Current taxes	(10,389)	(7,567)
Deferred tax income/(expense)	408	(94)
Total	(9,981)	(7,661)

Income tax expense is recognised based on Management’s best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT JUNE 30, 2016

(21) Fair value of financial instruments and sensitivity analysis

(a) Accounting classifications and fair values

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including December 31, 2015 and June 30, 2016. They do not include fair value information for financial assets and financial liabilities whose carrying amount is a reasonable approximation of fair value. There were no movements from one level to another in 2016.

<u>December 31, 2015</u>		<u>Carrying amount</u>						<u>Other</u>
<u>Thousands of Euros</u>	<u>Note</u>	<u>Fair value - Held-for- trading</u>	<u>Designated at fair value</u>	<u>Fair value - hedging instruments</u>	<u>Held-to- maturity</u>	<u>Loans and receivables</u>	<u>Available- for-sale</u>	<u>financial liabilities</u>
Financial assets not measured at fair value(*)								
Trade receivables	6	—	—	—	—	86,880	—	—
Cash and cash equivalents	5	—	—	—	—	61,944	—	—
		—	—	—	—	148,825	—	—
Financial liabilities measured at fair value								
Interest rate swaps used for hedging		—	—	(677)	—	—	—	—
Interest rate swaps used for trading		(394)	—	—	—	—	—	—
Put option on non-controlling interests	10	—	(13,500)	—	—	—	—	—
		(394)	(13,500)	(677)	—	—	—	—
Financial liabilities not measured at fair value(*)								
Bank overdraft	10	—	—	—	—	—	—	(3,477)
Secured bank loans	10	—	—	—	—	—	—	(55,700)
Unsecured bank loans	10	—	—	—	—	—	—	(1,600)
Secured bonds issues	10	—	—	—	—	—	—	(273,000)
Unsecured bonds issues	10	—	—	—	—	—	—	(200,800)
Finance lease liabilities	10	—	—	—	—	—	—	(11,800)
Trade payables	11	—	—	—	—	—	—	(67,100)
Other payables	10	—	—	—	—	—	—	(8,000)
		—	—	—	—	—	—	(613,777)

(*) The Group has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amount is a reasonable approximation of fair value.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT JUNE 30, 2016

(21) Fair value of financial instruments and sensitivity analysis (Continued)

June 30, 2016

Thousands of Euros	Note	Carrying amount						Other financial liabilities
		Fair value - Held-for- trading	Designated at fair value	Fair value - hedging instruments	Held-to- maturity	Loans and receivables	Available- for-sale	
Financial assets not measured at fair value(*)								
Trade receivables	6	—	—	—	—	93,176	—	—
Cash and cash equivalents	5	—	—	—	—	34,744	—	—
		—	—	—	—	127,921	—	—
Financial liabilities measured at fair value								
Interest rate swaps used for hedging		—	—	(578)	—	—	—	—
Interest rate swaps used for trading	509	—	—	—	—	—	—	—
Put option on non-controlling interests	10	—	(14,450)	—	—	—	—	—
		509	(14,450)	(578)	—	—	—	—
Financial liabilities not measured at fair value(*)								
Bank overdraft	10	—	—	—	—	—	—	(3,300)
Secured bank loans	10	—	—	—	—	—	—	(54,800)
Unsecured bank loans	10	—	—	—	—	—	—	(1,400)
Secured bonds issues	10	—	—	—	—	—	—	(273,300)
Unsecured bonds issues	10	—	—	—	—	—	—	(201,400)
Finance lease liabilities	10	—	—	—	—	—	—	(10,800)
Trade payables	11	—	—	—	—	—	—	(70,600)
Other payables	10	—	—	—	—	—	—	—
		—	—	—	—	—	—	(616,400)

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(*) The Group has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amount is close to their fair value.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

AS AT JUNE 30, 2016

(21) Fair value of financial instruments and sensitivity analysis (Continued)

(b) Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

<u>Type</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Contingent consideration	<i>Discounted cash flows:</i> The fair value is determined considering the expected payment, discounted to present value using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of forecast EBITDA of the Ukrainian subsidiary.	<ul style="list-style-type: none"> • Forecast EBITDA (average of last 2 years – 2014 and 2015 – and 2016 budget figures) • Net financial position of the Ukrainian subsidiary as at June 30, 2016 • Risk-adjusted discount rate (6.6%) • Expected date of put option exercise 	The estimated fair value would increase if: <ul style="list-style-type: none"> • the EBITDA was higher • the Net financial position was higher • the risk-adjusted discount rate was lower • the expected date of put option was exercised early
Forward exchange contracts and interest rate swaps	<i>Market comparison technique:</i> The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable.	Not applicable.

Financial instruments not measured at fair value

<u>Type</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>
Secured bonds issues Finance lease liabilities	Discounted cash flows	Secured and unsecured bonds are considered level 2 due to number of transactions not disclosed by Euro-MTF.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

AS AT JUNE 30, 2016

(21) Fair value of financial instruments and sensitivity analysis (Continued)

(ii) Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

<u>Thousands of Euros</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>
Balance at January 1	9,900	13,500
Loss included in “financial expense”		
– Net change in fair value (unrealised)	350	950
Balance at June 30	<u>10,250</u>	<u>14,450</u>

Sensitivity analysis

For the fair value of the contingent consideration, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

<u>Thousands of Euros</u>	<u>Increase/ (decrease) in unobservable inputs</u>	<u>Favourable/ (unfavourable) impact on profit or loss</u>
Forecast EBITDA	10%	(700)
	(10%)	700
Net financial position	+ 1 million €	(100)
	- 1 million €	100
Risk-adjusted discount rate	1%	800
	(1%)	(950)
Expected date of put option exercise	+ 1 year	500
	- 1 year	(500)

(22) Related party transactions

Intragroup transactions and balances between consolidated group companies are eliminated on consolidation and, therefore, do not appear in the condensed consolidated interim financial statements figures and are not disclosed in this report.

On December 31, 2014 Intesa Sanpaolo S.p.A. was considered to be a related party of the Group.

On March 24, 2015 Intesa Sanpaolo S.p.A. transferred to Manzoni S.r.l. by means of contribution in kind its “private equity” business including its participation held in GCL Holdings L.P. S.à r.l..

On March 31, 2015 the partial demerger of Manzoni into Melville S.r.l., pursuant to which participation held in GCL Holdings L.P. S.à r.l. has been assigned and transferred from Manzoni to Melville, became effective.

On April 21, 2015 NB Renaissance Partners Holdings S.à r.l., a newly established private equity fund sponsored by Intesa Sanpaolo S.p.A. and Neuberger Berman Group acquired approximately a 72% of share capital of Melville S.r.l., while Intesa Sanpaolo Group remaining as minority shareholding.

On the basis of the above, Intesa Sanpaolo S.p.A is no longer considered a related party of the Group, while Melville S.r.l. is considered a related party of GCL Holdings Group.

The relationships between Melville S.r.l. and the Group at June 30, 2016 are summarized below:

- at June 30, 2016, Melville S.r.l. has a representative on the board of directors and a representative on the board of statutory auditors of Guala Closures S.p.A.;
- at June 30, 2016, Melville S.r.l. has a representative on the board of directors of GCL Holdings GP S.à r.l. (General Partner of GCL Holdings S.C.A.);

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

AS AT JUNE 30, 2016

(22) Related party transactions (Continued)

- at June 30, 2016, Melville S.r.l. has a representative on the board of directors of GCL Holdings LP S.à r.l. (General Partner of GCL Holdings GP S.à r.l.);
- at June 30, 2016, Melville S.r.l. controls an ultimate beneficial voting interest of 19.6%, via an investment in GCL Holdings L.P. S.à r.l.

In addition, DLJ Merchant Banking Funds is considered to be a related party of the Group.

On March 31, 2014, the DLJ Merchant Banking Partners team spun-out from Credit Suisse to form aPriori Capital Partners L.P., which acts as the manager of the DLJ Merchant Banking Funds.

The transactions and relationships between DLJ Merchant Banking Funds and the Group for the period up to June 30, 2016 are summarized below:

- for the period up to June 30, 2016, aPriori Capital Partners L.P. had four representatives on the board of directors of GCL Holdings GP S.à r. l. (General Partner of GCL Holdings S.C.A.);
- for the period up to June 30, 2016, aPriori Capital Partners L.P. had two representatives on the board of directors of GCL Holdings LP S.à r. l.;
- for the period up to June 30, 2016, aPriori Capital Partners L.P. had five representatives on the board of directors of Guala Closures S.p.A.;
- for the period up to June 30, 2016, DLJMB Overseas Partners IV, L.P., DLJ Merchant Banking Partners IV (Pacific), L.P. DLJMB Offshore Partners IV, L.P., MBP IV Plan Investors, L.P. and DLJMB Overseas IV AIV, L.P. were collectively the beneficial owners of 58% of GCL Holdings S.C.A. via their indirect ownership of 35.4% of GCL Holdings L.P. S.à r.l.;
- transactions with aPriori Capital Partners L.P. took place on an arm's length basis.

Related parties also include a pension fund for employees of the former Metal Closures Ltd. (now Guala Closures UK Ltd.) managed by Metal Closures Group Trustees Ltd.. Considering the performance of the pension fund, the company was not required to transfer funds thereto. Employees have paid their contributions. Reference should be made to note 24) Employee benefits to the 2015 consolidated financial statements for additional information.

(23) Subsequent events

No significant subsequent events occurred until September 14, 2016.

**GCL HOLDINGS S.C.A.
and Subsidiaries**

**CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS**

**FOR THE PERIOD
ENDED JUNE 30, 2015**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2015

<u>(Thousands of Euros)</u>	<u>December 31,</u> <u>2014</u>	<u>June 30,</u> <u>2015</u>	<u>Note</u>
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	35,273	28,049	5
Current financial assets	148	71	
Trade receivables	92,108	102,653	6
Inventories	64,307	83,353	7
Current direct tax assets	2,162	3,455	
Current indirect tax assets	7,393	6,785	
Financial derivative assets	66	—	
Other current assets	3,730	4,256	
Total current assets	<u>205,186</u>	<u>228,623</u>	
<i>Non-current assets</i>			
Non-current financial assets	222	476	
Property, plant and equipment	202,825	198,428	8
Intangible assets	385,554	381,751	9
Deferred tax assets	9,171	8,654	
Other non-current assets	699	589	
Total non-current assets	<u>598,471</u>	<u>589,898</u>	
TOTAL ASSETS	<u>803,657</u>	<u>818,520</u>	
LIABILITIES AND EQUITY			
<i>Current liabilities</i>			
Current financial liabilities	12,820	12,296	10
Trade payables	54,344	67,221	11
Current direct tax liabilities	4,601	4,502	
Current indirect tax liabilities	9,444	7,215	
Current provisions	3,381	2,351	
Financial derivative liabilities	3,036	2,249	
Other current liabilities	22,178	25,778	
Total current liabilities	<u>109,804</u>	<u>121,613</u>	
<i>Non-current liabilities</i>			
Non-current financial liabilities	530,480	540,215	10
Employee benefits	7,318	7,140	
Deferred tax liabilities	19,134	18,341	
Non-current provisions	686	687	
Other non-current liabilities	166	138	
Total non-current liabilities	<u>557,784</u>	<u>566,519</u>	
Total liabilities	<u>667,588</u>	<u>688,132</u>	
Share capital and reserves attributable to non-controlling interests	16,641	18,732	
Profit for the period attributable to non-controlling interests	7,156	3,754	
Equity attributable to non-controlling interests	<u>23,796</u>	<u>22,485</u>	12
<i>Equity attributable to the owners of the parent</i>			
Share capital	141	141	
Share premium reserve	295,228	295,228	
Translation reserve	(35,715)	(36,035)	
Hedging reserve	(1,170)	(1,050)	
Losses carried forward and other reserves	(121,604)	(146,191)	
Loss for the period	(24,607)	(4,190)	
Equity attributable to the owners of the parent	<u>112,273</u>	<u>107,903</u>	
Total equity	<u>136,069</u>	<u>130,388</u>	
TOTAL LIABILITIES AND EQUITY	<u>803,657</u>	<u>818,520</u>	

The accompanying notes to the condensed consolidated interim financial statements are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OCI
FOR THE SIX MONTHS ENDED JUNE 30, 2015

<u>(Thousands of Euros)</u>	For the six months ended June 30,		
	2014	2015	Note
<i>Net revenue</i>	222,031	247,825	13
Change in inventories of finished goods and semi-finished products	14,944	10,011	
Other operating income	5,359	5,114	
Costs for raw materials	(108,568)	(116,749)	14
Costs for services	(43,778)	(45,724)	15
Personnel expense	(45,705)	(46,776)	16
Other operating expense	(4,853)	(4,876)	17
Amortization, depreciation and impairment losses	(19,246)	(18,921)	
Operating profit	20,184	29,903	
Financial income	4,703	5,556	18
Financial expense	(25,641)	(25,916)	19
Net finance costs	(20,938)	(20,359)	
Result before taxation	(755)	9,544	
Income taxes	(7,266)	(9,981)	20
Loss for the period	(8,020)	(436)	
Other comprehensive income			
Items that will never be reclassified to profit or loss:			
Actuarial gains/(losses) on the defined benefit liability (asset)	(518)	19	
	(518)	19	
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations	(7,804)	(1,133)	
Effective portion of fair value gains (losses) of cash flows hedges	(191)	4	
Net change in fair value of cash flows hedges reclassified to profit or loss . . .	175	162	
Income taxes on other comprehensive income	4	(46)	
	(7,816)	(1,013)	
Total comprehensive expense for the period, net of tax	(8,333)	(994)	
Total comprehensive expense for the period	(16,354)	(1,430)	
Profit (loss) attributable to:			
owners of the parent	(11,429)	(4,190)	
non-controlling interests	3,409	3,754	
Total comprehensive income /(expenses) attributable to:			
owners of the parent	(17,812)	(4,370)	
non-controlling interests	1,458	2,939	

The accompanying notes to the condensed consolidated interim financial statements are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2015

(Thousands of Euros)	For the six months ended June 30,		
	2014	2015	Note
Opening cash and cash equivalents	41,197	35,273	5
A) Cash flows generated by operating activities			
Profit before taxation	(755)	9,544	
Amortization, depreciation and impairment losses	19,246	18,921	6 – 8 – 9
Net finance costs	20,939	20,359	18 – 19
Change in:			
Receivables, payables and inventory	(29,892)	(16,580)	6 – 7 – 11
Other	2,233	1,317	
VAT and indirect tax assets/liabilities	(280)	(1,496)	
Income taxes paid	(8,943)	(12,446)	
TOTAL	<u>2,549</u>	<u>19,619</u>	
B) Cash flows used in investing activities			
Acquisitions of property, plant and equipment and intangibles	(20,645)	(13,204)	8 – 9
Proceeds from sale of property, plant and equipment and intangibles	6	28	8 – 9
Change in non-current assets classified as held for sale	8	—	
TOTAL	<u>(20,630)</u>	<u>(13,175)</u>	
C) Cash flows used in financing activities			
Acquisition of non-controlling interest in Guala Cl. Argentina	(81)	(319)	
Interests income	132	243	18
Interests expense	(20,350)	(20,154)	19
Other financial items	(735)	(132)	
Dividends paid to non-controlling interest	(3,378)	(725)	
Proceeds from new borrowings	24,087	10,670	
Repayment of borrowings	(2,430)	(3,245)	
Change in financial assets	(15)	(127)	
TOTAL	<u>(2,769)</u>	<u>(13,789)</u>	
D) Net cash flows for the period (A+B+C)	<u>(20,850)</u>	<u>(7,345)</u>	
Effect of exchange rate fluctuations on cash held	26	121	
Closing cash and cash equivalents	<u>20,373</u>	<u>28,049</u>	5

The accompanying notes to the condensed consolidated interim financial statements are an integral part of these condensed consolidated interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2015**

(Thousands of €)	Attributable to owners of the Company							Share and re- attribu- non-con- inter
	Share capital	Share premium reserve	Translation reserve	Hedging reserve	Losses carried forward and other reserves	Loss for the period	Equity attributable to the owners of the parent	
January 1, 2014	141	295,228	(25,911)	(1,226)	(101,630)	(18,303)	148,299	20,
Allocation of 2013 profit (loss)					(18,303)	18,303	—	6,
Profit (loss) for the period ended June 30, 2014						(11,429)	(11,429)	
Other comprehensive expense	—	—	(5,856)	(12)	(515)	—	(6,383)	(1,
Total comprehensive income/(expense) of the period	—	—	(5,856)	(12)	(18,818)	6,874	(17,812)	4,
Dividends to non-controlling interests	—	—	—	—	—	—	—	(6,
Total distributions to owners of the Company	—	—	—	—	—	—	—	(6,
Acquisition of non-controlling interests without a change in control	—	—	—	—	(1,275)	—	(1,275)	(3,
Total changes in ownership interests	—	—	—	—	(1,275)	—	(1,275)	(3,
June 30, 2014	141	295,228	(31,767)	(1,238)	(121,723)	(11,429)	129,211	18,
January 1, 2015	141	295,228	(35,715)	(1,170)	(121,604)	(24,607)	112,273	16,
Allocation of 2014 profit (loss)					(24,607)	24,607	—	7,
Profit (loss) for the period ended June 30, 2015						(4,190)	(4,190)	
Other comprehensive expense	—	—	(320)	120	20	—	(180)	(3,
Total comprehensive income/(expense) of the period	—	—	(320)	120	(24,587)	20,417	(4,370)	6,
Dividends to non-controlling interests	—	—	—	—	—	—	—	(4,
Total distributions to owners of the Company	—	—	—	—	—	—	—	(4,
June 30, 2015	141	295,228	(36,035)	(1,050)	(146,191)	(4,190)	107,903	18,

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The accompanying notes to the condensed consolidated interim financial statements are an integral part of these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS AT JUNE 30, 2015

(1) General information

GCL Holdings S.C.A. is a company domiciled in Luxembourg. The condensed consolidated interim financial report of GCL Holdings S.C.A. as at and for the six months ended June 30, 2015 comprises the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates and jointly controlled entities.

GCL Holdings S.C.A. is the owner of Guala Closures S.p.A. and its subsidiaries from September 2008 pursuant to a voluntary public tender offer.

The Group’s main activities involve the design and manufacturing of closures for spirits, wine and non-alcoholic drinks such as water, olive oil and vinegar, as well as pharma to be sold on the domestic and international markets.

The Group is also active in the field of production of PET plastic preforms and bottles.

The Group structure is reported at page 5 of this Report.

During the first half of 2015 the following transactions took place:

• Approval of merger between group companies:

On February 9, 2015, the merger between Guala Closures International B.V. and Guala Closures China B.V. was completed (effective from January 1, 2015).

On June 19, 2015, the merger between Guala Closures International B.V. and Guala Closures Patents B.V. was completed (effective from January 1, 2015).

The purpose of the above mergers is to concentrate and rationalize the resources of the companies, realising cost savings and, as a result, increasing the overall efficiency of the Group’s structure.

(2) Basis of preparation

The condensed consolidated interim financial statements of GCL Holdings S.C.A and its subsidiaries as of June 30, 2014 and June 30, 2015 (“the interim financial statements”) have been prepared in accordance with international accounting standard (“IAS”) 34, Interim Financial Reporting. They should be read in conjunction with the annual consolidated financial statements and the notes thereto in the Company annual report for the year ended December 31, 2014 which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by European Union (“E.U.”).

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended December 31, 2014. These condensed consolidated interim financial statements do not include all the information required for full annual financial statements prepared in accordance with IFRS as adopted by E.U. Preparing these condensed consolidated interim financial statements require Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial report, significant judgements made by Management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements as at and for the year ended December 31, 2014.

The condensed consolidated interim financial statements have been prepared in euros, rounding the amounts to the nearest thousand. Any discrepancies between financial statements balances and those on the tables of the notes to the condensed consolidated interim financial statements are due exclusively to the rounding and do not alter their reliability or substance.

The condensed consolidated interim financial statements have been approved for issue by the Board of Managers of GCL Holdings GP S.à r.l., General Partner of GCL Holdings S.C.A., on September 11, 2015.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

AS AT JUNE 30, 2015

(2) Basis of preparation (Continued)

The following exchange rates are applied to translate those financial statements presented in currencies that are not legal tender in Luxembourg:

Statement of financial position

<u>1 Euro = x foreign currency</u>	<u>June 30, 2014</u>	<u>December 31, 2014</u>	<u>June 30, 2015</u>
Pound sterling	0.80150	0.77890	0.71140
US dollar	1.36580	1.21410	1.11890
Indian rupee	82.20230	76.71900	71.18730
Mexican peso	17.71240	17.86790	17.53320
Colombian peso	2,568.25638	2,892.26000	2,896.44820
Brazilian real	3.00020	3.22070	3.46990
Chinese renmimbi	8.47220	7.53580	6.93660
Argentinean peso	11.10677	10.27550	10.16530
Polish zloty	4.15680	4.27320	4.19110
New Zealand dollar	1.56260	1.55250	1.65480
Australian dollar	1.45370	1.48290	1.45500
Ukrainian hryvnia	16.04740	19.20600	23.54059
Bulgarian lev	1.95580	1.95580	1.95580
South African Rand	14.45970	14.03530	13.6416
Japanese Yen	138.44000	145.23000	137.0100

Statement of profit or loss

<u>1 Euro = x foreign currency</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>
Pound sterling	0.82136	0.73238
US dollar	1.37047	1.11585
Indian rupee	83.29300	70.12237
Mexican peso	17.97655	16.88610
Colombian peso	2,686.94667	2,770.36000
Brazilian real	3.14948	3.30765
Chinese renmimbi	8.45170	6.94110
Argentinean peso	10.74072	9.83888
Polish zloty	4.17553	4.13967
New Zealand dollar	1.61482	1.50551
Australian dollar	1.49865	1.42595
Ukrainian hryvnia	14.36257	23.90085
Bulgarian lev	1.95580	1.95580
South African Rand	14.67632	13.2991
Japanese Yen	140.39050	134.1648

(3) Accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are consistent with those used by the Group in its annual consolidated financial statements as at and for the year ended December 31, 2014. The same accounting policies are also expected to be reflected in the Group's annual consolidated financial statements as at and for the year ending December 31, 2015.

Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended December 31, 2014.

There was no transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

AS AT JUNE 30, 2015

(4) Operating segments

Reportable segments are the Group's strategic divisions as determined in accordance with the quantitative and qualitative requirements of IFRS 8.

The Group has only one reportable segment, the Closures division. The Group's CEO (the chief operating decision maker) reviews internal management reports on the reportable segment, the closures division, on at least a quarterly basis. The following summary describes the operations in this reportable segment.

The Closures division represents the Group's core business. Other operations include the PET division that does not meet any of the quantitative thresholds for determining reportable segments in 1H 2015 or 1H 2014 under IFRS 8.

Information regarding the results of the Group's reportable segment is included below. Performance is measured based on segment revenue and gross operating profit, depreciation and amortization, trade receivables, inventories, property, plant and equipment, trade payables and capital expenditure as included in the internal management reports that are reviewed by the CEO and by the board of directors.

Management considers the above information as the most suitable to evaluate the results of the segment compared to other entities that operate in these industries.

All other asset and liability figures are non reportable by segment as the management believes that the availability of such information by segment is not relevant.

Thousands of Euros	Closures		Other Operations		Total	
	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015
External revenue	220,276	245,987	1,755	1,839	222,031	247,825
Gross operating profit	39,261	48,489	168	335	39,429	48,824
Depreciation and Amortization	(19,163)	(18,851)	(83)	(69)	(19,246)	(18,921)

Thousands of Euros	Closures		Other Operations		Total	
	December 31, 2014	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014	June 30, 2015
Trade receivables	91,415	101,828	693	825	92,108	102,653
Inventories	63,891	82,536	416	817	64,307	83,353
Trade payables	(54,050)	(66,483)	(294)	(738)	(54,344)	(67,221)
Property, plant and equipment	202,153	197,794	672	635	202,825	198,428

Thousands of Euros	Closures		Other Operations		Total	
	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015
Capital expenditure	19,393	10,302	2	32	19,395	10,334

Geographical information

The Closures segment operates from many manufacturing facilities primarily in Italy, India, Poland, the United Kingdom, Spain, Ukraine, Australia, Mexico, Argentina and South Africa.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

AS AT JUNE 30, 2015

(4) Operating segments (Continued)

In presenting information on the basis of geographical segments, segment revenue and segment assets are based on the geographical location of the assets/subsidiaries.

Thousands of Euros	Net revenue	
	June 30, 2014	June 30, 2015
Italy	33,713	34,136
India	25,723	31,129
Poland	29,614	30,281
UK	23,188	24,978
Spain	20,400	21,224
Ukraine	18,410	19,518
Australia	16,160	17,409
Mexico	8,123	16,949
Argentina	8,398	10,325
South Africa	7,423	9,601
Other countries and consolidation adjustments	30,877	32,276
Consolidated net revenue	222,031	247,825

Non-current assets other than financial instruments
and deferred tax assets:
Property, plant and equipment
and Intangible assets

Thousands of Euros	December 31, 2014	June 30, 2015
	Italy	335,294
Australia	71,574	72,386
Poland	33,760	34,162
India	25,775	26,537
Mexico	17,922	17,513
Spain	17,684	17,236
Brazil	13,759	12,573
Ukraine	12,236	10,391
South Africa	12,029	11,876
Other countries and consolidation adjustments	48,347	46,694
Property, plant and equipment and Intangible assets	588,379	580,179

Deferred Tax Assets

Thousands of Euros	December 31, 2014	June 30, 2015
	Italy	4,149
Australia	1,372	1,409
Spain	802	681
Argentina	514	377
Ukraine	193	284
New Zealand	208	242
UK	127	236
China	92	100
Other countries and consolidation adjustments	1,714	1,635
Consolidated Deferred Tax Assets	9,171	8,654

The Group is not exposed to significant geographical risks other than normal business risks.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

AS AT JUNE 30, 2015

(4) Operating segments (Continued)

Information about major customers

In the Closures segment, there is only one customer with a percentage of revenue (of total revenue) over 10%.

(5) Cash and cash equivalents

Cash and cash equivalents include the following for the purposes of the cash flow statement:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>June 30, 2015</u>
Bank and postal accounts	31,420	22,575
Cash and cash equivalents	<u>3,853</u>	<u>5,475</u>
Total	<u>35,273</u>	<u>28,049</u>

(6) Trade receivables

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>June 30, 2015</u>
Trade receivables	100,591	111,088
Allowance for impairment	<u>(8,483)</u>	<u>(8,436)</u>
Total	<u>92,108</u>	<u>102,653</u>

The allowance for impairment varied as follows:

<u>Thousands of Euros</u>	<u>June 30, 2015</u>
Opening allowance for impairment	8,483
Exchange rate losses	(8)
Addition	381
Utilization	<u>(421)</u>
Closing allowance for impairment	<u>8,436</u>

(7) Inventories

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>June 30, 2015</u>
Raw materials, consumables and supplies	32,935	41,290
(Allowance for inventory write-down)	(1,568)	(1,581)
Work in progress and semi-finished products	15,710	21,750
(Allowance for inventory write-down)	(732)	(908)
Finished products and goods	18,995	24,189
(Allowance for inventory write-down)	(1,426)	(1,732)
Payments on account	<u>393</u>	<u>344</u>
Total	<u>64,307</u>	<u>83,353</u>

The changes in the caption are as follows:

<u>Thousands of Euros</u>	
Balance at January 1, 2015	64,307
Exchange rate gain	169
Change in raw materials, consumables and supplies (net of write-down)	8,915
Change in finished goods and semi-finished products (net of write-down)	10,011
Change in payments on account	<u>(49)</u>
Balance at June 30, 2015	<u>83,353</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

AS AT JUNE 30, 2015

(7) Inventories (Continued)

Inventories increased from € 64.3 million at the end of December 2014 to € 83.4 million at the end of June 2015. The increase is mainly attributable to business seasonality factors.

(8) Property, plant and equipment

The following tables show the changes in this caption for the six months ended June 30, 2014 and June 30, 2015:

Thousands of Euros	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
Historical cost at December 31, 2013	76,810	353,331	57,938	7,927	5,564	501,570
Accumulated depreciation and impairment at December 31, 2013	(13,815)	(229,702)	(45,330)	(6,845)	—	(295,692)
Carrying amount at December 31, 2013	62,995	123,629	12,608	1,082	5,564	205,878
Carrying amount at January 1, 2014	62,995	123,629	12,608	1,082	5,564	205,878
Exchange rate losses	(713)	(621)	(7)	14	(622)	(1,949)
Additions	234	6,100	63	72	11,846	18,315
Disposals	(17)	21	(3)	(12)	(11)	(22)
Impairment losses	(505)	(419)	—	—	0	(925)
Reclassifications	35	4,167	2,335	109	(6,635)	11
Depreciation	(987)	(11,790)	(1,648)	(231)	—	(14,656)
Historical cost at June 30, 2014	75,845	362,579	60,326	8,109	10,141	517,001
Accumulated depreciation and impairment at June 30, 2014	(14,802)	(241,492)	(46,978)	(7,076)	—	(310,348)
Carrying amount at June 30, 2014	61,043	121,087	13,348	1,033	10,141	206,653
Thousands of Euros	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
Historical cost at December 31, 2014	76,356	361,977	58,209	8,228	7,015	511,785
Accumulated depreciation and impairment at December 31, 2014	(16,082)	(240,367)	(45,230)	(7,282)	—	(308,960)
Carrying amount at December 31, 2014	60,274	121,610	12,980	946	7,015	202,825
Carrying amount at January 1, 2015	60,274	121,610	12,980	946	7,015	202,825
Exchange rate gains	(263)	864	223	30	82	935
Additions	2,234	2,340	(112)	383	4,908	9,754
Disposals	(7)	1	(5)	(15)	(2)	(28)
Impairment losses	(6)	(217)	—	—	—	(223)
Reclassifications	608	3,869	1,532	12	(6,025)	(4)
Depreciation	(971)	(11,961)	(1,694)	(205)	—	(14,830)
Historical cost at June 30, 2015	78,580	381,688	63,357	8,639	5,978	538,242
Accumulated depreciation and impairment at June 30, 2015	(16,711)	(265,182)	(50,433)	(7,488)	—	(339,814)
Carrying amount at June 30, 2015	61,869	116,506	12,924	1,151	5,978	198,428

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

AS AT JUNE 30, 2015

(8) Property, plant and equipment (Continued)

Property, plant and equipment decreased from € 202.8 million at the end of 2014 to € 198.4 million at the end of June 2015, representing a decrease of € 4.4 million.

This variation is due to € 9.7 million net capex (additions net of disposals) and € 0.9 million of exchange rate differences, compensated by € 15.0 million of depreciation and impairment losses.

The net capex of the period includes € 2.1 million investments made in Italy, € 1.7 million investments made in Poland, € 1.1 million investments made in India, € 0.9 million investments made in Ukraine and other investments made by other Group companies.

(9) Intangible assets

The following tables show the changes in this caption for the six months ended June 30, 2014 and June 30, 2015:

<u>Thousands of Euros</u>	<u>Development expenditure</u>	<u>Licences and patents</u>	<u>Goodwill</u>	<u>Other</u>	<u>Assets under development and payments on account</u>	<u>Total</u>
Historical cost at December 31, 2013	5,902	64,549	405,310	11,619	1,789	489,170
Accumulated depreciation and impairment at December 31, 2013	(5,552)	(41,336)	(40,640)	(4,223)	—	(91,752)
Carrying amount at December 31, 2013	350	23,213	364,670	7,397	1,789	397,418
Carrying amount at January 1, 2014	350	23,213	364,670	7,397	1,789	397,418
Exchange rate losses	241	(727)	(3,946)	11	496	(3,925)
Additions	6	27	—	19	1,042	1,094
Disposals	—	(2)	—	—	—	(1)
Reclassifications	716	1,209	—	—	(1,935)	(11)
Amortisation	(380)	(2,326)	—	(790)	—	(3,496)
Historical cost at June 30, 2014	6,865	65,056	401,364	11,649	1,392	486,327
Accumulated depreciation and impairment at June 30, 2014	(5,932)	(43,662)	(40,640)	(5,013)	—	(95,248)
Carrying amount at June 30, 2014 . . .	933	21,394	360,724	6,636	1,392	391,079

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

AS AT JUNE 30, 2015

(9) Intangible assets (Continued)

Thousands of Euros	Development expenditure	Licences and patents	Goodwill	Other	Assets under development and payments on account	Total
Historical cost at December 31, 2014	6,797	65,588	399,199	11,535	1,329	484,448
Accumulated depreciation and impairment at December 31, 2014	(5,945)	(46,659)	(40,640)	(5,650)	—	(98,895)
Carrying amount at December 31, 2014	851	18,929	358,559	5,885	1,329	385,554
Carrying amount at January 1, 2015	851	18,929	358,559	5,885	1,329	385,554
Exchange rate losses	(16)	(18)	(936)	142	—	(829)
Additions	—	—	—	6	602	608
Reclassifications	455	34	—	—	(485)	4
Amortisation	(135)	(2,671)	—	(780)	—	(3,586)
Historical cost at June 30, 2015 ...	7,256	65,611	398,263	11,812	1,447	484,388
Accumulated depreciation and impairment at June 30, 2015	(6,101)	(49,337)	(40,640)	(6,559)	—	(102,637)
Carrying amount at June 30, 2015	1,155	16,274	357,623	5,253	1,447	381,751

Goodwill may be analysed as follows:

Thousands of Euros	December 31, 2014	June 30, 2015
Goodwill—Guala Closures Group	317,227	317,227
Acquisition of Guala Closures DGS Poland S.A.	24,812	25,277
Goodwill—Guala Closures Ukraine LLC	7,916	6,458
Acquisition of Guala Closures Bulgaria A.D.	3,203	3,203
Acquisition of Pharma Trade S.r.l.	2,512	2,512
Acquisition of MCL division in Guala Closures South Africa	1,985	2,042
Acquisition of Guala Closures Tools A.D.	722	722
Acquisition of Metalprint assets	182	182
Total	358,559	357,623

The variation occurred in the period December 31, 2014 to June 30, 2015 is due to the exchange rate fluctuation of goodwill booked in local currency.

(10) Financial liabilities

This section provides information on the contractual terms governing the Group's bank overdrafts, loans and bonds.

The Group's main outstanding financing instruments as at June 30, 2015 are GCL Holdings S.C.A.'s High Yield Bond due 2018, Guala Closures S.p.A.'s Floating Rate Senior Secured Notes due 2019 and Guala Closures S.p.A.'s Senior Revolving Facility. These financing instruments do not contain the compliance with maintenance financial covenants.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

AS AT JUNE 30, 2015

(10) Financial liabilities (Continued)

The table below provides the details of amount used and residual available amount for the main outstanding financial liabilities:

<u>Credit facility</u>	<u>Available amount (thousands of Euros)</u>	<u>Amount used at June 30, 2015</u>	<u>Residual available amount at June 30, 2015</u>	<u>Repayment date</u>
Bond Guala Closures S.p.A.— Floating Rate Senior Secured Notes due 2019 . . .	275,000	275,000	—	final repayment 11/15/2019
Senior Revolving Facility	75,000	49,000	26,000	final repayment 11/15/2017
HY Bond GCL Holdings S.C.A.—due 2018	200,000	200,000	—	final repayment 04/15/2018
Total	<u>550,000</u>	<u>524,000</u>	<u>26,000</u>	

Financial liabilities at December 31, 2014 and June 30, 2015 are shown below:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>June 30, 2015</u>
Current financial liabilities		
Bonds	4,780	4,837
Bank loans and borrowings	6,069	5,521
Other financial liabilities	1,971	1,938
	<u>12,820</u>	<u>12,296</u>
Non-current financial liabilities		
Bonds	467,029	468,033
Bank loans and borrowings	41,557	50,926
Other financial liabilities	21,894	21,256
	<u>530,480</u>	<u>540,215</u>
Total	<u>543,301</u>	<u>552,511</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

AS AT JUNE 30, 2015

(10) Financial liabilities (Continued)

The terms and expiry dates of the financial liabilities at December 31, 2014 and June 30, 2015 are shown below:

Thousands of Euros	Nominal amount					
	Total December 31, 2014	Within one year	From one to five years	After five years	Current	Non-current
BONDS:						
HY Bonds issued by GCL Holdings						
SCA—20/04/2011	200,000	—	200,000	—	—	200,000
Accrued interest—GCL Holdings						
S.C.A.	3,900	3,900	—	—	3,900	—
Transaction costs	(4,220)	—	—	(4,220)	—	(4,220)
TOTAL HY Bonds 2018 GCL Holdings						
S.C.A.	199,680	3,900	200,000	(4,220)	3,900	195,780
Floating Rate Senior Secured Notes due in 2019 issued by Guala Closures						
S.p.A.—13/11/2012	275,000	—	275,000	—	—	275,000
Accrued interest—Guala Closures						
S.p.A.	1,833	1,833	—	—	1,833	—
Transaction costs	(4,704)	(953)	(3,751)	—	(953)	(3,751)
TOTAL FRSN 2019 Guala Closures						
S.p.A.	272,129	880	271,249	—	880	271,249
TOTAL BONDS	471,809	4,780	471,249	(4,220)	4,780	467,029
BANK LOANS AND BORROWINGS:						
Senior Revolving Facility	40,000	—	40,000	—	—	40,000
Transaction costs	(1,480)	(515)	(966)	—	(515)	(966)
Total Senior Revolving Facility	38,520	(515)	39,034	—	(515)	39,034
Cassa di Risparmio di Alessandria loan	319	319	—	—	319	—
Accrued interest and expense—Guala Closures S.p.A.	656	656	—	—	656	—
Raiffeisen Bank overdraft (Ukraine) . . .	318	318	—	—	318	—
Millennium Bank overdraft (Poland) . . .	2,740	2,740	—	—	2,740	—
Banco Sabadell loan (Spain)	253	253	—	—	253	—
Bancolombia loan (Colombia)	867	242	625	—	242	625
Bradesco / ITAU loan (Brazil)	855	273	583	—	273	583
Advances on receivables and loans (Argentina)	621	420	200	—	420	200
Scotiabank loan (Mexico)	2,477	1,362	1,115	—	1,362	1,115
TOTAL BANK LOANS AND BORROWINGS	47,626	6,069	41,557	—	6,069	41,557
OTHER FINANCIAL LIABILITIES:						
Guala Closures S.p.A. finance leases . . .	13,730	1,882	8,757	3,091	1,882	11,848
Bulgarian companies finance leases . . .	123	58	65	—	58	65
Liability to the Ukrainian non- controlling investors	9,900	—	—	9,900	—	9,900
Other liabilities	113	32	81	—	32	81
TOTAL OTHER FINANCIAL LIABILITIES	23,866	1,971	8,904	12,991	1,971	21,894
TOTAL	543,301	12,820	521,710	8,771	12,820	530,480

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

AS AT JUNE 30, 2015

(10) Financial liabilities (Continued)

Thousands of Euros	Nominal amount					
	Total June 30, 2015	Within one year	From one to five years	After five years	Current	Non-current
BONDS:						
HY Bonds issued by GCL Holdings						
SCA—20/04/2011	200,000	—	200,000	—	—	200,000
Accrued interest—GCL Holdings S.C.A.	3,906	3,906	—	—	3,906	—
Transaction costs	(3,663)	—	(3,663)	—	—	(3,663)
TOTAL HY Bonds 2018 GCL Holdings						
S.C.A.	200,243	3,906	196,337	—	3,906	196,337
Floating Rate Senior Secured Notes due in						
2019 issued by Guala Closures						
S.p.A.—13/11/2012	275,000	—	275,000	—	—	275,000
Accrued interest—Guala Closures S.p.A.	1,886	1,886	—	—	1,886	—
Transaction costs	(4,258)	(954)	(3,304)	—	(954)	(3,304)
TOTAL FRSN 2019 Guala Closures S.p.A.	272,627	931	271,696	—	931	271,696
TOTAL BONDS	472,870	4,837	468,033	—	4,837	468,033
BANK LOANS AND BORROWINGS:						
Senior Revolving Facility						
Transaction costs	(1,225)	(516)	(709)	—	(516)	(709)
Total Senior Revolving Facility	47,775	(516)	48,291	—	(516)	48,291
Accrued interest and expense—Guala						
Closures S.p.A.	718	718	—	—	718	—
Millennium Bank overdraft (Poland)	2,944	2,944	—	—	2,944	—
Bancolumbia loan (Colombia)	745	242	503	—	242	503
Bradesco / ITAU loan (Brazil)	618	77	541	—	77	541
Advances on receivables and loans						
(Argentina)	1,018	667	351	—	667	351
Scotiabank loan (Mexico)	2,628	1,388	1,240	—	1,388	1,240
TOTAL BANK LOANS AND						
BORROWINGS	56,447	5,521	50,926	—	5,521	50,926
OTHER FINANCIAL LIABILITIES:						
Guala Closures S.p.A. finance leases						
Bulgarian companies finance leases	12,715	1,835	10,781	98	1,835	10,879
Liability to the Ukrainian non-controlling	94	59	36	—	59	36
investors	10,250	—	—	10,250	—	10,250
Other liabilities	135	44	91	—	44	91
TOTAL OTHER FINANCIAL						
LIABILITIES	23,194	1,938	10,908	10,348	1,938	21,256
TOTAL	552,511	12,296	529,867	10,348	12,296	540,215

The liability to the Ukrainian non-controlling investors relates to recognition of these investors' right to exercise a put option if certain conditions are met. It represents the discounted estimated value of the put option at its estimated time of exercise.

Pursuant to IAS 27, this caption has been recognized using the present access method since 2008, whereby the financial liability was recognized as a reduction in equity, Retained earnings, in the first year. The fluctuation in each year, if any, is recognized under financial income (expense) in profit or loss and the non-controlling interests continue to be presented separately as, to all effects, the non-controlling investors have the right to access the profit or loss pertaining to their investment.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

AS AT JUNE 30, 2015

(10) Financial liabilities (Continued)

Reference should be made to note 21) Fair value of financial instruments and sensitivity analysis for further detail.

(11) Trade payables

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>June 30, 2015</u>
Suppliers	54,015	66,624
Payments on account	329	597
Total	<u>54,344</u>	<u>67,221</u>

(12) Equity attributable to non-controlling interests

Equity attributable to non-controlling interests relates to the following consolidated companies:

<u>Thousands of Euros</u>	<u>Non-controlling interests % December 31, 2014</u>	<u>Non-controlling interests % June 30, 2015</u>	<u>Balance at December 31, 2014</u>	<u>Balance at June 30, 2015</u>
Guala Closures Ukraine LLC	30.00%	30.00%	6,449	7,000
Guala Closures India (Pvt) Ltd	5.00%	5.00%	1,826	1,906
Guala Closures Argentina S.A.	1.62%	1.62%	47	40
Guala Closures de Colombia LTDA	6.80%	6.80%	608	527
Guala Closures Bulgaria A.D.	30.00%	30.00%	1,923	1,769
Guala Closures Tools A.D.	30.00%	30.00%	479	389
Guala Closures DGS Poland S.A.	30.00%	30.00%	12,464	10,855
Total			<u>23,796</u>	<u>22,485</u>

Reference should be made to the statement of changes in equity for changes in, and details of, equity attributable to the non-controlling interests.

During the first half of 2015, has been paid, as dividends to non controlling interests, a total amount of €0.7 million. In the same period of 2014 the total amount paid as dividends was €3.4 million.

STATEMENT OF PROFIT OR LOSS

(13) Net revenue

The table below shows net revenue by geographical location of the group companies that generated it:

<u>Thousands of Euros</u>	<u>For the six months ended June 30,</u>	
	<u>2014</u>	<u>2015</u>
Europe	131,586	137,326
Asia	31,015	34,231
Latin and North America	30,433	43,627
Oceania	21,573	23,041
Africa	7,423	9,601
Total	<u>222,031</u>	<u>247,825</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

AS AT JUNE 30, 2015

(14) Costs for raw materials

This caption includes:

<u>Thousands of Euros</u>	<u>For the six months ended June 30,</u>	
	<u>2014</u>	<u>2015</u>
Raw materials and supplies	100,303	114,523
Consumables and maintenance	4,568	5,146
Packaging	4,611	4,651
Fuels	256	231
Other purchases	845	1,112
Change in inventories	(2,015)	(8,915)
Total	<u>108,568</u>	<u>116,749</u>

(15) Costs for services

This caption includes:

<u>Thousands of Euros</u>	<u>For the six months ended June 30,</u>	
	<u>2014</u>	<u>2015</u>
Electricity / Heating	11,121	11,250
Transport	9,023	10,257
External processing	4,797	4,539
Maintenance	2,828	3,115
Sundry industrial services	2,074	2,751
External labor / portorage	1,778	2,313
Travel	2,160	2,195
Insurance	1,800	1,551
Legal and consulting fees	1,628	1,444
Administrative services	988	1,251
Directors' fees	1,058	988
Cleaning service	689	566
Commissions	514	483
Technical assistance	554	450
Telephone costs	455	428
Entertainment expenses	311	271
Security	206	250
Advertising services	194	213
Commercial services	340	155
Expos and trade fairs	88	141
Other	1,173	1,114
Total	<u>43,778</u>	<u>45,724</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

AS AT JUNE 30, 2015

(16) Personnel expense

This caption includes:

<u>Thousands of Euros</u>	<u>For the six months ended June 30,</u>	
	<u>2014 (*)</u>	<u>2015</u>
Wages and salaries	37,208	37,954
Social security contributions	6,821	6,762
Expense/(Income) from defined benefit plans	666	808
Other costs	1,010	1,252
Total	<u>45,705</u>	<u>46,776</u>

(*) 2014 figures restated in order to be consistent with the 2015 classification

(17) Other operating expense

This caption includes:

<u>Thousands of Euros</u>	<u>For the six months ended June 30,</u>	
	<u>2014</u>	<u>2015</u>
Rent and leases	2,320	2,430
Taxes and duties	877	1,065
Other costs for the use of third party assets	846	846
Provisions	451	92
Other charges	358	444
Total	<u>4,853</u>	<u>4,876</u>

(18) Financial income

This caption includes:

<u>Thousands of Euros</u>	<u>For the six months ended June 30,</u>	
	<u>2014</u>	<u>2015</u>
Exchange rate gains	3,564	4,320
Change in fair value of IRS	777	977
Interest income	58	142
Fair value gains on aluminium derivatives	230	16
Other financial income	73	102
Total	<u>4,703</u>	<u>5,556</u>

(19) Financial expense

This caption includes:

<u>Thousands of Euros</u>	<u>For the six months ended June 30,</u>	
	<u>2014</u>	<u>2015</u>
Interest expense	21,213	21,131
Exchange rate losses	2,779	3,468
Fair value losses on aluminum derivatives	247	580
Financial expense—non-controlling investors in the Ukrainian company	900	350
Other financial expense	504	386
Total	<u>25,641</u>	<u>25,916</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

AS AT JUNE 30, 2015

(19) Financial expense (Continued)

The interest rates and interest expense by facility for the six months ended June 30 are shown below:

Thousands of Euros	Currency	Nominal interest rate	Interest expense	
			For the six months ended June 30, 2014	2015
BONDS:				
HY BOND—GCL Holdings S.C.A.—20/04/11	EUR	9.375%	9,375	9,375
Amortisation of transaction costs	EUR	n.a.	504	556
Total HY BOND—GCL Holdings S.C.A.			9,879	9,931
BOND—Guala Closures S.p.A.—13/11/12		euribor 3M +		
	EUR	5.375%	7,821	7,491
Amortisation of transaction costs	EUR	n.a.	472	446
Total BOND—Guala Closures S.p.A.			8,293	7,937
BANK LOAN AND BORROWINGS:				
Senior Revolving Facility	EUR	euribor 3M + 3.75%	655	837
Amortisation of transaction costs	EUR	n.a.	255	255
Total Senior Revolving Facility			910	1,092
Loan Cassa di Risparmio di Alessandria	EUR	euribor 3M + 2.75%	9	2
Other bank loans Guala Closures S.p.A.	EUR	n.a.	63	1
IRS on SFA	EUR	n.a.	963	1,030
Commitment fees	EUR	n.a.	322	235
Loan Banco Sabadell (Spain)	EUR	5.20%	13	2
Loan Bancolombia (Colombia)	COP	n.a.	37	33
Advances on receivables and loans (Argentina)	AR\$	n.a.	168	205
Loan Scotiabank (Mexico)	MXP	TIEE30 + 4.0% (*)	171	131
Total other bank loans and borrowings			1,747	1,639
Other financial liabilities:				
Guala Closures S.p.A. finance leases	EUR	euribor + 1.5% (**)	141	105
IRS on Leasing	EUR	n.a.	175	162
Bulgarian companies finance leases	BGN	n.a.	3	2
Other liabilities		n.a.	64	262
Total other financial liabilities			383	531
TOTAL			21,213	21,131

(*) TIEE30 stands for “Tasa de Interés Interbancaria de Equilibrio a 30 días”.

(**) Nominal interest rate on the property finance lease.

(20) Income taxes

This caption includes:

Thousands of Euros	For the six months ended June 30,	
	2014	2015
Current taxes	(8,255)	(10,389)
Deferred tax income/(expense)	990	408
Total	(7,266)	(9,981)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

AS AT JUNE 30, 2015

(20) Income taxes (Continued)

Income tax expense is recognised based on Management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period.

In relation to the current indirect tax liabilities, the Group's subsidiary Guala Closures S.p.A. received the tax notice for the years 2009 and 2010 and the liability does not differ from that reported in the Consolidated financial statements for the year ended December 31, 2014. In May 2015, Guala Closures S.p.A. paid € 1.7 million of tax and related matters in relation to 2009 tax notice.

(21) Fair value of financial instruments and sensitivity analysis

(a) Accounting classifications and fair values

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, as at December 31, 2014 and June 30, 2015. They do not include fair value information for financial assets and financial liabilities not measured at fair value as their carrying amount is a reasonable approximation of fair value. There were no movements from one level to another in 2015.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS AT JUNE 30, 2015

(21) Fair value of financial instruments and sensitivity analysis (Continued)

December 31, 2014

Thousands of Euros	Note	Carrying amount						Other financial liabilities
		Fair value - Held-for-trading	Designated at fair value	Fair value - hedging instruments	Held-to-maturity	Loans and receivables	Available-for-sale	
Financial assets measured at fair value								
Interest rate swaps used for trading		66	—	—	—	—	—	—
		66	—	—	—	—	—	—
Financial assets not measured at fair value (*)								
Trade receivables	6	—	—	—	—	92,108	—	—
Cash and cash equivalents	5	—	—	—	—	35,273	—	—
		—	—	—	—	127,381	—	—
Financial liabilities measured at fair value								
Interest rate swaps used for hedging		—	—	(948)	—	—	—	—
Interest rate swaps used for trading		(2,088)	—	—	—	—	—	—
Contingent consideration	10	—	(9,900)	—	—	—	—	—
		(2,088)	(9,900)	(948)	—	—	—	—
Financial liabilities not measured at fair value (*)								
Bank overdraft	10	—	—	—	—	—	—	(3,058)
Secured bank loans	10	—	—	—	—	—	—	(42,273)
Unsecured bank loans	10	—	—	—	—	—	—	(2,293)
Secured bonds issues	10	—	—	—	—	—	—	(272,125)
Unsecured bonds issues	10	—	—	—	—	—	—	(199,680)
Finance lease liabilities	10	—	—	—	—	—	—	(13,853)
Trade payables	11	—	—	—	—	—	—	(54,344)
Other payables	10	—	—	—	—	—	—	(11,300)
		—	—	—	—	—	—	(587,743)

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(*) The Group has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amount is close to their fair value.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT JUNE 30, 2015

(21) Fair value of financial instruments and sensitivity analysis (Continued)

<u>June 30, 2015</u>		Carrying amount						
Thousands of Euros	Note	Fair value - Held-for- trading	Designated at fair value	Fair value - hedging instruments	Held-to- maturity	Loans and receivables	Available- for-sale	Other financial liabilities
Financial assets not measured at fair value (*)								
Trade receivables	6					102,653		
Cash and cash equivalents	5					28,049		
		—	—	—	—	<u>130,702</u>	—	—
Financial liabilities measured at fair value								
Interest rate swaps used for hedging				(782)				
Interest rate swaps used for trading		(1,467)						
Contingent consideration	10		(10,250)					
		<u>(1,467)</u>	<u>(10,250)</u>	<u>(782)</u>	—	—	—	—
Financial liabilities not measured at fair value (*)								
Bank overdraft	10							(2,944)
Secured bank loans	10							(52,139)
Unsecured bank loans	10							(1,363)
Secured bonds issues	10							(272,627)
Unsecured bonds issues	10							(200,243)
Finance lease liabilities	10							(12,809)
Trade payables	11							(67,221)
Other payables	10							(135)
		—	—	—	—	—	—	<u>(609,482)</u>

(*) The Group has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amount is close to their fair value.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

AS AT JUNE 30, 2015

(21) Fair value of financial instruments and sensitivity analysis (Continued)

(b) Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

<u>Type</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Contingent consideration	<i>Discounted cash flows:</i> The fair value is determined considering the expected payment, discounted to present value using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of forecast EBITDA of the Ukrainian subsidiary.	<ul style="list-style-type: none"> • Forecast EBITDA (average of last 2 years—2013 and 2014—and 2015 budget figures) • Net financial position of the Ukrainian subsidiary as at June 30, 2015 • Risk-adjusted discount rate (8.0%) • Expected date of put option exercise 	<p>The estimated fair value would increase if:</p> <ul style="list-style-type: none"> • the EBITDA was higher • the Net financial position was higher • the risk-adjusted discount rate was lower • the expected date of put option was exercised early
Forward exchange contracts and interest rate swaps	<i>Market comparison technique:</i> The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable.	Not applicable.

Financial instruments not measured at fair value

<u>Type</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>
Secured bonds issues		
Finance lease liabilities	Discounted cash flows	Not applicable.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

AS AT JUNE 30, 2015

(21) Fair value of financial instruments and sensitivity analysis (Continued)

(ii) Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

<u>Thousands of Euros</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>
Balance at January 1	6,400	9,900
Loss included in “financial expense”		
– Net change in fair value (unrealised)	<u>900</u>	<u>350</u>
Balance at June 30	<u>7,300</u>	<u>10,250</u>

Sensitivity analysis

For the fair value of the contingent consideration, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

<u>Thousands of Euros</u>	<u>Increase/ (decrease) in unobservable inputs</u>	<u>Favourable/ (unfavourable) impact on profit or loss</u>
Forecast EBITDA	10%	(500)
	(10%)	500
Net financial position	+ 1 million €	(50)
	- 1 million €	50
Risk-adjusted discount rate	1%	600
	(1%)	(600)
Expected date of put option exercise	+ 1 year	400
	- 1 year	(400)

(22) Related party transactions

Intragroup transactions and balances between consolidated group companies are eliminated on consolidation and, therefore, do not appear in the condensed consolidated interim financial statements figures and are not disclosed in this report.

On December 31, 2014 Intesa Sanpaolo S.p.A. was considered to be a related party of the Group.

On March 24, 2015 Intesa Sanpaolo S.p.A. transferred to Manzoni S.r.l. by means of contribution in kind its “private equity” business including its participation held in GCL Holdings L.P. S.à r.l.. On March 31, 2015 the partial demerger of Manzoni into Melville S.r.l., pursuant to which participation held in GCL Holdings L.P. S.à r.l. has been assigned and transferred from Manzoni to Melville, became effective.

On April 21, 2015 NB Renaissance Partners Holdings S.à r.l., a newly established private equity fund sponsored by Intesa Sanpaolo S.p.A. and Neuberger Berman Group acquired approximately a 72% of share capital of Melville S.r.l., while Intesa Sanpaolo Group remaining as minority shareholding.

On the basis of the above, Intesa Sanpaolo S.p.A is no longer considered a related party of the Group, while Melville S.r.l. is considered a related party of GCL Holdings Group.

The relationships between Melville S.r.l. and the Group at June 30, 2015 are summarized below:

- at June 30, 2015, Melville S.r.l. has a representative on the board of directors and a representative on the board of statutory auditors of Guala Closures S.p.A.;
- at June 30, 2015, Melville S.r.l. has a representative on the board of directors of GCL Holdings GP S.à r.l. (General Partner of GCL Holdings S.C.A.);

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

AS AT JUNE 30, 2015

(22) Related party transactions (Continued)

- at June 30, 2015, Melville S.r.l. has a representative on the board of directors of GCL Holdings LP S.à r.l. (General Partner of GCL Holdings GP S.à r.l.);
- at June 30, 2015, Melville S.r.l. controls an ultimate beneficial voting interest of 19.6%, via an investment in GCL Holdings L.P. S.à r.l.

In addition, DLJ Merchant Banking Funds is considered to be a related party of the Group.

On March 31, 2014, the DLJ Merchant Banking Partners team spun-out from Credit Suisse to form aPriori Capital Partners L.P., which acts as the manager of the DLJ Merchant Banking Funds.

The transactions and relationships between DLJ Merchant Banking Funds and the Group for the period up to June 30, 2015 are summarized below:

- for the period up to June 30, 2015, aPriori Capital Partners L.P. had four representatives on the board of directors of GCL Holdings GP S.à r.l. (General Partner of GCL Holdings S.C.A.);
- for the period up to June 30, 2015, aPriori Capital Partners L.P. had two representatives on the board of directors of GCL Holdings LP S.à r.l.;
- for the period up to June 30, 2015, aPriori Capital Partners L.P. had five representatives on the board of directors of Guala Closures S.p.A.;
- for the period up to June 30, 2015, DLJMB Overseas Partners IV, L.P., DLJ Merchant Banking Partners IV (Pacific), L.P. DLJMB Offshore Partners IV, L.P., MBP IV Plan Investors, L.P. and DLJMB Overseas IV AIV, L.P. were collectively the beneficial owners of 58% of GCL Holdings S.C.A. via their indirect ownership of 35.4% of GCL Holdings L.P. S.à r.l.;
- transactions with aPriori Capital Partners L.P. took place on an arm's length basis.

Related parties also include a pension fund for employees of the former Metal Closures Ltd. (now Guala Closures UK Ltd.) managed by Metal Closures Group Trustees Ltd.. Considering the performance of the pension fund, the company was not required to transfer funds thereto. Employees have paid their contributions. Reference should be made to note 26) Employee benefits to the 2014 consolidated financial statements for additional information.

(23) Subsequent events

• Production reallocation

On September 1, 2015, the Group decided to close the Australian site of Acacia Ridge and reallocate its crown seals production to the other Australian Group plant located in Central West.

This industrial reorganization will allow the Group to improve the production efficiency.

Discussions are currently underway with the trade unions and local and regional authorities in order to deal with the plant closure.

The estimated plant shut-down expenses are in the region of € 1.0 million.

GCL HOLDINGS S.C.A. AND SUBSIDIARIES
2015 ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH THE REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ THEREON)



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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of GCL Holdings S.C.A., which comprise the consolidated statement of financial position as at December 31, 2015 and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 39 to 124.

General Partner's responsibility for the consolidated financial statements

The General Partner is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the Réviseur d'Entreprises agréé

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the Réviseur d'Entreprises agréé, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the General Partner, as well as evaluating the overall presentation of the consolidated financial statements.

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



Opinion

In our opinion, the consolidated financial statements as set out on pages 39 to 124 give a true and fair view of the consolidated financial position of GCL Holdings S.C.A. as of December 31, 2015, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The consolidated management report as set out on pages 8 to 33, which is the responsibility of the General Partner, is consistent with the consolidated financial statements.

Luxembourg, April 29, 2016

KPMG Luxembourg, Société coopérative
Cabinet de révision agréé

Fabien Hedouin

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Thousands of Euros)	December 31, 2014	December 31, 2015	Note
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	35,273	61,944	4
Current financial assets	148	87	5
Trade receivables	92,108	86,880	6
Inventories	64,307	67,301	7
Current direct tax assets	2,162	2,138	8
Current indirect tax assets	7,393	5,834	9
Financial derivative assets	66	—	10
Other current assets	3,730	3,468	11
Total current assets	205,186	227,652	
<i>Non-current assets</i>			
Non-current financial assets	222	465	12
Property, plant and equipment	202,825	186,144	13
Intangible assets	385,554	376,656	14
Deferred tax assets	9,171	8,060	15
Other non-current assets	699	504	16
Total non-current assets	598,471	571,828	
TOTAL ASSETS	803,657	799,480	
LIABILITIES AND EQUITY			
<i>Current liabilities</i>			
Current financial liabilities	12,820	13,283	17
Trade payables	54,344	67,140	18
Current direct tax liabilities	4,601	5,379	19
Current indirect tax liabilities	9,444	4,290	20
Current provisions	3,381	1,624	21
Financial derivative liabilities	3,036	1,071	22
Other current liabilities	22,178	22,872	23
Total current liabilities	109,804	115,659	
<i>Non-current liabilities</i>			
Non-current financial liabilities	530,480	546,814	17
Employee benefits	7,318	5,745	24
Deferred tax liabilities	19,134	15,959	15
Non-current provisions	686	148	21
Other non-current liabilities	166	112	25
Total non-current liabilities	557,784	568,778	
Total liabilities	667,588	684,438	
Share capital and reserves attributable to non-controlling interests	16,641	17,302	
Profit for the year attributable to non-controlling interests	7,156	7,397	
Equity attributable to non-controlling interests	23,796	24,699	27
<i>Equity attributable to the owners of the Company</i>			
Share capital	141	141	
Share premium and other similar reserves	295,228	295,228	
Translation reserve	(35,715)	(46,077)	
Hedging reserve	(1,170)	(974)	
Losses carried forward and other reserves	(121,604)	(145,874)	
Loss for the year	(24,607)	(12,100)	
Equity attributable to the owners of the Company	112,273	90,344	26
Total equity	136,069	115,043	
TOTAL LIABILITIES AND EQUITY	803,657	799,480	

The accompanying notes are an integral part of the consolidated financial statements.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (EXPENSE)**

<u>(Thousands of Euros)</u>	<u>2014</u>	<u>2015</u>	<u>Note</u>
Net revenue	487,794	520,533	28
Change in inventories of finished goods and semi-finished products	1,023	3,066	7
Other operating income	9,974	9,703	29
Costs for raw materials	(219,182)	(233,336)	30
Costs for services	(86,152)	(91,083)	31
Personnel expense	(90,719)	(94,036)	32
Other operating expense	(12,295)	(11,577)	33
Amortization, depreciation and impairment losses	(39,396)	(37,583)	13 - 14
Operating profit	51,046	65,686	
Financial income	7,756	11,100	34
Financial expense	(53,812)	(59,744)	35
Net finance costs	(46,056)	(48,644)	
Profit before taxation	4,990	17,042	
Income taxes	(22,441)	(21,745)	37
Loss for the year	(17,452)	(4,703)	

OTHER COMPREHENSIVE INCOME (EXPENSE)

Items that will never be reclassified to profit or loss:			
Actuarial gains/(losses) on the defined benefit liability (asset)	(821)	337	24
	<u>(821)</u>	<u>337</u>	
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations	(13,107)	(12,341)	
Effective portion of fair value gains (losses) of cash flow hedges	(273)	(47)	
Net change in fair value of cash flows hedges reclassified to profit or loss	350	318	
Income taxes on other comprehensive income	(21)	(75)	
	<u>(13,051)</u>	<u>(12,145)</u>	
Total comprehensive expense for the year, net of tax	(13,872)	(11,808)	
Total comprehensive expense for the year	(31,324)	(16,511)	
Profit (loss) attributable to:			
owners of the Company	(24,607)	(12,100)	
non-controlling interests	7,156	7,397	
Total comprehensive income (expenses) attributable to:			
owners of the Company	(35,174)	(21,929)	
non-controlling interests	3,850	5,418	

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

<u>(Thousands of Euros)</u>	<u>2014</u>	<u>2015</u>	<u>Note</u>
Opening cash and cash equivalents	41,197	35,273	4
A) Cash flows generated by operating activities			
Profit before taxation	4,990	17,042	
Amortization, depreciation and impairment losses	39,396	37,583	6 - 13 - 14
Net finance costs	46,056	48,645	34 - 35
Change in:			
Receivables, payables and inventory	(9,544)	10,626	6 - 7 - 18
Other	(169)	(1,164)	
VAT and indirect tax assets/liabilities	1,616	(2,565)	9 - 20
Income taxes paid	(21,207)	(24,112)	8 - 19 - 37
TOTAL	61,138	86,053	
B) Cash flows used in investing activities			
Acquisitions of property, plant and equipment and intangibles	(33,848)	(22,742)	13 - 14 - 23
Proceeds from sale of property, plant and equipment and intangibles . . .	350	116	13 - 14
Change in non-current assets classified as held for sale	8	—	
TOTAL	(33,490)	(22,626)	
C) Cash flows used in financing activities			
Acquisition of non-controlling interest in Guala Closures China BV	(224)	—	
Acquisition of non-controlling interest in Guala Closures Argentina	(1,030)	(689)	
Interest received	276	948	34
Interest paid	(41,349)	(40,422)	35
Other financial items	123	(1,148)	10 - 22 - 34 - 35
Dividends paid to non-controlling interest	(6,555)	(3,858)	
Proceeds from new borrowings	35,320	19,733	
Repayment of borrowings	(18,185)	(6,720)	
Repayment of finance leases	(2,092)	(2,007)	
Change in financial assets	63	(132)	
TOTAL	(33,653)	(34,296)	
D) Net cash flow for the period (A+B+C)	(6,005)	29,132	
Effect of exchange rate fluctuations on cash held	81	(2,460)	
Closing cash and cash equivalents	35,273	61,945	4

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Thousands of €)	Attributable to the owners of the Company						
	Share capital	Share premium and other reserves	Translation reserve	Hedging reserve	Losses carried forward and other reserves	Loss for the year	Equity attributable to the owners of the parent
Balance at January 1, 2014	141	295,228	(25,911)	(1,226)	(101,630)	(18,303)	148,299
Allocation of 2013 profit (loss)					(18,303)	18,303	—
Profit (loss) for the year ended December 31, 2014						(24,607)	(24,607)
Other comprehensive expense			(9,804)	56	(819)		(10,567)
Total comprehensive expense for the year	—	—	(9,804)	56	(19,122)	(6,304)	(35,174)
Dividends to non-controlling interests							—
Total contributions by and distributions to owners of the Company	—	—	—	—	—	—	—
Acquisition of non-controlling interests without a change in control (*)					(852)		(852)
Total changes in ownership interests in subsidiaries	—	—	—	—	(852)	—	(852)
December 31, 2014	141	295,228	(35,715)	(1,170)	(121,604)	(24,607)	112,273
Balance at January 1, 2015	141	295,228	(35,715)	(1,170)	(121,604)	(24,607)	112,273
Allocation of 2014 profit (loss)					(24,607)	24,607	—
Profit (loss) for the year ended December 31, 2015						(12,100)	(12,100)
Other comprehensive expense			(10,362)	196	337		(9,829)
Total comprehensive expense for the year	—	—	(10,362)	196	(24,270)	12,507	(21,929)
Dividends to non-controlling interests							—
Total contributions by and distributions to owners of the Company	—	—	—	—	—	—	—
December 31, 2015	141	295,228	(46,077)	(974)	(145,874)	(12,100)	90,344

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(*) The acquisition of non-controlling interests without a change in control does not include € 475 thousand of translation adjustments and other comprehensive expense.

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT DECEMBER 31, 2015

GENERAL INFORMATION

(1) The Group's activities and key changes in its structure during the year

The Group's main activities involve the design and manufacturing of closures for spirits, wine and non-alcoholic drinks such as water, olive oil and vinegar, as well as pharma products to be sold on the domestic and international markets.

The Group is also active in the field of production of PET plastic preforms and bottles.

The Group's activities are separated into two divisions:

- the Closures division, representing the Group's core business, specialized in the production of safety closures (safety product line), standard aluminum closures, customized plastic and aluminum closures (decorative product line) and closures for other sectors and accessories; the division also produces aluminum, plastic and rubber closures for the pharmaceutical sector;
- the PET division, which produces preforms and bottles for carbonated soft drinks (CSD product line) and preforms, bottles, molds, jars, flasks and miniature drinks bottles and containers for cosmetics, beauty products and pharmaceuticals and foodstuffs (custom molding product line). This division is no longer considered as a core business.

Currently, the Group is the European and international leader in the production of safety closures for spirits bottles, with over 60 years' experience in the sector.

It is also the leading European producer of aluminum closures for spirits bottles.

The following transactions took place in 2015:

• Merger between group companies:

On February 9, 2015, the merger between Guala Closures International B.V. and Guala Closures China B.V. was completed (effective from January 1, 2015).

On June 19, 2015, the merger between Guala Closures International B.V. and Guala Closures Patents B.V. was completed (effective from January 1, 2015).

The purpose of the above mergers is to concentrate and rationalize the resources of the companies, realising cost savings and, as a result, increasing the overall efficiency of the Group's structure.

• Incorporation of Guala Closures Chile SpA:

On September 1, 2015, Guala Closures Chile SpA was incorporated. The Group decision to install production capacity locally is aimed at better serve and further develop the Chilean market.

• Production reallocation:

On September 1, 2015, the Group decided to close the Australian site of Acacia Ridge and reallocate its crown seals production to the other Australian Group plant located in Central West in the second quarter of 2016.

This industrial reorganization will allow the Group to improve production efficiency.

The estimated plant shut-down expenses are in the region of € 0.9 million, of which € 0.2 million already paid in 2015 and the remaining € 0.7 million to be paid in 2016.

(2) Accounting policies

The consolidated financial statements at December 31, 2015 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and endorsed by the European Union ("EU"), and related interpretations. They include the financial information of the parent and all subsidiaries shown in the Group structure at December 31, 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(2) Accounting policies (Continued)

The consolidated financial statements have been prepared on a historical cost basis, except for derivatives which are measured at fair value, and on a going concern basis. Business risks and/or any identified uncertainties related to the Group's reference markets are not significant and do not cast doubts on its ability to continue as a going concern.

The consolidated financial statements have been prepared using the following formats:

- captions of the statement of financial position are classified by current and non-current assets and liabilities;
- statement of profit or loss and other comprehensive income ("OCI") captions are classified by nature;
- the statement of cash flows has been prepared using the indirect method;
- the statement of changes in equity has been prepared in accordance with the structure of changes in equity.

The consolidated financial statements have been prepared in Euros, which is the Group's presentation currency, rounding the amounts to the nearest thousand. Any discrepancies between financial statements balances and those of the tables of the notes to the consolidated financial statements are due exclusively to rounding and do not alter their reliability or substance.

GCL Holdings S.C.A.'s Board of Managers approved the consolidated financial statements on April 28, 2016.

The shareholders who will be called to approve the parent's annual accounts have the power to request changes to the consolidated financial statements.

The most important accounting policies used by the Group to draw up its consolidated financial statements are consistent with those used for the consolidated financial statements as at and for the year ended December 31, 2014 apart from that stated in paragraph (c) Changes in accounting standards. They are described below.

The accounting policies have been applied consistently across all group companies.

(a) Basis of consolidation

Accounting for business combinations

Business combinations are accounted for using the acquisition method at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Acquisitions on or after January 1, 2010

For acquisitions on or after January 1, 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss in the other income caption.

The consideration transferred does not include amounts related to the settlement of preexisting relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(2) Accounting policies (Continued)

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for in equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Acquisitions between January 1, 2004 and January 1, 2010

For acquisitions between January 1, 2004 and January 1, 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations, were capitalised as part of the cost of the acquisition.

Acquisitions prior to January 1, 2004 (date of transition to IFRSs)

As part of its transition to IFRSs, the Group elected to restate only those business combinations that occurred on or after January 1, 2004. In respect of acquisitions prior to January 1, 2004, goodwill represents the amount recognised under the Group's previous accounting framework, Italian GAAP.

Accounting for acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(2) Accounting policies (Continued)

The entities included in the consolidation scope are listed in the following table:

List of investments in subsidiaries at December 31, 2015

<u>Company name</u>	<u>Registered office</u>	<u>Currency</u>	<u>Share/quota capital</u>	<u>Investment percentage</u>	<u>Type of investment</u>	<u>Method of consolidation</u>
EUROPE						
Guala Closures S.p.A.	Italy	EUR	74,624,491	100%	Direct	Line-by-line
Guala Closures International B.V.	The Netherlands	EUR	92,000	100%	Indirect(*)	Line-by-line
Pharma Trade S.r.l.	Italy	EUR	100,000	100%	Indirect(*)	Line-by-line
Guala Closures UK Ltd.	Great Britain	GBP	134,000	100%	Indirect(*)	Line-by-line
Guala Closures Iberica, S.A.	Spain	EUR	2,479,966	100%	Indirect(*)	Line-by-line
Guala Closures Ukraine LLC.	Ukraine	UAH	90,000,000	70%	Indirect(*)	Line-by-line
Guala Closures Bulgaria AD.	Bulgaria	BGN	10,420,200	70%	Indirect(*)	Line-by-line
Guala Closures Tools AD.	Bulgaria	BGN	2,375,700	70%	Indirect(*)	Line-by-line
Guala Closures DGS Poland S.A.	Polonia	PLN	595,000	70%	Indirect(*)	Line-by-line
ASIA						
Guala Closures India pvt Ltd.	India	INR	170,000,000	95.0%	Indirect(*)	Line-by-line
Beijing Guala Closures Co. Ltd.	China	CNY	20,278,800	100%	Indirect(*)	Line-by-line
Guala Closures Japan KK.	Japan	JPY	5,000,000	100%	Indirect(*)	Line-by-line
LATIN AMERICA						
Guala Closures de Mexico, S.A. de C.V.	Mexico	MXN	94,630,010	100%	Indirect(*)	Line-by-line
Guala Closures Servicios Mexico, S.A. de C.V. ...	Mexico	MXN	50,000	100%	Indirect(*)	Line-by-line
Guala Closures Argentina S.A.	Argentina	ARS	17,702,910	98.38%	Indirect(*)	Line-by-line
Guala Closures do Brasil LTDA.	Brazil	BRL	10,736,287	100.00%	Indirect(*)	Line-by-line
Guala Closures de Colombia LTDA.	Colombia	COP	8,691,219,554	93.20%	Indirect(*)	Line-by-line
Guala Closures Chile SpA.	Chile	CLP	36,729,000	100%	Indirect(*)	Line-by-line
OCEANIA						
Guala Closures New Zealand Ltd.	New Zealand	NZD	5,700,000	100%	Indirect(*)	Line-by-line
Guala Closures Australia Holdings Pty Ltd.	Australia	AUD	34,450,501	100%	Indirect(*)	Line-by-line
Guala Closures Australia Pty Ltd.	Australia	AUD	810	100%	Indirect(*)	Line-by-line
AFRICA						
Guala Closures South Africa Pty Ltd.	South Africa	ZAR	60,000,000	100%	Indirect(*)	Line-by-line
REST OF THE WORLD						
Guala Closures North America, Inc.	United States	USD	60,000	100%	Indirect(*)	Line-by-line

Note:

(*) Reference should be made to the chart illustrating the Group structure for further details on the indirect investments.

The table does not include the figures for Metal Closures Group Trustee Ltd. (the company that manages the Metal Closures pension schemes—see note 24) “Employee benefits”) as they are not consolidated due to their immaterial size.

Consolidation procedures

The financial statements of the subsidiaries are prepared for each reporting period using the same accounting policies as those of the parent. Consolidation adjustments are recognized to make those captions impacted by the application of different accounting policies consistent. All intragroup balances and transactions, including any unrealized profits on transactions within the Group, are completely eliminated. Unrealized losses, other than impairment losses, are eliminated. The related tax effects are measured on all consolidation adjustments.

(b) Use of estimates and judgments

Following the adoption of IFRS, management has to make judgments, estimates and assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, costs and revenue. Estimates and the related assumptions are based on past experience and other factors considered to be reasonable in the circumstances. They are adopted to estimate the carrying amount of assets and liabilities that cannot easily be assumed from other sources. However, as they are estimates, the actual figure may not match the result of the estimate. Information about assumptions and estimation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(2) Accounting policies (Continued)

uncertainties that have a significant risk of resulting in a material adjustment in the year ending December 31, 2015 is included in the following notes: allowances for impairment and inventory write-down (note 7), amortization and depreciation (notes 13-14), impairment of non-current assets (note 14), employee benefits (note 24), taxes (note 37), provisions (note 21), and to measure financial derivatives (notes 10-22) and effects of business combinations.

Such estimates and assumptions are reviewed regularly. Any changes arising therefrom are recognized in the year in which the review takes place if this only affects that year. If the review relates to both current and future years, the change is recognized in the year in which the review takes place and in the related future year.

(c) Changes in accounting standards

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of January 1, 2015:

- Accounting for an obligation to pay a levy that is not income tax (IFRIC Interpretation 21—Levies and interpretation of IAS 37—Provisions, contingent liabilities and contingent assets). The interpretation, effective from January 1, 2015, sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation identifies the obligations event for the recognition of a liability as the activity that triggers the payment of the levy. There was no significant effect on the consolidated financial statements from the application of this interpretation.
- IASB issued Annual Improvements to IFRSs 2011–2013 Cycle. The most important topics addressed in these amendments are, among others, the extension of the exclusion from the scope of IFRS 3—Business combinations to all types of joint arrangements and to clarify the application of certain exceptions in IFRS 13—Fair value measurement. The improvements are effective for annual periods beginning on or after January 1, 2015.

The application of these amendments had no significant effect on the disclosures presented in these consolidated financial statements or on the measurement of the related items.

(d) Foreign currency

Functional currency and presentation currency

The figures stated in the financial statements of each group company are measured using their functional currency, being the currency of the primary economic environment in which the company operates. The consolidated financial statements are drawn up in Euros, the parent's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions, including the effects of fair value adjustments arising from business combinations and goodwill from acquisitions of entities whose functional currency is not the Euro, are translated into the functional currency applying the exchange rate ruling on the date of the transaction. Monetary items in foreign currency existing at the reporting date are translated into Euros using the closing rate. Exchange rate gains and losses are taken to profit or loss. Non-monetary items measured at their historical cost in foreign currency are translated using the exchange rate ruling on the transaction date. Non-monetary items measured at fair value in foreign currency are translated into Euros using the exchange rates ruling on the date their fair value was determined.

Financial statements of the foreign companies

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Euros at the closing rates. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated into Euros at the exchange rates at the dates of the transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(2) Accounting policies (Continued)

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

The following exchange rates are applied to translate those financial statements presented in currencies that are not legal tender in Luxembourg:

Statement of financial position

<u>1 Euro = x foreign currency</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Pound sterling	0.77890	0.73395
US dollar	1.21410	1.08870
Indian rupee	76.71900	72.02150
Mexican peso	17.86790	18.91450
Colombian peso	2,892.26000	3,456.01000
Brazilian real	3.22070	4.31170
Chinese renmimbi	7.53580	7.06080
Argentinean peso	10.27550	14.09720
Polish zloty	4.27320	4.26390
New Zealand dollar	1.55250	1.59230
Australian dollar	1.48290	1.48970
Ukrainian hryvnia	19.20600	26.15870
Bulgarian lev	1.95580	1.95580
South African Rand	14.03530	16.95300
Japan Yen	145.23000	131.07000
Chilean peso	n.a.	772.71300

Statement of profit or loss and other comprehensive income(expense)

<u>1 Euro = x foreign currency</u>	<u>2014</u>	<u>2015</u>
Pound sterling	0.80643	0.72600
US dollar	1.32884	1.10963
Indian rupee	81.06888	71.17522
Mexican peso	17.66208	17.59948
Colombian peso	2,654.99398	3,042.08500
Brazilian real	3.12277	3.69160
Chinese renmimbi	8.18825	6.97300
Argentinean peso	10.77447	10.24954
Polish zloty	4.18447	4.18279
New Zealand dollar	1.59986	1.59067
Australian dollar	1.47240	1.47648
Ukrainian hryvnia	15.87113	24.28918
Bulgarian lev	1.95580	1.95580
South African Rand	14.40652	14.15280
Japan Yen	140.37150	134.28657
Chilean peso	n.a.	766.55400

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(2) Accounting policies (Continued)

(e) Cash and cash equivalents

Cash and cash equivalents include cash balances and on-demand deposits as well as all highly-liquid investments with an original expiry date equal to or of less than three months.

Cash and cash equivalents are calculated in the same way for both the statement of financial position and statement of cash flows.

(f) Derivatives

The Group uses derivatives solely to hedge interest rate risks, the risk of fluctuations in the purchase price of aluminum and currency risk related to purchase and sales transactions.

In line with its treasury policy, the Group does not hold or issue derivatives for speculative or trading purposes. Nevertheless, those derivatives that do not qualify for hedge accounting are recognized as trading instruments.

Derivative financial assets and liabilities are initially measured at fair value which is then remeasured at each reporting date.

The fair value of interest rate swaps is the present value of the difference between the rate to pay/receive and the interest rate based on market trends at the same date as the swap.

The fair value of currency swaps, currency options and derivatives related to the price of raw materials is calculated by leading financial institutions on the basis of market conditions.

To reduce the risk of default, the counterparties in the derivative contracts are usually leading banks and financial institutions.

Cash flow hedges

The effective part of changes in the fair value of those derivatives that qualify as cash flow hedges and which are highly effective is recognized in other comprehensive income and presented in the hedging reserve in equity. The amounts included in this reserve and subsequent changes in the fair value of the derivatives are reclassified to profit or loss in the year in which the flows generated by the hedged captions affect profit and loss.

Changes in the fair value of those derivatives that do not qualify as cash flow hedges and the ineffective portion of those which do qualify are recognized in profit or loss.

(g) Trade and other receivables

Trade and other receivables with due dates in line with generally accepted current trade terms are initially recognized at fair value, which generally equals their nominal amount. They are subsequently measured at amortized cost, net of identified impairment losses. The estimate of the amounts considered unrecoverable is based on the present value of estimated future cash flows.

Impairment losses are recognized in profit and loss under amortization, depreciation and impairment losses.

(h) Inventories

Inventories are measured at the lower of purchase or production cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

The production cost of finished goods includes the portions of the costs of raw materials and external materials and processing, as well as all other direct and indirect production costs reasonably attributable to the products, excluding financial expense.

Purchase or production cost is calculated on a weighted average cost basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(2) Accounting policies (Continued)

Obsolete and/or slow-moving inventories are written down on the basis of their estimated possibility of use or future realizable value, through an accrual to the specific allowance adjusting the value of inventories. The amount is reinstated if, in subsequent years, the reasons for the write-down no longer exist.

(i) Assets held for sale and discontinued operations

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets or employee benefit assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognized in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated.

(j) Property, plant and equipment

Property, plant and equipment are recognized at historical cost, including directly related ancillary costs necessary for the use of the asset. Borrowing costs related to loans taken out specifically for investments in property, plant and equipment are considered part of the carrying amount of the related assets and, as such, capitalized.

Subsequent expenditure is included in an asset's carrying amount when it is probable that the future economic benefits exceeding those determined originally will flow to the Group. This expenditure is depreciated over the related asset's residual useful life. All other expenditure is expensed in the year in which it is incurred.

Where significant components of the asset have different useful lives, they are recognized separately.

Property, plant and equipment are shown net of accumulated depreciation and any impairment losses determined as set out later on.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The depreciation periods are as follows:

	<u>Depreciation period (years)</u>
Buildings	30 – 35
Light constructions	8 – 10
Specific plant, machinery, presses and molds	4 – 12
Generic plant	10 – 13
Laboratory equipment	2 – 3
Canteen equipment, office furniture and equipment and fittings for exhibitions and trade fairs	8 – 10
Vehicles, canteen facilities	4 – 6
Internal means of transport, electronic equipment and mobile phones	5 – 8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(2) Accounting policies (Continued)

The carrying amount of property, plant and equipment is tested for impairment if events or changed circumstances suggest that the carrying amount may not be recovered. If there is an indication of this type and in the event the carrying amount exceeds the estimated realizable value, the assets are adjusted to their realizable value. The realizable value of property, plant and equipment is the higher of an asset's net selling price and its value in use. Value in use is defined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market estimate of the time value of money and specific risks of the item of property, plant and equipment. Impairment losses are recognized in profit or loss under amortization, depreciation and impairment losses. Such impairment losses are reversed if the reasons for impairment are no longer valid.

Subsequent expenditure is included in an asset's carrying amount when it is probable that the future economic benefits exceeding those determined originally will flow to the Group. This expenditure is depreciated over the related asset's residual useful life. All other expenditure is expensed in the year in which it is incurred.

At the time of disposal or when there are no expected future economic benefits from an asset's use, the caption is derecognized. Any gain or loss (calculated as the difference between the sales amount and carrying amount) is taken to profit or loss in the year of derecognition.

(k) Leases

Finance leases

Leases for property, plant and equipment where the Group substantially takes on all risks and rewards incidental to ownership are classified as finance leases. Plant and machinery acquired under finance leases are recognized at the lower of fair value and the present value of the minimum lease payments due at the inception of the lease, net of accumulated depreciation and any impairment losses. The related assets, liabilities, revenue and expense deriving from the lease are recognized under the financial method at the inception of the lease, i.e., when the lessee is authorized to exercise its right to use the leased asset.

Property, plant and equipment acquired under finance leases are depreciated over the related asset's useful life.

Interest expense on finance lease payments is recognized in profit or loss using the effective interest method.

Operating leases

Those leases where the Group does not substantially take on all risks and rewards incidental to ownership are recognized as operating leases. Operating lease payments are taken to profit or loss on a straight-line basis over the lease term.

(l) Intangible assets

Goodwill

Goodwill arising from the acquisition of subsidiaries is initially recognized at cost. After initial recognition, goodwill is adjusted for any accumulated impairment losses, determined using the criteria described later on.

Goodwill is tested for impairment on an annual basis at least, or more frequently if events or changes in circumstances take place that could give rise to impairment losses. At the date of acquisition, any goodwill is allocated to each of the cash-generating units that are expected to benefit from the synergic effects of the acquisition. Any impairment losses are identified through assessment of each unit's ability to generate cash flows such to recover the part of goodwill allocated to it, using the method described in the section on Property, plant and equipment. An impairment loss is recognized in the event the amount recoverable by the cash-generating unit is less than its carrying amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(2) Accounting policies (Continued)

These impairment losses are not reversed if the reasons for impairment are no longer valid.

Research expenditure

Expenditure on research undertaken to gain scientific and technical knowledge and information is recognized as an expense when incurred.

Development expenditure

Development expenditure, which also relates to the application of research findings to a plan or design for the production of new or substantially improved products or processes, is capitalized when the product or process is feasible in technical and commercial terms and the Group has adequate resources to complete the development stage.

Capitalized development expenditure is measured at cost, net of accumulated amortization and impairment losses.

Other intangible assets

These assets are measured at cost, determined in the same way as described for property, plant and equipment.

Other intangible assets, which all have a finite useful life, are subsequently shown net of accumulated amortization and any impairment losses, determined in the same way as described for property, plant and equipment.

Useful life is checked annually and, where necessary, any changes are reflected on a prospective basis.

The amortization periods for other intangible assets are as follows:

	Amortization period (years)
Development expenditure	5
Patents and trademarks	5 – 10
Software	5
Licenses	5
Other capitalized expenditure	5 or in line with the contract term

Subsequent expenditure is included in an asset's carrying amount when it is probable that the future economic benefits exceeding those determined originally will flow to the Group. This expenditure is amortized over the related asset's residual useful life. All other expenditure is expensed in the year in which it is incurred.

The gain or loss arising from the disposal of an intangible asset is determined as the difference between the net disposal proceeds and carrying amount. It is recognized in profit or loss at the time of disposal.

(m) Income taxes

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in the consolidated statement of equity or in OCI.

Current tax comprises the expected tax payable or receivable on the taxable profit or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantially enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax also includes any tax arising from dividends and any interest and penalties enacted by the tax administration following their review of the tax position of previous fiscal years for which a difference is tax due was highlighted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(2) Accounting policies (Continued)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The income tax consequences of dividends are recognized when the dividend is approved.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(n) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets in the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets.

Held-to-maturity investments

If the Group has the positive intent and ability to hold debt instruments to maturity, then such financial assets are classified as held to maturity. Held-to-maturity investments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(2) Accounting policies (Continued)

maturity investments are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available for sale, and prevent the Group from classifying investment securities as held to maturity for the current and following two years.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt instruments.

(o) Non-derivative financial liabilities

The Group initially recognises debt instruments issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Group classifies non-derivative financial liabilities in the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a decrease in equity, net of any tax effects.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(2) Accounting policies (Continued)

Business combinations

When as a result of a takeover/acquisition of control not involving the entire stake in the acquiree, the Group has the potential obligation to acquire the residual investment in the acquiree should the non-controlling investors exercise a put option and the non-controlling investor still has present access to the economic benefit associated with the underlying ownership interests, it recognizes a liability calculated by discounting the estimated value at the exercise date using the present access method whereby a liability is recognized decreasing the equity caption "Retained earnings (losses carried forward)" in the first year, with subsequent remeasurement recognized in profit or loss as financial expense.

(p) Trade payables

Trade payables with due dates in line with generally accepted trade terms are initially recognized at fair value and subsequently measured at amortized cost.

(q) Employee benefits

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

IFRIC 14 clarifies the provisions of IAS 19 "Employee benefits" with respect to the measurement of defined benefit plan assets when there is a minimum funding requirement. A defined benefit plan is in surplus when the fair value of the plan assets exceeds the present value of the defined benefit obligation. IFRIC 14/IAS 19 only permit the recognition of this surplus at the present value of the financial benefits available through refunds or reductions in future contributions. Moreover, disclosure is required when the plan requires a minimum contribution that could give rise to a liability.

The post-employment benefits in Italy (TFR, trattamento di fine rapporto) are treated in the same way as benefit obligations arising from defined benefit plans.

(r) Provisions

Provisions include certain or probable costs and charges, the amount or due date of which is unknown at year end. A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow from the Group of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation. The

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(2) Accounting policies (Continued)

provisions are stated as the best estimate of the expenditure required to settle the obligation at the reporting date or to transfer it to a third party at that date. If the impact of discounting the time value of money is significant, the provision is determined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

(s) Revenue

Revenue is recognized to the extent that it is possible to reliably determine its amount and it is probable that the related economic benefits will flow to the Group. Revenue is recognized using the following criteria depending on the type of transaction:

- revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have been transferred to the buyer;
- recovery of the consideration is probable and the associated costs and possible return of goods can be estimated reliably;
- there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.
- revenue for services is recognized in relation to the stage of completion of the transaction at the reporting date.

Revenue is measured net of returns, trade discounts and volume rebates.

No revenue is recognized if significant uncertainties exist in relation to the collection of the related receivables net of any returns.

(t) Grants

Grants relating to assets and income are recognized when there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Grants related to assets are recognized as deferred revenue under Other liabilities in the statement of financial position and are taken to profit or loss on a systematic basis to offset them against the depreciation of the relevant assets. Grants relating to income are recognized under Other operating income.

(u) Financial income and expense

Financial income and expense are recognized on an accruals basis and calculated on the carrying amount of the related financial assets and liabilities using the effective interest method.

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Borrowing costs related to loans taken out specifically for investments in property, plant and equipment are considered part of the carrying amount of the related assets and, as such, capitalized.

(v) New standards and interpretations not adopted early

The following new standards and amendments applicable from January 1, 2016 were issued by the IASB. The Group is currently evaluating the implementation method and the impact of adoption of new standards and amendments effective after January 1, 2017 on the consolidated financial statements. It will comply with the relevant guidance no later than their respective effective dates.

- In November 2013, the IASB issued amendments to IAS 19—Employee benefits entitled “Defined Benefit Plans: Employee Contributions” which apply to contributions from employees or third parties to defined benefit plans in order to simplify their accounting in specific cases. No significant effect is expected from the adoption of these amendments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(2) Accounting policies (Continued)

- In September 2014, the IASB issued the Annual Improvements to IFRSs 2010—2012 Cycle. The most important topics addressed in these amendments are, among others, the definition of vesting conditions in IFRS 2—Share-based payments, the disclosure on judgment used in the aggregation of operating segments in IFRS 8—Operating Segments, the identification and disclosure of a related party transaction that arises when a management entity provides key management personnel service to a reporting entity in IAS 24—Related Party disclosures, the extension of the exclusion from the scope of IFRS 3—Business Combinations to all types of joint arrangements and to clarify the application of certain exceptions in IFRS 13—Fair value Measurement. No significant effect is expected from the adoption of these amendments.
- In May 2014, the IASB issued amendments to IFRS 11—Joint arrangements: Accounting for acquisitions of interests in joint operations which clarify the accounting for acquisitions of an interest in a joint operation that constitutes a business. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016 with earlier application permitted for any new acquisition. No significant effect is expected from the adoption of these amendments.
- In May 2014, the IASB issued an amendment to IAS 16—Property, Plant and Equipment and to IAS 38—Intangible Assets. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. These amendments are effective for annual periods beginning on or after January 1, 2016, with early application permitted. No significant effect is expected from the adoption of these amendments.
- In August 2014, the IASB issued an amendment to IAS 27—Separate Financial Statements which outlines the accounting and disclosure requirements for ‘separate financial statements’, which are financial statements prepared by a parent, or an investor in a joint venture or associate, where those investments are accounted for either at cost or in accordance with IAS 39—Financial instruments: Recognition and Measurement or IFRS 9—Financial instruments. The standard also outlines the accounting requirements for dividends and contains numerous disclosure requirements. No significant effect is expected from the adoption of these amendments.
- In December 2014, the IASB issued amendments to IAS 1—Presentation of Financial Statements as part of its major initiative to improve presentation and disclosure in financial reports. The amendments make clear that materiality applies to the whole financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that entities should use professional judgment in determining where and in what order information is presented in the financial disclosures. The amendments are effective for annual periods beginning on or after January 1, 2016 with early application permitted. No significant effect is expected from the adoption of these amendments.

(w) Standards, amendments and interpretations not yet applicable

The European Union had not yet completed its endorsement process for these standards and amendments at the date of these consolidated financial statements:

- Standards
 - In January 2014, the IASB issued IFRS 14—Regulatory deferral accounts that permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for ‘regulatory deferral account balances’ in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. Regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and statement of profit or loss and other comprehensive income, and specific disclosures are required.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(2) Accounting policies (Continued)

- In May 2014, the IASB issued IFRS 15—Revenue from contracts with customers. The standard requires an entity to recognize revenue upon transfer of control of goods or services to a customer at an amount that reflects the consideration it expects to receive. This new revenue recognition model defines a five-step process to achieve this objective. The updated guidance also requires additional disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. On September 11, 2015, the IASB issued an amendment to this standard, formalizing the deferral of the effective date for periods beginning January 1, 2018, with early application permitted.
- In July 2014, the IASB issued IFRS 9—Financial Instruments. The improvements introduced by the new standard include a logical approach for classification and measurement of financial instruments driven by cash flow characteristics and the business model in which an asset is held, a single “expected loss” impairment model for financial assets and a substantially reformed approach for hedge accounting. The standard is effective, retrospectively with limited exceptions, for annual periods beginning on or after January 1, 2018 with earlier application permitted.
- In January 2016, the IASB issued IFRS 16—Leases which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract and replaces the previous leases standard, IAS 17—Leases. IFRS 16, which is not applicable to service contracts, but is only applicable to leases or lease components of a contract, defines a lease as a contract that conveys to the customer (lessee) the right to use an asset for a period of time in exchange for consideration. IFRS 16 eliminates the classification of leases for the lessee as either operating leases or finance leases as required by IAS 17 and instead, introduces a single lessee accounting model whereby a lessee is required to recognize assets and liabilities for all leases with a term that is greater than 12 months, unless the underlying asset is of low value, and to recognize depreciation of lease assets separately from interest on lease liabilities in the income statement. As IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, a lessor will continue to classify its leases as operating leases or finance leases and to account for those two types of leases differently. IFRS 16 is effective from January 1, 2019, with early application allowed only if IFRS 15—Revenue from Contracts with Customers is also adopted.
- Amendments
 - In September 2014, the IASB issued narrow amendments to IFRS 10—Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures (2011). The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendments which were initially expected to be effective prospectively from January 1, 2016, have been postponed indefinitely by the IASB in planning a broader review that may result in a simplification of accounting of such transactions.
 - In September 2014, the IASB issued the Annual Improvements to IFRSs 2012-2014 cycle, a series of amendments to IFRSs in response to issues raised mainly on IFRS 5—Non-current assets held for sale and discontinued operations, on the changes of method of disposal, on IFRS 7 – Financial Instruments: Disclosures on the servicing contracts, on IAS 19—Employee benefits, on the discount rate determination. The effective date of the amendments is January 1, 2016. No significant effect is expected from the adoption of these amendments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(2) Accounting policies (Continued)

- In December 2014, IASB finalised amendments regarding the application of the investment entities exception and issued IFRS 10/12/IAS 28—Investment entity amendments. Such amendments involves a number of potential amendments to IFRS 10—Consolidated financial statements and IAS 28—Investments in associates and joint ventures (2011) to address issues that have arisen in relation to the exemption from consolidation for investment entities:
 - whether an investment entity parent should account for an investment entity subsidiary at fair value, when the subsidiary provides investment-related services to third parties;
 - the interaction between the investment entity amendments and the exemption from preparing consolidated financial statements requirements in IFRS 10;
 - whether a non-investment entity must ‘unwind’ the fair value accounting of its joint ventures or associates that are investment entities.

These amendments are effective for annual periods beginning on or after January 1, 2017, with earlier application permitted.

- In January 2016, the IASB issued amendments to IAS 12—Income taxes that clarify how to account for deferred tax assets related to debt instruments measured at fair value. These amendments are effective for annual periods beginning on or after January 1, 2017, with earlier application permitted.
- In January 2016, the IASB issued amendments to IAS 7—Statement of cash flows introducing additional disclosures that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments are effective from January 1, 2017, with earlier application permitted.

(x) Determination of fair value

Several standards and disclosure requirements require the determination of fair value of financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are classified into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1—quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2—inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3—inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are categorised into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the level of the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm’s length transaction after suitable negotiation wherein the parties had each acted knowledgeably. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(2) Accounting policies (Continued)

Intangible assets

The fair value of patents and trademarks acquired as part of a business combination is based on an estimate of the discounted amount of royalties that the Group expects to receive from ownership of such patents or trademarks (ideal royalty method), or replacement cost, if appropriate.

The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Inventories

The fair value of inventories acquired as part of a business combination is calculated using the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and a suitable profit margin based on the efforts required to complete or sell the inventories.

Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. Current receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

Derivatives

The fair values of commodities purchase forwards and interest rate swaps are based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values include adjustments to take account of the credit risk of the group entity and counterparty when appropriate.

Other non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

For finance leases, the market rate of interest is determined with reference to similar lease agreements.

(3) Operating segments

Reportable segments are the Group's strategic divisions as determined in accordance with the quantitative and qualitative requirements of IFRS 8.

The Group has only one reportable segment, the Closures division. The Group's CEO (the chief operating decision maker) reviews internal management reports on the reportable segment, the closures division, on at least a quarterly basis. The following summary describes the operations in this reportable segment.

The Closures division represents the Group's core business. Other operations include the PET division that does not meet any of the quantitative thresholds for determining reportable segments in 2015 or 2014 under IFRS 8.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(3) Operating segments (Continued)

Information regarding the results of the Group's reportable segment is included below. Performance is measured based on segment revenue and gross operating profit, depreciation and amortization, trade receivables, inventories, property, plant and equipment, trade payables and capital expenditure as included in the internal management reports that are reviewed by the CEO and by the board of directors.

Management considers the above information as the most suitable to evaluate the results of the segment compared to other entities that operate in these industries.

All other asset and liability figures are non reportable by segment as the management believes that the availability of such information by segment is not relevant.

<u>Thousands of Euros</u>	<u>Closures</u>		<u>Other Operations</u>		<u>Total</u>	
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>
External revenue	484,441	517,367	3,354	3,165	487,794	520,533
Gross operating profit	90,270	103,051	172	219	90,442	103,269
Depreciation and Amortization	(39,233)	(37,442)	(163)	(141)	(39,396)	(37,583)

<u>Thousands of Euros</u>	<u>Closures</u>		<u>Other Operations</u>		<u>Total</u>	
	<u>December 31, 2014</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Trade receivables	91,415	86,347	693	533	92,108	86,880
Inventories	63,891	66,788	416	513	64,307	67,301
Trade payables	(54,050)	(66,829)	(294)	(311)	(54,344)	(67,140)
Property, plant and equipment	202,153	185,580	672	564	202,825	186,144

<u>Thousands of Euros</u>	<u>Closures</u>		<u>Other Operations</u>		<u>Total</u>	
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>
Capital expenditure	32,633	22,987	36	32	32,669	23,020

Geographical information

The Closures segment operates from many manufacturing facilities primarily in Italy, India, Poland, the United Kingdom, Ukraine, Spain, Mexico, Australia, Argentina and South Africa.

In presenting information on the basis of geographical segments, segment revenue and segment assets are based on the geographical location of the assets/subsidiaries.

<u>Thousands of Euros</u>	<u>Net revenue</u>	
	<u>2014</u>	<u>2015</u>
Italy	69,360	67,702
Poland	59,918	59,364
India	55,843	62,879
UK	53,193	57,573
Ukraine	42,871	43,702
Spain	38,821	42,819
Australia	37,016	37,803
Mexico	24,243	38,905
Argentina	18,390	23,476
South Africa	17,295	19,286
Other countries and consolidation adjustments	70,846	67,023
Consolidated net revenue	<u>487,794</u>	<u>520,533</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(3) Operating segments (Continued)

<u>Thousands of Euros</u>	Non-current assets other than financial instruments and deferred tax assets: Property, plant and equipment and Intangible assets	
	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Italy	335,294	327,652
Australia	71,574	69,689
Poland	33,760	32,563
India	25,775	25,320
Spain	17,684	21,120
Mexico	17,922	15,361
Brasil	13,759	10,133
Ukraine	12,236	10,265
South Africa	12,029	9,780
Other countries and consolidation adjustments	48,347	40,918
Property, plant and equipment and Intangible assets	<u>588,379</u>	<u>562,800</u>

<u>Thousands of Euros</u>	Deferred Tax Assets	
	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Italy	4,149	2,993
Australia	1,372	1,661
Spain	802	763
Argentina	514	468
New Zealand	208	246
UK	127	53
Mexico	39	71
Other countries and consolidation adjustments	1,959	1,804
Consolidated Deferred Tax Assets	<u>9,171</u>	<u>8,060</u>

The Group is not exposed to significant geographical risks other than normal business risks.

Information about major customers

In the Closures segment, there is only one customer with a percentage of revenue (of total revenue) over 10%. The breadth and diversity of the Group's customer base results means that no one brand makes up more than 3% of net revenue over the last three years.

STATEMENT OF FINANCIAL POSITION

(4) Cash and cash equivalents

This caption represents the balance of the bank and postal accounts considering the nominal amount of the current accounts held with banks.

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Bank and postal accounts	31,420	54,054
Other cash equivalents	3,853	7,891
Total	<u>35,273</u>	<u>61,944</u>

The increase in Cash and cash equivalents of € 26.7 million is mainly due to the strong cash flows generated in the last quarter of 2015 and to cash held by the subsidiaries at year end which has not been distributed to the holding companies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(5) Current financial assets

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Current financial assets	148	87
Total	148	87

The carrying amount of Current financial assets approximates their fair value at the reporting date.

(6) Trade receivables

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Trade receivables	100,591	95,031
Allowance for impairment	(8,483)	(8,151)
Total	92,108	86,880

The allowance for impairment varied as follows:

<u>Thousands of Euros</u>	<u>2015</u>
Opening allowance for impairment	8,483
Exchange rate losses	(75)
Accrual	537
Utilization	(795)
Closing allowance for impairment	8,151

The allowance at December 31, 2015 includes about € 4.7 million related to few customers with overdue amount over 90 days (mainly denominated in Euros). The residual part relates to other customers that have indicated that they do not expect to be able to pay their outstanding balances, mainly due to their financial difficulties.

(7) Inventories

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014(*)</u>	<u>December 31, 2015</u>
Raw materials, consumables and supplies	32,508	34,111
(Allowance for inventory write-down)	(1,534)	(1,590)
Work in progress and semi-finished products	16,090	16,925
(Allowance for inventory write-down)	(739)	(572)
Finished products and goods	19,042	19,752
(Allowance for inventory write-down)	(1,453)	(1,493)
Payments on account	393	170
Total	64,307	67,301

(*) 2014 figures restated in order to be consistent with the 2015 classification

The changes in the caption are as follows:

<u>Thousands of Euros</u>	
Balance at January 1, 2015	64,307
Exchange rate losses	(3,804)
Change in raw materials, consumables and supplies	3,956
Change in finished goods and semi-finished products	3,066
Change in payments on account	(223)
Balance at December 31, 2015	67,301

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(7) Inventories (Continued)

The allowance for inventory write-down varied as follows:

<u>Thousands of Euros</u>	<u>December 31, 2015</u>
Opening allowance for inventory write-down	3,726
Exchange rate losses	(181)
Accrual	1,730
Utilization	<u>(1,619)</u>
Closing allowance for inventory write-down	<u>3,656</u>

(8) Current direct tax assets

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Current direct tax assets	<u>2,162</u>	<u>2,138</u>
Total	<u>2,162</u>	<u>2,138</u>

(9) Current indirect tax assets

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
VAT and other indirect taxes	<u>7,393</u>	<u>5,834</u>
Total	<u>7,393</u>	<u>5,834</u>

(10) Financial derivative assets

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Fair value of forward aluminum purchases	<u>66</u>	<u>—</u>
Total	<u>66</u>	<u>—</u>

(11) Other current assets

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Other receivables	<u>3,730</u>	<u>3,468</u>
Total	<u>3,730</u>	<u>3,468</u>

Other receivables at December 31, 2015 include, inter alia, advances to suppliers of € 1.8 million.

(12) Non-current financial assets

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Guarantee deposits—Guala Closures S.p.A.	<u>76</u>	<u>40</u>
Investments in other companies	<u>27</u>	<u>26</u>
Other financial assets	<u>119</u>	<u>399</u>
Total	<u>222</u>	<u>465</u>

The carrying amount of Non-current financial assets is consistent with their fair value at the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(13) Property, plant and equipment

The following tables show the changes in 2014 and 2015:

<u>Thousands of Euros</u>	<u>Land and buildings</u>	<u>Plant and machinery</u>	<u>Industrial and commercial equipment</u>	<u>Other assets</u>	<u>Assets under construction and payments on account</u>	<u>Total</u>
Historical cost at December 31, 2013 . . .	76,810	353,331	57,938	7,927	5,564	501,570
Accumulated depreciation and impairment at December 31, 2013 . . .	<u>(13,815)</u>	<u>(229,702)</u>	<u>(45,330)</u>	<u>(6,845)</u>	—	<u>(295,692)</u>
Carrying amount at December 31, 2013	<u>62,995</u>	<u>123,629</u>	<u>12,608</u>	<u>1,082</u>	<u>5,564</u>	<u>205,878</u>
Carrying amount at January 1, 2014 . . .	<u>62,995</u>	<u>123,629</u>	<u>12,608</u>	<u>1,082</u>	<u>5,564</u>	<u>205,878</u>
Exchange rate losses	(1,420)	(2,006)	204	20	(276)	(3,478)
Additions	330	7,367	166	169	23,345	31,377
Disposals	(23)	(283)	(16)	(26)	—	(348)
Impairment losses	(511)	(793)	—	—	—	(1,304)
Reclassifications	828	17,217	3,427	139	(21,619)	(8)
Depreciation	<u>(1,925)</u>	<u>(23,520)</u>	<u>(3,408)</u>	<u>(437)</u>	—	<u>(29,290)</u>
Historical cost at December 31, 2014 . . .	76,356	361,977	58,209	8,228	7,015	511,785
Accumulated depreciation and impairment at December 31, 2014 . . .	<u>(16,082)</u>	<u>(240,367)</u>	<u>(45,230)</u>	<u>(7,282)</u>	—	<u>(308,960)</u>
Carrying amount at December 31, 2014	<u>60,274</u>	<u>121,610</u>	<u>12,980</u>	<u>946</u>	<u>7,015</u>	<u>202,825</u>

<u>Thousands of Euros</u>	<u>Land and buildings</u>	<u>Plant and machinery</u>	<u>Industrial and commercial equipment</u>	<u>Other assets</u>	<u>Assets under construction and payments on account</u>	<u>Total</u>
Historical cost at December 31, 2014 . . .	76,356	361,977	58,209	8,228	7,015	511,785
Accumulated depreciation and impairment at December 31, 2014 . . .	<u>(16,082)</u>	<u>(240,367)</u>	<u>(45,230)</u>	<u>(7,282)</u>	—	<u>(308,960)</u>
Carrying amount at December 31, 2014	<u>60,274</u>	<u>121,610</u>	<u>12,980</u>	<u>946</u>	<u>7,015</u>	<u>202,825</u>
Carrying amount at January 1, 2015 . . .	<u>60,274</u>	<u>121,610</u>	<u>12,980</u>	<u>946</u>	<u>7,015</u>	<u>202,825</u>
Exchange rate losses	(3,077)	(4,379)	210	23	(249)	(7,473)
Additions	2,429	4,361	147	537	12,611	20,086
Disposals	(15)	(63)	(7)	(22)	(9)	(116)
Impairment losses	(11)	(694)	—	—	—	(705)
Reclassifications	1,195	12,042	2,204	49	(15,497)	(6)
Depreciation	<u>(1,950)</u>	<u>(22,897)</u>	<u>(3,219)</u>	<u>(402)</u>	—	<u>(28,468)</u>
Historical cost at December 31, 2015 . . .	76,358	367,584	59,780	8,815	3,870	516,407
Accumulated depreciation and impairment at December 31, 2015 . . .	<u>(17,512)</u>	<u>(257,603)</u>	<u>(47,465)</u>	<u>(7,684)</u>	—	<u>(330,263)</u>
Carrying amount at December 31, 2015	<u>58,846</u>	<u>109,981</u>	<u>12,315</u>	<u>1,131</u>	<u>3,870</u>	<u>186,144</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(13) Property, plant and equipment (Continued)

Property, plant and equipment include the amounts arising from internal work capitalized (reference should be made to note 29) “Other operating income” to these consolidated financial statements for further information).

The caption includes the carrying amount of leased assets (€ 17,094 thousand), against which the Group has recognized current financial liabilities (€ 1,899 thousand) and non-current financial liabilities (€9,881 thousand).

None of the Group’s property, plant and equipment has been pledged as collateral at year end, except for the items indicated in note 42) “Commitments and guarantees” to these consolidated financial statements.

The main investments of 2015 took place in Italy, Poland, India, Ukraine, China and Mexico. In particular, during 2015, the main investments were made for the sputtering technology in Italy, Ukraine and Mexico, for the capacity increase in India, for plant safety and for new projects in different countries.

During 2015, Guala Closures S.p.A. revised the useful life of some generic plant and equipment of Magenta plant (i.e. cutting and degreasing lines, which decreased from a rate of 15.5% to 7.75% and for the storage line that went from 10% to 5%) based on internal appraisal that show a longer useful life for such assets. The effect on the consolidated statement of profit or loss and other comprehensive income of the year is € 0.7 million of lower depreciation expenses.

Impairment losses in the year mainly refers to the impairment loss on the machines at the Indian plant.

(14) Intangible assets

The following tables show the changes in 2014 and 2015:

<u>Thousands of Euros</u>	<u>Development expenditure</u>	<u>Licences and patents</u>	<u>Goodwill</u>	<u>Other</u>	<u>Assets under development and payments on account</u>	<u>Total</u>
Historical cost at December 31, 2013 . . .	5,902	64,549	364,670	11,619	1,789	448,530
Accumulated amortisation and impairment at December 31, 2013 . . .	(5,552)	(41,336)	—	(4,223)	—	(51,111)
Carrying amount at December 31, 2013	350	23,213	364,670	7,397	1,789	397,418
Carrying amount at January 1, 2014 . . .	350	23,213	364,670	7,397	1,789	397,418
Exchange rate losses	(947)	(21)	(6,111)	(69)	925	(6,222)
Additions	7	52	—	114	1,478	1,651
Disposals	—	(1)	—	—	—	(1)
Reclassifications	1,856	1,016	—	—	(2,863)	8
Amortisation	(414)	(5,330)	—	(1,556)	—	(7,300)
Historical cost at December 31, 2014 . . .	6,797	65,588	358,559	11,535	1,329	443,808
Accumulated amortisation and impairment at December 31, 2014 . . .	(5,945)	(46,659)	—	(5,650)	—	(58,254)
Carrying amount at December 31, 2014	851	18,929	358,559	5,885	1,329	385,554

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(14) Intangible assets (Continued)

<u>Thousands of Euros</u>	<u>Development expenditure</u>	<u>Licences and patents</u>	<u>Goodwill</u>	<u>Other</u>	<u>Assets under development and payments on account</u>	<u>Total</u>
Historical cost at December 31, 2014 . . .	6,797	65,588	358,559	11,535	1,329	443,808
Accumulated amortisation and impairment at December 31, 2014 . . .	<u>(5,945)</u>	<u>(46,659)</u>	<u>—</u>	<u>(5,650)</u>	<u>—</u>	<u>(58,254)</u>
Carrying amount at December 31, 2014	<u>851</u>	<u>18,929</u>	<u>358,559</u>	<u>5,885</u>	<u>1,329</u>	<u>385,554</u>
Carrying amount at January 1, 2015 . . .	<u>851</u>	<u>18,929</u>	<u>358,559</u>	<u>5,885</u>	<u>1,329</u>	<u>385,554</u>
Exchange rate losses	(53)	154	(2,391)	(118)	(2)	(2,410)
Additions	—	—	—	7	1,137	1,144
Impairment losses	—	(126)	—	—	(56)	(183)
Reclassifications	511	348	—	—	(852)	6
Amortisation	<u>(454)</u>	<u>(5,472)</u>	<u>—</u>	<u>(1,529)</u>	<u>—</u>	<u>(7,455)</u>
Historical cost at December 31, 2015 . . .	7,254	65,963	356,168	11,424	1,555	442,365
Accumulated amortisation and impairment at December 31, 2015 . . .	<u>(6,400)</u>	<u>(52,131)</u>	<u>—</u>	<u>(7,179)</u>	<u>—</u>	<u>(65,709)</u>
Carrying amount at December 31, 2015	<u>855</u>	<u>13,833</u>	<u>356,168</u>	<u>4,245</u>	<u>1,555</u>	<u>376,656</u>

The fluctuation of the goodwill in respect of previous year may be analysed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Goodwill—Guala Closures Group	317,227	317,227
Acquisition of Guala Closures DGS Poland S.A.	24,812	24,864
Goodwill—Guala Closures Ukraine LLC	7,916	5,812
Acquisition of GC Bulgaria AD	3,203	3,203
Acquisition of Pharma Trade	2,512	2,512
Acquisition of MCL division by Guala Closures South Africa	1,985	1,646
Acquisition of GC Tools AD	722	722
Acquisition of Metalprint assets by Guala Closures S.p.A.	182	182
Total	<u>358,559</u>	<u>356,168</u>

Goodwill is tested for impairment annually.

For impairment testing purposes, it has been considered the goodwill accounted in relation to the Closures division.

These values have been analysed considering the entire GCL Holdings S.C.A. Group.

The recoverable amount of cash-generating units is based on a calculation of their value in use. This calculation uses projected consolidated cash flows based on the actual operating profit and the GCL Holdings S.C.A. Group five-year business plan. This business plan is put together considering the Group's approved budget figures for the first year and projecting the revenue and costs for the following four years using the historic trend adjusted for any new elements (average EBITDA growth rate of the next five years 11.3%; 2014:8.4%). Such growth rate is consistent with the management expectation of growth in high value safety closures, serving a blue-chip customer base across all geographies, especially in the developing countries.

In the 2015 valuation, the following assumptions are utilized, as additional improvement in respect to the past years calculation:

- WACC for the Closures division was weighted with the 2015 EBITDA% of each country in respect of the 2015 consolidated EBITDA, with a weighted average (consistently with the weighted average for the EBITDA in Terminal Value) of around 13.0%;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(14) Intangible assets (Continued)

- Long term growth rate “g”: it was utilized a value equal to 4.0%, calculated by weighting the estimates of inflation rate, with the 2015 EBITDA of each country in line with the calculation for the Terminal Value. Such rate “g” is consistent with both the Guala Closures Group’s historical growth rate and forecast future market developments.

Last year the impairment test was calculated with a WACC of 10% and a rate “g” of 1.6%. The increase in 2015 in the rate “g” and, proportionally of WACC, is the result of the Group’s significant growth in the developing countries that positively impact turnover and margins. Such increase in “g” rate has been negatively compensated by an increase in WACC due to the higher risk of such countries.

The resulting recoverable amount is greater than the carrying amount of goodwill and investments value accounted in the financial assets.

Management carried out a sensitivity analysis on the relevant underlying assumptions (growth rate +/- 1%; WACC +/-1%) and verified that the resulting recoverable amount is greater than the carrying amount of goodwill and investments value accounted in the financial assets as well.

Goodwill has never been impaired.

(15) Deferred tax assets and liabilities

The following table gives a breakdown of the captions at December 31, 2014 and 2015:

Thousands of Euros	Assets		Liabilities		Net balance	
	December 31, 2014	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014	December 31, 2015
Allowance for inventory write-down	902	832	(23)	(17)	880	816
Taxed allowance for receivables impairment	2,129	1,853	—	—	2,129	1,853
Provision	821	877	—	—	821	877
Other	436	261	(17)	(654)	419	(393)
Losses carried forward	279	160	—	—	279	160
Derecognition of intragroup profit on inventories	171	171	—	—	171	171
Intragroup gains	1,595	1,276	—	—	1,595	1,276
Leases	133	133	—	—	133	133
Property, plant and equipment and intangible assets	1,626	1,440	(16,036)	(12,689)	(14,410)	(11,249)
Employee benefits	554	664	(71)	(32)	483	632
Derivatives	449	374	—	—	449	374
Exchange rate gains/(losses)	75	19	(2,987)	(2,568)	(2,911)	(2,549)
TOTAL	9,171	8,060	(19,134)	(15,959)	(9,963)	(7,899)

Changes in net deferred tax assets/liabilities may be analyzed as follows:

Thousands of Euros	December 31, 2014	Changes in profit and loss	Changes in equity	Exchange rate gains/losses	December 31, 2015
Allowance for inventory write-down	880	(38)	—	(26)	815
Taxed allowance for receivables impairment	2,129	(137)	—	(139)	1,853
Provision	821	109	—	(52)	877
Other	419	(764)	—	(47)	(393)
Losses carried forward	279	(111)	—	(8)	160
Derecognition of intragroup profit on inventories	171	—	—	—	171
Intragroup gains	1,595	(319)	—	—	1,276
Leases	133	—	—	—	133
Property, plant and equipment and intangible assets	(14,410)	2,236	—	925	(11,249)
Employee benefits	483	275	—	(126)	632
Derivatives	449	—	(75)	—	374
Exchange rate gains/(losses)	(2,912)	197	—	166	(2,548)
TOTAL	(9,963)	1,448	(75)	691	(7,899)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(15) Deferred tax assets and liabilities (Continued)

Tax losses that can be carried forward at year end but that the Group has not considered in its calculation of the deferred tax assets in the statement of financial position total € 168,721 thousand. They may be used in accordance with the legislation of the different countries in which the companies to which they relate are based.

Tax losses that can be carried forward indefinitely amount to € 149,418 thousand and refer to Guala Closures S.p.A.. If recognized, potential deferred tax assets on total tax losses that can be carried forward would amount to € 46,000 thousand at December 31, 2015 (including € 41,090 thousand related to losses that can be carried forward indefinitely).

(16) Other non-current assets

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Tax assets	384	91
Other	<u>315</u>	<u>413</u>
Total	<u>699</u>	<u>504</u>

(17) Financial liabilities

This section provides information on the contractual terms governing the Group's bank overdrafts, borrowings and bonds.

Reference should be made to note 22) "Financial derivative liabilities" to these consolidated financial statements for further information on the Group's exposure to the risks of fluctuations in interest and exchange rates.

Reference should be made to note 42) "Commitments and guarantees" to these consolidated financial statements for information on the relevant guarantees given.

Financial liabilities at December 31, 2014 and 2015 are shown below:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Current financial liabilities		
Bonds	4,780	5,726
Bank loans and borrowings	6,069	5,569
Other financial liabilities	<u>1,971</u>	<u>1,988</u>
	<u>12,820</u>	<u>13,284</u>
Non-current financial liabilities		
Bonds	467,029	468,140
Bank loans and borrowings	41,557	55,236
Other financial liabilities	<u>21,894</u>	<u>23,438</u>
	<u>530,480</u>	<u>546,814</u>
Total	<u>543,301</u>	<u>560,098</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(17) Financial liabilities (Continued)

The terms and expiry dates of the financial liabilities at December 31, 2014 and 2015 are shown below:

Thousands of Euros	Total December 31, 2014	Nominal amount			Current	Non-current
		Within one year	From one to five years	After five years		
BONDS:						
HY Bonds issued by GCL Holdings S.C.A.—						
20/04/2011	200,000	—	200,000	—	—	200,000
Accrued interest—GCL Holdings S.C.A.	3,900	3,900	—	—	3,900	—
Transaction costs	(4,220)	—	—	(4,220)	—	(4,220)
TOTAL HY Bonds 2018 GCL Holdings S.C.A.	199,680	3,900	200,000	(4,220)	3,900	195,780
Floating Rate Senior Secured Notes due in 2019 issued						
by Guala Closures S.p.A.—13/11/2012	275,000	—	275,000	—	—	275,000
Accrued interest—Guala Closures S.p.A.	1,833	1,833	—	—	1,833	—
Transaction costs	(4,704)	(953)	(3,751)	—	(953)	(3,751)
TOTAL FRSN 2019 Guala Closures S.p.A.	272,129	880	271,249	—	880	271,249
TOTAL BONDS	471,809	4,780	471,249	(4,220)	4,780	467,029
BANK LOANS AND BORROWINGS:						
Senior Revolving Facility	40,000	—	40,000	—	—	40,000
Transaction costs	(1,480)	(515)	(966)	—	(515)	(966)
Total Senior Revolving Facility	38,520	(515)	39,034	—	(515)	39,034
Cassa di Risparmio di Alessandria loan	319	319	—	—	319	—
Accrued interest and expense—Guala Closures						
S.p.A.	656	656	—	—	656	—
Raiffeisen Bank overdraft (Ukraine)	318	318	—	—	318	—
Millennium Bank overdraft (Poland)	2,740	2,740	—	—	2,740	—
Banco Sabadell loan (Spain)	253	253	—	—	253	—
Bancolumbia loan (Colombia)	867	242	625	—	242	625
Bradesco / ITAU loan (Brazil)	855	273	583	—	273	583
Advances on receivables and loans (Argentina)	621	420	200	—	420	200
Scotiabank loan (Mexico)	2,477	1,362	1,115	—	1,362	1,115
TOTAL BANK LOANS AND BORROWINGS	47,626	6,069	41,557	—	6,069	41,557
OTHER FINANCIAL LIABILITIES:						
Guala Closures S.p.A. finance leases	13,730	1,882	8,757	3,091	1,882	11,848
Bulgarian companies finance leases	123	58	65	—	58	65
Liability to the Ukrainian non-controlling investors ...	9,900	—	—	9,900	—	9,900
Other liabilities	113	32	81	—	32	81
TOTAL OTHER FINANCIAL LIABILITIES	23,866	1,971	8,904	12,991	1,971	21,894
TOTAL	543,301	12,820	521,710	8,771	12,820	530,480

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(17) Financial liabilities (Continued)

Thousands of Euros	Total December 31, 2015	Nominal amount			Current	Non-current
		Within one year	From one to five years	After five years		
BONDS:						
HY Bonds issued by GCL Holdings S.C.A.— 20/04/2011	200,000	—	200,000	—	—	200,000
Accrued interest—GCL Holdings S.C.A.	3,906	3,906	—	—	3,906	—
Transaction costs	(3,079)	—	(3,079)	—	—	(3,079)
TOTAL HY Bonds 2018 GCL Holdings S.C.A.	200,827	3,906	196,921	—	3,906	196,921
Floating Rate Senior Secured Notes due in 2019 issued by Guala Closures S.p.A.—13/11/2012	275,000	—	275,000	—	—	275,000
Accrued interest—Guala Closures S.p.A.	1,820	1,820	—	—	1,820	—
Transaction costs	(3,781)	—	(3,781)	—	—	(3,781)
TOTAL FRSN 2019 Guala Closures S.p.A.	273,038	1,820	271,219	—	1,820	271,219
TOTAL BONDS	473,866	5,726	468,140	—	5,726	468,140
BANK LOANS AND BORROWINGS:						
Senior Revolving Facility	55,000	—	55,000	—	—	55,000
Transaction costs	(966)	—	(966)	—	—	(966)
Total Senior Revolving Facility	54,034	—	54,034	—	—	54,034
Accrued interest and expense—Guala Closures S.p.A.	194	194	—	—	194	—
Handlowy S.A. bank overdraft (Poland)	3,473	3,473	—	—	3,473	—
Bancolumbia loan (Colombia)	465	203	263	—	203	263
Bradesco / ITAU loan (Brazil)	1,154	656	497	—	656	497
Advances on receivables and loans (Argentina)	393	174	219	—	174	219
Bancomer loan (Mexico)	1,092	870	222	—	870	222
TOTAL BANK LOANS AND BORROWINGS	60,805	5,569	55,236	—	5,569	55,236
OTHER FINANCIAL LIABILITIES:						
Guala Closures S.p.A. finance leases	11,780	1,899	9,881	—	1,899	9,881
Bulgarian companies finance leases	65	60	5	—	60	5
Liability to the Ukrainian non-controlling investors ...	13,500	—	—	13,500	—	13,500
Other liabilities	82	29	53	—	29	53
TOTAL OTHER FINANCIAL LIABILITIES	25,427	1,988	9,938	13,500	1,988	23,438
TOTAL	560,098	13,284	533,314	13,500	13,284	546,814

The liability to the Ukrainian non-controlling investors relates to recognition of these investors' right to exercise a put option if certain conditions are met. It represents the discounted estimated value of the put option at its estimated time of exercise.

This caption has been recognized using the present access method since 2008, whereby the financial liability was recognized as a reduction in equity, Retained earnings, in the first year. The fluctuation in each year, if any, is recognized under financial income (expense) in profit or loss and the non-controlling interests continue to be presented separately as, to all effects, the non-controlling investors have the right to access the profit or loss pertaining to their investment.

Reference should be made to note 38) "Fair value of financial instruments and sensitivity analysis" for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(17) Financial liabilities (Continued)

The interest rates and expiry dates of the financial liabilities at December 31, 2014 and December 31, 2015 are shown below:

<u>Thousands of Euros</u>	<u>Currency</u>	<u>Nominal interest rate</u>	<u>Expiry date</u>	<u>Total December 31, 2014</u>
BONDS:				
HY Bonds issued by GCL Holdings S.C.A.—20/04/2011	EUR	9.375%	2018	200,000
Accrued interest—GCL Holdings S.C.A.	EUR	n.a.	2014	3,900
Transaction costs	EUR	n.a.	2018	(4,220)
TOTAL HY BONDS GCL Holdings S.C.A.				199,680
Floating Rate Senior Secured Notes due 2019 issued by Guala Closures S.p.A.—13/11/2012				
Accrued interest—Guala Closures S.p.A.	EUR	euribor 3m + 5.375%	2019	275,000
Transaction costs	EUR	n.a.	2014	1,833
TOTAL FRSN 2019 Guala Closures S.p.A.	EUR	n.a.	2019	(4,704)
TOTAL BONDS				272,129
TOTAL BONDS				471,809
Bank loans and borrowings:				
Senior Revolving Facility	EUR	euribor 3m + 3.75%	2017	40,000
Transaction costs	EUR	n.a.	2017	(1,480)
Total Senior Revolving Facility				38,520
Loan Cassa di Risparmio di Alessandria	EUR	euribor 3m + 2.75%	2015	319
Accrued interest and expense—Guala Closures S.p.A.	EUR	n.a.	2014	656
Raiffeisen Bank overdraft (Ukraine)	UAH	0.2	n.a.	318
Millennium Bank overdraft (Poland)	PLN	wibor 1m(*)	n.a.	2,740
Banco Sabadell loan (Spain)	EUR	5.20%	2015	253
Bancolombia loan (Colombia)	COP	I.B.R. + 3.25%(**)	2018	867
Bradesco / ITAU loan (Brazil)	BRL	n.a.	2019	855
Advances on receivables and loans (Argentina)	AR\$	n.a.	n.a.	621
Loan Scotiabank—(Mexico)	MXP	TIIE30 + 4.0%(***)	2016	2,477
Total bank loans and borrowings				47,626
Other financial liabilities:				
Guala Closures S.p.A. finance leases	EUR	euribor + 1.5%(***)	2020	13,730
Liability to the Ukrainian non-controlling investors	EUR	n.a.	n.a.	9,900
Other liabilities	EUR	n.a.	n.a.	113
Total other financial liabilities				23,866
TOTAL				543,301

(*) Wibor stands for “Warsaw Inter-bank Bid and Offered Rate”

(**) I.B.R. stands for “Indicador Bancario de Referencia”

(***) TIIE30 stands for “Tasa de Interés Interbancaria de Equilibrio a 30 días”.

(***) Nominal interest rate on the property finance lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(17) Financial liabilities (Continued)

<u>Thousands of Euros</u>	<u>Currency</u>	<u>Nominal interest rate</u>	<u>Expiry date</u>	<u>Total December 31, 2015</u>
BONDS:				
HY Bonds issued by GCL Holdings S.C.A.—20/04/2011	EUR	9.375%	2018	200,000
Accrued interest—GCL Holdings S.C.A.	EUR	n.a.	2016	3,906
Transaction costs	EUR	n.a.	2018	(3,079)
TOTAL HY BONDS GCL Holdings S.C.A.				<u>200,827</u>
Floating Rate Senior Secured Notes due 2019 issued by Guala				
Closures S.p.A.—13/11/2012	EUR	euribor 3m + 5.375%	2019	275,000
Accrued interest—Guala Closures S.p.A.	EUR	n.a.	2016	1,820
Transaction costs	EUR	n.a.	2019	(3,781)
TOTAL FRSN 2019 Guala Closures S.p.A.				<u>273,038</u>
TOTAL BONDS				<u>473,866</u>
Bank loans and borrowings:				
Senior Revolving Facility	EUR	euribor 3m + 3.75%	2017	55,000
Transaction costs	EUR	n.a.	2017	(966)
Total Senior Revolving Facility				<u>54,034</u>
Accrued interest and expense—Guala Closures S.p.A.	EUR	n.a.	2016	194
Handlowy S.A. bank overdraft (Poland)	PLN	wibor 1m(*)	n.a.	3,473
Bancolumbia loan (Colombia)	COP	I.B.R. + 3.25%**	2018	465
Bradesco / ITAU loan (Brazil)	BRL	n.a.	2019	1,154
Advances on receivables and loans (Argentina)	AR\$	n.a.	n.a.	393
Bancomer loan (Mexico)	MXP	TIEE28 + 2.50%***	2017	1,092
Total bank loans and borrowings				<u>60,805</u>
Other financial liabilities:				
Guala Closures S.p.A. finance leases	EUR	euribor + 1.5%****	2020	11,780
Bulgarian companies finance leases	BGN	n.a.	2016	65
Liability to the Ukrainian non-controlling investors	EUR	n.a.	n.a.	13,500
Other liabilities	EUR	n.a.	n.a.	82
Total other financial liabilities				<u>25,427</u>
TOTAL				<u>560,098</u>

(*) Wibor stands for “Warsaw Inter-bank Bid and Offered Rate”

** I.B.R. stands for “Indicador Bancario de Referencia”

*** TIEE30 stands for “Tasa de Interés Interbancaria de Equilibrio a 30 días”.

**** Nominal interest rate on the property finance lease.

The Senior Revolving Facility’s availability is shown in the table below:

<u>Credit facility</u>	<u>Available amount (thousands of Euros)</u>	<u>Amount used at December 31, 2015</u>	<u>Residual available amount at December 31, 2015</u>
Senior Revolving Facility due 2017	75,000	55,000	20,000

(18) Trade payables

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Suppliers	54,015	59,612
Payments on account	329	7,527
Total	<u>54,344</u>	<u>67,140</u>

The increase in the payments on account is due to an advance payment received from a customer in Argentina.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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(18) Trade payables (Continued)

At December 31, 2015, trade payables may be analyzed by original currency as follows:

<u>Thousands of Euros</u>	<u>EUR</u>	<u>USD</u>	<u>GBP</u>	<u>Other currencies</u>	<u>Total</u>
Trade payables	35,176	2,219	2,280	27,465	67,140

Other currencies include trade payables in the following local currencies:

<u>Thousands of Euros</u>	<u>December 31, 2015</u>
Argentinean peso	6,363
Mexican peso	4,900
Australian dollar	4,257
Polish zloty	2,972
Indian rupia	2,809
Ukrainian hryvnia	1,394
South African rand	1,116
Chinese renmimbi	771
Brazilian real	672
New Zealand dollar	517
Columbian peso	266
Other	<u>1,429</u>
Total	<u>27,465</u>

(19) Current direct tax liabilities

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Current direct tax liabilities	<u>4,601</u>	<u>5,379</u>
Total	<u>4,601</u>	<u>5,379</u>

The increase in current direct tax liabilities is mainly due to the increase in profit before tax of some operating companies.

(20) Current indirect tax liabilities

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
VAT and other indirect taxes	<u>9,444</u>	<u>4,290</u>
Total	<u>9,444</u>	<u>4,290</u>

The decrease in VAT and other indirect taxes is due for € 4.8 million to the payment made in 2015 in relation to the accrual for potential tax and related matters dating to the period 2009-2011 at the level of the Group's subsidiary Guala Closures S.p.A..

(21) Provisions

This caption may be analyzed as follows:

CURRENT PROVISIONS:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Provision for restructuring	2,676	1,012
Provision for returns	590	582
Other current provisions	<u>116</u>	<u>30</u>
Total current provisions	<u>3,381</u>	<u>1,624</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(21) Provisions (Continued)

The provision for restructuring in 2015 refers mainly to the closure of the Australian site of Acacia Ridge and to the reallocation of its crown seals production to the other Australian Group plant located in Central West and to the remaining part of the Italian plants restructuring process started in 2014.

The provision for returns reflects the calculation of customer claims received.

Changes in the current provisions are as follows:

CURRENT PROVISIONS:

<u>Thousands of Euros</u>	<u>December 31, 2015</u>
Opening current provisions	3,381
Exchange rate losses	(11)
Accrual	1,523
Utilization	(3,269)
Closing current provisions	<u>1,624</u>

NON-CURRENT PROVISIONS:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Provision for agents' leaving indemnity	117	121
Provision for legal disputes	29	27
Provision for contingencies	<u>540</u>	<u>—</u>
Total non-current provisions	<u>686</u>	<u>148</u>

The non-current provision for contingencies existing as at December 2014 has been utilized for € 0.1 million to pay taxes and penalties related to the tax years 2010-2012. The residual amount (€ 0.4 million) has been released based on Legislative Decree n. 158/2015 which has introduced a more favorable framework for the calculation of the administrative tax penalties.

Changes in the non-current provisions are as follows:

NON-CURRENT PROVISIONS:

<u>Thousands of Euros</u>	<u>December 31, 2015</u>
Opening non-current provisions	686
Exchange rate losses	(2)
Accrual	6
Utilization	(95)
Reversal	(447)
Closing non-current provisions	<u>148</u>

The utilization of non-current provisions refers to the payment of taxes and penalties dating to the period 2010-2012.

(22) Financial derivative liabilities

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Fair value of IRSs	2,850	677
Fair value of aluminum derivatives	<u>185</u>	<u>394</u>
Total	<u>3,036</u>	<u>1,071</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(22) Financial derivative liabilities (Continued)

The main features of the contracts in place at December 31, 2015 are summarized below:

—interest rate swaps

Guala Closures S.p.A. has two interest rate swaps in place to hedge floating interest rates on the property finance lease as listed below:

1. Euro interest rate swap agreed with Intesa Sanpaolo S.p.A. on March 7, 2006, expiring July 1, 2019. It has a fixed swap rate of 3.945% against the floating one-month Euribor for a notional amount of € 3,622 thousand at December 31, 2015.
2. Euro interest rate swap agreed with Unicredit Banca d'Impresa S.p.A. on March 7, 2006, expiring July 1, 2019. It has a fixed swap rate of 3.960% against the floating one-month Euribor for a notional amount of € 3,622 thousand at December 31, 2015.

These derivatives meet the formal requirements of IAS 39 at the reporting date and have been recognized as hedging instruments.

On September 30, 2015, three interest rate swaps, entered into in order to hedge floating interest rates on bank loans, expired.

—Forward purchase of aluminum

At December 31, 2015, the Group has twenty-two contracts for the forward purchase of aluminum, for a total of over 5,000 tons, spread over various expiry dates based on forecast monthly requirements.

The hedge accounting requirements of IAS 39 were not met and these derivatives have been, therefore, recognized as trading instruments.

The following tables show the forward aluminum purchase contracts in place at December 31, 2015:

<u>Expiry date</u>	<u>Hedged amount (tons)</u>	<u>Strike price (US\$/ton)</u>	<u>December 31, 2015 Positive/(negative) fair value (Thousands of Euros)</u>
January 2016	300	1,377	(43)
January 2016	300	1,377	(37)
January 2016	300	1,377	(25)
February 2016	300	1,383	(35)
February 2016	300	1,383	(17)
March 2016	300	1,386	(34)
March 2016	300	1,386	(22)
April 2016	300	1,381	(33)
April 2016	25	1,381	—
May 2016	300	1,383	(32)
May 2016	25	1,383	—
June 2016	300	1,385	(29)
July 2016	300	1,387	(19)
July 2016	50	1,387	—
August 2016	300	1,390	(18)
August 2016	50	1,390	1
September 2016	300	1,393	(14)
September 2016	50	1,393	1
October 2016	300	1,396	(13)
October 2016	50	1,396	1
November 2016	300	1,397	(13)
December 2016	300	1,399	(12)
Total	<u>5,050</u>		<u>(394)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(22) Financial derivative liabilities (Continued)

—*Currency swaps*

The Group did not have any currency swaps at the reporting date.

The following table shows the fair value of the derivatives held at the reporting date:

(Thousands of Euros) Contract	Recognition at December 31, 2015	December 31, 2014 Positive/(negative) fair value	December 31, 2015 Positive/(negative) fair value
Interest rate swaps on leases	Hedge accounting	(948)	(677)
Interest rate swaps on loans	Recognized at fair value through profit or loss	(1,903)	—
Forward aluminum purchases	Recognized at fair value through profit or loss	(185)	(394)
Forward aluminum purchases	Recognized at fair value through profit or loss	66	—

(23) Other current liabilities

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2014	December 31, 2015
Payables to employees	7,911	8,208
Payables for capex	6,724	4,894
Social security charges payable	2,871	2,810
Dividends payables	—	665
Other payables	4,672	6,295
Total	<u>22,178</u>	<u>22,872</u>

Other payables as at December 31, 2014 included AR\$ 6,905 thousand (€ 672 thousand) as residual amount to be paid for the acquisition of an additional 16% interest in Guala Closures Argentina S.A.. In 2015, the Group paid € 689 thousand, recording an exchange rate loss of € 17 thousand.

(24) Employee benefits

This caption is made up as follows:

Thousands of Euros	December 31, 2014	December 31, 2015
Post-employment benefits—Guala Closures S.p.A.	5,944	4,295
Other	1,373	1,451
Total	<u>7,318</u>	<u>5,745</u>

Changes in Employee benefits are as follows:

Thousands of Euros	December 31, 2014	December 31, 2015
Balance at January 1	6,835	7,318
Exchange rate losses	(23)	(90)
Change recognized in profit or loss—personnel expense	1,623	1,597
Change recognized in profit or loss—other (income)/expense	171	27
Change recognized in OCI	821	(337)
Transfer in (out)	(189)	(41)
Benefits paid	(1,921)	(2,728)
Balance at December 31	<u>7,318</u>	<u>5,745</u>

The liability for post-employment benefits (“TFR”—Trattamento di fine rapporto) primarily relates to Italian companies (Guala Closures S.p.A. mainly) for employee departures, determined using actuarial

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(24) Employee benefits (Continued)

techniques and regulated by Article 2120 of the Italian Civil Code. The benefit is paid when the employee leaves the company as a lump sum, the amount of which corresponds to the total benefits accrued during the employees' service period based on payroll costs as revalued until their departure. Following the pension reform, from January 1, 2007, accruing benefits have been transferred to a pension fund or a treasury fund held by the Italian administration for post-retirement benefits (INPS). Companies with less than 50 employees, can continue the scheme as in previous years. Therefore, contributions of future TFR to pension funds or the INPS treasury fund entails that these amounts will be treated as a defined contribution scheme. Amounts vested before January 1, 2007 continue to be accounted for as defined benefits to be assessed based on actuarial assumptions.

Changes in post-employment benefits and the main assumptions used in their measurement are detailed below:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Balance at January 1	5,572	5,944
Change recognized in profit or loss—personnel expense	1,341	1,294
Change recognized in profit or loss—other (income)/expense	153	79
Change recognized in OCI	758	(342)
Benefits paid	(1,879)	(2,681)
Balance at December 31	<u>5,944</u>	<u>4,295</u>

Actuarial parameter baseline:

	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Average inflation rate	0.6% (2015)—1.2% (2016) 1.5% (2017-18) 2% from 2019 on	1.5% (2016)—1.8% (2017) 1.7% (2018)—1.6% (2019) 2% from 2020 on
Discount rate	1.49% p.a.	2.03% p.a.
Annual rate of increase in post-employment benefits	1.95% (2015)—2.4% (2016) 2.625% (2017-18) 3% from 2019 on	2.625% (2016)—2.85% (2017) 2.775% (2018)—2.7% (2019) 3% from 2020 on

For valuations at December 31, 2015, an annual fixed discount rate of 2.03% was utilized based on the value of Iboxx indexes AA corporate bonds observed at December 31, 2015, as per the requirements of IAS 19.

The Group expects to pay around € 1.5 million of benefits to its defined benefit plan in 2016 described above.

Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, assuming the other variables do not change, would have affected Guala Closures S.p.A.'s post-employment benefits at December 31, 2015 by the amounts shown below:

<u>Thousands of Euros</u>	<u>Defined benefit obligation</u>	
	<u>Increase</u>	<u>Decrease</u>
Turnover rate (1% variation)	(13)	14
Average inflation rate (0.25% variation)	65	(64)
Discount rate (0.25% variation)	(102)	106

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Guala Closures UK has a defined benefit pension plan under which the employees of the former Metalclosures Ltd. have the right to a pension. This plan has a surplus at both December 31, 2014 and 2015 (i.e., the fair value of the plan assets is higher than the present value of the defined benefit

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(24) Employee benefits (Continued)

obligation). As required by IAS 19 and IFRIC 14, the surplus that can be recognized must be less than the benefits available in the form of reimbursements or the contribution holiday: following completion of the West Bromwich site restructuring plan in 2008, the amount of the contribution holiday is zero and, therefore, the English company has not recognized the fund surplus. In addition, the Group did not have contingent liabilities at the reporting date as the fund covers the present value of its future obligations with its plan assets.

For disclosure purposes, the amounts of the fund obligations and plan assets, as well as the baseline actuarial parameters used for their calculation, are shown below:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Present value of the obligations	(72,726)	(72,119)
Fair value of plan assets	89,614	89,487
Total	<u>16,888</u>	<u>17,368</u>

Changes in the net amount of the fund:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Balance at January 1	16,609	16,888
Exchange rate (gains) losses	1,138	1,040
Service cost	(19)	(25)
Interest on defined benefit obligation	(2,631)	(2,489)
Interest on plan assets	3,369	3,087
Scheme administration expenses	(177)	(215)
Actuarial (gains) losses	(1,401)	(919)
Balance at December 31	<u>16,888</u>	<u>17,368</u>

Changes in the present value of the obligations:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Balance at January 1	(60,985)	(72,726)
Exchange rate (gains) losses	(4,677)	(4,453)
Service cost	(19)	(25)
Interest on defined benefit obligation	(2,631)	(2,489)
Contribution by plan participants	(4)	(4)
Benefits paid	3,870	5,195
Actuarial gains	(8,280)	2,382
Balance at December 31	<u>(72,726)</u>	<u>(72,119)</u>

Changes in the fair value of plan assets:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Balance at January 1	77,594	89,614
Exchange rate (gains) losses	5,815	5,493
Interest on plan assets	3,369	3,087
Scheme administration expenses	(177)	(215)
Contribution by plan participants	4	4
Benefits paid	(3,870)	(5,195)
Actuarial losses	6,878	(3,300)
Balance at December 31	<u>89,614</u>	<u>89,487</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(24) Employee benefits (Continued)

Plan assets comprise (major categories of plan assets as a percentage of the total plan assets):

	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Equities	37%	37%
Bonds	31%	31%
Gilts	32%	31%
Cash	0%	1%

All equities and government bonds have quoted prices in active markets.

Actuarial parameter baseline:

	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Salary growth rate	4.00% p.a.	4.00% p.a.
Rate of increase in pensions provided (average)	3.00% p.a.	3.00% p.a.
Average inflation rate	2.90% p.a.	3.00% p.a.
Discount rate	3.30% p.a.	3.55% p.a.

The Group does not expect to pay any further contributions in 2016 in relation to these defined benefit obligations.

Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, assuming the other variables do not change, would have affected Guala Closures UK's defined benefit pension plan at December 31, 2015 by the amounts shown below:

<u>Thousands of Euros</u>	<u>Impact on present value of the obligations</u>	<u>Impact on fair value of plan assets</u>
Life expectancy (+ 1 year)	(2,525)	—
Average inflation rate (+0.1% p.a.)	(317)	—
Discount rate (-0.1% p.a.)	(1,056)	—

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

(25) Other non-current liabilities

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Other non-current liabilities	<u>166</u>	<u>112</u>
Total	<u>166</u>	<u>112</u>

(26) Equity attributable to the owners of the parent

As of December 31, 2015, the share capital amounts to EUR 141,217.50 represented by 112,974 units with a nominal value of EUR 1.25 each.

Neither the parent nor its subsidiaries hold treasury shares either directly or indirectly through trustees or nominees.

Reference should be made to the statement of changes in equity for changes in, and details of, the components of equity.

As per the Senior Revolving Facility Agreement, for the Floating Rate Senior Secured Notes and for the High Yield Bonds, there are certain restrictions to the transfer of funds between Guala Closures subsidiaries and Guala Closures S.p.A. and between Guala Closures S.p.A. and the parent GCL Holdings S.C.A..

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(26) Equity attributable to the owners of the parent (Continued)

The Group's objectives in capital management are to create value for shareholders, safeguard the Group's future and to support its development.

The Group thus seeks to maintain a sufficient level of capitalization, while giving shareholders satisfactory returns and ensuring the Group has access to external sources of financing at acceptable terms, including via maintaining an adequate rating.

The Group monitors the debt/equity ratio on an ongoing basis, particularly in terms of net indebtedness and cash flows generated by operating activities.

The General Partner carefully monitors the balance between greater returns through the right level of indebtedness and the advantages of a sound financial position.

To achieve these objectives, the Group strives to continuously make its operations more profitable.

The General Partner monitors the return on share capital, being total equity pertaining to owners of the parent, excluding non-controlling interests, and the amount of dividends to be distributed to holders of ordinary shares.

The Group's capital management policies have not changed during the year.

(27) Equity attributable to non-controlling interests

Equity attributable to non-controlling interests relates to the following consolidated companies:

	Non-controlling interests % December 31, 2014	Non-controlling interests % December 31, 2015	Balance at December 31, 2014	Balance at December 31, 2015
Guala Closures Ukraine LLC	30.0%	30.0%	6,449	8,078
Guala Closures India Pvt Ltd.	5.0%	5.0%	1,826	1,748
Guala Closures Argentina S.A.	1.6%	1.6%	47	32
Guala Closures de Colombia LTDA	6.8%	6.8%	608	518
Guala Closures Bulgaria A.D.	30.0%	30.0%	1,923	1,669
Guala Closures Tools A.D.	30.0%	30.0%	479	378
Guala Closures DGS Poland S.A.	30.0%	30.0%	12,464	12,274
Total			<u>23,796</u>	<u>24,699</u>

Reference should be made to the consolidated statement of changes in equity for changes in equity attributable to the non-controlling interests.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(27) Equity attributable to non-controlling interests (Continued)

The following tables summarise the information relating to each of the Group's subsidiaries that have material non-controlling interests, before any intra-group eliminations:

<u>December 31, 2014</u>	<u>Carrying amount</u>					
<u>Thousands of Euros</u>	<u>Guala Closures DGS Poland S.A.</u>	<u>Guala Closures Ukraine LLC</u>	<u>Guala Closures Bulgaria A.D.</u>	<u>Guala Closures India pvt Ltd</u>	<u>Other individually immaterial subsidiaries</u>	<u>Total</u>
Non-controlling interests percentage	30%	30%	30%	5%		
Non-current assets	33,760	12,428	2,541	25,908		
Current assets	27,312	17,641	6,171	17,321		
Non-current liabilities	(3,574)	—	(108)	(894)		
Current liabilities	(15,950)	(8,574)	(2,193)	(5,806)		
Equity	41,548	21,496	6,411	36,529		
Equity attributable to non-controlling interests	12,464	6,449	1,923	1,826	1,134	23,796
Total revenue (third parties + related parties)	73,918	48,007	10,750	55,960		
Profit for the year	10,038	10,888	831	6,611		
Other comprehensive income/(expense) (OCI)	(1,255)	(10,346)	—	3,838		
Total comprehensive income	8,782	542	831	10,448		
Profit allocated to non-controlling interests	3,011	3,266	249	331	298	7,156
OCI allocated to non-controlling interests	(377)	(3,104)	—	192	(17)	(3,306)
Total comprehensive income allocated to non-controlling interests	2,635	163	249	522	281	3,850
Cash flows from operating activities	13,779	9,162	2,998	10,252		
Cash flows used in investing activities	(5,288)	(6,107)	(3)	(6,622)		
Cash flows used in financing activities (including dividends to NCI)	(14,194)	(4,098)	(1,738)	(5,741)		
Net increase (decrease) in cash and cash equivalents	(5,704)	(1,043)	1,256	(2,112)		
Dividends to non-controlling interests	4,291	1,044	511	297	412	6,555

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(27) Equity attributable to non-controlling interests (Continued)

<u>December 31, 2015</u>	<u>Carrying amount</u>						
<u>Thousands of Euros</u>	<u>Guala Closures DGS Poland S.A.</u>	<u>Guala Closures Ukraine LLC</u>	<u>Guala Closures Bulgaria A.D.</u>	<u>Guala Closures India pvt Ltd</u>	<u>Other individually immaterial subsidiaries</u>		<u>Total</u>
Non-controlling interests percentage	30%	30%	30%	5%			
Non-current assets	32,563	10,590	1,685	25,451			
Current assets	27,205	23,588	4,994	18,241			
Non-current liabilities	(3,205)	—	(73)	(937)			
Current liabilities	(15,648)	(7,250)	(1,042)	(7,798)			
Equity	40,915	26,927	5,565	34,958			
Equity attributable to non-controlling interests	12,274	8,078	1,669	1,748	929		24,699
Total revenue (third parties + related parties)	81,722	49,160	7,915	62,880			
Profit for the year	11,084	12,002	(99)	7,087			
Other comprehensive income/(expense) (OCI)	100	(6,571)	—	1,077			
Total comprehensive income	11,184	5,431	(99)	8,164			
Profit allocated to non-controlling interests	3,325	3,601	(30)	354	146		7,397
OCI allocated to non-controlling interests	30	(1,971)	—	54	(92)		(1,979)
Total comprehensive income allocated to non-controlling interests	3,355	1,629	(30)	408	54		5,418
Cash flows from operating activities	11,778	13,369	1,187	15,257			
Cash flows used in investing activities	(2,706)	(4,696)	(141)	(2,947)			
Cash flows used in financing activities (including dividends to NCI)	(9,691)	341	(762)	(11,012)			
Net increase (decrease) in cash and cash equivalents	(618)	9,014	284	1,298			
Dividends paid to non-controlling interests	2,880	—	226	486	265		3,858

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (EXPENSE)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(28) Net revenue

The table below illustrates the geographical distribution of net revenue based on the geographical location from where the product is sold by the group companies:

<u>Thousands of Euros</u>	<u>2014</u>	<u>2015</u>
Europe	276,962	284,430
Asia	66,844	70,356
Latin and North America	77,714	96,589
Oceania	48,980	49,871
Africa	17,295	19,286
Total	<u>487,794</u>	<u>520,533</u>

(29) Other operating income

This caption includes:

<u>Thousands of Euros</u>	<u>2014</u>	<u>2015</u>
Internal production	5,859	5,936
Sundry recoveries/repayments	3,513	3,224
Gains on sale of fixed assets	268	203
Other	333	340
Total	<u>9,974</u>	<u>9,703</u>

Internal production includes € 868 thousand of capitalized development expenditure related to new closures and € 5,068 thousand of extraordinary maintenance carried out on property, plant and equipment, of which extraordinary maintenance and upgrading of the production capacity of Guala Closures S.p.A. amounting to € 405 thousand and foreign companies amounting to € 4,663 thousand.

(30) Costs for raw materials

This caption includes:

<u>Thousands of Euros</u>	<u>2014</u>	<u>2015</u>
Raw materials and supplies	192,285	216,005
Packaging	8,938	9,330
Consumables and maintenance	8,793	9,729
Fuels	490	454
Other purchases	1,992	1,774
Change in inventories	6,685	(3,955)
Total	<u>219,182</u>	<u>233,336</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(31) Costs for services

This caption includes:

<u>Thousands of Euros</u>	<u>2014</u>	<u>2015</u>
External processing	8,426	8,509
Electricity / Heating	22,077	22,330
Transport	18,491	20,531
External labor / portorage	4,007	4,650
Legal and consulting fees	3,283	3,304
Maintenance	5,437	5,860
Travel	4,059	4,528
Sundry industrial services	4,555	5,470
Administrative services	1,906	2,405
Directors' fees	1,810	1,988
Insurance	3,421	3,035
Technical assistance	1,002	889
Telephone costs	854	818
Commissions	973	952
Cleaning service	1,193	1,131
Security	445	548
Commercial services	590	334
Entertainment expenses	682	700
Advertising services	353	431
Expos and trade fairs	222	441
Other	<u>2,365</u>	<u>2,226</u>
Total	<u>86,152</u>	<u>91,083</u>

Details of fees paid to the parent's directors, statutory auditors, CEO and key managers are provided in notes 39) "Related party transactions" to these consolidated financial statements.

(32) Personnel expense

This caption includes:

<u>Thousands of Euros</u>	<u>2014</u>	<u>2015</u>
Wages and salaries	73,564	76,068
Social security contributions	13,118	13,183
Expense/(Income) from defined benefit plans	1,623	1,597
Other costs	<u>2,413</u>	<u>3,189</u>
Total	<u>90,719</u>	<u>94,036</u>

Reference should be made to note 24) "Employee benefits" to these consolidated financial statements for details on Expense/(income) for defined benefit plans.

At December 31, 2014 and 2015, the Group had the following number of employees:

<u>Number</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Blue collars	2,984	2,928
White collars	865	873
Managers	<u>197</u>	<u>195</u>
Total	<u>4,046</u>	<u>3,996</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(33) Other operating expense

This caption includes:

<u>Thousands of Euros</u>	<u>2014</u>	<u>2015</u>
Rent and leases	4,821	4,926
Other costs for the use of third party assets	1,742	1,730
Taxes and duties	1,911	2,462
Provisions	2,990	1,529
Other charges	831	930
Total	<u>12,295</u>	<u>11,577</u>

The decrease in “Provisions” mainly relates to smaller non-recurring provisions for restructuring booked in 2015.

(34) Financial income

This caption includes:

<u>Thousands of Euros</u>	<u>2014</u>	<u>2015</u>
Exchange rate gains	5,025	8,140
Change in fair value of IRS	1,627	1,975
Interest income	171	731
Fair value gains on aluminium derivatives	881	16
Other financial income	51	238
Total	<u>7,756</u>	<u>11,100</u>

(35) Financial expense

This caption includes:

<u>Thousands of Euros</u>	<u>2014</u>	<u>2015</u>
Interest expense	42,665	41,714
Exchange rate losses	6,166	12,029
Financial expense—non-controlling investors in the Ukrainian company	3,500	3,600
Fair value losses on aluminum derivatives	432	1,512
Other financial expense	1,050	890
Total	<u>53,812</u>	<u>59,744</u>

Financial expense—non-controlling investors in the Ukrainian company relates to recognition of the increase in the financial liability for these investors’ right to exercise a put option if certain conditions are met. The liability was determined by discounting the estimated value of the put option at its estimated time of exercise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(36) Income and expense on financial assets/liabilities

The following table shows income and expense on financial assets/liabilities, specifying which are recognized in profit or loss and which directly in equity:

<u>Thousands of Euros</u>	<u>2014</u>	<u>2015</u>
Recognized in profit or loss		
Bank interest income	171	731
Fair value gains on derivatives	2,509	1,991
Exchange rate gains	5,025	8,140
Other financial income	51	238
Total financial income	7,756	11,100
Interest expense on financial liabilities measured at amortized cost	42,665	41,714
Exchange rate losses	6,166	12,029
Fair value losses on derivatives	432	1,512
Other financial expense	4,550	4,490
Total financial expense	53,812	59,744
Net financial expense	(46,056)	(48,644)
Recognized directly in equity in the Hedging reserve		
Effective portion of fair value losses on cash flow hedges	(273)	(47)
Net change in fair value of cash flow hedges reclassified to profit or loss	350	318
Total	77	271

(37) Income taxes

This caption includes:

<u>Thousands of Euros</u>	<u>2014</u>	<u>2015</u>
Current taxes	(25,497)	(23,193)
Deferred tax income/(expense)	3,056	1,448
Total	(22,441)	(21,745)

In 2014, income taxes included € 5.5 million costs accounted in relation to potential tax and related matters dating to the period 2009-2011. Excluding such non-recurring costs relating to past years, income taxes 2015 are higher than the previous year due to higher profit before taxes.

Deferred tax income and expense in profit or loss do not reflect the change in the corresponding captions of the statement of financial position due to the effect of transactions recognized directly in equity (€ -75 thousand), as described in the following table.

Deferred tax liabilities recognized directly in equity

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Change in deferred tax liabilities on fair value adjustments on cash flow hedges	(21)	(75)
Total	(21)	(75)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(37) Income taxes (Continued)

Reconciliation between the theoretical and effective tax charge

The difference between the theoretical and effective tax charge is mainly related to the impact of the different tax rates in foreign countries, non-taxable revenue and non-deductible costs.

<u>Thousands of Euros</u>	<u>2014</u>	<u>2015</u>
<i>Profit before taxation</i>	4,990	17,042
Income tax using luxembourg tax rate (2014: 29.22%; 2015: 29.22%)	1,458	4,980
Effect of tax rates in foreign jurisdictions (2014: (47.0%); 2015: (14.1%))	(2,345)	(2,399)
Tax exempt revenue and other decreases	(904)	(803)
Non-deductible expense and other increases	16,133	12,767
Other changes	2,106	3,646
Total increase / (decrease)	14,990	13,211
Effective tax	16,448	18,190
Other taxes (2014: 181.3%; 2015: 100.2%)	9,049	5,003
Total taxes for the year	25,497	23,193

OTHER INFORMATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(38) Fair value of financial instruments and sensitivity analysis

(a) Accounting classifications and fair values

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including December 31, 2014 and 2015. They do not include fair value information for financial assets and financial liabilities not measured at fair value. Their carrying amount is a reasonable approximation of fair value. There were no movements from one level to another in 2015.

<u>December 31, 2014</u>		<u>Carrying amount</u>						<u>Other</u>
<u>Thousands of Euros</u>	<u>Note</u>	<u>Fair value - Held-for- trading</u>	<u>Designated at fair value</u>	<u>Fair value - hedging instruments</u>	<u>Held-to- maturity</u>	<u>Loans and receivables</u>	<u>Available- for-sale</u>	<u>financial liabilities</u>
Financial assets measured at fair value								
Interest rate swaps used for trading		66	—	—	—	—	—	—
		<u>66</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Financial assets not measured at fair value (*)								
Trade receivables	6	—	—	—	—	92,108	—	—
Cash and cash equivalents	4	—	—	—	—	35,273	—	—
		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>127,381</u>	<u>—</u>	<u>—</u>
Financial liabilities measured at fair value								
Interest rate swaps used for hedging	22	—	—	(948)	—	—	—	—
Interest rate swaps used for trading	22	(2,088)	—	—	—	—	—	—
Put option on non-controlling interests	17	—	(9,900)	—	—	—	—	—
		<u>(2,088)</u>	<u>(9,900)</u>	<u>(948)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Financial liabilities not measured at fair value (*)								
Bank overdraft	17	—	—	—	—	—	—	(3)
Secured bank loans	17	—	—	—	—	—	—	(42)
Unsecured bank loans	17	—	—	—	—	—	—	(2)
Secured bonds issues	17	—	—	—	—	—	—	(272)
Unsecured bonds issues	17	—	—	—	—	—	—	(199)
Finance lease liabilities	17	—	—	—	—	—	—	(13)
Trade payables	18	—	—	—	—	—	—	(54)
Other payables	17	—	—	—	—	—	—	(587)
		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(587)</u>

(*) The Group has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amount is a reasonable approximation of fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(38) Fair value of financial instruments and sensitivity analysis (Continued)

December 31, 2015

<u>Thousands of Euros</u>	Note	Carrying amount						Other financial liabilities
		Fair value - Held-for- trading	Designated at fair value	Fair value - hedging instruments	Held-to- maturity	Loans and receivables	Available- for-sale	
Financial assets not measured at fair value (*)								
Trade receivables	6					86,880		
Cash and cash equivalents	4	—	—	—	—	61,944	—	—
		—	—	—	—	<u>148,825</u>	—	—
Financial liabilities measured at fair value								
Interest rate swaps used for hedging	22			(677)				
Interest rate swaps used for trading	22	(394)						
Put option on non-controlling interests	17		(13,500)					
		<u>(394)</u>	<u>(13,500)</u>	<u>(677)</u>	—	—	—	—
Financial liabilities not measured at fair value (*)								
Bank overdraft	17							(3,400)
Secured bank loans	17							(55,700)
Unsecured bank loans	17							(1,000)
Secured bonds issues	17							(273,000)
Unsecured bonds issues	17							(200,000)
Finance lease liabilities	17							(11,800)
Trade payables	18							(67,000)
Other payables	17							—
		—	—	—	—	—	—	<u>(613,800)</u>

(*) The Group has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amount is close to their fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(38) Fair value of financial instruments and sensitivity analysis (Continued)

(b) Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

<u>Type</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Put option on non-controlling interests	<i>Discounted cash flows:</i> The fair value is determined considering the expected payment, discounted to present value using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of forecast EBITDA of the Ukrainian subsidiary.	<ul style="list-style-type: none"> • Forecast EBITDA (average of last 2 years—2014 and 2015—and 2016 budget figures) • Net financial position of the Ukrainian subsidiary as at December 31, 2015 • Risk-adjusted discount rate (7.0%) • Expected date of put option exercise (2028) 	The estimated fair value would increase if: <ul style="list-style-type: none"> • the EBITDA was higher • the Net financial position was higher • the risk-adjusted discount rate was lower • the expected date of put option was exercised early
Forward exchange contracts and interest rate swaps	<i>Market comparison technique:</i> The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable.	Not applicable.

Financial instruments not measured at fair value

<u>Type</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>
Secured and unsecured bonds issues	Discounted cash flows	Secured and unsecured bonds are considered level 2 due to number of transactions not disclosed by Euro-MTF
Finance lease liabilities		

(ii) Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Balance at January 1	6,400	9,900
Loss included in “financial expense”		
– Net change in fair value (unrealised)	<u>3,500</u>	<u>3,600</u>
Balance at December 31	<u>9,900</u>	<u>13,500</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(38) Fair value of financial instruments and sensitivity analysis (Continued)

Sensitivity analysis

For the fair value of the put option on non-controlling interests, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

<u>Thousands of Euros</u>	<u>Increase/ (decrease) in unobservable inputs</u>	<u>Favourable/ (unfavourable) impact on profit or loss</u>
Forecast EBITDA	10%	(1,200)
	(10%)	1,300
Net financial position	+ 1 million €	(200)
	- 1 million €	200
Risk-adjusted discount rate	1%	1,600
	(1%)	(1,700)
Expected date of put option exercise	+ 1 year	900
	- 1 year	(900)

(c) Financial risk management

The Group is exposed to the following risks as a result of its operations:

- credit risk;
- liquidity risk;
- interest rate risk;
- currency risk;
- other price risk,

GCL Holdings S.C.A.'s board of directors has overall responsibility for establishing and monitoring a risk management system for the Group.

The proxy system ensures the risk management guidelines are implemented and regularly monitored. The finance department is responsible for the monitoring and, in carrying out such activities, it uses information generated by the internal control system.

Credit risk

This is the risk that a customer or the counterparty to a financial instrument is unable to meet an obligation, leading to a financial loss. These risks arise mainly in relation to trade receivables and financial investments.

The Group's exposure to credit risk depends largely on each customer's specific characteristics. The demographics of the Group's customer portfolio, including the segment insolvency risk and the country risk, have an impact on the credit risk.

The Group accrues an allowance for impairment equal to the estimated losses on trade and other loans and receivables. It comprises both the recognition of impairment losses for material individual amounts and the recognition of collective impairment for similar groups of assets to cover losses already incurred but not yet identified. The collective impairment losses are calculated on the basis of historical payment statistics.

Most of the Group's trade receivables are due from leading operators of the alcoholic and non-alcoholic beverage segment. Most of its trading relationships are with longstanding customers. The Group's historical figures indicate a modest amount of bad debts. The risk is fully covered by the corresponding allowance for impairment recognized in the consolidated financial statements.

There are no cases of very concentrated credit risk in geographical terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(38) Fair value of financial instruments and sensitivity analysis (Continued)

At December 31, 2014 and 2015, trade receivables may be analyzed by geographical segment as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Europe	46,667	44,733
Asia	15,230	13,524
Latin America	14,417	13,990
Oceania	6,226	5,194
Rest of the world	9,569	9,439
Total	<u>92,108</u>	<u>86,880</u>

At December 31, 2015, trade receivables may be analyzed by due date as follows:

<u>Thousands of Euros</u>	<u>Gross amount December 31, 2015</u>	<u>Impairment losses December 31, 2015</u>	<u>Net amount December 31, 2015</u>
Not yet due	70,355	(334)	70,021
0-30 days overdue	11,647	(255)	11,392
31-90 days overdue	3,090	(81)	3,009
More than 90 days overdue	9,940	(7,481)	2,458
Total	<u>95,031</u>	<u>(8,151)</u>	<u>86,880</u>

The Group believes that the unimpaired amounts that are overdue by more than 30 days are still collectible, based on historical payment behavior and extensive analyses of the underlying customers' credit ratings. Based on historical default rates, the Group believes that, apart from the above, no impairment allowance is necessary in respect of trade receivables not yet due or overdue by up to 30 days.

At December 31, 2015, trade receivables may be analyzed by original currency as follows:

<u>Thousands of Euros</u>	<u>EUR</u>	<u>INR</u>	<u>GBP</u>	<u>USD</u>	<u>Other currencies</u>	<u>Total</u>
Trade receivables	36,292	9,781	6,299	8,395	26,114	86,880

Other currencies includes trade receivables in the following local currencies:

<u>Thousands of Euros</u>	<u>December 31, 2015</u>
Ukrainian hryvnia	5,704
Australian dollar	3,868
Polish zloty	3,698
Columbian peso	2,624
Chinese renmimbi	2,091
South African rand	2,036
Mexican peso	1,969
Argentinean peso	1,541
New Zealand dollar	1,326
Brazilian real	741
Bulgarian Lev	352
Other	164
Total	<u>26,114</u>

An analysis of the credit quality of trade receivables is as follows:

<u>Thousands of Euros</u>	<u>December 31, 2015</u>
– Four or more years' trading history with the Group	64,819
– From four to one years' trading history with the Group	8,211
– Less than one year' trading history with the Group	1,080
– Residual (not classified)	12,771
Total	<u>86,880</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(38) Fair value of financial instruments and sensitivity analysis (Continued)

Liquidity risk

This risk regards the Group's ability to meet its obligations arising from financial liabilities.

The Group's approach to liquidity management is to ensure adequate funds are always available to cover its obligations at the expiry dates, both in normal conditions and at times of financial difficulty, without incurring borrowing expense at terms higher than market conditions.

The Group generally ensures there is sufficient cash and cash equivalents to cover forecast short-term operating expenses, including those related to financial liabilities. Contingent effects arising from extreme situations that cannot reasonably be forecast, such as natural disasters, are excluded from the above.

The aim of the Group's financing strategy is to maintain a well-balanced maturity profile for liabilities to thereby reduce the refinancing risk. Historically, the Group has always met its obligations on time and was able to re-finance the indebtedness in advance before it expires.

Reference should be made to the tables in note 17) "Financial liabilities" to these consolidated financial statements for information on the Group's loans, credit lines and facilities at the reporting date.

Exposure to liquidity risk

The following are the outstanding contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements:

Thousands of Euros	Carrying amount	Contractual cash flows			Total contractual cash flows
		Within one year	From one to five years	After five years	
Non-derivative financial liabilities					
Put option on non-controlling interests	13,500			(32,400)	(32,400)
Bank overdrafts	3,473	(3,522)	—	—	(3,522)
Secured bank loans	55,713	(3,705)	(57,698)	—	(61,404)
Unsecured bank loans	1,619	(893)	(780)	—	(1,673)
Secured bond issues	273,038	(14,559)	(318,676)	—	(333,234)
Unsecured bond issues	200,827	(18,750)	(228,125)	—	(246,875)
Finance lease liabilities	11,845	(1,996)	(9,933)	—	(11,929)
Trade payables	67,140	(67,140)			(67,140)
Other	82	(60)	(5)	—	(65)
Total	627,238	(110,625)	(615,218)	(32,400)	(758,243)
Derivative financial liabilities					
Interests rate swaps used for hedging	677	(250)	(500)	—	(750)
Interests rate swaps used for trading	394	(394)	—	—	(394)
Total	1,071	(644)	(500)	—	(1,144)

The interest payments on variable interest rate loans and bond issues in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change. The future cash flows on contingent consideration and derivative instruments may be different from the amount in the above table as interest rates and exchange rates or the relevant conditions underlying the contingency change. Except for these financial liabilities, it is not expected that the cash flows included in the maturity analysis will materialise significantly earlier, or at significantly different amounts.

Interest rate risk

This risk relates to volatility of the market rates which determine the interest expense paid on outstanding loans.

The Group is exposed to interest rate risk as almost the full amount of its financial liabilities provide for the payment of interest at floating rates subject to short-term repricing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(38) Fair value of financial instruments and sensitivity analysis (Continued)

The Group's policy is to hedge a significant portion of the payable amount subject to interest rate risk. Interest rate swaps are used to hedge the risk which enable the interest rate to be set at fixed amounts.

Effective interest rate and repricing analysis

The following table shows the effective interest rate at the reporting date and for the period in which the related rate may be reviewed for interest-bearing financial assets and liabilities:

Thousands of Euros	Effective interest rate—December 2015	Repricing date					
		Total 31/12/15	Up to 6 months	6 - 12 months	1 - 2 years	2 - 5 years	After 5 years
BONDS:							
HY Bond due 2018 issued by GCL Holdings S.C.A.—20/04/2011	9.38%	200,000	—	—	—	n.a.	—
Accrued interest—GCL Holdings S.C.A.	n.a.	3,906	n.a.	—	—	—	—
Transaction costs	n.a.	(3,079)	—	—	—	n.a.	—
TOT. HY BONDS issued by GCL Holdings S.C.A.—20/04/2011		200,827					
Bond Floating Rate Senior Secured Notes due 2019 issued by Guala Closures S.p.A.—13/11/2012	5.29%	275,000	275,000	—	—	—	—
Accrued interest—Guala Closures S.p.A.	n.a.	1,820	1,820	—	—	—	—
Transaction costs	n.a.	(3,781)	(3,781)	—	—	—	—
TOT. BONDS FRSN 2019 issued by Guala Closures S.p.A.—13/11/2012		273,038	273,038				
TOTAL BONDS		473,866	273,038				
Bank loans and borrowings:							
Senior Revolving Facility	3.75%	55,000	55,000	—	—	—	—
Transaction costs	n.a.	(966)	(966)	—	—	—	—
Tot. Senior Revolving Facility		54,034	54,034				
Accrued interest and expenses Guala Closures S.p.A.	n.a.	194	194	—	—	—	—
Handlowy S.A. bank overdraft (Poland)	0.50%	3,473	3,473	—	—	—	—
Bancolumbia loan (Colombia)	7.35%	465	465	—	—	—	—
Bradesco / ITAU / Santander loan (Brazil)	3.90%	1,154	1,154	—	—	—	—
Advances on receivables and loans (Argentina)	n.a.	393	393	—	—	—	—
Bancomer / Banamex loan (Mexico)	2.50%	1,092	1,092	—	—	—	—
Total bank loans and borrowings		60,805	60,805				
Other financial liabilities:							
Guala Closures S.p.A. finance leases	n.a.	11,780	11,780	—	—	—	—
Bulgarian companies' finance leases	n.a.	65	65	—	—	—	—
Liability to the Ukrainian non-controlling investors	n.a.	13,500	13,500	—	—	—	—
Other liabilities	n.a.	82	82	—	—	—	—
Total other financial liabilities		25,427	25,427				
TOTAL		560,098	359,270				

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(38) Fair value of financial instruments and sensitivity analysis (Continued)

Sensitivity analysis

Financial liabilities' fair values were calculated by an external actuary using the following methodology:

- the cash flows generated by the outstanding payables are identified both in terms of interest and principal. These cash flows are calculated with reference to the interest rates and the repayment plan;
- the individual cash flows are discounted using risk-free rates ruling on the measurement date. The bootstrap method is applied to the swap rates for each expiry date of the corresponding cash flow based on the resulting time curve;
- furthermore the individual cash flows are discounted using an additional rate, based on the Group's credit standing, calculated as the weighted average of the spreads applied to the different financing agreements. The spreads applied to the financing agreements are deemed to objectively represent the Group's credit standing and subsequent significant changes should not arise given its current financial position.

The following table shows the sensitivity analysis for the cash flows from these financial liabilities and the related hedging derivatives at December 31, 2015:

<u>Thousands of Euros</u>	<u>Increase of 100bp</u>	<u>Decrease of 100bp</u>
Floating Rate Senior Secured Notes due in 2019 issued by Guala Closures S.p.A.	(9,942)	1,723
Senior Revolving Facility Agreement—gross of transaction costs	<u>(1,019)</u>	<u>80</u>
Sensitivity of cash flows for Bonds and Revolving facility (net)	<u>(10,961)</u>	<u>1,803</u>
Finance leases	(242)	29
Related interest rate swaps	<u>129</u>	<u>—</u>
Sensitivity of cash flows of other financial liabilities (net)	<u>(113)</u>	<u>29</u>

The following methodology is used to perform the sensitivity analyses: a change is assumed in the interest rate used to calculate the interest (+/- 100 basis points), which indicates the change in the overall liability. Accordingly, negative amounts indicate an increase in the fair value of the liability and vice versa for positive amounts.

Currency risk

This risk relates to the effect of fluctuations in exchange rates on sales and purchases in currencies other than the functional currencies of the various group entities.

The Group is exposed to currency risk, particularly in relation to fluctuations of the pound sterling and US dollar.

Interest on loans is denominated in the currency of the cash flows generated by the Group's underlying transactions.

The risk of exchange rate fluctuations is managed using exchange rate hedges when significant differences are noted between cost and revenue in foreign currency.

If that is the case, such differences are hedged through currency swaps. These provide for the purchase/sale of agreed amounts in foreign currency at a set exchange rate against the Euro.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(38) Fair value of financial instruments and sensitivity analysis (Continued)

Sensitivity analysis

A strengthening of the Euro, as indicated below, against the USD, GBP, AUD, INR, UAH and PLN at December 31, 2014 and 2015 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on exchange rate fluctuations that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis, although the changes in exchange rates differed to those expected, as indicated below.

	Strengthening		Weakening	
	Assets	Profit or loss	Liabilities	Profit or loss
2014				
USD (10% change)	131	131	(107)	(107)
GBP (10% change)	555	555	(454)	(454)
AUD (10% change)	549	549	(450)	(450)
INR (10% change)	1,373	1,373	(1,124)	(1,124)
UAH (10% change)	530	530	(434)	(434)
PLN (10% change)	(444)	(444)	363	363
	Strengthening		Weakening	
	Assets	Profit or loss	Liabilities	Profit or loss
2015				
USD (10% change)	701	701	(573)	(573)
GBP (10% change)	743	743	(608)	(608)
AUD (10% change)	726	726	(594)	(594)
INR (10% change)	1,280	1,280	(1,047)	(1,047)
UAH (10% change)	1,406	1,406	(1,151)	(1,151)
PLN (10% change)	(251)	(251)	205	205

Other price risk

As a result of the nature of its activities, the Group is exposed to the risk of fluctuations in the purchase price of raw materials, particularly plastics and aluminum.

The risk of fluctuations in the purchase price of plastics has not been hedged as these raw materials were not listed on international markets (the London Metal Exchange). However, this risk will be able to be hedged in the near future given current developments in the listing of plastics on the international market and corresponding hedging instruments.

The risk of fluctuations in the purchase price of aluminum is partly hedged through derivatives which set the forward purchase price.

(39) Related party transactions

Intragroup transactions and balances between consolidated group companies are eliminated on consolidation and, therefore, do not appear in the consolidated financial statements figures and are not disclosed in this report.

Transactions with the parent's directors and key managers are set out below:

Thousands of Euros	Costs recognized in the year							Cash flows in the year
	Fees for position held	Incentives	Remuneration for employment	Accrual for post-employment benefits and other supplementary pension funds	Non-cash benefits	Other benefits	Total	
Total directors/key managers	1,447	398	1,030	44	35	389	3,343	3,104

On December 31, 2014, Intesa Sanpaolo S.p.A. was considered to be a related party of GCL Holdings Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(39) Related party transactions (Continued)

On March 24, 2015, Intesa Sanpaolo S.p.A. transferred its “private equity” business including its investment in GCL Holdings L.P. S.à r.l. to Manzoni S.r.l. by means of a contribution in kind.

On March 31, 2015, the partial demerger of Manzoni into Melville S.r.l., pursuant to which the investment in GCL Holdings L.P. S.à r.l. was assigned and transferred by Manzoni to Melville, became effective.

On April 21, 2015, NB Renaissance Partners Holdings S.à r.l., a newly established private equity fund sponsored by Intesa Sanpaolo S.p.A. and Neuberger Berman Group, acquired an approximate 72% of Melville S.r.l., while Intesa Sanpaolo Group maintained its non-controlling interest.

On the basis of the above, Intesa Sanpaolo S.p.A. is no longer considered a related party of GCL Holdings Group, while Melville S.r.l. is considered a related party of GCL Holdings Group.

The relationships between Melville S.r.l. and the Group as at December 31, 2015 are summarized below:

- at December 31, 2015, Melville S.r.l. has a representative on the board of directors and a representative on the board of statutory auditors of Guala Closures S.p.A.;
- at December 31, 2015, Melville S.r.l. has a representative on the board of directors of GCL Holdings GP S.à r.l. (General Partner of GCL Holdings S.C.A.);
- at December 31, 2015, Melville S.r.l. has a representative on the board of directors of GCL Holdings LP S.à r.l. (General Partner of GCL Holdings GP S.à r.l.);
- at December 31, 2015, Melville S.r.l. controls an ultimate beneficial voting interest of 19.6%, via an investment in GCL Holdings L.P. S.à r.l..

In addition, DLJ Merchant Banking Funds is considered to be a related party of the Group.

On March 31, 2014, the DLJ Merchant Banking Partners team spun off from Credit Suisse to form aPriori Capital Partners L.P., which manages the DLJ Merchant Banking Funds.

The transactions and relationships between DLJ Merchant Banking Funds and the Group for the period up to December 31, 2015 are summarized below:

- for the period up to December 31, 2015, aPriori Capital Partners L.P. had four representatives on the board of directors of GCL Holdings GP S.à r.l. (General Partner of GCL Holdings S.C.A.);
- for the period up to December 31, 2015, aPriori Capital Partners L.P. had two representatives on the board of directors of GCL Holdings LP S.à r.l.;
- for the period up to December 31, 2015, aPriori Capital Partners L.P. had five representatives on the board of directors of Guala Closures S.p.A.;
- for the period up to December 31, 2015, DLJMB Overseas Partners IV, L.P., DLJ Merchant Banking Partners IV (Pacific), L.P., DLJMB Offshore Partners IV, L.P., MBP IV Plan Investors, L.P. and DLJMB Overseas IV AIV, L.P. were collectively the beneficial owners of 58% of GCL Holdings S.C.A. via their indirect ownership of 35.4% of GCL Holdings L.P. S.à r.l.;
- transactions with aPriori Capital Partners L.P. took place on an arm’s length basis.

Related parties also include a pension fund for employees of the former Metal Closures Ltd. (now Guala Closures UK Ltd.) managed by Metal Closures Group Trustees Ltd.. Considering the performance of the pension fund, the company was not required to transfer funds thereto. Employees have paid their contributions. Reference should be made to note 24) “Employee benefits” to the consolidated financial statements for additional information.

(40) Contingent liabilities

At the date of publication of these consolidated financial statements, there were no significant contingent liabilities in relation to which the Group can currently foresee future expenditure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(41) Operating leases

The Group leases a number of warehouse and factory facilities under operating leases. The leases typically run for a period of 4-6 years, with an option to renew the lease after that date. Some leases provide for additional rent payments that are based on changes in local price indices.

Future minimum lease payments

At December 31, 2014 and 2015 the future minimum lease payments under non-cancellable leases were receivable as follows:

<u>Thousands of Euros</u>	<u>2014</u>	<u>2015</u>
Less than one year	4,493	4,342
Between one and five years	10,365	9,950
More than five years	2,464	1,022
Total	<u>17,321</u>	<u>15,313</u>

Amounts recognized in profit or loss

<u>Thousands of Euros</u>	<u>2014</u>	<u>2015</u>
Lease expense	6,142	5,535
Contingent rent expense	23	545
Sublease income	(8)	—

(42) Commitments and guarantees

The Group's commitments and guarantees given at December 31, 2015 can be grouped into those guarantees given in relation to the Senior Facilities Agreement and Senior Secured Notes due in 2019 and other guarantees given by other group companies, detailed as follows:

GCL Holdings S.C.A.

- Receivables Pledge of GCL Holdings S.C.A.'s receivables under the Proceeds Loan, dated April 20, 2011 (also securing the Senior Notes due in 2018).
- Pledge of the shares of Guala Closures S.p.A. held by GCL Holdings S.C.A.

Guala Closures S.p.A.

- Pledge of the shares held by Guala Closures S.p.A. in Guala Closures International B.V.
- Special lien on the following assets of Guala Closures S.p.A.: (securing the Senior Facilities Agreement only)
 - existing and future chattels not listed in public registers which Guala Closures S.p.A. uses in its operations or as plant and machinery;
 - raw materials, work in progress, stock, finished goods held at any time at Guala Closures S.p.A.'s warehouses (or with third parties or holders of any kind);
 - goods that Guala Closures S.p.A. purchases with income from the financing secured by the special lien;
 - receivables arising after the special lien was signed following the sale of some of the above assets;
 - any revenues and related assets in connection therewith.
- Pledge of Guala Closures S.p.A.'s intellectual property rights

Guala Closures UK Ltd.

- A bond and floating charge on all the assets of Guala Closures UK Ltd..

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(42) Commitments and guarantees (Continued)

Guala Closures International B.V.

- Specific security deed of the shares of Guala Closures Australia Holdings Pty Ltd. held by Guala Closures International B.V.
- Pledge of the participatory interests and shares of Guala Closures Ukraine LLC held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures Mexico S.A. de C.V. held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures Iberica S.A. held by Guala Closures International B.V.
- Specific security deed of the shares of Guala Closures New Zealand Ltd. held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures do Brasil Ltda. held by Guala Closures International B.V.
- Charge on the shares of Guala Closures UK Ltd. held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures DGS Poland [Spółka Akcyjna] held by Guala Closures International B.V.
- Pledge of the material intellectual property of Guala Closures International B.V.

Guala Closures Australia Holdings Pty Ltd

- Specific security on Guala Closures Australia Pty Ltd. shares held by Guala Closures Australia Holdings Pty Ltd.

Guala Closures Australia Pty Ltd.

- Specific security and general security deed granted on the assets of Guala Closures Australia Pty Ltd.

Guala Closures do Brasil Ltda.

- Mortgage on certain real estate property owned by Guala Closures do Brasil Ltda. (security documents executed in January 2013).

The other guarantees given by group companies at December 31, 2015 are as follows:

Guala Closures Ukraine LLC

- Pledge on assets given to Raiffeisen Bank for an amount of Ukrainian hryvnia 6.7 million

Guala Closures Mexico S.A. de C.V.

- Mortgage on land given to Scotia Bank for an amount of Mexican pesos 19 million

Guala Closures Argentina S.A.

- Mortgage on building given to Banco de la Nación Argentina for an amount of Argentinean pesos 5.5 million

Guala Closures South Africa Pty Ltd

- Bank Guarantees for Warehouse Lease for an amount of South African rand 0.5 million

Thousand of Euros

December 31, 2015

Guala Closures S.p.A.

Third party assets held by the Company	1,836
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(43) Events after the reporting period

As of April 28, 2016, no significant subsequent events occurred

On behalf of the Board of Directors
Managing Director
Marco Giovannini

Luxembourg, April, 28, 2016

GCL HOLDINGS S.C.A. AND SUBSIDIARIES
2014 ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(WITH THE REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ THEREON)



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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of GCL Holdings S.C.A., which comprise the consolidated statement of financial position as at December 31, 2014 and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 44 to 122.

General Partner's responsibility for the consolidated financial statements

The General Partner is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the Réviseur d'Entreprises agréé

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the Réviseur d'Entreprises agréé, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the General Partner, as well as evaluating the overall presentation of the consolidated financial statements.

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

KPMG Luxembourg, Société coopérative, a Luxembourg entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

IVA LU 27351518
R C S Luxembourg B 149133



Opinion

In our opinion, the consolidated financial statements as set out on pages 39 to 122 give a true and fair view of the consolidated financial position of GCL Holdings S.C.A. as of December 31, 2014, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.


Report on other legal and regulatory requirements

The consolidated management report as set out on pages 9 to 32, which is the responsibility of the General Partner, is consistent with the consolidated financial statements.

Luxembourg, April 30, 2015

KPMG Luxembourg, Société coopérative
Cabinet de révision agréé

F. Leonardi



GCL HOLDINGS S.C.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<u>(Thousands of Euros)</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>	<u>Note</u>
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	41,197	35,273	5
Current financial assets	64	148	6
Trade receivables	93,079	92,108	7
Inventories	71,483	64,307	8
Current direct tax assets	1,072	2,162	9
Current indirect tax assets	9,270	7,393	10
Financial derivative assets	—	66	11
Other current assets	3,598	3,730	12
Assets held for sale	8	—	13
Total current assets	<u>219,771</u>	<u>205,186</u>	
<i>Non-current assets</i>			
Non-current financial assets	219	222	14
Property, plant and equipment	205,878	202,825	15
Intangible assets	397,418	385,554	16
Deferred tax assets	8,227	9,171	17
Other non-current assets	499	699	18
Total non-current assets	<u>612,243</u>	<u>598,471</u>	
TOTAL ASSETS	<u>832,014</u>	<u>803,657</u>	
LIABILITIES AND EQUITY			
<i>Current liabilities</i>			
Current financial liabilities	10,129	12,820	19
Trade payables	66,788	54,344	20
Current direct tax liabilities	3,552	4,601	21
Current indirect tax liabilities	3,841	9,444	22
Current provisions	1,231	3,381	23
Financial derivative liabilities	4,982	3,036	24
Other current liabilities	24,638	22,178	25
Total current liabilities	<u>115,162</u>	<u>109,804</u>	
<i>Non-current liabilities</i>			
Non-current financial liabilities	512,322	530,480	19
Employee benefits	6,835	7,318	26
Deferred tax liabilities	21,109	19,134	17
Non-current provisions	684	686	23
Other non-current liabilities	168	166	27
Total non-current liabilities	<u>541,118</u>	<u>557,784</u>	
Total liabilities	<u>656,280</u>	<u>667,588</u>	
Share capital and reserves attributable to non-controlling interests	20,758	16,641	
Profit for the year attributable to non-controlling interests	6,676	7,156	
Equity attributable to non-controlling interests	<u>27,435</u>	<u>23,796</u>	29
<i>Equity attributable to the owners of the Company</i>			
Share capital	141	141	
Share premium and other similar reserves	295,228	295,228	
Translation reserve	(25,911)	(35,715)	
Hedging reserve	(1,226)	(1,170)	
Losses carried forward and other reserves	(101,630)	(121,604)	
Loss for the year	(18,303)	(24,607)	
Equity attributable to the owners of the Company	<u>148,299</u>	<u>112,273</u>	28
Total equity	<u>175,734</u>	<u>136,069</u>	
TOTAL LIABILITIES AND EQUITY	<u>832,014</u>	<u>803,657</u>	

The accompanying notes are an integral part of the consolidated financial statements.

GCL HOLDINGS S.C.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

<u>(Thousands of Euros)</u>	<u>2013</u>	<u>2014</u>	<u>Note</u>
<i>Net revenue</i>	494,276	487,794	30
Change in inventories of finished goods and semi-finished products	3,902	1,023	8
Other operating income	13,161	9,974	31
Costs for raw materials	(213,203)	(219,182)	32
Costs for services	(94,673)	(86,152)	33
Personnel expense	(92,154)	(90,719)	34
Other operating expense	(10,263)	(12,295)	35
Amortization, depreciation and impairment losses	(39,309)	(39,396)	15 - 6
Operating profit	61,739	51,046	
Financial income	4,227	7,756	36
Financial expense	(60,783)	(53,812)	37
Net finance costs	(56,556)	(46,056)	
Profit before taxation	5,183	4,990	
Income taxes	(16,809)	(22,441)	39
Loss for the year	(11,626)	(17,452)	

OTHER COMPREHENSIVE INCOME

Items that will never be reclassified to profit or loss:

Actuarial gains/(losses) on the defined benefit liability (asset)	219	(821)
	<u>219</u>	<u>(821)</u>

Items that are or may be reclassified subsequently to profit or loss:

Foreign currency translation differences for foreign operations	(13,486)	(13,107)
Effective portion of fair value gains (losses) of cash flow hedges	52	(273)
Net change in fair value of cash flows hedges reclassified to profit or loss . .	401	350
Income taxes on other comprehensive income	(125)	(21)
	<u>(13,157)</u>	<u>(13,051)</u>

Total comprehensive income/(expense) for the year, net of tax **(12,939)** **(13,872)**

Total comprehensive expense for the year **(24,565)** **(31,324)**

Profit (loss) attributable to:

owners of the Company	(18,303)	(24,607)
non-controlling interests	6,676	7,156

Total comprehensive income /expenses) attributable to:

owners of the Company	(29,597)	(35,174)
non-controlling interests	5,032	3,850

The accompanying notes are an integral part of the consolidated financial statements.

GCL HOLDINGS S.C.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

<u>(Thousands of Euros)</u>	<u>2013</u>	<u>2014</u>	<u>Note</u>
Opening cash and cash equivalents	58,474	41,197	5
A) Cash flows generated by operating activities			
Profit before taxation	5,183	4,990	
Amortization, depreciation and impairment losses	39,309	39,396	7 - 15 - 16
Net finance costs	56,556	46,056	36 - 37
Change in:			
Receivables, payables and inventory	(6,724)	(9,544)	7 - 8 - 20
Other	(5,077)	(169)	
VAT and indirect tax assets/liabilities	(1,970)	1,616	10 - 22
Income taxes paid	<u>(18,912)</u>	<u>(21,207)</u>	9 - 21 - 39
TOTAL	68,364	61,138	
B) Cash flows used in investing activities			
Acquisitions of property, plant and equipment and intangibles	(31,179)	(33,848)	15 - 16 - 25
Proceeds from sale of property, plant and equipment and intangibles	638	350	15 - 16
Change in non-current assets classified as held for sale	—	8	13
Acquisition of South Africa business	<u>(2,933)</u>	<u>—</u>	
TOTAL	(33,474)	(33,490)	
C) Cash flows used in financing activities			
Acquisition of non-controlling interest in Guala Closures China BV	—	(224)	
Acquisition of non-controlling interest in Guala Closures Argentina	—	(1,030)	
Interest received	830	276	36
Interest paid	(40,964)	(41,349)	37
Payment of transaction cost on bonds and Revolving Credit Facility	(3,210)	—	
Other financial items	(656)	123	11 - 24 - 36 - 37
Dividends paid to non-controlling interest	(6,851)	(6,555)	
Proceeds from new borrowings	10,411	35,320	
Repayment of borrowings	(9,955)	(20,277)	
Change in financial assets	146	63	
TOTAL	(50,248)	(33,653)	
D) Net cash flow for the period (A+B+C)	(15,358)	(6,005)	
Effect of exchange rate fluctuations on cash held	<u>(1,918)</u>	<u>81</u>	
Closing cash and cash equivalents	41,197	35,273	5

The accompanying notes are an integral part of the consolidated financial statements.

GCL HOLDINGS S.C.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Thousands of €)	Attributable to the owners of the Company						Equity attributable to the owners of the parent	Share and re-attributed to non-controlling interests
	Share capital	Share premium and other similar reserves	Translation reserve	Hedging reserve	Losses carried forward and other reserves	Loss for the year		
Restated balance at January 1, 2013	141	295,228	(14,073)	(1,555)	(75,403)	(26,443)	177,895	23,228
Allocation of 2012 profit (loss), as restated . . .					(26,443)	26,443	—	6,228
Profit (loss) for the year ended December 31, 2013						(18,303)	(18,303)	(1,000)
Other comprehensive income, as restated			(11,838)	328	216		(11,294)	(1,000)
Total comprehensive expense for the year	—	—	(11,838)	328	(26,227)	8,141	(29,597)	4,228
Dividends to non-controlling interests							—	(7,128)
Total contributions by and distributions to owners of the Company	—	—	—	—	—	—	—	(7,128)
December 31, 2013	141	295,228	(25,911)	(1,226)	(101,630)	(18,303)	148,299	20,728
Balance at January 1, 2014	141	295,228	(25,911)	(1,226)	(101,630)	(18,303)	148,299	20,728
Allocation of 2013 profit (loss)					(18,303)	18,303	—	6,000
Profit (loss) for the year ended December 31, 2014						(24,607)	(24,607)	(3,300)
Other comprehensive expense			(9,804)	56	(819)		(10,567)	(3,300)
Total comprehensive expense for the year	—	—	(9,804)	56	(19,122)	(6,304)	(35,174)	3,300
Dividends to non-controlling interests							—	(6,900)
Total contributions by and distributions to owners of the Company	—	—	—	—	—	—	—	(6,900)
Acquisition of non-controlling interests without a change in control (*)					(852)		(852)	(5,000)
Total changes in ownership interests	—	—	—	—	(852)	—	(852)	(5,000)
December 31, 2014	141	295,228	(35,715)	(1,170)	(121,604)	(24,607)	112,273	16,028

(*) The acquisition of non-controlling interests without a change in control does not include € 475 thousand of translation impact which is accounted for in the consolidated statement of comprehensive income.

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT DECEMBER 31, 2014

GENERAL INFORMATION

(1) The Group's activities and key changes in its structure during the year

The Group's main activities involve the design and manufacturing of closures for spirits, wine and non-alcoholic drinks such as water, olive oil and vinegar, as well as pharma products to be sold on the domestic and international markets.

The Group is also active in the field of production of PET plastic preforms and bottles.

The Group's activities are separated into two divisions:

- the Closures division, representing the Group's core business, specialized in the production of safety closures (safety product line), standard aluminum closures, customized plastic and aluminum closures (decorative product line) and closures for other sectors and accessories; the division also produces aluminum, plastic and rubber closures for the pharmaceutical sector;
- the PET division, which produces preforms and bottles for carbonated soft drinks (CSD product line) and preforms, bottles, molds, jars, flasks and miniature drinks bottles and containers for cosmetics, beauty products and pharmaceuticals and foodstuffs (custom molding product line). This division is no longer considered as a core business.

Currently, the Group is the European and international leader in the production of safety closures for spirits bottles, with over 40 years' experience in the sector.

It is also the leading European producer of aluminum closures for spirits bottles.

The following transactions took place in 2014:

• Incorporation of Guala Closures Japan KK:

On February 26, 2014, a commercial company, Guala Closures Japan KK was incorporated in Japan in order to speed up the Group's development in the Far East and Pacific area.

• Credit Suisse spin off:

On March 31, 2014, the DLJ Merchant Banking Partners team spun off from Credit Suisse to form aPriori Capital Partners L.P., which acts as the manager of the DLJ Merchant Banking Funds. Additional information about the relationships with those parties is provided in note (41) "Related party transactions".

• Winding up of Creative Moulds (India) Pvt Ltd.:

In May 2014, Creative Moulds (India) Pvt Ltd. was wound up.

• Acquisition of 16% in Guala Closures Argentina S.A.:

In May 2014, the Group acquired an additional 16% interest in Guala Closures Argentina S.A. for ARS\$ 17,920 thousand (€1,607 thousand), increasing its ownership stake from 82.38% to 98.38%.

The payment of this transaction is to take place in different tranches: AR\$ 11,015 thousand was paid in 2014 and the residual amount will be paid in 2015.

• Production reallocation:

On July 8, 2014, the Group decided to close the Italian site of Torre d'Isola (PV) and reallocate its production to other group plants (Italy and East Europe).

This industrial reorganization allows the Group to improve production efficiency and customer service.

The negotiations with trade unions were finalised on September 17, 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(1) The Group's activities and key changes in its structure during the year (Continued)

• **Launch of new production plant in California:**

On September 12, 2014, the Group launched its first United States plant based in Fairfield, California. The production plant consists of the Design Studio, a new concept not only within the Group, but also within the wine industry. For the first time, customers can develop new projects with Guala Closures' in-house designer and virtually walk out from the plant with small runs of screwcaps.

• **Acquisition of non-controlling interest in Guala Closures China B.V.:**

On December 17, 2014, the Group acquired the residual non-controlling interest (3.5%) in Guala Closures China B.V. through the holding company Guala Closures International B.V. for € 224 thousand.

(2) Accounting policies

The consolidated financial statements at December 31, 2014 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and endorsed by the European Union ("EU"), and related interpretations. They include the financial information of the parent and all subsidiaries shown in the Group structure at December 31, 2014.

The consolidated financial statements have been prepared on a historical cost basis, except for derivatives which are measured at fair value, and on a going concern basis. Business risks and/or any identified uncertainties related to the Group's reference markets are not significant and do not cast doubts on its ability to continue as a going concern.

The consolidated financial statements have been prepared using the following formats:

- captions of the statement of financial position are classified by current and non-current assets and liabilities;
- statement of profit or loss and other comprehensive income ("OCI") captions are classified by nature;
- the statement of cash flows has been prepared using the indirect method;
- the statement of changes in equity has been prepared in accordance with the structure of changes in equity.

The consolidated financial statements have been prepared in Euros, which is the Group's presentation currency, rounding the amounts to the nearest thousand. Any discrepancies between financial statements balances and those of the tables of the notes to the consolidated financial statements are due exclusively to rounding and do not alter their reliability or substance.

The Board of Managers of GCL Holdings GP S.à r.l., General Partner of GCL Holdings S.C.A., approved the consolidated financial statements on April, 30, 2015.

The shareholders who will be called to approve the parent's annual accounts have the power to request changes to the consolidated financial statements.

The most important accounting policies used by the Group to draw up its consolidated financial statements are consistent with those used for the consolidated financial statements as at and for the year ended December 31, 2013 apart from that stated in paragraph (c) Changes in accounting standards. They are described below.

The accounting policies have been applied consistently across all group companies.

(a) Basis of consolidation

Accounting for business combinations

Business combinations are accounted for using the acquisition method at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(2) Accounting policies (Continued)

operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Acquisitions on or after January 1, 2010

For acquisitions on or after January 1, 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss in the other income caption.

The consideration transferred does not include amounts related to the settlement of preexisting relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for in equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Acquisitions between January 1, 2004 and January 1, 2010

For acquisitions between January 1, 2004 and January 1, 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations, were capitalised as part of the cost of the acquisition.

Acquisitions prior to January 1, 2004 (date of transition to IFRSs)

As part of its transition to IFRSs, the Group elected to restate only those business combinations that occurred on or after January 1, 2004. In respect of acquisitions prior to January 1, 2004, goodwill represents the amount recognised under the Group's previous accounting framework, Italian GAAP.

Accounting for acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(2) Accounting policies (Continued)

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

The entities included in the consolidation scope are listed in the following table:

List of investments in subsidiaries at December 31, 2014

<u>Company name</u>	<u>Registered office</u>	<u>Currency</u>	<u>Share/quota capital</u>	<u>Investment percentage</u>	<u>Type of investment</u>	<u>Method of consolidation</u>
EUROPE						
Guala Closures S.p.A.	Italy	EUR	74,624,491	100%	Direct	Line-by-line
Guala Closures International B.V.	The Netherlands	EUR	92,000	100%	Indirect(*)	Line-by-line
Pharma Trade S.r.l.	Italy	EUR	100,000	100%	Indirect(*)	Line-by-line
Guala Closures Patents B.V.	The Netherlands	EUR	18,400	100%	Indirect(*)	Line-by-line
Guala Closures China B.V.	The Netherlands	EUR	20,000	100%	Indirect(*)	Line-by-line
Guala Closures UK Ltd.	Great Britain	GBP	134,000	100%	Indirect(*)	Line-by-line
Guala Closures Iberica, S.A.	Spain	EUR	2,479,966	100%	Indirect(*)	Line-by-line
Guala Closures Ukraine LLC	Ukraine	UAH	90,000,000	70%	Indirect(*)	Line-by-line
Guala Closures Bulgaria AD	Bulgaria	BGN	10,420,200	70%	Indirect(*)	Line-by-line
Guala Closures Tools AD	Bulgaria	BGN	2,375,700	70%	Indirect(*)	Line-by-line
Guala Closures DGS Poland S.A.	Poland	PLN	595,000	70%	Indirect(*)	Line-by-line
ASIA						
Guala Closures India pvt Ltd.	India	INR	170,000,000	95.0%	Indirect(*)	Line-by-line
Beijing Guala Closures Co. Ltd.	China	CNY	20,278,800	100%	Indirect(*)	Line-by-line
Guala Closures Japan KK	Japan	JPY	5,000,000	100%	Indirect(*)	Line-by-line
LATIN AMERICA						
Guala Closures Mexico, S.A. de C.V.	Mexico	MXN	94,630,010	100%	Indirect(*)	Line-by-line
Guala Closures Servicios Mexico, S.A. de C.V.	Mexico	MXN	50,000	100%	Indirect(*)	Line-by-line
Guala Closures Argentina S.A.	Argentina	ARS	17,702,910	98.38%	Indirect(*)	Line-by-line
Guala Closures do Brasil LTDA	Brazil	BRL	10,736,287	100%	Indirect(*)	Line-by-line
Guala Closures de Colombia LTDA	Colombia	COP	8,691,219,554	93.20%	Indirect(*)	Line-by-line
OCEANIA						
Guala Closures New Zealand Ltd.	New Zealand	NZD	5,700,000	100%	Indirect(*)	Line-by-line
Guala Closures Australia Holdings Pty Ltd.	Australia	AUD	34,450,501	100%	Indirect(*)	Line-by-line
Guala Closures Australia Pty Ltd.	Australia	AUD	810	100%	Indirect(*)	Line-by-line
AFRICA						
Guala Closures South Africa Pty Ltd.	South Africa	ZAR	60,000,000	100%	Indirect(*)	Line-by-line
REST OF THE WORLD						
Guala Closures North America, Inc.	United States	USD	60,000	100%	Indirect(*)	Line-by-line

Note:

(*) Reference should be made to the chart illustrating the Group structure for further details on the indirect investments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(2) Accounting policies (Continued)

The table does not include the figures for Metal Closures Group Trustee Ltd. (the company that manages the Metal Closures pension schemes—see note 26) “Employee benefits”) as they are not consolidated due to their immaterial size.

Consolidation procedures

The financial statements of the subsidiaries are prepared for each reporting period using the same accounting policies as those of the parent. Consolidation adjustments are recognized to make those captions impacted by the application of different accounting policies consistent. All intragroup balances and transactions, including any unrealized profits on transactions within the Group, are completely eliminated. Unrealized losses, other than impairment losses, are eliminated. The related tax effects are measured on all consolidation adjustments.

(b) Use of estimates and judgments

Following the adoption of IFRS, management has to make judgments, estimates and assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, costs and revenue. Estimates and the related assumptions are based on past experience and other factors considered to be reasonable in the circumstances. They are adopted to estimate the carrying amount of assets and liabilities that cannot easily be assumed from other sources. However, as they are estimates, the actual figure may not match the result of the estimate. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending December 31, 2015 is included in the following notes: allowances for impairment and inventory write-down (note 8), amortization and depreciation (notes 15-16), impairment of non-current assets (note 16), employee benefits (note 26), taxes (note 39), provisions (note 23), and to measure financial derivatives and effects of business combinations (note 4).

Such estimates and assumptions are reviewed regularly. Any changes arising therefrom are recognized in the year in which the review takes place if this only affects that year. If the review relates to both current and future years, the change is recognized in the year in which the review takes place and in the related future year.

(c) Changes in accounting standards

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of January 1, 2014:

- **Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32—Financial Instruments: Presentation):** the Group adopted the amendments to IAS 32—Financial Instruments: Presentation effective from January 1, 2014. The amendments clarify the application of certain offsetting criteria for financial assets and financial liabilities and are required to be applied retrospectively. No significant effect arose on these consolidated financial statements from the application of these amendments.
- **IFRS 10—Consolidated Financial Statements:** the Group adopted IFRS 10, as amended, effective from January 1, 2014. The new standard builds on existing standards by identifying a single control model applicable to all entities, including “structured entities”. The standard also provides additional guidance to assist in the determination of control where this is difficult to assess. The adoption of IFRS 10 has no impact on the recognized assets, liabilities and comprehensive income (expense) and had no effect on the disclosures presented in these consolidated financial statements.
- **IFRS 11—Joint arrangements:** the Group adopted IFRS 11, as amended as of January 1, 2014. The adoption of this standard required the reclassification of investments previously classified as jointly controlled entities under IAS 31—Interests in joint ventures, as either “joint operations” (if the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement) or “joint ventures” (if the Group has rights only to the net assets of an arrangement). The classification focuses on the rights and obligations of the arrangements, as well as their legal form.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(2) Accounting policies (Continued)

Under the new standard, joint ventures are accounted for under the equity method while joint operations are accounted for by recognizing the Group's share of assets, liabilities, revenue and expenses (these interests would have previously been accounted for using the equity method under IAS 31). These consolidated financial statements were not affected by application of these amendments.

- IFRS 12—Disclosure of Interests in Other Entities: the Group adopted IFRS 12, as amended, effective from January 1, 2014. The standard is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, structured entities and other unconsolidated entities. Other than the modifications to the disclosures regarding these interests reported in these consolidated financial statements, the adoption of the new standard did not have any effect on these consolidated financial statements.
- IAS 27—Separate financial statements: together with the issue of IFRS 10 and IFRS 12, the previous IAS 27 was amended, with changes to its title and its content. All provisions concerning the preparation of consolidated financial statements were eliminated, while the other provisions were not modified. Following the amendment, the standard therefore only specifies the recognition and measurement criteria and the disclosure requirements for separate financial statements concerning subsidiaries, joint ventures and associates. Since this amendment does not pertain to consolidated financial statements, the retrospective application of the measure did not have an impact on the Group.
- IAS 28—Investments in associates and joint ventures: together with the issue of IFRS 11 and IFRS 12, the previous IAS 28 was amended, with changes to its title and its content. In particular, the new standard, which also includes the provisions of SIC 13—Jointly controlled entities—non-monetary contributions by venturers, describes the application of the equity method, which is used to account for associates and joint ventures in consolidated financial statements. These consolidated financial statements were not affected by application of these amendments.
- Amendments to IFRS 10, IFRS 11 and IFRS 12—Transition guidance: the amendments are intended to clarify a number of issues concerning the first-time adoption of IFRS 10, IFRS 11 and IFRS 12. In particular, IFRS 10 was amended to clarify that the date of initial application of the standard shall mean “the beginning of the annual reporting period in which IFRS 10 is applied for the first time”. In addition, the amendments limited the comparative disclosures to be provided in the first year of application. IFRS 11 and IFRS 12 were amended similarly, limiting the effects, both in terms of restatement of financial data and of disclosures, of initial application of IFRS 11. These consolidated financial statements were not affected by application of these amendments.
- Amendments to IFRS 10, IFRS 12 and IAS 27—Investment entities: the amendments introduce an exception to the requirement under IFRS 10 to consolidate all subsidiaries if the parent qualifies as an “investment entity”. More specifically, investment entities, as defined in the amendments, shall not consolidate their subsidiaries unless the latter provide services associated with the investment activities of the parent. Non-consolidated subsidiaries shall be measured in conformity with IFRS 9 or IAS 39. The parent of an investment entity shall, however, consolidate all of its subsidiaries (including those held through the investment entity) unless it also qualifies as an investment entity. These consolidated financial statements were not affected by application of these amendments.
- Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36—Impairment of assets): effective from January 1, 2014, the Group adopted the amendments to IAS 36—Recoverable Amount Disclosures for Non-Financial Assets addressing the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal without reporting any effect on these consolidated financial statements. The application of these amendments should result in an expanded disclosure in the notes to the future annual consolidated financial statements in case of an impairment that is based on fair value less cost of disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(2) Accounting policies (Continued)

- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39—Financial Instruments: Recognition and Measurement): these amendments, adopted with effect from January 1, 2014 allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to allow clearing with a central counterparty as a result of laws or regulations, if specific conditions are met. These consolidated financial statements were not affected by application of these amendments.

The application of these amendments had no significant effect on the disclosures presented in these consolidated financial statements or on the measurement of the related items.

(d) Foreign currency

Functional currency and presentation currency

The figures stated in the financial statements of each group company are measured using their functional currency, being the currency of the primary economic environment in which the company operates. The consolidated financial statements are drawn up in Euros, the parent's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions, including the effects of fair value adjustments arising from business combinations and goodwill from acquisitions of entities whose functional currency is not the Euro, are translated into the functional currency applying the exchange rate ruling on the date of the transaction. Monetary items in foreign currency existing at the reporting date are translated into Euros using the closing rate. Exchange rate gains and losses are taken to profit or loss. Non-monetary items measured at their historical cost in foreign currency are translated using the exchange rate ruling on the transaction date. Non-monetary items measured at fair value in foreign currency are translated into Euros using the exchange rates ruling on the date their fair value was determined.

Financial statements of the foreign companies

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Euros at the closing rates. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated into Euros at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(2) Accounting policies (Continued)

The following exchange rates are applied to translate those financial statements presented in currencies that are not legal tender in Luxembourg:

Statement of financial position

<u>1 Euro = x foreign currency</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Pound sterling	0.83370	0.77890
US dollar	1.37910	1.21410
Indian rupee	85.36600	76.71900
Mexican peso	18.07310	17.86790
Colombian peso	2,664.42120	2,892.26000
Brazilian real	3.25760	3.22070
Chinese renmimbi	8.34910	7.53580
Argentinean peso	8.98914	10.27550
Polish zloty	4.15430	4.27320
New Zealand dollar	1.67620	1.55250
Australian dollar	1.54230	1.48290
Ukrainian hryvnia	11.32917	19.20600
Bulgarian lev	1.95580	1.95580
South African Rand	14.56600	14.03530
Japan Yen	n.a.	145.23000

Statement of profit or loss and other comprehensive income

<u>1 Euro = x foreign currency</u>	<u>2013</u>	<u>2014</u>
Pound sterling	0.84925	0.80643
US dollar	1.32814	1.32884
Indian rupee	77.87526	81.06888
Mexican peso	16.96444	17.66208
Colombian peso	2,483.20443	2,654.99398
Brazilian real	2.86694	3.12277
Chinese renmimbi	8.16549	8.18825
Argentinean peso	7.27680	10.77447
Polish zloty	4.19708	4.18447
New Zealand dollar	1.62025	1.59986
Australian dollar	1.37702	1.47240
Ukrainian hryvnia	10.78839	15.87113
Bulgarian lev	1.95580	1.95580
South African Rand	12.83078	14.40652
Japan Yen	n.a.	140.37150

(e) Cash and cash equivalents

Cash and cash equivalents include cash balances and on-demand deposits as well as all highly-liquid investments with an original expiry date equal to or of less than three months.

Cash and cash equivalents are calculated in the same way for both the statement of financial position and statement of cash flows.

(f) Derivatives

The Group uses derivatives solely to hedge interest rate risks, the risk of fluctuations in the purchase price of aluminum and currency risk related to purchase and sales transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(2) Accounting policies (Continued)

In line with its treasury policy, the Group does not hold or issue derivatives for speculative or trading purposes. Nevertheless, those derivatives that do not qualify for hedge accounting are recognized as trading instruments.

Derivative financial assets and liabilities are initially measured at fair value which is then remeasured at each reporting date.

The fair value of interest rate swaps is the present value of the difference between the rate to pay/receive and the interest rate based on market trends at the same date as the swap.

The fair value of currency swaps, currency options and derivatives related to the price of raw materials is calculated by leading financial institutions on the basis of market conditions.

To reduce the risk of default, the counterparties in the derivative contracts are usually leading banks and financial institutions.

Cash flow hedges

The effective part of changes in the fair value of those derivatives that qualify as cash flow hedges and which are highly effective is recognized in other comprehensive income and presented in the hedging reserve in equity. The amounts included in this reserve and subsequent changes in the fair value of the derivatives are reclassified to profit or loss in the year in which the flows generated by the hedged captions affect profit and loss.

Changes in the fair value of those derivatives that do not qualify as cash flow hedges and the ineffective portion of those which do qualify are recognized in profit or loss.

(g) Trade and other receivables

Trade and other receivables with due dates in line with generally accepted current trade terms are initially recognized at fair value, which generally equals their nominal amount. They are subsequently measured at amortized cost, net of identified impairment losses. The estimate of the amounts considered unrecoverable is based on the present value of estimated future cash flows.

Impairment losses are recognized in profit and loss under amortization, depreciation and impairment losses.

(h) Inventories

Inventories are measured at the lower of purchase or production cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

The production cost of finished goods includes the portions of the costs of raw materials and external materials and processing, as well as all other direct and indirect production costs reasonably attributable to the products, excluding financial expense.

Purchase or production cost is calculated on a weighted average cost basis.

Obsolete and/or slow-moving inventories are written down on the basis of their estimated possibility of use or future realizable value, through an accrual to the specific allowance adjusting the value of inventories. The amount is reinstated if, in subsequent years, the reasons for the write-down no longer exist.

(i) Assets held for sale and discontinued operations

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(2) Accounting policies (Continued)

the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets or employee benefit assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognized in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated.

(j) Property, plant and equipment

Property, plant and equipment are recognized at historical cost, including directly related ancillary costs necessary for the use of the asset. Borrowing costs related to loans taken out specifically for investments in property, plant and equipment are considered part of the carrying amount of the related assets and, as such, capitalized.

Subsequent expenditure is included in an asset's carrying amount when it is probable that the future economic benefits exceeding those determined originally will flow to the Group. This expenditure is depreciated over the related asset's residual useful life. All other expenditure is expensed in the year in which it is incurred.

Where significant components of the asset have different useful lives, they are recognized separately.

Property, plant and equipment are shown net of accumulated depreciation and any impairment losses determined as set out later on.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The depreciation periods are as follows:

	Depreciation period (years)
Buildings	30 - 35
Light constructions	8 - 10
Specific plant, machinery, presses and molds	4 - 12
Generic plant	10 - 13
Laboratory equipment	2 - 3
Canteen equipment, office furniture and equipment and fittings for exhibitions and trade fairs	8 - 10
Vehicles, canteen facilities	4 - 6
Internal means of transport, electronic equipment and mobile phones	5 - 8

The carrying amount of property, plant and equipment is tested for impairment if events or changed circumstances suggest that the carrying amount may not be recovered. If there is an indication of this type and in the event the carrying amount exceeds the estimated realizable value, the assets are adjusted to their realizable value. The realizable value of property, plant and equipment is the higher of an asset's net selling price and its value in use. Value in use is defined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market estimate of the time value of money and specific risks of the item of property, plant and equipment. Impairment losses are recognized in profit or loss under amortization, depreciation and impairment losses. Such impairment losses are reversed if the reasons for impairment are no longer valid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(2) Accounting policies (Continued)

Subsequent expenditure is included in an asset's carrying amount when it is probable that the future economic benefits exceeding those determined originally will flow to the Group. This expenditure is depreciated over the related asset's residual useful life. All other expenditure is expensed in the year in which it is incurred.

At the time of disposal or when there are no expected future economic benefits from an asset's use, the caption is derecognized. Any gain or loss (calculated as the difference between the sales amount and carrying amount) is taken to profit or loss in the year of derecognition.

(k) Leases

Finance leases

Leases for property, plant and equipment where the Group substantially takes on all risks and rewards incidental to ownership are classified as finance leases. Plant and machinery acquired under finance leases are recognized at the lower of fair value and the present value of the minimum lease payments due at the inception of the lease, net of accumulated depreciation and any impairment losses. The related assets, liabilities, revenue and expense deriving from the lease are recognized under the financial method at the inception of the lease, i.e., when the lessee is authorized to exercise its right to use the leased asset.

Property, plant and equipment acquired under finance leases are depreciated over the related asset's useful life.

Interest expense on finance lease payments is recognized in profit or loss using the effective interest method.

Operating leases

Those leases where the Group does not substantially take on all risks and rewards incidental to ownership are recognized as operating leases. Operating lease payments are taken to profit or loss on a straight-line basis over the lease term.

(l) Intangible assets

Goodwill

Goodwill arising from the acquisition of subsidiaries is initially recognized at cost. After initial recognition, goodwill is adjusted for any accumulated impairment losses, determined using the criteria described later on.

Goodwill is tested for impairment on an annual basis at least, or more frequently if events or changes in circumstances take place that could give rise to impairment losses. At the date of acquisition, any goodwill is allocated to each of the cash-generating units that are expected to benefit from the synergic effects of the acquisition. Any impairment losses are identified through assessment of each unit's ability to generate cash flows such to recover the part of goodwill allocated to it, using the method described in the section on Property, plant and equipment. An impairment loss is recognized in the event the amount recoverable by the cash-generating unit is less than its carrying amount.

These impairment losses are not reversed if the reasons for impairment are no longer valid.

Research expenditure

Expenditure on research undertaken to gain scientific and technical knowledge and information is recognized as an expense when incurred.

Development expenditure

Development expenditure, which also relates to the application of research findings to a plan or design for the production of new or substantially improved products or processes, is capitalized when the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(2) Accounting policies (Continued)

product or process is feasible in technical and commercial terms and the Group has adequate resources to complete the development stage.

Capitalized development expenditure is measured at cost, net of accumulated amortization and impairment losses.

Other intangible assets

These assets are measured at cost, determined in the same way as described for property, plant and equipment.

Other intangible assets, which all have a finite useful life, are subsequently shown net of accumulated amortization and any impairment losses, determined in the same way as described for property, plant and equipment.

Useful life is checked annually and, where necessary, any changes are reflected on a prospective basis.

The amortization periods for other intangible assets are as follows:

	Amortization period (years)
Development expenditure	5
Patents and trademarks	5 - 10
Software	5
Licenses	5
Other capitalized expenditure	5 or in line with the contract term

Subsequent expenditure is included in an asset's carrying amount when it is probable that the future economic benefits exceeding those determined originally will flow to the Group. This expenditure is amortized over the related asset's residual useful life. All other expenditure is expensed in the year in which it is incurred.

The gain or loss arising from the disposal of an intangible asset is determined as the difference between the net disposal proceeds and carrying amount. It is recognized in profit or loss at the time of disposal.

(m) Income taxes

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in the consolidated statement of equity or in OCI.

Current tax comprises the expected tax payable or receivable on the taxable profit or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantially enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax also includes any tax arising from dividends and any interest and penalties enacted by the tax administration following their review of the tax position of previous fiscal years for which a difference is tax due was highlighted.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(2) Accounting policies (Continued)

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The income tax consequences of dividends are recognized when the dividend is approved.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(n) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets in the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets.

Held-to-maturity investments

If the Group has the positive intent and ability to hold debt instruments to maturity, then such financial assets are classified as held to maturity. Held-to-maturity investments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available for sale, and prevent the Group from classifying investment securities as held to maturity for the current and following two years.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise cash and cash equivalents and trade and other receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(2) Accounting policies (Continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt instruments.

(o) Non-derivative financial liabilities

The Group initially recognises debt instruments issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Group classifies non-derivative financial liabilities in the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a decrease in equity, net of any tax effects.

Business combinations

When as a result of a takeover/acquisition of control not involving the entire stake in the acquiree, the Group has the potential obligation to acquire the residual investment in the acquiree should the non-controlling investors exercise a put option and the non-controlling investor still has present access to the economic benefit associated with the underlying ownership interests, it recognizes a liability calculated by discounting the estimated value at the exercise date using the present access method whereby a liability is recognized decreasing the equity caption "Retained earnings (losses carried forward)" in the first year, with subsequent remeasurement recognized in profit or loss as financial expense.

(p) Trade payables

Trade payables with due dates in line with generally accepted trade terms are initially recognized at fair value and subsequently measured at amortized cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(2) Accounting policies (Continued)

(q) Employee benefits

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

IFRIC 14 clarifies the provisions of IAS 19 "Employee benefits" with respect to the measurement of defined benefit plan assets when there is a minimum funding requirement. A defined benefit plan is in surplus when the fair value of the plan assets exceeds the present value of the defined benefit obligation. IFRIC 14/IAS 19 only permit the recognition of this surplus at the present value of the financial benefits available through refunds or reductions in future contributions. Moreover, disclosure is required when the plan requires a minimum contribution that could give rise to a liability.

The post-employment benefits in Italy (TFR, trattamento di fine rapporto) are treated in the same way as benefit obligations arising from defined benefit plans.

(r) Provisions

Provisions include certain or probable costs and charges, the amount or due date of which is unknown at year end. A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow from the Group of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation. The provisions are stated as the best estimate of the expenditure required to settle the obligation at the reporting date or to transfer it to a third party at that date. If the impact of discounting the time value of money is significant, the provision is determined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

(s) Revenue

Revenue is recognized to the extent that it is possible to reliably determine its amount and it is probable that the related economic benefits will flow to the Group. Revenue is recognized using the following criteria depending on the type of transaction:

- revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have been transferred to the buyer;
- recovery of the consideration is probable and the associated costs and possible return of goods can be estimated reliably;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(2) Accounting policies (Continued)

- there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.
- revenue for services is recognized in relation to the stage of completion of the transaction at the reporting date.

Revenue is measured net of returns, trade discounts and volume rebates.

No revenue is recognized if significant uncertainties exist in relation to the collection of the related receivables net of any returns.

(t) Grants

Grants relating to assets and income are recognized when there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Grants related to assets are recognized as deferred revenue under Other liabilities in the statement of financial position and are taken to profit or loss on a systematic basis to offset them against the depreciation of the relevant assets. Grants relating to income are recognized under Other operating income.

(u) Financial income and expense

Financial income and expense are recognized on an accruals basis and calculated on the carrying amount of the related financial assets and liabilities using the effective interest method.

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Borrowing costs related to loans taken out specifically for investments in property, plant and equipment are considered part of the carrying amount of the related assets and, as such, capitalized.

(v) New standards and interpretations not adopted early

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2014 and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

- **IFRIC 21—Levies:** IFRIC 21 provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37—Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. The Interpretation covers the accounting for outflows imposed on entities by governments (including government agencies and similar bodies) in accordance with laws and/or regulations. However, it does not include income taxes (see IAS 12—Income Taxes), fines and other penalties, liabilities arising from emissions trading schemes and outflows within the scope of other Standards. These standards are effective for annual periods beginning on or after February 1, 2015 with early adoption permitted. At the date of these consolidated financial statements, the Group is assessing any effects which may result from the adoption of the standards.
- **Annual Improvements cycle 2010-2012:** In December 2013, the IASB issued Annual Improvements to IFRSs 2010-2012 Cycle, a collection of amendments to IFRSs, in response to eight issues addressed during the 2010-2012 cycle. The amendments reflect issues discussed by the IASB during the project cycle that began in 2010, and that were subsequently included in the exposure draft of proposed amendments to IFRSs, Annual Improvements to IFRSs 2010-2012 Cycle (published in May 2012). The amendments are effective for annual periods beginning on or after February 1, 2015, although entities are permitted to apply them earlier. The main improvements are related to:
 - **IFRS 2—Share-based Payment:** amends the definitions of ‘vesting condition’ and “market condition” and adds definitions for “performance condition” and “service condition” (which were previously part of the definition of “vesting condition”).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(2) Accounting policies (Continued)

- IFRS 3—Business Combinations (with consequential amendments to other standards): clarifies that contingent consideration that is classified as an asset or a liability shall be measured at fair value at each reporting date.
- IFRS 8—Operating Segments: requires an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. It clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly.
- IFRS 13—Fair Value Measurement (amendments to the basis of conclusions only, with consequential amendments to the bases of conclusions of other standards): clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.
- IAS 16—Property, Plant and Equipment: clarifies that when an item of property, plant and equipment is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.
- IAS 24—Related Party Disclosures: clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.
- IAS 38—Intangible Assets: clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

At the date of this Annual Report, the Group is assessing any effects which may result from the adoption of the standards.

- In December 2013, the IASB issued Annual Improvements to IFRSs 2011-2013 Cycle, a collection of amendments to IFRSs, in response to four issues addressed during the 2011-2013 cycle. The amendments reflect issues discussed by the IASB during the project cycle that began in 2011, and that were subsequently included in the Exposure Draft of proposed amendments to IFRSs, Annual Improvements to IFRSs 2011-2013 Cycle (published in November 2012). The amendments are effective for annual periods beginning on or after January 1, 2015, although entities are permitted to apply them earlier:
- IFRS 1—First-time Adoption of International Financial Reporting Standards (changes to the Basis for Conclusions only): clarifies that an entity, in its first IFRS financial statements, has the choice between applying an existing and currently effective IFRS or applying early a new or revised IFRS that is not yet mandatorily effective, provided that the new or revised IFRS permits early application. An entity is required to apply the same version of the IFRS throughout the periods covered by those first IFRS financial statements.
- IFRS 3—Business Combinations: clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.
- IFRS 13—Fair Value Measurement: clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39—Financial Instruments: Recognition and Measurement or IFRS 9—Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 Financial Instruments: Presentation.
- IAS 40—Investment Property: clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property. Clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in IFRS 3—Business Combinations and investment property as defined in IAS 40 Investment Property requires the separate application of both standards independently of each other.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(2) Accounting policies (Continued)

- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19—Employee Benefits): IASB has amended the requirements in IAS 19 for contributions from employees or third parties that are linked to service:
 - If the amount of the contributions is independent of the number of years of service, contributions may be recognised as a reduction in the service cost in the period in which the related service is rendered (note: this is an allowed but not required method).
 - If the amount of the contributions depends on the number of years of service, those contributions must be attributed to periods of service using the same attribution method as used for the gross benefit in accordance with paragraph 70 of IAS 19.

The amendments are intended to provide relief in that entities are allowed to deduct contributions from service cost in the period in which the service is rendered. This was common practice prior to the 2011 amendments to IAS 19. In those cases the impact of retrospective application would be minimal.

At the date of this Annual Report, the Group is assessing any effects which may result from the adoption of the standards.

(w) Standards, amendments and interpretations not yet applicable

The European Union had not yet completed its endorsement process for these standards and amendments at the date of these consolidated financial statements:

- Standards
 - IFRS 9—Financial Instruments
 - IFRS 14—Regulatory Deferral Accounts
 - IFRS 15—Revenue from Contracts with Customers
- Amendments
 - Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
 - Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations
 - Amendments to IAS 16 and IAS 41: Bearer Plants
 - Amendments to IAS 27 (2011): Equity Method in Separate Financial Statements
 - Amendments to IFRS 10 and IAS 28 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
 - Annual Improvements to IFRSs (2012-2014 Cycle)
 - Disclosure Initiative (Amendments to IAS 1)
 - Investment entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

(x) Determination of fair value

Several standards and disclosure requirements require the determination of fair value of financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are classified into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1—quoted prices (unadjusted) in active markets for identical assets or liabilities;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(2) Accounting policies (Continued)

- Level 2—inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3—inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are categorised into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the level of the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after suitable negotiation wherein the parties had each acted knowledgeably. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

Intangible assets

The fair value of patents and trademarks acquired as part of a business combination is based on an estimate of the discounted amount of royalties that the Group expects to receive from ownership of such patents or trademarks (ideal royalty method), or replacement cost, if appropriate.

The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Inventories

The fair value of inventories acquired as part of a business combination is calculated using the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and a suitable profit margin based on the efforts required to complete or sell the inventories.

Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. Current receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

Derivatives

The fair values of commodities purchase forwards and interest rate swaps are based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values include adjustments to take account of the credit risk of the group entity and counterparty when appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(2) Accounting policies (Continued)

Other non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

For finance leases, the market rate of interest is determined with reference to similar lease agreements.

(3) Operating segments

Reportable segments are the Group's strategic divisions as determined in accordance with the quantitative and qualitative requirements of IFRS 8.

The Group has only one reportable segment, the Closures division. The Group's CEO (the chief operating decision maker) reviews internal management reports on the reportable segment, the closures division, on at least a quarterly basis. The following summary describes the operations in this reportable segment.

The Closures division represents the Group's core business. Other operations include the PET division that does not meet any of the quantitative thresholds for determining reportable segments in 2014 or 2013 under IFRS 8.

Information regarding the results of the Group's reportable segment is included below. Performance is measured based on segment revenue and gross operating profit, depreciation and amortization, trade receivables, inventories, property, plant and equipment, trade payables and capital expenditure as included in the internal management reports that are reviewed by the CEO and by the board of directors.

Management considers the above information as the most suitable to evaluate the results of the segment compared to other entities that operate in these industries.

All other asset and liability figures are non reportable by segment as the management believes that the availability of such information by segment is not relevant.

Thousands of Euros	Closures		Other Operations		Total	
	2013	2014	2013	2014	2013	2014
External revenue	491,003	484,441	3,274	3,354	494,276	487,794
Gross operating profit	100,990	90,270	58	172	101,048	90,442
Depreciation and Amortization	(39,125)	(39,233)	(184)	(163)	(39,309)	(39,396)

Thousands of Euros	Closures		Other Operations		Total	
	December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014
Trade receivables	92,343	91,415	736	693	93,079	92,108
Inventories	71,015	63,891	469	416	71,483	64,307
Trade payables	(66,261)	(54,050)	(527)	(294)	(66,788)	(54,344)
Property, plant and equipment	205,088	202,153	790	672	205,878	202,825

Thousands of Euros	Closures		Other Operations		Total	
	2013	2014	2013	2014	2013	2014
Capital expenditure	33,005	32,633	91	36	33,096	32,669

Geographical information

The Closures segment is managed on a worldwide basis from the central headquarters in Italy, but it operates from manufacturing facilities primarily in Poland, India, the United Kingdom, Australia, Ukraine, Spain, Mexico, Argentina and South Africa.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(3) Operating segments (Continued)

In presenting information on the basis of geographical segments, segment revenue and segment assets are based on the geographical location of the assets/subsidiaries.

<u>Thousands of Euros</u>	<u>Net revenue</u>	
	<u>2013</u>	<u>2014</u>
Italy	74,491	69,360
Poland	61,171	59,918
India	50,856	55,843
UK	47,990	53,193
Ukraine	40,424	42,871
Spain	39,709	38,821
Australia	43,486	37,016
Mexico	31,956	24,243
Argentina	23,002	18,390
South Africa	18,633	17,295
Other countries and consolidation adjustments	62,558	70,846
Consolidated net revenue	<u>494,276</u>	<u>487,794</u>

Non-current assets other than financial instruments and deferred tax assets: Property, plant and equipment and Intangible assets

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
	Italy	347,372
Australia	70,049	71,574
Poland	33,045	33,760
India	21,010	25,775
Spain	18,694	17,684
Mexico	17,131	17,922
Brasil	10,746	13,759
Ukraine	15,910	12,236
South Africa	12,135	12,029
Other countries and consolidation adjustments	57,204	48,347
Property, plant and equipment and Intangible assets	<u>603,296</u>	<u>588,379</u>

Deferred Tax Assets

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
	Italy	3,369
Australia	1,371	1,372
Spain	1,018	802
Argentina	373	514
New Zealand	130	208
UK	97	127
Mexico	33	39
Other countries and consolidation adjustments	1,837	1,959
Consolidated Deferred Tax Assets	<u>8,227</u>	<u>9,171</u>

The Group is not exposed to significant geographical risks other than normal business risks.

Information about major customers

In the Closures segment, there is only one customer with a percentage of revenue (of total revenue) over 10%. The breadth and diversity of the Group's customer base results means that no one brand makes up more than 3% of net revenue over the last three years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(4) Acquisition of subsidiaries, business units and non-controlling interest

(4.1) Acquisition of non-controlling interest

In May 2014, the Group acquired an additional 16% interest in Guala Closures Argentina S.A. for ARS\$ 17,920 thousand (€1,607 thousand), increasing its ownership stake from 82.38% to 98.38%.

The payment of this transaction is to take place in different tranches: AR\$ 11,015 thousand (€ 1,030 thousand) was paid in 2014 and the residual amount will be paid in 2015.

The Group recognized:

- a decrease in non-controlling interests of €365 thousand;
- a decrease in losses carried forward and other reserves of €721 thousand;
- a decrease in the translation reserve of €521 thousand.

The carrying amount of Guala Closures Argentina's net assets in the Group's consolidated financial statements on the date of the acquisition of non-controlling interest was €1,773 thousand.

The following table summarises the effect of the changes in the Group's ownership interest in Guala Closures Argentina S.A.:

Thousands of Euros

Group's ownership interest at January 1	3,038
Effect of increase in Group's ownership interest	365
Dividend distribution	(1,232)
Share of comprehensive income	<u>655</u>
Group's ownership interest at December 31, 2014	<u>2,825</u>

On December 17, 2014, the Group acquired the residual non-controlling interest (3.5%) in Guala Closures China B.V. through the holding company Guala Closures International B.V. for € 224 thousand.

The Group recognized:

- a decrease in non-controlling interests of €139 thousand;
- a decrease in losses carried forward and other reserves of €131 thousand;
- an increase in the translation reserve of €46 thousand.

The carrying amount of Guala Closures China consolidated's net assets in the Group's consolidated financial statements on the date of the acquisition of non-controlling interest was €4,130 thousand.

The following table summarises the effect of the changes in the Group's ownership interest in Guala Closures China consolidated figures:

Thousands of Euros

Group's ownership interest at January 1	3,665
Effect of increase in Group's ownership interest	139
Dividend distribution	(363)
Share of comprehensive income	<u>836</u>
Group's ownership interest at December 31, 2014	<u>4,276</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

STATEMENT OF FINANCIAL POSITION

(5) Cash and cash equivalents

This caption represents the balance of the bank and postal accounts considering the nominal amount of the current accounts held with banks.

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Bank and postal accounts	30,100	31,420
Other cash equivalents	11,097	3,853
Total	<u>41,197</u>	<u>35,273</u>

(6) Current financial assets

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Current financial assets	64	148
Total	<u>64</u>	<u>148</u>

The carrying amount of Current financial assets approximates their fair value at the reporting date.

(7) Trade receivables

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Trade receivables	100,724	100,591
Allowance for impairment	(7,645)	(8,483)
Total	<u>93,079</u>	<u>92,108</u>

The allowance for impairment varied as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>
Opening allowance for impairment	7,645
Exchange rate losses	(76)
Accrual	1,435
Utilization	(520)
Closing allowance for impairment	<u>8,483</u>

The allowance at December 31, 2014 includes about € 4.7 million (mostly more than 90 days overdue) for a few customers. The residual part relates to other customers that have indicated that they do not expect to be able to pay their outstanding balances, mainly due to their financial difficulties.

(8) Inventories

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Raw materials, consumables and supplies	40,313	32,935
(Allowance for inventory write-down)	(1,513)	(1,568)
Work in progress and semi-finished products	15,609	15,710
(Allowance for inventory write-down)	(497)	(732)
Finished products and goods	18,630	18,995
(Allowance for inventory write-down)	(1,400)	(1,426)
Payments on account	341	393
Total	<u>71,483</u>	<u>64,307</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(8) Inventories (Continued)

The changes in the caption are as follows:

<u>Thousands of Euros</u>	
Balance at January 1, 2014	71,483
Exchange rate losses	(1,567)
Change in raw materials, consumables and supplies	(6,685)
Change in finished goods and semi-finished products	1,023
Change in payments on account	<u>52</u>
Balance at December 31, 2014	<u>64,307</u>

The allowance for inventory write-down varied as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>
Opening allowance for inventory write-down	3,410
Exchange rate losses	(172)
Accrual	1,486
Utilization	<u>(998)</u>
Closing allowance for inventory write-down	<u>3,726</u>

(9) Current direct tax assets

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Current direct tax assets	<u>1,072</u>	<u>2,162</u>
Total	<u>1,072</u>	<u>2,162</u>

(10) Current indirect tax assets

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
VAT and other indirect taxes	<u>9,270</u>	<u>7,393</u>
Total	<u>9,270</u>	<u>7,393</u>

(11) Financial derivative assets

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Fair value of forward aluminum purchases	<u>—</u>	<u>66</u>
Total	<u>—</u>	<u>66</u>

(12) Other current assets

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Other receivables	<u>3,598</u>	<u>3,730</u>
Total	<u>3,598</u>	<u>3,730</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(12) Other current assets (Continued)

Other receivables at December 31, 2014 include, inter alia, advances to suppliers of € 1.6 million and receivables of € 0.2 million due to Guala Closures Argentina S.A. from the Argentinean government for repayments in respect of exports.

(13) Assets held for sale

These assets relate to the following companies:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Guala Closures India (Pvt) Ltd.	8	—
Total	<u>8</u>	<u>—</u>

(14) Non-current financial assets

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Guarantee deposits—Guala Closures S.p.A.	71	76
Investments in other companies	28	27
Other financial assets	120	119
Total	<u>219</u>	<u>222</u>

The carrying amount of Non-current financial assets is approximate with their fair value at the reporting date.

(15) Property, plant and equipment

The following tables show the changes in 2013 and 2014:

<u>Thousands of Euros</u>	<u>Land and buildings</u>	<u>Plant and machinery</u>	<u>Industrial and commercial equipment</u>	<u>Other assets</u>	<u>Assets under construction and payments on account</u>	<u>Total</u>
Historical cost at December 31, 2012	80,408	333,992	53,922	7,874	8,572	484,766
Accumulated depreciation and impairment at December 31, 2012	(11,757)	(205,227)	(41,928)	(6,388)	—	(265,299)
Carrying amount at December 31, 2012	<u>68,651</u>	<u>128,765</u>	<u>11,994</u>	<u>1,486</u>	<u>8,572</u>	<u>219,467</u>
Carrying amount at January 1, 2013	<u>68,651</u>	<u>128,765</u>	<u>11,994</u>	<u>1,486</u>	<u>8,572</u>	<u>219,467</u>
Exchange rate losses	(4,469)	(8,548)	(242)	(82)	(438)	(13,779)
Additions	107	6,200	475	54	24,892	31,728
Disposals	(2)	(176)	(11)	(34)	(305)	(527)
Impairment losses	(11)	(536)	—	—	(6)	(553)
Reclassifications	778	22,403	3,794	115	(27,151)	(62)
Depreciation	(2,058)	(24,478)	(3,402)	(458)	—	(30,396)
Historical cost at December 31, 2013	76,810	353,331	57,938	7,927	5,564	501,570
Accumulated depreciation and impairment at December 31, 2013	(13,815)	(229,702)	(45,330)	(6,845)	—	(295,692)
Carrying amount at December 31, 2013	<u>62,995</u>	<u>123,629</u>	<u>12,608</u>	<u>1,082</u>	<u>5,564</u>	<u>205,878</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(15) Property, plant and equipment (Continued)

<u>Thousands of Euros</u>	<u>Land and buildings</u>	<u>Plant and machinery</u>	<u>Industrial and commercial equipment</u>	<u>Other assets</u>	<u>Assets under construction and payments on account</u>	<u>Total</u>
Historical cost at December 31, 2013	76,810	353,331	57,938	7,927	5,564	501,570
Accumulated depreciation and impairment at December 31, 2013	(13,815)	(229,702)	(45,330)	(6,845)	—	(295,692)
Carrying amount at December 31, 2013	62,995	123,629	12,608	1,082	5,564	205,878
Carrying amount at January 1, 2014	62,995	123,629	12,608	1,082	5,564	205,878
Exchange rate losses	(1,420)	(2,006)	204	20	(276)	(3,478)
Additions	330	7,367	166	169	23,345	31,377
Disposals	(23)	(283)	(16)	(26)	—	(348)
Impairment losses	(511)	(793)	—	—	—	(1,304)
Reclassifications	828	17,217	3,427	139	(21,619)	(8)
Depreciation	(1,925)	(23,520)	(3,408)	(437)	—	(29,290)
Historical cost at December 31, 2014	76,356	361,977	58,209	8,228	7,015	511,785
Accumulated depreciation and impairment at December 31, 2014	(16,082)	(240,367)	(45,230)	(7,282)	—	(308,960)
Carrying amount at December 31, 2014	60,274	121,610	12,980	946	7,015	202,825

Property, plant and equipment include the amounts arising from internal work capitalized (reference should be made to note 31) “Other operating income” to these consolidated financial statements for further information).

The caption includes the carrying amount of leased assets (€ 18,778 thousand) against which the Group has recognized current financial liabilities (€ 1,940 thousand) and non-current financial liabilities (€11,913 thousand).

None of the Group’s property, plant and equipment has been pledged as collateral at year end, except for the items indicated in note 44) “Commitments and guarantees” to these consolidated financial statements.

The main investments of 2014 took place in India, Italy, Poland, Ukraine, Brazil and Mexico. In particular, during 2014, the main investments were made for the capacity increase in India, the sputtering technology in Italy, UK, Ukraine and Mexico, new project in Brazil and for the production facility in Poland.

Impairment losses in the year mainly include the impairment loss of € 0.5 million on the assets of the Italian plants in order to reflect their recoverable amount and € 0.5 million on the machines and equipment located in India.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(16) Intangible assets

The following tables show the changes in 2013 and 2014:

<u>Thousands of Euros</u>	<u>Development expenditure</u>	<u>Licences and patents</u>	<u>Goodwill</u>	<u>Other</u>	<u>Assets under development and payments on account</u>	<u>Total</u>
Historical cost at December 31, 2012	5,838	64,364	407,312	12,382	329	490,226
Accumulated amortisation and impairment at December 31, 2012	(5,134)	(35,742)	(40,640)	(2,783)	—	(84,298)
Carrying amount at December 31, 2012	705	28,622	366,672	9,599	329	405,927
Carrying amount at January 1, 2013	705	28,622	366,672	9,599	329	405,927
Exchange rate losses	(122)	(53)	(2,002)	(761)	(33)	(2,971)
Additions	153	351	—	53	1,449	2,006
Disposals	—	(1)	—	(56)	(54)	(111)
Impairment losses	—	—	—	—	(42)	(42)
Reclassifications	33	(112)	—	—	141	62
Amortisation	(419)	(5,595)	—	(1,440)	—	(7,453)
Historical cost at December 31, 2013	5,902	64,549	405,310	11,619	1,789	489,170
Accumulated amortisation and impairment at December 31, 2013	(5,552)	(41,336)	(40,640)	(4,223)	—	(91,752)
Carrying amount at December 31, 2013	350	23,213	364,670	7,397	1,789	397,418

<u>Thousands of Euros</u>	<u>Development expenditure</u>	<u>Licences and patents</u>	<u>Goodwill</u>	<u>Other</u>	<u>Assets under development and payments on account</u>	<u>Total</u>
Historical cost at December 31, 2013	5,902	64,549	405,310	11,619	1,789	489,170
Accumulated amortisation and impairment at December 31, 2013	(5,552)	(41,336)	(40,640)	(4,223)	—	(91,752)
Carrying amount at December 31, 2013	350	23,213	364,670	7,397	1,789	397,418
Carrying amount at January 1, 2014	350	23,213	364,670	7,397	1,789	397,418
Exchange rate losses	(947)	(21)	(6,111)	(69)	925	(6,222)
Additions	7	52	—	114	1,478	1,651
Disposals	—	(1)	—	—	—	(1)
Reclassifications	1,856	1,016	—	—	(2,863)	8
Amortisation	(414)	(5,330)	—	(1,556)	—	(7,300)
Historical cost at December 31, 2014	6,797	65,588	399,199	11,535	1,329	484,448
Accumulated amortisation and impairment at December 31, 2014	(5,945)	(46,659)	(40,640)	(5,650)	—	(98,895)
Carrying amount at December 31, 2014	851	18,929	358,559	5,885	1,329	385,554

The € 40.6 million included in the line “accumulated amortisation and impairment” of goodwill relates to the amortisation done before First Time Adoption of IFRS.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(16) Intangible assets (Continued)

The fluctuation of the goodwill in respect of last year may be analysed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Goodwill—Guala Closures Group	317,227	317,227
Acquisition of Guala Closures DGS Poland S.A.	25,491	24,812
Goodwill—Guala Closures Ukraine LLC	13,420	7,916
Acquisition of GC Bulgaria AD	3,203	3,203
Acquisition of Pharma Trade	2,512	2,512
Acquisition of MCL division by Guala Closures South Africa	1,914	1,985
Acquisition of GC Tools AD	722	722
Acquisition of Metalprint assets by Guala Closures S.p.A.	182	182
Total	<u>364,670</u>	<u>358,559</u>

Goodwill is tested for impairment annually.

For impairment testing purposes, goodwill generated on the Group's acquisitions relates to the Closures division.

The recoverable amount of cash-generating units is based on a calculation of their value in use.

This calculation uses projected cash flows based on the actual operating profit and the five-year business plan which management believed was consistent with the assumption that a market participant would make. This business plan is put together considering the Group's approved budget figures for the first year and projecting the revenue and costs for the following four years using the historic trend adjusted for any new elements (average EBITDA growth rate of the next five years 8.4%; 2013 8.6%).

The cash flows for the periods after the forecast period are extrapolated using a 1.6% growth rate (2013: 1.5%), which takes into account both the Group's historical growth rate and forecast future market developments.

The projected cash flows are discounted using a WACC (weighted average cost of capital) rate of 10.1% (2013: 10%). The discount rate and the growth rate, substantially aligned with last year, take into consideration the Group's significant growth in the developing countries that impact the rise in turnover and margins that are partially offset by the overall risk of the above-mentioned developing countries. The resulting recoverable amount is greater than the carrying amount of goodwill despite changes made to the underlying assumptions of the sensitivity analysis carried out (growth rate +/-1%; WACC +/-1%). Goodwill has never been impaired.

(17) Deferred tax assets and liabilities

The following table gives a breakdown of the captions at December 31, 2013 and 2014:

<u>Thousands of Euros</u>	<u>Assets</u>		<u>Liabilities</u>		<u>Net balance</u>	
	<u>December 31, 2013</u>	<u>December 31, 2014</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Allowance for inventory write-down	762	902	(18)	(23)	744	880
Taxed allowance for receivables impairment	1,939	2,129	—	—	1,939	2,129
Provision	197	821	—	—	197	821
Other	417	436	(49)	(17)	368	419
Losses carried forward	657	279	—	—	657	279
Derecognition of intragroup profit on inventories	171	171	—	—	171	171
Intragroup gains	1,508	1,595	—	—	1,508	1,595
Leases	133	133	—	—	133	133
Property, plant and equipment and intangible assets	1,380	1,626	(17,984)	(16,036)	(16,604)	(14,410)
Employee benefits	583	554	(78)	(71)	505	483
Derivatives	470	449	—	—	470	449
Exchange rate gains (losses)	10	75	(2,980)	(2,987)	(2,970)	(2,911)
TOTAL	<u>8,227</u>	<u>9,171</u>	<u>(21,109)</u>	<u>(19,134)</u>	<u>(12,881)</u>	<u>(9,963)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(17) Deferred tax assets and liabilities (Continued)

Changes in net deferred tax assets/liabilities may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>Changes in profit and loss</u>	<u>Changes in equity</u>	<u>Exchange rate gains/losses</u>	<u>December 31, 2014</u>
Allowance for inventory write-down	744	134		1	880
Taxed allowance for receivables impairment . .	1,939	222		(32)	2,129
Provision	197	624		—	821
Other	368	197		(146)	419
Losses carried forward	657	(382)		4	279
Derecognition of intragroup profit on inventories	171	—		—	171
Intragroup gains	1,508	87		—	1,595
Leases	133	—		—	133
Property, plant and equipment and intangible assets	(16,604)	2,240		(45)	(14,410)
Employee benefits	505	71		(93)	483
Derivatives	470	—	(21)	—	449
Exchange rate gains (losses)	(2,970)	(137)		196	(2,912)
TOTAL	<u>(12,881)</u>	<u>3,056</u>	<u>(21)</u>	<u>(115)</u>	<u>(9,963)</u>

Tax losses that can be carried forward at year end but that the Group has not considered in its calculation of the deferred tax assets in the statement of financial position total € 170,725 thousand. They may be used in accordance with the legislation of the different countries in which the companies to which they relate are based.

Tax losses that can be carried forward indefinitely amount to € 150,375 thousand and refer to Guala Closures S.p.A. If recognized, potential deferred tax assets on total tax losses that can be carried forward would amount to € 46,618 thousand at December 31, 2014 (including € 41,353 thousand related to losses that can be carried forward indefinitely).

(18) Other non-current assets

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Tax assets	90	384
Other	<u>409</u>	<u>315</u>
Total	<u>499</u>	<u>699</u>

(19) Financial liabilities

This section provides information on the contractual terms governing the Group's bank overdrafts, borrowings and bonds.

Reference should be made to note 24) "Financial derivative liabilities" to these consolidated financial statements for further information on the Group's exposure to the risks of fluctuations in interest and exchange rates.

Reference should be made to note 44) "Commitments and guarantees" to these consolidated financial statements for information on the relevant guarantees given.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(19) Financial liabilities (Continued)

Financial liabilities at December 31, 2013 and 2014 are shown below:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Current financial liabilities		
Bonds	4,917	4,780
Bank loans and borrowings	3,215	6,069
Other financial liabilities	1,997	1,971
	<u>10,129</u>	<u>12,820</u>
Non-current financial liabilities		
Bonds	465,045	467,029
Bank loans and borrowings	26,632	41,557
Other financial liabilities	20,645	21,894
	<u>512,322</u>	<u>530,480</u>
Total	<u>522,452</u>	<u>543,301</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(19) Financial liabilities (Continued)

The terms and expiry dates of the financial liabilities at December 31, 2013 and 2014 are shown below:

<u>Thousands of Euros</u>	Nominal amount					<u>Current</u>	<u>Non-current</u>
	<u>Total December 31, 2013</u>	<u>Within one year</u>	<u>From one to five years</u>	<u>After five years</u>	<u>Current</u>		
BONDS:							
HY Bonds issued by GCL Holdings SCA—							
20/04/2011	200,000	—	—	200,000	—	200,000	
Accrued interest—GCL Holdings S.C.A.	3,902	3,902	—	—	3,902	—	
Transaction costs	(5,254)	—	—	(5,254)	—	(5,254)	
TOTAL HY Bonds 2018 GCL Holdings S.C.A. ...	<u>198,649</u>	<u>3,902</u>	<u>—</u>	<u>194,746</u>	<u>3,902</u>	<u>194,746</u>	
Floating Rate Senior Secured Notes due in 2019							
issued by Guala Closures S.p.A.—13/11/2012 ..	275,000	—	—	275,000	—	275,000	
Accrued interest—Guala Closures S.p.A.	1,965	1,965	—	—	1,965	—	
Transaction costs	(5,652)	(950)	(3,820)	(881)	(950)	(4,701)	
TOTAL FRSN 2019 Guala Closures S.p.A.	<u>271,314</u>	<u>1,015</u>	<u>(3,820)</u>	<u>274,119</u>	<u>1,015</u>	<u>270,299</u>	
TOTAL BONDS	<u>469,962</u>	<u>4,917</u>	<u>(3,820)</u>	<u>468,866</u>	<u>4,917</u>	<u>465,045</u>	
BANK LOANS AND BORROWINGS:							
Senior Revolving Facility	24,000	—	24,000	—	—	24,000	
Transaction costs	(1,995)	(515)	(1,480)	—	(515)	(1,480)	
Total Senior Revolving Facility	<u>22,005</u>	<u>(515)</u>	<u>22,520</u>	<u>—</u>	<u>(515)</u>	<u>22,520</u>	
Cassa di Risparmio di Alessandria loan	944	625	319	—	625	319	
Accrued interest and expense—Guala Closures							
S.p.A.	649	649	—	—	649	—	
Banco Sabadell loan (Spain)	760	510	250	—	510	250	
Bancolombia loan (Colombia)	1,204	263	941	—	263	941	
Advances on receivables and loans							
(Argentina)	537	336	201	—	336	201	
Scotiabank loan (Mexico)	3,747	1,346	2,401	—	1,346	2,401	
TOTAL BANK LOANS AND BORROWINGS ...	<u>29,847</u>	<u>3,215</u>	<u>26,632</u>	<u>—</u>	<u>3,215</u>	<u>26,632</u>	
OTHER FINANCIAL LIABILITIES:							
Guala Closures S.p.A. finance leases	15,770	1,960	8,261	5,549	1,960	13,810	
Liability to the Ukrainian non-controlling							
investors	6,400	—	—	6,400	—	6,400	
Other liabilities	472	37	435	—	37	435	
TOTAL OTHER FINANCIAL LIABILITIES ..	<u>22,643</u>	<u>1,997</u>	<u>8,697</u>	<u>11,949</u>	<u>1,997</u>	<u>20,645</u>	
TOTAL	<u>522,452</u>	<u>10,129</u>	<u>31,508</u>	<u>480,814</u>	<u>10,129</u>	<u>512,322</u>	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(19) Financial liabilities (Continued)

Thousands of Euros	Nominal amount					
	Total December 31, 2014	Within one year	From one to five years	After five years	Current	Non-current
BONDS:						
HY Bonds issued by GCL Holdings SCA—						
20/04/2011	200,000	—	200,000	—	—	200,000
Accrued interest—GCL Holdings S.C.A.	3,900	3,900	—	—	3,900	—
Transaction costs	(4,220)	—	—	(4,220)	—	(4,220)
TOTAL HY Bonds 2018 GCL Holdings S.C.A.	199,680	3,900	200,000	(4,220)	3,900	195,780
Floating Rate Senior Secured Notes due in 2019						
issued by Guala Closures S.p.A.—13/11/2012 ...	275,000	—	275,000	—	—	275,000
Accrued interest—Guala Closures S.p.A.	1,833	1,833	—	—	1,833	—
Transaction costs	(4,704)	(953)	(3,751)	—	(953)	(3,751)
TOTAL FRSN 2019 Guala Closures S.p.A.	272,129	880	271,249	—	880	271,249
TOTAL BONDS	471,809	4,780	471,249	(4,220)	4,780	467,029
BANK LOANS AND BORROWINGS:						
Senior Revolving Facility	40,000	—	40,000	—	—	40,000
Transaction costs	(1,480)	(515)	(966)	—	(515)	(966)
Total Senior Revolving Facility	38,520	(515)	39,034	—	(515)	39,034
Cassa di Risparmio di Alessandria loan	319	319	—	—	319	—
Accrued interest and expense—Guala Closures						
S.p.A.	656	656	—	—	656	—
Raiffeisen Bank overdraft (Ukraine)	318	318	—	—	318	—
Millennium Bank overdraft (Poland)	2,740	2,740	—	—	2,740	—
Banco Sabadell loan (Spain)	253	253	—	—	253	—
Bancolombia loan (Colombia)	867	242	625	—	242	625
Bradesco / ITAU loan (Brazil)	855	273	583	—	273	583
Advances on receivables and loans (Argentina) ...	621	420	200	—	420	200
Scotiabank loan (Mexico)	2,477	1,362	1,115	—	1,362	1,115
TOTAL BANK LOANS AND BORROWINGS	47,626	6,069	41,557	—	6,069	41,557
OTHER FINANCIAL LIABILITIES:						
Guala Closures S.p.A. finance leases	13,730	1,882	8,757	3,091	1,882	11,848
Bulgarian companies finance leases	123	58	65	—	58	65
Liability to the Ukrainian non-controlling						
investors	9,900	—	—	9,900	—	9,900
Other liabilities	113	32	81	—	32	81
TOTAL OTHER FINANCIAL LIABILITIES	23,866	1,971	8,904	12,991	1,971	21,894
TOTAL	543,301	12,820	521,710	8,771	12,820	530,480

The liability to the Ukrainian non-controlling investors relates to recognition of these investors' right to exercise a put option if certain conditions are met. It represents the discounted estimated value of the put option at its estimated time of exercise.

This caption has been recognized using the present access method since 2008, whereby the financial liability was recognized as a reduction in equity, Retained earnings, in the first year. The fluctuation in each year, if any, is recognized under financial income (expense) in profit or loss and the non-controlling interests continue to be presented separately as, to all effects, the non-controlling investors have the right to access the profit or loss pertaining to their investment.

Reference should be made to note 40) "Fair value of financial instruments and sensitivity analysis" for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(19) Financial liabilities (Continued)

The interest rates and expiry dates of the financial liabilities at December 31, 2013 and December 31, 2014 are shown below:

<u>Thousands of Euros</u>	<u>Currency</u>	<u>Nominal interest rate</u>	<u>Expiry date</u>	<u>Total December 31, 2013</u>
BONDS:				
HY Bonds issued by GCL Holdings				
S.C.A.—20/04/2011	EUR	9.375%	2018	200,000
Accrued interest—GCL Holdings S.C.A.	EUR	n.a.	2014	3,902
Transaction costs	EUR	n.a.	2018	<u>(5,254)</u>
TOTAL HY BONDS GCL Holdings S.C.A.				<u>198,649</u>
Floating Rate Senior Secured Notes due 2019 issued by				
Guala Closures S.p.A.—13/11/2012	EUR	euribor 3m + 5.375%	2019	275,000
Accrued interest—Guala Closures S.p.A.	EUR	n.a.	2014	1,965
Transaction costs	EUR	n.a.	2019	<u>(5,652)</u>
TOTAL FRSN 2019 Guala Closures S.p.A.				<u>271,314</u>
TOTAL BONDS				<u>469,962</u>
Bank loans and borrowings:				
Senior Revolving Facility	EUR	euribor 3m + 3.75%	2017	24,000
Transaction costs	EUR	n.a.	2017	<u>(1,995)</u>
Total Senior Revolving Facility				<u>22,005</u>
Loan Cassa di Risparmio di Alessandria	EUR	euribor 3m + 2.75%	2015	944
Accrued interest and expense—Guala Closures				
S.p.A.	EUR	n.a.	2014	649
Loan Banco Sabadell—(Spain)	EUR	5.20%	2015	760
Loan Bancolombia—(Colombia)	COP	I.B.R. + 3.25% (*)	2018	1,204
Advances on receivables and loans—(Argentina)	AR\$	n.a.	n.a.	537
Loan Scotiabank—(Mexico)	MXP	TIIE30 + 4.0% (**)	2016	<u>3,747</u>
Total bank loans and borrowings				<u>29,847</u>
Other financial liabilities:				
Guala Closures S.p.A. finance leases	EUR	euribor + 1.5% (***)	2020	15,770
Liability to the Ukrainian non-controlling investors ...	EUR	n.a.	n.a.	6,400
Other liabilities	EUR	n.a.	n.a.	<u>472</u>
Total other financial liabilities				<u>22,643</u>
TOTAL				<u>522,452</u>

(*) I.B.R. stands for “Indicador Bancario de Referencia”

(**) TIIE30 stands for “Tasa de Interés Interbancaria de Equilibrio a 30 días”.

(***) Nominal interest rate on the property finance lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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(19) Financial liabilities (Continued)

Thousands of Euros	Currency	Nominal interest rate	Expiry date	Total December 31, 2014
BONDS:				
HY Bonds issued by GCL Holdings S.C.A.—				
20/04/2011	EUR	9.375%	2018	200,000
Accrued interest—GCL Holdings S.C.A.	EUR	n.a.	2014	3,900
Transaction costs	EUR	n.a.	2018	(4,220)
TOTAL HY BONDS GCL Holdings S.C.A.				<u>199,680</u>
Floating Rate Senior Secured Notes due 2019				
issued by Guala Closures S.p.A.—13/11/2012 ..	EUR	euribor 3m + 5.375%	2019	275,000
Accrued interest—Guala Closures S.p.A.	EUR	n.a.	2014	1,833
Transaction costs	EUR	n.a.	2019	(4,704)
TOTAL FRSN 2019 Guala Closures S.p.A.				<u>272,129</u>
TOTAL BONDS				<u>471,809</u>
Bank loans and borrowings:				
Senior Revolving Facility				
Senior Revolving Facility	EUR	euribor 3m + 3.75%	2017	40,000
Transaction costs	EUR	n.a.	2017	(1,480)
Total Senior Revolving Facility				<u>38,520</u>
Loan Cassa di Risparmio di Alessandria				
Loan Cassa di Risparmio di Alessandria	EUR	euribor 3m + 2.75%	2015	319
Accrued interest and expense—Guala Closures				
S.p.A.	EUR	n.a.	2014	656
Raiffeisen Bank overdraft (Ukraine)	UAH	0.2	n.a.	318
Millennium Bank overdraft (Poland)	PLN	wibor 1m (*)	n.a.	2,740
Banco Sabadell loan (Spain)	EUR	5.20%	2015	253
Bancolombia loan (Colombia)	COP	I.B.R. + 3.25% (**)	2018	867
Bradesco / ITAU loan (Brazil)	BRL	n.a.	2019	855
Advances on receivables and loans (Argentina) ..	AR\$	n.a.	n.a.	621
Loan Scotiabank—(Mexico)	MXP	TIIE30 + 4.0% (***)	2016	2,477
Total bank loans and borrowings				<u>47,626</u>
Other financial liabilities:				
Guala Closures S.p.A. finance leases				
Guala Closures S.p.A. finance leases	EUR	euribor + 1.5% (****)	2020	13,730
Liability to the Ukrainian non-controlling				
investors	EUR	n.a.	n.a.	9,900
Other liabilities	EUR	n.a.	n.a.	113
Total other financial liabilities				<u>23,866</u>
TOTAL				<u>543,301</u>

(*) Wibor stands for “Warsaw Inter-bank Bid and Offered Rate”

(**) I.B.R. stands for “Indicador Bancario de Referencia”

(***) TIIE30 stands for “Tasa de Interés Interbancaria de Equilibrio a 30 días”.

(****) Nominal interest rate on the property finance lease.

The Senior Revolving Facility’s availability is shown in the table below:

Credit facility	Available amount (thousands of Euros)	Amount used at December 31, 2014	Residual available amount at December 31, 2014
Senior Revolving Facility	75,000	40,000	35,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(20) Trade payables

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Suppliers	65,224	54,015
Payments on account	<u>1,564</u>	<u>329</u>
Total	<u>66,788</u>	<u>54,344</u>

The reduction in the trade payables of the year was mainly due to a reduction in inventories of raw materials.

At December 31, 2014, trade payables may be analyzed by original currency as follows:

<u>Thousands of Euros</u>	<u>EUR</u>	<u>USD</u>	<u>GBP</u>	<u>Other currencies</u>	<u>Total</u>
Trade payables	28,923	4,260	2,170	18,992	54,344

Other currencies include trade payables in the following local currencies:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>
Polish zloty	5,524
Australian dollars	2,665
Mexican pesos	2,181
Argentinean pesos	1,931
Indian rupees	1,681
Ukrainian hryvnies	1,321
South African rand	1,233
Chinese renmimbi	582
Brazilian reals	550
New Zealand dollars	373
Columbian pesos	358
Other	<u>592</u>
Total	<u>18,992</u>

(21) Current direct tax liabilities

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Current direct tax liabilities	<u>3,552</u>	<u>4,601</u>
Total	<u>3,552</u>	<u>4,601</u>

The increase in current direct tax liabilities is mainly due to the increase in profit before taxation of some operating companies.

(22) Current indirect tax liabilities

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
VAT and other indirect taxes	<u>3,841</u>	<u>9,444</u>
Total	<u>3,841</u>	<u>9,444</u>

The increase in VAT and other indirect taxes is due to the accrual for potential tax and related matters dating to the period 2009-2011 at the level of the Group's subsidiary Guala Closures S.p.A..

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(22) Current indirect tax liabilities (Continued)

Although Guala Closures S.p.A. (the surviving company following the inverse merger of GCL Special Closures S.r.l. into Guala Closures S.p.A. occurred in 2012) believes that it has been in full compliance with all laws and regulations applicable at that time, it may agree to a settlement to resolve these issues. As a result, the Group has accounted for a tax liability of € 5.6 million which is included in the line item “income taxes” into the consolidated statement of profit or loss and other comprehensive income”.

(23) Provisions

This caption may be analyzed as follows:

CURRENT PROVISIONS:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Provision for restructuring	578	2,676
Provision for returns	625	590
Other current provisions	28	116
Total current provisions	<u>1,231</u>	<u>3,381</u>

The provision for restructuring refers mainly to the close the Italian site of Torre d’Isola (PV) and to the reallocation of its production to other group plants (Italy and East Europe) and other redundancy programs for Italian sites.

The provision for returns reflects the calculation of customer claims received.

NON-CURRENT PROVISIONS:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Provision for contingencies	540	540
Provision for agents’ termination indemnity	109	117
Provision for legal disputes	35	29
Total non-current provisions	<u>684</u>	<u>686</u>

The provision for contingencies refers to contingent liability for the years 2010, 2011 and 2012 for an amount of € 0.4 million plus penalties. The Group met the tax authorities in 2014 to discuss the adjustments. Management is confident that it can refute the allegations made by the inspectors in their assessment report.

Changes in the provisions are as follows:

CURRENT PROVISIONS:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>
Opening current provisions	1,231
Exchange rate gains	1
Accrual	2,983
Utilization	(834)
Closing current provisions	<u>3,381</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(23) Provisions (Continued)

NON-CURRENT PROVISIONS:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>
Opening non-current provisions	684
Exchange rate losses	(1)
Accrual	7
Utilization	<u>(4)</u>
Closing non-current provisions	<u>686</u>

(24) Financial derivative liabilities

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Fair value of IRSS	4,408	2,850
Fair value of aluminum derivatives	<u>574</u>	<u>185</u>
Total	<u>4,982</u>	<u>3,036</u>

The main features of the contracts in place at December 31, 2014 are summarized below:

—*interest rate swaps*

Guala Closures S.p.A. has three interest rate swaps in place at December 31, 2014 to hedge floating interest rates on bank loans.

In addition, at year end, Guala Closures S.p.A. has two interest rate swaps in place to hedge floating interest rates on the property finance lease.

The interest rate swaps taken on to hedge the floating interest rates on bank loans are listed below:

1. Euro interest rate swap agreed with Intesa Sanpaolo S.p.A. on August 2, 2011, expiring September 30, 2015. It has a fixed swap rate of 2.34% against the floating six-month Euribor for a notional amount of € 53,200 thousand at December 31, 2014.
2. Pound sterling interest rate swap agreed with Intesa Sanpaolo S.p.A. on August 2, 2011, expiring September 30, 2015. It has a fixed swap rate of 1.94% against the floating six-month GB£ Libor, for a notional amount of £ 17,800 thousand at December 31, 2014.
3. US dollar interest rate swap agreed with Intesa Sanpaolo S.p.A. on August 2, 2011, expiring September 30, 2015. It has a fixed swap rate of 1.39% against the floating six-month US\$ Libor, for a notional amount of US\$ 60,900 thousand at December 31, 2014.

Although these interest rate swaps, agreed in 2011, have been entered into for hedging purposes, after the refinancing operations of November 2012, they no longer meet the formal requirements of IAS 39. Therefore, they have been recognized as trading instruments.

Interest rate swaps hedging floating interest rates on property finance leases are listed below:

1. Euro interest rate swap agreed with Intesa Sanpaolo S.p.A. on March 7, 2006, expiring July 1, 2019. It has a fixed swap rate of 3.945% against the floating one-month Euribor for a notional amount of € 4,319 thousand at December 31, 2014.
2. Euro interest rate swap agreed with Unicredit Banca d'Impresa S.p.A. on March 7, 2006, expiring July 1, 2019. It has a fixed swap rate of 3.960% against the floating one-month Euribor for a notional amount of € 4,319 thousand at December 31, 2014.

These derivatives meet the formal requirements of IAS 39 at the reporting date and have been recognized as hedging instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(24) Financial derivative liabilities (Continued)

—*Forward purchase of aluminum*

At December 31, 2014, the Group has sixteen contracts for the forward purchase of aluminum, for a total of 4,550 tons, spread over various expiry dates based on forecast monthly requirements.

The hedge accounting requirements of IAS 39 were not met and these derivatives have been, therefore, recognized as trading instruments.

The following tables show the forward aluminum purchase contracts in place at December 31, 2014:

<u>Expiry date</u>	<u>Hedged amount (tons)</u>	<u>Strike price (US\$/ton)</u>	<u>December 31, 2014 Positive/(negative) fair value (Thousands of Euros)</u>
February 2015	300	1,837	(25)
March 2015	500	1,844	(36)
March 2015	250	1,844	(14)
April 2015	500	1,853	(32)
April 2015	300	1,853	(10)
April 2015	100	1,853	(3)
May 2015	300	1,859	(10)
May 2015	100	1,859	(2)
June 2015	300	1,863	(10)
June 2015	300	1,863	(7)
June 2015	100	1,863	(2)
July 2015	300	1,868	(15)
July 2015	300	1,868	(8)
August 2015	300	1,874	(6)
September 2015	300	1,880	(5)
Total	<u>4,250</u>		<u>(185)</u>

<u>Expiry date</u>	<u>Hedged amount (tons)</u>	<u>Strike price (€/ton)</u>	<u>December 31, 2014 Positive/(negative) fair value (Thousands of Euros)</u>
January 2015	300	1,504	66
Total	<u>300</u>		<u>66</u>

—*Currency swaps*

The Group did not have any currency swaps at the reporting date.

The following table shows the fair value of the derivatives held at the reporting date:

<u>Contract (Thousands of Euros)</u>	<u>Recognition at December 31, 2014</u>	<u>December 31, 2013 Positive/ (negative) fair value</u>	<u>December 31, 2014 Positive/ (negative) fair value</u>
Interest rate swaps on leases	Hedge accounting	(1,025)	(948)
Interest rate swaps on loans	Recognized at fair value through profit or loss	(3,383)	(1,903)
Forward aluminum purchases	Recognized at fair value through profit or loss	(574)	(185)
Forward aluminum purchases	Recognized at fair value through profit or loss	—	66

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(25) Other current liabilities

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Payables to employees	8,067	7,911
Payables for capex	8,492	6,724
Social security charges payable	3,179	2,871
Payables for dividends	271	—
Other payables	4,629	4,672
Total	<u>24,638</u>	<u>22,178</u>

(26) Employee benefits

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Post-employment benefits—Guala Closures S.p.A.	5,572	5,944
Other	1,263	1,373
Total	<u>6,835</u>	<u>7,318</u>

Changes in Employee benefits are as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013(*)</u>	<u>December 31, 2014</u>
Balance at January 1	8,429	6,835
Exchange rate losses	(146)	(23)
Change recognized in profit or loss—personnel expense	1,304	1,623
Change recognized in profit or loss—other (income)/expense	(46)	171
Change recognized in OCI	(219)	821
Transfer in (out)	(539)	(189)
Benefits paid	<u>(1,948)</u>	<u>(1,921)</u>
Balance at December 31	<u>6,835</u>	<u>7,318</u>

(*) 2013 movements restated in order to be consistent with the 2014 classification

The changes recognized in profit or loss are detailed below:

<u>Thousands of Euros</u>	
Post-employment benefits—Guala Closures S.p.A.	1,493
Other	<u>301</u>
Changes recognized in profit or loss	<u>1,794</u>

The liability for post-employment benefits (“TFR”—Trattamento di fine rapporto) primarily relates to Italian companies (Guala Closures S.p.A. mainly) for employee departures, determined using actuarial techniques and regulated by Article 2120 of the Italian Civil Code. The benefit is paid when the employee leaves the company as a lump sum, the amount of which corresponds to the total of benefits accrued during the employees’ service period based on payroll costs as revalued until departure. Following the pension reform, from January 1, 2007 accruing benefits have been transferred to a pension fund or a treasury fund held by the Italian administration for post-retirement benefits (INPS). Companies with less than 50 employees, can continue the scheme as in previous years. Therefore, contributions of future TFR to pension funds or the INPS treasury fund entails that these amounts will be treated as a defined contribution scheme. Amounts vested before January 1, 2007 continue to be accounted for as defined benefits to be assessed based on actuarial assumptions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(26) Employee benefits (Continued)

Changes in post-employment benefits and the main assumptions used in their measurement are detailed below:

<u>Thousands of Euros</u>	<u>December 31, 2013(*)</u>	<u>December 31, 2014</u>
Balance at January 1	6,121	5,572
Change recognized in profit or loss—personnel expense	1,331	1,341
Change recognized in profit or loss—other (income)/expense	168	153
Change recognized in OCI	(266)	758
Benefits paid	(1,782)	(1,879)
Balance at December 31	<u>5,572</u>	<u>5,944</u>

(*) 2013 movements restated in order to be consistent with the 2014 classification

Actuarial parameter baseline:

	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Average inflation rate	2.00% p.a.	0.6% (2015) - 1.2% (2016) 1.5% (2017-18) 2% from 2019 on
Discount rate	3.17% p.a.	1.49% p.a.
Annual rate of increase in post-employment benefits	3.00% p.a.	3.00% p.a.

For valuations at December 31, 2014, an annual fixed discount rate of 1.49% was utilized based on the value of Iboxx indexes AA corporate bonds observed at December 31, 2014, as per the requirements of IAS 19.

The Group expects to pay around € 1.9 million of benefits to its defined benefit plan in 2015 described above.

Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected Guala Closures S.p.A.'s post-employment benefits at December 31, 2014 by the amounts shown below:

<u>Thousands of Euros</u>	<u>Defined benefit obligation</u>	
	<u>Increase</u>	<u>Decrease</u>
Turnover rate (1% movement)	(40)	45
Average inflation rate (0.25% movement)	91	(89)
Discount rate (0.25% movement)	(143)	149

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Guala Closures UK has a defined benefit pension plan under which the employees of the former Metalclosures Ltd. have the right to a pension. This plan has a surplus at both December 31, 2013 and 2014 (i.e., the fair value of the plan assets is higher than the present value of the defined benefit obligation). As required by IAS 19 and IFRIC 14, the surplus that can be recognized must be less than the benefits available in the form of reimbursements or the contribution holiday: following completion of the West Bromwich site restructuring plan in 2008, the amount of the contribution holiday is zero and, therefore, the English company has not recognized the fund surplus. In addition, the Group did not have contingent liabilities at the reporting date as the fund covers the present value of its future obligations with its plan assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(26) Employee benefits (Continued)

For disclosure purposes, the amounts of the fund obligations and plan assets, as well as the baseline actuarial parameters used for their calculation, are shown below:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Present value of the obligations	(60,985)	(72,726)
Fair value of plan assets	77,594	89,614
Total	<u>16,609</u>	<u>16,888</u>

Changes in the net amount of the fund:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Balance at January 1	16,360	16,609
Exchange rate (gains) losses	(335)	1,138
Service cost	(33)	(19)
Interest on defined benefit obligation	(2,379)	(2,631)
Interest on plan assets	3,038	3,369
Scheme administration expenses	(301)	(177)
Actuarial (gains) losses	259	(1,401)
Balance at December 31	<u>16,609</u>	<u>16,888</u>

Changes in the present value of the obligations:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Balance at January 1	(60,559)	(60,985)
Exchange rate (gains) losses	1,187	(4,677)
Service cost	(33)	(19)
Interest on defined benefit obligation	(2,379)	(2,631)
Contribution by plan participants	(7)	(4)
Benefits paid	3,277	3,870
Actuarial gains	(2,472)	(8,280)
Balance at December 31	<u>(60,985)</u>	<u>(72,726)</u>

Changes in the fair value of plan assets:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Balance at January 1	76,918	77,594
Exchange rate (gains) losses	(1,522)	5,815
Interest on plan assets	3,038	3,369
Scheme administration expenses	(301)	(177)
Contribution by plan participants	7	4
Benefits paid	(3,277)	(3,870)
Actuarial losses	2,731	6,878
Balance at December 31	<u>77,594</u>	<u>89,614</u>

Plan assets comprise (major categories of plan assets as a percentage of the total plan assets):

	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Equities	39%	37%
Bonds	31%	31%
Gilts	30%	32%
Cash	0%	0%

All equities and government bonds have quoted prices in active markets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(26) Employee benefits (Continued)

Actuarial parameter baseline:

	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Salary growth rate	4.00% p.a.	4.00% p.a.
Rate of increase in pensions provided (average)	3.00% p.a.	3.00% p.a.
Average inflation rate	3.20% p.a.	2.90% p.a.
Discount rate	4.30% p.a.	3.30% p.a.

The company does not expect to pay any further contribution in the next year in relation to these defined benefit obligations.

Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected Guala Closures UK's defined benefit pension plan at December 31, 2014 by the amounts shown below:

<u>Thousands of Euros</u>	<u>Impact on present value of the obligations</u>	<u>Impact on fair value of plan assets</u>
Life expectancy (+ 1 year)	(2,546)	—
Average inflation rate (+0.1% p.a.)	(304)	—
Discount rate (-0.1% p.a.)	(1,049)	—

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

(27) Other non-current liabilities

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Other non-current liabilities	<u>168</u>	<u>166</u>
Total	<u>168</u>	<u>166</u>

(28) Equity attributable to the owners of the parent

As of December 31, 2014, the share capital amounts to EUR 141,217.50 represented by 112,974 units with a nominal value of EUR 1.25 each.

Neither the parent nor its subsidiaries hold treasury shares either directly or indirectly through trustees or nominees.

Reference should be made to the statement of changes in equity for changes in, and details of, the components of equity.

As per the Senior Revolving Facility Agreement, for the Floating Rate Senior Secured Notes and for the High Yield Bonds, there are certain restrictions to the transfer of funds between Guala Closures subsidiaries and Guala Closures S.p.A. and between Guala Closures S.p.A. and the parent GCL Holdings S.C.A.

The Group's objectives in capital management are to create value for shareholders, safeguard the Group's future and to support its development.

The Group thus seeks to maintain a sufficient level of capitalization, while giving shareholders satisfactory returns and ensuring the Group has access to external sources of financing at acceptable terms, including via maintaining an adequate rating.

The Group monitors the debt/equity ratio on an ongoing basis, particularly in terms of net indebtedness and cash flows generated by operating activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(28) Equity attributable to the owners of the parent (Continued)

The General Partner carefully monitors the balance between greater returns through the right level of indebtedness and the advantages of a sound financial position.

To achieve these objectives, the Group strives to continuously make its operations more profitable.

The General Partner monitors the return on share capital, being total equity pertaining to owners of the parent, excluding non-controlling interests, and the amount of dividends to be distributed to holders of ordinary shares.

The Group's capital management policies have not changed during the year.

(29) Equity attributable to non-controlling interests

Equity attributable to non-controlling interests relates to the following consolidated companies:

	Non-controlling interests % December 31, 2013	Non-controlling interests % December 31, 2014	Balance at December 31, 2013	Balance at December 31, 2014
Guala Closures Ukraine LLC	30.0%	30.0%	7,760	6,449
Guala Closures India Pvt Ltd.	5.0%	5.0%	1,601	1,826
Guala Closures Argentina S.A.	17.6%	1.6%	650	47
Guala Closures de Colombia LTDA	6.8%	6.8%	636	608
Guala Closures China B.V.	3.5%	—	133	—
Guala Closures Bulgaria A.D.	30.0%	30.0%	2,186	1,923
Guala Closures Tools A.D.	30.0%	30.0%	349	479
Guala Closures DGS Poland S.A.	30.0%	30.0%	14,120	12,464
Total			<u>27,435</u>	<u>23,796</u>

Reference should be made to the statement of changes in equity for changes in equity attributable to the non-controlling interests.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(29) Equity attributable to non-controlling interests (Continued)

The following tables summarise the information relating to each of the Group's subsidiaries that have material non-controlling interests, before any intra-group eliminations:

<u>December 31, 2013</u>	<u>Carrying amount</u>					
<u>Thousands of Euros</u>	<u>Guala Closures DGS Poland S.A.</u>	<u>Guala Closures Ukraine LLC</u>	<u>Guala Closures Bulgaria A.D.</u>	<u>Guala Closures India pvt Ltd</u>	<u>Other individually immaterial subsidiaries</u>	<u>Total</u>
Non-controlling interests percentage	30%	30%	30%	5%		
Non-current assets	33,045	15,910	3,706	21,164		
Current assets	29,224	19,559	6,054	16,469		
Non-current liabilities	(3,971)	(128)	(780)	(696)		
Current liabilities	(11,230)	(9,475)	(1,692)	(4,919)		
Equity	47,069	25,867	7,288	32,018		
Equity attributable to non-controlling interests	14,121	7,760	2,186	1,601	1,767	27,435
Total revenue (third parties + related parties)	67,210	44,822	11,508	50,857		
Profit for the year	11,666	8,125	431	6,166		
Other comprehensive expense (OCI)	(1,873)	(1,845)	—	(4,621)		
Total comprehensive income	9,793	6,280	431	1,545		
Profit allocated to non-controlling interests	3,500	2,438	129	308	302	6,676
OCI allocated to non-controlling interests . .	(562)	(553)	—	(231)	(297)	(1,644)
Total comprehensive income allocated to non-controlling interests	2,938	1,884	129	77	4	5,032
Cash flows from operating activities	11,027	9,736	1,875	12,308		
Cash flows used in investing activities	(1,881)	(5,619)	(1,004)	(3,923)		
Cash flows used in financing activities (including dividends to NCI)	(16,430)	(3,957)	(296)	(5,765)		
Net increase (decrease) in cash and cash equivalents	(7,284)	159	574	2,620		
Dividends to non-controlling interests	4,765	1,234	66	348	438	6,851

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(29) Equity attributable to non-controlling interests (Continued)

<u>December 31, 2014</u>	<u>Carrying amount</u>					
<u>Thousands of Euros</u>	<u>Guala Closures DGS Poland S.A.</u>	<u>Guala Closures Ukraine LLC</u>	<u>Guala Closures Bulgaria A.D.</u>	<u>Guala Closures India pvt Ltd</u>	<u>Other individually immaterial subsidiaries</u>	<u>Total</u>
Non-controlling interests percentage	30%	30%	30%	5%		
Non-current assets	33,760	12,428	2,541	25,908		
Current assets	27,312	17,641	6,171	17,321		
Non-current liabilities	(3,574)	—	(108)	(894)		
Current liabilities	(15,950)	(8,574)	(2,193)	(5,806)		
Equity	41,548	21,496	6,411	36,529		
Equity attributable to non-controlling interests	12,464	6,449	1,923	1,826	1,134	23,796
Total revenue (third parties + related parties)	73,918	48,007	10,750	55,960		
Profit for the year	10,038	10,888	831	6,611		
Other comprehensive income/(expense) (OCI)	(1,255)	(10,346)	—	3,838		
Total comprehensive income	8,782	542	831	10,448		
Profit allocated to non-controlling interests	3,011	3,266	249	331	298	7,156
OCI allocated to non-controlling interests	(377)	(3,104)	—	192	(17)	(3,306)
Total comprehensive income allocated to non-controlling interests	2,635	163	249	522	281	3,850
Cash flows from operating activities	13,779	9,162	2,998	10,252		
Cash flows used in investing activities	(5,288)	(6,107)	(3)	(6,622)		
Cash flows used in financing activities (including dividends to NCI)	(14,194)	(4,098)	(1,738)	(5,741)		
Net increase (decrease) in cash and cash equivalents	(5,704)	(1,043)	1,256	(2,112)		
Dividends to non-controlling interests	4,291	1,044	511	297	412	6,555

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(30) Net revenue

The table below illustrates the geographical distribution of net revenue based on the geographical location from where the product is sold by the group companies:

<u>Thousands of Euros</u>	<u>2013</u>	<u>2014</u>
Europe	276,696	276,962
Asia	58,881	66,844
Latin and North America	84,247	77,714
Oceania	55,820	48,980
Africa	18,632	17,295
Total	494,276	487,794

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(31) Other operating income

This caption includes:

<u>Thousands of Euros</u>	<u>2013</u>	<u>2014</u>
Internal production	5,091	5,859
Sundry recoveries/repayments	3,921	3,513
Gains	262	268
Insurance compensation	3,500	—
Other	387	333
Total	<u>13,161</u>	<u>9,974</u>

Internal production includes € 1,053 thousand of capitalized development expenditure related to new closures and € 4,806 thousand of extraordinary maintenance carried out on property, plant and equipment, of which extraordinary maintenance and upgrading of the production capacity of Guala Closures S.p.A. amounting to € 516 thousand and foreign companies amounting to € 4,290 thousand.

Insurance compensation in 2013 referred to the fire which occurred in the Magenta plant (Italy) in September 2012. It included an amount for the replacement of damaged equipment and an amount to compensate for the business interruption and direct costs sustained by Guala Closures S.p.A.

(32) Costs for raw materials

This caption includes:

<u>Thousands of Euros</u>	<u>2013</u>	<u>2014</u>
Raw materials and supplies	200,703	192,285
Packaging	9,297	8,938
Consumables and maintenance	9,520	8,793
Fuels	515	490
Other purchases	2,782	1,992
Change in inventories	(9,614)	6,685
Total	<u>213,203</u>	<u>219,182</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(33) Costs for services

This caption includes:

<u>Thousands of Euros</u>	<u>2013</u>	<u>2014</u>
Electricity / Heating	23,271	22,077
Transport	19,917	18,491
External processing	12,364	8,426
Maintenance	5,934	5,437
Sundry industrial services	4,520	4,555
Travel	4,556	4,059
External labor / porterage	4,478	4,007
Insurance	2,892	3,421
Legal and consulting fees	3,474	3,283
Administrative services	2,387	1,906
Directors' fees	1,741	1,810
Cleaning service	1,460	1,193
Technical assistance	1,063	1,002
Commissions	901	973
Telephone costs	968	854
Entertainment expenses	840	682
Commercial services	284	590
Security	444	445
Advertising services	366	353
Expos and trade fairs	186	222
Other	<u>2,627</u>	<u>2,365</u>
Total	<u>94,673</u>	<u>86,152</u>

Details of fees paid to the parent's directors, statutory auditors, CEO and key managers are provided in notes 41) "Related party transactions" to these consolidated financial statements.

(34) Personnel expense

This caption includes:

<u>Thousands of Euros</u>	<u>2013(*)</u>	<u>2014</u>
Wages and salaries	74,946	73,564
Social security contributions	13,674	13,118
Expense/(Income) from defined benefit plans	1,304	1,623
Other costs	<u>2,230</u>	<u>2,413</u>
Total	<u>92,154</u>	<u>90,719</u>

(*) 2013 figures restated in order to be consistent with the 2014 classification

Reference should be made to note 26) "Employee benefits" to these consolidated financial statements for details on Expense/(income) for defined benefit plans.

At December 31, 2013 and 2014, the Group had the following number of employees:

<u>Number</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Blue collars	2,946	2,984
White collars	834	865
Managers	<u>177</u>	<u>197</u>
Total	<u>3,957</u>	<u>4,046</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(35) Other operating expense

This caption includes:

<u>Thousands of Euros</u>	<u>2013</u>	<u>2014</u>
Rent and leases	4,845	4,821
Provisions	720	2,990
Taxes and duties	1,893	1,911
Other costs for the use of third party assets	1,625	1,742
Other charges	1,180	831
Total	<u>10,263</u>	<u>12,295</u>

The increase in “Provisions” is mainly related to the restructuring costs to be incurred by Guala Closures S.p.A.

(36) Financial income

This caption includes:

<u>Thousands of Euros</u>	<u>2013</u>	<u>2014</u>
Exchange rate gains	1,587	5,025
Change in fair value of IRS	1,779	1,627
Fair value gains on aluminium derivatives	21	881
Interest income	660	171
Other financial income	180	51
Total	<u>4,227</u>	<u>7,756</u>

(37) Financial expense

This caption includes:

<u>Thousands of Euros</u>	<u>2013</u>	<u>2014</u>
Interest expense	42,090	42,665
Exchange rate losses	15,044	6,166
Financial expense—non-controlling investors in the Ukrainian company	800	3,500
Fair value losses on aluminum derivatives	1,645	432
Other financial expense	1,204	1,050
Total	<u>60,783</u>	<u>53,812</u>

Financial expense—non-controlling investors in the Ukrainian company relates to recognition of the increase in the financial liability for these investors’ right to exercise a put option if certain conditions are met. The liability was determined by discounting the estimated value of the put option at its estimated time of exercise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(38) Income and expense on financial assets/liabilities

The following table shows income and expense on financial assets/liabilities, specifying which are recognized in profit or loss and which directly in equity:

<u>Thousands of Euros</u>	<u>2013</u>	<u>2014</u>
Recognized in profit or loss		
Bank interest income	660	171
Fair value gains on derivatives	1,800	2,509
Exchange rate gains	1,587	5,025
Other financial income	180	51
Total financial income	<u>4,227</u>	<u>7,756</u>
Interest expense on financial liabilities measured at amortized cost	42,090	42,665
Exchange rate losses	15,044	6,166
Fair value losses on derivatives	1,645	432
Other financial expense	2,004	4,550
Total financial expense	<u>60,783</u>	<u>53,812</u>
Net financial expense	<u>(56,556)</u>	<u>(46,056)</u>
Recognized directly in equity in the Hedging reserve		
Effective portion of fair value losses on cash flow hedges	52	(273)
Net change in fair value of cash flow hedges reclassified to profit or loss	401	350
Total	<u>453</u>	<u>77</u>

(39) Income taxes

This caption includes:

<u>Thousands of Euros</u>	<u>2013</u>	<u>2014</u>
Current taxes	(20,651)	(25,497)
Deferred tax income/(expense)	3,842	3,056
Total	<u>(16,809)</u>	<u>(22,441)</u>

The increase in current taxes is due to the accrual for potential tax and related matters dating to the period 2009-2011. In relation to this accrual for potential tax and related matters, please refer to the note 22) "Current indirect tax liabilities".

Deferred tax income and expense in profit or loss do not reflect the change in the corresponding captions of the statement of financial position due to the effect of transactions recognized directly in equity (€ -21 thousand), as described in the following table.

Deferred tax liabilities recognized directly in equity

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Change in deferred tax liabilities on fair value adjustments on cash flow hedges	(125)	(21)
Total	<u>(125)</u>	<u>(21)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(39) Income taxes (Continued)

Reconciliation between the theoretical and effective tax charge

The difference between the theoretical and effective tax charge is mainly related to the impact of the different tax rates in foreign countries, non-taxable revenue and non-deductible costs.

<u>Thousands of Euros</u>	<u>2013</u>	<u>2014</u>
<i>Profit before taxation</i>	5,183	4,990
Income tax using luxembourg tax rate (2013: 29.2%; 2014: 29.2%)	1,513	1,458
Effect of tax rates in foreign jurisdictions	(1,530)	(2,345)
Tax exempt revenue and other decreases	(1,642)	(904)
Non-deductible expense and other increases	13,585	16,133
Unrecognized deferred tax assets on loss for the year	176	—
Other changes	4,816	2,106
Total increase / (decrease)	15,405	14,990
Effective tax	16,918	16,448
Other taxes	3,733	9,049
Total taxes for the year	20,651	25,497

OTHER INFORMATION

(40) Fair value of financial instruments and sensitivity analysis

(a) Accounting classifications and fair values

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, as at December 31, 2013 and 2014. They do not include fair value information for financial assets and financial liabilities not measured at fair value as their carrying amount is a reasonable approximation of fair value. There were no movements from one level to another in 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(40) Fair value of financial instruments and sensitivity analysis (Continued)

<u>December 31, 2013</u>		Carrying amount						
<u>Thousands of Euros</u>	<u>Note</u>	<u>Fair value - Held-for- trading</u>	<u>Designated at fair value</u>	<u>Fair value - hedging instruments</u>	<u>Held-to- maturity</u>	<u>Loans and receivables</u>	<u>Available- for-sale</u>	<u>Oth finan liabil</u>
Financial assets not measured at fair value(*)								
Trade receivables	7	—	—	—	—	93,079	—	—
Cash and cash equivalents	5	—	—	—	—	41,197	—	—
		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>134,276</u>	<u>—</u>	<u>—</u>
Financial liabilities measured at fair value								
Interest rate swaps used for hedging	24	—	—	(1,025)	—	—	—	—
Interest rate swaps used for trading	24	(3,957)	—	—	—	—	—	—
Contingent consideration	19	—	(6,400)	—	—	—	—	—
		<u>(3,957)</u>	<u>(6,400)</u>	<u>(1,025)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Financial liabilities not measured at fair value(*)								
Secured bank loans	19	—	—	—	—	—	—	(26,)
Unsecured bank loans	19	—	—	—	—	—	—	(2,
Secured bonds issues	19	—	—	—	—	—	—	(271,
Unsecured bonds issues	19	—	—	—	—	—	—	(198,
Finance lease liabilities	19	—	—	—	—	—	—	(15,
Trade payables	20	—	—	—	—	—	—	(66,
Other payables	19	—	—	—	—	—	—	(
		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(582,</u>

(*) The Group has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amount is not significantly different from their face value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(40) Fair value of financial instruments and sensitivity analysis (Continued)

<u>December 31, 2014</u>		Carrying amount						
Thousands of Euros	Note	Fair value - Held-for- trading	Designated at fair value	Fair value - hedging instruments	Held-to- maturity	Loans and receivables	Available- for-sale	Oth finan liabil
Financial assets measured at fair value								
Interest rate swaps used for trading		66	—	—	—	—	—	—
		<u>66</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Financial assets not measured at fair value(*)								
Trade receivables	7	—	—	—	—	92,108	—	—
Cash and cash equivalents	5	—	—	—	—	35,273	—	—
		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>127,381</u>	<u>—</u>	<u>—</u>
Financial liabilities measured at fair value								
Interest rate swaps used for hedging	24	—	—	(948)	—	—	—	—
Interest rate swaps used for trading	24	(2,088)	—	—	—	—	—	—
Contingent consideration	19	—	(9,900)	—	—	—	—	—
		<u>(2,088)</u>	<u>(9,900)</u>	<u>(948)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Financial liabilities not measured at fair value(*)								
Bank overdraft	19	—	—	—	—	—	—	(3,)
Secured bank loans	19	—	—	—	—	—	—	(42,
Unsecured bank loans	19	—	—	—	—	—	—	(2,
Secured bonds issues	19	—	—	—	—	—	—	(272,
Unsecured bonds issues	19	—	—	—	—	—	—	(199,
Finance lease liabilities	19	—	—	—	—	—	—	(13,
Trade payables	20	—	—	—	—	—	—	(54,
Other payables	19	—	—	—	—	—	—	(
		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(587,</u>

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(*) The Group has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amount is close to their fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(40) Fair value of financial instruments and sensitivity analysis (Continued)

(b) Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

<u>Type</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Contingent consideration	<i>Discounted cash flows:</i> The fair value is determined considering the expected payment, discounted to present value using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of forecast EBITDA of the Ukrainian subsidiary.	<ul style="list-style-type: none"> • Forecast EBITDA (average of last 2 years—2013) and 2014—and 2015 budget figures) • Net financial position of the Ukrainian subsidiary as at December 31, 2014 • Risk-adjusted discount rate (7.5%) • Expected date of put option exercise 	<p>The estimated fair value would increase if:</p> <ul style="list-style-type: none"> • the EBITDA was higher • the Net financial position was higher • the risk-adjusted discount rate was lower • the expected date of put option was exercised early
Forward exchange contracts and interest rate swaps	<i>Market comparison technique:</i> The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable.	Not applicable.

Financial instruments not measured at fair value

<u>Type</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>
Secured bonds issues Intragroup loans Finance lease liabilities	Discounted cash flows	Not applicable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(40) Fair value of financial instruments and sensitivity analysis (Continued)

(ii) Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Balance at January 1	5,600	6,400
Loss included in “financial expense”		
— Net change in fair value (unrealised)	<u>800</u>	<u>3,500</u>
Balance at December 31	<u>6,400</u>	<u>9,900</u>

Sensitivity analysis

For the fair value of the contingent consideration, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

<u>Thousands of Euros</u>	<u>Increase/ (decrease) in unobservable inputs</u>	<u>Favourable/ (unfavourable) impact on profit or loss</u>
Forecast EBITDA	10%	(1,000)
	(10%)	1,000
Net financial position	+ 1 million €	(100)
	- 1 million €	100
Risk-adjusted discount rate	1%	1,200
	(1%)	(1,400)
Expected date of put option exercise	+ 1 year	700
	- 1 year	(700)

(c) Financial risk management

The Group is exposed to the following risks as a result of its operations:

- credit risk;
- liquidity risk;
- interest rate risk;
- currency risk;
- other price risk,

Guala Closures S.p.A.’s board of directors has overall responsibility for establishing and monitoring a risk management system for the Group.

The proxy system ensures the risk management guidelines are implemented and regularly monitored.

The finance department is responsible for the monitoring and, in carrying out such activities, it uses information generated by the internal control system.

Credit risk

This is the risk that a customer or the counterparty to a financial instrument is unable to meet an obligation, leading to a financial loss. These risks arise mainly in relation to trade receivables and financial investments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(40) Fair value of financial instruments and sensitivity analysis (Continued)

The Group's exposure to credit risk depends largely on each customer's specific characteristics. The demographics of the Group's customer portfolio, including the segment insolvency risk and the country risk, have an impact on the credit risk.

The Group accrues an allowance for impairment equal to the estimated losses on trade and other loans and receivables. It comprises both the recognition of impairment losses for material individual amounts and the recognition of collective impairment for similar groups of assets to cover losses already incurred but not yet identified. The collective impairment losses are calculated on the basis of historical payment statistics.

Most of the Group's trade receivables are due from leading operators of the alcoholic and non-alcoholic beverage segment. Most of its trading relationships are with longstanding customers. The Group's historical figures indicate a modest amount of bad debts. The risk is fully covered by the corresponding allowance for impairment recognized in the consolidated financial statements.

There are no cases of very concentrated credit risk in geographical terms.

At December 31, 2013 and 2014, trade receivables may be analyzed by geographical segment as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Europe	46,572	46,667
Asia	12,437	15,230
Latin America	20,352	14,417
Oceania	5,753	6,226
Rest of the world	<u>7,987</u>	<u>9,569</u>
Total	<u>93,101</u>	<u>92,108</u>

At December 31, 2014, trade receivables may be analyzed by due date as follows:

<u>Thousands of Euros</u>	<u>Gross amount December 31, 2014</u>	<u>Impairment losses December 31, 2014</u>	<u>Net amount December 31, 2014</u>
Not yet due	71,888	(400)	71,488
0-30 days overdue	13,304	(5)	13,299
31-90 days overdue	5,229	(340)	4,889
More than 90 days overdue	<u>10,170</u>	<u>(7,738)</u>	<u>2,432</u>
Total	<u>100,591</u>	<u>(8,483)</u>	<u>92,108</u>

The Group believes that the unimpaired amounts that are overdue by more than 30 days are still collectible, based on historical payment behavior and extensive analyses of the underlying customers' credit ratings. Based on historical default rates, the Group believes that, apart from the above, no impairment allowance is necessary in respect of trade receivables not yet due or overdue by up to 30 days.

At December 31, 2014, trade receivables may be analyzed by original currency as follows:

<u>Thousands of Euros</u>	<u>EUR</u>	<u>INR</u>	<u>GBP</u>	<u>USD</u>	<u>Other currencies</u>	<u>Total</u>
Trade receivables	36.187	10.975	5.660	5.436	33.849	92.108

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(40) Fair value of financial instruments and sensitivity analysis (Continued)

Other currencies includes trade receivables in the following local currencies:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>
Ukrainian hryvnies	6,127
Australian dollars	4,623
Polish zloty	3,905
Columbian pesos	3,799
Mexican pesos	2,935
Russian rubles	2,743
South African rand	2,738
Chinese renmimbi	2,326
Argentinean pesos	1,638
New Zealand dollars	1,369
Brazilian reals	1,173
Other	472
Total	<u>33,849</u>

An analysis of the credit quality of trade receivables is as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>
— Four or more years' trading history with the Group	71.356
— From four to one years' trading history with the Group	6.783
— Less than one year' trading history with the Group	2.105
— Residual (not classified)	11.864
Total	<u>92.108</u>

Liquidity risk

This risk regards the Group's ability to meet its obligations arising from financial liabilities.

The Group's approach to liquidity management is to ensure adequate funds are always available to cover its obligations at the expiry dates, both in normal conditions and at times of financial difficulty, without incurring borrowing expense at terms higher than market conditions.

The Group generally ensures there is sufficient cash and cash equivalents to cover forecast short-term operating expenses, including those related to financial liabilities. Contingent effects arising from extreme situations that cannot reasonably be forecast, such as natural disasters, are excluded from the above.

The aim of the Group's financing strategy is to maintain a well-balanced maturity profile for liabilities to thereby reduce the refinancing risk. Historically, the Group has always met its obligations on time and was able to re-finance the indebtedness in advance before it expires.

Reference should be made to the tables in note 19) "Financial liabilities" to these consolidated financial statements for information on the Group's loans, credit lines and facilities at the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(40) Fair value of financial instruments and sensitivity analysis (Continued)

Exposure to liquidity risk

The following are the outstanding contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements:

<u>Thousands of Euros</u>	<u>Carrying amount</u>	<u>Contractual cash flows</u>			<u>Total contractual cash flows</u>
		<u>Within one year</u>	<u>From one to five years</u>	<u>After five years</u>	
Non-derivative financial liabilities					
Contingent consideration	9,900			(27,400)	(27,400)
Bank overdrafts	3,058	(3,185)	—	—	(3,185)
Secured bank loans	42,273	(4,207)	(45,729)	—	(49,936)
Unsecured bank loans	2,295	(1,058)	(1,297)	—	(2,354)
Secured bond issues	272,129	(14,996)	(334,942)	—	(349,937)
Unsecured bond issues	199,680	(18,750)	(246,875)	—	(265,625)
Finance lease liabilities	13,853	(1,998)	(8,834)	(3,091)	(13,923)
Other	113	(58)	(65)	—	(123)
Total	<u>543,301</u>	<u>(44,251)</u>	<u>(637,741)</u>	<u>(30,491)</u>	<u>(712,482)</u>
Derivative financial liabilities					
Interests rate swaps used for hedging	948	(300)	(700)	(50)	(1,050)
Interests rate swaps used for trading	2,088	(2,088)	—	—	(2,088)
Total	<u>3,036</u>	<u>(2,388)</u>	<u>(700)</u>	<u>(50)</u>	<u>(3,138)</u>

The interest payments on variable interest rate loans and bond issues in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change. The future cash flows on contingent consideration and derivative instruments may be different from the amount in the above table as interest rates and exchange rates or the relevant conditions underlying the contingency change. Except for these financial liabilities, it is not expected that the cash flows included in the maturity analysis will materialise significantly earlier, or at significantly different amounts.

Interest rate risk

This risk relates to volatility of the market rates which determine the interest expense paid on outstanding loans.

The Group is exposed to interest rate risk as almost the full amount of its financial liabilities provide for the payment of interest at floating rates subject to short-term repricing.

The Group's policy is to hedge a significant portion of the payable amount subject to interest rate risk. Interest rate swaps are used to hedge the risk which enable the interest rate to be set at fixed amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(40) Fair value of financial instruments and sensitivity analysis (Continued)

Effective interest rate and repricing analysis

The following table shows the effective interest rate at the reporting date and for the period in which the related rate may be reviewed for interest-bearing financial assets and liabilities:

Thousands of Euros	Effective interest rate— December 2014	Repricing date					
		Total 31/12/14	Up to 6 months	6 - 12 months	1 - 2 years	2 - 5 years	After 5 years
BONDS:							
HY Bond issued by GCL Holdings S.C.A.— 20/04/2011	9.375%	200,000	—	—	—	200,000	—
Accrued interest—GCL Holdings S.C.A.	n.a.	3,900	3,900	—	—	—	—
Transaction costs	n.a.	(4,220)	—	—	—	(4,220)	—
TOT. HY BONDS issued by GCL Holdings S.C.A.—20/04/2011		199,680	3,900	—	—	195,780	—
Bond Floating Rate Senior Secured Notes due 2019 issued by Guala Closures S.p.A.—13/11/2012	5.453%	275,000	275,000	—	—	—	—
Accrued interest—Guala Closures S.p.A.	n.a.	1,833	1,833	—	—	—	—
Transaction costs	n.a.	(4,704)	(4,704)	—	—	—	—
TOT. BONDS FRSN 2019 issued by Guala Closures S.p.A.—13/11/2012		272,129	272,129	—	—	—	—
TOTAL BONDS		471,809	276,029	—	—	195,780	—
Bank loans and borrowings:							
Senior Revolving Facility	3.83%	40,000	40,000	—	—	—	—
Transaction costs	n.a.	(1,480)	(1,480)	—	—	—	—
Tot. Senior Revolving Facility		38,520	38,520	—	—	—	—
Cassa di Risparmio di Alessandria loan	2.58%	319	319	—	—	—	—
Accrued interest and expense—Guala Closures S.p.A.	n.a.	656	656	—	—	—	—
Raiffeisen Bank overdraft (Ukraine)	20.00%	318	318	—	—	—	—
Millennium Bank overdraft (Poland)	0.75%	2,740	2,740	—	—	—	—
Banco Sabadell loan (Spain)	5.20%	253	253	—	—	—	—
Bancolombia loan (Colombia)	7.35%	867	867	—	—	—	—
Bradesco / ITAU loan (Brazil)	3.90%	855	855	—	—	—	—
Advances on receivables and loans (Argentina)	n.a.	621	621	—	—	—	—
Scotiabank loan (Mexico)	7.58%	2,477	2,477	—	—	—	—
Total bank loans and borrowings		47,626	47,626	—	—	—	—
Other financial liabilities:							
Guala Closures S.p.A. finance leases	n.a.	13,730	13,730	—	—	—	—
Bulgarian companies finance leases	n.a.	123	123	—	—	—	—
Liability to the Ukrainian non-controlling investors	n.a.	9,900	—	—	—	—	9,900
Other liabilities	n.a.	113	113	—	—	—	—
Total other financial liabilities		23,866	13,966	—	—	—	9,900
TOTAL		543,301	337,621	—	—	195,780	9,900

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(40) Fair value of financial instruments and sensitivity analysis (Continued)

Sensitivity analysis

Financial liabilities' fair values were calculated by an external actuary using the following methodology:

- the cash flows generated by the outstanding payables are identified both in terms of interest and principal. These cash flows are calculated with reference to the interest rates and the repayment plan;
- the individual cash flows are discounted using risk-free rates ruling on the measurement date. The bootstrap method is applied to the swap rates for each expiry date of the corresponding cash flow based on the resulting time curve;
- furthermore the individual cash flows are discounted using an additional rate, based on the Group's credit standing, calculated as the weighted average of the spreads applied to the different financing agreements. The spreads applied to the financing agreements are deemed to objectively represent the Group's credit standing and subsequent significant changes should not arise given its current financial position.

The following table shows the sensitivity analysis for the cash flows from these financial liabilities and the related hedging derivatives at December 31, 2014:

<u>Thousands of Euros</u>	<u>Increase of 100bp</u>	<u>Decrease of 100bp</u>
Floating Rate Senior Secured Notes due in 2019 issued by Guala Closures S.p.A.	(11,814)	4,134
Senior Revolving Facility Agreement—gross of transaction costs	(1,062)	234
Sensitivity of cash flows for Bond and Revolving facility (net)	(12,876)	4,368
Finance leases	(326)	91
Related interest rate swaps	208	(35)
Sensitivity of cash flows of other financial liabilities (net)	(118)	56

The following methodology is used to perform the sensitivity analyses: a change is assumed in the interest rate used to calculate the interest (+/- 100 basis points), which indicates the change in the overall liability. Accordingly, negative amounts indicate an increase in the fair value of the liability and vice versa for positive amounts.

Currency risk

This risk relates to the effect of fluctuations in exchange rates on sales and purchases in currencies other than the functional currencies of the various group entities.

The Group is exposed to currency risk, particularly in relation to fluctuations of the pound sterling and US dollar.

Interest on loans is denominated in the currency of the cash flows generated by the Group's underlying transactions.

The risk of exchange rate fluctuations is managed using exchange rate hedges when significant differences are noted between cost and revenue in foreign currency.

If that is the case, such differences are hedged through currency swaps. These provide for the purchase/sale of agreed amounts in foreign currency at a set exchange rate against the Euro.

Sensitivity analysis

A strengthening of the Euro, as indicated below, against the USD, GBP, AUD, INR, UAH and PLN at December 31, 2013 and 2014 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on exchange rate fluctuations that the Group considered to be

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(40) Fair value of financial instruments and sensitivity analysis (Continued)

reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis, although the changes in exchange rates differed to those expected, as indicated below.

	Strengthening		Weakening	
	Assets	Profit or loss	Liabilities	Profit or loss
2013				
USD (10% change)	600	600	(491)	(491)
GBP (10% change)	655	655	(536)	(536)
AUD (10% change)	328	328	(268)	(268)
INR (10% change)	1,350	1,350	(1,104)	(1,104)
UAH (10% change)	535	535	(438)	(438)
PLN (10% change)	631	631	(516)	(516)
	Strengthening		Weakening	
	Assets	Profit or loss	Liabilities	Profit or loss
2014				
USD (10% change)	131	131	(107)	(107)
GBP (10% change)	555	555	(454)	(454)
AUD (10% change)	549	549	(450)	(450)
INR (10% change)	1,373	1,373	(1,124)	(1,124)
UAH (10% change)	530	530	(434)	(434)
PLN (10% change)	(444)	(444)	363	363

Other price risk

As a result of the nature of its activities, the Group is exposed to the risk of fluctuations in the purchase price of raw materials, particularly plastics and aluminum.

The risk of fluctuations in the purchase price of plastics has not been hedged as these raw materials were not listed on international markets (the London Metal Exchange). However, this risk will be able to be hedged in the near future given current developments in the listing of plastics on the international market and corresponding hedging instruments.

The risk of fluctuations in the purchase price of aluminum is partly hedged through derivatives which set the forward purchase price.

(41) Related party transactions

Intragroup transactions and balances between consolidated group companies are eliminated on consolidation and, therefore, do not appear in the consolidated financial statements figures and are not disclosed in this report.

Intesa Sanpaolo S.p.A. is considered a related party of GCL Holdings Group.

The transactions and relationships between Intesa Sanpaolo S.p.A. and the Group at December 31, 2014 are summarized below:

- Banca IMI (a wholly owned subsidiary of Intesa Sanpaolo S.p.A.) is, together with Unicredit Bank AG (subsidiary of one of the shareholders and also Agent and Security Agent of the Senior Facilities Agreement), Credit Suisse AG and Natixis S.A., the Original Lender and Mandated Lead Arrangers of the Senior Facilities Agreement dated October 10, 2008 and amended and restated from time to time and on October 31, 2012;
- at December 31, 2014, Intesa Sanpaolo S.p.A. has a representative on the board of directors and a representative on the board of statutory auditors of Guala Closures S.p.A.;
- at December 31, 2014, Intesa Sanpaolo S.p.A. has a representative on the board of directors of GCL Holdings GP S.à r.l. (General Partner of GCL Holdings S.C.A.);

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(41) Related party transactions (Continued)

- at December 31, 2014, Intesa Sanpaolo S.p.A. has a representative on the board of directors of GCL Holdings LP S.à r.l. (General Partner of GCL Holdings GP S.à r.l.);
- at December 31, 2014, Intesa Sanpaolo S.p.A. controls an ultimate beneficial voting interest of 19.6%, via an investment in GCL Holdings L.P. S.à r.l.;
- Intesa Sanpaolo S.p.A., also through its subsidiaries Banca IMI, Leasint S.p.A. and Mediocredito Italiano S.p.A., has granted significant financing to the Group and is one of its main financial lenders;
- Guala Closures S.p.A. entered into interest rate swap agreements with Intesa Sanpaolo S.p.A. to hedge the interest rate exposure of the Senior Credit Facilities;
- transactions with Intesa Sanpaolo S.p.A. take place on an arm's length basis.

In addition, DLJ Merchant Banking Funds is considered to be a related party of the Group. On March 31, 2014, the DLJ Merchant Banking Partners team spun off from Credit Suisse to form aPriori Capital Partners L.P., which acts as the manager of the DLJ Merchant Banking Funds.

The transactions and relationships between DLJ Merchant Banking Funds and the Group for the period up to December 31, 2014 are summarized below:

- for the period up to December 31, 2014, aPriori Capital Partners L.P. had four representatives on the board of directors of GCL Holdings GP S.à r. l. (General Partner of GCL Holdings S.C.A.);
- for the period up to December 31, 2014, aPriori Capital Partners L.P. had two representatives on the board of directors of GCL Holdings LP S.à r. l.;
- for the period up to December 31, 2014, aPriori Capital Partners L.P. had five representatives on the board of directors of Guala Closures S.p.A.;
- for the period up to December 31, 2014, DLJMB Overseas Partners IV, L.P., DLJ Merchant Banking Partners IV (Pacific), L.P. DLJ Offshore Partners IV, L.P., MBP IV Plan Investors, L.P. and DLJMB Overseas IV AIV, L.P. were collectively the beneficial owners of 58% of GCL Holdings S.C.A. via their indirect ownership of 35.4% of GCL Holdings L.P. S.à r.l.;
- transactions with aPriori Capital Partners L.P. took place on an arm's length basis.

Related parties also include a pension fund for employees of the former Metal Closures Ltd. (now Guala Closures UK Ltd.) managed by Metal Closures Group Trustees Ltd. Considering the performance of the pension fund, the company was not required to transfer funds thereto. Employees have paid their contributions. Reference should be made to note 26) "Employee benefits" to the consolidated financial statements for additional information.

(42) Contingent liabilities

In relation to the potential tax contingent liabilities, please refer to the note 22) "Current indirect tax liabilities".

At the date of publication of these consolidated financial statements, there were no additional significant contingent liabilities in relation to which the Group can currently foresee future expenditure.

(43) Operating leases

The Group leases a number of warehouse and factory facilities under operating leases. The leases typically run for a period of 4-6 years, with an option to renew the lease after that date. Some leases provide for additional rent payments that are based on changes in local price indices.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(43) Operating leases (Continued)

Future minimum lease payments

At December 31, 2013 and 2014 the future minimum lease payments under non-cancellable leases were receivable as follows:

<u>Thousands of Euros</u>	<u>2013</u>	<u>2014</u>
Less than one year	4,209	4,493
Between one and five years	9,647	10,365
More than five years	3,307	2,464
Total	<u>17,163</u>	<u>17,321</u>

Amounts recognized in profit or loss

<u>Thousands of Euros</u>	<u>2013</u>	<u>2014</u>
Lease expense	5,979	6,142
Contingent rent expense	26	23
Sublease income	(19)	(8)

(44) Commitments and guarantees

The Group's commitments and guarantees given at December 31, 2014 can be grouped into those guarantees given in relation to the Senior Facilities Agreement and Senior Secured Notes due in 2019 and other guarantees given by other group companies, detailed as follows:

GCL Holdings S.C.A.

- Receivables Pledge of GCL Holdings S.C.A.'s receivables under the Proceeds Loan, dated April 20, 2011 (also securing the Senior Notes due in 2018).
- Pledge of the shares of Guala Closures S.p.A. held by GCL Holdings S.C.A.

Guala Closures S.p.A.

- Pledge of the shares held by Guala Closures S.p.A. in Guala Closures International B.V.
- Special lien on the following assets of Guala Closures S.p.A.: (securing the Senior Facilities Agreement only)
 - existing and future chattels not listed in public registers which Guala Closures S.p.A. uses in its operations or as plant and machinery;
 - raw materials, work in progress, stock, finished goods held at any time at Guala Closures S.p.A.'s warehouses (or with third parties or holders of any kind);
 - goods that Guala Closures S.p.A. purchases with income from the financing secured by the special lien;
 - receivables arising after the special lien was signed following the sale of some of the above assets;
 - any revenues and related assets in connection therewith.
- Pledge of Guala Closures S.p.A.'s intellectual property rights

Guala Closures UK Ltd.

- A bond and floating charge on all the assets of Guala Closures UK Ltd.

Guala Closures International B.V.

- Pledge of the shares of Guala Closures Patents B.V. held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures China B.V. held by Guala Closures International B.V.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(44) Commitments and guarantees (Continued)

- Specific security deed of the shares of Guala Closures Australia Holdings Pty Ltd. held by Guala Closures International B.V.
- Pledge of the participatory interests and shares of Guala Closures Ukraine LLC held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures Mexico S.A. de C.V. held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures Iberica S.A. held by Guala Closures International B.V.
- Specific security deed of the shares of Guala Closures New Zealand Ltd. held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures do Brasil Ltda. held by Guala Closures International B.V.
- Charge on the shares of Guala Closures UK Ltd. held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures DGS Poland [Spółka Akcyjna] held by Guala Closures International B.V.

Guala Closures Patents B.V.

- Pledge of the material intellectual property of Guala Closures Patents B.V.

Guala Closures Australia Holdings Pty Ltd

- Specific security on Guala Closures Australia Pty Ltd. shares held by Guala Closures Australia Holdings Pty Ltd.

Guala Closures Australia Pty Ltd.

- Specific security and general security deed granted on the assets of Guala Closures Australia Pty Ltd.

Guala Closures do Brasil Ltda.

- Mortgage on certain real estate property owned by Guala Closures do Brasil Ltda. (security documents executed in January 2013).

The other guarantees given by group companies at December 31, 2014 are as follows:

Guala Closures Ukraine LLC

- Pledge on assets given to Raiffeisen Bank for an amount of Ukrainian hryvnia 9.9 million

Guala Closures Mexico S.A. de C.V.

- Mortgage on land given to Scotia Bank for an amount of Mexican pesos 43 million

Guala Closures Argentina S.A.

- Mortgage on building given to Banco de la Nación Argentina for an amount of Argentinean pesos 5.5 million

Guala Closures South Africa Pty Ltd

- Bank Guarantees for Warehouse Lease for an amount of South African rand 0.5 million

Thousand of Euros

December 31, 2014

Guala Closures S.p.A.

Third party assets held by the Company	2,638
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(45) Events after the reporting period

• **Approval of mergers between group companies:**

On February 9, 2015, the merger between Guala Closures International B.V. and Guala Closures China B.V. was completed (effective from January 1, 2015).

Managers of GCL Holdings GP S.à r.l.
General Partner of GCL Holdings S.C.A.

Luxembourg, April, 30, 2015

GCL HOLDINGS S.C.A. AND SUBSIDIARIES
2013 ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(WITH THE REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ THEREON)



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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of GCL Holdings S.C.A., which comprise the consolidated statement of financial position as at December 31, 2013 and the consolidated statements of comprehensive income and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 48 to 125.

General Partner's responsibility for the consolidated financial statements

The General Partner is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the Réviseur d'Entreprises agréé

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the Réviseur d'Entreprises agréé, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the General Partner, as well as evaluating the overall presentation of the consolidated financial statements.

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

KPMG Luxembourg S.à.r.l., a Luxembourg private limited company
and a member of the KPMG network of independent member firms
affiliated with KPMG Network Corporation ("KPMG Network"),
a Swiss entity

I.V.A. LU 2469297
Capital 12502 €
RCS Luxembourg B 14933



Opinion

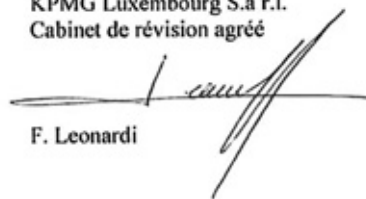
In our opinion, the consolidated financial statements as set out on pages 42 to 125 give a true and fair view of the consolidated financial position of GCL Holdings S.C.A. as of December 31, 2013, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The consolidated management report as set out on pages 8 to 35, which is the responsibility of the Board of Managers, is consistent with the consolidated financial statements.

Luxembourg, April 30, 2014

KPMG Luxembourg S.à r.l.
Cabinet de révision agréé



F. Leonardi

GCL HOLDINGS S.C.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<u>(Thousands of Euros)</u>	<u>December 31,</u> <u>2012</u>	<u>December 31,</u> <u>2013</u>	<u>Note</u>
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	58,474	41,197	5
Current financial assets	43	64	6
Trade receivables	99,634	93,079	7
Inventories	63,603	71,483	8
Current direct tax assets	1,666	1,072	9
Current indirect tax assets	7,416	9,270	10
Financial derivative assets	322	—	11
Other current assets	2,936	3,598	12
Assets held for sale	10	8	13
Total current assets	<u>234,104</u>	<u>219,771</u>	
<i>Non-current assets</i>			
Non-current financial assets	585	219	14
Property, plant and equipment	219,467	205,878	15
Intangible assets	405,927	397,418	16
Deferred tax assets	8,805	8,227	17
Other non-current assets	1,050	499	18
Total non-current assets	<u>635,835</u>	<u>612,243</u>	
TOTAL ASSETS	<u>869,939</u>	<u>832,014</u>	
LIABILITIES AND EQUITY			
<i>Current liabilities</i>			
Current financial liabilities	10,438	10,129	19
Trade payables	62,272	66,788	20
Current direct tax liabilities	3,821	3,552	21
Current indirect tax liabilities	3,738	3,841	22
Current provisions	2,452	1,231	23
Financial derivative liabilities	6,715	4,982	24
Other current liabilities	27,357	24,638	25
Total current liabilities	<u>116,794</u>	<u>115,162</u>	
<i>Non-current liabilities</i>			
Non-current financial liabilities	509,448	512,322	19
Employee benefits	8,429	6,835	26
Deferred tax liabilities	26,966	21,109	17
Non-current provisions	157	684	23
Other non-current liabilities	725	168	27
Total non-current liabilities	<u>545,725</u>	<u>541,118</u>	
Total liabilities	<u>662,519</u>	<u>656,280</u>	
Share capital and reserves attributable to non-controlling interests	23,285	20,758	
Profit for the year attributable to non-controlling interests	6,240	6,676	
Equity attributable to non-controlling interests	<u>29,525</u>	<u>27,435</u>	29
<i>Equity attributable to the owners of the parent</i>			
Share capital	141	141	
Share premium reserve	295,228	295,228	
Translation reserve	(14,073)	(25,911)	
Hedging reserve	(1,555)	(1,226)	
Losses carried forward and other reserves	(75,403)	(101,630)	
Loss for the year	(26,443)	(18,303)	
Equity attributable to the owners of the parent	<u>177,895</u>	<u>148,299</u>	28
Total equity	<u>207,420</u>	<u>175,734</u>	
TOTAL LIABILITIES AND EQUITY	<u>869,939</u>	<u>832,014</u>	

Note:

(*) Following the retrospective application of the amendment to IAS 19 from January 1, 2013, the comparative figures at December 31, 2012 have been restated as required by IAS 1. Reference should be made to the section “Changes in accounting standards” for further details.

The accompanying notes are an integral part of the consolidated financial statements.

GCL HOLDINGS S.C.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
AND OTHER COMPREHENSIVE INCOME

<u>(Thousands of Euros)</u>	<u>2012(*)</u>	<u>2013</u>	<u>Note</u>
Net revenue	497,065	494,276	30
Change in inventories of finished goods and semi-finished products	472	3,902	8
Other operating income	8,777	13,161	31
Costs for raw materials	(212,446)	(213,203)	32
Costs for services	(92,949)	(94,673)	33
Personnel expense	(89,331)	(92,154)	34
Other operating expense	(15,080)	(10,263)	35
Amortization, depreciation and impairment losses	(40,008)	(39,309)	15 - 16
Operating profit	56,500	61,739	
Financial income	7,910	4,227	36
Financial expense	(62,588)	(60,783)	37
Net finance costs	(54,678)	(56,556)	
Profit before taxation	1,821	5,183	
Income taxes	(22,025)	(16,809)	39
Loss for the year	(20,203)	(11,626)	

OTHER COMPREHENSIVE INCOME

Items that will never be reclassified to profit or loss:

Actuarial gains/(losses) on the defined benefit liability (asset)	(1,183)	219
	<u>(1,183)</u>	<u>219</u>

Items that are or may be reclassified subsequently to profit or loss:

Foreign currency translation differences for foreign operations	2,054	(13,486)
Effective portion of fair value gains (losses) of cash flow hedges	(492)	52
Net change in fair value of cash flows hedges reclassified to profit or loss	3,522	401
Income taxes on other comprehensive income	(833)	(125)
	<u>4,251</u>	<u>(13,157)</u>

Total comprehensive income/(expense) for the year, net of tax **3,068** **(12,939)**

Total comprehensive expense for the year **(17,135)** **(24,565)**

Profit (loss) attributable to:

owners of the parent	(26,443)	(18,303)
non-controlling interests	6,240	6,676

Total comprehensive income /expenses) attributable to:

owners of the parent	(24,194)	(29,597)
non-controlling interests	7,059	5,032

Note:

- (*) Following the retrospective application of the amendment to IAS 19 from January 1, 2013, the figures reported for 2012 have been restated for comparative purposes as required by IAS 1. Reference should be made to the section "Changes in accounting standards" for further details.

The accompanying notes are an integral part of the consolidated financial statements.

GCL HOLDINGS S.C.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

<u>(Thousands of Euros)</u>	<u>2012(*)</u>	<u>2013</u>	<u>Note</u>
Opening cash and cash equivalents	65,479	58,474	5
A) Cash flows generated by operating activities			
Profit before taxation	1,821	5,183	
Amortization, depreciation and impairment losses	40,008	39,309	7 - 15 - 16
Net finance costs	54,678	56,556	36 - 37
Change in:			
Receivables, payables and inventory	(3,255)	(6,724)	7 - 8 - 20
Other	(624)	(5,077)	
VAT and indirect tax assets/liabilities	168	(1,970)	10 - 22
Income taxes paid	<u>(19,841)</u>	<u>(18,912)</u>	9 - 21 - 39
TOTAL	72,955	68,364	
B) Cash flows used in investing activities			
Acquisitions of property, plant and equipment and intangibles	(26,954)	(31,179)	15 - 16 - 25
Proceeds from sale of property, plant and equipment and intangibles	796	638	15 - 16
Disposal of Aerosol business	325	—	
Acquisition of South Africa business	<u>(15,723)</u>	<u>(2,933)</u>	4
TOTAL	(41,556)	(33,474)	
C) Cash flows used in financing activities			
Interests income	1,414	830	36
Interests expense	(39,831)	(40,964)	37
Payment of transaction cost on Bonds and Revolving Credit Facility	(6,090)	(3,210)	
Other financial items	(829)	(656)	11 - 24 - 36 - 37
Dividends paid to non-controlling interest	(5,638)	(6,851)	
Proceeds from issue of share capital	122	—	
Proceeds from new borrowings	333,526	10,411	
Repayment of borrowings	(321,300)	(9,955)	
Change in financial assets	86	146	
TOTAL	(38,540)	(50,248)	
D) Net cash flow for the period (A+B+C)	(7,142)	(15,358)	
Effect of exchange rate fluctuations on cash held	136	(1,918)	
Closing cash and cash equivalents	58,474	41,197	5

Note:

(*) Following the retrospective application of the amendment to IAS 19 from January 1, 2013, the figures reported for 2012 have been reclassified for comparative purposes as required by IAS 1. Reference should be made to the section “Changes in accounting standards” for further details.

The accompanying notes are an integral part of the consolidated financial statements.

GCL HOLDINGS S.C.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to the owners of the Company

(Thousands of €)	Share capital	Share premium reserve	Translation reserve	Hedging reserve	Losses carried forward and other reserves	Loss for the year	Equity attributable to the owners of the parent
Balance at January 1, 2012, as previously reported	141	295,228	(15,309)	(3,751)	(57,604)	(16,615)	202,089
Impact of changes in accounting policies	—	—	—	—	(97)	97	—
Restated balance at January 1, 2012	141	295,228	(15,309)	(3,751)	(57,701)	(16,519)	202,089
Allocation of 2011 profit (loss), as restated	—	—	—	—	(16,519)	16,519	—
Profit (loss) for the year ended December 31, 2012, as restated	—	—	—	—	—	(26,443)	(26,443)
Other comprehensive income, as restated	—	—	1,235	2,197	(1,183)	—	2,249
Total comprehensive expense of the year	—	—	1,235	2,197	(17,702)	(9,924)	(24,194)
Dividends to non-controlling interests	—	—	—	—	—	—	—
Share capital increase	—	—	—	—	—	—	—
Total contributions by and distributions to owners of the Company	—	—	—	—	—	—	—
Restated balance at December 31, 2012	141	295,228	(14,073)	(1,555)	(75,403)	(26,443)	177,895
Restated balance at January 1, 2013	141	295,228	(14,073)	(1,555)	(75,403)	(26,443)	177,895
Allocation of 2012 profit (loss), as restated	—	—	—	—	(26,443)	26,443	—
Profit (loss) for the year ended December 31, 2013	—	—	—	—	—	(18,303)	(18,303)
Other comprehensive expense	—	—	(11,838)	328	216	—	(11,294)
Total comprehensive expense of the year	—	—	(11,838)	328	(26,227)	8,141	(29,597)
Dividends to non-controlling interests	—	—	—	—	—	—	—
Total contributions by and distributions to owners of the Company	—	—	—	—	—	—	—
December 31, 2013	141	295,228	(25,911)	(1,226)	(101,630)	(18,303)	148,299

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The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT DECEMBER 31, 2013

GENERAL INFORMATION

(1) The Group's activities and key changes in its structure during the year

The Group's main activities involve the design and manufacturing of closures for spirits, wine and non-alcoholic drinks such as water, olive oil and vinegar, as well as pharma to be sold on the domestic and international markets.

The Group is also active in the field of production of PET plastic preforms and bottles.

The Group's activities are separated into two divisions:

- the Closures division, representing the Group's core business, specialized in the production of safety closures (safety product line), standard aluminum closures, customized plastic and aluminum closures (decorative product line) and closures for other sectors and accessories; the division also produces aluminum, plastic and rubber closures for the pharmaceutical sector;
- the PET division, which produces preforms and bottles for carbonated soft drinks (CSD product line) and preforms, bottles, molds, jars, flasks and miniature drinks bottles and containers for cosmetics, beauty products and pharmaceuticals and foodstuffs (custom molding product line).

Currently, the Group is the European and international leader in the production of safety closures for spirits bottles, with over 40 years' experience in the sector.

It is also the leading European producer of aluminum closures for spirits bottles.

The following transactions took place in 2013:

• **Merger of Polish companies:**

In January 2013, the shareholders' meeting of DGS-TO Sp. Z o.o. adopted a resolution for the merger of Guala Closures DGS Poland S.A. and DGS-TO Sp. Z o.o..

In the same month, the shareholders' meeting of DGS-TO Sp. Z o.o. Kom adopted a resolution for the merger of Guala Closures DGS Poland S.A. and DGS-TO Sp. Z o.o. Kom.

On February 7, 2013, both mergers were registered in the Polish National Court Registry.

These mergers had no impact on the consolidated figures.

• **Company liquidation:**

In July 2013, the shareholders' meeting of Plastivit Servicios, S.A. de C.V. resolved on the liquidation of the company.

• **Payment of the final consideration for the acquisition of the Metal Closures division of the South African MCG Industries:**

On October 1, 2013, the Group paid the final consideration (40 million Rand, € 2.9 million) for the acquisition of the Metal Closures division of the South African MCG Industries, as provided for in the purchase agreement.

No additional Purchase Consideration based on the gross operating profit of the business for the twelve-month period ending April 30, 2013 was due.

• **Transfer of shares of Orient Printing Machines Pvt Ltd:**

On December 17, 2013, the Group sold the shares owned in the Indian company OMSO Orient Printing Machines Pvt Ltd for an amount of € 250 thousand: the Group collected € 50 thousand in 2013 and the remaining amount will be collected in 3 tranches in 2014.

(2) Accounting policies

The consolidated financial statements at December 31, 2013 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(2) Accounting policies (Continued)

Board and endorsed by the European Union (“EU”), and related interpretations. They include the separate financial statements of the parent and all subsidiaries shown in the Group structure at December 31, 2013.

The consolidated financial statements have been prepared on a historical cost basis, except for derivatives which are measured at fair value, and on a going concern basis. Business risks and/or any identified uncertainties related to the Group’s reference markets are not significant and do not cast doubts on its ability to continue as a going concern.

The consolidated financial statements have been prepared using the following formats:

- captions of the statement of financial position are classified by current and non-current assets and liabilities;
- statement of comprehensive income and other comprehensive income (“OCI”) captions are classified by nature;
- the statement of cash flows has been prepared using the indirect method;
- the statement of changes in equity has been prepared in accordance with the structure of changes in equity.

The consolidated financial statements have been prepared in Euros, which is the Group’s functional currency, rounding the amounts to the nearest thousand. Any discrepancies between financial statements balances and those of the tables of the notes to the consolidated financial statements are due exclusively to rounding and do not alter their reliability or substance.

The Board of Directors of GCL Holdings GP S.à r.l., General Partner of GCL Holdings S.C.A., approved the publication of the consolidated financial statements on April 30, 2014.

The shareholders who will be called to approve the parent’s separate financial statements have the power to request changes to the consolidated financial statements.

The most important accounting policies used by the Group to draw up its consolidated financial statements are consistent with those used for the consolidated financial statements as at and for the year ended December 31, 2012 apart from that stated in paragraph (c) Changes in accounting standards. They are described below.

The accounting policies have been applied consistently across all group companies.

(a) Basis of consolidation

Accounting for business combinations

Business combinations are accounted for using the acquisition method at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Acquisitions on or after January 1, 2010

For acquisitions on or after January 1, 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss in the other income caption.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(2) Accounting policies (Continued)

The consideration transferred does not include amounts related to the settlement of preexisting relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for in equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Acquisitions between January 1, 2004 and January 1, 2010

For acquisitions between January 1, 2004 and January 1, 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations, were capitalised as part of the cost of the acquisition.

Acquisitions prior to January 1, 2004 (date of transition to IFRSs)

As part of its transition to IFRSs, the Group elected to restate only those business combinations that occurred on or after January 1, 2004. In respect of acquisitions prior to January 1, 2004, goodwill represents the amount recognised under the Group's previous accounting framework, Italian GAAP.

Accounting for acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the acquisition-date carrying amount of the net assets acquired.

Subsidiaries

The consolidation scope includes the parent, GCL Holdings S.C.A., and the entities over which it directly or indirectly has control, i.e., the power to govern, directly or indirectly, the financial and operating policies of an entity so as to obtain benefits from its activities, which in the case of the Guala Closures Group entities currently takes place through possession of the majority of the voting rights. The subsidiaries are consolidated from the date control is actually transferred to the Group. They cease to be consolidated from the date control is transferred outside the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(2) Accounting policies (Continued)

The entities included in the consolidation scope are listed in the following table:

List of investments in subsidiaries at December 31, 2013

<u>Company name</u>	<u>Registered office</u>	<u>Currency</u>	<u>Share/quota capital</u>	<u>Investment percentage</u>	<u>Type of investment</u>	<u>Method of consolidation</u>
EUROPE						
Guala Closures S.p.A.	Italy	EUR	74,624,491	100%	Direct	Line-by-line
Guala Closures International B.V.	The Netherlands	EUR	92,000	100%	Indirect(*)	Line-by-line
Pharma Trade S.r.l.	Italy	EUR	100,000	100%	Indirect(*)	Line-by-line
Guala Closures Patents B.V.	The Netherlands	EUR	18,400	100%	Indirect(*)	Line-by-line
Guala Closures China B.V.	The Netherlands	EUR	20,000	96.50%	Indirect(*)	Line-by-line
Guala Closures UK Ltd.	Great Britain	GBP	134,000	100%	Indirect(*)	Line-by-line
Guala Closures Iberica, S.A.	Spain	EUR	2,479,966	100%	Indirect(*)	Line-by-line
Guala Closures Ukraine LLC.	Ukraine	UAH	90,000,000	70%	Indirect(*)	Line-by-line
Guala Closures Bulgaria AD.	Bulgaria	BGN	10,420,200	70%	Indirect(*)	Line-by-line
Guala Closures Tools AD.	Bulgaria	BGN	2,375,700	70%	Indirect(*)	Line-by-line
Guala Closures DGS Poland S.A.	Polonia	PLN	595,000	70%	Indirect(*)	Line-by-line
ASIA						
Guala Closures India pvt Ltd.	India	INR	170,000,000	95.0%	Indirect(*)	Line-by-line
Creative Moulds (India) Pvt Ltd.	India	INR	36,100,000	100.0%	Indirect(*)	Line-by-line
Beijing Guala Closures Co. Ltd.	Cina	CNY	20,278,800	96.50%	Indirect(*)	Line-by-line
LATIN AMERICA						
Guala Closures de Mexico, S.A. de C.V. ...	Mexico	MXN	94,630,010	100%	Indirect(*)	Line-by-line
Guala Closures Servicios Mexico, S.A. de C.V.	Mexico	MXN	50,000	100%	Indirect(*)	Line-by-line
Guala Closures Argentina S.A.	Argentina	ARS	17,702,910	82.38%	Indirect(*)	Line-by-line
Guala Closures do Brasil LTDA.	Brazil	BRL	10,736,287	100.00%	Indirect(*)	Line-by-line
Guala Closures de Colombia LTDA.	Colombia	COP	8,691,219,554	93.20%	Indirect(*)	Line-by-line
OCEANIA						
Guala Closures New Zealand Ltd.	New Zealand	NZD	5,700,000	100%	Indirect(*)	Line-by-line
Guala Closures Australia Holdings Pty Ltd.	Australia	AUD	34,450,501	100%	Indirect(*)	Line-by-line
Guala Closures Australia Pty Ltd.	Australia	AUD	810	100%	Indirect(*)	Line-by-line
AFRICA						
Guala Closures South Africa Pty Ltd.	South Africa	ZAR	60,000,000	100%	Indirect(*)	Line-by-line
REST OF THE WORLD						
Guala Closures North America, Inc.	United States	USD	60,000	100%	Indirect(*)	Line-by-line

Note:

(*) Reference should be made to the chart illustrating the Group structure for further details on the indirect investments.

The table does not include the figures for Metal Closures Group Trustee Ltd. (the company that manages the Metal Closures pension schemes—see note 26) Employee benefits) as they are not consolidated due to their immaterial size.

Consolidation procedures

The financial statements of the subsidiaries are prepared for each reporting period using the same accounting policies as those of the parent. Consolidation adjustments are recognized to make those captions impacted by the application of different accounting policies consistent. All intragroup balances and transactions, including any unrealized profits on transactions within the Group, are completely eliminated. Unrealized losses, other than impairment losses, are eliminated. The related tax effects are measured on all consolidation adjustments.

(b) Use of estimates and judgments

Following the adoption of IFRS, management has to make judgments, estimates and assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, costs and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(2) Accounting policies (Continued)

revenue. Estimates and the related assumptions are based on past experience and other factors considered to be reasonable in the circumstances. They are adopted to estimate the carrying amount of assets and liabilities that cannot easily be assumed from other sources. However, as they are estimates, the actual figure may not match the result of the estimate. Estimates are used to make allowances for impairment and inventory write-down (note 8), amortization and depreciation (notes 15-16), impairment of non-current assets (note 16), employee benefits (note 26), taxes (note 39)), provisions (note 23), and to measure financial derivatives and effects of business combinations (note 4).

Such estimates and assumptions are reviewed regularly. Any changes arising therefrom are recognized in the year in which the review takes place if this only affects that year. If the review relates to both current and future years, the change is recognized in the year in which the review takes place and in the related future year.

(c) Changes in accounting standards

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of January 1, 2013.

- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) (see (i))
- IAS 19—*Employee Benefits* (2011) (see (ii))
- IFRS 13—*Fair Value Measurement* (see (iii))
- *Disclosures—Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)* (see (iv))
- *Other* (see (v))

The nature of the effect of the changes is explained in more detail below.

(i) Presentation of items of other comprehensive income

As a result of the amendments to IAS 1, the Group has modified the presentation of items of other comprehensive income in its consolidated statement of comprehensive income and other comprehensive income, to present separately items that would be reclassified to profit or loss in the future from those that would never be. Comparative information has also been re-presented accordingly.

The adoption of the amendment to IAS 1 has no impact on the recognized assets, liabilities and comprehensive income of the Group.

(ii) Defined benefit plans

As a result of the amendment to IAS 19 (2011), the Group has changed its accounting policy with respect to the basis for determining the income or expense related to defined benefit plans. Under IAS 19 (2011) revised, the Group determines the net interest expense (income) for the period on the net defined benefit liability (asset) by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset) at the beginning of the annual period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments.

Consequently, the net interest on the net defined benefit liability (asset) now comprises:

- interest cost on the defined benefit obligation;
- interest income on plan assets; and
- interest on the effect on the asset ceiling.

All actuarial gains and losses deriving from actuarial calculations at the reporting date are recognized immediately in other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(2) Accounting policies (Continued)

The following table summarises the impacts resulting from the above changes in accounting policies on the Group's statement of comprehensive income and other comprehensive income.

(Thousands of Euros)	2012		
	As previously reported	Defined benefit plans	As restated
Consolidated statement of comprehensive income and other comprehensive income			
<i>Net revenue</i>	497,065		497,065
Change in inventories of finished and semi-finished products	472		472
Other operating income	8,777		8,777
Costs for raw materials	(212,446)		(212,446)
Costs for services	(92,949)		(92,949)
Personnel expense	(89,331)		(89,331)
Other operating expense	(15,080)		(15,080)
Amortization, depreciation and impairment losses	(40,008)		(40,008)
Operating profit	56,500	—	56,500
Financial income	7,910		7,910
Financial expense	(63,771)	1,183	(62,588)
Net finance costs	(55,861)	1,183	(54,678)
Loss before taxation	639	1,183	1,821
Income taxes	(22,025)		(22,025)
Loss for the period	(21,386)	1,183	(20,203)
Other comprehensive income			
Items that will never be reclassified to profit or loss:			
Actuarial gains/(losses) on defined benefit liability (asset)		(1,183)	(1,183)
	—	(1,183)	(1,183)
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations	2,054		2,054
Effective portion of fair value gains (losses) of cash flow hedges	(492)		(492)
Net change in fair value of cash flow hedges reclassified to profit or loss . .	3,522		3,522
Tax on items that are or may be reclassified subsequently to profit or loss	(833)		(833)
	4,251	—	4,251
Other comprehensive income/(expense) for the period, net of tax	4,251	(1,183)	3,068
Total comprehensive income/(expense) for the period	(17,135)	—	(17,135)
Profit (loss) attributable to:			
owners of the parent	(27,626)	1,183	(26,443)
non-controlling interests	6,240	—	6,240
Total comprehensive income (expense) attributable to:			
owners of the parent	(24,194)	—	(24,194)
non-controlling interests	7,059	—	7,059

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(2) Accounting policies (Continued)

The impact on 2013 Consolidated financial statements following the adoption of IAS 19 (2011) is summarized below:

<u>(Thousands of Euros)</u>	2013		
	<u>As reported</u>	<u>Defined benefit plans</u>	<u>Proforma</u>
Financial income	4,227	219	4,446
Profit (loss) for the year	(11,598)	219	(11,380)
Other comprehensive income			
Items that will never be reclassified to profit or loss:			
Actuarial gains/(losses) on defined benefit liability (asset)	219	(219)	—
	<u>219</u>	<u>(219)</u>	<u>—</u>
Total comprehensive income/(expense) for the year	(24,565)	—	(24,565)

The third column showing the statement of financial position as of January 1, 2012 is not presented in the consolidated statement of financial position due to the insignificant effect of the reclassification between retained earning and loss for the year (€ 97 thousand), as provided by IAS 1.

(iii) Fair value measurement

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other IFRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 *Financial Instruments: Disclosures*.

As a result, the Group has included additional disclosures in this regard (see note 40) Fair value of financial instruments and sensitivity analysis).

In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

(iv) Disclosures—Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)

The amendments require information about the effect or potential effect of netting arrangements for financial assets and liabilities on an entity's financial position. The Group has applied the amendments since January 1, 2013. The application of these amendments had no effect on the disclosures presented in these consolidated financial statements.

(v) Other

On May 17, 2012, the IASB issued a set of amendments to IFRSs ("Annual Improvements to IFRS's—2009—2011 Cycle"); set out below are those that are applicable to the Guala Closures Group, excluding those that only regard changes in terminology and have a limited accounting effect:

- IAS 1—Presentation of Financial Statements: the amendment clarifies the way in which comparative information should be presented when an entity changes accounting policies or retrospectively restates or reclassifies items in its financial statements and when an entity provides comparative information in addition to the minimum comparative financial statements. The amendment was applied for the restatement of the statement of financial position figures as a result of applying the amendment to IAS 19; the effects of this are shown in the above table.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(2) Accounting policies (Continued)

- IAS 16—Property, plant and equipment: the amendment clarifies that items such as spare parts, stand-by equipment and servicing equipment, shall be recognised in accordance with IAS 16 when they meet the definition of Property, plant and equipment, otherwise such items shall be classified as Inventories.
- IAS 32—Financial instruments: Presentation: the amendment eliminates an inconsistency between IAS 12—Income Taxes and IAS 32 concerning the recognition of taxation arising from distributions to shareholders, establishing that these shall be recognised in profit or loss to the extent the distribution refers to income generated by transactions originally recognised in profit or loss.

The Group applied these improvements retrospectively since January 1, 2013 and no effect arose in the consolidated financial statements from the adoption of these improvements.

Additional improvements were issued by the IASB that did not impact the 2013 consolidated financial statements like:

- Amendments to IAS 12—Income Taxes: Deferred Tax—Recovery of Underlying Assets;
- IFRIC Interpretation 20—Stripping Costs in the Production Phase of a Surface Mine;
- Amendments to IFRS 1—First-time Adoption of International Financial Reporting Standards—Government Loans;
- Amendments to IFRS 1—First-time Adoption of International Financial Reporting Standards: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters.

(d) Foreign currency

Functional currency and presentation currency

The figures stated in the financial statements of each group company are measured using their functional currency, being the currency of the primary economic environment in which the company operates. The consolidated financial statements are drawn up in Euros, the parent's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions, including the effects of fair value adjustments arising from business combinations and goodwill from acquisitions of entities whose functional currency is not the Euro, are translated into the functional currency applying the exchange rate ruling on the date of the transaction. Monetary items in foreign currency existing at the reporting date are translated into Euros using the closing rate. Exchange rate gains and losses are taken to profit or loss. Non-monetary items measured at their historical cost in foreign currency are translated using the exchange rate ruling on the transaction date. Non-monetary items measured at fair value in foreign currency are translated into Euros using the exchange rates ruling on the date their fair value was determined.

Financial statements of the foreign companies

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Euros at the closing rates. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated into Euros at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(2) Accounting policies (Continued)

relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

The following exchange rates are applied to translate those financial statements presented in currencies that are not legal tender in Luxembourg:

<u>Statement of financial position</u>		
<u>1 Euro = x foreign currency</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Pound sterling	0.81610	0.83370
US dollar	1.31940	1.37910
Indian rupee	72.56000	85.36600
Mexican peso	17.18450	18.07310
Colombian peso	2,331.23000	2,664.42120
Brazilian real	2.70360	3.25760
Chinese renmimbi	8.22070	8.34910
Argentinean peso	6.48641	8.98914
Polish zloty	4.07400	4.15430
New Zealand dollar	1.60450	1.67620
Australian dollar	1.27120	1.54230
Ukrainian hryvnia	10.58360	11.32917
Bulgarian lev	1.95580	1.95580
South African Rand	11.1727	14.56600
 <u>Statement of comprehensive income and other comprehensive income</u>		
<u>1 Euro = x foreign currency</u>	<u>2012</u>	<u>2013</u>
Pound sterling	0.81110	0.84925
US dollar	1.28560	1.32814
Indian rupee	68.62948	77.87526
Mexican peso	16.90867	16.96444
Colombian peso	2,310.51670	2,483.20443
Brazilian real	2.50970	2.86694
Chinese renmimbi	8.10942	8.16549
Argentinean peso	5.84546	7.27680
Polish zloty	4.18433	4.19708
New Zealand dollar	1.58705	1.62025
Australian dollar	1.24134	1.37702
Ukrainian hryvnia	10.35792	10.78839
Bulgarian lev	1.95580	1.95580
South African Rand	11.27933	12.83078

(e) Cash and cash equivalents

Cash and cash equivalents include cash balances and on-demand deposits as well as all highly-liquid investments with an original expiry date equal to or of less than three months.

Cash and cash equivalents are calculated in the same way for both the statement of financial position and statement of cash flows.

(f) Derivatives

The Group uses derivatives solely to hedge interest rate risks, the risk of fluctuations in the purchase price of aluminum and currency risk related to purchase and sales transactions.

In line with its treasury policy, the Group does not hold or issue derivatives for speculative or trading purposes. Nevertheless, those derivatives that do not qualify for hedge accounting are recognized as trading instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(2) Accounting policies (Continued)

Derivative financial assets and liabilities are initially measured at fair value which is then remeasured at each reporting date.

The fair value of interest rate swaps is the present value of the difference between the rate to pay/ receive and the interest rate based on market trends at the same date as the swap.

The fair value of currency swaps, currency options and derivatives related to the price of raw materials is calculated by leading financial institutions on the basis of market conditions.

To reduce the risk of default, the counterparties in the derivative contracts are usually leading banks and financial institutions.

Cash flow hedges

The effective part of changes in the fair value of those derivatives that qualify as cash flow hedges and which are highly effective is recognized in other comprehensive income and presented in the hedging reserve in equity. The amounts included in this reserve and subsequent changes in the fair value of the derivatives are reclassified to profit or loss in the year in which the flows generated by the hedged captions affect profit and loss.

Changes in the fair value of those derivatives that do not qualify as cash flow hedges and the ineffective portion of those which do qualify are recognized in profit or loss.

(g) Trade and other receivables

Trade and other receivables with due dates in line with generally accepted current trade terms are initially recognized at fair value, which generally equals their nominal amount. They are subsequently measured at amortized cost, net of identified impairment losses. The estimate of the amounts considered unrecoverable is based on the present value of estimated future cash flows.

Impairment losses are recognized in profit and loss under amortization, depreciation and impairment losses.

(h) Inventories

Inventories are measured at the lower of purchase or production cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

The production cost of finished goods includes the portions of the costs of raw materials and external materials and processing, as well as all other direct and indirect production costs reasonably attributable to the products, excluding financial expense.

Purchase or production cost is calculated on a weighted average cost basis.

Obsolete and/or slow-moving inventories are written down on the basis of their estimated possibility of use or future realizable value, through an accrual to the specific allowance adjusting the value of inventories. The amount is reinstated if, in subsequent years, the reasons for the write-down no longer exist.

(i) Assets held for sale and discontinued operations

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognized in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(2) Accounting policies (Continued)

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

(j) Property, plant and equipment

Property, plant and equipment are recognized at historical cost, including directly related ancillary costs necessary for the use of the asset. Borrowing costs related to loans taken out specifically for investments in property, plant and equipment are considered part of the carrying amount of the related assets and, as such, capitalized.

Subsequent expenditure is included in an asset's carrying amount when it is probable that the future economic benefits exceeding those determined originally will flow to the Group. This expenditure is depreciated over the related asset's residual useful life. All other expenditure is expensed in the year in which it is incurred.

Where significant components of the asset have different useful lives, they are recognized separately.

Property, plant and equipment are shown net of accumulated depreciation and any impairment losses determined as set out later on.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The depreciation periods are as follows:

	Depreciation period (years)
Buildings	30 – 35
Light constructions	8 – 10
Specific plant, machinery, presses and molds	4 – 12
Generic plant	10 – 13
Laboratory equipment	2 – 3
Canteen equipment, office furniture and equipment and fittings for exhibitions and trade fairs	8 – 10
Vehicles, canteen facilities	4 – 6
Internal means of transport, electronic equipment and mobile phones	5 – 8

The carrying amount of property, plant and equipment is tested for impairment if events or changed circumstances suggest that the carrying amount may not be recovered. If there is an indication of this type and in the event the carrying amount exceeds the estimated realizable value, the assets are adjusted to their realizable value. The realizable value of property, plant and equipment is the higher of an asset's net selling price and its value in use. Value in use is defined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market estimate of the time value of money and specific risks of the item of property, plant and equipment. Impairment losses are recognized in profit or loss under amortization, depreciation and impairment losses. Such impairment losses are reversed if the reasons for impairment are no longer valid.

Subsequent expenditure is included in an asset's carrying amount when it is probable that the future economic benefits exceeding those determined originally will flow to the Group. This expenditure is depreciated over the related asset's residual useful life. All other expenditure is expensed in the year in which it is incurred.

At the time of disposal or when there are no expected future economic benefits from an asset's use, the caption is derecognized. Any gain or loss (calculated as the difference between the sales amount and carrying amount) is taken to profit or loss in the year of derecognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(2) Accounting policies (Continued)

(k) Leases

Finance leases

Leases for property, plant and equipment where the Group substantially takes on all risks and rewards incidental to ownership are classified as finance leases. Plant and machinery acquired under finance leases are recognized at the lower of fair value and the present value of the minimum lease payments due at the inception of the lease, net of accumulated depreciation and any impairment losses. The related assets, liabilities, revenue and expense deriving from the lease are recognized under the financial method at the inception of the lease, i.e., when the lessee is authorized to exercise its right to use the leased asset.

Property, plant and equipment acquired under finance leases are depreciated over the related asset's useful life.

Interest expense on finance lease payments is recognized in profit or loss using the effective interest method.

Operating leases

Those leases where the Group does not substantially take on all risks and rewards incidental to ownership are recognized as operating leases. Operating lease payments are taken to profit or loss on a straight-line basis over the lease term.

(l) Intangible assets

Goodwill

Goodwill arising from the acquisition of subsidiaries is initially recognized at cost. After initial recognition, goodwill is adjusted for any accumulated impairment losses, determined using the criteria described later on.

Goodwill is tested for impairment on an annual basis at least, or more frequently if events or changes of circumstances take place that could give rise to impairment losses. At the date of acquisition, any goodwill is allocated to each of the cash-generating units that are expected to benefit from the synergic effects of the acquisition. Any impairment losses are identified through assessment of each unit's ability to generate cash flows such to recover the part of goodwill allocated to it, using the method described in the section on Property, plant and equipment. An impairment loss is recognized in the event the amount recoverable by the cash-generating unit is less than its carrying amount.

These impairment losses are not reversed if the reasons for impairment are no longer valid.

Research expenditure

Expenditure on research undertaken to gain scientific and technical knowledge and information is recognized as an expense when incurred.

Development expenditure

Development expenditure, which also relates to the application of research findings to a plan or design for the production of new or substantially improved products or processes, is capitalized when the product or process is feasible in technical and commercial terms and the Group has adequate resources to complete the development stage.

Capitalized development expenditure is measured at cost, net of accumulated amortization and impairment losses.

Other intangible assets

These assets are measured at cost, determined in the same way as described for property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(2) Accounting policies (Continued)

Other intangible assets, which all have a finite useful life, are subsequently shown net of accumulated amortization and any impairment losses, determined in the same way as described for property, plant and equipment.

Useful life is checked annually and, where necessary, any changes are reflected on a prospective basis.

Amortization periods for other intangible assets are as follows:

	Amortization period (years)
Development expenditure	5
Patents and trademarks	5 - 10
Software	5
Licenses	5
Other capitalized expenditure	5 or in line with the contract term

Subsequent expenditure is included in an asset's carrying amount when it is probable that the future economic benefits exceeding those determined originally will flow to the Group. This expenditure is amortized over the related asset's residual useful life. All other expenditure is expensed in the year in which it is incurred.

The gain or loss arising from the disposal of an intangible asset is determined as the difference between the net disposal proceeds and carrying amount. It is recognized in profit or loss at the time of disposal.

(m) Income taxes

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in the consolidated statement of changes in equity or in OCI.

Current tax comprises the expected tax payable or receivable on the taxable profit or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantially enacted at the reporting date. Current tax also includes any tax arising from dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The income tax consequences of dividends are recognized when the dividend is approved.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(2) Accounting policies (Continued)

accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(n) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets in the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets.

Held-to-maturity investments

If the Group has the positive intent and ability to hold debt instruments to maturity, then such financial assets are classified as held to maturity. Held-to-maturity investments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available for sale, and prevent the Group from classifying investment securities as held to maturity for the current and following two years.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(2) Accounting policies (Continued)

Available-for-sale financial assets comprise equity securities and debt instruments.

(o) Non-derivative financial liabilities

The Group initially recognises debt instruments issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Group classifies non-derivative financial liabilities in the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a decrease in equity, net of any tax effects.

Business combinations

When as a result of a takeover/acquisition of control not involving the entire stake in the acquiree, the Group has the potential obligation to acquire the residual investment in the acquiree should the non-controlling investors exercise a put option and the non-controlling investor still has present access to the economic benefit associated with the underlying ownership interests, it recognizes a liability calculated by discounting the estimated value at the exercise date using the present access method whereby a liability is recognized decreasing the equity caption "Retained earnings (losses carried forward)" in the first year, with subsequent remeasurement recognized in profit or loss as financial expense.

(p) Trade payables

Trade payables with due dates in line with generally accepted trade terms are initially recognized at fair value and subsequently measured at amortized cost.

(q) Employee benefits

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(2) Accounting policies (Continued)

recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

IFRIC 14 clarifies the provisions of IAS 19 “Employee benefits” with respect to the measurement of defined benefit plan assets when there is a minimum funding requirement. A defined benefit plan is in surplus when the fair value of the plan assets exceeds the present value of the defined benefit obligation. IFRIC 14/IAS 19 only permit the recognition of this surplus at the present value of the financial benefits available through refunds or reductions in future contributions. Moreover, disclosure is required when the plan requires a minimum contribution that could give rise to a liability.

(r) Provisions

Provisions include certain or probable costs and charges, the amount or due date of which is unknown at year end. A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow from the Group of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation. The provisions are stated as the best estimate of the expenditure required to settle the obligation at the reporting date or to transfer it to a third party at that date. If the impact of discounting the time value of money is significant, the provision is determined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

(s) Revenue

Revenue is recognized to the extent that it is possible to reliably determine its amount and it is probable that the related economic benefits will flow to the Group. Revenue is recognized using the following criteria depending on the type of transaction:

- revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have been transferred to the buyer;
- recovery of the consideration is probable and the associated costs and possible return of goods can be estimated reliably;
- there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.
- revenue for services is recognized in relation to the stage of completion of the transaction at the reporting date.

Revenue is measured net of returns, trade discounts and volume rebates.

No revenue is recognized if significant uncertainties exist in relation to the collection of the related receivables net of any returns.

(t) Grants

Grants relating to assets and income are recognized when there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Grants related to assets are recognized as deferred revenue under Other liabilities in the statement of financial position and are taken to profit or loss on a systematic basis to offset them against the depreciation of the relevant assets. Grants relating to income are recognized under Other operating income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(2) Accounting policies (Continued)

(u) Financial income and expense

Financial income and expense are recognized on an accruals basis and calculated on the carrying amount of the related financial assets and liabilities using the effective interest method.

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Borrowing costs related to loans taken out specifically for investments in property, plant and equipment are considered part of the carrying amount of the related assets and, as such, capitalized.

(v) New standards and interpretations not adopted early

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2013 and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

- IFRS 10—Consolidated Financial Statements (subsequently amended in June and October 2012), IFRS 11—Joint Arrangements (subsequently amended on June 28, 2012), IFRS 12—Disclosure of Interests in Other Entities (2011) (subsequently amended in June and October 2012) and the subsequent modification to IAS 27 (2011 as amended in October 2012) and IAS 28 (2011).

IFRS 10 introduces a single control model to determine whether an investee should be consolidated. Under IFRS 11, the structure of the joint arrangement, although still an important consideration, is no longer the main factor in determining the type of joint arrangement and therefore the subsequent accounting.

- The Group's interest in a joint operation, which is an arrangement in which the parties have rights to the assets and obligations for the liabilities, will be accounted for on the basis of the Group's interest in those assets and liabilities.
- The Group's interest in a joint venture, which is an arrangement in which the parties have rights to the net assets, will be equity-accounted.

IFRS 12 brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Group is currently assessing the new requirements in relation of IFRS 10, 11 and 12 for interests in subsidiaries with the existing requirements and disclosures. IFRS 12 requires the disclosure of information about the nature, risks and financial effects of the interests on the Group's financial position, financial performance and cash flows. These standards are effective for annual periods beginning on or after January 1, 2014 with early adoption permitted. At the date of this Annual Report, the Group is assessing any effects which may result from the adoption of the standards.

- On December 16, 2011, the IASB issued certain amendments to IAS 32—Financial Instruments: Presentation to clarify the application of certain offsetting criteria for financial assets and financial liabilities in IAS 32. The amendments are effective for annual periods beginning on or after January 1, 2014 and are required to be applied retrospectively. At the date of this Annual Report, the Group is assessing any effects which may result from the adoption of the standards.
- On May 29, 2013, the IASB issued an amendment to IAS 36—Recoverable Amount Disclosures for Non-Financial Assets addressing the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs to sell. The amendments are effective retrospectively for annual periods beginning on or after January 1, 2014. Earlier application is permitted for periods when the entity has already applied IFRS 13. At the date of this Annual Report, the Group is assessing any effects which may result from the adoption of the standards.
- On June 27, 2013, the IASB issued narrow scope amendments to IAS 39—Financial Instruments: Recognition and Measurement entitled “Novation of Derivatives and Continuation of Hedge Accounting”. The amendments will allow hedge accounting to continue in a situation where a

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(2) Accounting policies (Continued)

derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. Similar relief will be included in IFRS 9—Financial Instruments. The amendments are effective retrospectively for annual periods beginning on or after January 1, 2014. At the date of this Annual Report, the Group is assessing any effects which may result from the adoption of the standards.

(w) Standards, amendments and interpretations not yet applicable

The European Union had not yet completed its endorsement process for these standards and amendments at the date of this Consolidated financial statements:

- On November 12, 2009, the IASB issued a new standard IFRS 9—Financial Instruments that was subsequently amended. The standard, having an effective date for mandatory adoption of January 1, 2015 retrospectively, represents the completion of the first part of a project to replace IAS 39 and introduces new requirements for the classification and measurement of financial assets and financial liabilities. The new standard uses a single approach to determine whether a financial asset is to be measured at amortised cost or fair value, replacing the many different rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets. The most significant effect of the standard regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss. Under the new standard, these changes are recognised in Other comprehensive income and are not subsequently reclassifiable to the income statement.

Further amendments will have to be endorsed by the EU in 2014, such as:

- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19);
- Annual Improvements to IFRSs (2010-2012 Cycle);
- Annual Improvements to IFRSs (2011-2013 Cycle);
- IFRIC Interpretation 21 Levies.

(x) Determination of fair value

Several standards and disclosure requirements require the determination of fair value of financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are classified into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1—quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2—inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3—inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are categorised into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the level of the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(2) Accounting policies (Continued)

buyer and a willing seller in an arm's length transaction after suitable negotiation wherein the parties had each acted knowledgeably. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

Intangible assets

The fair value of patents and trademarks acquired as part of a business combination is based on an estimate of the discounted amount of royalties that the Group expects to receive from ownership of such patents or trademarks (ideal royalty method), or replacement cost, if appropriate.

The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Inventories

The fair value of inventories acquired as part of a business combination is calculated using the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and a suitable profit margin based on the efforts required to complete or sell the inventories.

Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. Current receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

Derivatives

The fair values of commodities purchase forwards and interest rate swaps are based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the group entity and counterparty when appropriate.

Other non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

For finance leases, the market rate of interest is determined with reference to similar lease agreements.

(3) Operating segments

Reportable segments are the Group's strategic divisions as determined in accordance with the quantitative and qualitative requirements of IFRS 8.

The Group has only one reportable segment, the Closures division. The Group's CEO (the chief operating decision maker) reviews internal management reports on the reportable segment, the closures division, on at least a quarterly basis. The following summary describes the operations in this reportable segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(3) Operating segments (Continued)

The Closures division represents the Group's core business. Other operations include the PET division that does not meet any of the quantitative thresholds for determining reportable segments in 2013 or 2012 under IFRS 8.

Information regarding the results of the Group's reportable segment is included below. Performance is measured based on segment revenue and gross operating profit, depreciation and amortization, trade receivables, inventories, property, plant and equipment, trade payables and capital expenditure as included in the internal management reports that are reviewed by the CEO and by the board of directors.

Management considers the above information as the most suitable to evaluate the results of the segment compared to other entities that operate in these industries.

All other asset and liability figures are non reportable by segment as the management believes that the availability of such information by segment is not relevant.

Reporting by geographical segment is not given as it does not meet the materiality requirements of IFRS 8.

Thousands of Euros	Closures		Other Operations		Total	
	2012	2013	2012	2013	2012	2013
External revenue	493,070	491,003	3,995	3,274	497,065	494,276
Reportable Gross operating profit . . .	96,463	100,990	44	58	96,507	101,048
Depreciation and Amortization	(39,786)	(39,125)	(222)	(184)	(40,008)	(39,309)

Thousands of Euros	Closures		Other Operations		Total	
	December 31, 2012	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012	December 31, 2013
Reportable Trade receivables	98,852	92,343	782	736	99,634	93,079
Reportable Inventories	63,061	71,015	542	469	63,603	71,483
Reportable Trade payables	(61,545)	(66,261)	(727)	(527)	(62,272)	(66,788)
Property, plant and equipment	218,590	205,088	877	790	219,467	205,878

Thousands of Euros	Closures		Other Operations		Total	
	2012	2013	2012	2013	2012	2013
Capital expenditure	27,124	33,005	66	91	27,190	33,096

Geographical information

The Closures segment is managed on a worldwide basis from the central headquarter in Italy, but it operates from manufacturing facilities primarily in Poland, India, the United Kingdom, Australia, Ukraine, Spain, Mexico, Argentina and South Africa.

In presenting information on the basis of geographical segments, segment revenue and segment assets are based on the geographical location of the assets/subsidiaries.

Thousands of Euros	Net revenue	
	2012	2013
Italy	78,943	74,491
Poland	54,685	61,171
India	52,946	50,856
UK	46,403	47,990
Australia	51,608	43,486
Ukraine	48,904	40,424
Spain	41,169	39,709
Mexico	27,882	31,956
Argentina	19,011	23,002
South Africa	4,524	18,633
Other countries and consolidation adjustments	70,991	62,558
Consolidated Net revenue	497,065	494,276

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(3) Operating segments (Continued)

<u>Thousands of Euros</u>	Non-current assets other than financial instruments and deferred tax assets: Property, plant and equipment and Intangible assets	
	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Italy	356,475	347,372
Australia	87,265	70,049
Poland	35,456	33,045
India	24,908	21,010
Spain	19,084	18,694
Mexico	14,911	17,131
Ukraine	14,936	15,910
South Africa	16,686	12,135
Brasil	11,895	10,746
Other countries and consolidation adjustments	43,778	57,204
Consolidated of: Property, plant and equipment and Intangible assets	<u>625,394</u>	<u>603,296</u>

<u>Thousands of Euros</u>	Deferred Tax Assets	
	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Italy	3,814	3,369
Australia	1,760	1,371
Spain	878	1,018
Argentina	285	373
New Zealand	75	130
UK	160	97
Mexico	478	33
Other countries and consolidation adjustments	1,356	1,837
Consolidated Deferred Tax Assets	<u>8,805</u>	<u>8,227</u>

The Group is not exposed to significant geographical risks other than normal business risks.

Information about major customers

In the Closures segment, there is only one customer with a percentage of revenue (of total revenue) over 10%. The breadth and diversity of the Group's customer base results means that no one brand makes up more than 3% of net revenue over the last three years.

(4) Acquisition of subsidiaries and business units

During 2013, no business combinations occurred.

On October 1, 2012, Guala Closures South Africa Pty Ltd. (financed by Guala Closures International B.V.) acquired the Metal Closures Division of MCG Industries, the leading producer of aluminium closures in South Africa. The accounting treatment for this transaction, which was provisional in 2012, was finalized during 2013, with no effects on the provisional amounts recognized at acquisition since no restatement of provisional adjustments for fair value measurement have been identified.

In May 2013, Guala Closures DGS Poland S.A. received 7.6 million Polish zloty (approximately € 1.8 million) as reimbursement of income tax originated as a result of the DGS-TO sale transaction.

Based on the share purchase agreement of 2011 between Guala Closures International B.V. and Central European Closures S.à r.l., the Group had an obligation to pay 5.1 million Polish zloty (approximately € 1.2 million) to the previous owner of DGS S.A. if the tax is reimbursed, that corresponds to 80% of the total income tax paid as a result of the DGS-TO sale transaction.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(4) Acquisition of subsidiaries and business units (Continued)

In August 2013, the Group paid the previous owner of DGS S.A. the tax reimbursement received in relation to the tax paid as a result of the the DGS-TO sale transaction.

Based on IFRS 3, any subsequent adjustment after the measurement period of the Purchase Price Allocation has to be accounted in profit and loss. At December 31, 2013, both the reimbursement of income tax originated as a result of the DGS-TO sale transaction and the amount paid to the previous owners of DGS S.A. are recognized in the income tax caption of the Consolidated Statement of comprehensive income and other comprehensive income for the year ended December 31, 2013.

STATEMENT OF FINANCIAL POSITION

(5) Cash and cash equivalents

This caption represents the balance of the bank and postal accounts considering the nominal amount of the current accounts held with banks.

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Bank and postal accounts	50,275	30,100
Cash and cash equivalents	<u>8,199</u>	<u>11,097</u>
Total	<u>58,474</u>	<u>41,197</u>

(6) Current financial assets

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Current financial assets	43	64
Total	<u>43</u>	<u>64</u>

The carrying amount of Current financial assets matches their fair value at the reporting date.

(7) Trade receivables

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Trade receivables	107,088	100,724
Allowance for impairment	<u>(7,454)</u>	<u>(7,645)</u>
Total	<u>99,634</u>	<u>93,079</u>

The allowance for impairment varied as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>
Opening allowance for impairment	7,454
Exchange rate gain	(63)
Accrual	626
Utilization	<u>(371)</u>
Closing allowance for impairment	<u>7,645</u>

The allowance at December 31, 2013 includes about € 4.7 million (mostly more than 90 days overdue) for a few foreign customers and the residual part to other customers that have indicated that they do not expect to be able to pay their outstanding balances, mainly due to their financial difficulties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(7) Trade receivables (Continued)

At December 31, 2012 and 2013, trade receivables may be analyzed by geographical segment as follows:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Europe	44,749	46,550
Asia	17,761	12,437
Latin America	19,828	20,352
Oceania	7,736	5,753
Rest of the world	9,559	7,987
Total	<u>99,634</u>	<u>93,079</u>

At December 31, 2013, trade receivables may be analyzed by due date as follows:

<u>Thousands of Euros</u>	<u>Gross amount December 31, 2013</u>	<u>Impairment losses December 31, 2013</u>	<u>Net amount December 31, 2013</u>
Not yet due	71,080	—	71,080
0-30 days overdue	14,662	(53)	14,610
31-90 days overdue	4,462	(154)	4,308
More than 90 days overdue	10,519	(7,437)	3,082
Total	<u>100,724</u>	<u>(7,645)</u>	<u>93,079</u>

The Group believes that the unimpaired amounts that are overdue by more than 30 days are still collectible, based on historical payment behavior and extensive analyses of the underlying customers' credit ratings. Based on historical default rates, the Group believes that, apart from the above, no impairment allowance is necessary in respect of trade receivables not yet due or overdue by up to 30 days.

At December 31, 2013, trade receivables may be analyzed by original currency as follows:

<u>Thousands of Euros</u>	<u>EUR</u>	<u>USD</u>	<u>GBP</u>	<u>Other currencies</u>	<u>Total</u>
Trade receivables	34,157	9,903	3,724	45,295	93,079

Other currencies includes trade receivables in following local currencies:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>
Indian rupees	8,908
Polish zloty	5,562
Ukrainian hryvnies	5,039
Columbian pesos	4,928
Russian rubles	4,912
Australian dollars	4,191
Mexican pesos	3,132
South African rand	2,013
Chinese renmimbi	1,816
Argentinean pesos	1,581
New Zealand dollars	1,287
Brazilian reals	1,228
Other	696
Total	<u>45,295</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(8) Inventories

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Raw materials, consumables and supplies	35,767	40,313
(Allowance for inventory write-down)	(1,265)	(1,513)
Work in progress and semi-finished products	12,534	15,609
(Allowance for inventory write-down)	(113)	(497)
Finished products and goods	17,098	18,630
(Allowance for inventory write-down)	(802)	(1,400)
Payments on account	384	341
Total	<u>63,603</u>	<u>71,483</u>

The changes in the caption are as follows:

<u>Thousands of Euros</u>	
Balance at January 1, 2013	63,603
Exchange rate loss	(5,593)
Change in raw materials, consumables and supplies	9,614
Change in finished goods and semi-finished products	3,902
Change in payments on account	(43)
Balance at December 31, 2013	<u>71,483</u>

The allowance for inventory write-down varied as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>
Opening allowance for inventory write-down	2,180
Exchange rate gain	(65)
Accrual	1,737
Utilization	(443)
Closing allowance for inventory write-down	<u>3,410</u>

(9) Current direct tax assets

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Current direct tax assets	<u>1,666</u>	<u>1,072</u>
Total	<u>1,666</u>	<u>1,072</u>

(10) Current indirect tax assets

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
VAT and other indirect taxes	<u>7,416</u>	<u>9,270</u>
Total	<u>7,416</u>	<u>9,270</u>

(11) Financial derivative assets

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Fair value of forward aluminum purchases	<u>322</u>	—
Total	<u>322</u>	<u>—</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(12) Other current assets

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Other receivables	2,936	3,598
Total	<u>2,936</u>	<u>3,598</u>

Other receivables at December 31, 2013 include, inter alia, advances to suppliers of € 1.9 million and receivables of € 0.3 million due to Guala Closures Argentina S.A. from the Argentinean government for repayments in respect of exports.

(13) Assets held for sale

These assets relate to the following companies:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Guala Closures India (Pvt) Ltd.	<u>10</u>	<u>8</u>
Total	<u>10</u>	<u>8</u>

(14) Non-current financial assets

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Guarantee deposits—Guala Closures S.p.A.	75	71
Investments in other companies	313	28
Other financial assets	<u>197</u>	<u>120</u>
Total	<u>585</u>	<u>219</u>

The carrying amount of Non-current financial assets is consistent with their fair value at the reporting date.

The decrease in “Investments in other companies” is due to the sale of the shares in the Indian company OMSO Orient Printing Machines Pvt Ltd.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(15) Property, plant and equipment

The following tables show the changes in the years 2012 and 2013:

<u>Thousands of Euros</u>	<u>Land and buildings</u>	<u>Plant and machinery</u>	<u>Industrial and commercial equipment</u>	<u>Other assets</u>	<u>Assets under construction and payments on account</u>	<u>Total</u>
Historical cost at December 31, 2011	73,598	302,053	51,745	7,537	12,325	447,259
Accumulated depreciation and impairment at December 31, 2011	<u>(9,723)</u>	<u>(181,022)</u>	<u>(38,428)</u>	<u>(5,901)</u>	—	(235,074)
Carrying amount at December 31, 2011 . . .	<u>63,875</u>	<u>121,032</u>	<u>13,317</u>	<u>1,636</u>	<u>12,325</u>	<u>212,185</u>
Carrying amount at January 1, 2012	<u>63,875</u>	<u>121,032</u>	<u>13,317</u>	<u>1,636</u>	<u>12,325</u>	<u>212,185</u>
Exchange rate gain/(loss)	(1,025)	1,044	192	16	(15)	212
Business combinations	3,941	7,745	449	38	264	12,437
Additions	180	3,961	572	166	21,241	26,121
Disposal	(102)	(389)	(88)	(27)	(190)	(796)
Impairment losses	(11)	(407)	—	—	(39)	(457)
Reclassifications	3,826	19,985	1,052	143	(25,016)	(9)
Depreciation	<u>(2,034)</u>	<u>(24,206)</u>	<u>(3,500)</u>	<u>(487)</u>	—	(30,227)
Historical cost at December 31, 2012	80,408	333,992	53,922	7,874	8,572	484,766
Accumulated depreciation and impairment at December 31, 2012	<u>(11,757)</u>	<u>(205,227)</u>	<u>(41,928)</u>	<u>(6,388)</u>	—	(265,299)
Carrying amount at December 31, 2012 . . .	<u>68,651</u>	<u>128,765</u>	<u>11,994</u>	<u>1,486</u>	<u>8,572</u>	<u>219,467</u>
<u>Thousands of Euros</u>	<u>Land and buildings</u>	<u>Plant and machinery</u>	<u>Industrial and commercial equipment</u>	<u>Other assets</u>	<u>Assets under construction and payments on account</u>	<u>Total</u>
Historical cost at December 31, 2012	80,408	333,992	53,922	7,874	8,572	484,766
Accumulated depreciation and impairment at December 31, 2012	<u>(11,757)</u>	<u>(205,227)</u>	<u>(41,928)</u>	<u>(6,388)</u>	—	(265,299)
Carrying amount at December 31, 2012 . . .	<u>68,651</u>	<u>128,765</u>	<u>11,994</u>	<u>1,486</u>	<u>8,572</u>	<u>219,467</u>
Carrying amount at January 1, 2013	<u>68,651</u>	<u>128,765</u>	<u>11,994</u>	<u>1,486</u>	<u>8,572</u>	<u>219,467</u>
Exchange rate losses	(4,469)	(8,548)	(242)	(82)	(438)	(13,779)
Additions	107	6,200	475	54	24,892	31,728
Disposals	(2)	(176)	(11)	(34)	(305)	(527)
Impairment losses	(11)	(536)	—	—	(6)	(553)
Reclassifications	778	22,403	3,794	115	(27,151)	(62)
Depreciation	<u>(2,058)</u>	<u>(24,478)</u>	<u>(3,402)</u>	<u>(458)</u>	—	(30,396)
Historical cost at December 31, 2013	76,810	353,331	57,938	7,927	5,564	501,570
Accumulated depreciation and impairment at December 31, 2013	<u>(13,815)</u>	<u>(229,702)</u>	<u>(45,330)</u>	<u>(6,845)</u>	—	(295,692)
Carrying amount at December 31, 2013 . . .	<u>62,995</u>	<u>123,629</u>	<u>12,608</u>	<u>1,082</u>	<u>5,564</u>	<u>205,878</u>

Property, plant and equipment include the amounts arising from internal work capitalized (reference should be made to note 31) Other operating income to these consolidated financial statements for further information).

The caption includes the carrying amount of leased assets (€ 20,696 thousand) against which the Group has recognized current financial liabilities (€ 1,960 thousand) and non-current financial liabilities (€13,810 thousand).

None of the Group's property, plant and equipment has been pledged as collateral at year end, except for the items indicated in note 44) Commitments and guarantees to these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(15) Property, plant and equipment (Continued)

The main investments of 2013 took place in Italy, Mexico, Ukraine, India, UK and Colombia. In particular, during 2013, the main investments were made for the building expansion in Mexico, the sputtering technology in Italy, UK and Ukraine, the construction of the third production line in Ukraine and for the bi-injection technology in Colombia.

(16) Intangible assets

The following tables show the changes in the years 2012 and 2013:

<u>Thousands of Euros</u>	<u>Development expenditure</u>	<u>Licences and patents</u>	<u>Goodwill</u>	<u>Other</u>	<u>Assets under construction and payments on account</u>	<u>Total</u>
Historical cost at December 31, 2011	5,389	63,838	407,531	1,572	512	478,842
Accumulated depreciation and impairment at December 31, 2011	(4,788)	(29,723)	(40,640)	(1,427)	—	(76,578)
Carrying amount at December 31, 2011 . . .	<u>600</u>	<u>34,114</u>	<u>366,891</u>	<u>145</u>	<u>512</u>	<u>402,263</u>
Impact of DGS PPA re-statement of provisional adjustment for FV measurement			(4,553)	7,743		3,190
Carrying amount at January 1, 2012	<u>600</u>	<u>34,114</u>	<u>362,338</u>	<u>7,889</u>	<u>512</u>	<u>405,453</u>
Exchange rate gains/(loss)	9	5	1,759	609	(554)	1,828
Business combinations	—	—	2,576	2,416	—	4,992
Additions	24	104	—	42	1,679	1,849
Impairment losses	—	—	—	—	(484)	(484)
Reclassifications	416	417	—	—	(824)	9
Amortisation	(345)	(6,018)	—	(1,356)	—	(7,719)
Historical cost at December 31, 2012	5,838	64,364	407,312	12,382	329	490,226
Accumulated depreciation and impairment at December 31, 2012	(5,134)	(35,742)	(40,640)	(2,783)	—	(84,298)
Carrying amount at December 31, 2012 . . .	<u>705</u>	<u>28,622</u>	<u>366,672</u>	<u>9,599</u>	<u>329</u>	<u>405,927</u>

<u>Thousands of Euros</u>	<u>Development expenditure</u>	<u>Licences and patents</u>	<u>Goodwill</u>	<u>Other</u>	<u>Assets under development and payments on account</u>	<u>Total</u>
Historical cost at December 31, 2012	5,838	64,364	407,312	12,382	329	490,226
Accumulated amortisation and impairment at December 31, 2012	(5,134)	(35,742)	(40,640)	(2,783)	—	(84,298)
Carrying amount at December 31, 2012 . . .	<u>705</u>	<u>28,622</u>	<u>366,672</u>	<u>9,599</u>	<u>329</u>	<u>405,927</u>
Carrying amount at January 1, 2013	<u>705</u>	<u>28,622</u>	<u>366,672</u>	<u>9,599</u>	<u>329</u>	<u>405,927</u>
Exchange rate losses	(122)	(53)	(2,002)	(761)	(33)	(2,971)
Additions	153	351	—	53	1,449	2,006
Disposals	—	(1)	—	(56)	(54)	(111)
Impairment losses	—	—	—	—	(42)	(42)
Reclassifications	33	(112)	—	—	141	62
Amortisation	(419)	(5,595)	—	(1,440)	—	(7,453)
Historical cost at December 31, 2013	5,902	64,549	405,310	11,619	1,789	489,170
Accumulated amortisation and impairment at December 31, 2013	(5,552)	(41,336)	(40,640)	(4,223)	—	(91,752)
Carrying amount at December 31, 2013 . . .	<u>350</u>	<u>23,213</u>	<u>364,670</u>	<u>7,397</u>	<u>1,789</u>	<u>397,418</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(16) Intangible assets (Continued)

Goodwill may be analysed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Goodwill—Guala Closures Group	317,227	317,227
Acquisition of Guala Closures DGS Poland S.A.	25,971	25,491
Goodwill—Guala Closures Ukraine LLC	14,365	13,420
Acquisition of GC Bulgaria AD	3,203	3,203
Acquisition of Pharma Trade	2,512	2,512
Acquisition of MCL division in Guala Closures South Africa	2,490	1,914
Acquisition of GC Tools AD	722	722
Acquisition of Metalprint assets in Guala Closures S.p.A.	182	182
Total	<u>366,672</u>	<u>364,670</u>

Goodwill is tested for impairment annually.

For impairment testing purposes, goodwill generated on the Group's acquisitions relates to the Closures division.

The recoverable amount of cash-generating units is based on a calculation of their value in use.

This calculation uses projected cash flows based on the actual operating profit and the five-year business plan which management believed was consistent with the assumption that a market participant would make. This business plan is put together considering the Group's approved budget figures for the first year and projecting the revenue and costs for the following four years using the historic trend adjusted for any new elements (average EBITDA growth rate of the next five years 8.6%; 2012 8.0%).

The cash flows for the periods after the forecast period are extrapolated using a 1.5% growth rate, unchanged from 2012, which takes into account both the Group's historical growth rate and forecast future market developments.

The projected cash flows are discounted using a WACC (weighted average cost of capital) rate of 10.0% unchanged from 2012. The discount rate and the growth rate, aligned with last year, take into consideration the Group's significant growth in the developing countries that impact the rise in turnover and margins that are partially offset by the overall risk of the above-mentioned developing countries.

The resulting recoverable amount is greater than the carrying amount of goodwill. The recoverable amount continues to be greater than the carrying amount despite changes made to the underlying assumptions of the sensitivity analysis carried out (growth rate +/-1%; WACC +/-1%).

Goodwill has never been impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(17) Deferred tax assets and liabilities

The following table gives a breakdown of the captions at December 31, 2012 and 2013:

Thousands of Euros	Assets		Liabilities		Net balance	
	December 31, 2012	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012	December 31, 2013
Allowance for inventory write-down	514	762	(84)	(18)	430	744
Taxed allowance for impairment	1,926	1,939	—	—	1,926	1,939
Provision for damages and penalties	423	197	—	—	423	197
Other	791	417	(135)	(49)	656	368
Losses carried forward . . .	1,132	657	—	—	1,132	657
Derecognition of intragroup profit on inventories	171	171	—	—	171	171
Intragroup gains	1,011	1,508	—	—	1,011	1,508
Leases	133	133	—	—	133	133
Property, plant and equipment and intangible assets	1,431	1,380	(22,048)	(17,984)	(20,617)	(16,604)
Employee benefits	669	583	(98)	(78)	572	505
Derivatives	594	470	—	—	594	470
Exchange rate gains (losses)	10	10	(4,601)	(2,980)	(4,591)	(2,970)
TOTAL	<u>8,805</u>	<u>8,227</u>	<u>(26,966)</u>	<u>(21,109)</u>	<u>(18,161)</u>	<u>(12,881)</u>

Some reclassifications have been made in 2012 categories to be consistent with the 2013 classification.

Changes in net deferred tax assets/liabilities may be analyzed as follows:

Thousands of Euros	December 31, 2012	Changes in profit or loss	Changes in equity	Exchange rate gain/loss	December 31, 2013
Allowance for inventory write-down	430	313	—	2	744
Taxed allowance for impairment	1,926	93	—	(79)	1,939
Provision for damages and penalties	423	(226)	—	—	197
Other	656	(699)	—	411	368
Losses carried forward	1,132	(474)	—	—	659
Derecognition of intragroup profit on inventories	171	0	—	—	171
Intragroup gains	1,011	498	—	—	1,508
Leases	133	—	—	—	133
Property, plan and equipment and intangible assets	(20,617)	2,701	—	1,312	(16,605)
Employee benefits	572	15	—	(82)	504
Derivatives	594	—	(125)	—	470
Exchange rate gains (losses)	(4,591)	1,621	—	(1)	(2,971)
TOTAL	<u>(18,161)</u>	<u>3,842</u>	<u>(125)</u>	<u>1,562</u>	<u>(12,881)</u>

Tax losses that can be carried forward at year end but that the Group has not considered in its calculation of the deferred tax assets in the statement of financial position total € 149,096 thousand. They may be used in accordance with the legislation of the different countries in which the companies to which they relate are based.

Tax losses that can be carried forward indefinitely amount to € 132,795 thousand and refer to Guala Closures S.p.A.. If recognized, potential deferred tax assets on total tax losses that can be carried forward would amount to € 40,591 thousand at December 31, 2013 (including € 36,519 thousand related to losses that can be carried forward indefinitely).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(18) Other non-current assets

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Tax assets	462	90
Other	588	409
Total	<u>1,050</u>	<u>499</u>

(19) Financial liabilities

This section provides information on the contractual terms governing the Group's bank overdrafts, loans and bonds.

Reference should be made to note 24) Financial derivative liabilities to these consolidated financial statements for further information on the Group's exposure to the risks of fluctuations in interest and exchange rates.

Reference should be made to note 44) Commitments and guarantees to these consolidated financial statements for information on the relevant guarantees given.

Financial liabilities at December 31, 2012 and 2013 are shown below:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Current financial liabilities		
Bonds	5,097	4,917
Bank loans and borrowings	3,239	3,215
Other financial liabilities	2,102	1,997
	<u>10,438</u>	<u>10,129</u>
Non-current financial liabilities		
Bonds	463,753	465,045
Bank loans and borrowings	23,854	26,632
Other financial liabilities	21,841	20,645
	509,448	512,322
Total	<u>519,886</u>	<u>522,452</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(19) Financial liabilities (Continued)

The terms and expiry dates of the financial liabilities at December 31, 2012 and 2013 are shown below:

Thousands of Euros	Nominal amount				Current	Non-current
	Total December 31, 2012	Within one year	From one to five years	After five years		
BONDS:						
HY Bonds issued by GCL Holdings SCA—						
20/04/2011	200,000	—	—	200,000	—	200,000
Accrued interest—GCL Holdings S.C.A.	3,904	3,904	—	—	3,904	—
Transaction costs	(6,190)	—	—	(6,190)	—	(6,190)
TOTAL HY Bonds 2018 GCL Holdings S.C.A. . .	197,714	3,904	—	193,810	3,904	193,810
Floating Rate Senior Secured Notes due in 2019 issued by Guala Closures						
S.p.A.—13/11/2012	275,000	—	—	275,000	—	275,000
Accrued interest—Guala Closures S.p.A.	2,042	2,042	—	—	2,042	—
Transaction costs	(5,906)	(849)	(3,416)	(1,641)	(849)	(5,057)
TOTAL FRSN 2019 Guala Closures S.p.A.	271,135	1,192	(3,416)	273,359	1,192	269,943
TOTAL BONDS	468,850	5,097	(3,416)	467,169	5,097	463,753
BANK LOANS AND BORROWINGS:						
Senior Revolving Facility	20,000	—	20,000	—	—	20,000
Transaction costs	(2,509)	(515)	(1,995)	—	(515)	(1,995)
Total Senior Revolving Facility	17,491	(515)	18,005	—	(515)	18,005
Loan Cassa di Risparmio di Alessandria	1,551	608	944	—	608	944
Accrued interest and expense—Guala Closures S.p.A.	673	673	—	—	673	—
Loan Banco Sabadell (Spain)	1,270	520	750	—	520	750
Advances on receivables and loans (Argentina)	750	536	214	—	536	214
Loan Scotiabank (Mexico)	5,357	1,416	3,941	—	1,416	3,941
Other bank loans	—	—	—	—	—	—
TOTAL BANK LOANS AND BORROWINGS . .	27,093	3,239	23,854	—	3,239	23,854
OTHER FINANCIAL LIABILITIES:						
Financing as per Italian Law no. 46/82	136	136	—	—	136	—
Guala Closures S.p.A. finance leases	17,725	1,860	8,077	7,787	1,860	15,864
Bulgarian companies' finance leases	74	74	—	—	74	—
Liability to the Ukrainian non-controlling investors	5,600	—	—	5,600	—	5,600
Other liabilities	410	32	377	—	32	377
TOTAL OTHER FINANCIAL LIABILITIES . . .	23,944	2,102	8,454	13,387	2,102	21,841
TOTAL	519,886	10,438	28,892	480,556	10,438	509,448

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(19) Financial liabilities (Continued)

Thousands of Euros	Nominal amount					Current	Non-current
	Total December 31, 2013	Within one year	From one to five years	After five years	Current		
BONDS:							
HY Bonds issued by GCL Holdings SCA—							
20/04/2011	200,000	—	—	200,000	—	200,000	
Accrued interest—GCL Holdings S.C.A.	3,902	3,902	—	—	3,902	—	
Transaction costs	(5,254)	—	—	(5,254)	—	(5,254)	
TOTAL HY Bonds 2018 GCL Holdings S.C.A. . .	198,649	3,902	—	194,746	3,902	194,746	
Floating Rate Senior Secured Notes due in 2019 issued by Guala Closures							
S.p.A.—13/11/2012	275,000	—	—	275,000	—	275,000	
Accrued interest—Guala Closures S.p.A.	1,965	1,965	—	—	1,965	—	
Transaction costs	(5,652)	(950)	(3,820)	(881)	(950)	(4,701)	
TOTAL FRSN 2019 Guala Closures S.p.A.	271,314	1,015	(3,820)	274,119	1,015	270,299	
TOTAL BONDS	469,962	4,917	(3,820)	468,866	4,917	465,045	
BANK LOANS AND BORROWINGS:							
Senior Revolving Facility							
Transaction costs	24,000	—	24,000	—	—	24,000	
	(1,995)	(515)	(1,480)	—	(515)	(1,480)	
Total Senior Revolving Facility	22,005	(515)	22,520	—	(515)	22,520	
Cassa di Risparmio di Alessandria loan							
Accrued interest and expense—Guala Closures S.p.A.	944	625	319	—	625	319	
Banco Sabadell loan (Spain)	649	649	—	—	649	—	
Bancolumbia loan (Colombia)	760	510	250	—	510	250	
Advances on receivables and loans (Argentina)	1,204	263	941	—	263	941	
Scotiabank loan (Mexico)	537	336	201	—	336	201	
	3,747	1,346	2,401	—	1,346	2,401	
TOTAL BANK LOANS AND BORROWINGS . .	29,847	3,215	26,632	—	3,215	26,632	
OTHER FINANCIAL LIABILITIES:							
Guala Closures S.p.A. finance leases							
Liability to the Ukrainian non-controlling investors	15,770	1,960	8,261	5,549	1,960	13,810	
Other liabilities	6,400	—	—	6,400	—	6,400	
	472	37	435	—	37	435	
TOTAL OTHER FINANCIAL LIABILITIES . . .	22,643	1,997	8,697	11,949	1,997	20,645	
TOTAL	522,452	10,129	31,508	480,814	10,129	512,322	

The liability to the Ukrainian non-controlling investors relates to recognition of these investors' right to exercise a put option if certain conditions are met. It represents the discounted estimated value of the put option at its estimated time of exercise.

Pursuant to IAS 27, this caption has been recognized using the present access method since 2008, whereby the financial liability was recognized as a reduction in equity, Retained earnings, in the first year. The fluctuation in each year, if any, is recognized under financial income (expense) in profit or loss and the non-controlling interests continue to be presented separately as, to all effects, the non-controlling investors have the right to access the profit or loss pertaining to their investment.

Reference should be made to note 40) Fair value of financial instruments and sensitivity analysis for further detail.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(19) Financial liabilities (Continued)

The interest rates and expiry dates of the financial liabilities at December 31, 2012 and December 31, 2013 are shown below:

<u>Thousands of Euros</u>	<u>Currency</u>	<u>Nominal interest rate</u>	<u>Expiry date</u>	<u>Total December 31, 2012</u>
BONDS:				
HY Bonds issued by GCL Holdings S.C.A.— 20/04/2011	EUR	9.375%	2018	200,000
Accrued interest—GCL Holdings S.C.A.	EUR	n.a.	2013	3,904
Transaction costs	EUR	n.a.	2018	(6,190)
TOTAL HY BOND GCL Holdings S.C.A.				<u>197,714</u>
Floating Rate Senior Secured Notes due 2019 issued by Guala Closures S.p.A.—13/11/2012	EUR	euribor 3m + 5.375%	2019	275,000
Accrued interest—Guala Closures S.p.A.	EUR	n.a.	2013	2,042
Transaction costs	EUR	n.a.	2019	(5,906)
TOTAL FRSN 2019 Guala Closures S.p.A.				<u>271,135</u>
TOTAL BONDS				<u>468,850</u>
Bank loans and borrowings:				
Senior Revolving Facility	EUR	euribor 3m + 3.75%	2017	20,000
Transaction costs	EUR	n.a.	2017	(2,509)
Total Senior Revolving Facility				<u>17,491</u>
Loan Cassa di Risparmio di Alessandria	EUR	euribor 3m + 2.75%	2015	1,551
Accrued interest and expense—Guala Closures S.p.A.	EUR	n.a.	2013	673
Loan Banco Sabadell—(Spain)	EUR	0.052	2015	1,270
Advances on receivables and loans—(Argentina) ..	AR\$	n.a.	n.a.	750
Loan Scotiabank—(Mexico)	MXP	TIE30 + 4.0%(*)	2016	5,357
Total bank loans and borrowings				<u>27,093</u>
Other financial liabilities:				
Financing as per Italian Law no. 46/82	EUR	2.00%	2013	136
Guala Closures S.p.A. finance leases	EUR	euribor + 1.5%**)	2020	17,725
Bulgarian companies' finance leases	BGN	n.a.	2013	74
Liability to the Ukrainian non-controlling investors	EUR	n.a.	n.a.	5,600
Other liabilities	EUR	n.a.	n.a.	410
Total other financial liabilities				<u>23,944</u>
TOTAL				<u>519,886</u>

(*) TIE30 stands for “Tasa de Interés Interbancaria de Equilibrio a 30 días”.

(**) Nominal interest rate on the property finance lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(19) Financial liabilities (Continued)

Thousands of Euros	Currency	Nominal interest rate	Expiry date	Total December 31, 2013
BONDS:				
HY Bonds issued by GCL Holdings S.C.A.—				
20/04/2011	EUR	9.375%	2018	200,000
Accrued interest—GCL Holdings S.C.A.	EUR	n.a.	2014	3,902
Transaction costs	EUR	n.a.	2018	(5,254)
TOTAL HY BONDS GCL Holdings S.C.A.				<u>198,649</u>
Floating Rate Senior Secured Notes due 2019 issued by Guala Closures				
S.p.A.—13/11/2012	EUR	euribor 3m + 5.375%	2019	275,000
Accrued interest—Guala Closures S.p.A.	EUR	n.a.	2014	1,965
Transaction costs	EUR	n.a.	2019	(5,652)
TOTAL FRSN 2019 Guala Closures S.p.A.				<u>271,314</u>
TOTAL BONDS				<u>469,962</u>
Bank loans and borrowings:				
Senior Revolving Facility	EUR	euribor 3m + 3.75%	2017	24,000
Transaction costs	EUR	n.a.	2017	(1,995)
Total Senior Revolving Facility				<u>22,005</u>
Loan Cassa di Risparmio di Alessandria	EUR	euribor 3m + 2.75%	2015	944
Accrued interest and expense—Guala Closures S.p.A.	EUR	n.a.	2014	649
Loan Banco Sabadell—(Spain)	EUR	5.20%	2015	760
Loan Bancolombia—(Colombia)	COP	I.B.R. + 3.25% (*)	2018	1,204
Advances on receivables and loans—(Argentina) ..	AR\$	n.a.	n.a.	537
Loan Scotiabank—(Mexico)	MXP	TIEE30 + 4.0% (**)	2016	3,747
Total bank loans and borrowings				<u>29,847</u>
Other financial liabilities:				
Guala Closures S.p.A. finance leases	EUR	euribor + 1.5% (***)	2020	15,770
Liability to the Ukrainian non-controlling investors	EUR	n.a.	n.a.	6,400
Other liabilities	EUR	n.a.	n.a.	472
Total other financial liabilities				<u>22,643</u>
TOTAL				<u>522,452</u>

(*) I.B.R. stands for “Indicador Bancario de Referencia”

(**) TIEE30 stands for “Tasa de Interés Interbancaria de Equilibrio a 30 días”.

(***) Nominal interest rate on the property finance lease.

The Senior Revolving Facility availability is shown in the table below:

Credit facility	Available amount (thousands of Euros)	Amount used at December 31, 2013	Residual available amount at December 31, 2013
Senior Revolving Facility	75,000	24,000	51,000

(20) Trade payables

This caption is made up as follows:

Thousands of Euros	December 31, 2012	December 31, 2013
Suppliers	61,569	65,224
Payments on account	703	1,564
Total	<u>62,272</u>	<u>66,788</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(20) Trade payables (Continued)

At December 31, 2013, trade payables may be analyzed by original currency as follows:

<u>Thousands of Euros</u>	<u>EUR</u>	<u>USD</u>	<u>GBP</u>	<u>Other currencies</u>	<u>Total</u>
Trade payables	42,718	4,455	2,103	17,512	66,788

Other currencies include trade payables in the following local currencies:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>
Australian dollars	4,892
Polish zloty	3,190
Argentinean pesos	2,265
Ukrainian hryvnies	1,635
Indian rupees	1,522
Mexican pesos	1,040
Columbian pesos	604
New Zealand dollars	585
South African rand	486
Chinese renmimbi	332
Brazilian reals	165
Other	796
Total	<u>17,512</u>

(21) Current direct tax liabilities

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Current direct tax liabilities	3,821	3,552
Total	<u>3,821</u>	<u>3,552</u>

(22) Current indirect tax liabilities

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
VAT and other indirect taxes	3,738	3,841
Total	<u>3,738</u>	<u>3,841</u>

(23) Provisions

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Provision for returns	1,338	625
Provision for restructuring	1,097	578
Other current provisions	17	28
Total current provisions	<u>2,452</u>	<u>1,231</u>

The provision for returns reflects the calculation for customer claims received.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(23) Provisions (Continued)

The provision for restructuring mainly refers to Guala Closures S.p.A..

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Provision for contingency	17	540
Provision for agents' leaving indemnity	102	109
Provision for legal disputes	38	35
Total non-current provisions	<u>157</u>	<u>684</u>

Changes in the provisions are as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>
Opening current provisions	2,452
Exchange rate gains	(8)
Accrual	705
Utilization	<u>(1,918)</u>
Closing current provisions	<u>1,231</u>

<u>Thousands of Euros</u>	<u>December 31, 2013</u>
Opening non-current provisions	157
Exchange rate gains	(3)
Accrual	554
Utilization	<u>(24)</u>
Closing non-current provisions	<u>684</u>

(24) Financial derivative liabilities

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Fair value of IRSs	6,708	4,408
Fair value of aluminum derivatives	—	574
Fair value of currency swaps	6	—
Total	<u>6,715</u>	<u>4,982</u>

The main features of the contracts in place at December 31, 2013 are summarized below:

—*interest rate swaps*

Guala Closures S.p.A. has three interest rate swaps in place at December 31, 2013 to hedge floating interest rates on bank loans.

In addition, at year end, the parent has two interest rate swaps in place to hedge floating interest rates on the property finance lease.

The interest rate swaps taken on to hedge the floating interest rates on bank loans are listed below:

1. Euro interest rate swap agreed with Intesa Sanpaolo S.p.A. on August 2, 2011, expiring September 30, 2015. It has a fixed swap rate of 2.34% against the floating six-month Euribor for a notional amount of € 57,300 thousand at December 31, 2013.
2. Pound sterling interest rate swap agreed with Intesa Sanpaolo S.p.A. on August 2, 2011, expiring September 30, 2015. It has a fixed swap rate of 1.94% against the floating six-month GB£ Libor, for a notional amount of £ 19,600 thousand at December 31, 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(24) Financial derivative liabilities (Continued)

3. US dollar interest rate swap agreed with Intesa Sanpaolo S.p.A. on August 2, 2011, expiring September 30, 2015. It has a fixed swap rate of 1.39% against the floating six-month US\$ Libor, for a notional amount of US\$ 67,100 thousand at December 31, 2013.

Although these interest rate swaps, agreed in 2011, have been entered into for hedging purposes, after the refinancing operations of November 2012, they no longer meet the formal requirements of IAS 39. Therefore, they have been recognized as trading instruments.

Interest rate swaps hedging floating interest rates on property finance leases are listed below:

1. Euro interest rate swap agreed with Intesa Sanpaolo S.p.A. on March 7, 2006, expiring July 1, 2019. It has a fixed swap rate of 3.945% against the floating one-month Euribor for a notional amount of € 4,992 thousand at December 31, 2013.
2. Euro interest rate swap agreed with Unicredit Banca d'Impresa S.p.A. on March 7, 2006, expiring July 1, 2019. It has a fixed swap rate of 3.960% against the floating one-month Euribor for a notional amount of € 4,992 thousand at December 31, 2013.

These derivatives meet the formal requirements of IAS 39 at the reporting date and have been recognized as hedging instruments.

—Forward purchase of aluminum

At December 31, 2013, the Group has twenty nine contracts for the forward purchase of aluminum, for a total of 8,100 tons, spread over various expiry dates based on forecast monthly requirements.

The hedge accounting requirements of IAS 39 were not met and these derivatives have been, therefore, recognized as trading instruments.

The following tables show the forward aluminum purchase contracts in place at December 31, 2013:

<u>Expiry date</u>	<u>Hedged amount (tons)</u>	<u>Strike price (US\$/ton)</u>	<u>December 31, 2013 Positive/(negative) fair value (Thousands of Euros)</u>
January 2014	300	1,738.78	(29)
February 2014	300	1,772.75	(21)
March 2014	300	1,786.98	(18)
April 2014	300	1,801.00	(11)
Total	<u>1,200</u>		<u>(78)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(24) Financial derivative liabilities (Continued)

<u>Expiry date</u>	<u>Hedged amount (tons)</u>	<u>Strike price (€/ton)</u>	<u>December 31, 2013 Positive/(negative) fair value (Thousands of Euros)</u>
January 2014	300	1,269	(48)
January 2014	300	1,269	(36)
January 2014	100	1,269	(11)
February 2014	300	1,287	(44)
February 2014	300	1,287	(34)
February 2014	100	1,287	(9)
March 2014	300	1,297	(36)
March 2014	300	1,297	(34)
March 2014	100	1,297	(9)
April 2014	300	1,307	(27)
April 2014	300	1,307	(22)
April 2014	200	1,307	(13)
April 2014	300	1,307	(4)
May 2014	300	1,317	(22)
May 2014	300	1,317	(22)
May 2014	300	1,317	(23)
June 2014	400	1,327	(25)
June 2014	300	1,327	(20)
June 2014	300	1,327	(14)
July 2014	300	1,334	(14)
July 2014	300	1,334	(11)
August 2014	300	1,342	(8)
August 2014	300	1,342	(2)
September 2014	300	1,348	(10)
November 2014	300	1,360	3
Total	<u>6,900</u>		<u>(496)</u>

—*Currency swaps*

The Group did not have any currency swaps at the reporting date.

The following table shows the fair value of the derivatives held at the reporting date:

<u>Contract (Thousands of Euros)</u>	<u>Recognition at December 31, 2013</u>	<u>December 31, 2012 Positive/(negative) fair value</u>	<u>December 31, 2013 Positive/(negative) fair value</u>
Interest rate swaps on leases	Hedge accounting	(1,478)	(1,025)
Interest rate swap on loans	Recognized at fair value through profit or loss	(5,230)	(3,383)
Forward aluminum purchases	Recognized at fair value through profit or loss	322	(574)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(25) Other current liabilities

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Payables for capex	5,974	8,492
Payables to employees	7,678	8,067
Social security charges payable	3,328	3,179
Payables for dividends	—	271
Payables for deferred payment of Guala Closures South Africa acquisition	3,379	—
Payable for Transaction Costs on Guala Closures SpA Bond issue	2,510	—
Other payables	4,488	4,629
Total	<u>27,357</u>	<u>24,638</u>

(26) Employee benefits

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Post-employment benefits—Guala Closures S.p.A.	6,121	5,572
Other	2,308	1,263
Total	<u>8,429</u>	<u>6,835</u>

Changes in Employee benefits are as follows:

<u>Thousands of Euros</u>	<u>December 31, 2012 (*)</u>	<u>December 31, 2013</u>
Balance at January 1	6,965	8,429
Exchange rate (gains) losses	52	(146)
Business combinations	453	—
Change recognized in profit or loss	880	(126)
Change recognized in OCI	1,183	(219)
Transfer in (out)	—	(539)
Benefits paid	<u>(1,104)</u>	<u>(564)</u>
Balance at December 31	<u>8,429</u>	<u>6,835</u>

Note:

(*) Following the retrospective application of the amendment to IAS 19 from January 1, 2013, the figures reported for 2012 have been restated for comparative purposes as required by IAS 1. Reference should be made to the section "Changes in accounting standards" for further details.

The change recognized in profit or loss is detailed below:

<u>Thousands of Euros</u>	
Post-employment benefits—Guala Closures S.p.A.	(151)
Other	<u>(194)</u>
Change recognized in profit or loss	<u>(345)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(26) Employee benefits (Continued)

Changes in Guala Closures S.p.A.'s post-employment benefits and the main assumptions used in their measurement are detailed below:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Balance at January 1	4,942	6,121
Actuarial (gains) losses	1,122	(319)
Interest expense	221	168
Transfer in	176	—
Benefits paid	<u>(340)</u>	<u>(398)</u>
Balance at December 31	<u>6,121</u>	<u>5,572</u>

Actuarial parameter baseline:

	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Average inflation rate	2.00% p.a.	2.00% p.a.
Discount rate	2.70% p.a.	3.17% p.a.
Annual rate of increase in post-employment benefits	3.00% p.a.	3.00% p.a.

For valuations at December 31, 2013, an annual fixed discount rate of 3.17% was utilized based on the value of Iboxx indexes AA corporate bonds observed at December 31, 2013, as per the requirements of IAS 19.

The Group expects to pay around € 0.4 million of benefits to its defined benefit plan in 2014 described above.

Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected Guala Closures S.p.A.'s post-employment benefits at December 31, 2013 by the amounts shown below:

<u>Thousands of Euros</u>	<u>Defined benefit obligation</u>	
	<u>Increase</u>	<u>Decrease</u>
Turnover rate (1% movement)	21	(21)
Average inflation rate (0.25% movement)	89	(87)
Discount rate (0.25% movement)	(128)	133

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Guala Closures UK has a defined benefit pension plan under which the employees of the former Metalclosures Ltd. have the right to a pension. This plan has a surplus at both December 31, 2012 and 2013 (i.e., the fair value of the plan assets is higher than the present value of the defined benefit obligation). As required by IAS 19 and IFRIC 14, the surplus that can be recognized must be less than the benefits available in the form of reimbursements or the contribution holiday: following completion of the West Bromwich site restructuring plan in 2008, the amount of the contribution holiday is zero and, therefore, the English company has not recognized the fund surplus. In addition, the Group did not have contingent liabilities at the reporting date as the fund covers the present value of its future obligations with its plan assets.

For disclosure purposes, the amounts of the fund obligations and plan assets, as well as the baseline actuarial parameters used for their calculation, are shown below:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Present value of the obligations	(60,559)	(60,985)
Fair value of plan assets	<u>76,918</u>	<u>77,594</u>
Total	<u>16,360</u>	<u>16,609</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(26) Employee benefits (Continued)

Changes in the net amount of the fund:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Balance at January 1	16,887	16,360
Exchange rate (gains) losses	403	(335)
Service cost	(39)	(33)
Interest on defined benefit obligation	(2,643)	(2,379)
Interest on plan assets	3,494	3,038
Scheme administration expenses	(402)	(301)
Actuarial (gains) losses	<u>(1,340)</u>	<u>259</u>
Balance at December 31	<u>16,360</u>	<u>16,609</u>

Changes in the present value of the obligations:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Balance at January 1	(53,858)	(60,559)
Exchange rate (gains) losses	(1,214)	1,187
Service cost	(39)	(33)
Interest on defined benefit obligation	(2,643)	(2,379)
Contribution by plan participants	(9)	(7)
Benefits paid	3,118	3,277
Actuarial gains	<u>(5,913)</u>	<u>(2,472)</u>
Balance at December 31	<u>(60,559)</u>	<u>(60,985)</u>

Changes in the fair value of plan assets:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Balance at January 1	70,746	76,918
Exchange rate (gains) losses	1,617	(1,522)
Interest on plan assets	3,494	3,038
Scheme administration expenses	(402)	(301)
Contribution by plan participants	9	7
Benefits paid	(3,118)	(3,277)
Actuarial losses	<u>4,573</u>	<u>2,731</u>
Balance at December 31	<u>76,918</u>	<u>77,594</u>

Plan asset comprises (major categories of plan assets as a percentage of the total plan assets):

	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Equities	31%	39%
Bonds	35%	31%
Gilts	34%	30%
Cash	0%	0%

All equity securities and government bonds have quoted prices in active markets.

Actuarial parameter baseline:

	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Salary growth rate	4.00% p.a.	4.00% p.a.
Rate of increase in pensions provided (average)	3.00% p.a.	3.00% p.a.
Average inflation rate	2.80% p.a.	3.20% p.a.
Discount rate	4.20% p.a.	4.30% p.a.

The company does not expect to pay any further contribution in the next year in relation to these defined benefit obligations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(26) Employee benefits (Continued)

Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected Guala Closures UK's defined benefit pension plan at December 31, 2013 by the amounts shown below:

<u>Thousands of Euros</u>	<u>Impact on present value of the obligations</u>	<u>Impact on fair value of plan assets</u>
Life expectancy (+ 1 year)	(1,832)	—
Average inflation rate (+0.1% p.a.)	(240)	—
Discount rate (-0.1% p.a.)	(840)	—

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

(27) Other non-current liabilities

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Other non-current liabilities	<u>725</u>	<u>168</u>
Total	<u>725</u>	<u>168</u>

(28) Equity attributable to the owners of the parent

As of December 31, 2013, the share capital amounts to EUR 141,217.50 represented by 112,974 units with a nominal value of EUR 1.25 each.

Neither the parent nor its subsidiaries hold treasury shares either directly or indirectly through trustees or nominees.

Reference should be made to the statement of changes in equity for changes in, and details of, the components of equity.

As per the Senior Revolving Facility Agreement, for the Floating Rate Senior Secured Notes and for the High Yield Bonds, there are certain restrictions to the transfer of funds between Guala Closures subsidiaries and Guala Closures S.p.A. and between Guala Closures S.p.A. and the parent GCL Holdings S.C.A..

The Group's objectives in capital management are to create value for shareholders, safeguard the Group's future and to support its development.

The Group thus seeks to maintain a sufficient level of capitalization, while giving shareholders satisfactory returns and ensuring the Group has access to external sources of financing at acceptable terms, including via maintaining an adequate rating.

The Group monitors the debt/equity ratio on an ongoing basis, particularly in terms of net indebtedness and cash flows generated by operating activities.

The General Partner carefully monitors the balance between greater returns through the right level of indebtedness and the advantages of a sound financial position.

To achieve these objectives, the Group strives to continuously make its operations more profitable.

The General Partner monitors the return on share capital, being total equity pertaining to owners of the parent, excluding non-controlling interests, and the amount of dividends to be distributed to holders of ordinary shares.

The Group's capital management policies have not changed during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(29) Equity attributable to non-controlling interests

Equity attributable to non-controlling interests relates to the following consolidated companies:

	Non-controlling interests % December 31, 2012	Non-controlling interests % December 31, 2013	Balance at December 31, 2012	Balance at December 31, 2013
Guala Closures Ukraine LLC	30.00%	30.00%	7,381	7,760
Guala Closures India Pvt Ltd.	5.00%	5.00%	1,871	1,601
Guala Closures Argentina S.A.	17.62%	17.62%	807	650
Guala Closures de Colombia LTDA	6.80%	6.80%	863	636
Guala Closures China B.V.	3.50%	3.50%	166	133
Guala Closures Bulgaria A.D.	30.00%	30.00%	2,122	2,186
Guala Closures Tools A.D.	30.00%	30.00%	367	349
Guala Closures DGS Poland S.A.	30.00%	30.00%	<u>15,948</u>	<u>14,120</u>
Total			<u>29,525</u>	<u>27,435</u>

Reference should be made to the statement of changes in equity for changes in, and details of, equity attributable to the non-controlling interests.

STATEMENT OF COMPREHENSIVE INCOME AND OTHER COMPREHENSIVE INCOME

2013 figures include Guala Closures South Africa Pty Ltd for 12 months in 2013 (3 months in 2012)

(30) Net revenue

The table below illustrates the geographic distribution of net revenue based on the geographical location from which the product is sold by the Group's companies:

<u>Thousands of Euros</u>	<u>2012</u>	<u>2013</u>
Europe	281,393	276,696
Asia	63,654	58,881
Latin and North America	83,278	84,247
Oceania	64,216	55,820
Africa	<u>4,524</u>	<u>18,632</u>
Total	<u>497,065</u>	<u>494,276</u>

(31) Other operating income

This caption includes:

<u>Thousands of Euros</u>	<u>2012</u>	<u>2013</u>
Internal production	4,649	5,091
Sundry recoveries/repayments	3,132	3,921
Insurance compensation	368	3,500
Gains	290	262
Other	<u>339</u>	<u>387</u>
Total	<u>8,777</u>	<u>13,161</u>

Internal production includes € 918 thousand of capitalized development expenditure related to new closures and € 4,173 thousand of extraordinary maintenance carried out on property, plant and equipment, of which extraordinary maintenance and upgrading of the production capacity of Guala Closures S.p.A. amounting to € 1,008 thousand and foreign companies amounting to € 3,165 thousand.

Insurance compensation in 2013 relates to the fire which occurred in the Magenta plant (Italy) in September 2012. It includes an amount for the replacement of damaged equipment and an amount to compensate for the business interruption and direct costs sustained by the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(32) Costs for raw materials

This caption includes:

<u>Thousands of Euros</u>	<u>2012</u>	<u>2013</u>
Raw materials and supplies	191,858	200,703
Consumables and maintenance	8,554	9,520
Packaging	8,880	9,297
Fuels	485	515
Other purchases	3,127	2,782
Change in inventories	(458)	(9,614)
Total	<u>212,446</u>	<u>213,203</u>

(33) Costs for services

This caption includes:

<u>Thousands of Euros</u>	<u>2012</u>	<u>2013</u>
Electricity / Heating	22,229	23,271
Transport	18,953	19,917
External processing	11,366	12,364
Maintenance	6,033	5,934
Travel	4,360	4,556
Sundry industrial services	4,281	4,520
External labor / portorage	5,800	4,478
Legal and consulting fees	3,679	3,474
Insurance	2,966	2,892
Administrative services	2,170	2,387
Directors' fees	2,009	1,741
Cleaning service	1,390	1,460
Technical assistance	1,004	1,063
Telephone costs	1,122	968
Commissions	904	901
Entertainment expenses	824	840
Security	420	444
Advertising services	267	366
Commercial services	341	284
Expos and trade fairs	150	186
Other	2,681	2,627
Total	<u>92,949</u>	<u>94,673</u>

(34) Personnel expense

This caption includes:

<u>Thousands of Euros</u>	<u>2012</u>	<u>2013</u>
Wages and salaries	72,503	74,946
Social security contributions	13,334	13,674
Expense/(Income) from defined benefit plans	2,063	(345)
Other costs	1,431	3,879
Total	<u>89,331</u>	<u>92,154</u>

Reference should be made to note 26) Employee benefits to these consolidated financial statements for details on Expense/(income) for defined benefit plans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(34) Personnel expense (Continued)

At December 31, 2012 and 2013, the Group had the following number of employees:

<u>Number</u>	<u>December 31, 2012(*)</u>	<u>December 31, 2013</u>
Blue collars	2,959	2,946
White collars	815	834
Managers	162	177
Total	<u>3,936</u>	<u>3,957</u>

(*) 2012 total Group personnel restated to be consistent with the 2013 classification

(35) Other operating expense

This caption includes:

<u>Thousands of Euros</u>	<u>2012</u>	<u>2013</u>
Rent and leases	4,934	4,845
Taxes and duties	2,130	1,893
Other costs for the use of third party assets	1,474	1,625
Provisions	4,988	720
Other charges	1,554	1,180
Total	<u>15,080</u>	<u>10,263</u>

The decrease in “Provisions” is due to the fact that the Group booked € 3.1 million of non-recurring costs in 2012 mainly related to the closure of the Hospitalet plant in Iberica

(36) Financial income

This caption includes:

<u>Thousands of Euros</u>	<u>2012</u>	<u>2013</u>
Change in fair value of IRS	61	1,779
Exchange rate gains	5,842	1,587
Interest income	1,147	660
Fair value gains on aluminium derivatives	594	21
Other financial income	265	180
Total	<u>7,910</u>	<u>4,227</u>

(37) Financial expense

This caption includes:

<u>Thousands of Euros</u>	<u>2012(*)</u>	<u>2013</u>
Interest expense	43,403	42,090
Exchange rate losses	10,669	15,044
Fair value losses on aluminum derivatives	756	1,645
Financial expense—non-controlling investors in the Ukrainian company	1,100	800
Fair value losses on IRSs	5,233	—
Other financial expense	1,427	1,204
Total	<u>62,588</u>	<u>60,783</u>

Note:

(*) Following the retrospective application of the amendment to IAS 19 from January 1, 2013, the reported 2012 figures have been restated for comparative purposes as required by IAS 1. Reference should be made to the section “Changes in accounting standards” for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(37) Financial expense (Continued)

Interest expense in the previous year included the write-off of transaction costs for the existing Senior Facilities Agreement following the Group's refinancing of € 4.1 million. Excluding that non-recurring amount, interest expense increased compared to 2012 as a consequence of higher indebtedness and higher interest rates.

In the previous year, the Group booked a fair value loss on IRS of € 5.2 million following the refinancing of the existing Senior Facilities Agreement as the interest rate swap contracts entered into in 2011 to hedge floating interest rates on bank loans no longer met the formal requirements of IAS 39.

Financial expenses—non-controlling investors in the Ukrainian company relates to recognition of the increase in the financial liability for these investors' right to exercise a put option if certain conditions are met. The liability was determined by discounting the estimated value of the put option at its estimated time of exercise.

(38) Income and expense on financial assets/liabilities

The following table shows income and expense on financial assets/liabilities, specifying which are recognized in profit or loss and which directly in equity:

<u>Thousands of Euros</u>	<u>2012(*)</u>	<u>2013</u>
Recognized in profit or loss		
Bank interest income	1,147	660
Fair value gains on derivatives	656	1,800
Exchange rate gains	5,842	1,587
Other financial income	265	180
Total financial income	7,910	4,227
Interest expense on financial liabilities measured at amortized cost	43,403	42,090
Exchange rate losses	10,669	15,044
Fair value losses on derivatives	5,989	1,645
Other financial expense	2,527	2,004
Total financial expense	62,588	60,783
Net financial expense	(54,678)	(56,556)
Recognized directly in equity to the Hedging reserve		
Effective portion of fair value losses on cash flow hedges	(492)	52
Net change in fair value of cash flow hedges reclassified to profit or loss	3,522	401
Total	3,030	453

Note:

(*) Following the retrospective application of the amendment to IAS 19 from January 1, 2013, the reported 2012 figures have been restated for comparative purposes as required by IAS 1. Reference should be made to the section "Changes in accounting standards" for further details.

(39) Income taxes

This caption includes:

<u>Thousands of Euros</u>	<u>2012</u>	<u>2013</u>
Current taxes	(21,780)	(20,651)
Deferred tax income/(expense)	(244)	3,842
Total	(22,025)	(16,809)

Deferred tax income and expense in profit or loss do not reflect the change in the corresponding captions of the statement of financial position due to the effect of transactions recognized directly in equity (€ -125 thousand), as described in the following table.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(39) Income taxes (Continued)

Deferred tax liabilities recognized directly in equity

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Change in deferred tax liabilities on fair value adjustments on cash flow hedges	(833)	(125)
Total	<u>(833)</u>	<u>(125)</u>

Reconciliation between the theoretical and effective tax charge

The difference between the theoretical and effective tax charge is mainly related to the impact of the different tax rates in foreign countries, non-taxable revenue and non-deductible costs.

<u>Thousands of Euros</u>	<u>2012(*)</u>	<u>2013</u>
Profit before taxation	1,821	5,183
Income tax using luxembourg tax rate (2012: 28.8%; 2013: 29.2%)	525	1,513
Effect of tax rates in foreign jurisdictions (2012: (64.5%); 2013: (29.5%))	(1,174)	(1,530)
Tax exempt revenue and other decreases	(5,720)	(1,642)
Non-deductible expense and other increases	18,379	13,585
Unaccrued deferred tax assets on loss for the year	7,146	176
Other changes	1,268	4,816
Total increase / (decrease)	<u>19,898</u>	<u>15,405</u>
Effective tax	<u>20,423</u>	<u>16,918</u>
Other taxes (2012: 74.5%; 2013: 72.0%)	1,358	3,733
Total taxes for the year	<u>21,780</u>	<u>20,651</u>

Note:

- (*) Following the retrospective application of the amendment to IAS 19 from January 1, 2013, the reported 2012 figures have been restated for comparative purposes as required by IAS 1. Reference should be made to the section "Changes in accounting standards" for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

OTHER INFORMATION

(40) Fair value of financial instruments and sensitivity analysis

(a) Accounting classifications and fair values

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including December 31, 2012 and 2013. They do not include fair value information for financial assets and financial liabilities not measured at fair value. The carrying amount is a reasonable approximation of fair value. There were no movements from one level to another in 2013.

<u>December 31, 2012</u>		<u>Carrying amount</u>						
<u>Thousands of Euros</u>	<u>Note</u>	<u>Fair value- Held-for- trading</u>	<u>Designated at fair value</u>	<u>Fair value- hedging instruments</u>	<u>Held-to- maturity</u>	<u>Loans and receivables</u>	<u>Available- for-sale</u>	<u>Other financial liabilities</u>
Financial assets measured at fair value								
Forward raw material contracts used for trading . . .	11	322	—	—	—	—	—	—
		<u>322</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Financial assets not measured at fair value^(*)								
Trade receivables	7	—	—	—	—	99,634	—	—
Cash and cash equivalents	5	—	—	—	—	58,474	—	—
		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>158,107</u>	<u>—</u>	<u>—</u>
Financial liabilities measured at fair value								
Interest rate swaps used for hedging	24	—	—	(1,478)	—	—	—	—
Interest rate swaps used for trading	24	(5,230)	—	—	—	—	—	—
Contingent consideration	19	—	(5,600)	—	—	—	—	—
		<u>(5,230)</u>	<u>(5,600)</u>	<u>(1,478)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Financial liabilities not measured at fair value^(*)								
Secured bank loans	19	—	—	—	—	—	—	(24,000)
Unsecured bank loans	19	—	—	—	—	—	—	(2,000)
Secured bonds issues	19	—	—	—	—	—	—	(271,000)
Unsecured bonds issues	19	—	—	—	—	—	—	(197,000)
Finance lease liabilities	19	—	—	—	—	—	—	(17,000)
Trade payables	20	—	—	—	—	—	—	(62,000)
Other payables	19	—	—	—	—	—	—	(1,000)
		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(576,000)</u>

(*) The Group has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amount is a reasonable approximation of fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(40) Fair value of financial instruments and sensitivity analysis (Continued)

December 31, 2013

<u>Thousands of Euros</u>	Note	Carrying amount						Other financial liabilities
		Fair value- Held-for- trading	Designated at fair value	Fair value- hedging instruments	Held-to- maturity	Loans and receivables	Available- for-sale	
Financial assets not measured at fair value^(*)								
Trade receivables	7					93,079		
Cash and cash equivalents	5					41,197		
		—	—	—	—	134,276	—	—
Financial liabilities measured at fair value								
Interest rate swaps used for hedging	24			(1,025)				
Interest rate swaps used for trading	24	(3,957)						
Contingent consideration	19		(6,400)					
		(3,957)	(6,400)	(1,025)	—	—	—	—
Financial liabilities not measured at fair value^(*)								
Secured bank loans	19							(26,)
Unsecured bank loans	19							(2,)
Secured bonds issues	19							(271,)
Unsecured bonds issues	19							(198,)
Finance lease liabilities	19							(15,)
Trade payables	20							(66,)
Other payables	19							(
		—	—	—	—	—	—	(582,)

(*) The Group has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amount is close to their fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(40) Fair value of financial instruments and sensitivity analysis (Continued)

(b) Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

<u>Type</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Contingent consideration	<i>Discounted cash flows:</i> The fair value is determined considering the expected payment, discounted to present value using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of forecast EBITDA of the Ukrainian subsidiary.	<ul style="list-style-type: none"> • Forecast EBITDA (average of last 2 years—2012 and 2013—and 2014 budget figures) • Net financial position of the Ukrainian subsidiary as at December 31, 2013 • Risk-adjusted discount rate (9.8%) • Expected date of put option exercise 	The estimated fair value would increase if: <ul style="list-style-type: none"> • the EBITDA was higher • the Net financial position was higher • the risk-adjusted discount rate was lower • the expected date of put option was exercised early
Forward exchange contracts and interest rate swaps	<i>Market comparison technique:</i> The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable.	Not applicable.

Financial instruments not measured at fair value

<u>Type</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>
Secured bonds issues Intragroup loans Finance lease liabilities	Discounted cash flows	Not applicable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(40) Fair value of financial instruments and sensitivity analysis (Continued)

(ii) Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Balance at January 1	4,500	5,600
Loss included in “financial expense”		
—Net change in fair value (unrealised)	<u>1,100</u>	<u>800</u>
Balance at December 31	<u>5,600</u>	<u>6,400</u>

Sensitivity analysis

For the fair value of the contingent consideration, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

<u>Thousands of Euros</u>	<u>Increase/ (decrease) in unobservable inputs</u>	<u>Favorable/ (unfavorable) impact on profit or loss</u>
Forecast EBITDA	10%	(600)
	(10%)	600
Net financial position	+ 1 million €	(100)
	- 1 million €	100
Risk-adjusted discount rate	1%	800
	(1%)	(900)
Expected date of put option exercise	+ 1 year	600
	- 1 year	(600)

(c) Financial risk management

The Group is exposed to the following risks as a result of its operations:

- credit risk;
- liquidity risk;
- interest rate risk;
- currency risk;
- other price risk,

Guala Closures S.p.A.’s board of directors has overall responsibility for establishing and monitoring a risk management system for the Group.

The proxy system ensures the risk management guidelines are implemented and regularly monitored.

The finance department is responsible for the monitoring and, in carrying out such activities, it uses information generated by the internal control system.

Credit risk

This is the risk that a customer or the counterparty to a financial instrument is unable to meet an obligation, leading to a financial loss. These risks arise mainly in relation to trade receivables and financial investments.

The Group’s exposure to credit risk depends largely on each customer’s specific characteristics. The demographics of the Group’s customer portfolio, including the segment insolvency risk and the country risk, have an impact on the credit risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(40) Fair value of financial instruments and sensitivity analysis (Continued)

The Group accrues an allowance for impairment equal to the estimated losses on trade and other loans and receivables. It comprises both the recognition of impairment losses for material individual amounts and the recognition of collective impairment for similar groups of assets to cover losses already incurred but not yet identified. The collective impairment losses are calculated on the basis of historical payment statistics.

Most of the Group's trade receivables are due from leading operators of the alcoholic and non-alcoholic beverage segment. Most of its trading relationships are with longstanding customers. The Group's historical figures indicate a modest amount of bad debts. The risk is fully covered by the corresponding allowance for impairment recognized in the consolidated financial statements.

There are no cases of very concentrated credit risk in geographical terms.

Liquidity risk

This risk regards the Group's ability to meet its obligations arising from financial liabilities.

The Group's approach to liquidity management is to ensure adequate funds are always available to cover its obligations at the expiry dates, both in normal conditions and at times of financial difficulty, without incurring borrowing expense at terms higher than market conditions.

The Group generally ensures there is sufficient cash and cash equivalents to cover forecast short-term operating expenses, including those related to financial liabilities. Contingent effects arising from extreme situations that cannot reasonably be forecast, such as natural disasters, are excluded from the above.

Historically, the Group has always met its obligations on time.

Reference should be made to the tables in note 19) Financial liabilities—third parties to these consolidated financial statements for information on the Group's loans, credit lines and facilities at the reporting date.

Interest rate risk

This risk relates to volatility of the market rates which determine the interest expense paid on outstanding loans.

The Group is exposed to interest rate risk as almost the full amount of its financial liabilities provide for the payment of interest at floating rates subject to short-term repricing.

The Group's policy is to hedge a significant portion of the payable amount subject to interest rate risk. Interest rate swaps are used to hedge the risk which enable the interest rate to be set at fixed amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(40) Fair value of financial instruments and sensitivity analysis (Continued)

Effective interest rate and repricing analysis

The following table shows the effective interest rate at the reporting date and for the period in which the related rate may be reviewed for interest-bearing financial assets and liabilities:

Thousands of Euros	Effective interest rate— December 2013	Repricing date					
		Total 31/12/13	Up to 6 months	6 - 12 months	1 - 2 years	2 - 5 years	After 5 years
BONDS:							
HY Bond issued by GCL Holdings S.C.A.—20/04/2011	9.375%	200,000	—	—	—	—	200,000
Accrued interest—GCL Holdings S.C.A.	n.a.	3,902	3,902	—	—	—	—
Transaction costs	n.a.	(5,254)	—	—	—	—	(5,254)
TOT. HY BONDS issued by GCL Holdings S.C.A.—20/04/2011		198,649	3,902	—	—	—	194,746
Bond Floating Rate Senior Secured Notes due 2019 issued by Guala Closures S.p.A.—13/11/2012	5.593%	275,000	275,000	—	—	—	—
Accrued interest—Guala Closures S.p.A.	n.a.	1,965	1,965	—	—	—	—
Transaction costs	n.a.	(5,652)	(5,652)	—	—	—	—
TOT. BONDS FRSN 2019 issued by Guala Closures S.p.A.— 13/11/2012		271,314	271,314	—	—	—	—
TOTAL BONDS		469,962	275,216	—	—	—	194,746
Bank loans and borrowings:							
Senior Revolving Facility	3.980%	24,000	24,000	—	—	—	—
Transaction costs	n.a.	(1,995)	(1,995)	—	—	—	—
Tot. Senior Revolving Facility		22,005	22,005	—	—	—	—
Cassa di Risparmio di Alessandria loan	2.98%	944	944	—	—	—	—
Accrued interest and expense— Guala Closures S.p.A.	n.a.	649	649	—	—	—	—
Banco Sabadell loan (Spain)	5.20%	760	760	—	—	—	—
Bancolumbia loan (Colombia)	6.35%	1,204	1,204	—	—	—	—
Advances on receivables and loans (Argentina)	n.a.	537	537	—	—	—	—
Scotiabank loan (Mexico)	7.58%	3,747	3,747	—	—	—	—
Total bank loans and borrowings . .		29,847	29,847	—	—	—	—
Other financial liabilities:							
Guala Closures S.p.A. finance leases	n.a.	15,770	15,770	—	—	—	—
Liability to the Ukrainian non- controlling investors	n.a.	6,400	—	—	—	—	6,400
Other liabilities	n.a.	472	472	—	—	—	—
Total other financial liabilities		22,643	16,243	—	—	—	6,400
TOTAL		522,452	321,305	—	—	—	201,146

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(40) Fair value of financial instruments and sensitivity analysis (Continued)

Sensitivity analysis

Financial liabilities' fair values were calculated by an external actuary using the following methodology:

- the cash flows generated by the outstanding payables are identified both in terms of interest and principal. These cash flows are calculated with reference to the interest rates and the repayment plan;
- the individual cash flows are discounted using risk-free rates ruling on the measurement date. The bootstrap method is applied to the swap rates for each expiry date of the corresponding cash flow based on the resulting time curve;
- furthermore the individual cash flows are discounted using an additional rate, based on the Group's credit standing, calculated as the weighted average of the spreads applied to the different financing agreements. The spreads applied to the financing agreements are deemed to objectively represent the Group's credit standing and subsequent significant changes should not arise given its current financial position.

The following table shows the sensitivity analysis for the cash flows from these financial liabilities and the related hedging derivatives at December 31, 2013:

<u>Thousands of Euros</u>	<u>Increase of 100bp</u>	<u>Decrease of 100bp</u>
Floating Rate Senior Secured Notes due in 2019 issued by Guala Closures S.p.A.	(13,306)	13,306
Senior Revolving Facility Agreement—gross of transaction costs	(839)	825
Sensitivity of cash flows (net)	(14,145)	14,131
Finance leases	(424)	371
Related interest rate swaps	332	(273)
Sensitivity of cash flows (net)	(92)	98

The following methodology is used to perform the sensitivity analyses: a change is assumed in the interest rate used to calculate the interest (+/- 100 basis points), which indicates the change in the overall liability. Accordingly, negative amounts indicate an increase in the fair value of the liability and vice versa for positive amounts.

Currency risk

This risk relates to the effect of fluctuations in exchange rates on sales and purchases in currencies other than the functional currencies of the various group entities.

The Group is exposed to currency risk, particularly in relation to fluctuations of the pound sterling and US dollar.

Interest on loans is denominated in the currency of the cash flows generated by the Group's underlying transactions.

The risk of exchange rate fluctuations is managed using exchange rate hedges when significant differences are noted between cost and revenue in foreign currency.

If that is the case, such differences are hedged through currency swaps. These provide for the purchase/sale of agreed amounts in foreign currency at a set exchange rate against the Euro.

Sensitivity analysis

A strengthening of the Euro, as indicated below, against the USD, GBP, AUD, INR, UAH and PLN at December 31, would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on exchange rate fluctuations that the Group considered to be reasonably possible at

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(40) Fair value of financial instruments and sensitivity analysis (Continued)

the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis, although the changes in exchange rates differed to those expected, as indicated below.

	Strengthening		Weakening	
	Assets	Profit or loss	Liabilities	Profit or loss
2012				
USD (10% change)	506	506	(414)	(414)
GBP (10% change)	667	667	(546)	(546)
AUD (10% change)	1,037	1,037	(848)	(848)
INR (10% change)	1,562	1,562	(1,278)	(1,278)
UAH (10% change)	475	475	(389)	(389)
PLN (10% change)	1,309	1,309	(1,071)	(1,071)
	Strengthening		Weakening	
	Assets	Profit or loss	Liabilities	Profit or loss
2013				
USD (10% change)	600	600	(491)	(491)
GBP (10% change)	655	655	(536)	(536)
AUD (10% change)	328	328	(268)	(268)
INR (10% change)	1,350	1,350	(1,104)	(1,104)
UAH (10% change)	535	535	(438)	(438)
PLN (10% change)	631	631	(516)	(516)

Other price risk

As a result of the nature of its activities, the Group is exposed to the risk of fluctuations in the purchase price of raw materials, particularly plastics and aluminum.

The risk of fluctuations in the purchase price of plastics has not been hedged as these raw materials were not listed on international markets (the London Metal Exchange). However, this risk will be able to be hedged in the near future given current developments in the listing of plastics on the international market and corresponding hedging instruments.

The risk of fluctuations in the purchase price of aluminum is partly hedged through derivatives which set the forward purchase price.

(41) Related party transactions

Intragroup transactions and balances between consolidated group companies are eliminated on consolidation and, therefore, do not appear in the consolidated financial statements figures and are not disclosed in this report.

Intesa Sanpaolo S.p.A. is considered a related party of GCL Holdings Group.

The transactions and relationships between Intesa Sanpaolo S.p.A. and the Group at December 31, 2013 are summarized below:

- Banca IMI (a wholly owned subsidiary of Intesa Sanpaolo S.p.A.) is, together with Unicredit Bank AG (subsidiary of one of the shareholders and also Agent and Security Agent of the Senior Facilities Agreement), Credit Suisse AG and Natixis S.A., the Original Lender and Mandated Lead Arrangers of the Senior Facilities Agreement dated October 10, 2008 and amended and restated from time to time and on October 31, 2012;
- at December 31, 2013, Intesa Sanpaolo S.p.A. has a representative on the board of directors and a representative on the board of statutory auditors of Guala Closures S.p.A.;
- at December 31, 2013, Intesa Sanpaolo S.p.A. has a representative on the board of directors of GCL Holdings GP S.à r.l. (General Partner of GCL Holdings S.C.A.);
- at December 31, 2013, Intesa Sanpaolo S.p.A. has a representative on the board of directors of GCL Holdings LP S.à r.l. (General Partner of GCL Holdings GP S.à r.l.);

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(41) Related party transactions (Continued)

- at December 31, 2013, Intesa Sanpaolo S.p.A. controls an ultimate beneficial voting interest of 19.6%, via an investment in GCL Holdings L.P. S.à r.l.;
- Intesa Sanpaolo S.p.A., also through its subsidiaries Banca IMI, Leasint S.p.A. and Mediocredito Italiano S.p.A., has granted significant financing to the Group and is one of its main financial lenders;
- Guala Closures S.p.A. entered into interest rate swap agreements with Intesa Sanpaolo S.p.A. to hedge the interest rate exposure of the Senior Credit Facilities;
- transactions with Intesa Sanpaolo S.p.A. take place on an arm's length basis.

In addition, DLJ Merchant Banking Funds is considered to be a related party of the Group.

The transactions and relationships between DLJ Merchant Banking Funds and the Group at December 31, 2013 are summarized below:

- at December 31, 2013, DLJ Merchant Banking LLC has four representatives on the board of directors of GCL Holdings GP S. à r. l. (General Partner of GCL Holdings S.C.A.);
- at December 31, 2013, DLJ Merchant Banking LLC has two representatives on the board of directors of GCL Holdings LP S. à r. l.;
- at December 31, 2013, DLJ Merchant Banking LLC has five representatives on the board of directors of Guala Closures S.p.A.;
- DLJ Merchant Banking LLC is currently the beneficial owner of 58% of GCL Holdings S.C.A. via its indirect ownership of 35.4% of GCL Holdings L.P. S. à r.l.;
- transactions with DLJ Merchant Banking LLC take place on an arm's length basis.

Related parties also include a pension fund for employees of the former Metal Closures Ltd. (now Guala Closures UK Ltd.) managed by Metal Closures Group Trustees Ltd.. Considering the performance of the pension fund, the company was not required to transfer funds thereto. Employees have paid their contributions. Reference should be made to note 26) Employee benefits to the consolidated financial statements for additional information.

(42) Contingent liabilities

The large taxpayers office of the Piedmont regional tax office carried out a general tax inspection of Guala Closures S.p.A. on the 2010 tax year. The inspectors assessed adjustments to the transfer price policy which would lead to assessed taxes of € 0.4 million plus penalties. In March 2014, the company met the tax authorities to discuss the adjustment. Management is confident that it can refute the allegations made by the inspectors in their assessment report.

At the date of publication of these consolidated financial statements, there were no additional significant contingent liabilities in relation to which the Group can currently foresee future expenditure.

(43) Operating leases

The Group leases a number of warehouse and factory facilities under operating leases. The leases typically run for a period of 4-6 years, with an option to renew the lease after that date. Some leases provide for additional rent payments that are based on changes in local price indices.

Future minimum lease payments

At December 31, the future minimum lease payments under non-cancellable leases were receivable as follows:

<u>Thousands of Euros</u>	<u>2012</u>	<u>2013</u>
Less than one year	4,063	4,209
Between one and five years	10,015	9,647
More than five years	4,617	3,307
Total	<u>18,695</u>	<u>17,163</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(43) Operating leases (Continued)

Amounts recognized in profit or loss

<u>Thousands of Euros</u>	<u>2012</u>	<u>2013</u>
Lease expense	5,780	5,979
Contingent rent expense	22	26
Sublease income	(10)	(19)

(44) Commitments and guarantees

The Group's commitments and guarantees given at December 31, 2013 can be grouped into those guarantees given in relation to the Senior Facilities Agreement and Senior Secured Notes due in 2019 and other guarantees given by other group companies, detailed as follows:

GCL Holdings S.C.A.

- Receivables Pledge of GCL Holdings S.C.A.'s receivables under the Proceeds Loan, dated April 20, 2011 (also securing the Senior Notes due in 2018).
- Pledge of the shares of Guala Closures S.p.A. held by GCL Holdings S.C.A.

Guala Closures S.p.A.

- Pledge of the shares held by Guala Closures S.p.A. in Guala Closures International B.V.
- Special lien on the following assets of Guala Closures S.p.A.: (securing the Senior Facilities Agreement only)
 - existing and future chattels not listed in public registers which Guala Closures S.p.A. uses in its operations or as plant and machinery;
 - raw materials, work in progress, stock, finished goods held at any time at Guala Closures S.p.A.'s warehouses (or with third parties or holders of any kind);
 - goods that Guala Closures S.p.A. purchases with income from the financing secured by the special lien;
 - receivables arising after the special lien was signed following the sale of some of the above assets;
 - any revenues and related assets in connection therewith.
- Pledge of Guala Closures S.p.A.'s intellectual property rights

Guala Closures UK Ltd.

- A bond and floating charge on all the assets of Guala Closures UK Ltd..

Guala Closures International B.V.

- Pledge of the shares of Guala Closures Patents B.V. held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures China B.V. held by Guala Closures International B.V.
- Specific security deed of the shares of Guala Closures Australia Holdings Pty Ltd. held by Guala Closures International B.V.
- Pledge of the participatory interests and shares of Guala Closures Ukraine LLC held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures Mexico S.A. de C.V. held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures Iberica S.A. held by Guala Closures International B.V.
- Specific security deed of the shares of Guala Closures New Zealand Ltd. held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures do Brasil Ltda held by Guala Closures International B.V.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(44) Commitments and guarantees (Continued)

- Charge on the shares of Guala Closures UK Ltd. held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures DGS Poland [Spółka Akcyjna] held by Guala Closures International B.V.

Guala Closures Patents B.V.

- Pledge of the material intellectual property of Guala Closures Patents B.V.

Guala Closures Australia Holdings Pty Ltd

- Specific security on Guala Closures Australia Pty Ltd. shares held by Guala Closures Australia Holdings Pty Ltd.

Guala Closures Australia Pty Ltd.

- Specific security and general security deed granted on the assets of Guala Closures Australia Pty Ltd.

Guala Closures do Brasil Ltda.

- Mortgage on certain real estate property owned by Guala Closures do Brasil Ltda. (security documents executed in January 2013).

The other guarantees given by group companies at December 31, 2013 are as follows:

Guala Closures Mexico S.A. de C.V.

- Mortgage on land given to Scotia Bank for an amount of Mexican pesos 54 million

Guala Closures Argentina S.A.

- Mortgage on building given to Banco de la Nación Argentina for an amount of ARS 5.5 million

Guala Closures South Africa Pty Ltd

- Bank Guarantees for Warehouse Lease for an amount of South African rand 0.5 million

Thousand of Euros

December 31, 2013

Guala Closures S.p.A.

Third party assets held by the Company	3,339
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(45) Events after the reporting period

Incorporation of Guala Closures Japan KK:

In order to accelerate the Group's development in the Far East and Pacific area, a commercial company has been created in Japan.

On February 26, 2014, registration of the incorporation of Guala Closures Japan KK was completed.

Ukraine's political and economic situation:

Ukraine's political and economic situation has deteriorated significantly since the end of November 2013 after the Government's decision not to sign the Association Agreement and the Deep and Comprehensive Free Trade Agreement with the European Union. Political and social unrest combined with rising regional tensions has worsened the ongoing economic crisis and has resulted in an increase in the state budget deficit and the depletion of the National Bank of Ukraine's foreign currency reserves and, as a result, further downgrading of the Ukrainian sovereign debt credit ratings. In February 2014, following the devaluation of the national currency, the National Bank of Ukraine has introduced certain administrative restrictions on currency conversion transactions and has announced a transition to floating foreign exchange rate regime. The final resolution and the effects of political crisis are difficult to predict but it may have further severe effects on the Ukrainian economy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(45) Events after the reporting period (Continued)

Whilst management believes it is taking appropriate measures to support the sustainability of the Company's business in the current circumstances, a further deterioration in the business environment could negatively affect the Company's results and financial position in a manner that is not currently determinable. Submitted financial information for consolidation purposes reflects management's current assessment of the impact of the Ukrainian business environment on the Company's operations and the financial position of the Company. The future business environment may differ from management's assessment.

Directors of GCL Holdings GP S.à r.l.
General Partner of GCL Holdings S.C.A.

Luxembourg, April 30, 2014

Guala Closures S.p.A.
AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD
ENDED DECEMBER 31, 2015

REPORT OF THE AUDITORS



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(Translation from the Italian original which remains the definitive version)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010

To the sole shareholder of
Guala Closures S.p.A.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of the Guala Closures Group (the "group"), which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statements of profit or loss and other comprehensive income (expenses), changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The parent's directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting standards endorsed by the European Union.

Independent auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing (ISA Italia) promulgated pursuant to article 11.3 of Legislative decree no. 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), entità di diritto svizzero.

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20124 Milano MI ITALIA



Opinion

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as at 31 December 2015 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union.

Report on other legal and regulatory requirements

Opinion on the consistency of the directors' report with the consolidated financial statements

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion, as required by the law, on the consistency of the directors' report, which is the responsibility of the company's directors, with the consolidated financial statements. In our opinion, the directors' report is consistent with the consolidated financial statements of the Guala Closures Group as at and for the year ended 31 December 2015.

Turin, 13 April 2016

KPMG S.p.A.

(signed on the original)

Roberto Bianchi
Director of Audit

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated statement of financial position Guala Closures Group—ASSETS

<u>(Thousands of Euros)</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>	<u>Note</u>
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	35,047	61,754	4
Current financial assets	69	65	5
Trade receivables—third parties	92,108	86,880	6
Trade receivables—related parties	—	436	7
Inventories	64,307	67,301	8
Current direct tax assets	2,162	2,138	9
Current indirect tax assets	7,190	5,821	10
Financial derivative assets	66	—	11
Other current assets	3,724	3,382	12
Total current assets	<u>204,672</u>	<u>227,777</u>	
<i>Non-current assets</i>			
Non-current financial assets	222	194	13
Property, plant and equipment	202,825	185,680	14
Intangible assets	385,554	376,656	15
Deferred tax assets	9,171	8,060	16
Other non-current assets	699	414	17
Total non-current assets	<u>598,471</u>	<u>571,004</u>	
TOTAL ASSETS	<u>803,144</u>	<u>798,780</u>	

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated statement of financial position Guala Closures Group—LIABILITIES AND EQUITY

(Thousands of Euros)	December 31, 2014	December 31, 2015	Note
LIABILITIES AND EQUITY			
<i>Current liabilities</i>			
Current financial liabilities—third parties	8,920	9,378	18
Current financial liabilities—related parties	7,316	3,320	19
Trade payables—third parties	54,327	66,905	20
Trade payables—related parties	—	1,548	21
Current direct tax liabilities	4,440	5,198	22
Current indirect tax liabilities	3,854	4,290	23
Current provisions	8,937	1,624	24
Financial derivative liabilities	3,036	1,071	25
Other current liabilities	22,038	22,485	26
Total current liabilities	112,868	115,818	
<i>Non-current liabilities</i>			
Non-current financial liabilities—third parties	334,700	349,893	18
Non-current financial liabilities—related parties	153,726	152,226	19
Employee benefits	7,318	5,745	27
Deferred tax liabilities	19,155	15,981	16
Non-current provisions	686	148	24
Other non-current liabilities	166	112	28
Total non-current liabilities	515,751	524,105	
Total liabilities	628,619	639,923	
Share capital and reserves attributable to non-controlling interests	16,641	17,302	
Profit for the year attributable to non-controlling interests	7,156	7,397	
Equity attributable to non-controlling interests	23,796	24,699	30
<i>Equity attributable to the owners of the Company</i>			
Share capital	74,624	74,624	
Share premium reserve	184,582	184,582	
Legal reserve	775	775	
Participating financial instruments reserve	50,731	55,512	
Translation reserve	(35,715)	(46,077)	
Hedging reserve	(1,170)	(974)	
Losses carried forward and other reserves	(98,707)	(122,762)	
Loss for the year	(24,391)	(11,522)	
Equity attributable to the owners of the Company	150,729	134,158	29
Total equity	174,525	158,857	
TOTAL LIABILITIES AND EQUITY	803,144	798,780	

The accompanying notes are an integral part of the consolidated financial statements.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (EXPENSE)**

**Consolidated statement of profit or loss and other comprehensive income (expense)
Guala Closures group**

<u>(Thousands of Euros)</u>	<u>2014</u>	<u>2015</u>	<u>Note</u>
<i>Net revenue</i>	487,794	520,533	31
Change in inventories of finished goods and semi-finished products	1,023	3,066	8
Other operating income	9,974	10,719	32
Costs for raw materials	(219,182)	(233,336)	33
Costs for services—third parties	(85,774)	(90,432)	34
Costs for services—related parties	—	(1,548)	35
Personnel expense	(90,719)	(92,912)	36
Other operating expense	(14,135)	(11,259)	37
Amortization, depreciation and impairment losses	(39,396)	(37,547)	6-14-15
Operating profit	49,585	67,284	
Financial income	7,754	11,081	38
Financial expense—third parties	(37,744)	(40,039)	39
Financial expense—related parties	(19,902)	(15,203)	40
Net finance costs	(49,892)	(44,161)	
Profit (loss) before taxation	(306)	23,123	
Income taxes	(16,812)	(22,468)	42
Profit (loss) for the year	(17,118)	655	
Other comprehensive income (expense)			
Items that will never be reclassified to profit or loss:			
Actuarial gains/(losses) on defined benefit liability (asset)	(821)	337	
	<u>(821)</u>	<u>337</u>	
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations	(13,107)	(12,341)	
Effective portion of fair value gains (losses) of cash flow hedges	(273)	(47)	
Net change in fair value of cash flow hedges reclassified to profit or loss	350	318	
Tax on items that are or may be reclassified subsequently to profit or loss	(21)	(75)	
	<u>(13,051)</u>	<u>(12,145)</u>	
Other comprehensive expense for the year, net of tax	(13,872)	(11,808)	
Total comprehensive expense for the year	(30,990)	(11,153)	
Profit (loss) attributable to:			
owners of the shares of the Company	(24,391)	(11,522)	
owners of the Participating Financial Instruments of the Company	118	4,781	
non-controlling interests	7,156	7,397	
Total result for the year	(17,118)	655	
Total comprehensive income (expense) attributable to:			
owners of the shares of the Company	(34,958)	(21,351)	
owners of the Participating Financial Instruments of the Company	118	4,781	
non-controlling interests	3,850	5,418	
Total comprehensive income (expense) for the year	(30,990)	(11,153)	

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Consolidated statement of cash flows Guala Closures Group

(Thousands of Euros)	2014	2015	Note
Opening cash and cash equivalents	41,163	35,047	4
A) Cash flows generated by operating activities			
Profit (loss) before taxation	(306)	23,123	
Amortization, depreciation and impairment losses	39,396	37,547	6 – 14 – 15
Net finance costs	49,892	44,161	38 – 39 – 40
Adjustments for:			
Receivables, payables and inventories	(9,613)	11,520	6 – 7 – 8 – 20 – 21
Other	1,692	(3,081)	12 – 17 – 24 – 26 – 27 – 28
VAT and indirect tax assets/liabilities	1,612	2,092	10 – 23
Income taxes paid	(21,148)	(24,112)	9 – 22 – 42
TOTAL	61,524	91,248	
B) Cash flows used in investing activities			
Acquisitions of property, plant and equipment and intangible assets	(33,848)	(22,258)	14 – 15 – 26
Proceeds from sale of property, plant and equipment and intangible assets	350	116	12 – 14 – 15
Proceeds from sale of assets held for sale	8	—	
TOTAL	(33,490)	(22,142)	
C) Cash flows used in financing activities			
Acquisition of non-controlling interest in Guala Closures China BV	(224)	—	
Acquisition of non-controlling interest in Guala Closures Argentina	(1,030)	(689)	
Interest received	274	930	38
Interest paid	(41,957)	(44,801)	39 – 40
Other financial items	76	(1,108)	
Dividends paid	(6,555)	(3,858)	26
Proceeds from new borrowings	35,320	19,733	
Repayment of borrowings	(18,185)	(8,220)	
Repayment of finance leases	(2,092)	(2,007)	
Change in financial assets	142	82	
TOTAL	(34,230)	(39,939)	
D) Net cash flow for the year	(6,196)	29,167	
Effect of exchange rate fluctuations on cash held	81	(2,461)	
Closing cash and cash equivalents	35,047	61,754	4

The accompanying notes are an integral part of the consolidated financial statements.

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

Consolidated statement of changes in equity—Guala Closures Group

(Thousands of Euros)	Attributable to the owners of the Company							Losses carried forward and other reserves	Loss for the year
	Share capital	Share premium reserve	Legal reserve	Participating financial instruments	Translation reserve	Hedging reserve	Losses carried forward and other reserves		
Balance at January 1, 2014	74,624	184,582	775	—	(25,911)	(1,226)	(78,762)	(18,275)	
Allocation of 2013 profit (loss)							(18,275)	18,275	
Profit (loss) for the year ended December 31, 2014				118					
Other comprehensive expense					(9,804)	56	(819)		
Total comprehensive income/(expense) for the year	—	—	—	118	(9,804)	56	(19,094)	(6,111)	
Dividends to non-controlling interests									
Participating financial instruments				50,613					
Total contributions by and distributions to owners of the Company	—	—	—	50,613	—	—	—	—	
Acquisition of non-controlling interests without a change in control (*)							(852)		
Total changes in ownership interests in subsidiaries	—	—	—	—	—	—	(852)	—	
Balance at December 31, 2014	74,624	184,582	775	50,731	(35,715)	(1,170)	(98,707)	(24,391)	
Balance at January 1, 2015	74,624	184,582	775	50,731	(35,715)	(1,170)	(98,707)	(24,391)	
Allocation of 2014 profit (loss)							(24,391)	24,391	
Profit (loss) for the year ended December 31, 2015				4,781					
Other comprehensive expense					(10,362)	196	337		
Total comprehensive income/(expense) for the year	—	—	—	4,781	(10,362)	196	(24,054)	12,866	
Dividends to non-controlling interests									
Total contributions by and distributions to owners of the Company	—	—	—	—	—	—	—	—	
Balance at December 31, 2015	74,624	184,582	775	55,512	(46,077)	(974)	(122,762)	(11,525)	

(*) The acquisition of non-controlling interests without a change in control does not include €475 thousand of translation adjustments and €377 thousand of other comprehensive expense.

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT DECEMBER 31, 2015

GENERAL INFORMATION

(1) The Group's activities and key changes in its structure during the year

Guala Closures Group's main activities involve the design and manufacturing of closures for spirits, wine and non-alcoholic drinks such as water, olive oil and vinegar, as well as pharma products to be sold on the domestic and international markets.

The Group is also active in the field of production of PET plastic preforms and bottles.

The Group's activities are separated into two divisions:

- the Closures division, representing the Group's core business, specialized in the production of safety closures (safety product line), standard aluminum closures, customized plastic and aluminum closures (decorative product line) and closures for other sectors and accessories; the division also produces aluminum, plastic and rubber closures for the pharmaceutical sector;
- the PET division, which produces preforms and bottles for carbonated soft drinks (CSD product line) and preforms, bottles, molds, jars, flasks and miniature drinks bottles and containers for cosmetics, beauty products and pharmaceuticals and foodstuffs (custom molding product line). This division is no longer considered as a core business.

Currently, the Group is the European and international leader in the production of safety closures for spirits bottles, with over 60 years' experience in the sector.

It is also the leading European producer of aluminum closures for spirits bottles.

The following transactions took place in 2015:

• Merger between group companies:

On February 9, 2015, the merger between Guala Closures International B.V. and Guala Closures China B.V. was completed (effective from January 1, 2015).

On June 19, 2015, the merger between Guala Closures International B.V. and Guala Closures Patents B.V. was completed (effective from January 1, 2015).

The purpose of the above mergers is to concentrate and rationalize the resources of the companies, realising cost savings and, as a result, increasing the overall efficiency of the Group's structure.

• Incorporation of Guala Closures Chile SpA:

On September 1, 2015, Guala Closures Chile SpA was incorporated. The Group decision to install production capacity locally is aimed at better serve and further develop the Chilean market.

• Production reallocation:

On September 1, 2015, the Group decided to close the Australian site of Acacia Ridge and reallocate its crown seals production to the other Australian Group plant located in Central West in the second quarter of 2016.

This industrial reorganization will allow the Group to improve production efficiency.

The estimated plant shut-down expenses are in the region of € 0.9 million, of which € 0.2 million already paid in 2015 and the remaining € 0.7 million to be paid in 2016.

(2) Accounting policies

The consolidated financial statements at December 31, 2015 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and endorsed by the European Union ("EU"), and related interpretations. They include the financial information of the parent and all subsidiaries shown in the Group structure at December 31, 2015.

The consolidated financial statements have been prepared on a historical cost basis, except for derivatives which are measured at fair value, and on a going concern basis. Business risks and/or any identified uncertainties related to the Group's reference markets are not significant and do not cast doubts on its ability to continue as a going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(2) Accounting policies (Continued)

The consolidated financial statements have been prepared using the following formats:

- captions of the statement of financial position are classified by current and non-current assets and liabilities;
- statement of profit or loss and other comprehensive income (“OCI”) captions are classified by nature;
- the statement of cash flows has been prepared using the indirect method;
- the statement of changes in equity has been prepared in accordance with the structure of changes in equity.

The consolidated financial statements have been prepared in Euros, which is the Group’s presentation currency, rounding the amounts to the nearest thousand. Any discrepancies between financial statements balances and those of the tables of the notes to the consolidated financial statements are due exclusively to rounding and do not alter their reliability or substance.

Guala Closures S.p.A.’s board of directors approved the consolidated financial statements on March 23, 2016.

The shareholders who will be called to approve the parent’s separate financial statements have the power to request changes to the consolidated financial statements.

The most important accounting policies used by the Group to draw up its consolidated financial statements are consistent with those used for the consolidated financial statements as at and for the year ended December 31, 2014 apart from that stated in paragraph (c) Changes in accounting standards. They are described below.

The accounting policies have been applied consistently across all group companies.

(a) Basis of consolidation

Accounting for business combinations

Business combinations are accounted for using the acquisition method at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Acquisitions on or after January 1, 2010

For acquisitions on or after January 1, 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss in the other income caption.

The consideration transferred does not include amounts related to the settlement of preexisting relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for in equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(2) Accounting policies (Continued)

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Acquisitions between January 1, 2004 and January 1, 2010

For acquisitions between January 1, 2004 and January 1, 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations, were capitalised as part of the cost of the acquisition.

Acquisitions prior to January 1, 2004 (date of transition to IFRSs)

As part of its transition to IFRSs, the Group elected to restate only those business combinations that occurred on or after January 1, 2004. In respect of acquisitions prior to January 1, 2004, goodwill represents the amount recognised under the Group's previous accounting framework, Italian GAAP.

Accounting for acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(2) Accounting policies (Continued)

The entities included in the consolidation scope are listed in the following table:

List of investments in subsidiaries at December 31, 2015

<u>Company name</u>	<u>Registered office</u>	<u>Currency</u>	<u>Share/quota capital</u>	<u>Investment percentage</u>	<u>Type of investment</u>	<u>Method of consolidation</u>
EUROPE						
Guala Closures International B.V.	The Netherlands	EUR	92,000	100%	Direct	Line-by-line
Pharma Trade S.r.l.	Italy	EUR	100,000	100%	Direct	Line-by-line
Guala Closures UK Ltd.	Great Britain	GBP	134,000	100%	Indirect(*)	Line-by-line
Guala Closures Iberica, S.A.	Spain	EUR	2,479,966	100%	Indirect(*)	Line-by-line
Guala Closures Ukraine LLC	Ukraine	UAH	90,000,000	70%	Indirect(*)	Line-by-line
Guala Closures Bulgaria AD	Bulgaria	BGN	10,420,200	70%	Indirect(*)	Line-by-line
Guala Closures Tools AD	Bulgaria	BGN	2,375,700	70%	Indirect(*)	Line-by-line
Guala Closures DGS Poland S.A.	Poland	PLN	595,000	70%	Indirect(*)	Line-by-line
ASIA						
Guala Closures India pvt Ltd.	India	INR	170,000,000	95.0%	Indirect(*)	Line-by-line
Beijing Guala Closures Co. Ltd.	China	CNY	20,278,800	100%	Indirect(*)	Line-by-line
Guala Closures Japan KK	Japan	JPY	5,000,000	100%	Indirect(*)	Line-by-line
LATIN AMERICA						
Guala Closures Mexico, S.A. de C.V.	Mexico	MXN	94,630,010	100%	Indirect(*)	Line-by-line
Guala Closures Servicios Mexico, S.A. de C.V.	Mexico	MXN	50,000	100%	Indirect(*)	Line-by-line
Guala Closures Argentina S.A.	Argentina	ARS	17,702,910	98.38%	Indirect(*)	Line-by-line
Guala Closures do Brasil LTDA	Brazil	BRL	10,736,287	100%	Indirect(*)	Line-by-line
Guala Closures de Colombia LTDA	Colombia	COP	8,691,219,554	93.20%	Indirect(*)	Line-by-line
Guala Closures Chile SpA	Chile	CLP	36,729,000	100%	Indirect(*)	Line-by-line
OCEANIA						
Guala Closures New Zealand Ltd.	New Zealand	NZD	5,700,000	100%	Indirect(*)	Line-by-line
Guala Closures Australia Holdings Pty Ltd.	Australia	AUD	34,450,501	100%	Indirect(*)	Line-by-line
Guala Closures Australia Pty Ltd.	Australia	AUD	810	100%	Indirect(*)	Line-by-line
AFRICA						
Guala Closures South Africa Pty Ltd.	South Africa	ZAR	60,000,000	100%	Indirect(*)	Line-by-line
REST OF THE WORLD						
Guala Closures North America, Inc.	United States	USD	60,000	100%	Indirect(*)	Line-by-line

Note:

(*) Reference should be made to the chart illustrating the Group structure for further details on the indirect investments.

The table does not include the figures for Metal Closures Group Trustee Ltd. (the company that manages the Metal Closures pension schemes—see note 27) “Employee benefits”) as they are not consolidated due to their immaterial size.

Consolidation procedures

The financial statements of the subsidiaries are prepared for each reporting period using the same accounting policies as those of the parent. Consolidation adjustments are recognized to make those captions impacted by the application of different accounting policies consistent. All intragroup balances and transactions, including any unrealized profits on transactions within the Group, are completely eliminated. Unrealized losses, other than impairment losses, are eliminated. The related tax effects are measured on all consolidation adjustments.

(b) Use of estimates and judgments

Following the adoption of IFRS, management has to make judgments, estimates and assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, costs and revenue. Estimates and the related assumptions are based on past experience and other factors considered to be reasonable in the circumstances. They are adopted to estimate the carrying amount of assets and liabilities that cannot easily be assumed from other sources. However, as they are estimates, the actual

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(2) Accounting policies (Continued)

figure may not match the result of the estimate. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended December 31, 2015 is included in the following notes: allowances for impairment and inventory write-down (note 8), amortization and depreciation (notes 14-15), impairment of non-current assets (note 17), employee benefits (note 27), taxes (note 42), provisions (note 24), and to measure financial derivatives (notes 11-25) and effects of business combinations.

Such estimates and assumptions are reviewed regularly. Any changes arising therefrom are recognized in the year in which the review takes place if this only affects that year. If the review relates to both current and future years, the change is recognized in the year in which the review takes place and in the related future year.

(c) Changes in accounting standards

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of January 1, 2015:

- Accounting for an obligation to pay a levy that is not income tax (IFRIC Interpretation 21—Levies and interpretation of IAS 37—Provisions, contingent liabilities and contingent assets). The interpretation, effective from January 1, 2015, sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation identifies the obligations event for the recognition of a liability as the activity that triggers the payment of the levy. There was no significant effect on the consolidated financial statements from the application of this interpretation.
- IASB issued Annual Improvements to IFRSs 2011—2013 Cycle. The most important topics addressed in these amendments are, among others, the extension of the exclusion from the scope of IFRS 3—Business combinations to all types of joint arrangements and to clarify the application of certain exceptions in IFRS 13—Fair value measurement. The improvements are effective for annual periods beginning on or after January 1, 2015.

The application of these amendments had no significant effect on the disclosures presented in these consolidated financial statements or on the measurement of the related items.

(d) Foreign currency

Functional currency and presentation currency

The figures stated in the financial statements of each group company are measured using their functional currency, being the currency of the primary economic environment in which the company operates. The consolidated financial statements are drawn up in Euros, the parent's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions, including the effects of fair value adjustments arising from business combinations and goodwill from acquisitions of entities whose functional currency is not the Euro, are translated into the functional currency applying the exchange rate ruling on the date of the transaction. Monetary items in foreign currency existing at the reporting date are translated into Euros using the closing rate. Exchange rate gains and losses are taken to profit or loss. Non-monetary items measured at their historical cost in foreign currency are translated using the exchange rate ruling on the transaction date. Non-monetary items measured at fair value in foreign currency are translated into Euros using the exchange rates ruling on the date their fair value was determined.

Financial statements of the foreign companies

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Euros at the closing rates. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated into Euros at the exchange rates at the dates of the transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(2) Accounting policies (Continued)

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

The following exchange rates are applied to translate those financial statements presented in currencies that are not legal tender in Italy:

Statement of financial position

<u>1 Euro = x foreign currency</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Pound sterling	0.77890	0.73395
US dollar	1.21410	1.08870
Indian rupee	76.71900	72.02150
Mexican peso	17.86790	18.91450
Colombian peso	2,892.26000	3,456.01000
Brazilian real	3.22070	4.31170
Chinese renmimbi	7.53580	7.06080
Argentinean peso	10.27550	14.09720
Polish zloty	4.27320	4.26390
New Zealand dollar	1.55250	1.59230
Australian dollar	1.48290	1.48970
Ukrainian hryvnia	19.20600	26.15870
Bulgarian lev	1.95580	1.95580
South African Rand	14.03530	16.95300
Japan Yen	145.23000	131.07000
Chilean peso	n.a.	772.71300

Statement of profit or loss and other comprehensive income (expense)

<u>1 Euro = x foreign currency</u>	<u>2014</u>	<u>2015</u>
Pound sterling	0.80643	0.72600
US dollar	1.32884	1.10963
Indian rupee	81.06888	71.17522
Mexican peso	17.66208	17.59948
Colombian peso	2,654.99398	3,042.08500
Brazilian real	3.12277	3.69160
Chinese renmimbi	8.18825	6.97300
Argentinean peso	10.77447	10.24954
Polish zloty	4.18447	4.18279
New Zealand dollar	1.59986	1.59067
Australian dollar	1.47240	1.47648
Ukrainian hryvnia	15.87113	24.28918
Bulgarian lev	1.95580	1.95580
South African Rand	14.40652	14.15280
Japan Yen	140.37150	134.28657
Chilean peso	n.a.	766.55400

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(2) Accounting policies (Continued)

(e) Cash and cash equivalents

Cash and cash equivalents include cash balances and on-demand deposits as well as all highly-liquid investments with an original expiry date equal to or of less than three months.

Cash and cash equivalents are calculated in the same way for both the statement of financial position and statement of cash flows.

(f) Derivatives

The Group uses derivatives solely to hedge interest rate risks, the risk of fluctuations in the purchase price of aluminum and currency risk related to purchase and sales transactions.

In line with its treasury policy, the Group does not hold or issue derivatives for speculative or trading purposes. Nevertheless, those derivatives that do not qualify for hedge accounting are recognized as trading instruments.

Derivative financial assets and liabilities are initially measured at fair value which is then remeasured at each reporting date.

The fair value of interest rate swaps is the present value of the difference between the rate to pay/receive and the interest rate based on market trends at the same date as the swap.

The fair value of currency swaps, currency options and derivatives related to the price of raw materials is calculated by leading financial institutions on the basis of market conditions.

To reduce the risk of default, the counterparties in the derivative contracts are usually leading banks and financial institutions.

Cash flow hedges

The effective part of changes in the fair value of those derivatives that qualify as cash flow hedges and which are highly effective is recognized in other comprehensive income and presented in the hedging reserve in equity. The amounts included in this reserve and subsequent changes in the fair value of the derivatives are reclassified to profit or loss in the year in which the flows generated by the hedged captions affect profit and loss.

Changes in the fair value of those derivatives that do not qualify as cash flow hedges and the ineffective portion of those which do qualify are recognized in profit or loss.

(g) Trade and other receivables

Trade and other receivables with due dates in line with generally accepted current trade terms are initially recognized at fair value, which generally equals their nominal amount. They are subsequently measured at amortized cost, net of identified impairment losses. The estimate of the amounts considered unrecoverable is based on the present value of estimated future cash flows.

Impairment losses are recognized in profit and loss under amortization, depreciation and impairment losses.

(h) Inventories

Inventories are measured at the lower of purchase or production cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

The production cost of finished goods includes the portions of the costs of raw materials and external materials and processing, as well as all other direct and indirect production costs reasonably attributable to the products, excluding financial expense.

Purchase or production cost is calculated on a weighted average cost basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(2) Accounting policies (Continued)

Obsolete and/or slow-moving inventories are written down on the basis of their estimated possibility of use or future realizable value, through an accrual to the specific allowance adjusting the value of inventories. The amount is reinstated if, in subsequent years, the reasons for the write-down no longer exist.

(i) Assets held for sale and discontinued operations

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets or employee benefit assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognized in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated.

(j) Property, plant and equipment

Property, plant and equipment are recognized at historical cost, including directly related ancillary costs necessary for the use of the asset. Borrowing costs related to loans taken out specifically for investments in property, plant and equipment are considered part of the carrying amount of the related assets and, as such, capitalized.

Subsequent expenditure is included in an asset's carrying amount when it is probable that the future economic benefits exceeding those determined originally will flow to the Group. This expenditure is depreciated over the related asset's residual useful life. All other expenditure is expensed in the year in which it is incurred.

Where significant components of the asset have different useful lives, they are recognized separately.

Property, plant and equipment are shown net of accumulated depreciation and any impairment losses determined as set out later on.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The depreciation periods are as follows:

	<u>Depreciation period (years)</u>
Buildings	30 – 35
Light constructions	8 – 10
Specific plant, machinery, presses and molds	4 – 12
Generic plant	10 – 13
Laboratory equipment	2 – 3
Canteen equipment, office furniture and equipment and fittings for exhibitions and trade fairs	8 – 10
Vehicles, canteen facilities	4 – 6
Internal means of transport, electronic equipment and mobile phones	5 – 8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(2) Accounting policies (Continued)

The carrying amount of property, plant and equipment is tested for impairment if events or changed circumstances suggest that the carrying amount may not be recovered. If there is an indication of this type and in the event the carrying amount exceeds the estimated realizable value, the assets are adjusted to their realizable value. The realizable value of property, plant and equipment is the higher of an asset's net selling price and its value in use. Value in use is defined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market estimate of the time value of money and specific risks of the item of property, plant and equipment. Impairment losses are recognized in profit or loss under amortization, depreciation and impairment losses. Such impairment losses are reversed if the reasons for impairment are no longer valid.

Subsequent expenditure is included in an asset's carrying amount when it is probable that the future economic benefits exceeding those determined originally will flow to the Group. This expenditure is depreciated over the related asset's residual useful life. All other expenditure is expensed in the year in which it is incurred.

At the time of disposal or when there are no expected future economic benefits from an asset's use, the caption is derecognized. Any gain or loss (calculated as the difference between the sales amount and carrying amount) is taken to profit or loss in the year of derecognition.

(k) Leases

Finance leases

Leases for property, plant and equipment where the Group substantially takes on all risks and rewards incidental to ownership are classified as finance leases. Plant and machinery acquired under finance leases are recognized at the lower of fair value and the present value of the minimum lease payments due at the inception of the lease, net of accumulated depreciation and any impairment losses. The related assets, liabilities, revenue and expense deriving from the lease are recognized under the financial method at the inception of the lease, i.e., when the lessee is authorized to exercise its right to use the leased asset.

Property, plant and equipment acquired under finance leases are depreciated over the related asset's useful life.

Interest expense on finance lease payments is recognized in profit or loss using the effective interest method.

Operating leases

Those leases where the Group does not substantially take on all risks and rewards incidental to ownership are recognized as operating leases. Operating lease payments are taken to profit or loss on a straight-line basis over the lease term.

(l) Intangible assets

Goodwill

Goodwill arising from the acquisition of subsidiaries is initially recognized at cost. After initial recognition, goodwill is adjusted for any accumulated impairment losses, determined using the criteria described later on.

Goodwill is tested for impairment on an annual basis at least, or more frequently if events or changes in circumstances take place that could give rise to impairment losses. At the date of acquisition, any goodwill is allocated to each of the cash-generating units that are expected to benefit from the synergic effects of the acquisition. Any impairment losses are identified through assessment of each unit's ability to generate cash flows such to recover the part of goodwill allocated to it, using the method described in the section on Property, plant and equipment. An impairment loss is recognized in the event the amount recoverable by the cash-generating unit is less than its carrying amount.

These impairment losses are not reversed if the reasons for impairment are no longer valid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(2) Accounting policies (Continued)

Research expenditure

Expenditure on research undertaken to gain scientific and technical knowledge and information is recognized as an expense when incurred.

Development expenditure

Development expenditure, which also relates to the application of research findings to a plan or design for the production of new or substantially improved products or processes, is capitalized when the product or process is feasible in technical and commercial terms and the Group has adequate resources to complete the development stage.

Capitalized development expenditure is measured at cost, net of accumulated amortization and impairment losses.

Other intangible assets

These assets are measured at cost, determined in the same way as described for property, plant and equipment.

Other intangible assets, which all have a finite useful life, are subsequently shown net of accumulated amortization and any impairment losses, determined in the same way as described for property, plant and equipment.

Useful life is checked annually and, where necessary, any changes are reflected on a prospective basis.

The amortization periods for other intangible assets are as follows:

	Amortization period (years)
Development expenditure	5
Patents and trademarks	5 – 10
Software	5
Licenses	5
Other capitalized expenditure	5 or in line with the contract term

Subsequent expenditure is included in an asset's carrying amount when it is probable that the future economic benefits exceeding those determined originally will flow to the Group. This expenditure is amortized over the related asset's residual useful life. All other expenditure is expensed in the year in which it is incurred.

The gain or loss arising from the disposal of an intangible asset is determined as the difference between the net disposal proceeds and carrying amount. It is recognized in profit or loss at the time of disposal.

(m) Income taxes

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in the consolidated statement of equity or in OCI.

Current tax comprises the expected tax payable or receivable on the taxable profit or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantially enacted at the reporting date. Current tax also includes any tax arising from dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(2) Accounting policies (Continued)

- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The income tax consequences of dividends are recognized when the dividend is approved.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(n) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets in the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets.

Held-to-maturity investments

If the Group has the positive intent and ability to hold debt instruments to maturity, then such financial assets are classified as held to maturity. Held-to-maturity investments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available for sale, and prevent the Group from classifying investment securities as held to maturity for the current and following two years.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(2) Accounting policies (Continued)

costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt instruments.

(o) Non-derivative financial liabilities

The Group initially recognises debt instruments issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Group classifies non-derivative financial liabilities in the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a decrease in equity, net of any tax effects.

Business combinations

When as a result of a takeover/acquisition of control not involving the entire stake in the acquiree, the Group has the potential obligation to acquire the residual investment in the acquiree should the non-controlling investors exercise a put option and the non-controlling investors still have present access to the economic benefit associated with the underlying ownership interests, it recognizes a liability calculated by discounting the estimated value at the exercise date using the present access method whereby a liability is recognized decreasing the equity caption "Retained earnings (losses carried forward)" in the first year, with subsequent remeasurement recognized in profit or loss as financial expense.

(p) Trade payables

Trade payables with due dates in line with generally accepted trade terms are initially recognized at fair value and subsequently measured at amortized cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(2) Accounting policies (Continued)

(q) Employee benefits

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

IFRIC 14 clarifies the provisions of IAS 19 "Employee benefits" with respect to the measurement of defined benefit plan assets when there is a minimum funding requirement. A defined benefit plan is in surplus when the fair value of the plan assets exceeds the present value of the defined benefit obligation. IFRIC 14/IAS 19 only permit the recognition of this surplus at the present value of the financial benefits available through refunds or reductions in future contributions. Moreover, disclosure is required when the plan requires a minimum contribution that could give rise to a liability.

The post-employment benefits in Italy (TFR, trattamento di fine rapporto) are treated in the same way as benefit obligations arising from defined benefit plans.

(r) Provisions

Provisions include certain or probable costs and charges, the amount or due date of which is unknown at year end. A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow from the Group of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation. The provisions are stated as the best estimate of the expenditure required to settle the obligation at the reporting date or to transfer it to a third party at that date. If the impact of discounting the time value of money is significant, the provision is determined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

(s) Participating financial instruments

In accordance with IAS 32, the participating financial instruments issued by Guala Closures S.p.A. at the end of 2014 have to be recognized as part of the Group's equity components due to their terms. Following the guidance of IAS 1, the Participating Instruments are recognized in the Participating Finance Instruments reserve as a separate component of equity. Any borrowing costs incurred are directly deducted from the participating financial instruments, taking account of related deferred income taxes.

Accordingly, the tax-deductible interest payments are not shown under interest expense but are treated similarly to dividend obligations with Guala Closures S.p.A. shareholders.

Since the participating financial instruments are issued by the parent, the interest accrued during the accounting period is shown as part of the allocated profit or loss and other comprehensive income or loss

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(2) Accounting policies (Continued)

attributable to the equity holders of the parent and, consequently, in the reconciliation of changes in each equity reserve, the profit attributable to the participating financial instruments is allocated to the participating financial instruments reserve disclosing any cumulative interest / dividends which have not yet been distributed / paid.

(t) Revenue

Revenue is recognized to the extent that it is possible to reliably determine its amount and it is probable that the related economic benefits will flow to the Group. Revenue is recognized using the following criteria depending on the type of transaction:

- revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have been transferred to the buyer;
- recovery of the consideration is probable and the associated costs and possible return of goods can be estimated reliably;
- there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.
- revenue for services is recognized in relation to the stage of completion of the transaction at the reporting date.

Revenue is measured net of returns, trade discounts and volume rebates.

No revenue is recognized if significant uncertainties exist in relation to the collection of the related receivables net of any returns.

(u) Grants

Grants relating to assets and income are recognized when there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Grants related to assets are recognized as deferred revenue under Other liabilities in the statement of financial position and are taken to profit or loss on a systematic basis to offset them against the depreciation of the relevant assets. Grants relating to income are recognized under Other operating income.

(v) Financial income and expense

Financial income and expense are recognized on an accruals basis and calculated on the carrying amount of the related financial assets and liabilities using the effective interest method.

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Borrowing costs related to loans taken out specifically for investments in property, plant and equipment are considered part of the carrying amount of the related assets and, as such, capitalized.

(w) New standards and interpretations not adopted early

The following new standards and amendments applicable from January 1, 2016 were issued by the IASB. The Group is currently evaluating the implementation method and the impact of adoption of new standards and amendments effective after January 1, 2017 on the consolidated financial statements. It will comply with the relevant guidance no later than their respective effective dates.

- In November 2013, the IASB issued amendments to IAS 19—Employee benefits entitled “Defined Benefit Plans: Employee Contributions” which apply to contributions from employees or third parties to defined benefit plans in order to simplify their accounting in specific cases. No significant effect is expected from the adoption of these amendments.
- In September 2014, the IASB issued the Annual Improvements to IFRSs 2010—2012 Cycle. The most important topics addressed in these amendments are, among others, the definition of vesting conditions in IFRS 2—Share-based payments, the disclosure on judgment used in the aggregation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(2) Accounting policies (Continued)

of operating segments in IFRS 8—Operating Segments, the identification and disclosure of a related party transaction that arises when a management entity provides key management personnel service to a reporting entity in IAS 24—Related Party disclosures, the extension of the exclusion from the scope of IFRS 3—Business Combinations to all types of joint arrangements and to clarify the application of certain exceptions in IFRS 13—Fair value Measurement. No significant effect is expected from the adoption of these amendments.

- In May 2014, the IASB issued amendments to IFRS 11—Joint arrangements: Accounting for acquisitions of interests in joint operations which clarify the accounting for acquisitions of an interest in a joint operation that constitutes a business. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016 with earlier application permitted for any new acquisition. No significant effect is expected from the adoption of these amendments.
- In May 2014, the IASB issued an amendment to IAS 16—Property, Plant and Equipment and to IAS 38—Intangible Assets. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. These amendments are effective for annual periods beginning on or after January 1, 2016, with early application permitted. No significant effect is expected from the adoption of these amendments.
- In August 2014, the IASB issued an amendment to IAS 27—Separate Financial Statements which outlines the accounting and disclosure requirements for ‘separate financial statements’, which are financial statements prepared by a parent, or an investor in a joint venture or associate, where those investments are accounted for either at cost or in accordance with IAS 39—Financial instruments: Recognition and Measurement or IFRS 9—Financial instruments. The standard also outlines the accounting requirements for dividends and contains numerous disclosure requirements. No significant effect is expected from the adoption of these amendments.
- In December 2014, the IASB issued amendments to IAS 1—Presentation of Financial Statements as part of its major initiative to improve presentation and disclosure in financial reports. The amendments make clear that materiality applies to the whole financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that entities should use professional judgment in determining where and in what order information is presented in the financial disclosures. The amendments are effective for annual periods beginning on or after January 1, 2016 with early application permitted. No significant effect is expected from the adoption of these amendments.

(x) Standards, amendments and interpretations not yet applicable

The European Union had not yet completed its endorsement process for these standards and amendments at the date of these consolidated financial statements:

- Standards
 - In January 2014, the IASB issued IFRS 14—Regulatory deferral accounts that permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for ‘regulatory deferral account balances’ in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. Regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and statement of profit or loss and other comprehensive income, and specific disclosures are required.
 - In May 2014, the IASB issued IFRS 15—Revenue from contracts with customers. The standard requires an entity to recognize revenue upon transfer of control of goods or services to a customer at an amount that reflects the consideration it expects to receive. This new revenue

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(2) Accounting policies (Continued)

recognition model defines a five-step process to achieve this objective. The updated guidance also requires additional disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. On September 11, 2015, the IASB issued an amendment to this standard, formalizing the deferral of the effective date for periods beginning January 1, 2018, with early application permitted.

- In July 2014, the IASB issued IFRS 9—Financial Instruments. The improvements introduced by the new standard include a logical approach for classification and measurement of financial instruments driven by cash flow characteristics and the business model in which an asset is held, a single “expected loss” impairment model for financial assets and a substantially reformed approach for hedge accounting. The standard is effective, retrospectively with limited exceptions, for annual periods beginning on or after January 1, 2018 with earlier application permitted.
- In January 2016, the IASB issued IFRS 16—Leases which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract and replaces the previous leases standard, IAS 17—Leases. IFRS 16, which is not applicable to service contracts, but is only applicable to leases or lease components of a contract, defines a lease as a contract that conveys to the customer (lessee) the right to use an asset for a period of time in exchange for consideration. IFRS 16 eliminates the classification of leases for the lessee as either operating leases or finance leases as required by IAS 17 and instead, introduces a single lessee accounting model whereby a lessee is required to recognize assets and liabilities for all leases with a term that is greater than 12 months, unless the underlying asset is of low value, and to recognize depreciation of lease assets separately from interest on lease liabilities in the income statement. As IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, a lessor will continue to classify its leases as operating leases or finance leases and to account for those two types of leases differently. IFRS 16 is effective from January 1, 2019, with early application allowed only if IFRS 15—Revenue from Contracts with Customers is also adopted.
- Amendments
 - In September 2014, the IASB issued narrow amendments to IFRS 10—Consolidated Financial Statements and IAS 28—Investments in Associates and Joint Ventures (2011). The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendments which were initially expected to be effective prospectively from January 1, 2016, have been postponed indefinitely by the IASB in planning a broader review that may result in a simplification of accounting of such transactions.
 - In September 2014, the IASB issued the Annual Improvements to IFRSs 2012-2014 cycle, a series of amendments to IFRSs in response to issues raised mainly on IFRS 5—Non-current assets held for sale and discontinued operations, on the changes of method of disposal, on IFRS 7—Financial Instruments: Disclosures on the servicing contracts, on IAS 19—Employee benefits, on the discount rate determination. The effective date of the amendments is January 1, 2016. No significant effect is expected from the adoption of these amendments.
 - In December 2014, IASB finalised amendments regarding the application of the investment entities exception and issued IFRS 10/12/IAS 28—Investment entity amendments. Such amendments involves a number of potential amendments to IFRS 10—Consolidated financial statements and IAS 28—Investments in associates and joint ventures (2011) to address issues that have arisen in relation to the exemption from consolidation for investment entities:
 - whether an investment entity parent should account for an investment entity subsidiary at fair value, when the subsidiary provides investment-related services to third parties;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(2) Accounting policies (Continued)

- the interaction between the investment entity amendments and the exemption from preparing consolidated financial statements requirements in IFRS 10;
- whether a non-investment entity must ‘unwind’ the fair value accounting of its joint ventures or associates that are investment entities.

These amendments are effective for annual periods beginning on or after January 1, 2017, with earlier application permitted.

- In January 2016, the IASB issued amendments to IAS 12—Income taxes that clarify how to account for deferred tax assets related to debt instruments measured at fair value. These amendments are effective for annual periods beginning on or after January 1, 2017, with earlier application permitted.
- In January 2016, the IASB issued amendments to IAS 7—Statement of cash flows introducing additional disclosures that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments are effective from January 1, 2017, with earlier application permitted.

(y) Determination of fair value

Several standards and disclosure requirements require the determination of fair value of financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are classified into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1—quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2—inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3—inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are categorised into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the level of the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm’s length transaction after suitable negotiation wherein the parties had each acted knowledgeably. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

Intangible assets

The fair value of patents and trademarks acquired as part of a business combination is based on an estimate of the discounted amount of royalties that the Group expects to receive from ownership of such patents or trademarks (ideal royalty method), or replacement cost, if appropriate.

The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(2) Accounting policies (Continued)

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Inventories

The fair value of inventories acquired as part of a business combination is calculated using the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and a suitable profit margin based on the efforts required to complete or sell the inventories.

Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. Current receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

Derivatives

The fair values of commodities purchase forwards and interest rate swaps are based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values include adjustments to take account of the credit risk of the group entity and counterparty when appropriate.

Other non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date. For finance leases, the market rate of interest is determined with reference to similar lease agreements.

(3) Operating segments

Reportable segments are the Group's strategic divisions as determined in accordance with the quantitative and qualitative requirements of IFRS 8.

The Group has only one reportable segment, the Closures division. The Group's CEO (the chief operating decision maker) reviews internal management reports on the reportable segment, the Closures division, on at least a quarterly basis. The following summary describes the operations in this reportable segment.

The Closures division represents the Group's core business. Other operations include the PET division that does not meet any of the quantitative thresholds for determining reportable segments in 2015 or 2014 under IFRS 8.

Information regarding the results of the Group's reportable segment is included below. Performance is measured based on segment revenue and gross operating profit, depreciation and amortization, trade receivables, inventories, property, plant and equipment, trade payables and capital expenditure as included in the internal management reports that are reviewed by the CEO and by the board of directors.

Management considers the above information as the most suitable to evaluate the results of the segment compared to other entities that operate in these industries.

All other asset and liability figures are non reportable by segment as the management believes that the availability of such information by segment is not relevant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(3) Operating segments (Continued)

<u>Thousands of Euros</u>	<u>Closures</u>		<u>Other Operations</u>		<u>Total</u>	
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>
External revenue	484,440	517,367	3,354	3,165	487,794	520,533
Gross operating profit	88,809	104,612	172	219	88,981	104,830
Depreciation and Amortization	(39,233)	(37,406)	(163)	(141)	(39,396)	(37,547)

<u>Thousands of Euros</u>	<u>Closures</u>		<u>Other Operations</u>		<u>Total</u>	
	<u>December 31, 2014</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Trade receivables— third parties	91,415	86,347	693	533	92,108	86,880
Trade receivables— related parties	—	436	—	—	—	436
Inventories	63,891	66,788	416	513	64,307	67,301
Trade payables—third parties	(54,033)	(66,594)	(294)	(311)	(54,327)	(66,905)
Trade payables—related parties	—	(1,548)	—	—	—	(1,548)
Property, plant and equipment	202,153	185,117	672	564	202,825	185,680

<u>Thousands of Euros</u>	<u>Closures</u>		<u>Other Operations</u>		<u>Total</u>	
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>
Capital expenditure	32,633	22,503	36	32	32,669	22,536

Geographical information

The Closures segment operates from many manufacturing facilities primarily in Italy, India, Poland, the United Kingdom, Ukraine, Spain, Mexico, Australia, Argentina and South Africa.

In presenting information on the basis of geographical segments, segment revenue and segment assets are based on the geographical location of the assets/subsidiaries.

<u>Thousands of Euros</u>	<u>Net revenue</u>	
	<u>2014</u>	<u>2015</u>
Italy	69,360	67,702
India	55,843	62,879
Poland	59,918	59,364
UK	53,193	57,573
Ukraine	42,871	43,702
Spain	38,821	42,819
Mexico	24,243	38,905
Australia	37,016	37,803
Argentina	18,390	23,476
South Africa	17,295	19,286
Other countries and consolidation adjustments	70,846	67,023
Net revenue	<u>487,794</u>	<u>520,533</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(3) Operating segments (Continued)

<u>Thousands of Euros</u>	Non-current assets other than financial instruments and deferred tax assets: Property, plant and equipment and Intangible assets	
	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Italy	335,294	327,652
Australia	71,574	69,689
Poland	33,760	32,563
India	25,775	25,320
Spain	17,684	21,120
Mexico	17,922	15,361
Brasil	13,759	10,133
Ukraine	12,236	10,265
South Africa	12,029	9,780
Other countries and consolidation adjustments	48,347	40,455
Property, plant and equipment and Intangible assets	<u>588,379</u>	<u>562,337</u>

<u>Thousands of Euros</u>	Deferred Tax Assets	
	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Italy	4,149	2,993
Australia	1,372	1,661
Spain	802	763
Argentina	514	468
New Zealand	208	246
UK	127	53
Mexico	39	71
Other countries and consolidation adjustments	1,959	1,804
Deferred Tax Assets	<u>9,171</u>	<u>8,060</u>

The Group is not exposed to significant geographical risks other than normal business risks.

Information about major customers

In the Closures segment, there is only one customer with a percentage of revenue (of total revenue) over 10%. The breadth and diversity of the Group's customer base means that no one brand makes up more than 3% of net revenue over the last three years.

STATEMENT OF FINANCIAL POSITION

(4) Cash and cash equivalents

This caption represents the balance of the bank and postal accounts considering the nominal amount of the current accounts held with banks.

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Bank and postal accounts	31,220	53,967
Other cash equivalents	3,828	7,787
Total	<u>35,047</u>	<u>61,754</u>

The increase in Cash and cash equivalents of €26.7 million is mainly due to the strong cash flows generated in the last quarter of 2015 and to cash held by the subsidiaries at year end which has not been distributed to the holding companies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(5) Current financial assets

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Current financial assets	69	65
Total	<u>69</u>	<u>65</u>

The carrying amount of Current financial assets approximates their fair value at the reporting date.

(6) Trade receivables—third parties

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Trade receivables	100,591	95,031
Allowance for impairment	(8,483)	(8,151)
Total	<u>92,108</u>	<u>86,880</u>

The allowance for impairment varied as follows:

<u>Thousands of Euros</u>	<u>2015</u>
Opening allowance for impairment	8,483
Exchange rate losses	(75)
Accrual	537
Utilization	(795)
Closing allowance for impairment	<u>8,151</u>

The allowance at December 31, 2015 includes about €4.7 million related to few customers with overdue amount over 90 days. The residual part relates to other customers that have indicated that they do not expect to be able to pay their outstanding balances, mainly due to their financial difficulties.

(7) Trade receivables—related parties

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Receivables from the parent GCL Holdings S.C.A.	—	436
Total	<u>—</u>	<u>436</u>

(8) Inventories

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014(*)</u>	<u>December 31, 2015</u>
Raw materials, consumables and supplies	32,508	34,111
(Allowance for inventory write-down)	(1,534)	(1,590)
Work in progress and semi-finished products	16,090	16,925
(Allowance for inventory write-down)	(739)	(572)
Finished products and goods	19,042	19,752
(Allowance for inventory write-down)	(1,453)	(1,493)
Payments on account	393	170
Total	<u>64,307</u>	<u>67,301</u>

(*) 2014 figures restated in order to be consistent with the 2015 classification

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(8) Inventories (Continued)

The changes in the caption are as follows:

<u>Thousands of Euros</u>	
Balance at January 1, 2015	64,307
Exchange rate losses	(3,804)
Change in raw materials, consumables and supplies	3,955
Change in finished goods and semi-finished products	3,066
Change in payments on account	(223)
Balance at December 31, 2015	<u>67,301</u>

The allowance for inventory write-down varied as follows:

<u>Thousands of Euros</u>	<u>2015</u>
Opening allowance for inventory write-down	3,726
Exchange rate losses	(181)
Accrual	1,730
Utilization	(1,619)
Closing allowance for inventory write-down	<u>3,656</u>

(9) Current direct tax assets

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Current direct tax assets	<u>2,162</u>	<u>2,138</u>
Total	<u>2,162</u>	<u>2,138</u>

(10) Current indirect tax assets

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
VAT and other indirect taxes	<u>7,190</u>	<u>5,821</u>
Total	<u>7,190</u>	<u>5,821</u>

(11) Financial derivative assets

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Fair value of forward aluminum purchases	<u>66</u>	<u>—</u>
Total	<u>66</u>	<u>—</u>

(12) Other current assets

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Other receivables	<u>3,724</u>	<u>3,382</u>
Total	<u>3,724</u>	<u>3,382</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(12) Other current assets (Continued)

Other receivables at December 31, 2015 include, inter alia, advances to suppliers of €1.8 million.

(13) Non-current financial assets

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Guarantee deposits—Guala Closures S.p.A.	76	40
Investments in other companies	27	26
Other financial assets	119	128
Total	222	194

The carrying amount of Non-current financial assets is consistent with their fair value at the reporting date.

(14) Property, plant and equipment

The following tables show the changes in 2014 and 2015:

<u>Thousands of Euros</u>	<u>Land and buildings</u>	<u>Plant and machinery</u>	<u>Industrial and commercial equipment</u>	<u>Other assets</u>	<u>Assets under construction and payments on account</u>	<u>Total</u>
Historical cost at December 31, 2013 . . .	76,810	353,330	57,938	7,927	5,564	501,570
Accumulated depreciation and impairment at December 31, 2013 . . .	(13,815)	(229,702)	(45,330)	(6,845)	—	(295,692)
Carrying amount at December 31, 2013	62,995	123,628	12,608	1,082	5,564	205,878
Carrying amount at January 1, 2014 . . .	62,995	123,628	12,608	1,082	5,564	205,878
Exchange rate gains/(losses)	(1,420)	(2,006)	204	20	(276)	(3,478)
Additions	330	7,367	166	169	23,345	31,377
Disposals	(23)	(283)	(16)	(26)	—	(348)
Impairment losses	(511)	(793)	—	—	—	(1,304)
Reclassifications	828	17,217	3,427	139	(21,619)	(8)
Depreciation	(1,925)	(23,520)	(3,408)	(437)	—	(29,290)
Historical cost at December 31, 2014 . . .	76,356	361,977	58,209	8,228	7,015	511,785
Accumulated depreciation and impairment at December 31, 2014 . . .	(16,082)	(240,367)	(45,230)	(7,282)	—	(308,960)
Carrying amount at December 31, 2014	60,274	121,610	12,980	946	7,015	202,825

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(14) Property, plant and equipment (Continued)

<u>Thousands of Euros</u>	<u>Land and buildings</u>	<u>Plant and machinery</u>	<u>Industrial and commercial equipment</u>	<u>Other assets</u>	<u>Assets under construction and payments on account</u>	<u>Total</u>
Historical cost at December 31, 2014 . . .	76,356	361,977	58,209	8,228	7,015	511,785
Accumulated depreciation and impairment at December 31, 2014 . . .	(16,082)	(240,367)	(45,230)	(7,282)	—	(308,960)
Carrying amount at December 31, 2014	<u>60,274</u>	<u>121,610</u>	<u>12,980</u>	<u>946</u>	<u>7,015</u>	<u>202,825</u>
Carrying amount at January 1, 2015 . . .	<u>60,274</u>	<u>121,610</u>	<u>12,980</u>	<u>946</u>	<u>7,015</u>	<u>202,825</u>
Exchange rate gains/(losses)	(3,077)	(4,379)	210	7	(249)	(7,488)
Additions	2,429	4,361	147	53	12,611	19,602
Disposals	(15)	(63)	(7)	(22)	(9)	(116)
Impairment losses	(11)	(694)	—	—	—	(705)
Reclassifications	1,195	12,042	2,204	49	(15,497)	(6)
Depreciation	(1,950)	(22,897)	(3,219)	(365)	—	(28,431)
Historical cost at December 31, 2015 . . .	76,358	367,584	59,780	8,315	3,870	515,907
Accumulated depreciation and impairment at December 31, 2015 . . .	(17,512)	(257,603)	(47,465)	(7,647)	—	(330,227)
Carrying amount at December 31, 2015	<u>58,846</u>	<u>109,981</u>	<u>12,315</u>	<u>668</u>	<u>3,870</u>	<u>185,680</u>

Property, plant and equipment include the amounts arising from internal work capitalized (reference should be made to note 37) “Other operating income” to these consolidated financial statements for further information).

The caption includes the carrying amount of leased assets (€17,094 thousand), against which the Group has recognized current financial liabilities (€1,899 thousand) and non-current financial liabilities (€9,881 thousand).

None of the Group’s property, plant and equipment has been pledged as collateral at year end, except for the items indicated in note 47) “Commitments and guarantees” to these consolidated financial statements.

The main investments of 2015 took place in Italy, Poland, India, Ukraine, China and Mexico. In particular, during 2015, the main investments were made for the sputtering technology in Italy, Ukraine and Mexico, for the capacity increase in India, for plant safety and for new projects in different countries.

During 2015, Guala Closures S.p.A. revised the useful life of some generic plant and equipment of Magenta plant (i.e. cutting and degreasing lines, which decreased from a rate of 15.5% to 7.75% and for the storage line that went from 10% to 5%) based on internal appraisal that show a longer useful life for such assets. The effect on the consolidated statement of profit or loss and other comprehensive income of the year is €0.7 million of lower depreciation expenses.

Impairment losses in the year mainly refers to the impairment loss on the machines at the Indian plant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(15) Intangible assets

The following tables show the changes in 2014 and 2015:

<u>Thousands of Euros</u>	<u>Development expenditure</u>	<u>Licences and patents</u>	<u>Goodwill</u>	<u>Other</u>	<u>Assets under development and payments on account</u>	<u>Total</u>
Historical cost at December 31, 2013 . . .	5,902	64,549	364,670	11,619	1,789	448,529
Accumulated amortization and impairment at December 31, 2013 . . .	(5,552)	(41,336)	—	(4,223)	—	(51,111)
Carrying amount at December 31, 2013	350	23,213	364,670	7,397	1,789	397,418
Carrying amount at January 1, 2014 . . .	350	23,213	364,670	7,397	1,789	397,418
Exchange rate gains/(losses)	(947)	(21)	(6,111)	(69)	925	(6,222)
Additions	7	52	—	114	1,478	1,651
Disposals	—	(1)	—	—	—	(1)
Reclassifications	1,856	1,016	—	—	(2,863)	8
Amortization	(414)	(5,330)	—	(1,556)	—	(7,300)
Historical cost at December 31, 2014 . . .	6,797	65,588	358,559	11,535	1,329	443,808
Accumulated amortization and impairment at December 31, 2014 . . .	(5,945)	(46,659)	—	(5,650)	—	(58,254)
Carrying amount at December 31, 2014	851	18,929	358,559	5,885	1,329	385,554

<u>Thousands of Euros</u>	<u>Development expenditure</u>	<u>Licences and patents</u>	<u>Goodwill</u>	<u>Other</u>	<u>Assets under development and payments on account</u>	<u>Total</u>
Historical cost at December 31, 2014	6,797	65,588	358,559	11,535	1,329	443,808
Accumulated amortization and impairment at December 31, 2014 . .	(5,945)	(46,659)	—	(5,650)	—	(58,254)
Carrying amount at December 31, 2014	851	18,929	358,559	5,885	1,329	385,554
Carrying amount at January 1, 2015 . .	851	18,929	358,559	5,885	1,329	385,554
Exchange rate gains/(losses)	(53)	154	(2,391)	(118)	(2)	(2,410)
Additions	—	—	—	7	1,137	1,144
Impairment losses	—	(126)	—	—	(56)	(183)
Reclassifications	511	348	—	—	(852)	6
Amortization	(454)	(5,472)	—	(1,529)	—	(7,455)
Historical cost at December 31, 2015	7,207	70,921	356,168	15,016	1,556	450,868
Accumulated amortization and impairment at December 31, 2015 . .	(6,352)	(57,089)	—	(10,771)	—	(74,212)
Carrying amount at December 31, 2015	855	13,833	356,168	4,245	1,556	376,656

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(15) Intangible assets (Continued)

The fluctuation of the goodwill in respect of previous year may be analysed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Goodwill—Guala Closures Group	317,227	317,227
Acquisition of Guala Closures DGS Poland S.A.	24,812	24,864
Goodwill—Guala Closures Ukraine LLC	7,916	5,812
Acquisition of GC Bulgaria AD	3,203	3,203
Acquisition of Pharma Trade	2,512	2,512
Acquisition of MCL division by Guala Closures South Africa	1,985	1,646
Acquisition of GC Tools AD	722	722
Acquisition of Metalprint assets by Guala Closures S.p.A.	182	182
Total	<u>358,559</u>	<u>356,168</u>

Goodwill is tested for impairment annually.

For impairment testing purposes, it has been considered the goodwill accounted in relation to the Closures division.

These values have been analysed considering the entire GCL Holdings S.C.A. Group, to which Guala Closures Group belongs.

The recoverable amount of cash-generating units is based on a calculation of their value in use.

This calculation uses projected consolidated cash flows based on the actual operating profit and the GCL Holdings S.C.A. Group five-year business plan. This business plan is put together considering the Group approved budget figures for the first year and projecting the revenue and costs for the following four years using the historic trend adjusted for any new elements (average EBITDA growth rate of the next five years 11.3%; 2014:8.4%). Such growth rate is consistent with the management expectation of growth in high value safety closures, serving a blue-chip customer base across all geographies, especially in the developing countries.

In the 2015 valuation, the following assumptions are utilized, as additional improvement in respect to the past years calculation:

- WACC for the Closures division was weighted with the 2015 EBITDA% of each country in respect of the 2015 consolidated EBITDA, with a weighted average (consistently with the weighted average for the EBITDA in Terminal Value) of around 13.0%;
- Long term growth rate “g”: it was utilized a value equal to 4.0%, calculated by weighting the estimates of inflation rate, with the 2015 EBITDA of each country in line with the calculation for the Terminal Value. Such rate “g” is consistent with both the Guala Closures Group’s historical growth rate and forecast future market developments.

Last year the impairment test was calculated with a WACC of 10% and a rate “g” of 1.6%. The increase in 2015 in the rate “g” and, proportionally of WACC, is the result of the Group’s significant growth in the developing countries that positively impact turnover and margins. Such increase in “g” rate has been negatively compensated by an increase in WACC due to the higher risk of such countries.

The resulting recoverable amount is greater than the carrying amount of goodwill and investments value accounted in the financial assets.

Management carried out a sensitivity analysis on the relevant underlying assumptions (growth rate +/-1%; WACC +/-1%) and verified that the resulting recoverable amount is greater than the carrying amount of goodwill and investments value accounted in the financial assets as well.

Goodwill has never been impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(16) Deferred tax assets and liabilities

The following table gives a breakdown of the captions at December 31, 2014 and 2015:

Thousands of Euros	Assets		Liabilities		Net balance	
	December 31, 2014	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014	December 31, 2015
Allowance for inventory write-down	902	832	(23)	(17)	880	816
Taxed allowance for receivables impairment	2,129	1,853	—	—	2,129	1,853
Provision	821	877	—	—	821	877
Other	436	261	(17)	(654)	419	(393)
Losses carried forward	279	160	—	—	279	160
Derecognition of intragroup profit on inventories	171	171	—	—	171	171
Intragroup gains	1,595	1,276	—	—	1,595	1,276
Leases	133	133	—	—	133	133
Property, plant and equipment and intangible assets	1,626	1,440	(16,058)	(12,711)	(14,432)	(11,271)
Employee benefits	554	664	(71)	(32)	483	632
Derivatives	449	374	—	—	449	374
Exchange rate gains/(losses)	75	19	(2,987)	(2,568)	(2,911)	(2,549)
TOTAL	9,171	8,060	(19,155)	(15,981)	(9,984)	(7,921)

Changes in net deferred tax assets/liabilities may be analyzed as follows:

Thousands of Euros	December 31, 2014	Changes in profit and loss	Changes in equity	Exchange rate gains/losses	December 31, 2015
Allowance for inventory write-down	880	(38)	—	(26)	815
Taxed allowance for receivables impairment	2,129	(137)	—	(139)	1,853
Provision	821	109	—	(52)	877
Other	419	(764)	—	(47)	(393)
Losses carried forward	279	(111)	—	(8)	160
Derecognition of intragroup profit on inventories	171	—	—	—	171
Intragroup gains	1,595	(319)	—	—	1,276
Leases	133	—	—	—	133
Property, plant and equipment and intangible assets	(14,432)	2,236	—	925	(11,271)
Employee benefits	483	275	—	(126)	632
Derivatives	449	—	(75)	—	374
Exchange rate gains/(losses)	(2,912)	197	—	166	(2,548)
TOTAL	(9,984)	1,448	(75)	691	(7,921)

Tax losses that can be carried forward at year end but that the Group has not considered in its calculation of the deferred tax assets in the statement of financial position total €168,721 thousand. They may be used in accordance with the legislation of the different countries in which the companies to which they relate are based.

Tax losses that can be carried forward indefinitely amount to €149,418 thousand and refer to Guala Closures S.p.A.. If recognized, potential deferred tax assets on total tax losses that can be carried forward would amount to €46,000 thousand at December 31, 2015 (including €41,090 thousand related to losses that can be carried forward indefinitely).

(17) Other non-current assets

This caption is made up as follows:

Thousands of Euros	December 31, 2014	December 31, 2015
Tax assets	384	91
Other	315	323
Total	699	414

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(18) Financial liabilities—third parties

This section provides information on the contractual terms governing the Group’s bank overdrafts, borrowings and bonds.

Reference should be made to note 25) “Financial derivative liabilities” to these consolidated financial statements for further information on the Group’s exposure to the risks of fluctuations in interest and exchange rates.

Reference should be made to note 47) “Commitments and guarantees” to these consolidated financial statements for information on the relevant guarantees given.

Financial liabilities at December 31, 2014 and 2015 are shown below:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Current financial liabilities		
Bonds	880	1,820
Bank loans and borrowings	6,069	5,569
Other financial liabilities	<u>1,971</u>	<u>1,988</u>
	<u>8,920</u>	<u>9,378</u>
Non-current financial liabilities		
Bonds	271,249	271,219
Bank loans and borrowings	41,557	55,236
Other financial liabilities	<u>21,894</u>	<u>23,438</u>
	<u>334,700</u>	<u>349,893</u>
Total	<u>343,620</u>	<u>359,270</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(18) Financial liabilities—third parties (Continued)

The terms and expiry dates of the financial liabilities at December 31, 2014 and 2015 are shown below:

Thousands of Euros	Total December 31, 2014	Nominal amount			Current	Non-current
		Within one year	From one to five years	After five years		
Bonds						
Floating Rate Senior Secured Notes due in 2019 issued by Guala Closures S.p.A.	275,000	—	275,000	—	—	275,000
Accrued interest—Guala Closures S.p.A.	1,833	1,833	—	—	1,833	—
Transaction costs	(4,704)	(953)	(3,751)	—	(953)	(3,751)
TOTAL FRSN 2019 Guala Closures S.p.A.	272,129	880	271,249	—	880	271,249
Bank loans and borrowings:						
Senior Revolving Facility	40,000	—	40,000	—	—	40,000
Transaction costs	(1,480)	(515)	(966)	—	(515)	(966)
Total Senior Revolving Facility	38,520	(515)	39,034	—	(515)	39,034
Cassa di Risparmio di Alessandria loan	319	319	—	—	319	—
Accrued interest and expense—Guala Closures S.p.A.	656	656	—	—	656	—
Raiffeisen Bank overdraft (Ukraine)	318	318	—	—	318	—
Millennium Bank overdraft (Poland)	2,740	2,740	—	—	2,740	—
Banco Sabadell loan (Spain)	253	253	—	—	253	—
Bancolombia loan (Colombia)	867	242	625	—	242	625
Bradesco / ITAU loan (Brazil)	855	273	583	—	273	583
Advances on receivables and loans (Argentina)	621	420	200	—	420	200
Scotiabank loan (Mexico)	2,477	1,362	1,115	—	1,362	1,115
Total bank loans and borrowings	47,626	6,069	41,557	—	6,069	41,557
Other financial liabilities:						
Guala Closures S.p.A. finance leases	13,730	1,882	8,757	3,091	1,882	11,848
Bulgarian companies finance leases	123	58	65	—	58	65
Liability to the Ukrainian non-controlling investors	9,900	—	—	9,900	—	9,900
Other liabilities	113	32	81	—	32	81
Total other financial liabilities	23,866	1,971	8,904	12,991	1,971	21,894
TOTAL	343,620	8,920	321,710	12,991	8,920	334,700

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(18) Financial liabilities—third parties (Continued)

Thousands of Euros	Total December 31, 2015	Nominal amount			Current	Non-current
		Within one year	From one to five years	After five years		
Bonds						
Floating Rate Senior Secured Notes due in 2019 issued by Guala Closures S.p.A.	275,000	—	275,000	—	—	275,000
Accrued interest—Guala Closures S.p.A.	1,820	1,820	—	—	1,820	—
Transaction costs	(3,781)	—	(3,781)	—	—	(3,781)
TOTAL FRSN 2019 Guala Closures S.p.A.	273,038	1,820	271,219	—	1,820	271,219
Bank loans and borrowings:						
Senior Revolving Facility	55,000	—	55,000	—	—	55,000
Transaction costs	(966)	—	(966)	—	—	(966)
Total Senior Revolving Facility	54,034	—	54,034	—	—	54,034
Accrued interest and expense—Guala Closures						
S.p.A.	194	194	—	—	194	—
Handlowy S.A. bank overdraft (Poland)	3,473	3,473	—	—	3,473	—
Bancolumbia loan (Colombia)	465	203	263	—	203	263
Bradesco / ITAU loan (Brazil)	1,154	656	497	—	656	497
Advances on receivables and loans (Argentina)	393	174	219	—	174	219
Bancomer loan (Mexico)	1,092	870	222	—	870	222
Total bank loans and borrowings	60,805	5,569	55,236	—	5,569	55,236
Other financial liabilities:						
Guala Closures S.p.A. finance leases	11,780	1,899	9,881	—	1,899	9,881
Bulgarian companies finance leases	65	60	5	—	60	5
Liability to the Ukrainian non-controlling investors . . .	13,500	—	—	13,500	—	13,500
Other liabilities	82	29	53	—	29	53
Total other financial liabilities	25,427	1,988	9,938	13,500	1,988	23,438
TOTAL	359,270	9,378	336,393	13,500	9,378	349,893

The liability to the Ukrainian non-controlling investors relates to recognition of these investors' right to exercise a put option if certain conditions are met. It represents the discounted estimated value of the put option at its estimated time of exercise.

This caption has been recognized using the present access method since 2008, whereby the financial liability was recognized as a reduction in equity, Retained earnings, in the first year. The fluctuation in each year, if any, is recognized under financial income (expense) in profit or loss and the non-controlling interests continue to be presented separately as, to all effects, the non-controlling investors have the right to access the profit or loss pertaining to their investment.

Reference should be made to note 43) "Fair value of financial instruments and sensitivity analysis" for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(18) Financial liabilities—third parties (Continued)

The interest rates and expiry dates of the financial liabilities at December 31, 2014 and December 31, 2015 are shown below:

<u>Thousands of Euros</u>	<u>Currency</u>	<u>Nominal interest rate</u>	<u>Expiry date</u>	<u>Total December 31, 2014</u>
Bonds				
Floating Rate Senior Secured Notes due in 2019 issued by Guala Closures S.p.A.	EUR	euribor 3m + 5.375%	2019	275,000
Accrued interest—Guala Closures S.p.A.	EUR	n.a.	2014	1,833
Transaction costs	EUR	n.a.	2019	(4,704)
TOT. BOND FRSN 2019 Guala Closures S.p.A.				<u>272,129</u>
Bank loans and borrowings:				
Senior Revolving Facility	EUR	euribor 3m + 3.75%	2017	40,000
Transaction costs	EUR	n.a.	2017	(1,480)
Total Senior Revolving Facility				<u>38,520</u>
Cassa di Risparmio di Alessandria loan	EUR	euribor 3m + 2.75%	2015	319
Accrued interest and expense—Guala Closures S.p.A.	EUR	n.a.	2014	656
Raiffeisen Bank overdraft (Ukraine)	UAH	20.00%	n.a.	318
Millennium Bank overdraft (Poland)	PLN	wibor 1m (*)	n.a.	2,740
Banco Sabadell loan (Spain)	EUR	5.20%	2015	253
Bancolombia loan (Colombia)	COP	I.B.R. + 3.25% (**)	2018	867
Bradesco / ITAU loan (Brazil)	BRL	n.a.	2019	855
Advances on receivables and loans (Argentina)	ARS	n.a.	n.a.	621
Scotiabank loan (Mexico)	MXP	TIIE30 + 4.00% (***)	2016	2,477
Total bank loans and borrowings				<u>47,626</u>
Other financial liabilities:				
Guala Closures S.p.A. finance leases	EUR	euribor + 1.5% (****)	2020	13,730
Bulgarian companies finance leases	BGN	n.a.	n.a.	123
Liability to the Ukrainian non-controlling investors	EUR	n.a.	n.a.	9,900
Other liabilities	EUR	n.a.	n.a.	113
Total other financial liabilities				<u>23,866</u>
TOTAL				<u>343,620</u>

(*) Wibor stands for “Warsaw Inter-bank Bid and Offered Rate”

(**) I.B.R. stands for “Indicador Bancario de Referencia”

(***) TIIE30 stands for “Tasa de Interés Interbancaria de Equilibrio a 30 dias”.

(****) Nominal interest rate on the property finance lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(18) Financial liabilities—third parties (Continued)

Thousands of Euros	Currency	Nominal interest rate	Expiry date	Total December 31, 2015
Bonds				
Floating Rate Senior Secured Notes due in 2019 issued by Guala Closures S.p.A.	EUR	euribor 3m + 5.375%	2019	275,000
Accrued interest—Guala Closures S.p.A.	EUR	n.a.	2016	1,820
Transaction costs	EUR	n.a.	2019	(3,781)
TOT. BOND FRSN 2019 Guala Closures S.p.A.				273,038
Bank loans and borrowings:				
Senior Revolving Facility	EUR	euribor 3m + 3.75%	2017	55,000
Transaction costs	EUR	n.a.	2017	(966)
Total Senior Revolving Facility				54,034
Accrued interest and expense—Guala Closures S.p.A.	EUR	n.a.	2016	194
Handlowy S.A. bank overdraft (Poland)	PLN	wibor 1m (*)	n.a.	3,473
Bancolombia loan (Colombia)	COP	I.B.R. + 3.25% (**)	2018	465
Bradesco / ITAU loan (Brazil)	BRL	n.a.	2019	1,154
Advances on receivables and loans (Argentina)	AR\$	n.a.	n.a.	393
Bancomer loan (Mexico)	MXP	TIIE28 + 2.50% (***)	2017	1,092
Total bank loans and borrowings				60,805
Other financial liabilities:				
Guala Closures S.p.A. finance leases	EUR	euribor + 1.5% (****)	2020	11,780
Bulgarian companies finance leases	BGN	n.a.	2016	65
Liability to the Ukrainian non-controlling investors	EUR	n.a.	n.a.	13,500
Other liabilities	EUR	n.a.	n.a.	82
Total other financial liabilities				25,427
TOTAL				359,270

(*) Wibor stands for “Warsaw Inter-bank Bid and Offered Rate”

(**) I.B.R. stands for “Indicador Bancario de Referencia”

(***) TIIE30 stands for “Tasa de Interés Interbancaria de Equilibrio a 30 dias”.

(****) Nominal interest rate on the property finance lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(18) Financial liabilities—third parties (Continued)

The Senior Revolving Facility's availability is shown in the table below:

<u>Credit facility</u>	<u>Available amount</u> <u>(thousands of Euros)</u>	<u>Amount used at</u> <u>December 31, 2015</u>	<u>Residual available</u> <u>amount at</u> <u>December 31, 2015</u>
Senior Revolving Facility due 2017	75,000	55,000	20,000

(19) Financial liabilities—related parties

This section discloses the contractual terms governing the loans granted by GCL Holdings S.C.A. (parent of Guala Closures S.p.A.).

The terms and expiry dates of the loans at December 31, 2014 and 2015 are shown below:

<u>Thousands of Euros</u>	<u>Total</u> <u>December 31,</u> <u>2014</u>	<u>Nominal amount</u>			<u>Current</u>	<u>Non-current</u>
		<u>Within</u> <u>one</u> <u>year</u>	<u>From one</u> <u>to five</u> <u>years</u>	<u>After</u> <u>five</u> <u>years</u>		
Loan due 2018 from GCL Holdings S.C.A.— Guala Closures S.p.A.	66,949	4,948	62,001	—	4,948	62,001
Loan due 2018 from GCL Holdings S.C.A.— Guala Closures International B.V.	94,093	2,368	91,725	—	2,368	91,725
TOTAL	<u>161,042</u>	<u>7,316</u>	<u>153,726</u>	<u>—</u>	<u>7,316</u>	<u>153,726</u>

<u>Thousands of Euros</u>	<u>Total</u> <u>December 31,</u> <u>2015</u>	<u>Nominal amount</u>			<u>Current</u>	<u>Non-current</u>
		<u>Within</u> <u>one</u> <u>year</u>	<u>From one</u> <u>to five</u> <u>years</u>	<u>After</u> <u>five</u> <u>years</u>		
Loan due 2018 from GCL Holdings S.C.A.— Guala Closures S.p.A.	61,454	953	60,501	—	953	60,501
Loan due 2018 from GCL Holdings S.C.A.— Guala Closures International B.V.	94,092	2,367	91,725	—	2,367	91,725
TOTAL	<u>155,546</u>	<u>3,320</u>	<u>152,226</u>	<u>—</u>	<u>3,320</u>	<u>152,226</u>

Guala Closures International B.V. shall repay the loan received from GCL Holdings S.C.A. in 2018. In the event any principal amount of the Notes issued by the parent GCL Holdings S.C.A. in 2011 (due 2018) is required to be or may at any time be repurchased, redeemed, prepaid or repaid in whole or in part, Guala Closures International B.V. shall prepay or procure the prepayment of the loan up to the amount payable by GCL Holdings S.C.A. in connection with such repurchase, redemption, prepayment or repayment.

The interest rates of the loans at December 31, 2014 and 2015 are shown below:

<u>Thousands of Euros</u>	<u>Currency</u>	<u>Nominal</u> <u>interest rate</u>	<u>Total</u> <u>December 31,</u> <u>2014</u>
Loan due 2018 from GCL Holdings S.C.A.—Guala Closures S.p.A.	EUR	9.30%	66,949
Loan due 2018 from GCL Holdings S.C.A.—Guala Closures International B.V.	EUR	10.10%	94,093
Total			<u>161,042</u>

<u>Thousands of Euros</u>	<u>Currency</u>	<u>Nominal</u> <u>interest rate</u>	<u>Total</u> <u>December 31,</u> <u>2015</u>
Loan due 2018 from GCL Holdings S.C.A.—Guala Closures S.p.A.	EUR	9.30%	61,454
Loan due 2018 from GCL Holdings S.C.A.—Guala Closures International B.V.	EUR	10.10%	94,092
Total			<u>155,546</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(20) Trade payables—third parties

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Suppliers	53,998	59,377
Payments on account	<u>329</u>	<u>7,527</u>
Total	<u>54,327</u>	<u>66,905</u>

The increase in the payments on account is due to an advance payment received from a customer in Argentina.

At December 31, 2015, trade payables may be analyzed by original currency as follows:

<u>Thousands of Euros</u>	<u>EUR</u>	<u>USD</u>	<u>GBP</u>	<u>Other currencies</u>	<u>Total</u>
Trade payables	34,941	2,219	2,280	27,465	66,905

Other currencies include trade payables in the following local currencies:

<u>Thousands of Euros</u>	<u>December 31, 2015</u>
Argentinean peso	6,383
Mexican peso	4,900
Australian dollar	4,257
Polish zloty	2,972
Indian rupia	2,809
Ukrainian hryvnia	1,394
South African rand	1,116
Chinese renmimbi	771
Brazilian real	672
New Zealand dollar	517
Columbian peso	266
Other	<u>1,409</u>
Total	<u>27,465</u>

(21) Trade payables—related parties

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Payables to GCL Holdings S.C.A.	—	1,548
Total	<u>—</u>	<u>1,548</u>

(22) Current direct tax liabilities

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Current direct tax liabilities	<u>4,440</u>	<u>5,198</u>
Total	<u>4,440</u>	<u>5,198</u>

The increase in current direct tax liabilities is mainly due to the increase in profit before taxation of some operating companies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(23) Current indirect tax liabilities

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
VAT and other indirect taxes	3,854	4,290
Total	<u>3,854</u>	<u>4,290</u>

(24) Provisions

This caption may be analyzed as follows:

CURRENT PROVISIONS:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Provision for restructuring	2,676	1,012
Provision for returns	590	582
Other current provisions	116	30
Provision for contingencies	<u>5,555</u>	<u>—</u>
Total current provisions	<u>8,937</u>	<u>1,624</u>

The provision for restructuring in 2015 refers mainly to the closure of the Australian site of Acacia Ridge and to the reallocation of its crown seals production to the other Australian Group plant located in Central West and to the remain part of the Italian plants restructuring process started in 2014.

The provision for contingencies existing as at December 2014 has been utilized for €4.8 million to pay taxes and related penalties referred to the tax years 2009-2011. The residual amount (€0.7 million) has been released based on Legislative Decree n. 158/2015 which has introduced a more favorable framework for the calculation of the administrative tax penalties.

Changes in the provisions are as follows:

CURRENT PROVISIONS:

<u>Thousands of Euros</u>	<u>2015</u>
Opening current provisions	8,937
Exchange rate losses	(11)
Accrual	1,523
Utilization	<u>(8,824)</u>
Closing current provisions	<u>1,624</u>

The utilization of current provisions refers to the utilization of provision for contingencies for the payment of tax and related penalties related to tax years 2009-2011 and provision for restructuring of Italian and Australian plants.

The provision for returns reflects the calculation of customer claims received.

NON-CURRENT PROVISIONS:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Provision for agents' termination indemnity	117	121
Provision for legal disputes	29	27
Provision for contingencies	<u>540</u>	<u>—</u>
Total non-current provisions	<u>686</u>	<u>148</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(24) Provisions (Continued)

The non-current provision for contingencies existing as at December 2014 has been utilized for €0.1 million to pay taxes and penalties related to the tax years 2010-2012. The residual amount (€0.4 million) has been released based on Legislative Decree n. 158/2015 which has introduced a more favorable framework for the calculation of the administrative tax penalties.

NON-CURRENT PROVISIONS:

<u>Thousands of Euros</u>	<u>2015</u>
Opening non-current provisions	686
Exchange rate losses	(2)
Accrual	6
Utilization	(95)
Reversal	(447)
Closing non-current provisions	<u>148</u>

The utilization of non-current provisions refers to the payment of taxes and penalties dating to the period 2010-2012.

(25) Financial derivative liabilities

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Fair value of IRSs	2,850	677
Fair value of aluminum derivatives	185	394
Total	<u>3,036</u>	<u>1,071</u>

The main features of the contracts in place at December 31, 2015 are summarized below:

—interest rate swaps

Guala Closures S.p.A. has two interest rate swaps in place to hedge floating interest rates on the property finance lease as listed below:

1. Euro interest rate swap agreed with Intesa Sanpaolo S.p.A. on March 7, 2006, expiring July 1, 2019. It has a fixed swap rate of 3.945% against the floating one-month Euribor for a notional amount of €3,622 thousand at December 31, 2015.
2. Euro interest rate swap agreed with Unicredit Banca d'Impresa S.p.A. on March 7, 2006, expiring July 1, 2019. It has a fixed swap rate of 3.960% against the floating one-month Euribor for a notional amount of €3,622 thousand at December 31, 2015.

These derivatives meet the formal requirements of IAS 39 at the reporting date and have been recognized as hedging instruments.

On September 30, 2015, three interest rate swaps, entered into in order to hedge floating interest rates on bank loans, expired.

—Forward purchase of aluminum

At December 31, 2015, the Group has twenty-two contracts for the forward purchase of aluminum, for a total of over 5,000 tons, spread over various expiry dates based on forecast monthly requirements.

The hedge accounting requirements of IAS 39 were not met and these derivatives have been, therefore, recognized as trading instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(25) Financial derivative liabilities (Continued)

The following tables show the forward aluminum purchase contracts in place at December 31, 2015:

<u>Expiry date</u>	<u>Hedged amount (tons)</u>	<u>Strike price (US\$/ton)</u>	<u>December 31, 2015 Positive/(negative) fair value (Thousands of Euros)</u>
January 2016	300	1,377	(43)
January 2016	300	1,377	(37)
January 2016	300	1,377	(25)
February 2016	300	1,383	(35)
February 2016	300	1,383	(17)
March 2016	300	1,386	(34)
March 2016	300	1,386	(22)
April 2016	300	1,381	(33)
April 2016	25	1,381	—
May 2016	300	1,383	(32)
May 2016	25	1,383	—
June 2016	300	1,385	(29)
July 2016	300	1,387	(19)
July 2016	50	1,387	—
August 2016	300	1,390	(18)
August 2016	50	1,390	1
September 2016	300	1,393	(14)
September 2016	50	1,393	1
October 2016	300	1,396	(13)
October 2016	50	1,396	1
November 2016	300	1,397	(13)
December 2016	300	1,399	(12)
Total	<u>5,050</u>		<u>(394)</u>

—*Currency swaps*

The Group did not have any currency swaps at the reporting date.

The following table shows the fair value of the derivatives held at the reporting date:

<u>(Thousands of Euros) Contract</u>	<u>Recognition at December 31, 2015</u>	<u>December 31, 2014 Positive/(negative) fair value</u>	<u>December 31, 2015 Positive/(negative) fair value</u>
Interest rate swaps on leases	Hedge accounting	(948)	(677)
Interest rate swaps on loans	Recognized at fair value through profit or loss	(1,903)	—
Forward aluminum purchases	Recognized at fair value through profit or loss	(185)	(394)
Forward aluminum purchases	Recognized at fair value through profit or loss	66	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(26) Other current liabilities

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Payables to employees	7,911	8,208
Payables for capex	6,724	4,894
Social security charges payable	2,871	2,753
Dividends payable	—	665
Other payables	4,533	5,965
Total	<u>22,038</u>	<u>22,485</u>

Other payables as at December 31, 2014 included AR\$ 6,905 thousand (€672 thousand) as residual amount to be paid for the acquisition of an additional 16% interest in Guala Closures Argentina S.A.. In 2015, the Group paid €689 thousand, recording an exchange rate loss of €17 thousand.

(27) Employee benefits

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Post-employment benefits—Guala Closures S.p.A.	5,944	4,295
Other	1,373	1,451
Total	<u>7,318</u>	<u>5,745</u>

Changes in Employee benefits are as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Balance at January 1	6,835	7,318
Exchange rate losses	(23)	(90)
Change recognized in profit or loss—personnel expense	1,623	1,597
Change recognized in profit or loss—other (income)/expense	171	27
Change recognized in OCI	821	(337)
Transfer in (out)	(189)	(41)
Benefits paid	(1,921)	(2,728)
Balance at December 31	<u>7,318</u>	<u>5,745</u>

The liability for post-employment benefits (“TFR”—Trattamento di fine rapporto) primarily relates to Italian companies (Guala Closures S.p.A. mainly) for employee departures, determined using actuarial techniques and regulated by Article 2120 of the Italian Civil Code. The benefit is paid when the employee leaves the company as a lump sum, the amount of which corresponds to the total benefits accrued during the employees’ service period based on payroll costs as revalued until their departure. Following the pension reform, from January 1, 2007, accruing benefits have been transferred to a pension fund or a treasury fund held by the Italian administration for post-retirement benefits (INPS). Companies with less than 50 employees, can continue the scheme as in previous years. Therefore, contributions of future TFR to pension funds or the INPS treasury fund entails that these amounts will be treated as a defined contribution scheme. Amounts vested before January 1, 2007 continue to be accounted for as defined benefits to be assessed based on actuarial assumptions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(27) Employee benefits (Continued)

Changes in post-employment benefits and the main assumptions used in their measurement are detailed below:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Balance at January 1	5,572	5,944
Change recognized in profit or loss—personnel expense	1,341	1,294
Change recognized in profit or loss—other (income)/expense	153	79
Change recognized in OCI	758	(342)
Benefits paid	(1,879)	(2,681)
Balance at December 31	<u>5,944</u>	<u>4,295</u>

Actuarial parameter baseline:

	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Average inflation rate	0.6% (2015) – 1.2% (2016) 1.5% (2017-18) 2% from 2019 on	1.5% (2016) – 1.8% (2017) 1.7% (2018) – 1.6% (2019) 2% from 2020 on
Discount rate	1.49% p.a.	2.03% p.a.
Annual rate of increase in post-employment benefits	1.95% (2015) – 2.4% (2016) 2.625% (2017-18) 3% from 2019 on	2.625% (2016) – 2.85% (2017) 2.775% (2018) – 2.7% (2019) 3% from 2020 on

For valuations at December 31, 2015, an annual fixed discount rate of 2.03% was utilized based on the value of Iboxx indexes AA corporate bonds observed at December 31, 2015, as per the requirements of IAS 19.

The Group expects to pay around €1.5 million of benefits to its defined benefit plan in 2016 described above.

Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, assuming the other variables do not change, would have affected Guala Closures S.p.A.'s post-employment benefits at December 31, 2015 by the amounts shown below:

<u>Thousands of Euros</u>	<u>Defined benefit obligation</u>	
	<u>Increase</u>	<u>Decrease</u>
Turnover rate (1% variation)	(13)	14
Average inflation rate (0.25% variation)	65	(64)
Discount rate (0.25% variation)	(102)	106

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Guala Closures UK has a defined benefit pension plan under which the employees of the former Metalclosures Ltd. have the right to a pension. This plan has a surplus at both December 31, 2014 and 2015 (i.e., the fair value of the plan assets is higher than the present value of the defined benefit obligation). As required by IAS 19 and IFRIC 14, the surplus that can be recognized must be less than the benefits available in the form of reimbursements or the contribution holiday: following completion of the West Bromwich site restructuring plan in 2008, the amount of the contribution holiday is zero and, therefore, the English company has not recognized the fund surplus. In addition, the Group did not have contingent liabilities at the reporting date as the fund covers the present value of its future obligations with its plan assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(27) Employee benefits (Continued)

For disclosure purposes, the amounts of the fund obligations and plan assets, as well as the baseline actuarial parameters used for their calculation, are shown below:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Present value of the obligations	(72,726)	(72,119)
Fair value of plan assets	89,614	89,487
Total	<u>16,888</u>	<u>17,368</u>

Changes in the net amount of the fund:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Balance at January 1	16,609	16,888
Exchange rate (gains) losses	1,138	1,040
Service cost	(19)	(25)
Interest on defined benefit obligation	(2,631)	(2,489)
Interest on plan assets	3,369	3,087
Scheme administration expenses	(177)	(215)
Actuarial (gains) losses	(1,401)	(919)
Balance at December 31	<u>16,888</u>	<u>17,368</u>

Changes in the present value of the obligations:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Balance at January 1	(60,985)	(72,726)
Exchange rate (gains) losses	(4,677)	(4,453)
Service cost	(19)	(25)
Interest on defined benefit obligation	(2,631)	(2,489)
Contribution by plan participants	(4)	(4)
Benefits paid	3,870	5,195
Actuarial gains	(8,280)	2,382
Balance at December 31	<u>(72,726)</u>	<u>(72,119)</u>

Changes in the fair value of plan assets:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Balance at January 1	77,594	89,614
Exchange rate (gains) losses	5,815	5,493
Interest on plan assets	3,369	3,087
Scheme administration expenses	(177)	(215)
Contribution by plan participants	4	4
Benefits paid	(3,870)	(5,195)
Actuarial losses	6,878	(3,300)
Balance at December 31	<u>89,614</u>	<u>89,487</u>

Plan assets comprise (major categories of plan assets as a percentage of the total plan assets):

	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Equities	37%	37%
Bonds	31%	31%
Gilts	32%	31%
Cash	0%	1%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(27) Employee benefits (Continued)

All equities and government bonds have quoted prices in active markets.

Actuarial parameter baseline:

	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Salary growth rate	4.00% p.a.	4.00% p.a.
Rate of increase in pensions provided (average)	3.00% p.a.	3.00% p.a.
Average inflation rate	2.90% p.a.	3.00% p.a.
Discount rate	3.30% p.a.	3.55% p.a.

The Group does not expect to pay any further contributions in 2016 in relation to these defined benefit obligations.

Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, assuming the other variables do not change, would have affected Guala Closures UK's defined benefit pension plan at December 31, 2015 by the amounts shown below:

<u>Thousands of Euros</u>	<u>Impact on present value of the obligations</u>	<u>Impact on fair value of plan assets</u>
Life expectancy (+ 1 year)	(2,525)	—
Average inflation rate (+0.1% p.a.)	(317)	—
Discount rate (-0.1% p.a.)	(1,056)	—

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

(28) Other non-current liabilities

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Other non-current liabilities	<u>166</u>	<u>112</u>
Total	<u>166</u>	<u>112</u>

(29) Equity attributable to the owners of the Company

At December 31, 2015, Guala Closures S.p.A. is a single-member company limited by shares wholly owned by GCL Holdings S.C.A..

At December 31, 2015, Guala Closures S.p.A. has subscribed and paid-up share capital of €74,624 thousand, consisting of 74,624,491 ordinary shares with a nominal value of €1 each.

On December 22, 2014, the extraordinary shareholders' meeting of Guala Closures S.p.A. approved the issuance, pursuant to article 2346, last paragraph, of the Italian Civil Code, of 50.7 million participating financial instruments ("SFP") with a nominal value of €1.00 each and a duration equal to that of the Company, against a contribution in cash of €50.7 million, reserved to the sole shareholder GCL Holdings S.C.A..

The main features of the SFP are:

- The participating financial instruments are perpetual and are subordinate to the Group's other creditors. The purpose of issuing participating financial instruments was to strengthen the Group's capital base;
- Coupons on the SFP are settled from time to time by Guala Closures S.p.A. in accordance with the relevant resolutions (if any) of the competent corporate bodies of the Company. The coupon rate of the participating financial instruments is 9.3%. Coupon payments and their tax effect are recognised directly in equity;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(29) Equity attributable to the owners of the Company (Continued)

- Guala Closures S.p.A. may, at its sole discretion, omit or defer coupon payments to the holders. However, deferred coupon payments will fall due for payment in the event of Guala Closures S.p.A. subsequently making any distributions to its shareholders, both as dividends and reserves;
- The SFP holder(s) may freely transfer, in whole or in part, the SFPs to any third party;
- Pursuant to the SFP Rules, the SFPs shall be redeemable at any time, in whole or in part, at the option of the Company's board of directors only and within the amount of the distributable profits and distributable reserves as recorded in the financial statements of the Company as duly approved by its competent corporate bodies of the Company.

As the SFP satisfy the IAS 32 criteria for equity, they have been recognized as part of equity.

In 2015 no coupons on the SFP are declared by Guala Closures S.p.A.' management.

The increase of the equity reserve "Participating financial instruments reserve" is due to income of the owners of the Participating Financial Instruments of the Company related to such instruments.

Neither the parent nor its subsidiaries hold treasury shares either directly or indirectly through trustees or nominees.

Reference should be made to the statement of changes in equity for changes in, and details of, the components of equity.

As per the Senior Revolving Facility Agreement, for the Floating Rate Senior Secured Notes and for the High Yield Bonds issued by the parent GCL Holdings S.C.A., there are certain restrictions to the transfer of funds between Guala Closures subsidiaries and Guala Closures S.p.A. and between Guala Closures S.p.A. and the parent GCL Holdings S.C.A..

The Group's objectives in capital management are to create value for shareholders, safeguard the Group's future and to support its development.

Equity and participating financial instruments are considered to be capital.

The Group thus seeks to maintain a sufficient level of capitalization, while giving shareholders satisfactory returns and ensuring the Group has access to external sources of financing at acceptable terms, including via maintaining an adequate rating.

The Group monitors the debt/equity ratio on an ongoing basis, particularly in terms of net indebtedness and cash flows generated by operating activities.

The board of directors carefully monitors the balance between greater returns through the right level of indebtedness and the advantages of a sound financial position.

To achieve these objectives, the Group strives to continuously make its operations more profitable.

The board of directors monitors the return on share capital, being total equity pertaining to owners of the parent, excluding non-controlling interests, and the amount of dividends to be distributed to holders of ordinary shares.

The Group's capital management policies have not changed during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(30) Equity attributable to non-controlling interests

Equity attributable to non-controlling interests relates to the following consolidated companies:

	Non-controlling interests % December 31, 2014	Non-controlling interests % December 31, 2015	Balance at December 31, 2014	Balance at December 31, 2015
Guala Closures Ukraine LLC	30.0%	30.0%	6,449	8,078
Guala Closures India Pvt Ltd.	5.0%	5.0%	1,826	1,748
Guala Closures Argentina S.A.	1.6%	1.6%	47	32
Guala Closures de Colombia LTDA	6.8%	6.8%	608	518
Guala Closures Bulgaria A.D.	30.0%	30.0%	1,923	1,669
Guala Closures Tools A.D.	30.0%	30.0%	479	378
Guala Closures DGS Poland S.A.	30.0%	30.0%	12,464	12,274
Total			<u>23,796</u>	<u>24,699</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(30) Equity attributable to non-controlling interests (Continued)

Reference should be made to the consolidated statement of changes in equity for changes in equity attributable to the non-controlling interests.

The following tables summarise the information relating to each of the Group's subsidiaries that have material non-controlling interests, before any intra-group eliminations:

<u>December 31, 2014</u>	<u>Carrying amount</u>					
<u>Thousands of Euros</u>	<u>Guala Closures DGS Poland S.A.</u>	<u>Guala Closures Ukraine LLC</u>	<u>Guala Closures Bulgaria A.D.</u>	<u>Guala Closures India pvt Ltd</u>	<u>Other individually immaterial subsidiaries</u>	<u>Total</u>
Non-controlling interests percentage	30%	30%	30%	5%		
Non-current assets	33,760	12,428	2,541	25,908		
Current assets	27,312	17,641	6,171	17,321		
Non-current liabilities	(3,574)	—	(108)	(894)		
Current liabilities	(15,950)	(8,574)	(2,193)	(5,806)		
Equity	41,548	21,496	6,411	36,529		
Equity attributable to non-controlling interests	12,464	6,449	1,923	1,826	1,134	23,796
Total revenue (third parties + related parties)	73,918	48,007	10,750	55,960		
Profit for the year	10,038	10,888	831	6,611		
Other comprehensive income/(expense) (OCI)	(1,255)	(10,346)	—	3,838		
Total comprehensive income	8,782	542	831	10,448		
Profit allocated to non-controlling interests	3,011	3,266	249	331	298	7,156
OCI allocated to non-controlling interests	(377)	(3,104)	—	192	(17)	(3,306)
Total comprehensive income allocated to non-controlling interests	2,635	163	249	522	281	3,850
Cash flows from operating activities	13,779	9,162	2,998	10,252		
Cash flows used in investing activities	(5,288)	(6,107)	(3)	(6,622)		
Cash flows used in financing activities (including dividends to NCI)	(14,194)	(4,098)	(1,738)	(5,741)		
Net increase (decrease) in cash and cash equivalents	(5,704)	(1,043)	1,256	(2,112)		
Dividends paid to non-controlling interests	4,291	1,044	511	297	412	6,555

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(30) Equity attributable to non-controlling interests (Continued)

<u>December 31, 2015</u>	<u>Carrying amount</u>						
<u>Thousands of Euros</u>	<u>Guala Closures DGS Poland S.A.</u>	<u>Guala Closures Ukraine LLC</u>	<u>Guala Closures Bulgaria A.D.</u>	<u>Guala Closures India pvt Ltd</u>	<u>Other individually immaterial subsidiaries</u>		<u>Total</u>
Non-controlling interests percentage	30%	30%	30%	5%			
Non-current assets	32,563	10,590	1,685	25,451			
Current assets	27,205	23,588	4,994	18,241			
Non-current liabilities	(3,205)	—	(73)	(937)			
Current liabilities	(15,648)	(7,250)	(1,042)	(7,798)			
Equity	40,915	26,927	5,565	34,958			
Equity attributable to non-controlling interests	12,274	8,078	1,669	1,748	929		24,699
Total revenue (third parties + related parties)	81,722	49,160	7,915	62,880			
Profit for the year	11,084	12,002	(99)	7,087			
Other comprehensive income/(expense) (OCI)	100	(6,571)	—	1,077			
Total comprehensive income	11,184	5,431	(99)	8,164			
Profit allocated to non-controlling interests	3,325	3,601	(30)	354	146		7,397
OCI allocated to non-controlling interests	30	(1,971)	—	54	(92)		(1,979)
Total comprehensive income allocated to non-controlling interests	3,355	1,629	(30)	408	54		5,418
Cash flows from operating activities	11,778	13,369	1,187	15,257			
Cash flows used in investing activities	(2,706)	(4,696)	(141)	(2,947)			
Cash flows used in financing activities (including dividends to NCI)	(9,691)	341	(762)	(11,012)			
Net increase (decrease) in cash and cash equivalents	(618)	9,014	284	1,298			
Dividends paid to non-controlling interests	2,880	—	226	486	265		3,858

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(EXPENSE)**

(31) Net revenue

The table below illustrates the geographical distribution of net revenue based on the geographical location from where the product is sold by the group companies:

<u>Thousands of Euros</u>	<u>2014</u>	<u>2015</u>
Europe	276,962	284,430
Asia	66,844	70,356
Latin and North America	77,714	96,589
Oceania	48,980	49,871
Africa	17,295	19,286
Total	487,794	520,533

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(32) Other operating income

This caption includes:

<u>Thousands of Euros</u>	<u>2014</u>	<u>2015</u>
Internal production	5,859	5,936
Sundry recoveries/repayments	3,513	3,224
Release of provision for contingencies on tax matters	—	944
Gains on sale of fixed assets	268	203
Other	333	413
Total	<u>9,974</u>	<u>10,719</u>

Internal production includes €868 thousand of capitalized development expenditure related to new closures and €5,068 thousand of extraordinary maintenance carried out on property, plant and equipment, of which extraordinary maintenance and upgrading of the production capacity of Guala Closures S.p.A. amounting to €405 thousand and foreign companies amounting to €4,663 thousand.

The release of provision for contingencies on tax matters is due to a more favorable framework for the calculation of the administrative tax penalties according Legislative Decree n. 158/2015.

(33) Costs for raw materials

This caption includes:

<u>Thousands of Euros</u>	<u>2014</u>	<u>2015</u>
Raw materials and supplies	192,285	216,005
Packaging	8,938	9,330
Consumables and maintenance	8,793	9,729
Fuels	490	454
Other purchases	1,992	1,774
Change in inventories	6,685	(3,955)
Total	<u>219,182</u>	<u>233,336</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(34) Costs for services—third parties

This caption includes:

<u>Thousands of Euros</u>	<u>2014</u>	<u>2015</u>
Electricity / heating	22,077	22,316
Transport	18,491	20,531
External processing	8,426	8,509
Maintenance	5,437	5,860
Sundry industrial services	4,555	5,470
External labor / portorage	4,007	4,650
Travel	4,059	4,261
Legal and consulting fees	3,143	3,070
Insurance	3,421	3,035
Administrative services	1,668	2,311
Directors' fees	1,810	1,988
Cleaning service	1,193	1,128
Commissions	973	952
Technical assistance	1,002	889
Telephone costs	854	802
Entertainment expenses	682	686
Security	445	548
Expos and trade fairs	222	441
Advertising services	353	431
Commercial services	590	334
Other	2,365	2,219
Total	<u>85,774</u>	<u>90,432</u>

Details of fees paid to the parent's directors, statutory auditors, CEO and key managers are provided in notes 44) "Related party transactions" and 48) "Fees of Statutory Auditors" to these consolidated financial statements.

(35) Costs for services—related parties

This caption includes:

<u>Thousands of Euros</u>	<u>2014</u>	<u>2015</u>
Administrative consultancy—GCL Holdings S.C.A.	—	1,548
Total	<u>—</u>	<u>1,548</u>

(36) Personnel expense

This caption includes:

<u>Thousands of Euros</u>	<u>2014</u>	<u>2015</u>
Wages and salaries	73,564	75,571
Social security contributions	13,118	13,152
Expense from defined benefit plans	1,623	1,597
Other costs	2,413	2,592
Total	<u>90,719</u>	<u>92,912</u>

Reference should be made to note 27) "Employee benefits" to these consolidated financial statements for details on Expense/(income) for defined benefit plans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(36) Personnel expense (Continued)

At December 31, 2014 and 2015, the Group had the following number of employees:

<u>Number</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Blue collars	2,984	2,928
White collars	865	872
Managers	197	189
Total	<u>4,046</u>	<u>3,989</u>

(37) Other operating expense

This caption includes:

<u>Thousands of Euros</u>	<u>2014</u>	<u>2015</u>
Rent and leases	4,821	4,774
Taxes and duties	1,911	2,319
Other costs for the use of third party assets	1,742	1,707
Provisions	4,831	1,529
Other charges	831	930
Total	<u>14,135</u>	<u>11,259</u>

The decrease in Other operating expense mainly relates to smaller provisions booked in 2015 (in 2014, the Group recognized non-recurring provisions for restructuring and costs in relation to potential tax and related matters related to the period 2009-2011).

(38) Financial income

This caption includes:

<u>Thousands of Euros</u>	<u>2014</u>	<u>2015</u>
Exchange rate gains	5,025	8,139
Change in fair value of IRS	1,627	1,975
Interest income	171	713
Fair value gains on aluminium derivatives	881	16
Other financial income	49	238
Total	<u>7,754</u>	<u>11,081</u>

(39) Financial expense—third parties

This caption includes:

<u>Thousands of Euros</u>	<u>2014</u>	<u>2015</u>
Interest expense	22,881	21,814
Exchange rate losses	6,165	12,028
Fair value losses on aluminum derivatives	432	1,512
Financial expense—non-controlling investors in the Ukrainian company	3,500	3,600
Other financial expense	4,765	1,085
Total	<u>37,744</u>	<u>40,039</u>

Financial expense—non-controlling investors in the Ukrainian company relates to recognition of the increase in the financial liability for these investors' right to exercise a put option if certain conditions are met. The liability was determined by discounting the estimated value of the put option at its estimated time of exercise.

Other financial expense in 2014 included €3.7 million due to the accrual for taxes and related interest in relation to potential taxes related to the period 2009-2011.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(40) Financial expense—related parties

This caption includes:

<u>Thousands of Euros</u>	<u>2014</u>	<u>2015</u>
Interest expense—GCL Holdings S.C.A.	19,902	15,203
Total	<u>19,902</u>	<u>15,203</u>

Interest expense to GCL Holdings S.C.A. includes €9.4 million on the loan granted by GCL Holdings S.C.A. to Guala Closures International B.V. following the Group's debt restructuring which took place in April 2011 and €5.8 million on the loan previously provided by GCL Holdings S.C.A. to GCL Special Closures S.r.l.. In 2012, following the reverse merger between Guala Closures S.p.A. and GCL Special Closures S.r.l., this loan has been taken over by Guala Closures S.p.A.

Following the conversion in December 2014 of the €50.7 million financial debt owned by Guala Closures S.p.A. to GCL Holdings S.C.A. into participating financial instruments, the interest accrued from the conversion date to year end has been recognised directly in equity instead of in profit or loss.

(41) Income and expense on financial assets/liabilities

The following table shows income and expense on financial assets/liabilities, specifying which are recognized in profit or loss and which directly in equity:

<u>Thousands of Euros</u>	<u>2014</u>	<u>2015</u>
Recognized in profit or loss		
Bank interest income	171	713
Fair value gains on derivatives	2,509	1,991
Exchange rate gains	5,025	8,139
Other financial income	49	238
Total financial income	<u>7,754</u>	<u>11,081</u>
Interest expense on financial liabilities measured at amortized cost	42,783	37,018
Exchange rate losses	6,165	12,028
Fair value losses on derivatives	432	1,512
Other financial expense	8,265	4,685
Total financial expense	<u>57,645</u>	<u>55,242</u>
Net financial expense	<u>(49,892)</u>	<u>(44,161)</u>
Recognized directly in equity in the Hedging reserve		
Effective portion of fair value losses on cash flow hedges	(273)	(47)
Net change in fair value of cash flow hedges reclassified to profit or loss	350	318
Total recognized directly in equity	<u>77</u>	<u>271</u>

(42) Income taxes

This caption includes:

<u>Thousands of Euros</u>	<u>2014</u>	<u>2015</u>
Current taxes	(19,846)	(23,915)
Deferred tax income/(expense)	3,034	1,448
Total	<u>(16,812)</u>	<u>(22,468)</u>

Deferred tax income and expense in profit or loss do not reflect the change in the corresponding captions of the statement of financial position due to the effect of transactions recognized directly in equity (€-75 thousand), as described in the following table.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(42) Income taxes (Continued)

Deferred tax liabilities recognized directly in equity

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Change in deferred tax liabilities on fair value adjustments on cash flow hedges	(21)	(75)
Total	<u>(21)</u>	<u>(75)</u>

Reconciliation between the theoretical and effective tax charge

The difference between the theoretical and effective tax charge is mainly related to the impact of the different tax rates in foreign countries, non-taxable revenue and non-deductible costs.

<u>Thousands of Euros</u>	<u>2014</u>	<u>2015</u>
<i>Profit(loss) before taxation</i>	<u>(306)</u>	<u>23,123</u>
Income tax using Italian tax rate (2014: 27.5%; 2015: 27.5%)	(84)	6,359
Effect of tax rates in foreign jurisdictions (2014: n.s.; 2015:(8.7%))	(2,350)	(2,001)
Tax-exempt revenue and other decreases	(904)	(803)
Non-deductible expense and other increases	16,133	12,767
Other changes	3,558	2,591
Total increase	16,437	12,554
Effective tax	16,353	18,913
IRAP	773	227
Other taxes, other than income taxes (2014: n.s.; 2015: 20.7%)	2,721	4,775
Total current taxes for the year	19,846	23,915

Guala Closures S.p.A. participates in the national tax consolidation scheme pursuant to articles 117-128 of Presidential decree no. 917 of December 22, 1986 with its subsidiary Pharma Trade S.r.l..

OTHER INFORMATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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(43) Fair value of financial instruments and sensitivity analysis

(a) Accounting classifications and fair values

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including December 31, 2014 and 2015. They do not include fair value information for financial assets and financial liabilities not measured at fair value. Their carrying amount is a reasonable approximation of fair value. There were no movements from one level to another in 2015.

<u>December 31, 2014</u>		Carrying amount						
Thousands of Euros	Note	Fair value - Held-for- trading	Designated at fair value	Fair value - hedging - instruments	Held-to- maturity	Loans and receivables	Available- for-sale	Other financial instruments and liabilities
Financial assets measured at fair value								
Interest rate swaps used for trading	11	66	—	—	—	—	—	—
		<u>66</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Financial assets not measured at fair value (*)								
Trade receivables	6	—	—	—	—	92,108	—	—
Cash and cash equivalents	4	—	—	—	—	35,047	—	—
		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>127,155</u>	<u>—</u>	<u>—</u>
Financial liabilities measured at fair value								
Interest rate swaps used for hedging	25	—	—	(948)	—	—	—	—
Interest rate swaps used for trading	25	(2,088)	—	—	—	—	—	—
Contingent consideration	18	—	(9,900)	—	—	—	—	—
		<u>(2,088)</u>	<u>(9,900)</u>	<u>(948)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Financial liabilities not measured at fair value (*)								
Bank overdraft	18	—	—	—	—	—	—	(3)
Secured bank loans	18	—	—	—	—	—	—	(42)
Unsecured bank loans	18	—	—	—	—	—	—	(2)
Secured bond issues	18	—	—	—	—	—	—	(272)
Intragroup loans	19	—	—	—	—	—	—	(161)
Finance lease liabilities	18	—	—	—	—	—	—	(13)
Trade payables	20	—	—	—	—	—	—	(54)
Other payables	18	—	—	—	—	—	—	—
		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(549)</u>

(*) The Group has not disclosed the fair values of financial instruments such as current trade receivables and payables, because their carrying amount is a reasonable approximation of fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(43) Fair value of financial instruments and sensitivity analysis (Continued)

<u>December 31, 2015</u>		Carrying amount						
<u>Thousands of Euros</u>	<u>Note</u>	<u>Fair value - Held-for- trading</u>	<u>Designated at fair value</u>	<u>Fair value - hedging instruments</u>	<u>Held-to- maturity</u>	<u>Loans and receivables</u>	<u>Available- for-sale</u>	<u>Other financial liabilities</u>
Financial assets not measured at fair value (*)								
Trade receivables—third parties	6					86,880		
Trade receivables—related parties	7					436		
Cash and cash equivalents	4	—	—	—	—	61,754	—	—
		—	—	—	—	<u>149,070</u>	—	—
Financial liabilities measured at fair value								
Interest rate swaps used for hedging	25			(677)				
Interest rate swaps used for trading	25	(394)						
Contingent consideration	18		(13,500)					
		<u>(394)</u>	<u>(13,500)</u>	<u>(677)</u>	—	—	—	—
Financial liabilities not measured at fair value (*)								
Bank overdraft	18							(3,400)
Secured bank loans	18							(55,700)
Unsecured bank loans	18							(1,000)
Secured bond issues	18							(273,000)
Intragroup loans	19							(155,000)
Finance lease liabilities	18							(11,800)
Trade payables—third parties	20							(66,900)
Trade payables—related parties	21							(1,500)
Other payables	18							—
		—	—	—	—	—	—	<u>(569,300)</u>

(*) The Group has not disclosed the fair values of financial instruments such as current trade receivables and payables, because their carrying amount approximates fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(43) Fair value of financial instruments and sensitivity analysis (Continued)

(b) Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

<u>Type</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Contingent consideration	<i>Discounted cash flows:</i> The fair value is determined considering the expected payment, discounted to present value using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of forecast EBITDA of the Ukrainian subsidiary.	<ul style="list-style-type: none"> • Forecast EBITDA (average of last 2 years – 2014 and 2015 – and 2016 budget figures) • Net financial position of the Ukrainian subsidiary as at December 31, 2015 • Risk-adjusted discount rate (7.0%) • Expected date of put option exercise 	The estimated fair value would increase if: <ul style="list-style-type: none"> • the EBITDA was higher • the Net financial position was higher • the risk-adjusted discount rate was lower • the expected date of put option was exercised early
Forward exchange contracts and interest rate swaps	<i>Market comparison technique:</i> The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable.	Not applicable.

Financial instruments not measured at fair value

<u>Type</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>
Secured bonds issues Intragroup loans	Discounted cash flows	Not applicable.
Finance lease liabilities		

(ii) Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation of the opening balances to the closing balances for Level 3 fair values.

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Balance at January 1	6,400	9,900
Loss included in “financial expense”		
– Net change in fair value (unrealised)	<u>3,500</u>	<u>3,600</u>
Balance at December 31	<u>9,900</u>	<u>13,500</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(43) Fair value of financial instruments and sensitivity analysis (Continued)

Sensitivity analysis

For the fair value of the contingent consideration, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

<u>Thousands of Euros</u>	<u>Increase/ (decrease) in unobservable inputs</u>	<u>Favourable/ (unfavourable) impact on profit or loss</u>
Forecast EBITDA	10%	(1,200)
	(10%)	1,300
Net financial position	+ 1 million €	(200)
	- 1 million €	200
Risk-adjusted discount rate	1%	1,600
	(1%)	(1,700)
Expected date of put option exercise	+ 1 year	900
	- 1 year	(900)

(c) Financial risk management

The Group is exposed to the following risks as a result of its operations:

- credit risk;
- liquidity risk;
- interest rate risk;
- currency risk;
- other price risk,

Guala Closures S.p.A.'s board of directors has overall responsibility for establishing and monitoring a risk management system for the Group.

The proxy system ensures the risk management guidelines are implemented and regularly monitored. The finance department is responsible for the monitoring and, in carrying out such activities, it uses information generated by the internal control system.

Credit risk

This is the risk that a customer or the counterparty to a financial instrument is unable to meet an obligation, leading to a financial loss. These risks arise mainly in relation to trade receivables and financial investments.

The Group's exposure to credit risk depends largely on each customer's specific characteristics. The demographics of the Group's customer portfolio, including the segment insolvency risk and the country risk, have an impact on the credit risk.

The Group accrues an allowance for impairment equal to the estimated losses on trade and other loans and receivables. It comprises both the recognition of impairment losses for material individual amounts and the recognition of collective impairment for similar groups of assets to cover losses already incurred but not yet identified. The collective impairment losses are calculated on the basis of historical payment statistics.

Most of the Group's trade receivables are due from leading operators of the alcoholic and non-alcoholic beverage segment. Most of its trading relationships are with longstanding customers. The Group's historical figures indicate a modest amount of bad debts. The risk is fully covered by the corresponding allowance for impairment recognized in the consolidated financial statements.

There are no cases of very concentrated credit risk in geographical terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(43) Fair value of financial instruments and sensitivity analysis (Continued)

At December 31, 2014 and 2015, trade receivables may be analyzed by geographical segment as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Europe	46,667	44,733
Asia	15,230	13,524
Latin America	14,417	13,990
Oceania	6,226	5,194
Rest of the world	9,569	9,439
Total	<u>92,108</u>	<u>86,880</u>

At December 31, 2015, trade receivables may be analyzed by due date as follows:

<u>Thousands of Euros</u>	<u>Gross amount December 31, 2015</u>	<u>Impairment losses December 31, 2015</u>	<u>Net amount December 31, 2015</u>
Not yet due	70,355	(334)	70,021
0-30 days overdue	11,647	(255)	11,392
31-90 days overdue	3,090	(81)	3,009
More than 90 days overdue	9,940	(7,481)	2,458
Total	<u>95,031</u>	<u>(8,151)</u>	<u>86,880</u>

The Group believes that the unimpaired amounts that are overdue by more than 30 days are still collectible, based on historical payment behavior and extensive analyses of the underlying customers' credit ratings. Based on historical default rates, the Group believes that, apart from the above, no impairment allowance is necessary in respect of trade receivables not yet due or overdue by up to 30 days.

At December 31, 2015, trade receivables may be analyzed by original currency as follows:

<u>Thousands of Euros</u>	<u>EUR</u>	<u>INR</u>	<u>USD</u>	<u>GBP</u>	<u>Other currencies</u>	<u>Total</u>
Trade receivables	36,292	9,781	8,395	6,299	26,114	86,880

Other currencies includes trade receivables in the following local currencies:

<u>Thousands of Euros</u>	<u>December 31, 2015</u>
Ukrainian hryvnia	5,704
Australian dollar	3,868
Polish zloty	3,698
Columbian peso	2,624
Chinese renmimbi	2,091
South African rand	2,036
Mexican peso	1,969
Argentinean peso	1,541
New Zealand dollar	1,326
Brazilian real	741
Bulgarian Lev	352
Other	164
Total	<u>26,114</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(43) Fair value of financial instruments and sensitivity analysis (Continued)

An analysis of the credit quality of trade receivables is as follows:

<u>Thousands of Euros</u>	<u>December 31, 2015</u>
– Four or more years’ trading history with the Group	64,819
– From four to one years’ trading history with the Group	8,211
– Less than one year’ trading history with the Group	1,080
– Residual (not classified)	<u>12,771</u>
Total	<u>86,880</u>

Liquidity risk

This risk regards the Group’s ability to meet its obligations arising from financial liabilities.

The Group’s approach to liquidity management is to ensure adequate funds are always available to cover its obligations at the expiry dates, both in normal conditions and at times of financial difficulty, without incurring borrowing expense at terms higher than market conditions.

The Group generally ensures there is sufficient cash and cash equivalents to cover forecast short-term operating expenses, including those related to financial liabilities. Contingent effects arising from extreme situations that cannot reasonably be forecast, such as natural disasters, are excluded from the above.

The aim of Guala Closures Group’s financing strategy is to maintain a well-balanced maturity profile for liabilities to thereby reduce the refinancing risk. Historically, the Group has always met its obligations on time and was able to re-finance the indebtedness in advance before it expires.

Reference should be made to the tables in note 18) “Financial liabilities—third parties” to these consolidated financial statements for information on the Group’s loans, credit lines and facilities at the reporting date.

Exposure to liquidity risk

The following are the outstanding contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements:

<u>Thousands of Euros</u>	<u>Carrying amount</u>	<u>Contractual cash flows</u>			<u>Total contractual cash flows</u>
		<u>Within one year</u>	<u>From one to five years</u>	<u>After five years</u>	
Non-derivative financial liabilities					
Contingent consideration	13,500			(32,400)	(32,400)
Bank overdrafts	3,473	(3,522)			(3,522)
Secured bank loans	55,713	(3,705)	(57,698)	—	(61,404)
Unsecured bank loans	1,619	(893)	(780)	—	(1,673)
Secured bond issues	273,038	(14,559)	(318,676)	—	(333,234)
Intragroup loans	155,546	(15,019)	(174,947)	—	(189,966)
Finance lease liabilities	11,845	(1,996)	(9,933)	—	(11,929)
Trade payables—third parties	66,905	(66,905)		—	(66,905)
Trade payables—related parties	1,548	(1,548)	—	—	(1,548)
Other	82	(60)	(5)	—	(65)
Total	<u>583,269</u>	<u>(108,207)</u>	<u>(562,040)</u>	<u>(32,400)</u>	<u>(702,648)</u>
Derivative financial liabilities					
Interest rate swaps used for hedging	677	(250)	(500)	—	(750)
Interest rate swaps used for trading	394	(394)	—	—	(394)
Total	<u>1,071</u>	<u>(644)</u>	<u>(500)</u>	<u>—</u>	<u>(1,144)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(43) Fair value of financial instruments and sensitivity analysis (Continued)

The interest payments on variable interest rate loans and bond issues in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change. The future cash flows on contingent consideration and derivative instruments may be different from the amount in the above table as interest rates and exchange rates or the relevant conditions underlying the contingency change. Except for these financial liabilities, it is not expected that the cash flows included in the maturity analysis will materialise significantly earlier, or at significantly different amounts.

Interest rate risk

This risk relates to volatility of the market rates which determine the interest expense paid on outstanding loans.

The Group is exposed to interest rate risk as almost the full amount of its financial liabilities provide for the payment of interest at floating rates subject to short-term repricing.

The Group's policy is to hedge a significant portion of the payable amount subject to interest rate risk. Interest rate swaps are used to hedge the risk which enable the interest rate to be set at fixed amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(43) Fair value of financial instruments and sensitivity analysis (Continued)

Effective interest rate and repricing analysis

The following table shows the effective interest rate at the reporting date and for the period in which the related rate may be reviewed for interest-bearing financial assets and liabilities:

<u>Thousands of Euros</u>	<u>Effective interest rate— December 2015</u>	<u>Repricing date</u>					
		<u>Total 31/12/15</u>	<u>Up to 6 months</u>	<u>6 - 12 months</u>	<u>1 - 2 years</u>	<u>2 - 5 years</u>	<u>After 5 years</u>
Bonds							
Floating Rate Senior Secured Notes due in 2019 issued by Guala Closures S.p.A.	5.29%	275,000	275,000	—	—	—	—
Accrued interest—Guala Closures S.p.A.	n.a.	1,820	1,820	—	—	—	—
Transaction costs	n.a.	(3,781)	(3,781)	—	—	—	—
TOTAL FRSN 2019 GUALA CLOSURES S.p.A.		<u>273,038</u>	<u>273,038</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Bank loans and borrowings:							
Senior Revolving Facility	3.75%	55,000	55,000	—	—	—	—
Transaction costs	n.a.	(966)	(966)	—	—	—	—
Total Senior Revolving Facility . . .		<u>54,034</u>	<u>54,034</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Accrued interest and expenses— Guala Closures S.p.A.	n.a.	194	194	—	—	—	—
Handlowy S.A. bank overdraft (Poland)	0.50%	3,473	3,473	—	—	—	—
Bancolombia loan (Colombia) . . .	7.35%	465	465	—	—	—	—
Bradesco / ITAU / Santander loan (Brazil)	3.90%	1,154	1,154	—	—	—	—
Advances on receivables and loans (Argentina)	n.a.	393	393	—	—	—	—
Bancomer / Banamex loan (Mexico)	2.50%	1,092	1,092	—	—	—	—
Total bank loans and borrowings		<u>60,805</u>	<u>60,805</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Other financial liabilities:							
Guala Closures S.p.A. finance leases	n.a.	11,780	11,780	—	—	—	—
Bulgarian companies' finance leases	n.a.	65	65	—	—	—	—
Liability to the Ukrainian non-controlling investors	n.a.	13,500	13,500	—	—	—	—
Other liabilities	n.a.	82	82	—	—	—	—
Total other financial liabilities . . .		<u>25,427</u>	<u>25,427</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
TOTAL		<u>359,270</u>	<u>359,270</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Loan due 2018 from GCL Holdings S.C.A.—Guala Closures S.p.A.	9.30%	61,454	953	—	—	60,501	—
Loan due 2018 from GCL Holdings S.C.A.—Guala Closures International B.V. . . .	10.10%	94,092	2,367	—	—	91,725	—
Total		<u>155,546</u>	<u>3,320</u>	<u>—</u>	<u>—</u>	<u>152,226</u>	<u>—</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(43) Fair value of financial instruments and sensitivity analysis (Continued)

Sensitivity analysis

Financial liabilities' fair values were calculated by an external actuary using the following methodology:

- the cash flows generated by the outstanding payables are identified both in terms of interest and principal. These cash flows are calculated with reference to the interest rates and the repayment plan;
- the individual cash flows are discounted using risk-free rates ruling on the measurement date. The bootstrap method is applied to the swap rates for each expiry date of the corresponding cash flow based on the resulting time curve;
- furthermore the individual cash flows are discounted using an additional rate, based on the Group's credit standing, calculated as the weighted average of the spreads applied to the different financing agreements. The spreads applied to the financing agreements are deemed to objectively represent the Group's credit standing and subsequent significant changes should not arise given its current financial position.

The following table shows the sensitivity analysis for the cash flows from these financial liabilities and the related hedging derivatives at December 31, 2015:

<u>Thousands of Euros</u>	<u>Increase of 100bp</u>	<u>Decrease of 100bp</u>
Floating Rate Senior Secured Notes due in 2019 issued by Guala Closures S.p.A.	(9,942)	1,723
Senior Revolving Facility Agreement—gross of transaction costs	<u>(1,019)</u>	<u>80</u>
Sensitivity of cash flows for Bonds and Revolving facility (net)	<u>(10,961)</u>	<u>1,803</u>
Finance leases	(242)	29
Related interest rate swaps	<u>129</u>	<u>—</u>
Sensitivity of cash flows of other financial liabilities (net)	<u>(113)</u>	<u>29</u>

The following methodology is used to perform the sensitivity analyses: a change is assumed in the interest rate used to calculate the interest (+/- 100 basis points), which indicates the change in the overall liability. Accordingly, negative amounts indicate an increase in the fair value of the liability and vice versa for positive amounts.

Currency risk

This risk relates to the effect of fluctuations in exchange rates on sales and purchases in currencies other than the functional currencies of the various group entities.

The Group is exposed to currency risk, particularly in relation to fluctuations of the pound sterling and US dollar.

Interest on loans is denominated in the currency of the cash flows generated by the Group's underlying transactions.

The risk of exchange rate fluctuations is managed using exchange rate hedges when significant differences are noted between cost and revenue in foreign currency.

If that is the case, such differences are hedged through currency swaps. These provide for the purchase/sale of agreed amounts in foreign currency at a set exchange rate against the Euro.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(43) Fair value of financial instruments and sensitivity analysis (Continued)

Sensitivity analysis

A strengthening of the Euro, as indicated below, against the USD, GBP, AUD, INR, UAH and PLN at December 31, 2014 and 2015 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on exchange rate fluctuations that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis, although the changes in exchange rates differed to those expected, as indicated below.

	Strengthening		Weakening	
	Assets	Profit or loss	Liabilities	Profit or loss
2014				
USD (10% change)	131	131	(107)	(107)
GBP (10% change)	555	555	(454)	(454)
AUD (10% change)	549	549	(450)	(450)
INR (10% change)	1,373	1,373	(1,124)	(1,124)
UAH (10% change)	530	530	(434)	(434)
PLN (10% change)	(444)	(444)	363	363
2015				
USD (10% change)	701	701	(573)	(573)
GBP (10% change)	743	743	(608)	(608)
AUD (10% change)	726	726	(594)	(594)
INR (10% change)	1,280	1,280	(1,047)	(1,047)
UAH (10% change)	1,406	1,406	(1,151)	(1,151)
PLN (10% change)	(251)	(251)	205	205

Other price risk

As a result of the nature of its activities, the Group is exposed to the risk of fluctuations in the purchase price of raw materials, particularly plastics and aluminum.

The risk of fluctuations in the purchase price of plastics has not been hedged as these raw materials were not listed on international markets (the London Metal Exchange). However, this risk will be able to be hedged in the near future given current developments in the listing of plastics on the international market and corresponding hedging instruments.

The risk of fluctuations in the purchase price of aluminum is partly hedged through derivatives which set the forward purchase price.

(44) Related party transactions

Intragroup transactions and balances between consolidated group companies are eliminated on consolidation and, therefore, do not appear in the consolidated financial statements figures and are not disclosed in this report.

Transactions with the parent's directors and key managers are set out below:

Thousands of Euros	Costs recognized in the year							Total	Accrual for post-employment benefits at December 31, 2015	Other payables at December 31, 2015	Cash flows in the year
	Fees for position held	Incentives	Remuneration for employment	Accrual for post-employment benefits and other supplementary pension funds	Non-cash benefits	Other benefits	Total				
Total directors/key managers	1,343	346	626	44	35	120	2,515	—	—	2,275	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(43) Fair value of financial instruments and sensitivity analysis (Continued)

Furthermore, in relation to services provided by key managers which act as managers of the parent company GCL Holdings S.C.A., the Group received a recharge in 2015 of €764 thousand.

On December 31, 2014, Intesa Sanpaolo S.p.A. was considered to be a related party of the Group.

On March 24, 2015, Intesa Sanpaolo S.p.A. transferred its “private equity” business including its investment in GCL Holdings L.P. S.à r.l. to Manzoni S.r.l. by means of a contribution in kind.

On March 31, 2015, the partial demerger of Manzoni into Melville S.r.l., pursuant to which the investment in GCL Holdings L.P. S.à r.l. was assigned and transferred by Manzoni to Melville, became effective.

On April 21, 2015, NB Renaissance Partners Holdings S.à r.l., a newly established private equity fund sponsored by Intesa Sanpaolo S.p.A. and Neuberger Berman Group, acquired an approximate 72% of Melville S.r.l., while Intesa Sanpaolo Group maintained its non-controlling interest.

On the basis of the above, Intesa Sanpaolo S.p.A. is no longer considered a related party of the Group, while Melville S.r.l. is considered a related party of GCL Holdings Group.

The relationships between Melville S.r.l. and the Group as at December 31, 2015 are summarized below:

- at December 31, 2015, Melville S.r.l. has a representative on the board of directors and a representative on the board of statutory auditors of Guala Closures S.p.A.;
- at December 31, 2015, Melville S.r.l. has a representative on the board of directors of GCL Holdings GP S.à r.l. (General Partner of GCL Holdings S.C.A.);
- at December 31, 2015, Melville S.r.l. has a representative on the board of directors of GCL Holdings LP S.à r.l. (General Partner of GCL Holdings GP S.à r.l.);
- at December 31, 2015, Melville S.r.l. controls an ultimate beneficial voting interest of 19.6%, via an investment in GCL Holdings L.P. S.à r.l..

In addition, DLJ Merchant Banking Funds is considered to be a related party of the Group.

On March 31, 2014, the DLJ Merchant Banking Partners team spun off from Credit Suisse to form aPriori Capital Partners L.P., which manages the DLJ Merchant Banking Funds.

The transactions and relationships between DLJ Merchant Banking Funds and the Group for the period up to December 31, 2015 are summarized below:

- for the period up to December 31, 2015, aPriori Capital Partners L.P. had four representatives on the board of directors of GCL Holdings GP S.à r.l. (General Partner of GCL Holdings S.C.A.);
- for the period up to December 31, 2015, aPriori Capital Partners L.P. had two representatives on the board of directors of GCL Holdings LP S.à r.l.;
- for the period up to December 31, 2015, aPriori Capital Partners L.P. had five representatives on the board of directors of Guala Closures S.p.A.;
- for the period up to December 31, 2015, DLJMB Overseas Partners IV, L.P., DLJ Merchant Banking Partners IV (Pacific), L.P., DLJMB Offshore Partners IV, L.P., MBP IV Plan Investors, L.P. and DLJMB Overseas IV AIV, L.P. were collectively the beneficial owners of 58% of GCL Holdings S.C.A. via their indirect ownership of 35.4% of GCL Holdings L.P. S.à r.l.;
- transactions with aPriori Capital Partners L.P. took place on an arm’s length basis.

Related parties also include a pension fund for employees of the former Metal Closures Ltd. (now Guala Closures UK Ltd.) managed by Metal Closures Group Trustees Ltd.. Considering the performance of the pension fund, the English Company was not required to transfer funds thereto. Employees have paid their contributions. Reference should be made to note 27) “Employee benefits” to the consolidated financial statements for additional information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(45) Contingent liabilities

At the date of publication of these consolidated financial statements, there were no significant contingent liabilities in relation to which the Group can currently foresee future expenditure.

(46) Operating leases

The Group leases a number of warehouse and factory facilities under operating leases. The leases typically run for a period of 4-6 years, with an option to renew the lease after that date. Some leases provide for additional rent payments that are based on changes in local price indices.

Future minimum lease payments

At December 31, 2014 and 2015, the future minimum lease payments under non-cancellable leases were receivable as follows:

<u>Thousands of Euros</u>	<u>2014</u>	<u>2015</u>
Less than one year	4,493	4,342
Between one and five years	10,365	9,950
More than five years	2,464	1,022
Total	<u>17,321</u>	<u>15,313</u>

Amounts recognized in profit or loss

<u>Thousands of Euros</u>	<u>2014</u>	<u>2015</u>
Lease expense	6,142	5,535
Contingent rent expense	23	545
Sublease income	(8)	—

(47) Commitments and guarantees

The Group's commitments and guarantees given at December 31, 2015 can be grouped into those guarantees given in relation to the Senior Facilities Agreement and Senior Secured Notes due in 2019 and other guarantees given by other group companies, detailed as follows:

GCL Holdings S.C.A.

- Receivables Pledge of GCL Holdings S.C.A.'s receivables under the Proceeds Loan, dated April 20, 2011 (also securing the Senior Notes due in 2018).
- Pledge of the shares of Guala Closures S.p.A. held by GCL Holdings S.C.A.

Guala Closures S.p.A.

- Pledge of the shares held by Guala Closures S.p.A. in Guala Closures International B.V.
- Special lien on the following assets of Guala Closures S.p.A.: (securing the Senior Facilities Agreement only)
 - existing and future chattels not listed in public registers which Guala Closures S.p.A. uses in its operations or as plant and machinery;
 - raw materials, work in progress, stock, finished goods held at any time at Guala Closures S.p.A.'s warehouses (or with third parties or holders of any kind);
 - goods that Guala Closures S.p.A. purchases with income from the financing secured by the special lien;
 - receivables arising after the special lien was signed following the sale of some of the above assets;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(47) Commitments and guarantees (Continued)

– any revenues and related assets in connection therewith.

- Pledge of Guala Closures S.p.A.'s intellectual property rights

Guala Closures UK Ltd.

- A bond and floating charge on all the assets of Guala Closures UK Ltd..

Guala Closures International B.V.

- Specific security deed of the shares of Guala Closures Australia Holdings Pty Ltd. held by Guala Closures International B.V.
- Pledge of the participatory interests and shares of Guala Closures Ukraine LLC held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures Mexico S.A. de C.V. held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures Iberica S.A. held by Guala Closures International B.V.
- Specific security deed of the shares of Guala Closures New Zealand Ltd. held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures do Brasil Ltda. held by Guala Closures International B.V.
- Charge on the shares of Guala Closures UK Ltd. held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures DGS Poland [Spółka Akcyjna] held by Guala Closures International B.V.
- Pledge of the material intellectual property of Guala Closures International B.V.

Guala Closures Australia Holdings Pty Ltd

- Specific security on Guala Closures Australia Pty Ltd. shares held by Guala Closures Australia Holdings Pty Ltd.

Guala Closures Australia Pty Ltd.

- Specific security and general security deed granted on the assets of Guala Closures Australia Pty Ltd.

Guala Closures do Brasil Ltda.

- Mortgage on certain real estate property owned by Guala Closures do Brasil Ltda. (security documents executed in January 2013).

The other guarantees given by group companies at December 31, 2015 are as follows:

Guala Closures Ukraine LLC

- Pledge on assets given to Raiffeisen Bank for an amount of Ukrainian hryvnia 6.7 million

Guala Closures Mexico S.A. de C.V.

- Mortgage on land given to Scotia Bank for an amount of Mexican pesos 19 million

Guala Closures Argentina S.A.

- Mortgage on building given to Banco de la Nación Argentina for an amount of Argentinean pesos 5.5 million

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2015

(47) Commitments and guarantees (Continued)

Guala Closures South Africa Pty Ltd

- Bank Guarantees for Warehouse Lease for an amount of South African rand 0.5 million

Thousand of Euros	December 31, 2015
Guala Closures S.p.A.	
Third party assets held by the Company	1,836

(48) Fees of the Statutory Auditors

The Statutory Auditors' fees are as follow:

Thousands of Euros	Costs recognized in the year				Total	Accrual for post-employment benefits at December 31, 2015	Other payables at December 31, 2015	Cash flows in the year
	Fees for position held	Incentives	Remuneration for employment	Accrual for post-employment benefits and other supplementary pension funds				
Total statutory auditors	52				52		52	52

(49) Events after the reporting period

As of March 23, 2016, no significant subsequent events occurred.

On behalf of the Board of directors
Chairman
Marco Giovannini
(signed on the original)

March 23, 2016

Guala Closures S.p.A.
AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD
ENDED DECEMBER 31, 2014

REPORT OF THE AUDITORS



KPMG S.p.A.
Revisione e organizzazione contabile
Corso Vittorio Emanuele II, 48
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(Translation from the Italian original which remains the definitive version)

Report of the auditors in accordance with article 14 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
Guala Closures S.p.A.

- 1 We have audited the consolidated financial statements of the Guala Closures Group as at and for the year ended 31 December 2014, comprising the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes thereto. The parent's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with the auditing standards issued by the Italian Accounting Profession and recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

Reference should be made to the report dated 11 April 2014 for our opinion on the prior year consolidated financial statements, which included the corresponding figures presented for comparative purposes.
- 3 In our opinion, the consolidated financial statements of the Guala Closures Group as at and for the year ended 31 December 2014 comply with the International Financial Reporting Standards endorsed by the European Union. Therefore, they are clearly stated and give a true and fair view of the financial position of the Guala Closures Group as at 31 December 2014, the results of its operations and its cash flows for the year then ended.
- 4 The directors of Guala Closures S.p.A. are responsible for the preparation of a directors' report on the financial statements in accordance with the applicable laws. Our responsibility is to express an opinion on the consistency of the directors' report with the financial statements to which it refers, as required by the law. For this purpose, we have performed the procedures required by the Italian Standard on Auditing 001 issued by the Italian Accounting Profession and recommended by Consob. In our opinion, the

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), a società di diritto svizzero

Ancona Asolo Bari Bergamo
Bologna Bolzano Brescia
Cagliari Como Firenze Genova
Lecce Milano Napoli Novara
Padova Palermo Parma Perugia
Pescara Roma Torino Trieste
Trento Venezia Verona

Società per azioni
Capitale sociale
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R.E.A. Milano N. 012627
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20124 Milano MI ITAL A.



directors' report is consistent with the consolidated financial statements of the Guala Closures Group as at and for the year ended 31 December 2014.

Turin, 28 April 2015

KPMG S.p.A.

(signed on the original)

Roberto Bianchi
Director of Audit

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated statement of financial position Guala Closures Group—ASSETS

<u>(Thousands of Euros)</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>	<u>Note</u>
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	41,163	35,047	5
Current financial assets	64	69	6
Trade receivables	93,101	92,108	7
Inventories	71,483	64,307	8
Current direct tax assets	1,070	2,162	9
Current indirect tax assets	9,067	7,190	10
Financial derivative assets	—	66	11
Other current assets	3,592	3,724	12
Assets held for sale	8	—	13
Total current assets	<u>219,549</u>	<u>204,672</u>	
<i>Non-current assets</i>			
Non-current financial assets	219	222	14
Property, plant and equipment	205,878	202,825	15
Intangible assets	397,418	385,554	16
Deferred tax assets	8,227	9,171	17
Other non-current assets	499	699	18
Total non-current assets	<u>612,241</u>	<u>598,471</u>	
TOTAL ASSETS	<u>831,790</u>	<u>803,144</u>	

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated statement of financial position Guala Closures Group—LIABILITIES AND EQUITY

(Thousands of Euros)	December 31, 2013	December 31, 2014	Note
LIABILITIES AND EQUITY			
<i>Current liabilities</i>			
Current financial liabilities—third parties	6,227	8,920	19
Current financial liabilities—related parties	6,823	7,316	20
Trade payables	66,774	54,327	21
Current direct tax liabilities	3,427	4,440	22
Current indirect tax liabilities	3,810	3,854	23
Current provisions	1,231	8,937	24
Financial derivative liabilities	4,982	3,036	25
Other current liabilities	24,476	22,038	26
Total current liabilities	117,750	112,868	
<i>Non-current liabilities</i>			
Non-current financial liabilities—third parties	317,576	334,700	19
Non-current financial liabilities—related parties	204,426	153,726	20
Employee benefits	6,835	7,318	27
Deferred tax liabilities	21,109	19,155	17
Non-current provisions	684	686	24
Other non-current liabilities	168	166	28
Total non-current liabilities	550,798	515,751	
Total liabilities	668,548	628,619	
Share capital and reserves attributable to non-controlling interests	20,758	16,641	
Profit for the year attributable to non-controlling interests	6,676	7,156	
Equity attributable to non-controlling interests	27,435	23,796	30
<i>Equity attributable to the owners of the Company</i>			
Share capital	74,624	74,624	
Share premium reserve	184,582	184,582	
Legal reserve	775	775	
Participating financial instruments reserve	—	50,731	
Translation reserve	(25,911)	(35,715)	
Hedging reserve	(1,226)	(1,170)	
Losses carried forward and other reserves	(78,762)	(98,707)	
Loss for the year	(18,275)	(24,391)	
Equity attributable to the owners of the Company	135,808	150,729	29
Total equity	163,242	174,525	
TOTAL LIABILITIES AND EQUITY	831,790	803,144	

The accompanying notes are an integral part of the consolidated financial statements.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(EXPENSE)**

Consolidated statement of profit or loss and other comprehensive income Guala Closures group			
<u>(Thousands of Euros)</u>	<u>2013</u>	<u>2014</u>	<u>Note</u>
<i>Net revenue</i>	494,276	487,794	31
Change in inventories of finished goods and semi-finished products	3,902	1,023	8
Other operating income	13,161	9,974	32
Costs for raw materials	(213,203)	(219,182)	33
Costs for services	(94,376)	(85,774)	34
Personnel expense	(92,154)	(90,719)	35
Other operating expense	(10,263)	(14,135)	36
Amortization, depreciation and impairment losses	(39,308)	(39,396)	7-15-16
Operating profit	62,036	49,585	
Financial income	4,227	7,754	37
Financial expense—third parties	(41,096)	(37,744)	38
Financial expense—related parties	(20,020)	(19,902)	39
Net finance costs	(56,889)	(49,892)	
Result before taxation	5,147	(306)	
Income taxes	(16,745)	(16,812)	41
Loss for the year	(11,598)	(17,118)	
 Other comprehensive income			
Items that will never be reclassified to profit or loss:			
Actuarial gains/(losses) on defined benefit liability (asset)	219	(821)	
	<u>219</u>	<u>(821)</u>	
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations	(13,486)	(13,107)	
Effective portion of fair value gains (losses) of cash flow hedges	52	(273)	
Net change in fair value of cash flow hedges reclassified to profit or loss	401	350	
Tax on items that are or may be reclassified subsequently to profit or loss	(125)	(21)	
	<u>(13,157)</u>	<u>(13,051)</u>	
Other comprehensive expense for the year, net of tax	(12,939)	(13,872)	
Total comprehensive expense for the year	(24,537)	(30,990)	
Profit (loss) attributable to:			
owners of the shares of the Company	(18,275)	(24,391)	
owners of the Participating Financial Instruments of the Company	—	118	
non-controlling interests	6,676	7,156	
Total loss for the year	(11,598)	(17,118)	
Total comprehensive income (expense) attributable to:			
owners of the shares of the Company	(29,570)	(34,958)	
owners of the Participating Financial Instruments of the Company	—	118	
non-controlling interests	5,033	3,850	
Total comprehensive expense for the year	(24,537)	(30,990)	

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Consolidated statement of cash flows Guala Closures Group

<u>(Thousands of Euros)</u>	<u>2013</u>	<u>2014</u>	<u>Note</u>
Opening cash and cash equivalents	57,407	41,163	5
A) Cash flows generated by operating activities			
Result before taxation	5,147	(306)	
Amortization, depreciation and impairment losses	39,308	39,396	7 - 15 - 16
Net finance costs	56,889	49,892	37 - 38 - 39
Adjustments for:			
Receivables, payables and inventories	(6,749)	(9,613)	7 - 8 - 21
Other	(5,072)	1,692	12 - 18 - 24 - 26 - 27 - 28
VAT and indirect tax assets/liabilities	(1,790)	1,612	10 - 23
Income taxes paid	(18,847)	(21,148)	9 - 22 - 41
TOTAL	68,887	61,524	
B) Cash flows used in investing activities			
Acquisitions of property, plant and equipment and intangible assets	(31,179)	(33,848)	15 - 16 - 26
Proceeds from sale of property, plant and equipment and intangible assets	638	350	12 - 15 - 16
Proceeds from sale of assets held for sale	—	8	13
Acquisition of South African business	(2,933)	—	
TOTAL	(33,474)	(33,490)	
C) Cash flows used in financing activities			
Acquisition of non-controlling interest in Guala Closures China BV	—	(224)	4
Acquisition of non-controlling interest in Guala Closures Argentina	—	(1,030)	4
Interest received	830	274	37
Interest paid	(40,459)	(41,957)	38 - 39
Payment of transaction cost on bonds and Senior Revolving Facility	(3,210)	—	
Other financial items	(651)	76	
Dividends paid	(6,851)	(6,555)	
Proceeds from new borrowings	10,411	35,320	
Repayment of borrowings	(9,955)	(20,277)	
Change in financial assets	146	142	
TOTAL	(49,739)	(34,230)	
D) Net cash flow for the year	(14,326)	(6,196)	
Effect of exchange rate fluctuations on cash held	(1,918)	81	
Closing cash and cash equivalents	41,163	35,047	5

The accompanying notes are an integral part of the consolidated financial statements.

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

Consolidated statement of changes in equity—Guala Closures Group

(Thousands of Euros)	Attributable to the owners of the Company							
	Share capital	Share premium reserve	Legal reserve	Participating financial instruments	Translation reserve	Hedging reserve	Losses carried forward and other reserves	Loss for the year
Restated balance at January 1, 2013	74,624	184,582	775	—	(14,070)	(1,555)	(52,502)	(26,478)
Allocation of 2012 profit (loss), as restated							(26,478)	26,478
Profit (loss) for the year ended December 31, 2013								(18,275)
Other comprehensive expense					(11,841)	328	218	
Total comprehensive income/(expense) for the year	—	—	—	—	(11,841)	328	(26,260)	8,203
Dividends to non-controlling interests								
Total contributions by and distributions to owners of the Company	—	—	—	—	—	—	—	—
Balance at December 31, 2013	<u>74,624</u>	<u>184,582</u>	<u>775</u>	<u>—</u>	<u>(25,911)</u>	<u>(1,226)</u>	<u>(78,762)</u>	<u>(18,275)</u>
Balance at January 1, 2014	74,624	184,582	775	—	(25,911)	(1,226)	(78,762)	(18,275)
Allocation of 2013 profit (loss)							(18,275)	18,275
Profit (loss) for the year ended December 31, 2014				118				(24,395)
Other comprehensive expense			—		(9,804)	56	(819)	
Total comprehensive income/(expense) for the year	—	—	—	118	(9,804)	56	(19,094)	(6,115)
Dividends to non-controlling interests								
Participating financial instruments				50,613				
Total contributions by and distributions to owners of the Company	—	—	—	50,613	—	—	—	—
Acquisition of non-controlling interests without a change in control (*)							(852)	
Total changes in ownership interests	—	—	—	—	—	—	(852)	—
Balance at December 31, 2014	<u>74,624</u>	<u>184,582</u>	<u>775</u>	<u>50,731</u>	<u>(35,715)</u>	<u>(1,170)</u>	<u>(98,707)</u>	<u>(24,395)</u>

(*) The acquisition of non-controlling interests without a change in control does not include €475 thousand of translation impact which is accounted for in the consolidated financial statements.

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT DECEMBER 31, 2014

GENERAL INFORMATION

(1) The Group's activities and key changes in its structure during the year

Guala Closures Group's main activities involve the design and manufacturing of closures for spirits, wine and non-alcoholic drinks such as water, olive oil and vinegar, as well as pharma products to be sold on the domestic and international markets.

The Group is also active in the field of production of PET plastic preforms and bottles.

The Group's activities are separated into two divisions:

- the Closures division, representing the Group's core business, specialized in the production of safety closures (safety product line), standard aluminum closures, customized plastic and aluminum closures (decorative product line) and closures for other sectors and accessories; the division also produces aluminum, plastic and rubber closures for the pharmaceutical sector;
- the PET division, which produces preforms and bottles for carbonated soft drinks (CSD product line) and preforms, bottles, molds, jars, flasks and miniature drinks bottles and containers for cosmetics, beauty products and pharmaceuticals and foodstuffs (custom molding product line). This division is no longer considered as a core business.

Currently, the Group is the European and international leader in the production of safety closures for spirits bottles, with over 40 years' experience in the sector.

It is also the leading European producer of aluminum closures for spirits bottles.

The following transactions took place in 2014:

• **Incorporation of Guala Closures Japan KK:**

On February 26, 2014, a commercial company, Guala Closures Japan KK was incorporated in Japan in order to speed up the Group's development in the Far East and Pacific area.

• **Credit Suisse spin off:**

On March 31, 2014, the DLJ Merchant Banking Partners team spun off from Credit Suisse to form aPriori Capital Partners L.P., which acts as the manager of the DLJ Merchant Banking Funds. Additional information about the relationships with those parties is provided in note (43) "Related party transactions".

• **Winding up of Creative Moulds (India) Pvt Ltd.:**

In May 2014, Creative Moulds (India) Pvt Ltd. was wound up.

• **Acquisition of 16% in Guala Closures Argentina S.A.:**

In May 2014, the Group acquired an additional 16% interest in Guala Closures Argentina S.A. for ARS\$ 17,920 thousand (€1,607 thousand), increasing its ownership stake from 82.38% to 98.38%.

The payment of this transaction is to take place in different tranches: AR\$ 11,015 thousand was paid in 2014 and the residual amount will be paid in 2015.

• **Production reallocation:**

On July 8, 2014, the Group decided to close the Italian site of Torre d'Isola (PV) and reallocate its production to other group plants (Italy and East Europe).

This industrial reorganization allows the Group to improve production efficiency and customer service.

The negotiations with trade unions were finalised on September 17, 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(1) The Group's activities and key changes in its structure during the year (Continued)

• Launch of new production plant in California:

On September 12, 2014, the Group launched its first United States plant based in Fairfield, California. The production plant consists of the Design Studio, a new concept not only within the Group, but also within the wine industry. For the first time, customers can develop new projects with Guala Closures' in-house designer and virtually walk out from the plant with small runs of screwcaps.

• Acquisition of non-controlling interest in Guala Closures China B.V.:

On December 17, 2014, the Group acquired the residual non-controlling interest (3.5%) in Guala Closures China B.V. through the holding company Guala Closures International B.V. for €224 thousand.

• Issue of participating financial instruments:

On December 22, 2014, the extraordinary shareholders' meeting of Guala Closures S.p.A. approved the issuance, pursuant to article 2346, last paragraph, of the Italian Civil Code, of 50.7 million participating financial instruments with a nominal value of €1.00 each and a duration equal to that of the Company, against a contribution in cash of €50.7 million, reserved to the sole shareholder GCL Holdings S.C.A..

On the same date, Guala Closures S.p.A. and GCL Holdings S.C.A. signed an amendment to the Intragroup Facility Agreement entered into on September 26, 2008 (and amended from time to time, including on May 17, 2011) by virtue of which a part of the Intragroup Facility equal to € 50.7 million became immediately due and payable to GCL Holdings S.C.A. by Guala Closures S.p.A..

As a result, Guala Closures S.p.A. converted part of the financial debt owed to the sole shareholder GCL Holdings S.C.A. into participating financial instruments.

(2) Accounting policies

The consolidated financial statements at December 31, 2014 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and endorsed by the European Union ("EU"), and related interpretations. They include the separate financial statements of the parent and all subsidiaries shown in the Group structure at December 31, 2014.

The consolidated financial statements have been prepared on a historical cost basis, except for derivatives which are measured at fair value, and on a going concern basis. Business risks and/or any identified uncertainties related to the Group's reference markets are not significant and do not cast doubts on its ability to continue as a going concern.

The consolidated financial statements have been prepared using the following formats:

- captions of the statement of financial position are classified by current and non-current assets and liabilities;
- statement of profit or loss and other comprehensive income ("OCI") captions are classified by nature;
- the statement of cash flows has been prepared using the indirect method;
- the statement of changes in equity has been prepared in accordance with the structure of changes in equity.

The consolidated financial statements have been prepared in Euros, which is the Group's presentation currency, rounding the amounts to the nearest thousand. Any discrepancies between financial statements balances and those of the tables of the notes to the consolidated financial statements are due exclusively to rounding and do not alter their reliability or substance.

Guala Closures S.p.A.'s board of directors approved the publication of the consolidated financial statements on April 24, 2015.

The shareholders who will be called to approve the parent's separate financial statements have the power to request changes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(2) Accounting policies (Continued)

The most important accounting policies used by the Group to draw up its consolidated financial statements are consistent with those used for the consolidated financial statements as at and for the year ended December 31, 2013 apart from that stated in paragraph (c) Changes in accounting standards. They are described below.

The accounting policies have been applied consistently across all group companies.

(a) Basis of consolidation

Accounting for business combinations

Business combinations are accounted for using the acquisition method at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Acquisitions on or after January 1, 2010

For acquisitions on or after January 1, 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss in the other income caption.

The consideration transferred does not include amounts related to the settlement of preexisting relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for in equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Acquisitions between January 1, 2004 and January 1, 2010

For acquisitions between January 1, 2004 and January 1, 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations, were capitalised as part of the cost of the acquisition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(2) Accounting policies (Continued)

Acquisitions prior to January 1, 2004 (date of transition to IFRSs)

As part of its transition to IFRSs, the Group elected to restate only those business combinations that occurred on or after January 1, 2004. In respect of acquisitions prior to January 1, 2004, goodwill represents the amount recognised under the Group's previous accounting framework, Italian GAAP.

Accounting for acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(2) Accounting policies (Continued)

The entities included in the consolidation scope are listed in the following table:

List of investments in subsidiaries at December 31, 2014

<u>Company name</u>	<u>Registered office</u>	<u>Currency</u>	<u>Share/quota capital</u>	<u>Investment percentage</u>	<u>Type of investment</u>	<u>Method of consolidation</u>
EUROPE						
Guala Closures International B.V.	The Netherlands	EUR	92,000	100%	Direct	Line-by-line
Pharma Trade S.r.l.	Italy	EUR	100,000	100%	Direct	Line-by-line
Guala Closures Patents B.V.	The Netherlands	EUR	18,400	100%	Indirect(*)	Line-by-line
Guala Closures China B.V.	The Netherlands	EUR	20,000	100%	Indirect(*)	Line-by-line
Guala Closures UK Ltd.	Great Britain	GBP	134,000	100%	Indirect(*)	Line-by-line
Guala Closures Iberica, S.A.	Spain	EUR	2,479,966	100%	Indirect(*)	Line-by-line
Guala Closures Ukraine LLC	Ukraine	UAH	90,000,000	70%	Indirect(*)	Line-by-line
Guala Closures Bulgaria AD	Bulgaria	BGN	10,420,200	70%	Indirect(*)	Line-by-line
Guala Closures Tools AD	Bulgaria	BGN	2,375,700	70%	Indirect(*)	Line-by-line
Guala Closures DGS Poland S.A.	Poland	PLN	595,000	70%	Indirect(*)	Line-by-line
ASIA						
Guala Closures India pvt Ltd.	India	INR	170,000,000	95.0%	Indirect(*)	Line-by-line
Beijing Guala Closures Co. Ltd.	China	CNY	20,278,800	100%	Indirect(*)	Line-by-line
Guala Closures Japan KK	Japan	JPY	5,000,000	100%	Indirect(*)	Line-by-line
LATIN AMERICA						
Guala Closures Mexico, S.A. de C.V.	Mexico	MXN	94,630,010	100%	Indirect(*)	Line-by-line
Guala Closures Servicios Mexico, S.A. de C.V.	Mexico	MXN	50,000	100%	Indirect(*)	Line-by-line
Guala Closures Argentina S.A.	Argentina	ARS	17,702,910	98.38%	Indirect(*)	Line-by-line
Guala Closures do Brasil LTDA	Brazil	BRL	10,736,287	100%	Indirect(*)	Line-by-line
Guala Closures de Colombia LTDA	Colombia	COP	8,691,219,554	93.20%	Indirect(*)	Line-by-line
OCEANIA						
Guala Closures New Zealand Ltd.	New Zealand	NZD	5,700,000	100%	Indirect(*)	Line-by-line
Guala Closures Australia Holdings Pty Ltd.	Australia	AUD	34,450,501	100%	Indirect(*)	Line-by-line
Guala Closures Australia Pty Ltd.	Australia	AUD	810	100%	Indirect(*)	Line-by-line
AFRICA						
Guala Closures South Africa Pty Ltd.	South Africa	ZAR	60,000,000	100%	Indirect(*)	Line-by-line
REST OF THE WORLD						
Guala Closures North America, Inc.	United States	USD	60,000	100%	Indirect(*)	Line-by-line

Note:

(*) Reference should be made to the chart illustrating the Group structure for further details on the indirect investments. The table does not include the figures for Metal Closures Group Trustee Ltd. (the company that manages the Metal Closures pension schemes—see note 27) “Employee benefits”) as they are not consolidated due to their immaterial size.

Consolidation procedures

The financial statements of the subsidiaries are prepared for each reporting period using the same accounting policies as those of the parent. Consolidation adjustments are recognized to make those captions impacted by the application of different accounting policies consistent. All intragroup balances and transactions, including any unrealized profits on transactions within the Group, are completely eliminated. Unrealized losses, other than impairment losses, are eliminated. The related tax effects are measured on all consolidation adjustments.

(b) Use of estimates and judgments

Following the adoption of IFRS, management has to make judgments, estimates and assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, costs and revenue. Estimates and the related assumptions are based on past experience and other factors considered to be reasonable in the circumstances. They are adopted to estimate the carrying amount of assets and liabilities that cannot easily be assumed from other sources. However, as they are estimates, the actual figure may not match the result of the estimate. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(2) Accounting policies (Continued)

December 31, 2015 is included in the following notes: allowances for impairment and inventory write-down (note 8), amortization and depreciation (notes 15-16), impairment of non-current assets (note 16), employee benefits (note 27), taxes (note 41), provisions (note 24), and to measure financial derivatives and effects of business combinations (note 4).

Such estimates and assumptions are reviewed regularly. Any changes arising therefrom are recognized in the year in which the review takes place if this only affects that year. If the review relates to both current and future years, the change is recognized in the year in which the review takes place and in the related future year.

(c) Changes in accounting standards

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of January 1, 2014:

- **Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32—Financial Instruments: Presentation):** the Group adopted the amendments to IAS 32—Financial Instruments: Presentation effective from January 1, 2014. The amendments clarify the application of certain offsetting criteria for financial assets and financial liabilities and are required to be applied retrospectively. No significant effect arose on these consolidated financial statements from the application of these amendments.
- **IFRS 10—Consolidated Financial Statements:** the Group adopted IFRS 10, as amended, effective from January 1, 2014. The new standard builds on existing standards by identifying a single control model applicable to all entities, including “structured entities”. The standard also provides additional guidance to assist in the determination of control where this is difficult to assess.

The adoption of IFRS 10 has no impact on the recognized assets, liabilities and comprehensive income (expense) and had no effect on the disclosures presented in these consolidated financial statements.

- **IFRS 11—Joint arrangements:** the Group adopted IFRS 11, as amended as of January 1, 2014. The adoption of this standard required the reclassification of investments previously classified as jointly controlled entities under IAS 31—Interests in joint ventures, as either “joint operations” (if the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement) or “joint ventures” (if the Group has rights only to the net assets of an arrangement). The classification focuses on the rights and obligations of the arrangements, as well as their legal form. Under the new standard, joint ventures are accounted for under the equity method while joint operations are accounted for by recognizing the Group’s share of assets, liabilities, revenue and expenses (these interests would have previously been accounted for using the equity method under IAS 31). These consolidated financial statements were not affected by application of these amendments.
- **IFRS 12—Disclosure of Interests in Other Entities:** the Group adopted IFRS 12, as amended, effective from January 1, 2014. The standard is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, structured entities and other unconsolidated entities. Other than the modifications to the disclosures regarding these interests reported in these consolidated financial statements, the adoption of the new standard did not have any effect on these consolidated financial statements.
- **IAS 27—Separate financial statements:** together with the issue of IFRS 10 and IFRS 12, the previous IAS 27 was amended, with changes to its title and its content. All provisions concerning the preparation of consolidated financial statements were eliminated, while the other provisions were not modified. Following the amendment, the standard therefore only specifies the recognition and measurement criteria and the disclosure requirements for separate financial statements concerning subsidiaries, joint ventures and associates. Since this amendment does not pertain to consolidated financial statements, the retrospective application of the measure did not have an impact on the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(2) Accounting policies (Continued)

- IAS 28—Investments in associates and joint ventures: together with the issue of IFRS 11 and IFRS 12, the previous IAS 28 was amended, with changes to its title and its content. In particular, the new standard, which also includes the provisions of SIC 13—Jointly controlled entities—non-monetary contributions by venturers, describes the application of the equity method, which is used to account for associates and joint ventures in consolidated financial statements. These consolidated financial statements were not affected by application of these amendments.
- Amendments to IFRS 10, IFRS 11 and IFRS 12—Transition guidance: the amendments are intended to clarify a number of issues concerning the first-time adoption of IFRS 10, IFRS 11 and IFRS 12. In particular, IFRS 10 was amended to clarify that the date of initial application of the standard shall mean “the beginning of the annual reporting period in which IFRS 10 is applied for the first time”. In addition, the amendments limited the comparative disclosures to be provided in the first year of application. IFRS 11 and IFRS 12 were amended similarly, limiting the effects, both in terms of restatement of financial data and of disclosures, of initial application of IFRS 11. These consolidated financial statements were not affected by application of these amendments.
- Amendments to IFRS 10, IFRS 12 and IAS 27—Investment entities: the amendments introduce an exception to the requirement under IFRS 10 to consolidate all subsidiaries if the parent qualifies as an “investment entity”. More specifically, investment entities, as defined in the amendments, shall not consolidate their subsidiaries unless the latter provide services associated with the investment activities of the parent. Non-consolidated subsidiaries shall be measured in conformity with IFRS 9 or IAS 39. The parent of an investment entity shall, however, consolidate all of its subsidiaries (including those held through the investment entity) unless it also qualifies as an investment entity. These consolidated financial statements were not affected by application of these amendments.
- Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36—Impairment of assets): effective from January 1, 2014, the Group adopted the amendments to IAS 36—Recoverable Amount Disclosures for Non-Financial Assets addressing the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal without reporting any effect on these consolidated financial statements. The application of these amendments should result in an expanded disclosure in the notes to the future annual consolidated financial statements in case of an impairment that is based on fair value less cost of disposal.
- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39—Financial Instruments: Recognition and Measurement): these amendments, adopted with effect from January 1, 2014 allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to allow clearing with a central counterparty as a result of laws or regulations, if specific conditions are met. These consolidated financial statements were not affected by application of these amendments.

The application of these amendments had no significant effect on the disclosures presented in these consolidated financial statements or on the measurement of the related items.

(d) Foreign currency

Functional currency and presentation currency

The figures stated in the financial statements of each group company are measured using their functional currency, being the currency of the primary economic environment in which the company operates. The consolidated financial statements are drawn up in Euros, the parent’s functional and presentation currency.

Foreign currency transactions

Foreign currency transactions, including the effects of fair value adjustments arising from business combinations and goodwill from acquisitions of entities whose functional currency is not the Euro, are translated into the functional currency applying the exchange rate ruling on the date of the transaction.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(2) Accounting policies (Continued)

Monetary items in foreign currency existing at the reporting date are translated into Euros using the closing rate. Exchange rate gains and losses are taken to profit or loss. Non-monetary items measured at their historical cost in foreign currency are translated using the exchange rate ruling on the transaction date. Non-monetary items measured at fair value in foreign currency are translated into Euros using the exchange rates ruling on the date their fair value was determined.

Financial statements of the foreign companies

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Euros at the closing rates. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated into Euros at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

The following exchange rates are applied to translate those financial statements presented in currencies that are not legal tender in Italy:

Statement of financial position

<u>1 Euro = x foreign currency</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Pound sterling	0.83370	0.77890
US dollar	1.37910	1.21410
Indian rupee	85.36600	76.71900
Mexican peso	18.07310	17.86790
Colombian peso	2,664.42120	2,892.26000
Brazilian real	3.25760	3.22070
Chinese renmimbi	8.34910	7.53580
Argentinean peso	8.98914	10.27550
Polish zloty	4.15430	4.27320
New Zealand dollar	1.67620	1.55250
Australian dollar	1.54230	1.48290
Ukrainian hryvnia	11.32917	19.20600
Bulgarian lev	1.95580	1.95580
South African Rand	14.56600	14.03530
Japan Yen	n.a.	145.23000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(2) Accounting policies (Continued)

Statement of profit or loss and other comprehensive income

<u>1 Euro = x foreign currency</u>	<u>2013</u>	<u>2014</u>
Pound sterling	0.84925	0.80643
US dollar	1.32814	1.32884
Indian rupee	77.87526	81.06888
Mexican peso	16.96444	17.66208
Colombian peso	2,483.20443	2,654.99398
Brazilian real	2.86694	3.12277
Chinese renmimbi	8.16549	8.18825
Argentinean peso	7.27680	10.77447
Polish zloty	4.19708	4.18447
New Zealand dollar	1.62025	1.59986
Australian dollar	1.37702	1.47240
Ukrainian hryvnia	10.78839	15.87113
Bulgarian lev	1.95580	1.95580
South African Rand	12.83078	14.40652
Japan Yen	n.a.	140.37150

(e) Cash and cash equivalents

Cash and cash equivalents include cash balances and on-demand deposits as well as all highly-liquid investments with an original expiry date equal to or of less than three months.

Cash and cash equivalents are calculated in the same way for both the statement of financial position and statement of cash flows.

(f) Derivatives

The Group uses derivatives solely to hedge interest rate risks, the risk of fluctuations in the purchase price of aluminum and currency risk related to purchase and sales transactions.

In line with its treasury policy, the Group does not hold or issue derivatives for speculative or trading purposes. Nevertheless, those derivatives that do not qualify for hedge accounting are recognized as trading instruments.

Derivative financial assets and liabilities are initially measured at fair value which is then remeasured at each reporting date.

The fair value of interest rate swaps is the present value of the difference between the rate to pay/ receive and the interest rate based on market trends at the same date as the swap.

The fair value of currency swaps, currency options and derivatives related to the price of raw materials is calculated by leading financial institutions on the basis of market conditions.

To reduce the risk of default, the counterparties in the derivative contracts are usually leading banks and financial institutions.

Cash flow hedges

The effective part of changes in the fair value of those derivatives that qualify as cash flow hedges and which are highly effective is recognized in other comprehensive income and presented in the hedging reserve in equity. The amounts included in this reserve and subsequent changes in the fair value of the derivatives are reclassified to profit or loss in the year in which the flows generated by the hedged captions affect profit and loss.

Changes in the fair value of those derivatives that do not qualify as cash flow hedges and the ineffective portion of those which do qualify are recognized in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(2) Accounting policies (Continued)

(g) Trade and other receivables

Trade and other receivables with due dates in line with generally accepted current trade terms are initially recognized at fair value, which generally equals their nominal amount. They are subsequently measured at amortized cost, net of identified impairment losses. The estimate of the amounts considered unrecoverable is based on the present value of estimated future cash flows.

Impairment losses are recognized in profit and loss under amortization, depreciation and impairment losses.

(h) Inventories

Inventories are measured at the lower of purchase or production cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

The production cost of finished goods includes the portions of the costs of raw materials and external materials and processing, as well as all other direct and indirect production costs reasonably attributable to the products, excluding financial expense.

Purchase or production cost is calculated on a weighted average cost basis.

Obsolete and/or slow-moving inventories are written down on the basis of their estimated possibility of use or future realizable value, through an accrual to the specific allowance adjusting the value of inventories. The amount is reinstated if, in subsequent years, the reasons for the write-down no longer exist.

(i) Assets held for sale and discontinued operations

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets or employee benefit assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognized in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated.

(j) Property, plant and equipment

Property, plant and equipment are recognized at historical cost, including directly related ancillary costs necessary for the use of the asset. Borrowing costs related to loans taken out specifically for investments in property, plant and equipment are considered part of the carrying amount of the related assets and, as such, capitalized.

Subsequent expenditure is included in an asset's carrying amount when it is probable that the future economic benefits exceeding those determined originally will flow to the Group. This expenditure is depreciated over the related asset's residual useful life. All other expenditure is expensed in the year in which it is incurred.

Where significant components of the asset have different useful lives, they are recognized separately.

Property, plant and equipment are shown net of accumulated depreciation and any impairment losses determined as set out later on.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(2) Accounting policies (Continued)

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The depreciation periods are as follows:

	Depreciation period (years)
Buildings	30 - 35
Light constructions	8 - 10
Specific plant, machinery, presses and molds	4 - 12
Generic plant	10 - 13
Laboratory equipment	2 - 3
Canteen equipment, office furniture and equipment and fittings for exhibitions and trade fairs	8 - 10
Vehicles, canteen facilities	4 - 6
Internal means of transport, electronic equipment and mobile phones	5 - 8

The carrying amount of property, plant and equipment is tested for impairment if events or changed circumstances suggest that the carrying amount may not be recovered. If there is an indication of this type and in the event the carrying amount exceeds the estimated realizable value, the assets are adjusted to their realizable value. The realizable value of property, plant and equipment is the higher of an asset's net selling price and its value in use. Value in use is defined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market estimate of the time value of money and specific risks of the item of property, plant and equipment. Impairment losses are recognized in profit or loss under amortization, depreciation and impairment losses. Such impairment losses are reversed if the reasons for impairment are no longer valid.

Subsequent expenditure is included in an asset's carrying amount when it is probable that the future economic benefits exceeding those determined originally will flow to the Group. This expenditure is depreciated over the related asset's residual useful life. All other expenditure is expensed in the year in which it is incurred.

At the time of disposal or when there are no expected future economic benefits from an asset's use, the caption is derecognized. Any gain or loss (calculated as the difference between the sales amount and carrying amount) is taken to profit or loss in the year of derecognition.

(k) Leases

Finance leases

Leases for property, plant and equipment where the Group substantially takes on all risks and rewards incidental to ownership are classified as finance leases. Plant and machinery acquired under finance leases are recognized at the lower of fair value and the present value of the minimum lease payments due at the inception of the lease, net of accumulated depreciation and any impairment losses. The related assets, liabilities, revenue and expense deriving from the lease are recognized under the financial method at the inception of the lease, i.e., when the lessee is authorized to exercise its right to use the leased asset.

Property, plant and equipment acquired under finance leases are depreciated over the related asset's useful life.

Interest expense on finance lease payments is recognized in profit or loss using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(2) Accounting policies (Continued)

Operating leases

Those leases where the Group does not substantially take on all risks and rewards incidental to ownership are recognized as operating leases. Operating lease payments are taken to profit or loss on a straight-line basis over the lease term.

(1) Intangible assets

Goodwill

Goodwill arising from the acquisition of subsidiaries is initially recognized at cost. After initial recognition, goodwill is adjusted for any accumulated impairment losses, determined using the criteria described later on.

Goodwill is tested for impairment on an annual basis at least, or more frequently if events or changes in circumstances take place that could give rise to impairment losses. At the date of acquisition, any goodwill is allocated to each of the cash-generating units that are expected to benefit from the synergic effects of the acquisition. Any impairment losses are identified through assessment of each unit's ability to generate cash flows such to recover the part of goodwill allocated to it, using the method described in the section on Property, plant and equipment. An impairment loss is recognized in the event the amount recoverable by the cash-generating unit is less than its carrying amount.

These impairment losses are not reversed if the reasons for impairment are no longer valid.

Research expenditure

Expenditure on research undertaken to gain scientific and technical knowledge and information is recognized as an expense when incurred.

Development expenditure

Development expenditure, which also relates to the application of research findings to a plan or design for the production of new or substantially improved products or processes, is capitalized when the product or process is feasible in technical and commercial terms and the Group has adequate resources to complete the development stage.

Capitalized development expenditure is measured at cost, net of accumulated amortization and impairment losses.

Other intangible assets

These assets are measured at cost, determined in the same way as described for property, plant and equipment.

Other intangible assets, which all have a finite useful life, are subsequently shown net of accumulated amortization and any impairment losses, determined in the same way as described for property, plant and equipment.

Useful life is checked annually and, where necessary, any changes are reflected on a prospective basis.

The amortization periods for other intangible assets are as follows:

	Amortization period (years)
Development expenditure	5
Patents and trademarks	5 - 10
Software	5
Licenses	5
Other capitalized expenditure	5 or in line with the contract term

Subsequent expenditure is included in an asset's carrying amount when it is probable that the future economic benefits exceeding those determined originally will flow to the Group. This expenditure is amortized over the related asset's residual useful life. All other expenditure is expensed in the year in which it is incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(2) Accounting policies (Continued)

The gain or loss arising from the disposal of an intangible asset is determined as the difference between the net disposal proceeds and carrying amount. It is recognized in profit or loss at the time of disposal.

(m) Income taxes

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in the consolidated statement of equity or in OCI.

Current tax comprises the expected tax payable or receivable on the taxable profit or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantially enacted at the reporting date. Current tax also includes any tax arising from dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The income tax consequences of dividends are recognized when the dividend is approved.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(n) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(2) Accounting policies (Continued)

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets in the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets.

Held-to-maturity investments

If the Group has the positive intent and ability to hold debt instruments to maturity, then such financial assets are classified as held to maturity. Held-to-maturity investments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available for sale, and prevent the Group from classifying investment securities as held to maturity for the current and following two years.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt instruments.

(o) Non-derivative financial liabilities

The Group initially recognises debt instruments issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Group classifies non-derivative financial liabilities in the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(2) Accounting policies (Continued)

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a decrease in equity, net of any tax effects.

Business combinations

When as a result of a takeover/acquisition of control not involving the entire stake in the acquiree, the Group has the potential obligation to acquire the residual investment in the acquiree should the non-controlling investors exercise a put option and the non-controlling investor still has present access to the economic benefit associated with the underlying ownership interests, it recognizes a liability calculated by discounting the estimated value at the exercise date using the present access method whereby a liability is recognized decreasing the equity caption "Retained earnings (losses carried forward)" in the first year, with subsequent remeasurement recognized in profit or loss as financial expense.

(p) Trade payables

Trade payables with due dates in line with generally accepted trade terms are initially recognized at fair value and subsequently measured at amortized cost.

(q) Employee benefits

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

IFRIC 14 clarifies the provisions of IAS 19 "Employee benefits" with respect to the measurement of defined benefit plan assets when there is a minimum funding requirement. A defined benefit plan is in surplus when the fair value of the plan assets exceeds the present value of the defined benefit obligation. IFRIC 14/IAS 19 only permit the recognition of this surplus at the present value of the financial benefits available through refunds or reductions in future contributions. Moreover, disclosure is required when the plan requires a minimum contribution that could give rise to a liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(2) Accounting policies (Continued)

The post-employment benefits in Italy (TFR, trattamento di fine rapporto) are treated in the same way as benefit obligations arising from defined benefit plans.

(r) Provisions

Provisions include certain or probable costs and charges, the amount or due date of which is unknown at year end. A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow from the Group of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation. The provisions are stated as the best estimate of the expenditure required to settle the obligation at the reporting date or to transfer it to a third party at that date. If the impact of discounting the time value of money is significant, the provision is determined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

(s) Participating financial instruments

In accordance with IAS 32, the participating financial instruments issued by Guala Closures S.p.A. at the end of 2014 have to be recognized as part of the Group's equity components due to the participating financial instruments' terms. Following the guidance of IAS 1 the Participating Instruments is accounted in the Participating Finance Instruments reserve as a separate component of equity. Any borrowing costs incurred were directly deducted from the participating financial instruments, taking account of related deferred income taxes.

Accordingly, the tax-deductible interest payments are not shown under interest expense but are treated similarly to dividend obligations with Guala Closures S.p.A. shareholders.

Since that participating financial instruments is issued by the parent entity, the interest accrued during the accounting period are shown as part of the allocated profit or loss and other comprehensive income or losses to equity holders of the parent entity and, consequently, in the reconciliation of changes in each equity reserve, the profit attributable to the participating financial instruments is allocated to the participating financial instruments reserve disclosing any cumulative interest / dividends which have not yet been distributed / paid.

(t) Revenue

Revenue is recognized to the extent that it is possible to reliably determine its amount and it is probable that the related economic benefits will flow to the Group. Revenue is recognized using the following criteria depending on the type of transaction:

- revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have been transferred to the buyer;
- recovery of the consideration is probable and the associated costs and possible return of goods can be estimated reliably;
- there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.
- revenue for services is recognized in relation to the stage of completion of the transaction at the reporting date.

Revenue is measured net of returns, trade discounts and volume rebates.

No revenue is recognized if significant uncertainties exist in relation to the collection of the related receivables net of any returns.

(u) Grants

Grants relating to assets and income are recognized when there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Grants

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(2) Accounting policies (Continued)

related to assets are recognized as deferred revenue under Other liabilities in the statement of financial position and are taken to profit or loss on a systematic basis to offset them against the depreciation of the relevant assets. Grants relating to income are recognized under Other operating income.

(v) Financial income and expense

Financial income and expense are recognized on an accruals basis and calculated on the carrying amount of the related financial assets and liabilities using the effective interest method.

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Borrowing costs related to loans taken out specifically for investments in property, plant and equipment are considered part of the carrying amount of the related assets and, as such, capitalized.

(w) New standards and interpretations not adopted early

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2014 and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

- IFRIC 21—Levies: IFRIC 21 provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37—Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. The Interpretation covers the accounting for outflows imposed on entities by governments (including government agencies and similar bodies) in accordance with laws and/or regulations. However, it does not include income taxes (see IAS 12—Income Taxes), fines and other penalties, liabilities arising from emissions trading schemes and outflows within the scope of other Standards. These standards are effective for annual periods beginning on or after February 1, 2015 with early adoption permitted. At the date of these consolidated financial statements, the Group is assessing any effects which may result from the adoption of the standards.
- Annual Improvements cycle 2010-2012: In December 2013, the IASB issued Annual Improvements to IFRSs 2010-2012 Cycle, a collection of amendments to IFRSs, in response to eight issues addressed during the 2010-2012 cycle. The amendments reflect issues discussed by the IASB during the project cycle that began in 2010, and that were subsequently included in the exposure draft of proposed amendments to IFRSs, Annual Improvements to IFRSs 2010-2012 Cycle (published in May 2012). The amendments are effective for annual periods beginning on or after February 1, 2015, although entities are permitted to apply them earlier. The main improvements are related to:
 - IFRS 2—Share-based Payment: amends the definitions of ‘vesting condition’ and “market condition” and adds definitions for “performance condition” and “service condition” (which were previously part of the definition of “vesting condition”).
 - IFRS 3—Business Combinations (with consequential amendments to other standards): clarifies that contingent consideration that is classified as an asset or a liability shall be measured at fair value at each reporting date.
 - IFRS 8—Operating Segments: requires an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. It clarifies that an entity shall only provide reconciliations of the total of the reportable segments’ assets to the entity’s assets if the segment assets are reported regularly.
 - IFRS 13—Fair Value Measurement (amendments to the basis of conclusions only, with consequential amendments to the bases of conclusions of other standards): clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(2) Accounting policies (Continued)

- IAS 16—Property, Plant and Equipment: clarifies that when an item of property, plant and equipment is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.
- IAS 24—Related Party Disclosures: clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.
- IAS 38—Intangible Assets: clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

At the date of this Annual Report, the Group is assessing any effects which may result from the adoption of the standards.

- In December 2013, the IASB issued Annual Improvements to IFRSs 2011-2013 Cycle, a collection of amendments to IFRSs, in response to four issues addressed during the 2011-2013 cycle. The amendments reflect issues discussed by the IASB during the project cycle that began in 2011, and that were subsequently included in the Exposure Draft of proposed amendments to IFRSs, Annual Improvements to IFRSs 2011-2013 Cycle (published in November 2012). The amendments are effective for annual periods beginning on or after January 1, 2015, although entities are permitted to apply them earlier:
 - IFRS 1—First-time Adoption of International Financial Reporting Standards (changes to the Basis for Conclusions only): clarifies that an entity, in its first IFRS financial statements, has the choice between applying an existing and currently effective IFRS or applying early a new or revised IFRS that is not yet mandatorily effective, provided that the new or revised IFRS permits early application. An entity is required to apply the same version of the IFRS throughout the periods covered by those first IFRS financial statements.
 - IFRS 3—Business Combinations: clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.
 - IFRS 13—Fair Value Measurement: clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39—Financial Instruments: Recognition and Measurement or IFRS 9—Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 Financial Instruments: Presentation.
 - IAS 40—Investment Property: clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property. Clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in IFRS 3—Business Combinations and investment property as defined in IAS 40 Investment Property requires the separate application of both standards independently of each other.
 - Defined Benefit Plans: Employee Contributions (Amendments to IAS 19—Employee Benefits): IASB has amended the requirements in IAS 19 for contributions from employees or third parties that are linked to service:
 - If the amount of the contributions is independent of the number of years of service, contributions may be recognised as a reduction in the service cost in the period in which the related service is rendered (note: this is an allowed but not required method).
 - If the amount of the contributions depends on the number of years of service, those contributions must be attributed to periods of service using the same attribution method as used for the gross benefit in accordance with paragraph 70 of IAS 19.

The amendments are intended to provide relief in that entities are allowed to deduct contributions from service cost in the period in which the service is rendered. This was common practice prior to the 2011 amendments to IAS 19. In those cases the impact of retrospective application would be minimal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(2) Accounting policies (Continued)

At the date of this Annual Report, the Group is assessing any effects which may result from the adoption of the standards.

(x) Standards, amendments and interpretations not yet applicable

The European Union had not yet completed its endorsement process for these standards and amendments at the date of these consolidated financial statements:

- Standards
 - IFRS 9—Financial Instruments
 - IFRS 14—Regulatory Deferral Accounts
 - IFRS 15—Revenue from Contracts with Customers
- Amendments
 - Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
 - Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations
 - Amendments to IAS 16 and IAS 41: Bearer Plants
 - Amendments to IAS 27 (2011): Equity Method in Separate Financial Statements
 - Amendments to IFRS 10 and IAS 28 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
 - Annual Improvements to IFRSs (2012-2014 Cycle)
 - Disclosure Initiative (Amendments to IAS 1)
 - Investment entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

(y) Determination of fair value

Several standards and disclosure requirements require the determination of fair value of financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are classified into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1—quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2—inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3—inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are categorised into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the level of the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(2) Accounting policies (Continued)

buyer and a willing seller in an arm's length transaction after suitable negotiation wherein the parties had each acted knowledgeably. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

Intangible assets

The fair value of patents and trademarks acquired as part of a business combination is based on an estimate of the discounted amount of royalties that the Group expects to receive from ownership of such patents or trademarks (ideal royalty method), or replacement cost, if appropriate.

The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Inventories

The fair value of inventories acquired as part of a business combination is calculated using the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and a suitable profit margin based on the efforts required to complete or sell the inventories.

Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. Current receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

Derivatives

The fair values of commodities purchase forwards and interest rate swaps are based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the group entity and counterparty when appropriate.

Other non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

For finance leases, the market rate of interest is determined with reference to similar lease agreements.

(3) Operating segments

Reportable segments are the Group's strategic divisions as determined in accordance with the quantitative and qualitative requirements of IFRS 8.

The Group has only one reportable segment, the Closures division. The Group's CEO (the chief operating decision maker) reviews internal management reports on the reportable segment, the closures division, on at least a quarterly basis. The following summary describes the operations in this reportable segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(3) Operating segments (Continued)

The Closures division represents the Group's core business. Other operations include the PET division that does not meet any of the quantitative thresholds for determining reportable segments in 2014 or 2013 under IFRS 8.

Information regarding the results of the Group's reportable segment is included below. Performance is measured based on segment revenue and gross operating profit, depreciation and amortization, trade receivables, inventories, property, plant and equipment, trade payables and capital expenditure as included in the internal management reports that are reviewed by the CEO and by the board of directors.

Management considers the above information as the most suitable to evaluate the results of the segment compared to other entities that operate in these industries.

All other asset and liability figures are non reportable by segment as the management believes that the availability of such information by segment is not relevant.

Thousands of Euros	Closures		Other Operations		Total	
	2013	2014	2013	2014	2013	2014
External revenue	491,003	484,440	3,274	3,354	494,276	487,794
Gross operating profit	101,286	88,809	58	172	101,344	88,981
Depreciation and Amortization	(39,124)	(39,233)	(184)	(163)	(39,308)	(39,396)

Thousands of Euros	Closures		Other Operations		Total	
	December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014
Trade receivables	92,365	91,415	736	693	93,101	92,108
Inventories	71,015	63,891	469	416	71,483	64,307
Trade payables	(66,247)	(54,033)	(527)	(294)	(66,774)	(54,327)
Property, plant and equipment	205,087	202,153	790	672	205,878	202,825

Thousands of Euros	Closures		Other Operations		Total	
	2013	2014	2013	2014	2013	2014
Capital expenditure	33,005	32,633	91	36	33,096	32,669

Geographical information

The Closures segment is managed on a worldwide basis from the central headquarters in Italy, but it operates from manufacturing facilities primarily in Poland, India, the United Kingdom, Australia, Ukraine, Spain, Mexico, Argentina and South Africa.

In presenting information on the basis of geographical segments, segment revenue and segment assets are based on the geographical location of the assets/subsidiaries.

Thousands of Euros	Net revenue	
	2013	2014
Italy	74,491	69,360
Poland	61,171	59,918
India	50,856	55,843
UK	47,990	53,193
Ukraine	40,424	42,871
Spain	39,709	38,821
Australia	43,486	37,016
Mexico	31,956	24,243
Argentina	23,002	18,390
South Africa	18,633	17,295
Other countries and consolidation adjustments	62,558	70,846
Consolidated net revenue	494,276	487,794

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(3) Operating segments (Continued)

<u>Thousands of Euros</u>	Non-current assets other than financial instruments and deferred tax assets: Property, plant and equipment and Intangible assets	
	December 31, 2013	December 31, 2014
Italy	347,372	335,294
Australia	70,049	71,574
Poland	33,045	33,760
India	21,010	25,775
Spain	18,694	17,684
Mexico	17,131	17,922
Brasil	10,746	13,759
Ukraine	15,910	12,236
South Africa	12,135	12,029
Other countries and consolidation adjustments	57,204	48,347
Property, plant and equipment and Intangible assets	603,296	588,379

<u>Thousands of Euros</u>	Deferred Tax Assets	
	December 31, 2013	December 31, 2014
Italy	3,369	4,149
Australia	1,371	1,372
Spain	1,018	802
Argentina	373	514
New Zealand	130	208
UK	97	127
Mexico	33	39
Other countries and consolidation adjustments	1,836	1,959
Consolidated Deferred Tax Assets	8,227	9,171

The Group is not exposed to significant geographical risks other than normal business risks.

Information about major customers

In the Closures segment, there is only one customer with a percentage of revenue (of total revenue) over 10%. The breadth and diversity of the Group's customer base results means that no one brand makes up more than 3% of net revenue over the last three years.

(4) Acquisition of subsidiaries, business units and non-controlling interest

(4.1) Acquisition of non-controlling interest

In May 2014, the Group acquired an additional 16% interest in Guala Closures Argentina S.A. for ARS\$ 17,920 thousand (€1,607 thousand), increasing its ownership stake from 82.38% to 98.38%.

The payment of this transaction is to take place in different tranches: AR\$ 11,015 thousand was paid in 2014 and the residual amount will be paid in 2015.

The Group recognized:

- a decrease in non-controlling interests of €365 thousand;
- a decrease in losses carried forward and other reserves of €721 thousand;
- a decrease in the translation reserve of €521 thousand.

The carrying amount of Guala Closures Argentina's net assets in the Group's consolidated financial statements on the date of the acquisition of non-controlling interest was €1,773 thousand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(4) Acquisition of subsidiaries, business units and non-controlling interest (Continued)

The following table summarises the effect of the changes in the Group's ownership interest in Guala Closures Argentina S.A.:

<u>Thousands of Euros</u>	
Group's ownership interest at January 1	3,038
Effect of increase in Group's ownership interest	365
Dividend distribution	(1,232)
Share of comprehensive income	<u>655</u>
Group's ownership interest at December 31, 2014	<u>2,825</u>

On December 17, 2014, the Group acquired the residual non-controlling interest (3.5%) in Guala Closures China B.V. through the holding company Guala Closures International B.V. for €224 thousand.

The Group recognized:

- a decrease in non-controlling interests of €139 thousand;
- a decrease in losses carried forward and other reserves of €131 thousand;
- an increase in the translation reserve of €46 thousand.

The carrying amount of Guala Closures China consolidated's net assets in the Group's consolidated financial statements on the date of the acquisition of non-controlling interest was €4,130 thousand.

The following table summarises the effect of the changes in the Group's ownership interest in Guala Closures China consolidated figures:

<u>Thousands of Euros</u>	
Group's ownership interest at January 1	3,665
Effect of increase in Group's ownership interest	139
Dividend distribution	(363)
Share of comprehensive income	<u>836</u>
Group's ownership interest at December 31, 2014	<u>4,276</u>

STATEMENT OF FINANCIAL POSITION

(5) Cash and cash equivalents

This caption represents the balance of the bank and postal accounts considering the nominal amount of the current accounts held with banks.

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Bank and postal accounts	30,100	31,220
Cash and cash equivalents	<u>11,063</u>	<u>3,828</u>
Total	<u>41,163</u>	<u>35,047</u>

(6) Current financial assets

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Current financial assets	<u>64</u>	<u>69</u>
Total	<u>64</u>	<u>69</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(6) Current financial assets (Continued)

The carrying amount of Current financial assets matches their fair value at the reporting date.

(7) Trade receivables

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Trade receivables	100,746	100,591
Allowance for impairment	<u>(7,645)</u>	<u>(8,483)</u>
Total	<u>93,101</u>	<u>92,108</u>

The allowance for impairment varied as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>
Opening allowance for impairment	7,645
Exchange rate losses	(76)
Accrual	1,435
Utilization	<u>(520)</u>
Closing allowance for impairment	<u>8,483</u>

The allowance at December 31, 2014 includes about €4.7 million (mostly more than 90 days overdue) for a few foreign customers. The residual part relates to other customers that have indicated that they do not expect to be able to pay their outstanding balances, mainly due to their financial difficulties.

(8) Inventories

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Raw materials, consumables and supplies	40,313	32,935
(Allowance for inventory write-down)	(1,513)	(1,568)
Work in progress and semi-finished products	15,609	15,710
(Allowance for inventory write-down)	(497)	(732)
Finished products and goods	18,630	18,995
(Allowance for inventory write-down)	(1,400)	(1,426)
Payments on account	<u>341</u>	<u>393</u>
Total	<u>71,483</u>	<u>64,307</u>

The changes in the caption are as follows:

<u>Thousands of Euros</u>	
Balance at January 1, 2014	71,483
Exchange rate losses	(1,567)
Change in raw materials, consumables and supplies	(6,685)
Change in finished goods and semi-finished products	1,023
Change in payments on account	<u>52</u>
Balance at December 31, 2014	<u>64,307</u>

The allowance for inventory write-down varied as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>
Opening allowance for inventory write-down	3,410
Exchange rate losses	(172)
Accrual	1,486
Utilization	<u>(998)</u>
Closing allowance for inventory write-down	<u>3,726</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(9) Current direct tax assets

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Current direct tax assets	1,070	2,162
Total	<u>1,070</u>	<u>2,162</u>

(10) Current indirect tax assets

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
VAT and other indirect taxes	9,067	7,190
Total	<u>9,067</u>	<u>7,190</u>

(11) Financial derivative assets

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Fair value of forward aluminum purchases	—	66
Total	<u>—</u>	<u>66</u>

(12) Other current assets

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Other receivables	3,592	3,724
Total	<u>3,592</u>	<u>3,724</u>

Other receivables at December 31, 2014 include, inter alia, advances to suppliers of €1.6 million and receivables of €0.2 million due to Guala Closures Argentina S.A. from the Argentinean government for repayments in respect of exports.

(13) Assets held for sale

These assets relate to the following companies:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Guala Closures India (Pvt) Ltd.	8	—
Total	<u>8</u>	<u>—</u>

(14) Non-current financial assets

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Guarantee deposits—Guala Closures S.p.A.	71	76
Investments in other companies	28	27
Other financial assets	120	119
Total	<u>219</u>	<u>222</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(14) Non-current financial assets (Continued)

The carrying amount of Non-current financial assets is consistent with their fair value at the reporting date.

(15) Property, plant and equipment

The following tables show the changes in 2013 and 2014:

<u>Thousands of Euros</u>	<u>Land and buildings</u>	<u>Plant and machinery</u>	<u>Industrial and commercial equipment</u>	<u>Other assets</u>	<u>Assets under construction and payments on account</u>	<u>Total</u>
Historical cost at December 31, 2012	80,408	333,988	53,922	7,874	8,572	484,762
Accumulated depreciation at December 31, 2012	(11,757)	(205,225)	(41,928)	(6,388)	—	(265,297)
Carrying amount at December 31, 2012	68,651	128,763	11,994	1,486	8,572	219,465
Carrying amount at January 1, 2013	68,651	128,763	11,994	1,486	8,572	219,465
Exchange rate losses	(4,469)	(8,548)	(242)	(82)	(438)	(13,779)
Additions	107	6,200	475	54	24,892	31,728
Disposals	(2)	(176)	(11)	(34)	(305)	(527)
Impairment losses	(11)	(536)	—	—	(6)	(553)
Reclassifications	778	22,403	3,794	115	(27,151)	(62)
Depreciation	(2,058)	(24,477)	(3,402)	(458)	—	(30,395)
Historical cost at December 31, 2013	76,810	353,330	57,938	7,927	5,564	501,570
Accumulated depreciation at December 31, 2013	(13,815)	(229,702)	(45,330)	(6,845)	—	(295,692)
Carrying amount at December 31, 2013	62,995	123,628	12,608	1,082	5,564	205,878

<u>Thousands of Euros</u>	<u>Land and buildings</u>	<u>Plant and machinery</u>	<u>Industrial and commercial equipment</u>	<u>Other assets</u>	<u>Assets under construction and payments on account</u>	<u>Total</u>
Historical cost at December 31, 2013	76,810	353,330	57,938	7,927	5,564	501,570
Accumulated depreciation and impairment at December 31, 2013	(13,815)	(229,702)	(45,330)	(6,845)	—	(295,692)
Carrying amount at December 31, 2013	62,995	123,628	12,608	1,082	5,564	205,878
Carrying amount at January 1, 2014	62,995	123,628	12,608	1,082	5,564	205,878
Exchange rate gains/(losses)	(1,420)	(2,006)	204	20	(276)	(3,478)
Additions	330	7,367	166	169	23,345	31,377
Disposals	(23)	(283)	(16)	(26)	—	(348)
Impairment losses	(511)	(793)	—	—	—	(1,304)
Reclassifications	828	17,217	3,427	139	(21,619)	(8)
Depreciation	(1,925)	(23,520)	(3,408)	(437)	—	(29,290)
Historical cost at December 31, 2014	76,356	361,977	58,209	8,228	7,015	511,785
Accumulated depreciation and impairment at December 31, 2014	(16,082)	(240,367)	(45,230)	(7,282)	—	(308,960)
Carrying amount at December 31, 2014	60,274	121,610	12,980	946	7,015	202,825

Property, plant and equipment include the amounts arising from internal work capitalized (reference should be made to note 32) “Other operating income” to these consolidated financial statements for further information).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(15) Property, plant and equipment (Continued)

The caption includes the carrying amount of leased assets (€18,778 thousand) against which the Group has recognized current financial liabilities (€1,940 thousand) and non-current financial liabilities (€11,913 thousand).

None of the Group's property, plant and equipment has been pledged as collateral at year end, except for the items indicated in note 46) "Commitments and guarantees" to these consolidated financial statements.

The main investments of 2014 took place in India, Italy, Poland, Ukraine, Brazil and Mexico. In particular, during 2014, the main investments were made for the capacity increase in India, the sputtering technology in Italy, UK, Ukraine and Mexico, new project in Brazil and for the production facility in Poland.

Impairment losses in the year mainly include the impairment loss of €0.5 million on the assets of the Italian plants in order to reflect their recoverable amount and €0.5 million on the machines and equipment located in India.

(16) Intangible assets

The following tables show the changes in 2013 and 2014:

<u>Thousands of Euros</u>	<u>Development expenditure</u>	<u>Licences and patents</u>	<u>Goodwill</u>	<u>Other</u>	<u>Assets under development and payments on account</u>	<u>Total</u>
Historical cost at December 31, 2012	5,838	64,364	407,312	12,382	329	490,226
Accumulated amortisation and impairment at December 31, 2012	<u>(5,134)</u>	<u>(35,742)</u>	<u>(40,640)</u>	<u>(2,783)</u>	—	<u>(84,298)</u>
Carrying amount at December 31, 2012	<u>705</u>	<u>28,622</u>	<u>366,672</u>	<u>9,599</u>	<u>329</u>	<u>405,927</u>
Carrying amount at January 1, 2013	<u>705</u>	<u>28,622</u>	<u>366,672</u>	<u>9,599</u>	<u>329</u>	<u>405,927</u>
Exchange rate losses	(122)	(53)	(2,002)	(761)	(33)	(2,971)
Additions	153	351	—	53	1,449	2,006
Disposals	—	(1)	—	(56)	(54)	(111)
Impairment losses	—	—	—	—	(42)	(42)
Reclassifications	33	(112)	—	—	141	62
Amortisation	<u>(419)</u>	<u>(5,595)</u>	<u>—</u>	<u>(1,440)</u>	—	<u>(7,453)</u>
Historical cost at December 31, 2013	5,902	64,549	405,310	11,619	1,789	489,170
Accumulated amortisation and impairment at December 31, 2013	<u>(5,552)</u>	<u>(41,336)</u>	<u>(40,640)</u>	<u>(4,223)</u>	—	<u>(91,752)</u>
Carrying amount at December 31, 2013	<u>350</u>	<u>23,213</u>	<u>364,670</u>	<u>7,397</u>	<u>1,789</u>	<u>397,418</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(16) Intangible assets (Continued)

Thousands of Euros	Development expenditure	Licences and patents	Goodwill	Other	Assets under development and payments on account	Total
Historical cost at December 31, 2013	5,902	64,549	405,310	11,619	1,789	489,170
Accumulated amortisation and impairment at December 31, 2013	(5,552)	(41,336)	(40,640)	(4,223)	—	(91,752)
Carrying amount at December 31, 2013	350	23,213	364,670	7,397	1,789	397,418
Carrying amount at January 1, 2014	350	23,213	364,670	7,397	1,789	397,418
Exchange rate gains/(losses)	(947)	(21)	(6,111)	(69)	925	(6,222)
Additions	7	52	—	114	1,478	1,651
Disposals	—	(1)	—	—	—	(1)
Reclassifications	1,856	1,016	—	—	(2,863)	8
Amortisation	(414)	(5,330)	—	(1,556)	—	(7,300)
Historical cost at December 31, 2014	6,797	65,588	399,199	11,535	1,329	484,448
Accumulated amortisation and impairment at December 31, 2014	(5,945)	(46,659)	(40,640)	(5,650)	—	(98,895)
Carrying amount at December 31, 2014	851	18,929	358,559	5,885	1,329	385,554

The fluctuation of the goodwill in respect of last year may be analysed as follows:

Thousands of Euros	December 31, 2013	December 31, 2014
Goodwill—Guala Closures Group	317,227	317,227
Acquisition of Guala Closures DGS Poland S.A.	25,491	24,812
Goodwill—Guala Closures Ukraine LLC	13,420	7,916
Acquisition of GC Bulgaria AD	3,203	3,203
Acquisition of Pharma Trade	2,512	2,512
Acquisition of MCL division by Guala Closures South Africa	1,914	1,985
Acquisition of GC Tools AD	722	722
Acquisition of Metalprint assets by Guala Closures S.p.A.	182	182
Total	364,670	358,559

Goodwill is tested for impairment annually.

For impairment testing purposes, goodwill generated on the Group's acquisitions relates to the Closures division.

The recoverable amount of cash-generating units is based on a calculation of their value in use.

This calculation uses projected cash flows based on the actual operating profit and the five-year business plan which management believed was consistent with the assumption that a market participant would make. This business plan is put together considering the Group's approved budget figures for the first year and projecting the revenue and costs for the following four years using the historic trend adjusted for any new elements (average EBITDA growth rate of the next five years 8.4%; 2013 8.6%).

The cash flows for the periods after the forecast period are extrapolated using a 1.6% growth rate (2013: 1.5%), which takes into account both the Group's historical growth rate and forecast future market developments.

The projected cash flows are discounted using a WACC (weighted average cost of capital) rate of 10.1% (2013: 10%). The discount rate and the growth rate, substantially aligned with last year, take into consideration the Group's significant growth in the developing countries that impact the rise in turnover and margins that are partially offset by the overall risk of the above-mentioned developing countries.

The resulting recoverable amount is greater than the carrying amount of goodwill despite changes made to the underlying assumptions of the sensitivity analysis carried out (growth rate +/-1%; WACC +/-1%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(16) Intangible assets (Continued)

Goodwill has never been impaired.

(17) Deferred tax assets and liabilities

The following table gives a breakdown of the captions at December 31, 2013 and 2014:

Thousands of Euros	Assets		Liabilities		Net balance	
	December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014
Allowance for inventory write-down	762	902	(18)	(23)	744	880
Taxed allowance for receivables impairment	1,939	2,129	—	—	1,939	2,129
Provision	197	821	—	—	197	821
Other	417	436	(49)	(17)	368	419
Losses carried forward	657	279	—	—	657	279
Derecognition of intragroup profit on inventories	171	171	—	—	171	171
Intragroup gains	1,508	1,595	—	—	1,508	1,595
Leases	133	133	—	—	133	133
Property, plant and equipment and intangible assets	1,380	1,626	(17,984)	(16,058)	(16,604)	(14,432)
Employee benefits	583	554	(78)	(71)	505	483
Derivatives	470	449	—	—	470	449
Exchange rate gains (losses)	10	75	(2,980)	(2,987)	(2,970)	(2,911)
TOTAL	8,227	9,171	(21,109)	(19,155)	(12,882)	(9,984)

Changes in net deferred tax assets/liabilities may be analyzed as follows:

Thousands of Euros	December 31, 2013	Changes in profit and loss	Changes in equity	Exchange rate gains/losses	December 31, 2014
Allowance for inventory write-down	744	134	—	1	880
Taxed allowance for receivables impairment	1,939	222	—	(32)	2,129
Provision	197	624	—	—	821
Other	368	197	—	(146)	419
Losses carried forward	657	(382)	—	4	279
Derecognition of intragroup profit on inventories	171	—	—	—	171
Intragroup gains	1,508	87	—	—	1,595
Leases	133	—	—	—	133
Property, plant and equipment and intangible assets	(16,604)	2,218	—	(45)	(14,432)
Employee benefits	505	71	—	(93)	483
Derivatives	470	—	(21)	—	449
Exchange rate gains (losses)	(2,970)	(137)	—	196	(2,912)
TOTAL	(12,882)	3,034	(21)	(115)	(9,984)

Tax losses that can be carried forward at year end but that the Group has not considered in its calculation of the deferred tax assets in the statement of financial position total €170,725 thousand. They may be used in accordance with the legislation of the different countries in which the companies to which they relate are based.

Tax losses that can be carried forward indefinitely amount to €150,375 thousand and refer to Guala Closures S.p.A.. If recognized, potential deferred tax assets on total tax losses that can be carried forward would amount to €46,618 thousand at December 31, 2014 (including €41,353 thousand related to losses that can be carried forward indefinitely).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(18) Other non-current assets

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Tax assets	90	384
Other	<u>409</u>	<u>315</u>
Total	<u>499</u>	<u>699</u>

(19) Financial liabilities—third parties

This section provides information on the contractual terms governing the Group's bank overdrafts, loans and bonds.

Reference should be made to note 25) "Financial derivative liabilities" to these consolidated financial statements for further information on the Group's exposure to the risks of fluctuations in interest and exchange rates.

Reference should be made to note 46) "Commitments and guarantees" to these consolidated financial statements for information on the relevant guarantees given.

Financial liabilities at December 31, 2013 and 2014 are shown below:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Current financial liabilities		
Bonds	1,015	880
Bank loans and borrowings	3,215	6,069
Other financial liabilities	<u>1,997</u>	<u>1,971</u>
	<u>6,227</u>	<u>8,920</u>
Non-current financial liabilities		
Bonds	270,299	271,249
Bank loans and borrowings	26,632	41,557
Other financial liabilities	<u>20,645</u>	<u>21,894</u>
	<u>317,576</u>	<u>334,700</u>
Total	<u>323,803</u>	<u>343,620</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(19) Financial liabilities—third parties (Continued)

The terms and expiry dates of the financial liabilities at December 31, 2013 and 2014 are shown below:

Thousands of Euros	Nominal amount					
	Total December 31, 2013	Within one year	From one to five years	After five years	Current	Non-current
Bonds						
Floating Rate Senior Secured Notes due in 2019 issued by Guala Closures S.p.A.	275,000	—	—	275,000	—	275,000
Accrued interest—Guala Closures S.p.A.	1,965	1,965	—	—	1,965	—
Transaction costs	(5,652)	(950)	(3,820)	(881)	(950)	(4,701)
TOTAL FRSN 2019 Guala Closures						
S.p.A.	271,314	1,015	(3,820)	274,119	1,015	270,299
Bank loans and borrowings:						
Senior Revolving Facility	24,000	—	24,000	—	—	24,000
Transaction costs	(1,995)	(515)	(1,480)	—	(515)	(1,480)
Total Senior Revolving Facility	22,005	(515)	22,520	—	(515)	22,520
Cassa di Risparmio di Alessandria loan	944	625	319	—	625	319
Accrued interest and expense—Guala Closures S.p.A.	649	649	—	—	649	—
Banco Sabadell loan (Spain)	760	510	250	—	510	250
Bancolumbia loan (Colombia)	1,204	263	941	—	263	941
Advances on receivables and loans (Argentina)	537	336	201	—	336	201
Scotiabank loan (Mexico)	3,747	1,346	2,401	—	1,346	2,401
Total bank loans and borrowings	29,847	3,215	26,632	—	3,215	26,632
Other financial liabilities:						
Guala Closures S.p.A. finance leases ...	15,770	1,960	8,261	5,549	1,960	13,810
Liability to the Ukrainian non-controlling investors	6,400	—	—	6,400	—	6,400
Other liabilities	472	37	435	—	37	435
Total other financial liabilities	22,643	1,997	8,697	11,949	1,997	20,645
TOTAL	323,803	6,227	31,508	286,068	6,227	317,576

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(19) Financial liabilities—third parties (Continued)

Thousands of Euros	Nominal amount					
	Total December 31, 2014	Within one year	From one to five years	After five years	Current	Non-current
Bonds						
Floating Rate Senior Secured Notes due in 2019 issued by Guala Closures S.p.A.	275,000	—	275,000	—	—	275,000
Accrued interest—Guala Closures S.p.A.	1,833	1,833	—	—	1,833	—
Transaction costs	(4,704)	(953)	(3,751)	—	(953)	(3,751)
TOTAL FRSN 2019 Guala Closures						
S.p.A.	272,129	880	271,249	—	880	271,249
Bank loans and borrowings:						
Senior Revolving Facility	40,000	—	40,000	—	—	40,000
Transaction costs	(1,480)	(515)	(966)	—	(515)	(966)
Total Senior Revolving Facility	38,520	(515)	39,034	—	(515)	39,034
Cassa di Risparmio di Alessandria loan	319	319	—	—	319	—
Accrued interest and expense—Guala Closures S.p.A.	656	656	—	—	656	—
Raiffeisen Bank overdraft (Ukraine) . . .	318	318	—	—	318	—
Millennium Bank overdraft (Poland) . . .	2,740	2,740	—	—	2,740	—
Banco Sabadell loan (Spain)	253	253	—	—	253	—
Bancolumbia loan (Colombia)	867	242	625	—	242	625
Bradesco / ITAU loan (Brazil)	855	273	583	—	273	583
Advances on receivables and loans (Argentina)	621	420	200	—	420	200
Scotiabank loan (Mexico)	2,477	1,362	1,115	—	1,362	1,115
Total bank loans and borrowings	47,626	6,069	41,557	—	6,069	41,557
Other financial liabilities:						
Guala Closures S.p.A. finance leases . . .	13,730	1,882	8,757	3,091	1,882	11,848
Bulgarian companies finance leases . . .	123	58	65	—	58	65
Liability to the Ukrainian non-controlling investors	9,900	—	—	9,900	—	9,900
Other liabilities	113	32	81	—	32	81
Total other financial liabilities	23,866	1,971	8,904	12,991	1,971	21,894
TOTAL	343,620	8,920	321,710	12,991	8,920	334,700

The liability to the Ukrainian non-controlling investors relates to recognition of these investors' right to exercise a put option if certain conditions are met. It represents the discounted estimated value of the put option at its estimated time of exercise.

Pursuant to IAS 27, this caption has been recognized using the present access method since 2008, whereby the financial liability was recognized as a reduction in equity, Retained earnings, in the first year. The fluctuation in each year, if any, is recognized under financial income (expense) in profit or loss and the non-controlling interests continue to be presented separately as, to all effects, the non-controlling investors have the right to access the profit or loss pertaining to their investment.

Reference should be made to note 42) "Fair value of financial instruments and sensitivity analysis" for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(19) Financial liabilities—third parties (Continued)

The interest rates and expiry dates of the financial liabilities at December 31, 2013 and December 31, 2014 are shown below:

<u>Thousands of Euros</u>	<u>Currency</u>	<u>Nominal interest rate</u>	<u>Expiry date</u>	<u>Total December 31, 2013</u>
Bonds				
Floating Rate Senior Secured Notes due in 2019 issued by Guala Closures S.p.A. . . .	EUR	euribor 3m + 5.375%	2019	275,000
Accrued interest—Guala Closures S.p.A. . .	EUR	n.a.	2014	1,965
Transaction costs	EUR	n.a.	2019	<u>(5,652)</u>
TOT. BONDS FRSN 2019 Guala Closures				
S.p.A.				<u>271,314</u>
Bank loans and borrowings:				
Senior Revolving Facility	EUR	euribor 3m + 3.75%	2017	24,000
Transaction costs	EUR	n.a.	2017	<u>(1,995)</u>
Total Senior Revolving Facility				<u>22,005</u>
Cassa di Risparmio di Alessandria loan	EUR	euribor 3m + 2.75%	2015	944
Accrued interest and expense—Guala Closures S.p.A.	EUR	n.a.	2014	649
Banco Sabadell loan (Spain)	EUR	5.20%	2015	760
Bancolombia loan (Colombia)	COP	I.B.R. + 3.25% (*)	2018	1,204
Advances on receivables and loans (Argentina)	AR\$	n.a.	n.a.	537
Scotiabank loan (Mexico)	MXP	TIEE30 + 4.0% (**)	2016	<u>3,747</u>
Total bank loans and borrowings				<u>29,847</u>
Other financial liabilities:				
Guala Closures S.p.A. finance leases	EUR	euribor + 1.5% (***)	2020	15,770
Liability to the Ukrainian non-controlling investors	EUR	n.a.	n.a.	6,400
Other liabilities	EUR	n.a.	n.a.	<u>472</u>
Total other financial liabilities				<u>22,643</u>
TOTAL				<u>323,803</u>

(*) I.B.R. stands for “Indicador Bancario de Referencia”

(**) TIEE30 stands for “Tasa de Interés Interbancaria de Equilibrio a 30 días”.

(***) Nominal interest rate on the property finance lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(19) Financial liabilities—third parties (Continued)

<u>Thousands of Euros</u>	<u>Currency</u>	<u>Nominal interest rate</u>	<u>Expiry date</u>	<u>Total December 31, 2014</u>
Bonds				
Floating Rate Senior Secured Notes due in 2019 issued by Guala Closures S.p.A.	EUR	euribor 3m + 5.375%	2019	275,000
Accrued interest—Guala Closures S.p.A.	EUR	n.a.	2014	1,833
Transaction costs	EUR	n.a.	2019	<u>(4,704)</u>
TOT. BOND FRSN 2019 Guala Closures S.p.A.				<u>272,129</u>
Bank loans and borrowings:				
Senior Revolving Facility	EUR	euribor 3m + 3.75%	2017	40,000
Transaction costs	EUR	n.a.	2017	<u>(1,480)</u>
Total Senior Revolving Facility				<u>38,520</u>
Cassa di Risparmio di Alessandria loan	EUR	euribor 3m + 2.75%	2015	319
Accrued interest and expense—Guala Closures S.p.A.	EUR	n.a.	2014	656
Raiffeisen Bank overdraft (Ukraine)	UAH	20.00%	n.a.	318
Millennium Bank overdraft (Poland)	PLN	wibor 1m (*)	n.a.	2,740
Banco Sabadell loan (Spain)	EUR	5.20%	2015	253
Bancolombia loan (Colombia)	COP	I.B.R. + 3.25% (**)	2018	867
Bradesco / ITAU loan (Brazil)	BRL	n.a.	2019	855
Advances on receivables and loans (Argentina)	AR\$	n.a.	n.a.	621
Scotiabank loan (Mexico)	MXP	TIIE30 + 4.00% (***)	2016	<u>2,477</u>
Total bank loans and borrowings				<u>47,626</u>
Other financial liabilities:				
Guala Closures S.p.A. finance leases	EUR	euribor + 1.5% (****)	2020	13,730
Bulgarian companies finance leases	BGN	n.a.	n.a.	123
Liability to the Ukrainian non-controlling investors	EUR	n.a.	n.a.	9,900
Other liabilities	EUR	n.a.	n.a.	<u>113</u>
Total other financial liabilities				<u>23,866</u>
TOTAL				<u>343,620</u>

(*) Wibor stands for “Warsaw Inter-bank Bid and Offered Rate”

(**) I.B.R. stands for “Indicador Bancario de Referencia”

(***) TIIE30 stands for “Tasa de Interés Interbancaria de Equilibrio a 30 días”.

(****) Nominal interest rate on the property finance lease.

The Senior Revolving Facility’s availability is shown in the table below:

<u>Credit facility</u>	<u>Available amount (thousands of Euros)</u>	<u>Amount used at December 31, 2014</u>	<u>Residual available amount at December 31, 2014</u>
Senior Revolving Facility	75,000	40,000	35,000

(20) Financial liabilities—related parties

This section discloses the contractual terms governing the loans granted by GCL Holdings S.C.A. (parent of Guala Closures S.p.A.).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(20) Financial liabilities—related parties (Continued)

The terms and expiry dates of the loans at December 31, 2013 and 2014 are shown below:

Thousands of Euros	Nominal amount					
	Total December 31, 2013	Within one year	From one to five years	After five years	Current	Non-current
Loan from GCL Holdings S.C.A.—Guala Closures S.p.A.	117,155	4,455	112,701	—	4,455	112,701
Loan from GCL Holdings S.C.A.—Guala Closures International B.V.	94,093	2,368	91,725	—	2,368	91,725
TOTAL	211,248	6,823	204,426	—	6,823	204,426

Thousands of Euros	Nominal amount					
	Total December 31, 2014	Within one year	From one to five years	After five years	Current	Non-current
Loan from GCL Holdings S.C.A.—Guala Closures S.p.A.	66,949	4,948	62,001	—	4,948	62,001
Loan from GCL Holdings S.C.A.—Guala Closures International B.V.	94,093	2,368	91,725	—	2,368	91,725
TOTAL	161,042	7,316	153,726	—	7,316	153,726

The reduction in the loan from GCL Holdings S.C.A. to Guala Closures S.p.A. is due to the fact that, on December 22, 2014, the companies signed an amendment to the Intragroup Facility Agreement entered into on September 26, 2008 (and amended from time to time, including on May 17, 2011) by virtue of which a part of the Intragroup Facility equal to €50.7 million became immediately due and payable to GCL Holdings S.C.A. by Guala Closures S.p.A..

On the same date, the extraordinary shareholders' meeting of Guala Closures S.p.A. approved the issuance, pursuant to article 2346, last paragraph, of the Italian Civil Code, of 50.7 million participating financial instruments with a nominal value of €1.00 each and a duration equal to that of the Company, against a contribution in cash of €50.7 million, reserved to the sole shareholder GCL Holdings S.C.A..

As a result, Guala Closures S.p.A. converted part of the financial debt owed to the sole shareholder GCL Holdings S.C.A. into participating financial instruments and, in accordance with IAS 32, such participating financial instruments have been recognized as one of the Group's equity components due to their terms.

The interest rates of the loans at December 31, 2013 and 2014 are shown below:

Thousands of Euros	Currency	Nominal interest rate	Total December 31, 2013
Loan from GCL Holdings S.C.A.—Guala Closures S.p.A. ...	EUR	9.30%	117,155
Loan from GCL Holdings S.C.A.—Guala Closures International B.V.	EUR	10.10%	94,093
Total			211,248

Thousands of Euros	Currency	Nominal interest rate	Total December 31, 2014
Loan from GCL Holdings S.C.A.—Guala Closures S.p.A. ...	EUR	9.30%	66,949
Loan from GCL Holdings S.C.A.—Guala Closures International B.V.	EUR	10.10%	94,093
Total			161,042

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(21) Trade payables

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Suppliers	65,210	53,998
Payments on account	<u>1,564</u>	<u>329</u>
Total	<u>66,774</u>	<u>54,327</u>

The reduction in the trade payables of the year was mainly due to a reduction in inventories of raw materials.

At December 31, 2014, trade payables may be analyzed by original currency as follows:

<u>Thousands of Euros</u>	<u>EUR</u>	<u>USD</u>	<u>GBP</u>	<u>Other currencies</u>	<u>Total</u>
Trade payables	28,905	4,260	2,170	18,992	54,327

Other currencies include trade payables in the following local currencies:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>
Polish zloty	5,524
Australian dollars	2,665
Mexican pesos	2,181
Argentinean pesos	1,931
Indian rupees	1,681
Ukrainian hryvnies	1,321
South African rand	1,233
Chinese renmimbi	582
Brazilian reals	550
New Zealand dollars	373
Columbian pesos	358
Other	592
Total	<u>18,992</u>

(22) Current direct tax liabilities

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Current direct tax liabilities	<u>3,427</u>	<u>4,440</u>
Total	<u>3,427</u>	<u>4,440</u>

The increase in current direct tax liabilities is mainly due to the increase in profit before taxation of some operating companies.

(23) Current indirect tax liabilities

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
VAT and other indirect taxes	<u>3,810</u>	<u>3,854</u>
Total	<u>3,810</u>	<u>3,854</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(24) Provisions

This caption may be analyzed as follows:

CURRENT PROVISIONS:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Provision for contingencies	—	5,555
Provision for restructuring	578	2,676
Provision for returns	625	590
Other current provisions	<u>28</u>	<u>116</u>
Total current provisions	<u>1,231</u>	<u>8,937</u>

The current provision for contingencies refers to potential tax and related matters dating to the period 2009-2011. Although Guala Closures S.p.A. (the surviving company following the inverse merger of GCL Special Closures S.r.l. into Guala Closures S.p.A. occurred in 2012) believes that it has been in full compliance with all laws and regulations applicable at that time, it may agree to a settlement to resolve these issues. As a result, the Group has accounted for an allowance for risks and charges of €5.6 million. In relation to such allowance for risks and charges, the Group has accounted for an amount of €3.7 million in financial expense, and an amount of €1.8 million in other operating expense.

The provision for restructuring refers mainly to the close the Italian site of Torre d'Isola (PV) and to the reallocation of its production to other group plants (Italy and East Europe) and other redundancy programs for Italian sites.

The provision for returns reflects the calculation of customer claims received.

NON-CURRENT PROVISIONS:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Provision for contingencies	540	540
Provision for agents' termination indemnity	109	117
Provision for legal disputes	<u>35</u>	<u>29</u>
Total non-current provisions	<u>684</u>	<u>686</u>

The non-current provision for contingencies refers to contingent liability for the years 2010, 2011 and 2012 for an amount of €0.4 million plus penalties. The Group met the tax authorities in 2014 to discuss the adjustments. Management is confident that it can refute the allegations made by the inspectors in their assessment report.

Changes in the provisions are as follows:

CURRENT PROVISIONS:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>
Opening current provisions	1,231
Exchange rate gains	1
Accrual	8,539
Utilization	<u>(834)</u>
Closing current provisions	<u>8,937</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(24) Provisions (Continued)

NON-CURRENT PROVISIONS:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>
Opening non-current provisions	684
Exchange rate losses	(1)
Accrual	7
Utilization	(4)
Closing non-current provisions	<u>686</u>

(25) Financial derivative liabilities

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Fair value of IRSs	4,408	2,850
Fair value of aluminum derivatives	574	185
Total	<u>4,982</u>	<u>3,036</u>

The main features of the contracts in place at December 31, 2014 are summarized below:

—*interest rate swaps*

Guala Closures S.p.A. has three interest rate swaps in place at December 31, 2014 to hedge floating interest rates on bank loans.

In addition, at year end, Guala Closures S.p.A. has two interest rate swaps in place to hedge floating interest rates on the property finance lease.

The interest rate swaps taken on to hedge the floating interest rates on bank loans are listed below:

1. Euro interest rate swap agreed with Intesa Sanpaolo S.p.A. on August 2, 2011, expiring September 30, 2015. It has a fixed swap rate of 2.34% against the floating six-month Euribor for a notional amount of €53,200 thousand at December 31, 2014.
2. Pound sterling interest rate swap agreed with Intesa Sanpaolo S.p.A. on August 2, 2011, expiring September 30, 2015. It has a fixed swap rate of 1.94% against the floating six-month GB£ Libor, for a notional amount of £ 17,800 thousand at December 31, 2014.
3. US dollar interest rate swap agreed with Intesa Sanpaolo S.p.A. on August 2, 2011, expiring September 30, 2015. It has a fixed swap rate of 1.39% against the floating six-month US\$ Libor, for a notional amount of US\$ 60,900 thousand at December 31, 2014.

Although these interest rate swaps, agreed in 2011, have been entered into for hedging purposes, after the refinancing operations of November 2012, they no longer meet the formal requirements of IAS 39. Therefore, they have been recognized as trading instruments.

Interest rate swaps hedging floating interest rates on property finance leases are listed below:

1. Euro interest rate swap agreed with Intesa Sanpaolo S.p.A. on March 7, 2006, expiring July 1, 2019. It has a fixed swap rate of 3.945% against the floating one-month Euribor for a notional amount of €4,319 thousand at December 31, 2014.
2. Euro interest rate swap agreed with Unicredit Banca d'Impresa S.p.A. on March 7, 2006, expiring July 1, 2019. It has a fixed swap rate of 3.960% against the floating one-month Euribor for a notional amount of €4,319 thousand at December 31, 2014.

These derivatives meet the formal requirements of IAS 39 at the reporting date and have been recognized as hedging instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(25) Financial derivative liabilities (Continued)

—Forward purchase of aluminum

At December 31, 2014, the Group has sixteen contracts for the forward purchase of aluminum, for a total of 4,550 tons, spread over various expiry dates based on forecast monthly requirements. The hedge accounting requirements of IAS 39 were not met and these derivatives have been, therefore, recognized as trading instruments.

The following tables show the forward aluminum purchase contracts in place at December 31, 2014:

Expiry date	Hedged amount (tons)	Strike price (US\$/ton)	December 31, 2014 Positive/(negative) fair value (Thousands of Euros)
February 2015	300	1,837	(25)
March 2015	500	1,844	(36)
March 2015	250	1,844	(14)
April 2015	500	1,853	(32)
April 2015	300	1,853	(10)
April 2015	100	1,853	(3)
May 2015	300	1,859	(10)
May 2015	100	1,859	(2)
June 2015	300	1,863	(10)
June 2015	300	1,863	(7)
June 2015	100	1,863	(2)
July 2015	300	1,868	(15)
July 2015	300	1,868	(8)
August 2015	300	1,874	(6)
September 2015	300	1,880	(5)
Total	4,250		(185)

Expiry date	Hedged amount (tons)	Strike price (€/ton)	December 31, 2014 Positive/(negative) fair value (Thousands of Euros)
January 2015	300	1,504	66
Total	300		66

—Currency swaps

The Group did not have any currency swaps at the reporting date.

The following table shows the fair value of the derivatives held at the reporting date:

Contract (Thousands of Euros)	Recognition at December 31, 2014	December 31, 2013	December 31, 2014
		Positive/ (negative) fair value	Positive/ (negative) fair value
Interest rate swaps on leases	Hedge accounting	(1,025)	(948)
Interest rate swaps on loans	Recognized at fair value through profit or loss	(3,383)	(1,903)
Forward aluminum purchases	Recognized at fair value through profit or loss	(574)	(185)
Forward aluminum purchases	Recognized at fair value through profit or loss	—	66

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(26) Other current liabilities

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Payables to employees	8,067	7,911
Payables for capex	8,492	6,724
Social security charges payable	3,179	2,871
Payables for dividends	271	—
Other payables	4,467	4,533
Total	<u>24,476</u>	<u>22,038</u>

(27) Employee benefits

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Post-employment benefits—Guala Closures S.p.A.	5,572	5,944
Other	1,263	1,373
Total	<u>6,835</u>	<u>7,318</u>

Changes in Employee benefits are as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013(*)</u>	<u>December 31, 2014</u>
Balance at January 1	8,429	6,835
Exchange rate losses	(146)	(23)
Change recognized in profit or loss—personnel expense	1,304	1,623
Change recognized in profit or loss—other (income)/expense	(46)	171
Change recognized in OCI	(219)	821
Transfer in (out)	(539)	(189)
Benefits paid	(1,948)	(1,921)
Balance at December 31	<u>6,835</u>	<u>7,318</u>

(*) 2013 movements restated in order to be consistent with the 2014 classification

The changes recognized in profit or loss are detailed below:

<u>Thousands of Euros</u>	
Post-employment benefits—Guala Closures S.p.A.	1,493
Other	301
Changes recognized in profit or loss	<u>1,794</u>

The liability for post-employment benefits (“TFR”—Trattamento di fine rapporto) primarily relates to Italian companies (Guala Closures S.p.A. mainly) for employee departures, determined using actuarial techniques and regulated by Article 2120 of the Italian Civil Code. The benefit is paid when the employee leaves the company as a lump sum, the amount of which corresponds to the total of benefits accrued during the employees’ service period based on payroll costs as revalued until departure. Following the pension reform, from January 1, 2007 accruing benefits have been transferred to a pension fund or a treasury fund held by the Italian administration for post-retirement benefits (INPS). Companies with less than 50 employees, can continue the scheme as in previous years. Therefore, contributions of future TFR to pension funds or the INPS treasury fund entails that these amounts will be treated as a defined contribution scheme. Amounts vested before January 1, 2007 continue to be accounted for as defined benefits to be assessed based on actuarial assumptions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(27) Employee benefits (Continued)

Changes in post-employment benefits and the main assumptions used in their measurement are detailed below:

<u>Thousands of Euros</u>	<u>December 31, 2013(*)</u>	<u>December 31, 2014</u>
Balance at January 1	6,121	5,572
Change recognized in profit or loss—personnel expense	1,331	1,341
Change recognized in profit or loss—other (income)/expense	168	153
Change recognized in OCI	(266)	758
Benefits paid	(1,782)	(1,879)
Balance at December 31	<u>5,572</u>	<u>5,944</u>

(*) 2013 movements restated in order to be consistent with the 2014 classification

Actuarial parameter baseline:

	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Average inflation rate	2.00% p.a.	0.6% (2015) - 1.2% (2016) 1.5% (2017-18) 2% from 2019 on
Discount rate	3.17% p.a.	1.49% p.a.
Annual rate of increase in post-employment benefits	3.00% p.a.	3.00% p.a.

For valuations at December 31, 2014, an annual fixed discount rate of 1.49% was utilized based on the value of Iboxx indexes AA corporate bonds observed at December 31, 2014, as per the requirements of IAS 19.

The Group expects to pay around €1.9 million of benefits to its defined benefit plan in 2015 described above.

Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected Guala Closures S.p.A.'s post-employment benefits at December 31, 2014 by the amounts shown below:

<u>Thousands of Euros</u>	<u>Defined benefit obligation</u>	
	<u>Increase</u>	<u>Decrease</u>
Turnover rate (1% movement)	(40)	45
Average inflation rate (0.25% movement)	91	(89)
Discount rate (0.25% movement)	(143)	149

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Guala Closures UK has a defined benefit pension plan under which the employees of the former Metalclosures Ltd. have the right to a pension. This plan has a surplus at both December 31, 2013 and 2014 (i.e., the fair value of the plan assets is higher than the present value of the defined benefit obligation). As required by IAS 19 and IFRIC 14, the surplus that can be recognized must be less than the benefits available in the form of reimbursements or the contribution holiday: following completion of the West Bromwich site restructuring plan in 2008, the amount of the contribution holiday is zero and, therefore, the English company has not recognized the fund surplus. In addition, the Group did not have contingent liabilities at the reporting date as the fund covers the present value of its future obligations with its plan assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(27) Employee benefits (Continued)

For disclosure purposes, the amounts of the fund obligations and plan assets, as well as the baseline actuarial parameters used for their calculation, are shown below:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Present value of the obligations	(60,985)	(72,726)
Fair value of plan assets	77,594	89,614
Total	<u>16,609</u>	<u>16,888</u>

Changes in the net amount of the fund:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Balance at January 1	16,360	16,609
Exchange rate (gains) losses	(335)	1,138
Service cost	(33)	(19)
Interest on defined benefit obligation	(2,379)	(2,631)
Interest on plan assets	3,038	3,369
Scheme administration expenses	(301)	(177)
Actuarial (gains) losses	259	(1,401)
Balance at December 31	<u>16,609</u>	<u>16,888</u>

Changes in the present value of the obligations:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Balance at January 1	(60,559)	(60,985)
Exchange rate (gains) losses	1,187	(4,677)
Service cost	(33)	(19)
Interest on defined benefit obligation	(2,379)	(2,631)
Contribution by plan participants	(7)	(4)
Benefits paid	3,277	3,870
Actuarial gains	(2,472)	(8,280)
Balance at December 31	<u>(60,985)</u>	<u>(72,726)</u>

Changes in the fair value of plan assets:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Balance at January 1	76,918	77,594
Exchange rate (gains) losses	(1,522)	5,815
Interest on plan assets	3,038	3,369
Scheme administration expenses	(301)	(177)
Contribution by plan participants	7	4
Benefits paid	(3,277)	(3,870)
Actuarial losses	2,731	6,878
Balance at December 31	<u>77,594</u>	<u>89,614</u>

Plan assets comprise (major categories of plan assets as a percentage of the total plan assets):

	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Equities	39%	37%
Bonds	31%	31%
Gilts	30%	32%
Cash	0%	0%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(27) Employee benefits (Continued)

All equities and government bonds have quoted prices in active markets.

Actuarial parameter baseline:

	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Salary growth rate	4.00% p.a.	4.00% p.a.
Rate of increase in pensions provided (average)	3.00% p.a.	3.00% p.a.
Average inflation rate	3.20% p.a.	2.90% p.a.
Discount rate	4.30% p.a.	3.30% p.a.

The company does not expect to pay any further contribution in the next year in relation to these defined benefit obligations.

Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected Guala Closures UK's defined benefit pension plan at December 31, 2014 by the amounts shown below:

<u>Thousands of Euros</u>	<u>Impact on present value of the obligations</u>	<u>Impact on fair value of plan assets</u>
Life expectancy (+ 1 year)	(2,546)	—
Average inflation rate (+0.1% p.a.)	(304)	—
Discount rate (-0.1% p.a.)	(1,049)	—

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

(28) Other non-current liabilities

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Other non-current liabilities	<u>168</u>	<u>166</u>
Total	<u>168</u>	<u>166</u>

(29) Equity attributable to the owners of the parent

At December 31, 2014, Guala Closures S.p.A. is a single-member company limited by shares wholly owned by GCL Holdings S.C.A..

At December 31, 2014, Guala Closures S.p.A. has subscribed and paid-up share capital of €74,624 thousand, consisting of 74,624,491 ordinary shares with a nominal value of €1 each.

On December 22, 2014, the extraordinary shareholders' meeting of Guala Closures S.p.A. approved the issuance, pursuant to article 2346, last paragraph, of the Italian Civil Code, of 50.7 million participating financial instruments ("SFP") with a nominal value of €1.00 each and a duration equal to that of the Company, against a contribution in cash of €50.7 million, reserved to the sole shareholder GCL Holdings S.C.A..

The main features of the SFP are:

- The participating financial instruments are perpetual and are subordinate to the Group's other creditors. The purpose of issuing participating financial instruments was to strengthen the Group's capital base;
- Coupons on the SFP are settled from time to time by Guala Closures S.p.A. in accordance with the relevant resolutions (if any) of the competent corporate bodies of the Company. The coupon rate of the participating financial instruments is 9.3%. Coupon payments and their tax effect are recognised directly in equity;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(29) Equity attributable to the owners of the parent (Continued)

- Guala Closures S.p.A. may, at its sole discretion, omit or defer coupon payments to the holders. However, deferred coupon payments will fall due for payment in the event of Guala Closures S.p.A. subsequently making any distributions to its shareholders, both as dividends and reserves;
- The SFP Holder(s) may freely transfer, in whole or in part, the SFPs to any third party;
- Pursuant to the SFP Rules, the SFPs shall be redeemable at any time, in whole or in part, at the option of the Company's board of directors only and within the amount of the distributable profits and distributable reserves as recorded in the financial statements of the Company as duly approved by the competent corporate bodies of the Company.

As the SFP satisfy the IAS 32 criteria for equity, they have been recognized as part of equity.

Neither the parent nor its subsidiaries hold treasury shares either directly or indirectly through trustees or nominees.

Reference should be made to the statement of changes in equity for changes in, and details of, the components of equity.

As per the Senior Revolving Facility Agreement, for the Floating Rate Senior Secured Notes and for the High Yield Bonds issued by the parent GCL Holdings S.C.A., there are certain restrictions to the transfer of funds between Guala Closures subsidiaries and Guala Closures S.p.A. and between Guala Closures S.p.A. and the parent GCL Holdings S.C.A..

The Group's objectives in capital management are to create value for shareholders, safeguard the Group's future and to support its development.

Equity and participating financial instruments are considered to be capital.

The Group thus seeks to maintain a sufficient level of capitalization, while giving shareholders satisfactory returns and ensuring the Group has access to external sources of financing at acceptable terms, including via maintaining an adequate rating.

The Group monitors the debt/equity ratio on an ongoing basis, particularly in terms of net indebtedness and cash flows generated by operating activities.

The board of directors carefully monitors the balance between greater returns through the right level of indebtedness and the advantages of a sound financial position.

To achieve these objectives, the Group strives to continuously make its operations more profitable.

The board of directors monitors the return on share capital, being total equity pertaining to owners of the parent, excluding non-controlling interests, and the amount of dividends to be distributed to holders of ordinary shares.

The Group's capital management policies have not changed during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(30) Equity attributable to non-controlling interests

Equity attributable to non-controlling interests relates to the following consolidated companies:

	Non-controlling interests % December 31, 2013	Non-controlling interests % December 31, 2014	Balance at December 31, 2013	Balance at December 31, 2014
Guala Closures Ukraine LLC	30.0%	30.0%	7,760	6,449
Guala Closures India Pvt Ltd.	5.0%	5.0%	1,601	1,826
Guala Closures Argentina S.A.	17.6%	1.6%	650	47
Guala Closures de Colombia LTDA	6.8%	6.8%	636	608
Guala Closures China B.V.	3.5%	—	133	—
Guala Closures Bulgaria A.D.	30.0%	30.0%	2,186	1,923
Guala Closures Tools A.D.	30.0%	30.0%	349	479
Guala Closures DGS Poland S.A.	30.0%	30.0%	14,120	12,464
Total			27,435	23,796

Reference should be made to the statement of changes in equity for changes in equity attributable to the non-controlling interests.

The following tables summarise the information relating to each of the Group's subsidiaries that have material non-controlling interests, before any intra-group eliminations:

December 31, 2013	Carrying amount					Total
	Guala Closures DGS Poland S.A.	Guala Closures Ukraine LLC	Guala Closures Bulgaria A.D.	Guala Closures India pvt Ltd	Other individually immaterial subsidiaries	
Thousands of Euros						
Non-controlling interests percentage	30%	30%	30%	5%		
Non-current assets	33,045	15,910	3,706	21,164		
Current assets	29,224	19,559	6,054	16,469		
Non-current liabilities	(3,971)	(128)	(780)	(696)		
Current liabilities	(11,230)	(9,475)	(1,692)	(4,919)		
Equity	47,069	25,867	7,288	32,018		
Equity attributable to non-controlling interests	14,121	7,760	2,186	1,601	1,767	27,435
Total revenue (third parties + related parties)	67,210	44,822	11,508	50,857		
Profit for the year	11,666	8,125	431	6,166		
Other comprehensive expense (OCI)	(1,873)	(1,845)	—	(4,621)		
Total comprehensive income	9,793	6,280	431	1,545		
Profit allocated to non-controlling interests	3,500	2,438	129	308	302	6,676
OCI allocated to non-controlling interests	(562)	(553)	—	(231)	(297)	(1,644)
Total comprehensive income allocated to non-controlling interests	2,938	1,884	129	77	4	5,033
Cash flows from operating activities	11,027	9,736	1,875	12,308		
Cash flows used in investing activities	(1,881)	(5,619)	(1,004)	(3,923)		
Cash flows used in financing activities (including dividends to NCI)	(16,430)	(3,957)	(296)	(5,765)		
Net increase (decrease) in cash and cash equivalents	(7,284)	159	574	2,620		
Dividends to non-controlling interests	4,765	1,234	66	348	438	6,851

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(30) Equity attributable to non-controlling interests (Continued)

Thousands of Euros	Carrying amount					Total
	Guala Closures DGS Poland S.A.	Guala Closures Ukraine LLC	Guala Closures Bulgaria A.D.	Guala Closures India Pvt Ltd	Other individually immaterial subsidiaries	
Non-controlling interests percentage	30%	30%	30%	5%		
Non-current assets	33,760	12,428	2,541	25,908		
Current assets	27,312	17,641	6,171	17,321		
Non-current liabilities	(3,574)	—	(108)	(894)		
Current liabilities	(15,950)	(8,574)	(2,193)	(5,806)		
Equity	41,548	21,496	6,411	36,529		
Equity attributable to non-controlling interests	12,464	6,449	1,923	1,826	1,134	23,796
Total revenue (third parties + related parties)	73,918	48,007	10,750	55,960		
Profit for the year	10,038	10,888	831	6,611		
Other comprehensive income/(expense) (OCI)	(1,255)	(10,346)	—	3,838		
Total comprehensive income	8,782	542	831	10,448		
Profit allocated to non-controlling interests	3,011	3,266	249	331	298	7,156
OCI allocated to non-controlling interests	(377)	(3,104)	—	192	(17)	(3,306)
Total comprehensive income allocated to non-controlling interests	2,635	163	249	522	281	3,850
Cash flows from operating activities	13,779	9,162	2,998	10,252		
Cash flows used in investing activities	(5,288)	(6,107)	(3)	(6,622)		
Cash flows used in financing activities (including dividends to NCI)	(14,194)	(4,098)	(1,738)	(5,741)		
Net increase (decrease) in cash and cash equivalents	(5,704)	(1,043)	1,256	(2,112)		
Dividends to non-controlling interests	4,291	1,044	511	297	412	6,555

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(31) Net revenue

The table below illustrates the geographical distribution of net revenue based on the geographical location from where the product is sold by the group companies:

<u>Thousands of Euros</u>	<u>2013</u>	<u>2014</u>
Europe	276,696	276,962
Asia	58,881	66,844
Latin and North America	84,247	77,714
Oceania	55,820	48,980
Africa	18,632	17,295
Total	<u>494,276</u>	<u>487,794</u>

(32) Other operating income

This caption includes:

<u>Thousands of Euros</u>	<u>2013</u>	<u>2014</u>
Internal production	5,091	5,859
Sundry recoveries/repayments	3,921	3,513
Gains	262	268
Insurance compensation	3,500	—
Other	387	333
Total	<u>13,161</u>	<u>9,974</u>

Internal production includes €1,053 thousand of capitalized development expenditure related to new closures and €4,806 thousand of extraordinary maintenance carried out on property, plant and equipment, of which extraordinary maintenance and upgrading of the production capacity of Guala Closures S.p.A. amounting to €516 thousand and foreign companies amounting to €4,290 thousand.

Insurance compensation in 2013 referred to the fire which occurred in the Magenta plant (Italy) in September 2012. It included an amount for the replacement of damaged equipment and an amount to compensate for the business interruption and direct costs sustained by Guala Closures S.p.A..

(33) Costs for raw materials

This caption includes:

<u>Thousands of Euros</u>	<u>2013</u>	<u>2014</u>
Raw materials and supplies	200,703	192,285
Packaging	9,297	8,938
Consumables and maintenance	9,520	8,793
Fuels	515	490
Other purchases	2,782	1,992
Change in inventories	(9,614)	6,685
Total	<u>213,203</u>	<u>219,182</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(34) Costs for services

This caption includes:

<u>Thousands of Euros</u>	<u>2013</u>	<u>2014</u>
Electricity / heating	23,271	22,077
Transport	19,917	18,491
External processing	12,364	8,426
Maintenance	5,934	5,437
Sundry industrial services	4,520	4,555
Travel	4,556	4,059
External labor / portorage	4,478	4,007
Insurance	2,892	3,421
Legal and consulting fees	3,419	3,143
Directors' fees	1,741	1,810
Administrative services	2,145	1,668
Cleaning service	1,460	1,193
Technical assistance	1,063	1,002
Commissions	901	973
Telephone costs	968	854
Entertainment expenses	840	682
Commercial services	284	590
Security	444	445
Advertising services	366	353
Expos and trade fairs	186	222
Other	2,624	2,365
Total	<u>94,376</u>	<u>85,774</u>

Details of fees paid to the parent's directors, statutory auditors, CEO and key managers are provided in notes 43) "Related party transactions" and 47) "Fees of Statutory Auditors" to these consolidated financial statements.

(35) Personnel expense

This caption includes:

<u>Thousands of Euros</u>	<u>2013(*)</u>	<u>2014</u>
Wages and salaries	74,946	73,564
Social security contributions	13,674	13,118
Expense/(Income) from defined benefit plans	1,304	1,623
Other costs	2,230	2,413
Total	<u>92,154</u>	<u>90,719</u>

(*) 2013 figures restated in order to be consistent with the 2014 classification

Reference should be made to note 27) "Employee benefits" to these consolidated financial statements for details on Expense/(income) for defined benefit plans.

At December 31, 2013 and 2014, the Group had the following number of employees:

<u>Number</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Blue collars	2,946	2,984
White collars	834	865
Managers	177	197
Total	<u>3,957</u>	<u>4,046</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(36) Other operating expense

This caption includes:

<u>Thousands of Euros</u>	<u>2013</u>	<u>2014</u>
Provisions	720	4,831
Rent and leases	4,845	4,821
Taxes and duties	1,893	1,911
Other costs for the use of third party assets	1,625	1,742
Other charges	1,180	831
Total	<u>10,263</u>	<u>14,135</u>

The increase in “Provisions” is mainly due for €2.2 million to larger provisions booked in 2014 for restructuring plan and for €1.8 million to costs accounted in 2014 in relation to potential tax and related matters dating to the period 2009-2011.

(37) Financial income

This caption includes:

<u>Thousands of Euros</u>	<u>2013</u>	<u>2014</u>
Exchange rate gains	1,587	5,025
Change in fair value of IRS	1,779	1,627
Fair value gains on aluminium derivatives	21	881
Interest income	660	171
Other financial income	180	49
Total	<u>4,227</u>	<u>7,754</u>

(38) Financial expense—third parties

This caption includes:

<u>Thousands of Euros</u>	<u>2013</u>	<u>2014</u>
Interest expense	22,404	22,881
Exchange rate losses	15,043	6,165
Financial expense—non-controlling investors in the Ukrainian company	800	3,500
Fair value losses on aluminum derivatives	1,645	432
Other financial expense	1,204	4,765
Total	<u>41,096</u>	<u>37,744</u>

Financial expense—non-controlling investors in the Ukrainian company relates to recognition of the increase in the financial liability for these investors’ right to exercise a put option if certain conditions are met. The liability was determined by discounting the estimated value of the put option at its estimated time of exercise.

Other financial expense in 2014 includes €3.7 million due to the accrual for taxes and related interests in relation to potential tax dating to the period 2009-2011.

(39) Financial expense—related parties

This caption includes:

<u>Thousands of Euros</u>	<u>2013</u>	<u>2014</u>
Interest expense—GCL Holdings S.C.A.	20,020	19,902
Total	<u>20,020</u>	<u>19,902</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(39) Financial expense—related parties (Continued)

Interest expense to GCL Holdings S.C.A. includes €9.4 million on the loan granted by GCL Holdings S.C.A. to Guala Closures International B.V. following the Group's debt restructuring which took place in April 2011 and €10.5 million on the loan previously provided by GCL Holdings S.C.A. to GCL Special Closures S.r.l. In 2012, following the reverse merger between Guala Closures S.p.A. and GCL Special Closures S.r.l., this loan has been taken over by Guala Closures S.p.A.

Following the conversion of the €50.7 million financial debt owned by Guala Closures S.p.A. to GCL Holdings S.C.A. into participating financial instruments, the interest accrued from the conversion date to year end has been recognised directly in equity instead of in profit or loss.

(40) Income and expense on financial assets/liabilities

The following table shows income and expense on financial assets/liabilities, specifying which are recognized in profit or loss and which directly in equity:

<u>Thousands of Euros</u>	<u>2013</u>	<u>2014</u>
Recognized in profit or loss		
Bank interest income	660	171
Fair value gains on derivatives	1,800	2,509
Exchange rate gains	1,587	5,025
Other financial income	180	49
Total financial income	4,227	7,754
Interest expense on financial liabilities measured at amortized cost	42,424	42,783
Exchange rate losses	15,043	6,165
Fair value losses on derivatives	1,645	432
Other financial expense	2,004	8,265
Total financial expense	61,116	57,645
Net financial expense	(56,889)	(49,892)
Recognized directly in equity in the Hedging reserve		
Effective portion of fair value losses on cash flow hedges	52	(273)
Net change in fair value of cash flow hedges reclassified to profit or loss	401	350
Total recognized directly in equity	453	77

(41) Income taxes

This caption includes:

<u>Thousands of Euros</u>	<u>2013</u>	<u>2014</u>
Current taxes	(20,587)	(19,846)
Deferred tax income/(expense)	3,842	3,034
Total	(16,745)	(16,812)

Deferred tax income and expense in profit or loss do not reflect the change in the corresponding captions of the statement of financial position due to the effect of transactions recognized directly in equity (€-21 thousand), as described in the following table.

Deferred tax liabilities recognized directly in equity

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Change in deferred tax liabilities on fair value adjustments on cash flow hedges	(125)	(21)
Total	(125)	(21)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(41) Income taxes (Continued)

Reconciliation between the theoretical and effective tax charge

The difference between the theoretical and effective tax charge is mainly related to the impact of the different tax rates in foreign countries, non-taxable revenue and non-deductible costs.

<u>Thousands of Euros</u>	<u>2013</u>	<u>2014</u>
<i>Profit before taxation</i>	5,147	(306)
Income tax using Italian tax rate (2013: 27.5%; 2014: 27.5%)	1,415	(84)
Effect of tax rates in foreign jurisdictions (2013: (28.0%); 2014: n.s.)	(1,442)	(2,350)
Tax-exempt revenue and other decreases	(1,642)	(904)
Non-deductible expense and other increases	13,585	16,133
Unaccrued deferred tax assets on loss for the year	176	—
Other changes	4,762	3,558
Total increase	15,438	16,437
Effective tax	16,854	16,353
IRAP (2013: 19.9%; 2014: n.s.)	1,024	773
Other taxes, other than income taxes (2013: 52.6%; 2014: n.s.)	2,709	2,721
Total current taxes for the year	20,587	19,846

Guala Closures S.p.A. participates in the national tax consolidation scheme pursuant to articles 117-128 of Presidential decree no. 917 of December 22, 1986 with its subsidiary Pharma Trade S.r.l..

OTHER INFORMATION

(42) Fair value of financial instruments and sensitivity analysis

(a) Accounting classifications and fair values

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, as at December 31, 2013 and 2014. They do not include fair value information for financial assets and financial liabilities not measured at fair value as their carrying amount is a reasonable approximation of fair value. There were no movements from one level to another in 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(42) Fair value of financial instruments and sensitivity analysis (Continued)

<u>December 31, 2013</u>		Carrying amount						
Thousands of Euros	Note	Fair value - Held-for- trading	Designated at fair value	Fair value - hedging instruments	Held-to- maturity	Loans and receivables	Available- for-sale	Oth finan liabil
Financial assets not measured at fair value(*)								
Trade receivables	7					93,101		
Cash and cash equivalents	5					41,163		
		—	—	—	—	<u>134,264</u>	—	—
Financial liabilities measured at fair value								
Interest rate swaps used for hedging	25			(1,025)				
Interest rate swaps used for trading	25	(3,957)						
Contingent consideration	19		(6,400)					
		<u>(3,957)</u>	<u>(6,400)</u>	<u>(1,025)</u>	—	—	—	—
Financial liabilities not measured at fair value(*)								
Secured bank loans	19							(26,
Unsecured bank loans	19							(2,
Secured bond issues	19							(271,
Intragroup loans	20							(211,
Finance lease liabilities	19							(15,
Trade payables	21							(66,
Other payables	19							(
		—	—	—	—	—	—	<u>(595,</u>

(*) The Group has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amount is close to their fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2014

(42) Fair value of financial instruments and sensitivity analysis (Continued)

<u>December 31, 2014</u>		<u>Carrying amount</u>						
<u>Thousands of Euros</u>	<u>Note</u>	<u>Fair value - Held-for- trading</u>	<u>Designated at fair value</u>	<u>Fair value - hedging instruments</u>	<u>Held-to- maturity</u>	<u>Loans and receivables</u>	<u>Available- for-sale</u>	<u>Other financial liabilities</u>
Financial assets measured at fair value								
Interest rate swaps used for trading	11	66	—	—	—	—	—	—
		<u>66</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Financial assets not measured at fair value(*)								
Trade receivables	7	—	—	—	—	92,108	—	—
Cash and cash equivalents	5	—	—	—	—	35,047	—	—
		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>127,155</u>	<u>—</u>	<u>—</u>
Financial liabilities measured at fair value								
Interest rate swaps used for hedging	25	—	—	(948)	—	—	—	—
Interest rate swaps used for trading	25	(2,088)	—	—	—	—	—	—
Contingent consideration	19	—	(9,900)	—	—	—	—	—
		<u>(2,088)</u>	<u>(9,900)</u>	<u>(948)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Financial liabilities not measured at fair value(*)								
Bank overdraft	19	—	—	—	—	—	—	(3,000)
Secured bank loans	19	—	—	—	—	—	—	(42,000)
Unsecured bank loans	19	—	—	—	—	—	—	(2,000)
Secured bond issues	19	—	—	—	—	—	—	(272,000)
Intragroup loans	20	—	—	—	—	—	—	(161,000)
Finance lease liabilities	19	—	—	—	—	—	—	(13,000)
Trade payables	21	—	—	—	—	—	—	(54,000)
Other payables	19	—	—	—	—	—	—	(—)
		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(549,000)</u>

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(*) The Group has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amount is close to their fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(42) Fair value of financial instruments and sensitivity analysis (Continued)

(b) Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Contingent consideration	<i>Discounted cash flows:</i> The fair value is determined considering the expected payment, discounted to present value using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of forecast EBITDA of the Ukrainian subsidiary.	<ul style="list-style-type: none"> • Forecast EBITDA (average of last 2 years—2013 and 2014—and 2015 budget figures) • Net financial position of the Ukrainian subsidiary as at December 31, 2014 • Risk-adjusted discount rate (7.5%) • Expected date of put option exercise 	<p>The estimated fair value would increase if:</p> <ul style="list-style-type: none"> • the EBITDA was higher • the Net financial position was higher • the risk-adjusted discount rate was lower • the expected date of put option was exercised early
Forward exchange contracts and interest rate swaps	<i>Market comparison technique:</i> The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable.	Not applicable.

Financial instruments not measured at fair value

Type	Valuation technique	Significant unobservable inputs
Secured bonds issues Intragroup loans Finance lease liabilities	Discounted cash flows	Not applicable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(42) Fair value of financial instruments and sensitivity analysis (Continued)

(ii) Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Balance at January 1	5,600	6,400
Loss included in “financial expense”		
— Net change in fair value (unrealised)	<u>800</u>	<u>3,500</u>
Balance at December 31	<u>6,400</u>	<u>9,900</u>

Sensitivity analysis

For the fair value of the contingent consideration, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

<u>Thousands of Euros</u>	<u>Increase/ (decrease) in unobservable inputs</u>	<u>Favourable/ (unfavourable) impact on profit or loss</u>
Forecast EBITDA	10%	(1,000)
	(10%)	1,000
Net financial position	+ 1 million €	(100)
	- 1 million €	100
Risk-adjusted discount rate	1%	1,200
	(1%)	(1,400)
Expected date of put option exercise	+ 1 year	700
	- 1 year	(700)

(c) Financial risk management

The Group is exposed to the following risks as a result of its operations:

- credit risk;
- liquidity risk;
- interest rate risk;
- currency risk;
- other price risk,

Guala Closures S.p.A.’s board of directors has overall responsibility for establishing and monitoring a risk management system for the Group.

The proxy system ensures the risk management guidelines are implemented and regularly monitored.

The finance department is responsible for the monitoring and, in carrying out such activities, it uses information generated by the internal control system.

Credit risk

This is the risk that a customer or the counterparty to a financial instrument is unable to meet an obligation, leading to a financial loss. These risks arise mainly in relation to trade receivables and financial investments.

The Group’s exposure to credit risk depends largely on each customer’s specific characteristics. The demographics of the Group’s customer portfolio, including the segment insolvency risk and the country risk, have an impact on the credit risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(42) Fair value of financial instruments and sensitivity analysis (Continued)

The Group accrues an allowance for impairment equal to the estimated losses on trade and other loans and receivables. It comprises both the recognition of impairment losses for material individual amounts and the recognition of collective impairment for similar groups of assets to cover losses already incurred but not yet identified. The collective impairment losses are calculated on the basis of historical payment statistics.

Most of the Group's trade receivables are due from leading operators of the alcoholic and non-alcoholic beverage segment. Most of its trading relationships are with longstanding customers. The Group's historical figures indicate a modest amount of bad debts. The risk is fully covered by the corresponding allowance for impairment recognized in the consolidated financial statements.

There are no cases of very concentrated credit risk in geographical terms.

At December 31, 2013 and 2014, trade receivables may be analyzed by geographical segment as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Europe	46,572	46,667
Asia	12,437	15,230
Latin America	20,352	14,417
Oceania	5,753	6,226
Rest of the world	7,987	9,569
Total	<u>93,101</u>	<u>92,108</u>

At December 31, 2014, trade receivables may be analyzed by due date as follows:

<u>Thousands of Euros</u>	<u>Gross amount December 31, 2014</u>	<u>Impairment losses December 31, 2014</u>	<u>Net amount December 31, 2014</u>
Not yet due	71,888	(400)	71,488
0-30 days overdue	13,304	(5)	13,299
31-90 days overdue	5,229	(340)	4,889
More than 90 days overdue	10,170	(7,738)	2,432
Total	<u>100,591</u>	<u>(8,483)</u>	<u>92,108</u>

The Group believes that the unimpaired amounts that are overdue by more than 30 days are still collectible, based on historical payment behavior and extensive analyses of the underlying customers' credit ratings. Based on historical default rates, the Group believes that, apart from the above, no impairment allowance is necessary in respect of trade receivables not yet due or overdue by up to 30 days.

At December 31, 2014, trade receivables may be analyzed by original currency as follows:

<u>Thousands of Euros</u>	<u>EUR</u>	<u>USD</u>	<u>GBP</u>	<u>Other currencies</u>	<u>Total</u>
Trade receivables	36,187	5,436	5,660	44,825	92,108

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(42) Fair value of financial instruments and sensitivity analysis (Continued)

Other currencies includes trade receivables in the following local currencies:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>
Indian rupees	10,975
Ukrainian hryvnies	6,127
Australian dollars	4,623
Polish zloty	3,905
Columbian pesos	3,799
Mexican pesos	2,935
Russian rubles	2,743
South African rand	2,738
Chinese renmimbi	2,326
Argentinean pesos	1,638
New Zealand dollars	1,369
Brazilian reals	1,173
Other	472
Total	<u>44,825</u>

An analysis of the credit quality of trade receivables is as follows:

<u>Thousands of Euros</u>	<u>December 31, 2014</u>
— Four or more years’ trading history with the Group	71,356
— From four to one years’ trading history with the Group	6,783
— Less than one year’ trading history with the Group	2,105
— Residual (not classified)	<u>11,864</u>
Total	<u>92,108</u>

Liquidity risk

This risk regards the Group’s ability to meet its obligations arising from financial liabilities.

The Group’s approach to liquidity management is to ensure adequate funds are always available to cover its obligations at the expiry dates, both in normal conditions and at times of financial difficulty, without incurring borrowing expense at terms higher than market conditions.

The Group generally ensures there is sufficient cash and cash equivalents to cover forecast short-term operating expenses, including those related to financial liabilities. Contingent effects arising from extreme situations that cannot reasonably be forecast, such as natural disasters, are excluded from the above.

The aim of Guala Closures Group’s financing strategy is to maintain a well-balanced maturity profile for liabilities to thereby reduce the refinancing risk. Historically, the Group has always met its obligations on time and was able to re-finance the indebtedness in advance before it expires.

Reference should be made to the tables in note 19) “Financial liabilities—third parties” to these consolidated financial statements for information on the Group’s loans, credit lines and facilities at the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(42) Fair value of financial instruments and sensitivity analysis (Continued)

Exposure to liquidity risk

The following are the outstanding contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements:

<u>December 31, 2014</u>	<u>Contractual cash flows</u>				
<u>Thousands of Euros</u>	<u>Carrying amount</u>	<u>Within one year</u>	<u>From one to five years</u>	<u>After five years</u>	<u>Total contractual cash flows</u>
Non-derivative financial liabilities					
Contingent consideration	9,900			(27,400)	(27,400)
Bank overdrafts	3,058	(3,185)			(3,185)
Secured bank loans	42,273	(4,207)	(45,729)	—	(49,936)
Unsecured bank loans	2,295	(1,058)	(1,297)	—	(2,354)
Secured bond issues	272,129	(14,996)	(334,942)	—	(349,937)
Intragroup loans	161,042	(15,159)	(195,781)	—	(210,940)
Finance lease liabilities	13,853	(1,998)	(8,834)	(3,091)	(13,923)
Other	113	(58)	(65)		(123)
Total	<u>504,662</u>	<u>(40,660)</u>	<u>(586,647)</u>	<u>(30,491)</u>	<u>(657,797)</u>
Derivative financial liabilities					
Interests rate swaps used for hedging	948	(300)	(700)	(50)	(1,050)
Interests rate swaps used for trading	2,088	(2,088)	—	—	(2,088)
Total	<u>3,036</u>	<u>(2,388)</u>	<u>(700)</u>	<u>(50)</u>	<u>(3,138)</u>

The interest payments on variable interest rate loans and bond issues in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change. The future cash flows on contingent consideration and derivative instruments may be different from the amount in the above table as interest rates and exchange rates or the relevant conditions underlying the contingency change. Except for these financial liabilities, it is not expected that the cash flows included in the maturity analysis will materialise significantly earlier, or at significantly different amounts.

Interest rate risk

This risk relates to volatility of the market rates which determine the interest expense paid on outstanding loans.

The Group is exposed to interest rate risk as almost the full amount of its financial liabilities provide for the payment of interest at floating rates subject to short-term repricing.

The Group's policy is to hedge a significant portion of the payable amount subject to interest rate risk. Interest rate swaps are used to hedge the risk which enable the interest rate to be set at fixed amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(42) Fair value of financial instruments and sensitivity analysis (Continued)

Effective interest rate and repricing analysis

The following table shows the effective interest rate at the reporting date and for the period in which the related rate may be reviewed for interest-bearing financial assets and liabilities:

Thousands of Euros	Effective interest rate— December 2014	Repricing date					
		Total 31/12/14	Up to 6 months	6 - 12 months	1 - 2 years	2 - 5 years	After 5 years
Bonds							
Floating Rate Senior Secured Notes due in 2019 issued by Guala Closures S.p.A.	5.45%	275,000	275,000	—	—	—	—
Accrued interest—Guala Closures S.p.A.	n.a.	1,833	1,833	—	—	—	—
Transaction costs	n.a.	(4,704)	(4,704)	—	—	—	—
TOTAL FRSN 2019 GUALA CLOSURES S.p.A.		272,129	272,129	—	—	—	—
Bank loans and borrowings:							
Senior Revolving Facility	3.83%	40,000	40,000	—	—	—	—
Transaction costs	n.a.	(1,480)	(1,480)	—	—	—	—
Total Senior Revolving Facility		38,520	38,520	—	—	—	—
Cassa di Risparmio di Alessandria loan	2.58%	319	319	—	—	—	—
Accrued interest and expense—Guala Closures S.p.A.	n.a.	656	656	—	—	—	—
Raiffeisen Bank overdraft (Ukraine)	20.0%	318	318	—	—	—	—
Millennium Bank overdraft (Poland)	0.75%	2,740	2,740	—	—	—	—
Banco Sabadell loan (Spain)	5.20%	253	253	—	—	—	—
Bancolombia loan (Colombia)	7.35%	867	867	—	—	—	—
Bradesco / ITAU loan (Brazil)	3.90%	855	855	—	—	—	—
Advances on receivables and loans (Argentina)	n.a.	621	621	—	—	—	—
Scotiabank loan (Mexico)	7.58%	2,477	2,477	—	—	—	—
Total bank loans and borrowings		47,626	47,626	—	—	—	—
Other financial liabilities:							
Guala Closures S.p.A. finance leases	n.a.	13,730	13,730	—	—	—	—
Bulgarian companies' finance leases	n.a.	123	123	—	—	—	—
Liability to the Ukrainian non-controlling investors	n.a.	9,900	—	—	—	—	9,900
Other liabilities	n.a.	113	113	—	—	—	—
Total other financial liabilities		23,866	13,966	—	—	—	9,900
TOTAL		343,620	333,720	—	—	—	9,900
Loan from GCL Holdings S.C.A.—Guala Closures S.p.A.	9.30%	66,949	4,948	—	—	62,001	—
Loan from GCL Holdings S.C.A.— Guala Closures International B.V.	10.10%	94,093	2,368	—	—	91,725	—
Total		161,042	7,316	—	—	153,726	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(42) Fair value of financial instruments and sensitivity analysis (Continued)

Sensitivity analysis

Financial liabilities' fair values were calculated by an external actuary using the following methodology:

- the cash flows generated by the outstanding payables are identified both in terms of interest and principal. These cash flows are calculated with reference to the interest rates and the repayment plan;
- the individual cash flows are discounted using risk-free rates ruling on the measurement date. The bootstrap method is applied to the swap rates for each expiry date of the corresponding cash flow based on the resulting time curve;
- furthermore the individual cash flows are discounted using an additional rate, based on the Group's credit standing, calculated as the weighted average of the spreads applied to the different financing agreements. The spreads applied to the financing agreements are deemed to objectively represent the Group's credit standing and subsequent significant changes should not arise given its current financial position.

The following table shows the sensitivity analysis for the cash flows from these financial liabilities and the related hedging derivatives at December 31, 2014:

<u>Thousands of Euros</u>	<u>Increase of 100bp</u>	<u>Decrease of 100bp</u>
Floating Rate Senior Secured Notes due in 2019 issued by Guala Closures S.p.A.	(11,814)	4,134
Senior Revolving Facility Agreement—gross of transaction costs	(1,062)	234
Sensitivity of cash flows for Bond and Revolving facility (net)	(12,876)	4,368
Finance leases	(326)	91
Related interest rate swaps	208	(35)
Sensitivity of cash flows of other financial liabilities (net)	(118)	56

The following methodology is used to perform the sensitivity analyses: a change is assumed in the interest rate used to calculate the interest (+/- 100 basis points), which indicates the change in the overall liability. Accordingly, negative amounts indicate an increase in the fair value of the liability and vice versa for positive amounts.

Currency risk

This risk relates to the effect of fluctuations in exchange rates on sales and purchases in currencies other than the functional currencies of the various group entities.

The Group is exposed to currency risk, particularly in relation to fluctuations of the pound sterling and US dollar.

Interest on loans is denominated in the currency of the cash flows generated by the Group's underlying transactions.

The risk of exchange rate fluctuations is managed using exchange rate hedges when significant differences are noted between cost and revenue in foreign currency.

If that is the case, such differences are hedged through currency swaps. These provide for the purchase/sale of agreed amounts in foreign currency at a set exchange rate against the Euro.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(42) Fair value of financial instruments and sensitivity analysis (Continued)

Sensitivity analysis

A strengthening of the Euro, as indicated below, against the USD, GBP, AUD, INR, UAH and PLN at December 31, 2013 and 2014 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on exchange rate fluctuations that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis, although the changes in exchange rates differed to those expected, as indicated below.

	Strengthening		Weakening	
	Assets	Profit or loss	Liabilities	Profit or loss
2013				
USD (10% change)	600	600	(491)	(491)
GBP (10% change)	655	655	(536)	(536)
AUD (10% change)	328	328	(268)	(268)
INR (10% change)	1,350	1,350	(1,104)	(1,104)
UAH (10% change)	535	535	(438)	(438)
PLN (10% change)	631	631	(516)	(516)
	Strengthening		Weakening	
	Assets	Profit or loss	Liabilities	Profit or loss
2014				
USD (10% change)	131	131	(107)	(107)
GBP (10% change)	555	555	(454)	(454)
AUD (10% change)	549	549	(450)	(450)
INR (10% change)	1,373	1,373	(1,124)	(1,124)
UAH (10% change)	530	530	(434)	(434)
PLN (10% change)	(444)	(444)	363	363

Other price risk

As a result of the nature of its activities, the Group is exposed to the risk of fluctuations in the purchase price of raw materials, particularly plastics and aluminum.

The risk of fluctuations in the purchase price of plastics has not been hedged as these raw materials were not listed on international markets (the London Metal Exchange). However, this risk will be able to be hedged in the near future given current developments in the listing of plastics on the international market and corresponding hedging instruments.

The risk of fluctuations in the purchase price of aluminum is partly hedged through derivatives which set the forward purchase price.

(43) Related party transactions

Intragroup transactions and balances between consolidated group companies are eliminated on consolidation and, therefore, do not appear in the consolidated financial statements figures and are not disclosed in this report.

Transactions with the parent's directors and key managers are set out below:

Thousands of Euros	Costs recognized in the year							Accrual for post-employment benefits at December 31, 2014	Other payables at December 31, 2014	Cash flows in the year
	Fees for position held	Incentives	Remuneration for employment	Accrual for post-employment benefits and other supplementary pension funds	Non-cash benefits	Other benefits	Total			
Total directors/key managers	1,445	130	850	65	67	247	2,804	239	—	2,734

Intesa Sanpaolo S.p.A. is considered a related party of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(43) Related party transactions (Continued)

The transactions and relationships between Intesa Sanpaolo S.p.A. and the Group at December 31, 2014 are summarized below:

- Banca IMI (a wholly owned subsidiary of Intesa Sanpaolo S.p.A.) is, together with Unicredit Bank AG (subsidiary of one of the shareholders and also Agent and Security Agent of the Senior Facilities Agreement), Credit Suisse AG and Natixis S.A., the Original Lender and Mandated Lead Arrangers of the Senior Facilities Agreement dated October 10, 2008 and amended and restated from time to time and on October 31, 2012;
- at December 31, 2014, Intesa Sanpaolo S.p.A. has a representative on the board of directors and a representative on the board of statutory auditors of Guala Closures S.p.A.;
- at December 31, 2014, Intesa Sanpaolo S.p.A. has a representative on the board of directors of GCL Holdings GP S.à r.l. (General Partner of GCL Holdings S.C.A.);
- at December 31, 2014, Intesa Sanpaolo S.p.A. has a representative on the board of directors of GCL Holdings LP S.à r.l. (General Partner of GCL Holdings GP S.à r.l.);
- at December 31, 2014, Intesa Sanpaolo S.p.A. controls an ultimate beneficial voting interest of 19.6%, via an investment in GCL Holdings L.P. S.à r.l.;
- Intesa Sanpaolo S.p.A., also through its subsidiaries Banca IMI, Leasint S.p.A. and Mediocredito Italiano S.p.A., has granted significant financing to the Group and is one of its main financial lenders;
- Guala Closures S.p.A. entered into interest rate swap agreements with Intesa Sanpaolo S.p.A. to hedge the interest rate exposure of the Senior Credit Facilities;
- transactions with Intesa Sanpaolo S.p.A. take place on an arm's length basis.

In addition, DLJ Merchant Banking Funds is considered to be a related party of the Group. On March 31, 2014, the DLJ Merchant Banking Partners team spun off from Credit Suisse to form aPriori Capital Partners L.P., which acts as the manager of the DLJ Merchant Banking Funds.

The transactions and relationships between DLJ Merchant Banking Funds and the Group for the period up to December 31, 2014 are summarized below:

- for the period up to December 31, 2014, aPriori Capital Partners L.P. had four representatives on the board of directors of GCL Holdings GP S.à r.l. (General Partner of GCL Holdings S.C.A.);
- for the period up to December 31, 2014, aPriori Capital Partners L.P. had two representatives on the board of directors of GCL Holdings LP S.à r.l.;
- for the period up to December 31, 2014, aPriori Capital Partners L.P. had five representatives on the board of directors of Guala Closures S.p.A.;
- for the period up to December 31, 2014, DLJMB Overseas Partners IV, L.P., DLJ Merchant Banking Partners IV (Pacific), L.P. DLJ Offshore Partners IV, L.P., MBP IV Plan Investors, L.P. and DLJMB Overseas IV AIV, L.P. were collectively the beneficial owners of 58% of GCL Holdings S.C.A. via their indirect ownership of 35.4% of GCL Holdings L.P. S.à r.l.;
- transactions with aPriori Capital Partners L.P. took place on an arm's length basis.

Related parties also include a pension fund for employees of the former Metal Closures Ltd. (now Guala Closures UK Ltd.) managed by Metal Closures Group Trustees Ltd.. Considering the performance of the pension fund, the company was not required to transfer funds thereto. Employees have paid their contributions. Reference should be made to note 27) "Employee benefits" to the consolidated financial statements for additional information.

(44) Contingent liabilities

In relation to the potential tax contingent liabilities, please refer to the note 24) "Provisions".

At the date of publication of these consolidated financial statements, there were no additional significant contingent liabilities in relation to which the Group can currently foresee future expenditure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(45) Operating leases

The Group leases a number of warehouse and factory facilities under operating leases. The leases typically run for a period of 4-6 years, with an option to renew the lease after that date. Some leases provide for additional rent payments that are based on changes in local price indices.

Future minimum lease payments

At December 31, 2013 and 2014 the future minimum lease payments under non-cancellable leases were receivable as follows:

<u>Thousands of Euros</u>	<u>2013</u>	<u>2014</u>
Less than one year	4,209	4,493
Between one and five years	9,647	10,365
More than five years	3,307	2,464
Total	<u>17,163</u>	<u>17,321</u>

Amounts recognized in profit or loss

<u>Thousands of Euros</u>	<u>2013</u>	<u>2014</u>
Lease expense	5,979	6,142
Contingent rent expense	26	23
Sublease income	(19)	(8)

(46) Commitments and guarantees

The Group's commitments and guarantees given at December 31, 2014 can be grouped into those guarantees given in relation to the Senior Facilities Agreement and Senior Secured Notes due in 2019 and other guarantees given by other group companies, detailed as follows:

GCL Holdings S.C.A.

- Receivables Pledge of GCL Holdings S.C.A.'s receivables under the Proceeds Loan, dated April 20, 2011 (also securing the Senior Notes due in 2018).
- Pledge of the shares of Guala Closures S.p.A. held by GCL Holdings S.C.A.

Guala Closures S.p.A.

- Pledge of the shares held by Guala Closures S.p.A. in Guala Closures International B.V.
- Special lien on the following assets of Guala Closures S.p.A.: (securing the Senior Facilities Agreement only)
 - existing and future chattels not listed in public registers which Guala Closures S.p.A. uses in its operations or as plant and machinery;
 - raw materials, work in progress, stock, finished goods held at any time at Guala Closures S.p.A.'s warehouses (or with third parties or holders of any kind);
 - goods that Guala Closures S.p.A. purchases with income from the financing secured by the special lien;
 - receivables arising after the special lien was signed following the sale of some of the above assets;
 - any revenues and related assets in connection therewith.
- Pledge of Guala Closures S.p.A.'s intellectual property rights

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(46) Commitments and guarantees (Continued)

Guala Closures UK Ltd.

- A bond and floating charge on all the assets of Guala Closures UK Ltd..

Guala Closures International B.V.

- Pledge of the shares of Guala Closures Patents B.V. held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures China B.V. held by Guala Closures International B.V.
- Specific security deed of the shares of Guala Closures Australia Holdings Pty Ltd. held by Guala Closures International B.V.
- Pledge of the participatory interests and shares of Guala Closures Ukraine LLC held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures Mexico S.A. de C.V. held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures Iberica S.A. held by Guala Closures International B.V.
- Specific security deed of the shares of Guala Closures New Zealand Ltd. held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures do Brasil Ltda. held by Guala Closures International B.V.
- Charge on the shares of Guala Closures UK Ltd. held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures DGS Poland [Spółka Akcyjna] held by Guala Closures International B.V.

Guala Closures Patents B.V.

- Pledge of the material intellectual property of Guala Closures Patents B.V.

Guala Closures Australia Holdings Pty Ltd

- Specific security on Guala Closures Australia Pty Ltd. shares held by Guala Closures Australia Holdings Pty Ltd.

Guala Closures Australia Pty Ltd.

- Specific security and general security deed granted on the assets of Guala Closures Australia Pty Ltd.

Guala Closures do Brasil Ltda.

- Mortgage on certain real estate property owned by Guala Closures do Brasil Ltda. (security documents executed in January 2013).

The other guarantees given by group companies at December 31, 2014 are as follows:

Guala Closures Ukraine LLC

- Pledge on assets given to Raiffeisen Bank for an amount of Ukrainian hryvnia 9.9 million

Guala Closures Mexico S.A. de C.V.

- Mortgage on land given to Scotia Bank for an amount of Mexican pesos 43 million

Guala Closures Argentina S.A.

- Mortgage on building given to Banco de la Nación Argentina for an amount of Argentinean pesos 5.5 million

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT DECEMBER 31, 2014

(46) Commitments and guarantees (Continued)

Guala Closures South Africa Pty Ltd

- Bank Guarantees for Warehouse Lease for an amount of South African rand 0.5 million

<u>Thousand of Euros</u>	<u>December 31, 2014</u>
Guala Closures S.p.A.	
Third party assets held by the Company	2,638

(47) Fees of the Statutory Auditors

The statutory auditors' fees are as follow:

<u>Thousands of Euros</u>	<u>Costs recognized in the year</u>					<u>Accrual for post-employment benefits at December 31, 2014</u>	<u>Other payables at December 31, 2014</u>	<u>Cash flows in the year</u>
	<u>Fees for position held</u>	<u>Incentives</u>	<u>Remuneration for employment</u>	<u>Accrual for post-employment benefits and other supplementary pension funds</u>	<u>Total</u>			
Total statutory auditors	52				52		52	52

(48) Events after the reporting period

- **Approval of mergers between group companies:**

On February 9, 2015, the merger between Guala Closures International B.V. and Guala Closures China B.V. was completed (effective from January 1, 2015).

On behalf of the Board of directors
Chairman and Managing Director
Marco Giovannini
(signed on the original)

Alessandria, April 24, 2015

Guala Closures S.p.A.
AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD
ENDED DECEMBER 31, 2013

REPORT OF THE AUDITORS



KPMG S.p.A.
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(Translation from the Italian original which remains the definitive version)

Report of the auditors in accordance with article 14 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
Guala Closures S.p.A.

1 We have audited the consolidated financial statements of the Guala Closures Group as at and for the year ended 31 December 2013, comprising the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes thereto. The parent's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards issued by the Italian Accounting Profession and recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

The consolidated financial statements present the prior year corresponding figures for comparative purposes. As disclosed in the notes, the parent's directors restated some of the corresponding figures included in the prior year consolidated financial statements. We audited such financial statements and issued our report thereon on 12 April 2013. We have examined the methods used to restate the prior year corresponding figures and related disclosures for the purposes of expressing an opinion on the consolidated financial statements at 31 December 2013.

3 In our opinion, the consolidated financial statements of the Guala Closures Group as at and for the year ended 31 December 2013 comply with the International Financial Reporting Standards endorsed by the European Union. Therefore, they are clearly stated and give a true and fair view of the financial position of the Guala Closures Group as at 31 December 2013, the results of its operations and its cash flows for the year then ended.

4 The directors of Guala Closures S.p.A. are responsible for the preparation of a directors' report on the financial statements in accordance with the applicable laws. Our responsibility is to express an opinion on the consistency of the directors' report with the

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), entità di diritto svizzero.

Ancona Asti Bari Bergamo
Bologna Bolzano Brescia Cagliari
Catania Como Firenze Genova
Lecce Milano Napoli Novara
Padova Palermo Pavia Perugia
Pesaro Roma Torino Treviso
Trieste Udine Varese Verona

Società per azioni
Capitale sociale
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20124 Milano MI ITALIA

financial statements to which it refers, as required by the law. For this purpose, we have performed the procedures required by the Italian Standard on Auditing 001 issued by the Italian Accounting Profession and recommended by Consob. In our opinion, the directors' report is consistent with the consolidated financial statements of the Guala Closures Group as at and for the year ended 31 December 2013.

Turin, 11 April 2014

KPMG S.p.A.

(signed on the original)

Roberto Bianchi
Director of Audit

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated statement of financial position Guala Closures Group—ASSETS

<u>(Thousands of Euros)</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>	<u>Note</u>
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	57,407	41,163	5
Current financial assets	43	64	6
Trade receivables	99,634	93,101	7
Inventories	63,603	71,483	8
Current direct tax assets	1,664	1,070	9
Current indirect tax assets	7,403	9,067	10
Financial derivative assets	322	—	11
Other current assets	2,916	3,592	12
Assets classified as held for sale	10	8	13
Total current assets	<u>233,002</u>	<u>219,549</u>	
<i>Non-current assets</i>			
Non-current financial assets	585	219	14
Property, plant and equipment	219,465	205,878	15
Intangible assets	405,927	397,418	16
Deferred tax assets	8,805	8,227	17
Other non-current assets	1,050	499	18
Total non-current assets	<u>635,833</u>	<u>612,241</u>	
TOTAL ASSETS	<u>868,835</u>	<u>831,790</u>	

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated statement of financial position Guala Closures Group—LIABILITIES AND EQUITY

<u>(Thousands of Euros)</u>	<u>December 31, 2012(*)</u>	<u>December 31, 2013</u>	<u>Note</u>
LIABILITIES AND EQUITY			
<i>Current liabilities</i>			
Current financial liabilities—third parties	6,534	6,227	19
Current financial liabilities—related parties	5,047	6,823	20
Trade payables	62,260	66,774	21
Current direct tax liabilities	3,694	3,427	22
Current indirect tax liabilities	3,718	3,810	23
Current provisions for risks and charges	2,452	1,231	24
Financial derivative liabilities	6,715	4,982	25
Other current liabilities—third parties	27,088	24,476	26
Other current liabilities—related parties	87	—	27
Total current liabilities	117,594	117,750	
<i>Non-current liabilities</i>			
Non-current financial liabilities—third parties	315,638	317,576	19
Non-current financial liabilities—related parties	204,426	204,426	20
Employee benefits	8,429	6,835	28
Deferred tax liabilities	26,966	21,109	17
Non-current provisions for risks and charges	157	684	24
Other non-current liabilities	725	168	29
Total non-current liabilities	556,341	550,798	
Total liabilities	673,935	668,548	
Share capital and reserves attributable to non-controlling interests	23,285	20,758	
Profit for the year attributable to non-controlling interests	6,240	6,676	
Equity attributable to non-controlling interests	29,525	27,435	31
<i>Equity attributable to the owners of the Company</i>			
Share capital	74,624	74,624	
Share premium reserve	184,582	184,582	
Legal reserve	775	775	
Translation reserve	(14,070)	(25,911)	
Hedging reserve	(1,555)	(1,226)	
Losses carried forward and other reserves	(52,502)	(78,762)	
Loss for the year	(26,478)	(18,275)	
Equity attributable to the owners of the Company	165,376	135,808	30
Total equity	194,901	163,242	
TOTAL LIABILITIES AND EQUITY	868,835	831,790	

Note:

- (*) Following the retrospective application of the amendment to IAS 19 from January 1, 2013, the comparative figures at December 31, 2012 have been restated as required by IAS 1. Reference should be made to the section “Changes in accounting standards” for further details.

The accompanying notes are an integral part of the consolidated financial statements.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (EXPENSE)**

**Consolidated statement of comprehensive income
and other comprehensive income
Guala Closures Group**

<u>(Thousands of Euros)</u>	<u>2012(*)</u>	<u>2013</u>	<u>Note</u>
<i>Net revenue</i>	497,065	494,276	32
Change in inventories of finished goods and semi-finished products . .	472	3,902	8
Other operating income	8,777	13,161	33
Costs for raw materials	(212,446)	(213,203)	34
Costs for services	(92,577)	(94,376)	35
Personnel expense	(89,331)	(92,154)	36
Other operating expense	(15,080)	(10,263)	37
Amortization, depreciation and impairment losses	(40,005)	(39,308)	7 – 15 – 16
Operating profit	56,875	62,036	
Financial income	7,907	4,227	38
Financial expense—third parties	(42,984)	(41,096)	39
Financial expense—related parties	(20,074)	(20,020)	40
Net finance costs	(55,151)	(56,889)	
Profit before taxation	1,724	5,147	
Income taxes	(21,962)	(16,745)	42
Loss for the year	(20,238)	(11,598)	

Other comprehensive income

Items that will never be reclassified to profit or loss:

Actuarial gains/(losses) on defined benefit liability (asset)	(1,183)	219
	<u>(1,183)</u>	<u>219</u>

Items that are or may be reclassified subsequently to profit or loss:

Foreign currency translation differences for foreign operations	2,054	(13,486)
Effective portion of fair value gains (losses) of cash flow hedges	(492)	52
Net change in fair value of cash flow hedges reclassified to profit or loss	3,522	401
Tax on items that are or may be reclassified subsequently to profit or loss	(833)	(125)
	<u>4,251</u>	<u>(13,157)</u>

Other comprehensive income/(expense) for the year, net of tax **3,068** **(12,939)**

Total comprehensive expense for the year **(17,170)** **(24,537)**

Profit (loss) attributable to:		
owners of the parent	(26,478)	(18,275)
non-controlling interests	6,240	6,676

Total comprehensive income (expense) attributable to:		
owners of the parent	(24,225)	(29,570)
non-controlling interests	7,056	5,033

Note:

(*) Following the retrospective application of the amendment to IAS 19 from January 1, 2013, the figures reported for 2012 have been restated for comparative purposes as required by IAS 1. Reference should be made to the section “Changes in accounting standards” for further details.

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Consolidated statement of cash flows Guala Closures Group

<u>(Thousands of Euros)</u>	<u>December 31, 2012(*)</u>	<u>December 31, 2013</u>	<u>Note</u>
Opening cash and cash equivalents	64,795	57,407	5
A) Cash flows generated by operating activities			
Profit before taxation	1,724	5,147	
Amortization, depreciation and impairment losses	40,005	39,308	7 – 15 – 16
Net finance costs	55,151	56,889	38 – 39 – 40
Adjustments for:			
Receivables, payables and inventories	(3,267)	(6,749)	7 – 8 – 21 12 – 14 – 18 –
Other	(492)	(5,072)	24 – 26 – 27 – 28 – 29
VAT and indirect tax assets/liabilities	602	(1,790)	10 – 23
Income taxes paid	<u>(19,841)</u>	<u>(18,847)</u>	9 – 22 – 42
TOTAL	73,883	68,887	
B) Cash flows used in investing activities			
Acquisitions of property, plant and equipment and intangible assets	(26,954)	(31,179)	15 – 16
Proceeds from sale of property, plant and equipment and intangible assets	796	638	15 – 16
Disposal of Aerosol business	325	—	
Acquisition of South Africa business	<u>(15,723)</u>	<u>(2,933)</u>	
TOTAL	(41,556)	(33,474)	
C) Cash flows used in financing activities			
Financial income	1,412	830	38
Financial expense	(41,148)	(40,459)	39 – 40
Payment of transaction cost on Bonds and Senior Revolving Facility	(6,090)	(3,210)	
Other financial items	(827)	(647)	
Dividends paid	(5,638)	(6,851)	
Proceeds from issue of share capital	122	—	
Proceeds from new borrowings	333,526	10,411	
Repayment of borrowings	(321,300)	(9,955)	
Change in financial assets	93	146	
TOTAL	(39,851)	(49,739)	
D) Net cash flow for the year	(7,524)	(14,326)	
Effect of exchange rate fluctuations on cash held	136	(1,918)	
Closing cash and cash equivalents	57,407	41,163	5

Note:

- (*) Following the retrospective application of the amendment to IAS 19 from January 1, 2013, the figures reported for 2012 have been reclassified for comparative purposes as required by IAS 1. Reference should be made to the section “Changes in accounting standards” for further details.

The accompanying notes are an integral part of the consolidated financial statements.

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

Consolidated statement of changes in equity—Guala Closures Group

(Thousands of Euros)	Attributable to the owners of the Company						Lo for ye
	Share capital	Share premium reserve	Legal reserve	Translation reserve	Hedging reserve	Losses carried forward and other reserves	
Balance at January 1, 2012, as previously reported	74.624	184.582	775	(15.309)	(3.751)	(48.582)	(2.)
Impact of changes in accounting policies	—	—	—	—	—	(97)	—
Restated balance at January 1, 2012	<u>74.624</u>	<u>184.582</u>	<u>775</u>	<u>(15.309)</u>	<u>(3.751)</u>	<u>(48.679)</u>	<u>(2.)</u>
Allocation of 2011 profit (loss), as restated	—	—	—	—	—	(2.640)	2.
Profit (loss) for the year ended December 31, 2012, as restated . . .	—	—	—	—	—	—	(26.)
Other comprehensive income, as restated	—	—	—	1.239	2.197	(1.183)	—
Total comprehensive expense of the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>1.239</u>	<u>2.197</u>	<u>(3.823)</u>	<u>(23.)</u>
Dividends to non-controlling interests	—	—	—	—	—	—	—
Share capital increase	—	—	—	—	—	—	—
Total contributions by and distributions to owners of the Company	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Restated balance at December 31, 2012	<u>74.624</u>	<u>184.582</u>	<u>775</u>	<u>(14.070)</u>	<u>(1.555)</u>	<u>(52.502)</u>	<u>(26.)</u>
Restated balance at January 1, 2013	<u>74.624</u>	<u>184.582</u>	<u>775</u>	<u>(14.070)</u>	<u>(1.555)</u>	<u>(52.502)</u>	<u>(26.)</u>
Allocation of 2012 profit (loss), as restated	—	—	—	—	—	(26.478)	26.
Profit (loss) for the year ended December 31, 2013	—	—	—	—	—	—	(18.)
Other comprehensive expense	—	—	—	(11.841)	328	218	—
Total comprehensive expense of the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>(11.841)</u>	<u>328</u>	<u>(26.260)</u>	<u>8.</u>
Dividends to non-controlling interests	—	—	—	—	—	—	—
Total contributions by and distributions to owners of the Company	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Balance at December 31, 2013	<u><u>74.624</u></u>	<u><u>184.582</u></u>	<u><u>775</u></u>	<u><u>(25.911)</u></u>	<u><u>(1.226)</u></u>	<u><u>(78.762)</u></u>	<u><u>(18.)</u></u>

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The accompanying notes are an integral part of the consolidated financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT DECEMBER 31, 2013**

GENERAL INFORMATION

(1) The Group's activities and key changes in its structure during the year

Guala Closures Group's main activities involve the design and manufacturing of closures for spirits, wine and non-alcoholic drinks such as water, olive oil and vinegar, as well as pharma to be sold on the domestic and international markets.

The Group is also active in the field of production of PET plastic preforms and bottles.

The Group's activities are separated into two divisions:

- the Closures division, representing the Group's core business, specialized in the production of safety closures (safety product line), standard aluminum closures, customized plastic and aluminum closures (decorative product line) and closures for other sectors and accessories; the division also produces aluminum, plastic and rubber closures for the pharmaceutical sector;
- the PET division, which produces preforms and bottles for carbonated soft drinks (CSD product line) and preforms, bottles, molds, jars, flasks and miniature drinks bottles and containers for cosmetics, beauty products and pharmaceuticals and foodstuffs (custom molding product line).

Currently, the Group is the European and international leader in the production of safety closures for spirits bottles, with over 40 years' experience in the sector.

It is also the leading European producer of aluminum closures for spirits bottles.

The following transactions took place in 2013:

• Merger of Polish companies:

In January 2013, the shareholders' meeting of DGS-TO Sp. Z o.o. adopted a resolution for the merger of Guala Closures DGS Poland S.A. and DGS-TO Sp. Z o.o..

In the same month, the shareholders' meeting of DGS-TO Sp. Z o.o. Kom adopted a resolution for the merger of Guala Closures DGS Poland S.A. and DGS-TO Sp. Z o.o. Kom.

On February 7, 2013, both mergers were registered in the Polish National Court Registry.

These mergers had no impact on the consolidated figures.

• Company liquidation:

In July 2013, the shareholders' meeting of Plastivit Servicios, S.A. de C.V. resolved on the liquidation of the company.

• Payment of the final consideration for the acquisition of the Metal Closures division of the South African MCG Industries:

On October 1, 2013, the Group paid the final consideration (40 million Rand, €2.9 million) for the acquisition of the Metal Closures division of the South African MCG Industries, as provided for in the purchase agreement.

No additional Purchase Consideration based on the gross operating profit of the business for the twelve-month period ending April 30, 2013 was due.

• Transfer of shares of Orient Printing Machines Pvt Ltd:

On December 17, 2013, the Group sold the shares owned in the Indian company OMSO Orient Printing Machines Pvt Ltd for an amount of €250 thousand: the Group collected €50 thousand in 2013 and the remaining amount will be collected in 3 tranches in 2014.

(2) Accounting policies

The consolidated financial statements at December 31, 2013 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and endorsed by the European Union ("EU"), and related interpretations. They include the separate financial statements of the parent and all subsidiaries shown in the Group structure at December 31, 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(2) Accounting policies (Continued)

The consolidated financial statements have been prepared on a historical cost basis, except for derivatives which are measured at fair value, and on a going concern basis. Business risks and/or any identified uncertainties related to the Group's reference markets are not significant and do not cast doubts on its ability to continue as a going concern.

The consolidated financial statements have been prepared using the following formats:

- captions of the statement of financial position are classified by current and non-current assets and liabilities;
- statement of comprehensive income and other comprehensive income ("OCI") captions are classified by nature;
- the statement of cash flows has been prepared using the indirect method;
- the statement of changes in equity has been prepared in accordance with the structure of changes in equity.

The consolidated financial statements have been prepared in Euros, which is the Group's functional currency, rounding the amounts to the nearest thousand. Any discrepancies between financial statements balances and those of the tables of the notes to the consolidated financial statements are due exclusively to rounding and do not alter their reliability or substance.

Guala Closures S.p.A.'s board of directors approved the publication of the consolidated financial statements on March 28, 2014.

The shareholders who will be called to approve the parent's separate financial statements have the power to request changes to the consolidated financial statements.

The most important accounting policies used by the Group to draw up its consolidated financial statements are consistent with those used for the consolidated financial statements as at and for the year ended December 31, 2012 apart from that stated in paragraph (c) Changes in accounting standards. They are described below.

The accounting policies have been applied consistently across all group companies.

(a) Basis of consolidation

Accounting for business combinations

Business combinations are accounted for using the acquisition method at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Acquisitions on or after January 1, 2010

For acquisitions on or after January 1, 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss in the other income caption.

The consideration transferred does not include amounts related to the settlement of preexisting relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(2) Accounting policies (Continued)

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for in equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Acquisitions between January 1, 2004 and January 1, 2010

For acquisitions between January 1, 2004 and January 1, 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations, were capitalised as part of the cost of the acquisition.

Acquisitions prior to January 1, 2004 (date of transition to IFRSs)

As part of its transition to IFRSs, the Group elected to restate only those business combinations that occurred on or after January 1, 2004. In respect of acquisitions prior to January 1, 2004, goodwill represents the amount recognised under the Group's previous accounting framework, Italian GAAP.

Accounting for acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the acquisition-date carrying amount of the net assets acquired.

Subsidiaries

The consolidation scope includes the parent, Guala Closures S.p.A., and the entities over which it directly or indirectly has control, i.e., the power to govern, directly or indirectly, the financial and operating policies of an entity so as to obtain benefits from its activities, which in the case of the Guala Closures Group entities currently takes place through possession of the majority of the voting rights. The subsidiaries are consolidated from the date control is actually transferred to the Group. They cease to be consolidated from the date control is transferred outside the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(2) Accounting policies (Continued)

The entities included in the consolidation scope are listed in the following table:

List of investments in subsidiaries at December 31, 2013

<u>Company name</u>	<u>Registered office</u>	<u>Currency</u>	<u>Share/quota capital</u>	<u>Investment percentage</u>	<u>Type of investment</u>	<u>Method of consolidation</u>
EUROPE						
Guala Closures International B.V.	The Netherlands	EUR	92,000	100%	Direct	Line-by-line
Pharma Trade S.r.l.	Italy	EUR	100,000	100%	Direct	Line-by-line
Guala Closures Patents B.V.	The Netherlands	EUR	18,400	100%	Indirect(*)	Line-by-line
Guala Closures China B.V.	The Netherlands	EUR	20,000	96.50%	Indirect(*)	Line-by-line
Guala Closures UK Ltd.	Great Britain	GBP	134,000	100%	Indirect(*)	Line-by-line
Guala Closures Iberica, S.A.	Spain	EUR	2,479,966	100%	Indirect(*)	Line-by-line
Guala Closures Ukraine LLC	Ukraine	UAH	90,000,000	70%	Indirect(*)	Line-by-line
Guala Closures Bulgaria AD	Bulgaria	BGN	10,420,200	70%	Indirect(*)	Line-by-line
Guala Closures Tools AD	Bulgaria	BGN	2,375,700	70%	Indirect(*)	Line-by-line
Guala Closures DGS Poland S.A.	Poland	PLN	595,000	70%	Indirect(*)	Line-by-line
ASIA						
Guala Closures India pvt Ltd.	India	INR	170,000,000	95.0%	Indirect(*)	Line-by-line
Creative Moulds (India) Pvt Ltd.	India	INR	36,100,000	100%	Indirect(*)	Line-by-line
Beijing Guala Closures Co. Ltd.	China	CNY	20,278,800	96.5%	Indirect(*)	Line-by-line
LATIN AMERICA						
Guala Closures Mexico, S.A. de C.V.	Mexico	MXN	94,630,010	100%	Indirect(*)	Line-by-line
Guala Closures Servicios Mexico, S.A. de C.V.	Mexico	MXN	50,000	100%	Indirect(*)	Line-by-line
Guala Closures Argentina S.A.	Argentina	ARS	17,702,910	82.38%	Indirect(*)	Line-by-line
Guala Closures do Brasil LTDA.	Brazil	BRL	10,736,287	100%	Indirect(*)	Line-by-line
Guala Closures de Colombia LTDA.	Colombia	COP	8,691,219,554	93.20%	Indirect(*)	Line-by-line
OCEANIA						
Guala Closures New Zealand Ltd.	New Zealand	NZD	5,700,000	100%	Indirect(*)	Line-by-line
Guala Closures Australia Holdings Pty Ltd.	Australia	AUD	34,450,501	100%	Indirect(*)	Line-by-line
Guala Closures Australia Pty Ltd.	Australia	AUD	810	100%	Indirect(*)	Line-by-line
AFRICA						
Guala Closures South Africa Pty Ltd.	South Africa	ZAR	60,000,000	100%	Indirect(*)	Line-by-line
REST OF THE WORLD						
Guala Closures North America, Inc.	United States	USD	60,000	100%	Indirect(*)	Line-by-line

Note:

(*) Reference should be made to the chart illustrating the Group structure for further details on the indirect investments.

The table does not include the figures for Metal Closures Group Trustee Ltd. (the company that manages the Metal Closures pension schemes—see note 28) Employee benefits) as they are not consolidated due to their immaterial size.

Consolidation procedures

The financial statements of the subsidiaries are prepared for each reporting period using the same accounting policies as those of the parent. Consolidation adjustments are recognized to make those captions impacted by the application of different accounting policies consistent. All intragroup balances and transactions, including any unrealized profits on transactions within the Group, are completely eliminated. Unrealized losses, other than impairment losses, are eliminated. The related tax effects are measured on all consolidation adjustments.

(b) Use of estimates and judgments

Following the adoption of IFRS, management has to make judgments, estimates and assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, costs and revenue. Estimates and the related assumptions are based on past experience and other factors considered to be reasonable in the circumstances. They are adopted to estimate the carrying amount of assets and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(2) Accounting policies (Continued)

liabilities that cannot easily be assumed from other sources. However, as they are estimates, the actual figure may not match the result of the estimate. Estimates are used to make allowances for impairment and inventory write-down, amortization and depreciation, impairment of non-current assets, employee benefits, taxes, provisions for risks and charges, and to measure financial derivatives and effects of business combinations.

Such estimates and assumptions are reviewed regularly. Any changes arising therefrom are recognized in the year in which the review takes place if this only affects that year. If the review relates to both current and future years, the change is recognized in the year in which the review takes place and in the related future year.

(c) Changes in accounting standards

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of January 1, 2013.

- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) (see (i))
- IAS 19—*Employee Benefits* (2011) (see (ii))
- IFRS 13—*Fair Value Measurement* (see (iii))
- *Disclosures—Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)* (see (iv))
- *Other* (see (v))

The nature of the effect of the changes is explained in more detail below.

(i) Presentation of items of other comprehensive income

As a result of the amendments to IAS 1, the Group has modified the presentation of items of other comprehensive income in its consolidated statement of comprehensive income and other comprehensive income, to present separately items that would be reclassified to profit or loss in the future from those that would never be. Comparative information has also been re-presented accordingly. The adoption of the amendment to IAS 1 has no impact on the recognized assets, liabilities and comprehensive income of the Group.

(ii) Defined benefit plans

As a result of the amendment to IAS 19 (2011), the Group has changed its accounting policy with respect to the basis for determining the income or expense related to defined benefit plans.

Under IAS 19 (2011) revised, the Group determines the net interest expense (income) for the period on the net defined benefit liability (asset) by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset) at the beginning of the annual period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments.

Consequently, the net interest on the net defined benefit liability (asset) now comprises:

- interest cost on the defined benefit obligation;
- interest income on plan assets; and
- interest on the effect on the asset ceiling.

All actuarial gains and losses deriving from actuarial calculations at the reporting date are recognized immediately in other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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(2) Accounting policies (Continued)

The following table summarises the impacts resulting from the above changes in accounting policies on the Group's statement of comprehensive income and other comprehensive income.

(Thousands of Euros)	2012		
	As previously reported	Defined benefit plans	As restated
Consolidated statement of comprehensive income and other comprehensive income			
<i>Net revenue</i>	497,065		497,065
Change in inventories of finished and semi-finished products	472		472
Other operating income	8,777		8,777
Costs for raw materials	(212,446)		(212,446)
Costs for services	(92,577)		(92,577)
Personnel expense	(89,331)		(89,331)
Other operating expense	(15,080)		(15,080)
Amortization, depreciation and impairment losses	(40,005)		(40,005)
Operating profit	56,875	—	56,875
Financial income	7,907		7,907
Financial expense—third parties	(44,167)	1,183	(42,984)
Financial expense—related parties	(20,074)		(20,074)
Net finance costs	(56,334)	1,183	(55,151)
Loss before taxation	541	1,183	1,724
Income taxes	(21,962)		(21,962)
Loss for the period	(21,421)	1,183	(20,238)
Other comprehensive income			
Items that will never be reclassified to profit or loss:			
Actuarial gains/(losses) on defined benefit liability (asset)		(1,183)	(1,183)
	—	(1,183)	(1,183)
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations	2,054		2,054
Effective portion of fair value gains (losses) of cash flow hedges	(492)		(492)
Net change in fair value of cash flow hedges reclassified to profit or loss . .	3,522		3,522
Tax on items that are or may be reclassified subsequently to profit or loss	(833)		(833)
	4,251	—	4,251
Other comprehensive income/(expense) for the period, net of tax	4,251	(1,183)	3,068
Total comprehensive income/(expense) for the period	(17,170)	—	(17,170)
Profit (loss) attributable to:			
owners of the parent	(27,661)	1,183	(26,478)
non-controlling interests	6,240	—	6,240
	(21,421)	1,183	(20,238)
Total comprehensive income (expense) attributable to:			
owners of the parent	(24,225)	—	(24,225)
non-controlling interests	7,056	—	7,056
	(17,170)	—	(17,170)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(2) Accounting policies (Continued)

The impact on 2013 Consolidated financial statements following the adoption of IAS 19 (2011) is summarized below:

<u>(Thousands of Euros)</u>	2013		
	<u>As reported</u>	<u>Defined benefit plans</u>	<u>Proforma</u>
Financial income	4,227	219	4,446
Profit (loss) for the year	(11,598)	219	(11,380)
Other comprehensive income			
Items that will never be reclassified to profit or loss:			
Actuarial gains/(losses) on defined benefit liability (asset)	219	(219)	—
	<u>219</u>	<u>(219)</u>	<u>—</u>
Total comprehensive income/(expense) for the year	(24,537)	—	(24,537)

The third column showing the statement of financial position as of January 1, 2012 is not presented in the consolidated statement of financial position due to the insignificant effect of the reclassification between retained earning and loss for the year (€97 thousand), as provided by IAS 1.

(iii) Fair value measurement

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other IFRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 *Financial Instruments: Disclosures*.

As a result, the Group has included additional disclosures in this regard (see note 43) Fair value of financial instruments and sensitivity analysis).

In accordance with the transitional provisions of IFRS13, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

(iv) Disclosures—Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)

The amendments require information about the effect or potential effect of netting arrangements for financial assets and liabilities on an entity's financial position. The Group has applied the amendments since January 1, 2013. The application of these amendments had no effect on the disclosures presented in these consolidated financial statements.

(v) Other

On May 17, 2012, the IASB issued a set of amendments to IFRSs ("Annual Improvements to IFRS's—2009—2011 Cycle"); set out below are those that are applicable to the Guala Closures Group, excluding those that only regard changes in terminology and have a limited accounting effect:

- IAS 1—Presentation of Financial Statements: the amendment clarifies the way in which comparative information should be presented when an entity changes accounting policies or retrospectively restates or reclassifies items in its financial statements and when an entity provides comparative information in addition to the minimum comparative financial statements. The amendment was applied for the restatement of the statement of financial position figures as a result of applying the amendment to IAS 19; the effects of this are shown in the table shown earlier.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(2) Accounting policies (Continued)

- IAS 16—Property, plant and equipment: the amendment clarifies that items such as spare parts, stand-by equipment and servicing equipment, shall be recognised in accordance with IAS 16 when they meet the definition of Property, plant and equipment, otherwise such items shall be classified as Inventories.
- IAS 32—Financial instruments: Presentation: the amendment eliminates an inconsistency between IAS 12—Income Taxes and IAS 32 concerning the recognition of taxation arising from distributions to shareholders, establishing that these shall be recognised in profit or loss to the extent the distribution refers to income generated by transactions originally recognised in profit or loss.

The Group applied these improvements retrospectively since January 1, 2013 and no effect arose in the consolidated financial statements from the adoption of these improvements.

Additional improvements were issued by the IASB that did not impact the 2013 consolidated financial statements like:

- Amendments to IAS 12—Income Taxes: Deferred Tax—Recovery of Underlying Assets;
- IFRIC Interpretation 20—Stripping Costs in the Production Phase of a Surface Mine;
- Amendments to IFRS 1—First-time Adoption of International Financial Reporting Standards—Government Loans;
- Amendments to IFRS 1—First-time Adoption of International Financial Reporting Standards: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters.

(d) Foreign currency

Functional currency and presentation currency

The figures stated in the financial statements of each group company are measured using their functional currency, being the currency of the primary economic environment in which the company operates. The consolidated financial statements are drawn up in Euros, the parent's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions, including the effects of fair value adjustments arising from business combinations and goodwill from acquisitions of entities whose functional currency is not the Euro, are translated into the functional currency applying the exchange rate ruling on the date of the transaction. Monetary items in foreign currency existing at the reporting date are translated into Euros using the closing rate. Exchange rate gains and losses are taken to profit or loss. Non-monetary items measured at their historical cost in foreign currency are translated using the exchange rate ruling on the transaction date. Non-monetary items measured at fair value in foreign currency are translated into Euros using the exchange rates ruling on the date their fair value was determined.

Financial statements of the foreign companies

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Euros at the closing rates. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated into Euros at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(2) Accounting policies (Continued)

disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

The following exchange rates are applied to translate those financial statements presented in currencies that are not legal tender in Italy:

<u>Statement of financial position</u>		
1 Euro = x foreign currency	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Pound sterling	0.81610	0.83370
US dollar	1.31940	1.37910
Indian rupee	72.56000	85.36600
Mexican peso	17.18450	18.07310
Colombian peso	2,331.23000	2,664.42120
Brazilian real	2.70360	3.25760
Chinese renmimbi	8.22070	8.34910
Argentinean peso	6.48641	8.98914
Polish zloty	4.07400	4.15430
New Zealand dollar	1.60450	1.67620
Australian dollar	1.27120	1.54230
Ukrainian hryvnia	10.58360	11.32917
Bulgarian lev	1.95580	1.95580
South African Rand	11.1727	14.56600
 <u>Statement of comprehensive income and other comprehensive income</u>		
1 Euro = x foreign currency	<u>2012</u>	<u>2013</u>
Pound sterling	0.81110	0.84925
US dollar	1.28560	1.32814
Indian rupee	68.62948	77.87526
Mexican peso	16.90867	16.96444
Colombian peso	2,310.51670	2,483.20443
Brazilian real	2.50970	2.86694
Chinese renmimbi	8.10942	8.16549
Argentinean peso	5.84546	7.27680
Polish zloty	4.18433	4.19708
New Zealand dollar	1.58705	1.62025
Australian dollar	1.24134	1.37702
Ukrainian hryvnia	10.35792	10.78839
Bulgarian lev	1.95580	1.95580
South African Rand	11.27933	12.83078

(e) Cash and cash equivalents

Cash and cash equivalents include cash balances and on-demand deposits as well as all highly-liquid investments with an original expiry date equal to or of less than three months.

Cash and cash equivalents are calculated in the same way for both the statement of financial position and statement of cash flows.

(f) Derivatives

The Group uses derivatives solely to hedge interest rate risks, the risk of fluctuations in the purchase price of aluminum and currency risk related to purchase and sales transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(2) Accounting policies (Continued)

In line with its treasury policy, the Group does not hold or issue derivatives for speculative or trading purposes. Nevertheless, those derivatives that do not qualify for hedge accounting are recognized as trading instruments.

Derivative financial assets and liabilities are initially measured at fair value which is then remeasured at each reporting date.

The fair value of interest rate swaps is the present value of the difference between the rate to pay/receive and the interest rate based on market trends at the same date as the swap.

The fair value of currency swaps, currency options and derivatives related to the price of raw materials is calculated by leading financial institutions on the basis of market conditions.

To reduce the risk of default, the counterparties in the derivative contracts are usually leading banks and financial institutions.

Cash flow hedges

The effective part of changes in the fair value of those derivatives that qualify as cash flow hedges and which are highly effective is recognized in other comprehensive income and presented in the hedging reserve in equity. The amounts included in this reserve and subsequent changes in the fair value of the derivatives are reclassified to profit or loss in the year in which the flows generated by the hedged captions affect profit and loss.

Changes in the fair value of those derivatives that do not qualify as cash flow hedges and the ineffective portion of those which do qualify are recognized in profit or loss.

(g) Trade and other receivables

Trade and other receivables with due dates in line with generally accepted current trade terms are initially recognized at fair value, which generally equals their nominal amount. They are subsequently measured at amortized cost, net of identified impairment losses. The estimate of the amounts considered unrecoverable is based on the present value of estimated future cash flows.

Impairment losses are recognized in profit and loss under amortization, depreciation and impairment losses.

(h) Inventories

Inventories are measured at the lower of purchase or production cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

The production cost of finished goods includes the portions of the costs of raw materials and external materials and processing, as well as all other direct and indirect production costs reasonably attributable to the products, excluding financial expense.

Purchase or production cost is calculated on a weighted average cost basis.

Obsolete and/or slow-moving inventories are written down on the basis of their estimated possibility of use or future realizable value, through an accrual to the specific allowance adjusting the value of inventories. The amount is reinstated if, in subsequent years, the reasons for the write-down no longer exist.

(i) Assets classified as held for sale and discontinued operations

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(2) Accounting policies (Continued)

the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognized in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

(j) Property, plant and equipment

Property, plant and equipment are recognized at historical cost, including directly related ancillary costs necessary for the use of the asset. Borrowing costs related to loans taken out specifically for investments in property, plant and equipment are considered part of the carrying amount of the related assets and, as such, capitalized.

Subsequent expenditure is included in an asset's carrying amount when it is probable that the future economic benefits exceeding those determined originally will flow to the Group. This expenditure is depreciated over the related asset's residual useful life. All other expenditure is expensed in the year in which it is incurred.

Where significant components of the asset have different useful lives, they are recognized separately.

Property, plant and equipment are shown net of accumulated depreciation and any impairment losses determined as set out later on.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The depreciation periods are as follows:

	Depreciation period (years)
Buildings	30 – 35
Light constructions	8 – 10
Specific plant, machinery, presses and molds	4 – 12
Generic plant	10 – 13
Laboratory equipment	2 – 3
Canteen equipment, office furniture and equipment and fittings for exhibitions and trade fairs	8 – 10
Vehicles, canteen facilities	4 – 6
Internal means of transport, electronic equipment and mobile phones	5 – 8

The carrying amount of property, plant and equipment is tested for impairment if events or changed circumstances suggest that the carrying amount may not be recovered. If there is an indication of this type and in the event the carrying amount exceeds the estimated realizable value, the assets are adjusted to their realizable value. The realizable value of property, plant and equipment is the higher of an asset's net selling price and its value in use. Value in use is defined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market estimate of the time value of money and specific risks of the item of property, plant and equipment. Impairment losses are recognized in profit or loss under amortization, depreciation and impairment losses. Such impairment losses are reversed if the reasons for impairment are no longer valid.

At the time of disposal or when there are no expected future economic benefits from an asset's use, the caption is derecognized. Any gain or loss (calculated as the difference between the sales amount and carrying amount) is taken to profit or loss in the year of derecognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(2) Accounting policies (Continued)

(k) Leases

Finance leases

Leases for property, plant and equipment where the Group substantially takes on all risks and rewards incidental to ownership are classified as finance leases. Plant and machinery acquired under finance leases are recognized at the lower of fair value and the present value of the minimum lease payments due at the inception of the lease, net of accumulated depreciation and any impairment losses. The related assets, liabilities, revenue and expense deriving from the lease are recognized under the financial method at the inception of the lease, i.e., when the lessee is authorized to exercise its right to use the leased asset.

Property, plant and equipment acquired under finance leases are depreciated over the related asset's useful life.

Interest expense on finance lease payments is recognized in profit or loss using the effective interest method.

Operating leases

Those leases where the Group does not substantially take on all risks and rewards incidental to ownership are recognized as operating leases. Operating lease payments are taken to profit or loss on a straight-line basis over the lease term.

(l) Intangible assets

Goodwill

Goodwill arising from the acquisition of subsidiaries is initially recognized at cost. After initial recognition, goodwill is adjusted for any accumulated impairment losses, determined using the criteria described later on.

Goodwill is tested for impairment on an annual basis at least, or more frequently if events or changes of circumstances take place that could give rise to impairment losses. At the date of acquisition, any goodwill is allocated to each of the cash-generating units that are expected to benefit from the synergic effects of the acquisition. Any impairment losses are identified through assessment of each unit's ability to generate cash flows such to recover the part of goodwill allocated to it, using the method described in the section on Property, plant and equipment. An impairment loss is recognized in the event the amount recoverable by the cash-generating unit is less than its carrying amount.

These impairment losses are not reversed if the reasons for impairment are no longer valid.

Research expenditure

Expenditure on research undertaken to gain scientific and technical knowledge and information is recognized as an expense when incurred.

Development expenditure

Development expenditure, which also relates to the application of research findings to a plan or design for the production of new or substantially improved products or processes, is capitalized when the product or process is feasible in technical and commercial terms and the Group has adequate resources to complete the development stage.

Capitalized development expenditure is measured at cost, net of accumulated amortization and impairment losses.

Other intangible assets

These assets are measured at cost, determined in the same way as described for property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(2) Accounting policies (Continued)

Other intangible assets, which all have a finite useful life, are subsequently shown net of accumulated amortization and any impairment losses, determined in the same way as described for property, plant and equipment.

Useful life is checked annually and, where necessary, any changes are reflected on a prospective basis.

Amortization periods for other intangible assets are as follows:

	Amortization period (years)
Development expenditure	5
Patents and trademarks	5 - 10
Software	5
Licenses	5
Other capitalized expenditure	5 or in line with the contract term

Subsequent expenditure is included in an asset's carrying amount when it is probable that the future economic benefits exceeding those determined originally will flow to the Group. This expenditure is depreciated over the related asset's residual useful life. All other expenditure is expensed in the year in which it is incurred.

The gain or loss arising from the disposal of an intangible asset is determined as the difference between the net disposal proceeds and carrying amount. It is recognized in profit or loss at the time of disposal.

(m) Income taxes

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in the consolidated statement of equity or in OCI.

Current tax comprises the expected tax payable or receivable on the taxable profit or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantially enacted at the reporting date. Current tax also includes any tax arising from dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The income tax consequences of dividends are recognized when the dividend is approved.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(2) Accounting policies (Continued)

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(n) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets in the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets.

Held-to-maturity investments

If the Group has the positive intent and ability to hold debt instruments to maturity, then such financial assets are classified as held to maturity. Held-to-maturity investments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available for sale, and prevent the Group from classifying investment securities as held to maturity for the current and following two years.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Subsequent to initial

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(2) Accounting policies (Continued)

recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt instruments.

(o) Non-derivative financial liabilities

The Group initially recognises debt instruments issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Group classifies non-derivative financial liabilities in the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a decrease in equity, net of any tax effects.

Business combinations

When as a result of a takeover/acquisition of control not involving the entire stake in the acquiree, the Group has the potential obligation to acquire the residual investment in the acquiree should the non-controlling investors exercise a put option and the non-controlling investor still has present access to the economic benefit associated with the underlying ownership interests, it recognizes a liability calculated by discounting the estimated value at the exercise date using the present access method whereby a liability is recognized decreasing the equity caption "Retained earnings (losses carried forward)" in the first year, with subsequent remeasurement recognized in profit or loss as financial expense.

(p) Trade payables

Trade payables with due dates in line with generally accepted trade terms are initially recognized at fair value and subsequently measured at amortized cost.

(q) Employee benefits

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(2) Accounting policies (Continued)

recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

IFRIC 14 clarifies the provisions of IAS 19 “Employee benefits” with respect to the measurement of defined benefit plan assets when there is a minimum funding requirement. A defined benefit plan is in surplus when the fair value of the plan assets exceeds the present value of the defined benefit obligation. IFRIC 14/IAS 19 only permit the recognition of this surplus at the present value of the financial benefits available through refunds or reductions in future contributions. Moreover, disclosure is required when the plan requires a minimum contribution that could give rise to a liability.

(r) Provisions for risks and charges

Provisions for risks and charges include certain or probable costs and charges, the amount or due date of which is unknown at year end. A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow from the Group of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation. The provisions are stated as the best estimate of the expenditure required to settle the obligation at the reporting date or to transfer it to a third party at that date. If the impact of discounting the time value of money is significant, the provision is determined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

(s) Revenue

Revenue is recognized to the extent that it is possible to reliably determine its amount and it is probable that the related economic benefits will flow to the Group. Revenue is recognized using the following criteria depending on the type of transaction:

- revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have been transferred to the buyer;
- recovery of the consideration is probable and the associated costs and possible return of goods can be estimated reliably;
- there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.
- revenue for services is recognized in relation to the stage of completion of the transaction at the reporting date.

Revenue is measured net of returns, trade discounts and volume rebates.

No revenue is recognized if significant uncertainties exist in relation to the collection of the related receivables net of any returns.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(2) Accounting policies (Continued)

(t) Grants

Grants relating to assets and income are recognized when there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Grants related to assets are recognized as deferred revenue under Other liabilities in the statement of financial position and are taken to profit or loss on a systematic basis to offset them against the depreciation of the relevant assets. Grants relating to income are recognized under Other operating income.

(u) Financial income and expense

Financial income and expense are recognized on an accruals basis and calculated on the carrying amount of the related financial assets and liabilities using the effective interest method.

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Borrowing costs related to loans taken out specifically for investments in property, plant and equipment are considered part of the carrying amount of the related assets and, as such, capitalized.

(v) New standards and interpretations not adopted early

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2013 and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

- IFRS 10—Consolidated Financial Statements (subsequently amended in June and October 2012), IFRS 11—Joint Arrangements (subsequently amended on June 28, 2012), IFRS 12—Disclosure of Interests in Other Entities (2011) (subsequently amended in June and October 2012) and the subsequent modification to IAS 27 (2011 as amended in October 2012) and IAS 28 (2011).

IFRS 10 introduces a single control model to determine whether an investee should be consolidated. Under IFRS 11, the structure of the joint arrangement, although still an important consideration, is no longer the main factor in determining the type of joint arrangement and therefore the subsequent accounting.

- The Group's interest in a joint operation, which is an arrangement in which the parties have rights to the assets and obligations for the liabilities, will be accounted for on the basis of the Group's interest in those assets and liabilities.
- The Group's interest in a joint venture, which is an arrangement in which the parties have rights to the net assets, will be equity-accounted.

IFRS 12 brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Group is currently assessing the new requirements in relation of IFRS 10, 11 and 12 for interests in subsidiaries with the existing requirements and disclosures. IFRS 12 requires the disclosure of information about the nature, risks and financial effects of the interests on the Group's financial position, financial performance and cash flows. These standards are effective for annual periods beginning on or after January 1, 2014 with early adoption permitted. At the date of this Annual Report, the Group is assessing any effects which may result from the adoption of the standards.

- On December 16, 2011, the IASB issued certain amendments to IAS 32—Financial Instruments: Presentation to clarify the application of certain offsetting criteria for financial assets and financial liabilities in IAS 32. The amendments are effective for annual periods beginning on or after January 1, 2014 and are required to be applied retrospectively. At the date of this Annual Report, the Group is assessing any effects which may result from the adoption of the standards.
- On May 29, 2013, the IASB issued an amendment to IAS 36—Recoverable Amount Disclosures for Non-Financial Assets addressing the disclosure of information about the recoverable amount of

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(2) Accounting policies (Continued)

impaired assets if that amount is based on fair value less costs to sell. The amendments are effective retrospectively for annual periods beginning on or after January 1, 2014. Earlier application is permitted for periods when the entity has already applied IFRS 13. At the date of this Annual Report, the Group is assessing any effects which may result from the adoption of the standards.

- On June 27, 2013, the IASB issued narrow scope amendments to IAS 39—Financial Instruments: Recognition and Measurement entitled “Novation of Derivatives and Continuation of Hedge Accounting”. The amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. Similar relief will be included in IFRS 9—Financial Instruments. The amendments are effective retrospectively for annual periods beginning on or after January 1, 2014. At the date of this Annual Report, the Group is assessing any effects which may result from the adoption of the standards.

(w) Standards, amendments and interpretations not yet applicable

The European Union had not yet completed its endorsement process for these standards and amendments at the date of this Consolidated financial statements:

- On November 12, 2009, the IASB issued a new standard IFRS 9—Financial Instruments that was subsequently amended. The standard, having an effective date for mandatory adoption of January 1, 2015 retrospectively, represents the completion of the first part of a project to replace IAS 39 and introduces new requirements for the classification and measurement of financial assets and financial liabilities. The new standard uses a single approach to determine whether a financial asset is to be measured at amortised cost or fair value, replacing the many different rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets. The most significant effect of the standard regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss. Under the new standard, these changes are recognised in Other comprehensive income and are not subsequently reclassifiable to the income statement.

Further amendments will have to be endorsed by the EU in 2014, such as:

- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19);
- Annual Improvements to IFRSs (2010-2012 Cycle);
- Annual Improvements to IFRSs (2011-2013 Cycle);
- IFRIC Interpretation 21 Levies.

(x) Determination of fair value

Several standards and disclosure requirements require the determination of fair value of financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are classified into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1—quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2—inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3—inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(2) Accounting policies (Continued)

If the inputs used to measure the fair value of an asset or a liability are categorised into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the level of the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after suitable negotiation wherein the parties had each acted knowledgeably. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

Intangible assets

The fair value of patents and trademarks acquired as part of a business combination is based on an estimate of the discounted amount of royalties that the Group expects to receive from ownership of such patents or trademarks (ideal royalty method), or replacement cost, if appropriate.

The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Inventories

The fair value of inventories acquired as part of a business combination is calculated using the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and a suitable profit margin based on the efforts required to complete or sell the inventories.

Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. Current receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

Derivatives

The fair values of commodities purchase forwards and interest rate swaps are based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the group entity and counterparty when appropriate.

Other non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

For finance leases, the market rate of interest is determined with reference to similar lease agreements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(3) Operating segments

Reportable segments are the Group's strategic divisions as determined in accordance with the quantitative and qualitative requirements of IFRS 8.

The Group has only one reportable segment, the Closures division. The Group's CEO (the chief operating decision maker) reviews internal management reports on the reportable segment, the closures division, on at least a quarterly basis. The following summary describes the operations in this reportable segment.

The Closures division represents the Group's core business. Other operations include the PET division that does not meet any of the quantitative thresholds for determining reportable segments in 2013 or 2012 under IFRS 8.

Information regarding the results of the Group's reportable segment is included below. Performance is measured based on segment revenue and gross operating profit, depreciation and amortization, trade receivables, inventories, property, plant and equipment, trade payables and capital expenditure as included in the internal management reports that are reviewed by the CEO and by the board of directors.

Management considers the above information as the most suitable to evaluate the results of the segment compared to other entities that operate in these industries.

All other asset and liability figures are non reportable by segment as the management believes that the availability of such information by segment is not relevant.

Thousands of Euros	Closures		Other Operations		Total	
	2012	2013	2012	2013	2012	2013
External revenue	493,070	491,003	3,995	3,274	497,065	494,276
Reportable Gross operating profit	96,836	101,286	44	58	96,880	101,344
Depreciation and Amortization	(39,783)	(39,124)	(222)	(184)	(40,005)	(39,308)

Thousands of Euros	Closures		Other Operations		Total	
	December 31, 2012	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012	December 31, 2013
Reportable Trade receivables	98,852	92,365	782	736	99,634	93,101
Reportable Inventories	63,061	71,015	542	469	63,603	71,483
Reportable Trade payables	(61,532)	(66,247)	(727)	(527)	(62,260)	(66,774)
Reportable Property, plant and equipment	218,588	205,087	877	790	219,465	205,878

Thousands of Euros	Closures		Other Operations		Total	
	2012	2013	2012	2013	2012	2013
Capital expenditure	27,124	33,005	66	91	27,190	33,096

Geographical information

The Closures segment is managed on a worldwide basis from the central headquarter in Italy, but it operates from manufacturing facilities primarily in Poland, India, the United Kingdom, Australia, Ukraine, Spain, Mexico, Argentina and South Africa.

In presenting information on the basis of geographical segments, segment revenue and segment assets are based on the geographical location of the assets/subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(3) Operating segments (Continued)

<u>Thousands of Euros</u>	<u>Net revenue</u>	
	<u>2012</u>	<u>2013</u>
Italy	78,943	74,491
Poland	54,685	61,171
India	52,946	50,856
UK	46,403	47,990
Australia	51,608	43,486
Ukraine	48,904	40,424
Spain	41,169	39,709
Mexico	27,882	31,956
Argentina	19,011	23,002
South Africa	4,524	18,633
Other countries and consolidation adjustments	70,991	62,558
Consolidated Net revenue	<u>497,065</u>	<u>494,276</u>

<u>Thousands of Euros</u>	<u>Non-current assets other than financial instruments and deferred tax assets: Property, plant and equipment and Intangible assets</u>	
	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Italy	356,475	347,372
Australia	87,265	70,049
Poland	35,456	33,045
India	24,908	21,010
Spain	19,084	18,694
Mexico	14,911	17,131
Ukraine	14,936	15,910
South Africa	16,686	12,135
Brasil	11,895	10,746
Other countries and consolidation adjustments	43,776	57,204
Consolidated of: Property, plant and equipment and Intangible assets	<u>625,392</u>	<u>603,296</u>

<u>Thousands of Euros</u>	<u>Deferred Tax Assets</u>	
	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Italy	3,814	3,369
Australia	1,760	1,371
Spain	878	1,018
Argentina	285	373
New Zealand	75	130
UK	160	97
Mexico	478	33
Other countries and consolidation adjustments	1,355	1,836
Consolidated Deferred Tax Assets	<u>8,805</u>	<u>8,227</u>

The Group is not exposed to significant geographical risks other than normal business risks.

Information about major customers

In the Closures segment, there is only one customer with a percentage of revenue (of total revenue) over 10%. The breadth and diversity of the Group's customer base results means that no one brand makes up more than 3% of net revenue over the last three years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(4) Acquisition of subsidiaries and business units

During 2013, no business combinations occurred.

On October 1, 2012, Guala Closures South Africa Pty Ltd. (financed by Guala Closures International B.V.) acquired the Metal Closures Division of MCG Industries, the leading producer of aluminium closures in South Africa. The accounting treatment for this transaction, which was provisional in 2012, was finalized during 2013, with no effects on the provisional amounts recognized at acquisition since no restatement of provisional adjustments for fair value measurement have been identified.

In May 2013, Guala Closures DGS Poland S.A. received 7.6 million Polish zloty (approximately €1.8 million) as reimbursement of income tax originated as a result of the DGS-TO sale transaction.

Based on the share purchase agreement of 2011 between Guala Closures International B.V. and Central European Closures S.à r.l., the Group had an obligation to pay 5.1 million Polish zloty (approximately €1.2 million) to the previous owner of DGS S.A. if the tax is reimbursed, that corresponds to 80% of the total income tax paid as a result of the DGS-TO sale transaction.

In August 2013, the Group paid the previous owner of DGS S.A. the tax reimbursement received in relation to the tax paid as a result of the the DGS-TO sale transaction.

Based on IFRS 3, any subsequent adjustment after the measurement period of the Purchase Price Allocation has to be accounted in profit and loss. At December 31, 2013, both the reimbursement of income tax originated as a result of the DGS-TO sale transaction and the amount paid to the previous owners of DGS S.A. are recognized in the income tax caption of the Consolidated Statement of comprehensive income and other comprehensive income for the year ended December 31, 2013.

STATEMENT OF FINANCIAL POSITION

(5) Cash and cash equivalents

This caption represents the balance of the bank and postal accounts considering the nominal amount of the current accounts held with banks.

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Bank and postal accounts	49,209	30,100
Cash and cash equivalents	8,198	11,063
Total	<u>57,407</u>	<u>41,163</u>

(6) Current financial assets

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Current financial assets	43	64
Total	<u>43</u>	<u>64</u>

The carrying amount of Current financial assets matches their fair value at the reporting date.

(7) Trade receivables

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Trade receivables	107,088	100,746
Allowance for impairment	(7,454)	(7,645)
Total	<u>99,634</u>	<u>93,101</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(7) Trade receivables (Continued)

The allowance for impairment varied as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>
Opening allowance for impairment	7,454
Exchange rate gain	(63)
Accrual	626
Utilization	<u>(371)</u>
Closing allowance for impairment	<u>7,645</u>

The allowance at December 31, 2013 includes about €4.7 million (mostly more than 90 days overdue) for a few foreign customers and the residual part to other customers that have indicated that they do not expect to be able to pay their outstanding balances, mainly due to their financial difficulties.

At December 31, 2012 and 2013, trade receivables may be analyzed by geographical segment as follows:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Europe	44,749	46,572
Asia	17,762	12,437
Latin America	19,828	20,352
Oceania	7,736	5,753
Rest of the world	<u>9,559</u>	<u>7,987</u>
Total	<u>99,634</u>	<u>93,101</u>

At December 31, 2013, trade receivables may be analyzed by due date as follows:

<u>Thousands of Euros</u>	<u>Gross amount December 31, 2013</u>	<u>Impairment losses December 31, 2013</u>	<u>Net amount December 31, 2013</u>
Not yet due	71,102	—	71,102
0-30 days overdue	14,662	(53)	14,610
31-90 days overdue	4,462	(154)	4,308
More than 90 days overdue	<u>10,519</u>	<u>(7,437)</u>	<u>3,082</u>
Total	<u>100,746</u>	<u>(7,645)</u>	<u>93,101</u>

The Group believes that the unimpaired amounts that are overdue by more than 30 days are still collectible, based on historical payment behavior and extensive analyses of the underlying customers' credit ratings. Based on historical default rates, the Group believes that, apart from the above, no impairment allowance is necessary in respect of trade receivables not yet due or overdue by up to 30 days.

At December 31, 2013, trade receivables may be analyzed by original currency as follows:

<u>Thousands of Euros</u>	<u>EUR</u>	<u>USD</u>	<u>GBP</u>	<u>Other currencies</u>	<u>Total</u>
Trade receivables	34,180	9,903	3,724	45,295	93,101

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(7) Trade receivables (Continued)

Other currencies includes trade receivables in following local currencies:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>
Indian rupees	8,908
Polish zloty	5,562
Ukrainian hryvnies	5,039
Columbian pesos	4,928
Russian rubles	4,912
Australian dollars	4,191
Mexican pesos	3,132
South African rand	2,013
Chinese renmimbi	1,816
Argentinean pesos	1,581
New Zealand dollars	1,287
Brazilian reals	1,228
Other	696
Total	<u>45,295</u>

(8) Inventories

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Raw materials, consumables and supplies	35,767	40,313
(Allowance for inventory write-down)	(1,265)	(1,513)
Work in progress and semi-finished products	12,534	15,609
(Allowance for inventory write-down)	(113)	(497)
Finished products and goods	17,098	18,630
(Allowance for inventory write-down)	(802)	(1,400)
Payments on account	384	341
Total	<u>63,603</u>	<u>71,483</u>

The changes in the caption are as follows:

<u>Thousands of Euros</u>	
Balance at January 1, 2013	63,603
Exchange rate loss	(5,533)
Change in raw materials, consumables and supplies	9,614
Change in finished goods and semi-finished products	3,902
Change in payments on account	(102)
Balance at December 31, 2013	<u>71,483</u>

The allowance for inventory write-down varied as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>
Opening allowance for inventory write-down	2,180
Exchange rate gain	(65)
Accrual	1,737
Utilization	(443)
Closing allowance for inventory write-down	<u>3,410</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(9) Current direct tax assets

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Current direct tax assets	1,664	1,070
Total	<u>1,664</u>	<u>1,070</u>

(10) Current indirect tax assets

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
VAT and other indirect taxes	7,403	9,067
Total	<u>7,403</u>	<u>9,067</u>

(11) Financial derivative assets

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Fair value of forward aluminum purchases	322	—
Total	<u>322</u>	<u>—</u>

(12) Other current assets

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Other receivables	2,916	3,592
Total	<u>2,916</u>	<u>3,592</u>

Other receivables at December 31, 2013 include, inter alia, advances to suppliers of €1.9 million and receivables of €0.3 million due to Guala Closures Argentina S.A. from the Argentinean government for repayments in respect of exports.

(13) Assets classified as held for sale

These assets relate to the following companies:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Guala Closures India (Pvt) Ltd.	10	8
Total	<u>10</u>	<u>8</u>

(14) Non-current financial assets

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Guarantee deposits—Guala Closures S.p.A.	75	71
Investments in other companies	313	28
Other financial assets	197	120
Total	<u>585</u>	<u>219</u>

The carrying amount of Non-current financial assets is consistent with their fair value at the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(14) Non-current financial assets (Continued)

The decrease in “Investments in other companies” is due to the sale of the shares in the Indian company OMSO Orient Printing Machines Pvt Ltd.

(15) Property, plant and equipment

The following table shows the changes in this caption:

<u>Thousands of Euros</u>	<u>Land and buildings</u>	<u>Plant and machinery</u>	<u>Industrial and commercial equipment</u>	<u>Other assets</u>	<u>Assets under construction and payments on account</u>	<u>Total</u>
Historical cost at December 31, 2012	80,408	333,988	53,922	7,874	8,572	484,762
Accumulated depreciation at December 31, 2012	<u>(11,757)</u>	<u>(205,225)</u>	<u>(41,928)</u>	<u>(6,388)</u>	—	<u>(265,297)</u>
Carrying amount at December 31, 2012	<u>68,651</u>	<u>128,763</u>	<u>11,994</u>	<u>1,486</u>	<u>8,572</u>	<u>219,465</u>
Carrying amount at January 1, 2013	<u>68,651</u>	<u>128,763</u>	<u>11,994</u>	<u>1,486</u>	<u>8,572</u>	<u>219,465</u>
Exchange rate losses	(4,469)	(8,548)	(242)	(82)	(438)	(13,779)
Additions	107	6,200	475	54	24,892	31,728
Disposals	(2)	(176)	(11)	(34)	(305)	(527)
Impairment losses	(11)	(536)	—	—	(6)	(553)
Reclassifications	778	22,403	3,794	115	(27,151)	(62)
Depreciation	<u>(2,058)</u>	<u>(24,477)</u>	<u>(3,402)</u>	<u>(458)</u>	—	<u>(30,395)</u>
Historical cost at December 31, 2013	76,810	353,330	57,938	7,927	5,564	501,570
Accumulated depreciation at December 31, 2013	<u>(13,815)</u>	<u>(229,702)</u>	<u>(45,330)</u>	<u>(6,845)</u>	—	<u>(295,692)</u>
Carrying amount at December 31, 2013	<u>62,995</u>	<u>123,628</u>	<u>12,608</u>	<u>1,082</u>	<u>5,564</u>	<u>205,878</u>

Property, plant and equipment include the amounts arising from internal work capitalized (reference should be made to note 33) Other operating income to these consolidated financial statements for further information).

The caption includes the carrying amount of leased assets (€20,696 thousand) against which the Group has recognized current financial liabilities (€1,960 thousand) and non-current financial liabilities (€13,810 thousand).

None of the Group’s property, plant and equipment has been pledged as collateral at year end, except for the items indicated in note 47) Commitments and guarantees to these consolidated financial statements.

The main investments of 2013 took place in Italy, Mexico, Ukraine, India, UK and Colombia. In particular, during 2013, the main investments were made for the building expansion in Mexico, the sputtering technology in Italy, UK and Ukraine, the construction of the third production line in Ukraine and for the bi-injection technology in Colombia.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(16) Intangible assets

The following table shows the changes in this caption:

<u>Thousands of Euros</u>	<u>Development expenditure</u>	<u>Licences and patents</u>	<u>Goodwill</u>	<u>Other</u>	<u>Assets under development and payments on account</u>	<u>Total</u>
Historical cost at December 31, 2012	5,838	64,364	407,312	12,382	329	490,226
Accumulated amortisation and impairment at December 31, 2012	(5,134)	(35,742)	(40,640)	(2,783)	—	(84,298)
Carrying amount at December 31, 2012 . . .	<u>705</u>	<u>28,622</u>	<u>366,672</u>	<u>9,599</u>	<u>329</u>	<u>405,927</u>
Carrying amount at January 1, 2013	<u>705</u>	<u>28,622</u>	<u>366,672</u>	<u>9,599</u>	<u>329</u>	<u>405,927</u>
Exchange rate losses	(122)	(53)	(2,002)	(761)	(33)	(2,971)
Additions	153	351	—	53	1,449	2,006
Disposals	—	(1)	—	(56)	(54)	(111)
Impairment losses	—	—	—	—	(42)	(42)
Reclassifications	33	(112)	—	—	141	62
Amortisation	(419)	(5,595)	—	(1,440)	—	(7,453)
Historical cost at December 31, 2013	5,902	64,549	405,310	11,619	1,789	489,170
Accumulated amortisation and impairment at December 31, 2013	(5,552)	(41,336)	(40,640)	(4,223)	—	(91,752)
Carrying amount at December 31, 2013 . . .	<u>350</u>	<u>23,213</u>	<u>364,670</u>	<u>7,397</u>	<u>1,789</u>	<u>397,418</u>

Goodwill may be analysed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Goodwill—Guala Closures Group	317,227	317,227
Acquisition of Guala Closures DGS Poland S.A.	25,971	25,491
Goodwill—Guala Closures Ukraine LLC	14,365	13,420
Acquisition of GC Bulgaria AD	3,203	3,203
Acquisition of Pharma Trade	2,512	2,512
Acquisition of MCL division in Guala Closures South Africa	2,490	1,914
Acquisition of GC Tools AD	722	722
Acquisition of Metalprint assets in Guala Closures S.p.A.	182	182
Total	<u>366,672</u>	<u>364,670</u>

Goodwill is tested for impairment annually.

For impairment testing purposes, goodwill generated on the Group's acquisitions relates to the Closures division.

The recoverable amount of cash-generating units is based on a calculation of their value in use.

This calculation uses projected cash flows based on the actual operating profit and the five-year business plan which management believed was consistent with the assumption that a market participant would make. This business plan is put together considering the Group's approved budget figures for the first year and projecting the revenue and costs for the following four years using the historic trend adjusted for any new elements (average EBITDA growth rate of the next five years 8.6%; 2012 8.0%).

The cash flows for the periods after the forecast period are extrapolated using a 1.5% growth rate, unchanged from 2012, which takes into account both the Group's historical growth rate and forecast future market developments.

The projected cash flows are discounted using a WACC (weighted average cost of capital) rate of 10.0% unchanged from 2012. The discount rate and the growth rate, aligned with last year, take into consideration the Group's significant growth in the developing countries that impact the rise in turnover

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(16) Intangible assets (Continued)

and margins that are partially offset by the overall risk of the above-mentioned developing countries.

The resulting recoverable amount is greater than the carrying amount of goodwill. The recoverable amount continues to be greater than the carrying amount despite changes made to the underlying assumptions of the sensitivity analysis carried out (growth rate +/-1%; WACC +/-1%).

Goodwill has never been impaired.

(17) Deferred tax assets and liabilities

The following table gives a breakdown of the captions at December 31, 2012 and 2013:

Thousands of Euros	Assets		Liabilities		Net balance	
	December 31, 2012	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012	December 31, 2013
Allowance for inventory write-down	514	762	(84)	(18)	430	744
Taxed allowance for impairment	1,926	1,939	—	—	1,926	1,939
Provision for damages and penalties	423	197	—	—	423	197
Other	791	417	(135)	(49)	656	368
Losses carried forward . . .	1,132	657	—	—	1,132	657
Derecognition of intragroup profit on inventories	171	171	—	—	171	171
Intragroup gains	1,011	1,508	—	—	1,011	1,508
Leases	133	133	—	—	133	133
Property, plant and equipment						
and intangible assets	1,431	1,380	(22,048)	(17,984)	(20,617)	(16,604)
Employee benefits	669	583	(98)	(78)	572	505
Derivatives	594	470	—	—	594	470
Exchange rate gains (losses)	10	10	(4,601)	(2,980)	(4,591)	(2,970)
TOTAL	8,805	8,227	(26,966)	(21,109)	(18,161)	(12,881)

Some reclassifications have been made in 2012 categories to be consistent with the 2013 classification.

Changes in net deferred tax assets/liabilities may be analyzed as follows:

Thousands of Euros	December 31, 2012	Changes in profit or loss	Changes in equity	Exchange rate gain/loss	December 31, 2013
Allowance for inventory write-down	430	313		2	744
Taxed allowance for impairment	1,926	93		(79)	1,939
Provision for damages and penalties	423	(226)		—	197
Other	656	(699)		411	368
Losses carried forward	1,132	(474)		—	659
Derecognition of intragroup profit on inventories	171	0		—	171
Intragroup gains	1,011	498		—	1,508
Leases	133	—		—	133
Property, plant and equipment					
and intangible assets	(20,617)	2,701		1,312	(16,605)
Employee benefits	572	15		(82)	504
Derivatives	594	—	(125)	—	470
Exchange rate gains (losses)	(4,591)	1,621		(1)	(2,971)
TOTAL	(18,161)	3,842	(125)	1,562	(12,881)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(17) Deferred tax assets and liabilities (Continued)

Tax losses that can be carried forward at year end but that the Group has not considered in its calculation of the deferred tax assets in the statement of financial position total €149,096 thousand. They may be used in accordance with the legislation of the different countries in which the companies to which they relate are based.

Tax losses that can be carried forward indefinitely amount to €132,795 thousand and refer to Guala Closures S.p.A.. If recognized, potential deferred tax assets on total tax losses that can be carried forward would amount to €40,591 thousand at December 31, 2013 (including €36,519 thousand related to losses that can be carried forward indefinitely).

In 2013, Guala Closures S.p.A. included in the national tax consolidation scheme the subsidiary Pharma Trade S.r.l..

(18) Other non-current assets

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Tax assets	462	90
Other	588	409
Total	<u>1,050</u>	<u>499</u>

(19) Financial liabilities—third parties

This section provides information on the contractual terms governing the Group's bank overdrafts, loans and bonds.

Reference should be made to note 25) Financial derivative liabilities to these consolidated financial statements for further information on the Group's exposure to the risks of fluctuations in interest and exchange rates.

Reference should be made to note 47) Commitments and guarantees to these consolidated financial statements for information on the relevant guarantees given.

Financial liabilities at December 31, 2012 and 2013 are shown below:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Current financial liabilities		
Bonds	1,192	1,015
Bank loans and borrowings	3,239	3,215
Other financial liabilities	2,102	1,997
	<u>6,534</u>	<u>6,227</u>
Non-current financial liabilities		
Bonds	269,943	270,299
Bank loans and borrowings	23,854	26,632
Other financial liabilities	21,841	20,645
	315,638	317,576
Total	<u>322,172</u>	<u>323,803</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(19) Financial liabilities—third parties (Continued)

The terms and expiry dates of the financial liabilities at December 31, 2012 and 2013 are shown below:

Thousands of Euros	Nominal amount					
	Total December 31, 2012	Within one year	From one to five years	After five years	Current	Non-current
Bonds						
Floating Rate Senior Secured Notes due in 2019 issued by Guala Closures S.p.A.	275,000	—	—	275,000	—	275,000
Accrued interest—Guala Closures S.p.A.	2,042	2,042	—	—	2,042	—
Transaction costs	(5,906)	(849)	(3,416)	(1,641)	(849)	(5,057)
TOTAL FRSN 2019 Guala Closures S.p.A.	<u>271,135</u>	<u>1,192</u>	<u>(3,416)</u>	<u>273,359</u>	<u>1,192</u>	<u>269,943</u>
Bank loans and borrowings:						
Senior Revolving Facility	20,000	—	20,000	—	—	20,000
Transaction costs	(2,509)	(515)	(1,995)	—	(515)	(1,995)
Total Senior Revolving Facility	<u>17,491</u>	<u>(515)</u>	<u>18,005</u>	<u>—</u>	<u>(515)</u>	<u>18,005</u>
Cassa di Risparmio di Alessandria loan	1,551	608	944	—	608	944
Accrued interest and expense Guala Closures S.p.A.	673	673	—	—	673	—
Banco Sabadell loan (Spain)	1,270	520	750	—	520	750
Advances on receivables and loans (Argentina)	750	536	214	—	536	214
Scotiabank loan (Mexico)	5,357	1,416	3,941	—	1,416	3,941
Total bank loans and borrowings	<u>27,093</u>	<u>3,239</u>	<u>23,854</u>	<u>—</u>	<u>3,239</u>	<u>23,854</u>
Other financial liabilities:						
Financing as per Italian Law no. 46/82	136	136	—	—	136	—
Guala Closures S.p.A. finance leases	17,725	1,860	8,077	7,787	1,860	15,864
Bulgarian companies' finance leases	74	74	—	—	74	—
Liability to the Ukrainian non-controlling investors	5,600	—	—	5,600	—	5,600
Other liabilities	410	32	377	—	32	377
Total other financial liabilities	<u>23,944</u>	<u>2,102</u>	<u>8,454</u>	<u>13,387</u>	<u>2,102</u>	<u>21,841</u>
TOTAL	<u>322,172</u>	<u>6,534</u>	<u>28,892</u>	<u>286,746</u>	<u>6,534</u>	<u>315,638</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(19) Financial liabilities—third parties (Continued)

The interest rates and expiry dates of the financial liabilities at December 31, 2012 and December 31, 2013 are shown below:

<u>Thousands of Euros</u>	<u>Currency</u>	<u>Nominal interest rate</u>	<u>Expiry date</u>	<u>Total December 31, 2012</u>
Bonds				
Floating Rate Senior Secured Notes due in 2019 issued by Guala Closures S.p.A.	EUR	euribor 3m + 5.375%	11/15/2019	275,000
Accrued interest—Guala Closures S.p.A.	EUR	n.a.	2013	2,042
Transaction costs	EUR	n.a.	2019	<u>(5,906)</u>
TOTAL FRSN 2019 Guala Closures S.p.A.				<u>271,135</u>
Bank loans and borrowings:				
Senior Revolving Facility	EUR	euribor 3m + 3.75%	11/15/2017	20,000
Transaction costs	EUR	n.a.	2017	<u>(2,509)</u>
Total Senior Revolving Facility				<u>17,491</u>
Cassa di Risparmio di Alessandria loan	EUR	euribor 3m + 2.75%	2015	1,551
Accrued interest and expense Guala Closures S.p.A.	EUR	n.a.	2013	673
Banco Sabadell loan (Spain)	EUR	5.20%	2015	1,270
Advances on receivables and loans—Guala Closures Argentina	ARS	n.a.	n.a.	750
Scotiabank loan (Mexico)	MXP	TIIE30 + 4.0% (*)	2016	<u>5,357</u>
Total bank loans and borrowings				<u>27,093</u>
Other financial liabilities:				
Financing as per Italian Law no. 46/82	EUR	2.00%	2013	136
Guala Closures S.p.A. finance leases	EUR	euribor + 1.5% (**)	2020	17,725
Bulgarian companies' finance leases	BGN	n.a.	2013	74
Liability to the Ukrainian non-controlling investors	EUR	n.a.	n.a.	5,600
Other liabilities	EUR	n.a.	n.a.	<u>410</u>
Total other financial liabilities				<u>23,944</u>
TOTAL				<u>322,172</u>

(*) TIIE30 stands for “Tasa de Interés Interbancaria de Equilibrio a 30 días”.

(**) Nominal interest rate on the property finance lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(19) Financial liabilities—third parties (Continued)

<u>Thousands of Euros</u>	<u>Currency</u>	<u>Nominal interest rate</u>	<u>Expiry date</u>	<u>Total December 31, 2013</u>
Bonds				
Floating Rate Senior Secured Notes due in 2019 issued by Guala Closures S.p.A.	EUR	euribor 3m + 5.375%	11/15/2019	275,000
Accrued interest—Guala Closures S.p.A.	EUR	n.a.	2014	1,965
Transaction costs	EUR	n.a.	2019	<u>(5,652)</u>
TOT. BONDS FRSN 2019 Guala Closures S.p.A.				<u>271,314</u>
Bank loans and borrowings:				
Senior Revolving Facility	EUR	euribor 3m + 3.75%	11/15/2017	24,000
Transaction costs	EUR	n.a.	2017	<u>(1,995)</u>
Total Senior Revolving Facility				<u>22,005</u>
Cassa di Risparmio di Alessandria loan	EUR	euribor 3m + 2.75%	2015	944
Accrued interest and expense Guala Closures S.p.A.	EUR	n.a.	2014	649
Banco Sabadell loan (Spain)	EUR	5.20%	2015	760
Bancolombia loan (Colombia)	COP	I.B.R. + 3.25% (*)	2018	1,204
Advances on receivables and loans (Argentina)	AR\$	n.a.	n.a.	537
Scotiabank loan (Mexico)	MXP	TIIE30 + 4.0% (**)	2016	<u>3,747</u>
Total bank loans and borrowings				<u>29,847</u>
Other financial liabilities:				
Guala Closures S.p.A. finance leases	EUR	euribor + 1.5% (***)	2020	15,770
Liability to the Ukrainian non-controlling investors	EUR	n.a.	n.a.	6,400
Other liabilities	EUR	n.a.	n.a.	<u>472</u>
Total other financial liabilities				<u>22,643</u>
TOTAL				<u>323,803</u>

(*) I.B.R. stands for “Indicador Bancario de Referencia”

(**) TIIE30 stands for “Tasa de Interés Interbancaria de Equilibrio a 30 días”.

(***) Nominal interest rate on the property finance lease.

The Senior Revolving Facility availability is shown in the table below:

<u>Credit facility</u>	<u>Available amount (thousands of Euros)</u>	<u>Amount used at December 31, 2013</u>	<u>Residual available amount at December 31, 2013</u>
Senior Revolving Facility	75,000	24,000	51,000

(20) Financial liabilities—related parties

This section discloses the contractual terms governing the loans granted from GCL Holdings S.C.A. (parent company of Guala Closures S.p.A.).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(20) Financial liabilities—related parties (Continued)

The terms and expiry dates of the loans at December 31, 2012 and 2013 are shown below:

<u>Thousands of Euros</u>	<u>Nominal amount</u>					
	<u>Total December 31, 2012</u>	<u>Within one year</u>	<u>From one to five years</u>	<u>After five years</u>	<u>Current</u>	<u>Non-current</u>
Loan from GCL Holdings S.C.A.—Guala Closures S.p.A.	115,379	2,679	—	112,701	2,679	112,701
Loan from GCL Holdings S.C.A.—Guala Closures International B.V.	94,093	2,368	—	91,725	2,368	91,725
TOTAL	<u>209,472</u>	<u>5,047</u>	<u>—</u>	<u>204,426</u>	<u>5,047</u>	<u>204,426</u>

<u>Thousands of Euros</u>	<u>Nominal amount</u>					
	<u>Total December 31, 2013</u>	<u>Within one year</u>	<u>From one to five years</u>	<u>After five years</u>	<u>Current</u>	<u>Non-current</u>
Loan from GCL Holdings S.C.A.—Guala Closures S.p.A.	117,155	4,455	112,701	—	4,455	112,701
Loan from GCL Holdings S.C.A.—Guala Closures International B.V.	94,093	2,368	91,725	—	2,368	91,725
TOTAL	<u>211,248</u>	<u>6,823</u>	<u>204,426</u>	<u>—</u>	<u>6,823</u>	<u>204,426</u>

The interest rates of the loans at December 31, 2012 and 2013 are shown below:

<u>Thousands of Euros</u>	<u>Currency</u>	<u>Nominal interest rate</u>	<u>Total December 31, 2012</u>
Loan from GCL Holdings S.C.A.—Guala Closures S.p.A.	EUR	9.30%	115,379
Loan from GCL Holdings S.C.A.—Guala Closures International B.V.	EUR	10.10%	94,093
Total			<u>209,472</u>

<u>Thousands of Euros</u>	<u>Currency</u>	<u>Nominal interest rate</u>	<u>Total December 31, 2013</u>
Loan from GCL Holdings S.C.A.—Guala Closures S.p.A.	EUR	9.30%	117,155
Loan from GCL Holdings S.C.A.—Guala Closures International B.V.	EUR	10.10%	94,093
Total			<u>211,248</u>

(21) Trade payables

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Suppliers	61,556	65,210
Payments on account	703	1,564
Total	<u>62,260</u>	<u>66,774</u>

At December 31, 2013, trade payables may be analyzed by original currency as follows:

<u>Thousands of Euros</u>	<u>EUR</u>	<u>USD</u>	<u>GBP</u>	<u>Other currencies</u>	<u>Total</u>
Trade payables	42,704	4,455	2,103	17,512	66,774

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(21) Trade payables (Continued)

Other currencies include trade payables in the following local currencies:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>
Australian dollars	4,892
Polish zloty	3,190
Argentinean pesos	2,265
Ukrainian hryvnies	1,635
Indian rupees	1,522
Mexican pesos	1,040
Columbian pesos	604
New Zealand dollars	585
South African rand	486
Chinese renmimbi	332
Brazilian reals	165
Other	796
Total	<u>17,512</u>

(22) Current direct tax liabilities

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Current direct tax liabilities	3,694	3,427
Total	<u>3,694</u>	<u>3,427</u>

(23) Current indirect tax liabilities

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
VAT and other indirect taxes	3,718	3,810
Total	<u>3,718</u>	<u>3,810</u>

(24) Provisions for risks and charges

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Provision for returns	1,338	625
Provision for restructuring	1,097	578
Other current provisions for risks and charges	17	28
Total current provisions for risks and charges	<u>2,452</u>	<u>1,231</u>

The provision for returns reflects the calculation for customer claims received.

The provision for restructuring mainly refers to Guala Closures S.p.A..

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Provision for contingency	17	540
Provision for agents' leaving indemnity	102	109
Provision for legal disputes	38	35
Total non-current provisions for risks and charges	<u>157</u>	<u>684</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(24) Provisions for risks and charges (Continued)

Changes in the provisions are as follows:

<u>Thousands of Euros</u>	<u>December 31, 2013</u>
Opening current provisions for risks and charges	2,452
Exchange rate gains	(8)
Accrual	705
Utilization	<u>(1,918)</u>
Closing current provisions for risks and charges	<u>1,231</u>
<u>Thousands of Euros</u>	<u>December 31, 2013</u>
Opening non-current provisions for risks and charges	157
Exchange rate gains	(3)
Accrual	554
Utilization	<u>(24)</u>
Closing non-current provisions for risks and charges	<u>684</u>

(25) Financial derivative liabilities

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Fair value of IRSs	6,708	4,408
Fair value of aluminum derivatives	—	574
Fair value of currency swaps	<u>6</u>	<u>—</u>
Total	<u>6,715</u>	<u>4,982</u>

The main features of the contracts in place at December 31, 2013 are summarized below:

— *interest rate swaps*

Guala Closures S.p.A. has three interest rate swaps in place at December 31, 2013 to hedge floating interest rates on bank loans.

In addition, at year end, the parent has two interest rate swaps in place to hedge floating interest rates on the property finance lease.

The interest rate swaps taken on to hedge the floating interest rates on bank loans are listed below:

1. Euro interest rate swap agreed with Intesa Sanpaolo S.p.A. on August 2, 2011, expiring September 30, 2015. It has a fixed swap rate of 2.34% against the floating six-month Euribor for a notional amount of € 57,300 thousand at December 31, 2013.
2. Pound sterling interest rate swap agreed with Intesa Sanpaolo S.p.A. on August 2, 2011, expiring September 30, 2015. It has a fixed swap rate of 1.94% against the floating six-month GB£ Libor, for a notional amount of £ 19,600 thousand at December 31, 2013.
3. US dollar interest rate swap agreed with Intesa Sanpaolo S.p.A. on August 2, 2011, expiring September 30, 2015. It has a fixed swap rate of 1.39% against the floating six-month US\$ Libor, for a notional amount of US\$ 67,100 thousand at December 31, 2013.

Although these interest rate swaps, agreed in 2011, have been entered into for hedging purposes, after the refinancing operations of November 2012, they no longer meet the formal requirements of IAS 39. Therefore, they have been recognized as trading instruments.

Interest rate swaps hedging floating interest rates on property finance leases are listed below:

1. Euro interest rate swap agreed with Intesa Sanpaolo S.p.A. on March 7, 2006, expiring July 1, 2019. It has a fixed swap rate of 3.945% against the floating one-month Euribor for a notional amount of €4,992 thousand at December 31, 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(25) Financial derivative liabilities (Continued)

2. Euro interest rate swap agreed with Unicredit Banca d'Impresa S.p.A. on March 7, 2006, expiring July 1, 2019. It has a fixed swap rate of 3.960% against the floating one-month Euribor for a notional amount of €4,992 thousand at December 31, 2013.

These derivatives meet the formal requirements of IAS 39 at the reporting date and have been recognized as hedging instruments.

— *Forward purchase of aluminum*

At December 31, 2013, the Group has twenty nine contracts for the forward purchase of aluminum, for a total of 8,100 tons, spread over various expiry dates based on forecast monthly requirements.

The hedge accounting requirements of IAS 39 were not met and these derivatives have been, therefore, recognized as trading instruments.

The following tables show the forward aluminum purchase contracts in place at December 31, 2013:

<u>Expiry date</u>	<u>Hedged amount (tons)</u>	<u>Strike price (US\$/ton)</u>	<u>December 31, 2013 Positive/(negative) fair value (Thousands of Euros)</u>
January 2014	300	1,738.78	(29)
February 2014	300	1,772.75	(21)
March 2014	300	1,786.98	(18)
April 2014	300	1,801.00	(11)
Total	<u>1,200</u>		<u>(78)</u>

<u>Expiry date</u>	<u>Hedged amount (tons)</u>	<u>Strike price (€/ton)</u>	<u>December 31, 2013 Positive/(negative) fair value (Thousands of Euros)</u>
January 2014	300	1,269	(48)
January 2014	300	1,269	(36)
January 2014	100	1,269	(11)
February 2014	300	1,287	(44)
February 2014	300	1,287	(34)
February 2014	100	1,287	(9)
March 2014	300	1,297	(36)
March 2014	300	1,297	(34)
March 2014	100	1,297	(9)
April 2014	300	1,307	(27)
April 2014	300	1,307	(22)
April 2014	200	1,307	(13)
April 2014	300	1,307	(4)
May 2014	300	1,317	(22)
May 2014	300	1,317	(22)
May 2014	300	1,317	(23)
June 2014	400	1,327	(25)
June 2014	300	1,327	(20)
June 2014	300	1,327	(14)
July 2014	300	1,334	(14)
July 2014	300	1,334	(11)
August 2014	300	1,342	(8)
August 2014	300	1,342	(2)
September 2014	300	1,348	(10)
November 2014	300	1,360	3
Total	<u>6,900</u>		<u>(496)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(25) Financial derivative liabilities (Continued)

—*Currency swaps*

The Group did not have any currency swaps at the reporting date.

The following table shows the fair value of the derivatives held at the reporting date:

<u>Contract (Thousands of Euros)</u>	<u>Recognition at December 31, 2013</u>	<u>December 31, 2012 Positive/(negative) fair value</u>	<u>December 31, 2013 Positive/(negative) fair value</u>
Interest rate swaps on leases	Hedge accounting	(1,478)	(1,025)
Interest rate swap on loans	Recognized at fair value through profit or loss	(5,230)	(3,383)
Forward aluminum purchases	Recognized at fair value through profit or loss	322	(574)

(26) Other current liabilities—third parties

This caption may be analyzed as follows:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Payables for capex	5,974	8,492
Payables to employees	7,678	8,067
Social security charges payable	3,328	3,179
Payables for dividends	—	271
Payables for deferred payment of the Metal Closures Division of MCG Industries (South Africa)	3,379	—
Payable for transaction costs on Guala Closures S.p.A. bond issue	2,510	—
Other payables	4,219	4,467
Total	<u>27,088</u>	<u>24,476</u>

(27) Other current liabilities—related parties

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Payables to GCL Holdings S.C.A.	87	—
Total	<u>87</u>	<u>—</u>

(28) Employee benefits

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Post-employment benefits—Guala Closures S.p.A.	6,121	5,572
Other	2,309	1,263
Total	<u>8,429</u>	<u>6,835</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(28) Employee benefits (Continued)

Changes in Employee benefits are as follows:

<u>Thousands of Euros</u>	<u>December 31, 2012 (*)</u>	<u>December 31, 2013</u>
Balance at January 1	6,965	8,429
Exchange rate (gains) losses	52	(146)
Business combinations	453	—
Change recognized in profit or loss	880	(126)
Change recognized in OCI	1,183	(219)
Transfer in (out)	—	(539)
Benefits paid	<u>(1,104)</u>	<u>(564)</u>
Balance at December 31	<u>8,429</u>	<u>6,835</u>

Note:

(*) Following the retrospective application of the amendment to IAS 19 from January 1, 2013, the figures reported for 2012 have been restated for comparative purposes as required by IAS 1. Reference should be made to the section "Changes in accounting standards" for further details.

The change recognized in profit or loss is detailed below:

<u>Thousands of Euros</u>	
Post-employment benefits—Guala Closures S.p.A.	(151)
Other	<u>(194)</u>
Change recognized in profit or loss	<u>(345)</u>

Changes in Guala Closures S.p.A.'s post-employment benefits and the main assumptions used in their measurement are detailed below:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Balance at January 1	4,942	6,121
Actuarial (gains) losses	1,122	(319)
Interest expense	221	168
Transfer in	176	—
Benefits paid	<u>(340)</u>	<u>(398)</u>
Balance at December 31	<u>6,121</u>	<u>5,572</u>

Actuarial parameter baseline:

	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Average inflation rate	2.00% p.a.	2.00% p.a.
Discount rate	2.70% p.a.	3.17% p.a.
Annual rate of increase in post-employment benefits	3.00% p.a.	3.00% p.a.

For valuations at December 31, 2013, an annual fixed discount rate of 3.17% was utilized based on the value of Iboxx indexes AA corporate bonds observed at December 31, 2013, as per the requirements of IAS 19.

The Group expects to pay €398 thousand of benefits to its defined benefit plan in 2014 described above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(28) Employee benefits (Continued)

Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected Guala Closures S.p.A.'s post-employment benefits at December 31, 2013 by the amounts shown below:

<u>Thousands of Euros</u>	<u>Defined benefit obligation</u>	
	<u>Increase</u>	<u>Decrease</u>
Turnover rate (1% movement)	21	(21)
Average inflation rate (0.25% movement)	89	(87)
Discount rate (0.25% movement)	(128)	133

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Guala Closures UK has a defined benefit pension plan under which the employees of the former Metalclosures Ltd. have the right to a pension. This plan has a surplus at both December 31, 2012 and 2013 (i.e., the fair value of the plan assets is higher than the present value of the defined benefit obligation). As required by IAS 19 and IFRIC 14, the surplus that can be recognized must be less than the benefits available in the form of reimbursements or the contribution holiday: following completion of the West Bromwich site restructuring plan in 2008, the amount of the contribution holiday is zero and, therefore, the English company has not recognized the fund surplus. In addition, the Group did not have contingent liabilities at the reporting date as the fund covers the present value of its future obligations with its plan assets.

For disclosure purposes, the amounts of the fund obligations and plan assets, as well as the baseline actuarial parameters used for their calculation, are shown below:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Present value of the obligations	(60,559)	(60,985)
Fair value of plan assets	76,918	77,594
Total	<u>16,360</u>	<u>16,609</u>

Changes in the net amount of the fund:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Balance at January 1	16,887	16,360
Exchange rate (gains) losses	403	(335)
Service cost	(39)	(33)
Interest on defined benefit obligation	(2,643)	(2,379)
Interest on plan assets	3,494	3,038
Scheme administration expenses	(402)	(301)
Actuarial (gains) losses	(1,340)	259
Balance at December 31	<u>16,360</u>	<u>16,609</u>

Changes in the present value of the obligations:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Balance at January 1	(53,858)	(60,559)
Exchange rate (gains) losses	(1,214)	1,187
Service cost	(39)	(33)
Interest on defined benefit obligation	(2,643)	(2,379)
Contribution by plan participants	(9)	(7)
Benefits paid	3,118	3,277
Actuarial gains	(5,913)	(2,472)
Balance at December 31	<u>(60,559)</u>	<u>(60,985)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(28) Employee benefits (Continued)

Changes in the fair value of plan assets:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Balance at January 1	70,746	76,918
Exchange rate (gains) losses	1,617	(1,522)
Interest on plan assets	3,494	3,038
Scheme administration expenses	(402)	(301)
Contribution by plan participants	9	7
Benefits paid	(3,118)	(3,277)
Actuarial losses	4,573	2,731
Balance at December 31	<u>76,918</u>	<u>77,594</u>

Plan asset comprises (major categories of plan assets as a percentage of the total plan assets):

	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Equities	31%	39%
Bonds	35%	31%
Gilts	34%	30%
Cash	0%	0%

All equity securities and government bonds have quoted prices in active markets.

Actuarial parameter baseline:

	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Salary growth rate	4.00% p.a.	4.00% p.a.
Rate of increase in pensions provided (average)	3.00% p.a.	3.00% p.a.
Average inflation rate	2.80% p.a.	3.20% p.a.
Discount rate	4.20% p.a.	4.30% p.a.

The company does not expect to pay any further contribution in the next year in relation to these defined benefit obligations.

Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected Guala Closures UK's defined benefit pension plan at December 31, 2013 by the amounts shown below:

<u>Thousands of Euros</u>	<u>Impact on present value of the obligations</u>	<u>Impact on fair value of plan assets</u>
Life expectancy (+ 1 year)	(1,832)	—
Average inflation rate (+0.1% p.a.)	(240)	—
Discount rate (-0.1% p.a.)	(840)	—

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

(29) Other non-current liabilities

This caption is made up as follows:

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Other non-current liabilities	<u>725</u>	<u>168</u>
Total	<u>725</u>	<u>168</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(30) Equity attributable to the owners of the parent

At December 31, 2013, Guala Closures S.p.A. is a single-member company limited by shares wholly owned by GCL Holdings S.C.A..

At December 31, 2013, Guala Closures S.p.A. has subscribed and paid-up share capital of €74,624 thousand, consisting of 74,624,491 ordinary shares with a nominal value of €1 each.

Neither the parent nor its subsidiaries hold treasury shares either directly or indirectly through trustees or nominees.

Reference should be made to the statement of changes in equity for changes in, and details of, the components of equity.

As per the Senior Revolving Facility Agreement, for the Floating Rate Senior Secured Notes and for the High Yield Bonds issued by the parent GCL Holdings S.C.A., there are certain restrictions to the transfer of funds between Guala Closures subsidiaries and Guala Closures S.p.A. and between Guala Closures S.p.A. and the parent GCL Holdings S.C.A..

The Group's objectives in capital management are to create value for shareholders, safeguard the Group's future and to support its development.

The Group thus seeks to maintain a sufficient level of capitalization, while giving shareholders satisfactory returns and ensuring the Group has access to external sources of financing at acceptable terms, including via maintaining an adequate rating.

The Group monitors the debt/equity ratio on an ongoing basis, particularly in terms of net indebtedness and cash flows generated by operating activities.

The board of directors carefully monitors the balance between greater returns through the right level of indebtedness and the advantages of a sound financial position.

To achieve these objectives, the Group strives to continuously make its operations more profitable.

The Board of directors monitors the return on share capital, being total equity pertaining to owners of the parent, excluding non-controlling interests, and the amount of dividends to be distributed to holders of ordinary shares.

The Group's capital management policies have not changed during the year.

(31) Equity attributable to non-controlling interests

Equity attributable to non-controlling interests relates to the following consolidated companies:

	Non-controlling interests % December 31, 2012	Non-controlling interests % December 31, 2013	Balance at December 31, 2012	Balance at December 31, 2013
Guala Closures Ukraine LLC	30.00%	30.00%	7,381	7,760
Guala Closures India Pvt Ltd.	5.00%	5.00%	1,871	1,601
Guala Closures Argentina S.A.	17.62%	17.62%	807	650
Guala Closures de Colombia LTDA.	6.80%	6.80%	863	636
Guala Closures China B.V.	3.50%	3.50%	166	133
Guala Closures Bulgaria A.D.	30.00%	30.00%	2,122	2,186
Guala Closures Tools A.D.	30.00%	30.00%	367	349
Guala Closures DGS Poland S.A.	30.00%	30.00%	15,948	14,120
Total			<u>29,525</u>	<u>27,435</u>

Reference should be made to the statement of changes in equity for changes in, and details of, equity attributable to the non-controlling interests.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(31) Equity attributable to non-controlling interests (Continued)

STATEMENT OF COMPREHENSIVE INCOME AND OTHER COMPREHENSIVE INCOME

2013 figures include Guala Closures South Africa Pty Ltd for 12 months in 2013 (3 months in 2012)

(32) Net revenue

The table below illustrates the geographic distribution of net revenue based on the geographical location from which the product is sold by the Group's companies:

<u>Thousands of Euros</u>	<u>2012</u>	<u>2013</u>
Europe	281,393	276,696
Asia	63,654	58,881
Latin and North America	83,278	84,247
Oceania	64,216	55,820
Africa	4,524	18,632
Total	<u>497,065</u>	<u>494,276</u>

(33) Other operating income

This caption includes:

<u>Thousands of Euros</u>	<u>2012</u>	<u>2013</u>
Internal production	4,649	5,091
Sundry recoveries/repayments	3,132	3,921
Insurance compensation	368	3,500
Gains	290	262
Other	339	387
Total	<u>8,777</u>	<u>13,161</u>

Internal production includes €918 thousand of capitalized development expenditure related to new closures and €4,173 thousand of extraordinary maintenance carried out on property, plant and equipment, of which extraordinary maintenance and upgrading of the production capacity of Guala Closures S.p.A. amounting to €1,008 thousand and foreign companies amounting to €3,165 thousand.

Insurance compensation in 2013 relates to the fire which occurred in the Magenta plant (Italy) in September 2012. It includes an amount for the replacement of damaged equipment and an amount to compensate for the business interruption and direct costs sustained by the Company.

(34) Costs for raw materials

This caption includes:

<u>Thousands of Euros</u>	<u>2012</u>	<u>2013</u>
Raw materials and supplies	191,858	200,703
Consumables and maintenance	8,554	9,520
Packaging	8,880	9,297
Fuels	485	515
Other purchases	3,127	2,782
Change in inventories	(458)	(9,614)
Total	<u>212,446</u>	<u>213,203</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(35) Costs for services

This caption includes:

<u>Thousands of Euros</u>	<u>2012</u>	<u>2013</u>
Electricity / heating	22,229	23,271
Transport	18,953	19,917
External processing	11,366	12,364
Maintenance	6,033	5,934
Travel	4,360	4,556
Sundry industrial services	4,281	4,520
External labor / portorage	5,800	4,478
Legal and consulting fees	3,601	3,419
Insurance	2,966	2,892
Administrative services	1,875	2,145
Directors' fees	2,009	1,741
Cleaning service	1,390	1,460
Technical assistance	1,004	1,063
Telephone costs	1,122	968
Commissions	904	901
Entertainment expenses	824	840
Security	420	444
Advertising services	267	366
Commercial services	341	284
Expos and trade fairs	150	186
Other	2,683	2,624
Total	<u>92,577</u>	<u>94,376</u>

Details of fees paid to the parent's directors, statutory auditors, CEO and key managers are provided in notes 44) Related party transactions and 48) Fees of Statutory Auditors to these consolidated financial statements.

(36) Personnel expense

This caption includes:

<u>Thousands of Euros</u>	<u>2012</u>	<u>2013</u>
Wages and salaries	72,503	74,946
Social security contributions	13,334	13,674
Expense/(Income) from defined benefit plans	2,063	(345)
Other costs	1,431	3,879
Total	<u>89,331</u>	<u>92,154</u>

Reference should be made to note 28) Employee benefits to these consolidated financial statements for details on Expense/(income) for defined benefit plans.

At December 31, 2012 and 2013, the Group had the following number of employees:

<u>Number</u>	<u>December 31, 2012(*)</u>	<u>December 31, 2013</u>
Blue collars	2,959	2,946
White collars	815	834
Managers	162	177
Total	<u>3,936</u>	<u>3,957</u>

(*) 2012 total Group personnel restated to be consistent with the 2013 classification

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(37) Other operating expense

This caption includes:

<u>Thousands of Euros</u>	<u>2012</u>	<u>2013</u>
Rent and leases	4,934	4,845
Taxes and duties	2,130	1,893
Other costs for the use of third party assets	1,474	1,625
Provisions for risks and charges	4,988	720
Other charges	1,554	1,180
Total	<u>15,080</u>	<u>10,263</u>

The decrease in “Provision for risks and charges” is due to the fact that the Group booked €3.1 million of non-recurring costs in 2012 mainly related to the closure of the Hospitalet plant in Iberica

(38) Financial income

This caption includes:

<u>Thousands of Euros</u>	<u>2012</u>	<u>2013</u>
Change in fair value of IRS	61	1,779
Exchange rate gains	5,842	1,587
Interest income	1,144	660
Fair value gains on aluminium derivatives	594	21
Other financial income	265	180
Total	<u>7,907</u>	<u>4,227</u>

(39) Financial expense—third parties

This caption includes:

<u>Thousands of Euros</u>	<u>2012(*)</u>	<u>2013</u>
Interest expense	23,800	22,404
Exchange rate losses	10,669	15,043
Fair value losses on aluminum derivatives	756	1,645
Financial expenses—non-controlling investors in the Ukrainian company	1,100	800
Fair value losses on IRSs	5,233	—
Other financial expense	1,427	1,204
Total	<u>42,984</u>	<u>41,096</u>

Note:

(*) Following the retrospective application of the amendment to IAS 19 from January 1, 2013, the reported 2012 figures have been restated for comparative purposes as required by IAS 1. Reference should be made to the section “Changes in accounting standards” for further details.

Interest expense in the previous year included the write-off of transaction costs for the existing Senior Facilities Agreement following the Group’s refinancing of €4.1 million. Excluding that non-recurring amount, interest expense increased compared to 2012 as a consequence of higher indebtedness and higher interest rates.

In the previous year, the Group booked a fair value loss on IRS of €5.2 million following the refinancing of the existing Senior Facilities Agreement as the interest rate swap contracts entered into in 2011 to hedge floating interest rates on bank loans no longer met the formal requirements of IAS 39.

Financial expenses—non-controlling investors in the Ukrainian company relates to recognition of the increase in the financial liability for these investors’ right to exercise a put option if certain conditions are met. The liability was determined by discounting the estimated value of the put option at its estimated time of exercise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(40) Financial expense—related parties

This caption includes:

<u>Thousands of Euros</u>	<u>2012</u>	<u>2013</u>
Interest expense—GCL Holdings S.C.A.	20,074	20,020
Total	<u>20,074</u>	<u>20,020</u>

Interest expense to GCL Holdings S.C.A. includes €9.4 million on the loan granted by GCL Holdings S.C.A. to Guala Closures International B.V. following the Group's debt restructuring which took place in April 2011 and €10.6 million on the loan previously provided by GCL Holdings S.C.A. to GCL Special Closures S.r.l.. In 2012, following the reverse merger between Guala Closures S.p.A. and GCL Special Closures S.r.l., this loan has been taken over by Guala Closures S.p.A.

(41) Income and expense on financial assets/liabilities

The following table shows income and expense on financial assets/liabilities, specifying which are recognized in profit or loss and which directly in equity:

<u>Thousands of Euros</u>	<u>2012(*)</u>	<u>2013</u>
Recognized in profit or loss		
Bank interest income	1,144	660
Fair value gains on derivatives	656	1,800
Exchange rate gains	5,842	1,587
Other financial income	265	180
Total financial income	<u>7,907</u>	<u>4,227</u>
Interest expense on financial liabilities measured at amortized cost	43,874	42,424
Exchange rate losses	10,669	15,043
Fair value losses on derivatives	5,989	1,645
Other financial expense	2,527	2,004
Total financial expense	<u>63,059</u>	<u>61,116</u>
Net financial expense	<u>(55,151)</u>	<u>(56,889)</u>
Recognized directly in equity		
Effective portion of fair value losses on cash flow hedges	(492)	52
Net change in fair value of cash flow hedges reclassified to profit or loss	3,522	401
of which, to the Hedging reserve	<u>3,030</u>	<u>453</u>

Note:

(*) Following the retrospective application of the amendment to IAS 19 from January 1, 2013, the reported 2012 figures have been restated for comparative purposes as required by IAS 1. Reference should be made to the section "Changes in accounting standards" for further details.

(42) Income taxes

This caption includes:

<u>Thousands of Euros</u>	<u>2012</u>	<u>2013</u>
Current taxes	(21,718)	(20,587)
Deferred tax income/(expense)	(244)	3,842
Total	<u>(21,962)</u>	<u>(16,745)</u>

Deferred tax income and expense in profit or loss do not reflect the change in the corresponding captions of the statement of financial position due to the effect of transactions recognized directly in equity (€-125 thousand), as described in the following table.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(42) Income taxes (Continued)

Deferred tax liabilities recognized directly in equity

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Change in deferred tax liabilities on fair value adjustments on cash flow hedges	(833)	(125)
Total	<u>(833)</u>	<u>(125)</u>

Reconciliation between the theoretical and effective tax charge

The difference between the theoretical and effective tax charge is mainly related to the impact of the different tax rates in foreign countries, non-taxable revenue and non-deductible costs.

<u>Thousands of Euros</u>	<u>2012(*)</u>		<u>2013</u>	
Profit before taxation	1,724		5,147	
Income tax using Italian tax rate	474	27.5%	1,415	27.5%
Effect of tax rates in foreign jurisdictions	(1,168)	(67.8%)	(1,442)	(28.0%)
Tax-exempt revenue and other decreases	(5,720)	n.s.	(1,642)	n.s.
Non-deductible expense and other increases	18,379	n.s.	13,585	n.s.
Unaccrued deferred tax assets on loss for the year	7,146	n.s.	176	n.s.
Other changes	1,250	n.s.	4,762	n.s.
Total increase	19,886	n.s.	15,438	n.s.
Effective tax	20,360	n.s.	16,854	n.s.
IRAP	535	31.0%	1,024	19.9%
Other taxes, other than income taxes	822	47.7%	2,709	52.6%
Total current taxes for the year	21,718	n.s.	20,587	n.s.

Note:

(*) Following the retrospective application of the amendment to IAS 19 from January 1, 2013, the reported 2012 figures have been restated for comparative purposes as required by IAS 1. Reference should be made to the section "Changes in accounting standards" for further details.

Guala Closures S.p.A. participates in the national tax consolidation scheme pursuant to articles 117-128 of Presidential decree no. 917 of December 22, 1986 with its subsidiary Pharma Trade S.r.l.

OTHER INFORMATION

(43) Fair value of financial instruments and sensitivity analysis

(a) Accounting classifications and fair values

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, as at December 31, 2012 and 2013. They do not include fair value information for financial assets and financial liabilities not measured at fair value as their carrying amount is a reasonable approximation of fair value. There were no movements from one level to another in 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(43) Fair value of financial instruments and sensitivity analysis (Continued)

December 31, 2012

Thousands of Euros	Note	Carrying amount						Oth finan liabil
		Fair value- Held-for- trading	Designated at fair value	Fair value- hedging instruments	Held-to- maturity	Loans and receivables	Available- for-sale	
Financial assets measured at fair value								
Forward raw material contracts used for trading . . .	11	322	—	—	—	—	—	—
		322	—	—	—	—	—	—
Financial assets not measured at fair value^(*)								
Trade receivables	7	—	—	—	—	99,634	—	—
Cash and cash equivalents	5	—	—	—	—	57,407	—	—
		—	—	—	—	157,041	—	—
Financial liabilities measured at fair value								
Interest rate swaps used for hedging	25	—	—	(1,485)	—	—	—	—
Interest rate swaps used for trading	25	(5,230)	—	—	—	—	—	—
Contingent consideration	19	—	(5,600)	—	—	—	—	—
		(5,230)	(5,600)	(1,485)	—	—	—	—
Financial liabilities not measured at fair value^(*)								
Secured bank loans	19	—	—	—	—	—	—	(24,)
Unsecured bank loans	19	—	—	—	—	—	—	(2,)
Secured bond issues	19	—	—	—	—	—	—	(271,)
Intragroup loans	20	—	—	—	—	—	—	(209,)
Finance lease liabilities	19	—	—	—	—	—	—	(17,)
Trade payables	21	—	—	—	—	—	—	(62,)
Other payables	19	—	—	—	—	—	—	(,)
		—	—	—	—	—	—	(588,)

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(*) The Group has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amount is close to their fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(43) Fair value of financial instruments and sensitivity analysis (Continued)

<u>December 31, 2013</u>		Carrying amount						
Thousands of Euros	Note	Fair value- Held-for- trading	Designated at fair value	Fair value- hedging instruments	Held-to- maturity	Loans and receivables	Available- for-sale	Other financial liabilities
Financial assets not measured at fair value^(*)								
Trade receivables	7					93,101		
Cash and cash equivalents	5					41,163		
		—	—	—	—	<u>134,264</u>	—	—
Financial liabilities measured at fair value								
Interest rate swaps used for hedging	25			(1,025)				
Interest rate swaps used for trading	25	(3,957)						
Contingent consideration	19		(6,400)					
		<u>(3,957)</u>	<u>(6,400)</u>	<u>(1,025)</u>	—	—	—	—
Financial liabilities not measured at fair value^(*)								
Secured bank loans	19							(26,939)
Unsecured bank loans	19							(2,908)
Secured bond issues	19							(271,314)
Intragroup loans	20							(211,248)
Finance lease liabilities	19							(15,770)
Trade payables	21							(66,774)
Other payables	19							(472)
		—	—	—	—	—	—	<u>(595,425)</u>

(*) The Group has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amount is not significantly different from their carrying amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(43) Fair value of financial instruments and sensitivity analysis (Continued)

(b) Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

<u>Type</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Contingent consideration	<i>Discounted cash flows:</i> The fair value is determined considering the expected payment, discounted to present value using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of forecast EBITDA of the Ukrainian subsidiary.	<ul style="list-style-type: none"> • Forecast EBITDA (average of last 2 years—2012 and 2013—and 2014 budget figures) • Net financial position of the Ukrainian subsidiary as at December 31, 2013 • Risk-adjusted discount rate (9.8%) • Expected date of put option exercise 	The estimated fair value would increase if: <ul style="list-style-type: none"> • the EBITDA was higher • the Net financial position was higher • the risk-adjusted discount rate was lower • the expected date of put option was exercised early
Forward exchange contracts and interest rate swaps	<i>Market comparison technique:</i> The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable.	Not applicable.

Financial instruments not measured at fair value

<u>Type</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>
Secured bonds issues Intragroup loans Finance lease liabilities	Discounted cash flows	Not applicable.

(ii) Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

<u>Thousands of Euros</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Balance at January 1	4,500	5,600
Loss included in “financial expense”		
—Net change in fair value (unrealised)	<u>1,100</u>	<u>800</u>
Balance at December 31	<u>5,600</u>	<u>6,400</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(43) Fair value of financial instruments and sensitivity analysis (Continued)

Sensitivity analysis

For the fair value of the contingent consideration, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

<u>Thousands of Euros</u>	<u>Increase/ (decrease) in unobservable inputs</u>	<u>Favourable/ (unfavourable) impact on profit or loss</u>
Forecast EBITDA	10%	(600)
	(10%)	600
Net financial position	+ 1 million €	(100)
	- 1 million €	100
Risk-adjusted discount rate	1%	800
	(1%)	(900)
Expected date of put option exercise	+ 1 year	600
	- 1 year	(600)

(c) Financial risk management

The Group is exposed to the following risks as a result of its operations:

- credit risk;
- liquidity risk;
- interest rate risk;
- currency risk;
- other price risk,

Guala Closures S.p.A.'s board of directors has overall responsibility for establishing and monitoring a risk management system for the Group.

The proxy system ensures the risk management guidelines are implemented and regularly monitored.

The finance department is responsible for the monitoring and, in carrying out such activities, it uses information generated by the internal control system.

Credit risk

This is the risk that a customer or the counterparty to a financial instrument is unable to meet an obligation, leading to a financial loss. These risks arise mainly in relation to trade receivables and financial investments.

The Group's exposure to credit risk depends largely on each customer's specific characteristics. The demographics of the Group's customer portfolio, including the segment insolvency risk and the country risk, have an impact on the credit risk.

The Group accrues an allowance for impairment equal to the estimated losses on trade and other loans and receivables. It comprises both the recognition of impairment losses for material individual amounts and the recognition of collective impairment for similar groups of assets to cover losses already incurred but not yet identified. The collective impairment losses are calculated on the basis of historical payment statistics.

Most of the Group's trade receivables are due from leading operators of the alcoholic and non-alcoholic beverage segment. Most of its trading relationships are with longstanding customers. The Group's historical figures indicate a modest amount of bad debts. The risk is fully covered by the corresponding allowance for impairment recognized in the consolidated financial statements.

There are no cases of very concentrated credit risk in geographical terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(43) Fair value of financial instruments and sensitivity analysis (Continued)

Liquidity risk

This risk regards the Group's ability to meet its obligations arising from financial liabilities.

The Group's approach to liquidity management is to ensure adequate funds are always available to cover its obligations at the expiry dates, both in normal conditions and at times of financial difficulty, without incurring borrowing expense at terms higher than market conditions.

The Group generally ensures there is sufficient cash and cash equivalents to cover forecast short-term operating expenses, including those related to financial liabilities. Contingent effects arising from extreme situations that cannot reasonably be forecast, such as natural disasters, are excluded from the above.

Historically, the Group has always met its obligations on time.

Reference should be made to the tables in note 19) Financial liabilities—third parties to these consolidated financial statements for information on the Group's loans, credit lines and facilities at the reporting date.

Interest rate risk

This risk relates to volatility of the market rates which determine the interest expense paid on outstanding loans.

The Group is exposed to interest rate risk as almost the full amount of its financial liabilities provide for the payment of interest at floating rates subject to short-term repricing.

The Group's policy is to hedge a significant portion of the payable amount subject to interest rate risk. Interest rate swaps are used to hedge the risk which enable the interest rate to be set at fixed amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(43) Fair value of financial instruments and sensitivity analysis (Continued)

Effective interest rate and repricing analysis

The following table shows the effective interest rate at the reporting date and for the period in which the related rate may be reviewed for interest-bearing financial assets and liabilities:

Thousands of Euros	Effective interest rate— December 2013	Repricing date					
		Total 31/12/13	Up to 6 months	6 - 12 months	1 - 2 years	2 - 5 years	After 5 years
Bonds							
Floating Rate Senior Secured Notes due in 2019 issued by Guala Closures S.p.A.	5.59%	275,000	275,000	—	—	—	—
Accrued interest—Guala Closures S.p.A.	n.a.	1,965	1,965	—	—	—	—
Transaction costs	n.a.	(5,652)	(5,652)	—	—	—	—
TOTAL FRSN 2019 GUALA CLOSURES S.p.A.		271,314	271,314	—	—	—	—
Bank loans and borrowings:							
Senior Revolving Facility	3.98%	24,000	24,000	—	—	—	—
Transaction costs	n.a.	(1,995)	(1,995)	—	—	—	—
Total Senior Revolving Facility . . .		22,005	22,005	—	—	—	—
Cassa di Risparmio di Alessandria loan	2.98%	944	944	—	—	—	—
Accrued interest and expense Guala Closures S.p.A.	n.a.	649	649	—	—	—	—
Banco Sabadell loan (Spain)	5.20%	760	760	—	—	—	—
Bancolumbia loan (Colombia)	6.35%	1,204	1,204	—	—	—	—
Advances on receivables and loans (Argentina)	n.a.	537	537	—	—	—	—
Scotiabank loan (Mexico)	7.58%	3,747	3,747	—	—	—	—
Total bank loans and borrowings		29,847	29,847	—	—	—	—
Other financial liabilities:							
Guala Closures S.p.A. finance leases	n.a.	15,770	15,770	—	—	—	—
Liability to the Ukrainian non-controlling investors	n.a.	6,400	—	—	—	—	6,400
Other liabilities	n.a.	472	472	—	—	—	—
Total other financial liabilities . . .		22,643	16,243	—	—	—	6,400
TOTAL		323,803	317,403	—	—	—	6,400
Loan from GCL Holdings S.C.A.—Guala Closures S.p.A.	9.30%	117,155	4,455	—	—	112,701	—
Loan from GCL Holdings S.C.A.—Guala Closures International B.V.	10.10%	94,093	2,368	—	—	91,725	—
Total		211,248	6,823	—	—	204,426	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(43) Fair value of financial instruments and sensitivity analysis (Continued)

Sensitivity analysis

Financial liabilities' fair values were calculated by an external actuary using the following methodology:

- the cash flows generated by the outstanding payables are identified both in terms of interest and principal. These cash flows are calculated with reference to the interest rates and the repayment plan;
- the individual cash flows are discounted using risk-free rates ruling on the measurement date. The bootstrap method is applied to the swap rates for each expiry date of the corresponding cash flow based on the resulting time curve;
- furthermore the individual cash flows are discounted using an additional rate, based on the Group's credit standing, calculated as the weighted average of the spreads applied to the different financing agreements. The spreads applied to the financing agreements are deemed to objectively represent the Group's credit standing and subsequent significant changes should not arise given its current financial position.

The following table shows the sensitivity analysis for the cash flows from these financial liabilities and the related hedging derivatives at December 31, 2013:

<u>Thousands of Euros</u>	<u>Increase of 100bp</u>	<u>Decrease of 100bp</u>
Floating Rate Senior Secured Notes due in 2019 issued by Guala Closures S.p.A.	(13,306)	13,306
Senior Revolving Facility Agreement—gross of transaction costs	(839)	825
Sensitivity of cash flows (net)	(14,145)	14,131
Finance leases	(424)	371
Related interest rate swaps	332	(273)
Sensitivity of cash flows (net)	(92)	98

The following methodology is used to perform the sensitivity analyses: a change is assumed in the interest rate used to calculate the interest (+/- 100 basis points), which indicates the change in the overall liability. Accordingly, negative amounts indicate an increase in the fair value of the liability and vice versa for positive amounts.

Currency risk

This risk relates to the effect of fluctuations in exchange rates on sales and purchases in currencies other than the functional currencies of the various group entities.

The Group is exposed to currency risk, particularly in relation to fluctuations of the pound sterling and US dollar.

Interest on loans is denominated in the currency of the cash flows generated by the Group's underlying transactions.

The risk of exchange rate fluctuations is managed using exchange rate hedges when significant differences are noted between cost and revenue in foreign currency.

If that is the case, such differences are hedged through currency swaps. These provide for the purchase/sale of agreed amounts in foreign currency at a set exchange rate against the Euro.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(43) Fair value of financial instruments and sensitivity analysis (Continued)

Sensitivity analysis

A strengthening of the Euro, as indicated below, against the USD, GBP, AUD, INR, UAH and PLN at December 31, would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on exchange rate fluctuations that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis, although the changes in exchange rates differed to those expected, as indicated below.

2012	Strengthening		Weakening	
	Assets	Profit or loss	Liabilities	Profit or loss
USD (10% change)	506	506	(414)	(414)
GBP (10% change)	667	667	(546)	(546)
AUD (10% change)	1,037	1,037	(848)	(848)
INR (10% change)	1,562	1,562	(1,278)	(1,278)
UAH (10% change)	475	475	(389)	(389)
PLN (10% change)	1,309	1,309	(1,071)	(1,071)

2013	Strengthening		Weakening	
	Assets	Profit or loss	Liabilities	Profit or loss
USD (10% change)	600	600	(491)	(491)
GBP (10% change)	655	655	(536)	(536)
AUD (10% change)	328	328	(268)	(268)
INR (10% change)	1,350	1,350	(1,104)	(1,104)
UAH (10% change)	535	535	(438)	(438)
PLN (10% change)	631	631	(516)	(516)

Other price risk

As a result of the nature of its activities, the Group is exposed to the risk of fluctuations in the purchase price of raw materials, particularly plastics and aluminum.

The risk of fluctuations in the purchase price of plastics has not been hedged as these raw materials were not listed on international markets (the London Metal Exchange). However, this risk will be able to be hedged in the near future given current developments in the listing of plastics on the international market and corresponding hedging instruments.

The risk of fluctuations in the purchase price of aluminum is partly hedged through derivatives which set the forward purchase price.

(44) Related party transactions

Intragroup transactions and balances between consolidated group companies are eliminated on consolidation and, therefore, do not appear in the consolidated financial statements figures and are not disclosed in this report.

Transactions with the parent's directors and key managers are set out below:

Thousands of Euros	Costs recognized in the year						Accrual for post-employment benefits at December 31, 2013	Other payables at December 31, 2013	Cash flows in the year
	Fees for position held	Remuneration for employment	Accrual for post-employment benefits and other supplementary pension funds	Non-cash benefits	Other benefits	Total			
Total directors/key managers	<u>1,442</u>	<u>836</u>	<u>65</u>	<u>62</u>	<u>207</u>	<u>2,613</u>	<u>235</u>	<u>—</u>	<u>3,362</u>

Intesa Sanpaolo S.p.A. is considered a related party of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(44) Related party transactions (Continued)

The transactions and relationships between Intesa Sanpaolo S.p.A. and the Group at December 31, 2013 are summarized below:

- Banca IMI (a wholly owned subsidiary of Intesa Sanpaolo S.p.A.) is, together with Unicredit Bank AG (subsidiary of one of the shareholders and also Agent and Security Agent of the Senior Facilities Agreement), Credit Suisse AG and Natixis S.A., the Original Lender and Mandated Lead Arrangers of the Senior Facilities Agreement dated October 10, 2008 and amended and restated from time to time and on October 31, 2012;
- at December 31, 2013, Intesa Sanpaolo S.p.A. has a representative on the board of directors and a representative on the board of statutory auditors of Guala Closures S.p.A.;
- at December 31, 2013, Intesa Sanpaolo S.p.A. has a representative on the board of directors of GCL Holdings GP S.à r.l. (General Partner of GCL Holdings S.C.A.);
- at December 31, 2013, Intesa Sanpaolo S.p.A. has a representative on the board of directors of GCL Holdings LP S.à r.l. (General Partner of GCL Holdings GP S.à r.l.);
- at December 31, 2013, Intesa Sanpaolo S.p.A. controls an ultimate beneficial voting interest of 19.6%, via an investment in GCL Holdings L.P. S.à r.l.;
- Intesa Sanpaolo S.p.A., also through its subsidiaries Banca IMI, Leasint S.p.A. and Mediocredito Italiano S.p.A., has granted significant financing to the Group and is one of its main financial lenders;
- Guala Closures S.p.A. entered into interest rate swap agreements with Intesa Sanpaolo S.p.A. to hedge the interest rate exposure of the Senior Credit Facilities;
- transactions with Intesa Sanpaolo S.p.A. take place on an arm's length basis.

In addition, DLJ Merchant Banking Funds is considered to be a related party of the Group.

The transactions and relationships between DLJ Merchant Banking Funds and the Group at December 31, 2013 are summarized below:

- at December 31, 2013, DLJ Merchant Banking LLC has four representatives on the board of directors of GCL Holdings GP S. à r. l. (General Partner of GCL Holdings S.C.A.);
- at December 31, 2013, DLJ Merchant Banking LLC has two representatives on the board of directors of GCL Holdings LP S. à r. l.;
- at December 31, 2013, DLJ Merchant Banking LLC has five representatives on the board of directors of Guala Closures S.p.A.;
- DLJ Merchant Banking LLC is currently the beneficial owner of 58% of GCL Holdings S.C.A. via its indirect ownership of 35.4% of GCL Holdings L.P. S. à r.l.;
- transactions with DLJ Merchant Banking LLC take place on an arm's length basis.

Related parties also include a pension fund for employees of the former Metal Closures Ltd. (now Guala Closures UK Ltd.) managed by Metal Closures Group Trustees Ltd.. Considering the performance of the pension fund, the company was not required to transfer funds thereto. Employees have paid their contributions. Reference should be made to note 28) Employee benefits to the consolidated financial statements for additional information.

(45) Contingent liabilities

The large taxpayers office of the Piedmont regional tax office carried out a general tax inspection of Guala Closures S.p.A. on the 2010 tax year. The inspectors assessed adjustments to the transfer price policy which would lead to assessed taxes of €0.4 million plus penalties. The company met the tax authorities to discuss the adjustment in March 2014. Management is confident that it can refute the allegations made by the inspectors in their assessment report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(45) Contingent liabilities (Continued)

At the date of publication of these consolidated financial statements, there were no additional significant contingent liabilities in relation to which the Group can currently foresee future expenditure.

(46) Operating leases

The Group leases a number of warehouse and factory facilities under operating leases. The leases typically run for a period of 4-6 years, with an option to renew the lease after that date. Some leases provide for additional rent payments that are based on changes in local price indices.

Future minimum lease payments

At December 31, the future minimum lease payments under non-cancellable leases were receivable as follows:

<u>Thousands of Euros</u>	<u>2012</u>	<u>2013</u>
Less than one year	4,063	4,209
Between one and five years	10,015	9,647
More than five years	<u>4,617</u>	<u>3,307</u>
Total	<u>18,695</u>	<u>17,163</u>

Amounts recognized in profit or loss

<u>Thousands of Euros</u>	<u>2012</u>	<u>2013</u>
Lease expense	5,780	5,979
Contingent rent expense	22	26
Sublease income	(10)	(19)

(47) Commitments and guarantees

The Group's commitments and guarantees given at December 31, 2013 can be grouped into those guarantees given in relation to the Senior Facilities Agreement and Senior Secured Notes due in 2019 and other guarantees given by other group companies, detailed as follows:

GCL Holdings S.C.A.

- Receivables Pledge of GCL Holdings S.C.A.'s receivables under the Proceeds Loan, dated April 20, 2011 (also securing the Senior Notes due in 2018).
- Pledge of the shares of Guala Closures S.p.A. held by GCL Holdings S.C.A.

Guala Closures S.p.A.

- Pledge of the shares held by Guala Closures S.p.A. in Guala Closures International B.V.
- Special lien on the following assets of Guala Closures S.p.A.: (securing the Senior Facilities Agreement only)
 - existing and future chattels not listed in public registers which Guala Closures S.p.A. uses in its operations or as plant and machinery;
 - raw materials, work in progress, stock, finished goods held at any time at Guala Closures S.p.A.'s warehouses (or with third parties or holders of any kind);
 - goods that Guala Closures S.p.A. purchases with income from the financing secured by the special lien;
 - receivables arising after the special lien was signed following the sale of some of the above assets;
 - any revenues and related assets in connection therewith.
- Pledge of Guala Closures S.p.A.'s intellectual property rights

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(47) Commitments and guarantees (Continued)

Guala Closures UK Ltd.

- A bond and floating charge on all the assets of Guala Closures UK Ltd..

Guala Closures International B.V.

- Pledge of the shares of Guala Closures Patents B.V. held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures China B.V. held by Guala Closures International B.V.
- Specific security deed of the shares of Guala Closures Australia Holdings Pty Ltd. held by Guala Closures International B.V.
- Pledge of the participatory interests and shares of Guala Closures Ukraine LLC held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures Mexico S.A. de C.V. held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures Iberica S.A. held by Guala Closures International B.V.
- Specific security deed of the shares of Guala Closures New Zealand Ltd. held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures do Brasil Ltda. held by Guala Closures International B.V.
- Charge on the shares of Guala Closures UK Ltd. held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures DGS Poland [Spółka Akcyjna] held by Guala Closures International B.V.

Guala Closures Patents B.V.

- Pledge of the material intellectual property of Guala Closures Patents B.V.

Guala Closures Australia Holdings Pty Ltd

- Specific security on Guala Closures Australia Pty Ltd. shares held by Guala Closures Australia Holdings Pty Ltd.

Guala Closures Australia Pty Ltd.

- Specific security and general security deed granted on the assets of Guala Closures Australia Pty Ltd.

Guala Closures do Brasil Ltda.

- Mortgage on certain real estate property owned by Guala Closures do Brasil Ltda. (security documents executed in January 2013).

The other guarantees given by group companies at December 31, 2013 are as follows:

Guala Closures Mexico S.A. de C.V.

- Mortgage on land given to Scotia Bank for an amount of Mexican pesos 54 million

Guala Closures Argentina S.A.

- Mortgage on building given to Banco de la Nación Argentina for an amount of ARS 5.5 million

Guala Closures South Africa Pty Ltd

- Bank Guarantees for Warehouse Lease for an amount of South African rand 0.5 million

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AT DECEMBER 31, 2013

(47) Commitments and guarantees (Continued)

Thousand of Euros	December 31, 2013
Guala Closures S.p.A.	
Third party assets held by the Company	3,339

(48) Fees of the Statutory Auditors

The statutory auditors' fees are as follow:

Thousands of Euros	Costs recognized in the year				Total	Accrual for post-employment benefits at December 31, 2013	Other payables at December 31, 2013	Cash flows in the year
	Fees for position held	Incentives	Remuneration for employment	Accrual for post-employment benefits and other supplementary pension funds				
Total statutory auditors	52				52		52	90

(49) Events after the reporting period

• **Incorporation of Guala Closures Japan KK:**

In order to accelerate the Group's development in the Far East and Pacific area, a commercial company has been created in Japan.

On February 26, 2014, registration of the incorporation of Guala Closures Japan KK was completed.

• **Ukraine's political and economic situation:**

Ukraine's political and economic situation has deteriorated significantly since the end of November 2013 after the Government's decision not to sign the Association Agreement and the Deep and Comprehensive Free Trade Agreement with the European Union. Political and social unrest combined with rising regional tensions has worsened the ongoing economic crisis and has resulted in an increase in the state budget deficit and the depletion of the National Bank of Ukraine's foreign currency reserves and, as a result, further downgrading of the Ukrainian sovereign debt credit ratings. In February 2014, following the devaluation of the national currency, the National Bank of Ukraine has introduced certain administrative restrictions on currency conversion transactions and has announced a transition to floating foreign exchange rate regime. The final resolution and the effects of political crisis are difficult to predict but it may have further severe effects on the Ukrainian economy.

Whilst management believes it is taking appropriate measures to support the sustainability of the Company's business in the current circumstances, a further deterioration in the business environment could negatively affect the Company's results and financial position in a manner that is not currently determinable. Submitted financial information for consolidation purposes reflects management's current assessment of the impact of the Ukrainian business environment on the Company's operations and the financial position of the Company. The future business environment may differ from management's assessment.

On behalf of the Board of directors
Chairman and Managing Director
Marco Giovannini
(signed on the original)

Alessandria, March 28, 2014

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