




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)**

Luxembourg, April 30, 2015



Registered and administrative office:
11-13 Boulevard de la Foire
L-1528 Luxembourg
Share capital € 141,217.50 fully paid-up
Register of Commerce & Companies of Luxembourg
section B, number 141 684

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Company officers

Managing shareholder:

GCL Holdings GP S.à r.l., with the following board of managers:

- Gianni Ferrari (*)
- Luciano Hassan (*)
- Kunal Pandit
- Alfio Riciputo
- Annick Mayon
- Mathieu Leydoux

Supervisory Board:

- Maximilian Hofert
- Gregory Beltrame
- Giuseppe Cataldo

Auditors

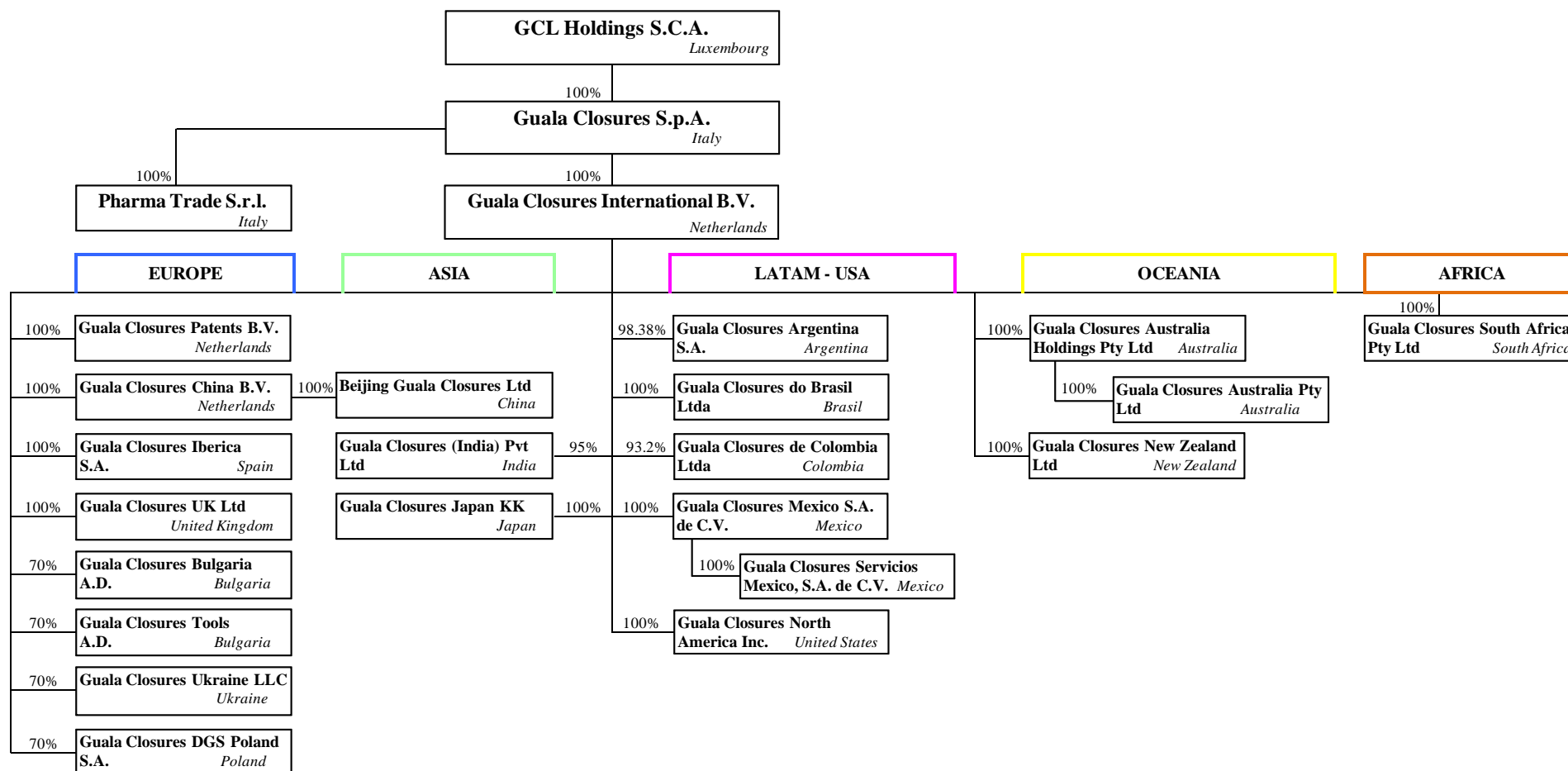
KPMG Luxembourg, Société coopérative

(*) Gianni Ferrari and Luciano Hassan resigned from their post, effectively March 25, 2015 and April 16, 2015 respectively

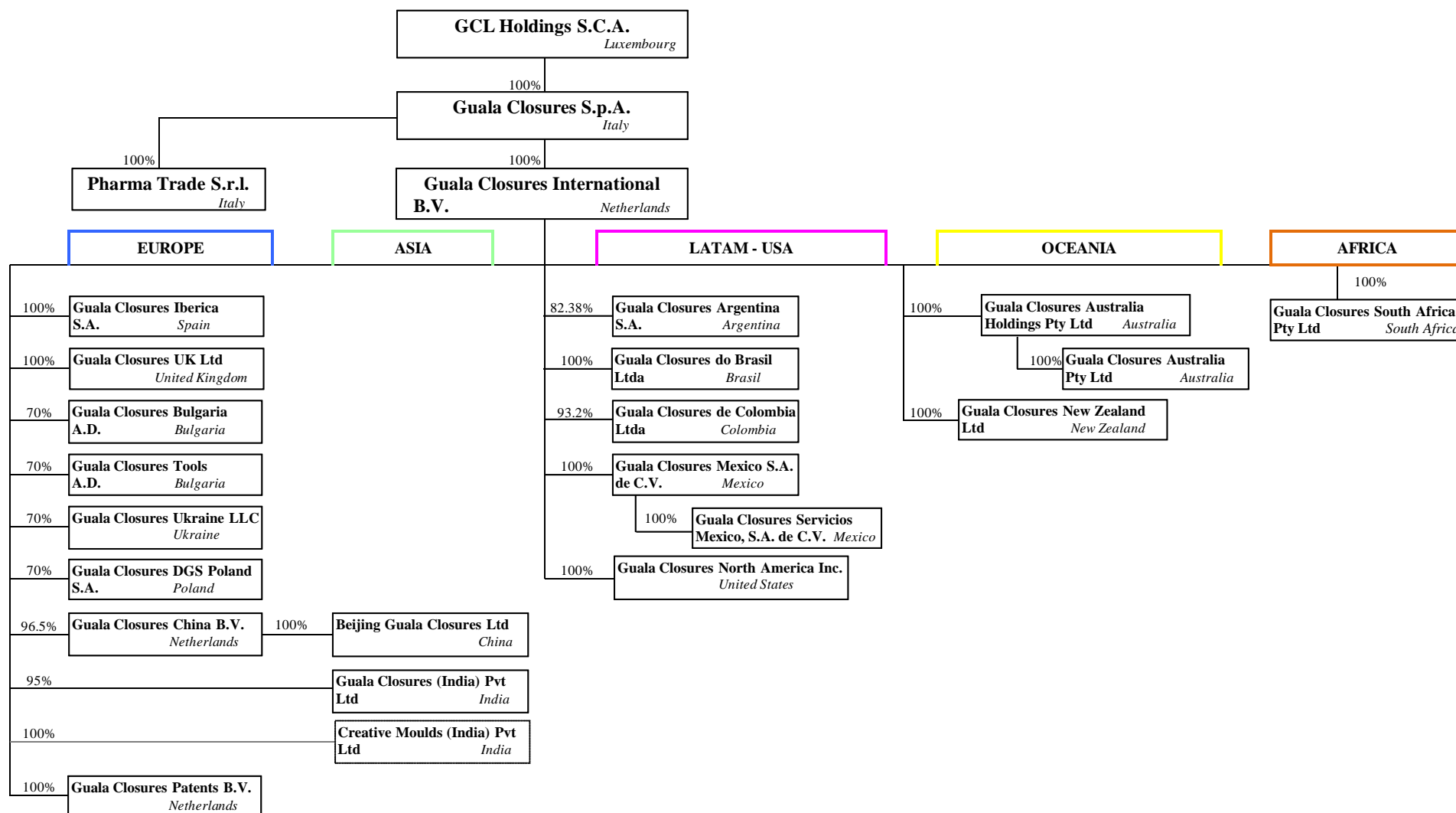
**The structure of GCL Holdings S.C.A.
and Subsidiaries
(GCL Holdings Group)**



December 31, 2014



December 31, 2013



Directors' report



GCL Holdings Group

Key figures

| Consolidated figures | 2013 | 2014 |
|----------------------------------------------------|--------------------------------------------------------------|--------------------|
| Revenue: | € 494.3 ml | € 487.8 ml (-1.3%) |
| Adjusted gross operating profit (Adjusted EBITDA): | € 102.0 ml | € 95.8 ml (-6.1%) |
| Employees: | 3,957 | 4,046 |
| Plants: | 25 plants and 4 sale offices in 18 countries on 5 continents | |
| Patents: | more than 80 | |

Note:

Reference should be made to the section "Performance indicators" in this Director's report on page 13 for information about the Group's performance indicators, such as Adjusted gross operating profit (Adjusted EBITDA)

GCL Holdings Group is composed by GCL Holdings S.C.A. and Subsidiaries as indicated in the Group structure on page 6.

GCL Holdings Group is a leading multinational company manufacturing closures for spirits, wine and non-alcoholic drinks such as water, olive oil and vinegar, as well as pharma. The Group is also active in the field of production of PET plastic preforms and bottles.

Thanks to the policy of continuous product development, the Group is the world leader in "non-refillable" closures which are an instrument against adulteration and counterfeiting of liquids; these closures protect the quality and the reputation of the most important international brands in the areas of alcoholic beverages, soft drinks, wine, oil, pharmaceuticals and cosmetics.

Events of the year and strategies

In 2014, the Group was strongly penalized by a negative translation impact due to the strengthening of Euro versus the main group currencies.

At constant exchange rates, the Group continued to grow, delivering 6.0% sales growth and a 4.6% increase in adjusted gross operating profit (adjusted EBITDA - excluding one-off items).

These performances have been achieved thanks to the measures implemented to improve operating efficiency and to contain costs, the investments made to improve technology, the ability to roll out new products onto the market and the capability to direct its investments to best meet customer requirements.

The following events 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" to the consolidated financial statements.

Winding up of Creative Moulds (India) Pvt Ltd.:

In May 2014, Creative Moulds (India) Pvt Ltd. was wound up.

Acquisition of 16% of 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.

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.

2014 investments:

During 2014, the Group invested € 33.5 million (net capex, net of change in payable for capex) (€ 30.5 million in 2013), in order to support future growth.

Research and development

The Group has more than 80 active patents.

The Group's research and development activities in 2014 started with the analysis of the market needs assisted by the marketing department to identify opportunities and developments, also in response to specific customer demands.

Customised projects for individual brands and new products for specific market segments have been developed with a particular focus on premium brands, wine and olive oil.

The upgrade of existing products to new customer requirements started and will be completed in 2015.

New rules for food safety has entailed research into alternative plastic materials and the revamping of existing closures to maintain the performances with the new material.

2014 projects included the launch of special products developed together with customers to enhance the value of specific spirits brands with particular attention on sustainability, allowing the reuse of the bottles and the recycling of the closure materials.

Repack solutions improving the presentation and functionality of the packaging have been successfully implemented, as well as the development of new technologies to improve the visual impact of the product.

Other key R&D activities carried out during the year and that will continue through 2015 include:

- extensive research to improve the security of our customer products against counterfeiting and shoplifting using electronic devices and chemical components included in our products;
- technologies and processes research, aimed principally to improve production efficiency and reduce the environmental impact of the packaging to encourage sustainable growth;
- development of new products and customizations of existing products for the spirits, premium mineral waters, beverages and the olive oil markets.

Research expenditure is expensed while development expenditure is capitalized, in accordance with the IFRS, if meet certain criteria.

During 2014, research expenditure of roughly € 0.7 million was expensed, while development expenditure of roughly € 0.9 million was capitalized.

Legal disputes

The Group continues its tireless defense of its patents against counterfeit products. Successful outcomes were achieved against competitors in many countries, where the legal disputes demonstrated the importance and validity of our patents.

The Group currently has ongoing lawsuits to protect its patents, mainly in Turkey and Germany.

Policies for financial and other business risk management

Reference should be made to note 24) "Financial derivative liabilities" to the consolidated financial statements for further information on derivatives in place at December 31, 2014 and the related accounting treatment and to note 40) "Fair value of financial instruments and sensitivity analysis" for other financial instruments and risk management policies.

Interest rate risk

The Group has three interest rate swaps in place at December 31, 2014 to hedge floating interest rates on bank loans. Following the refinancing operations dated November 2012, these interest rate swaps entered into in 2011 for hedging purposes no longer meet the formal requirements of IAS 39 and, therefore, they have been recognized as trading instruments.

The Group also has two interest rate swaps in place at December 31, 2014 to hedge the floating interest rates on the property finance lease. These derivatives meet the formal requirements of IAS 39 at the reporting date and have been recognized as hedging instruments.

Currency risk

The Group manages the currency risk using hedges that provide for the forward purchase or sale of foreign currency when significant differences are noted between cost and revenue in foreign currency. At the reporting date, no contracts are opened.

Risk of fluctuation in raw materials prices

The Group manages the risk of fluctuations in the purchase price of raw materials, aluminum in particular, through forward purchases of aluminum on the London Metal Exchange.

At December 31, 2014, the Group has sixteen contracts opened for the forward purchase of aluminum, for a total of 4,550 tons, spread over various maturity dates based on forecast monthly requirements.

We note that potential price-related issues are a result of the aluminum price trend, which has fluctuated wildly and prevented the Group from offering customers consistent and stable sales prices.

Credit risk

With regard to credit risk, the customer type and their historical soundness and the types of contracts mean that the Group is not exposed to significant credit risks and the consequent impacts on the expected cash flows.

Business risk

As concerns business risks (such as risks related to international trade and transactions in emerging markets and at-risk countries), the Group currently operates across numerous markets and plans to expand its activities to developing Eastern Europe, Asian and Latin American countries. Operating in emerging markets exposes the Group to international business risks, such as exposure to local political and economic situations, which can sometimes be unstable, exchange rate fluctuations and related hedging issues, and potential export and import limitations.

Results of operations, financial position and cash flows of GCL Holdings Group

Performance indicators

In addition to the financial performance indicators required by IFRS, this Director's report and the notes to the consolidated financial statements include some additional indicators (EBITDA, Adjusted EBITDA and Net financial indebtedness) which are not required by IFRS, but are based on IFRS values.

These indicators are shown in order to provide a better understanding of the Group's economic and financial performance and should not be considered as substitutes of IFRS indicators.

Gross operating profit (EBITDA) is calculated as profit before amortization/depreciation, and impairment losses of current and non-current assets, as reported in the table of reclassified consolidated income statement.

Adjusted EBITDA is calculated in order to sterilize the impact of non-recurring items on EBITDA.

In 2014, EBITDA was impacted by € 5.3 million of non-recurring costs, of which € 0.2 million of M&A activities and € 5.1 million of costs for the rationalization of the production structure and other costs, of which € 4.4 million refer to redundancy programs for Italian sites.

In 2013, EBITDA was impacted by € 1.0 million of non-recurring costs, of which € 0.3 million of M&A activities and € 0.7 million costs for the rationalization of the production structure and other costs.

Net financial indebtedness consists of financial liabilities minus cash and cash equivalents, as well as financial assets.

The translation adjustment mentioned in the following pages refers to the difference between the 2014 amounts and 2014 currency amounts calculated at constant 2013 average exchange rates ("constant FX rate").

Results of operations

The table below shows the reclassified consolidated income statement:

Reclassified consolidated income statement

(Thousands of Euros)

| | 2013 | % of total revenue | 2014 | % of total revenue |
|--------------------------------------------------------------------|-----------------|--------------------------|-----------------|--------------------------|
| Net revenue | 494,276 | | 487,794 | |
| Change in inventories of finished goods and semi-finished products | 3,902 | | 1,023 | |
| Total revenue | 498,179 | 100.0% | 488,818 | 100.0% |
| Other operating income | 13,161 | 2.6% | 9,974 | 2.0% |
| Costs for raw materials | (213,203) | (42.8%) | (219,182) | (44.8%) |
| Costs for services | (94,673) | (19.0%) | (86,152) | (17.6%) |
| Personnel expense | (92,154) | (18.5%) | (90,719) | (18.6%) |
| Other operating expense | (10,263) | (2.1%) | (12,295) | (2.5%) |
| Gross operating profit (EBITDA) | 101,048 | 20.3% | 90,442 | 18.5% |
| Amortization, depreciation and impairment losses | (39,309) | (7.9%) | (39,396) | (8.1%) |
| Operating profit | 61,739 | 12.4% | 51,046 | 10.4% |
| Financial income | 4,227 | 0.8% | 7,756 | 1.6% |
| Financial expense | (60,783) | (12.2%) | (53,812) | (11.0%) |
| Profit before taxation | 5,183 | 1.0% | 4,990 | 1.0% |
| Income taxes | (16,809) | (3.4%) | (22,441) | (4.6%) |
| Loss for the year | (11,626) | (2.3%) | (17,452) | (3.6%) |

Source: financial statements figures

| | | | | |
|------------------------|----------------|--------------|---------------|--------------|
| Adjusted EBITDA | 102,015 | 20.5% | 95,754 | 19.6% |
|------------------------|----------------|--------------|---------------|--------------|

Notes:

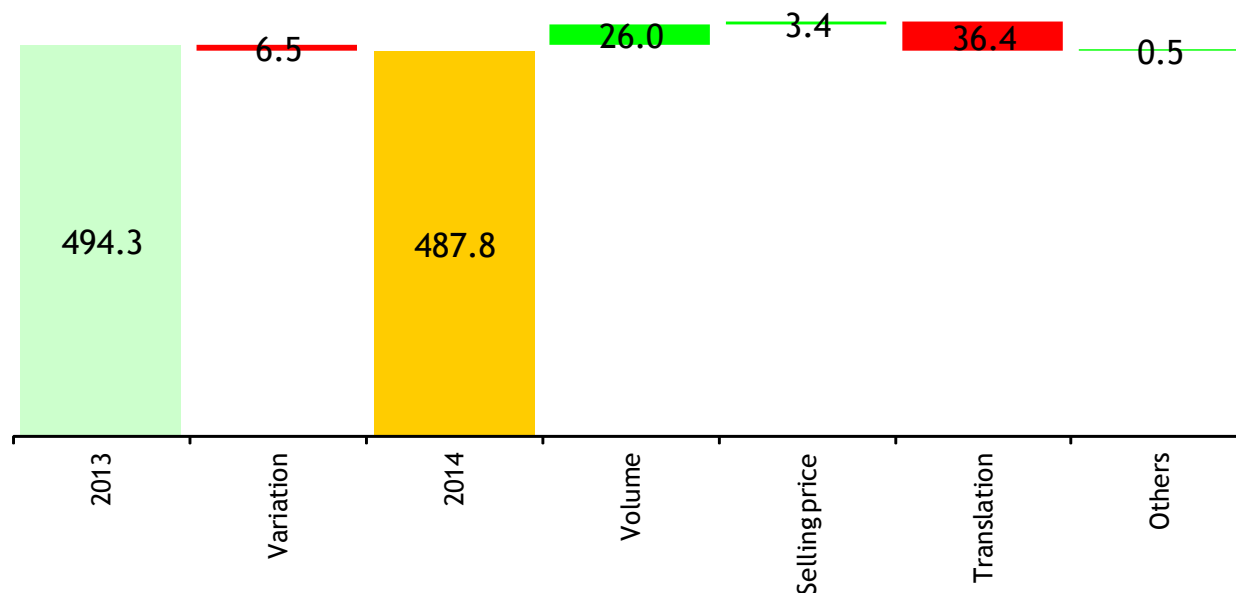
- Adjusted EBITDA has been calculated excluding one-off items incurred during the year as described above.

Net revenue

In 2014, consolidated net revenue was € 487.8 million, down € 6.5 million or (1.3%) on 2013 due to the significant negative translation impact (€ 36.4 million) following the Euro's revaluation versus the main currencies in which the Group operates.

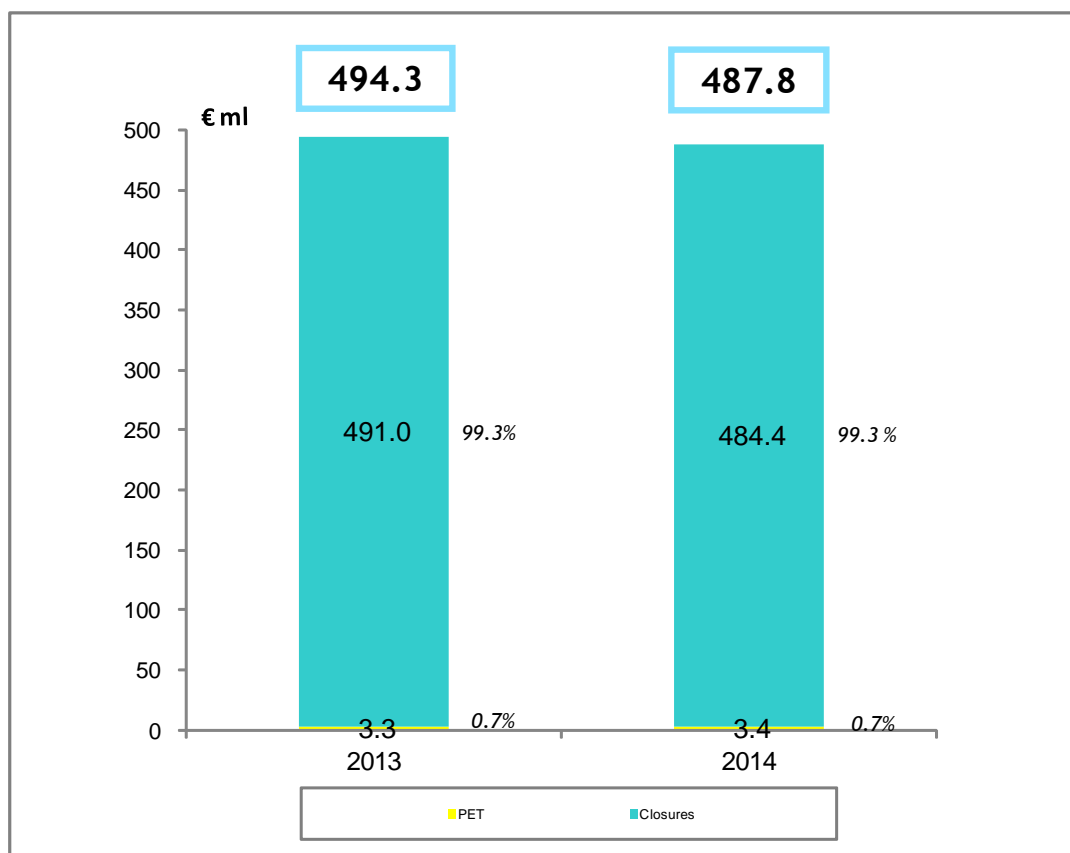
At constant FX rates, net revenue was up € 29.9 million or 6.0% on 2013 due to organic growth, as a result of higher sales volumes and/or increase in selling prices mainly in Ukraine, India, Brazil, Argentina, China, United Kingdom and Colombia, due to the further penetration of safety closures and to the continuous changeover from cork to aluminum closures for wine bottles.

The graph below shows the difference between 2014 and 2013 net revenue:



Net revenue by division

The following graph gives a breakdown of revenue by division:



Source: sales statistics

The Closures division represents the Group's core business (99.3% of net revenue), specialized in the following product lines: safety closures, decorative closures, winecaps closures, standard closures, Pharma and other revenue.

The Closures division's revenue decreased from € 491.0 million in 2013 to € 484.4 million in 2014, representing a decrease of € 6.6 million, due to the significant negative translation impact (€ 36.4 million). At constant FX rates, net revenue was up € 29.8 million or 6.1% on 2013.

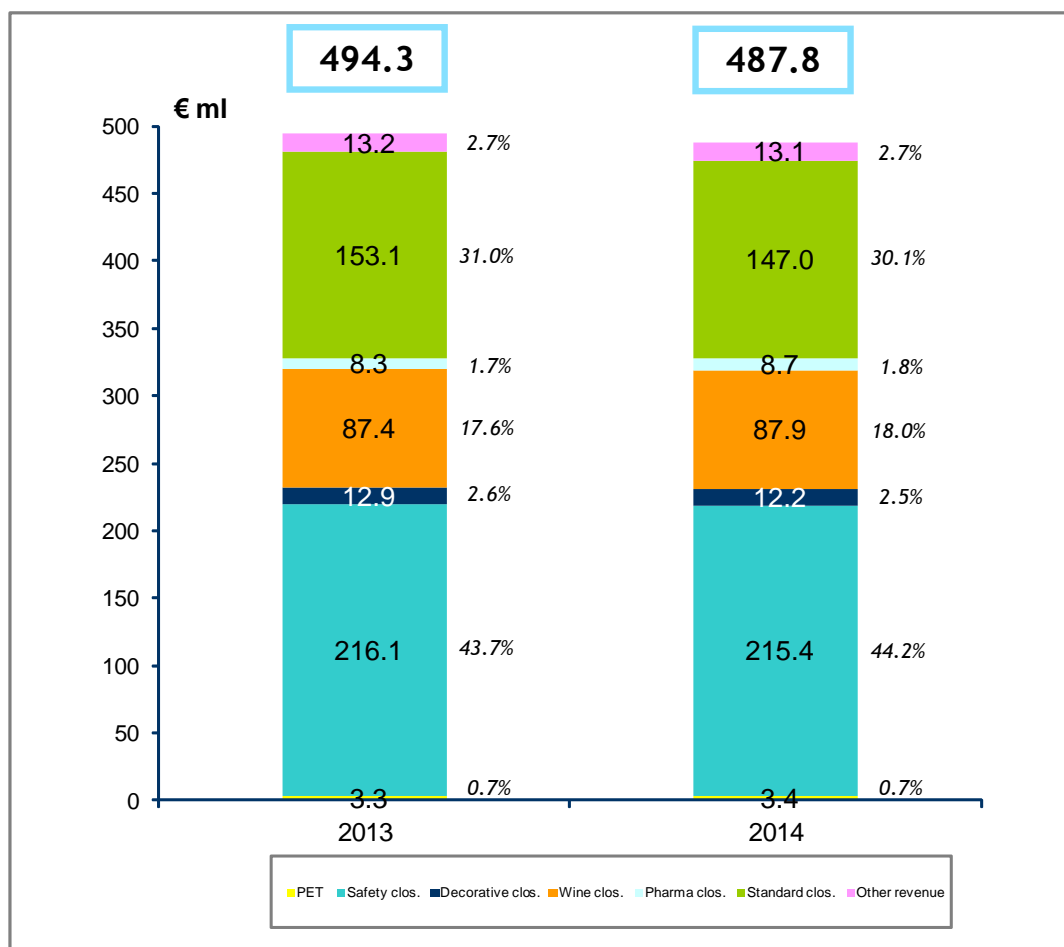
The PET division mainly produces standard and custom moulds, PET bottles and miniatures. This division is no longer considered a core business for the Group.

The PET division's revenue is almost stable at € 3.4 million (0.7% of net revenue). Its revenue was solely generated by the PET operations in Spain.

As the PET division is not significant in size, it is not analyzed in this Directors' report.

Net revenue by product

The following graph gives a breakdown of closures revenue by product:



Source: sales statistics

Safety closures revenue decreased from € 216.1 million in 2013, or 43.7% of net revenue, to € 215.4 million in 2014, or 44.2%, representing a decrease of € 0.7 million, due to the negative translation impact (€ 20.0 million). At constant FX rates, net revenue was up € 19.3 million or 9.0% on 2013 mainly due to the result of the launch of new closures launched in Ukraine, Brazil and Colombia.

Decorative closures revenue decreased from € 12.9 million in 2013, or 2.6% of net revenue, to € 12.2 million in 2014 (or 2.5%), representing a decrease of € 0.7 million.

Wine closures revenue increased from € 87.4 million in 2013, or 17.6% of net revenue, to € 87.9 million in 2014, or 18.0%, representing an increase of € 0.5 million, despite the negative translation impact (€ 4.7 million).

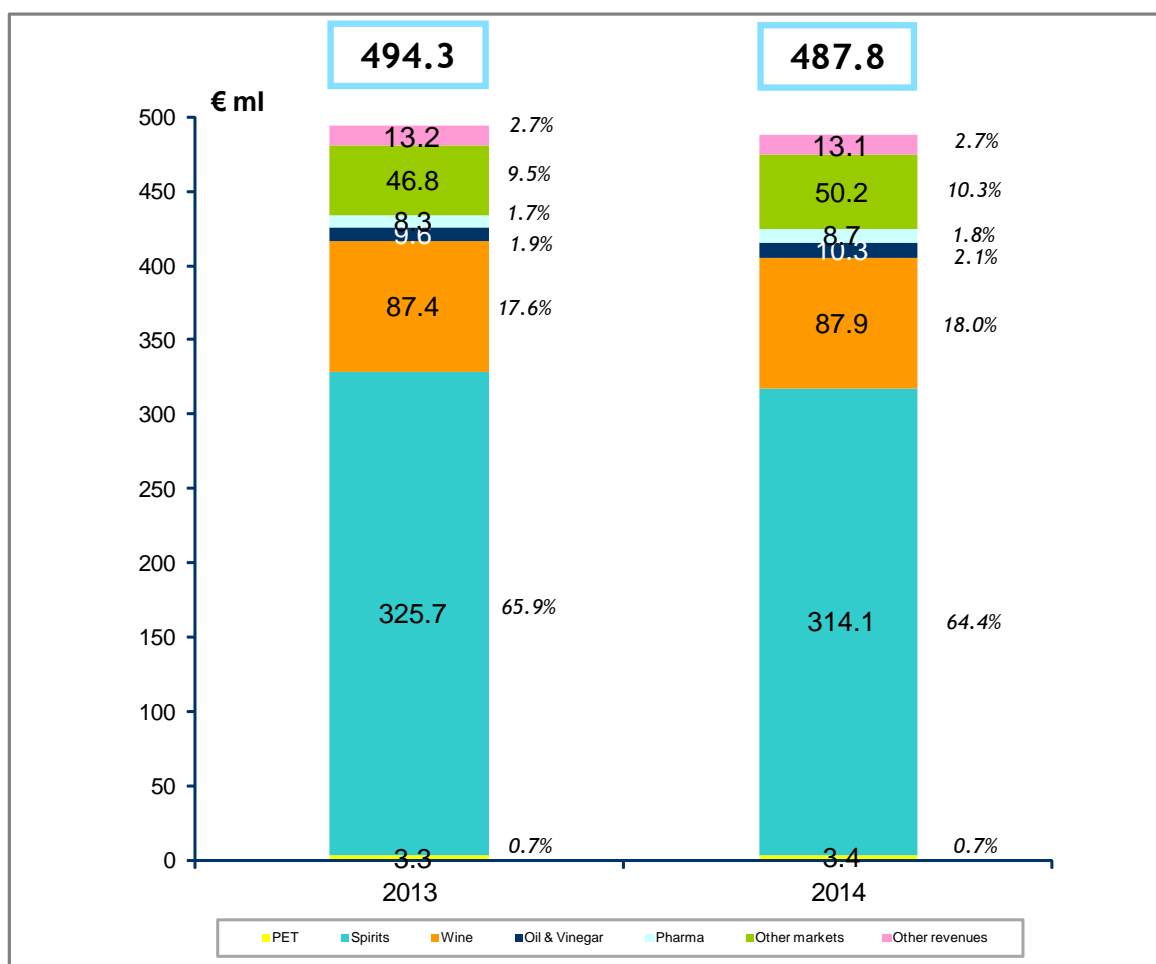
At constant FX rates, net revenue was up € 5.2 million or 6.0% on 2013.

Pharma closures revenue increased from € 8.3 million in 2013, or 1.7% of net revenue, to € 8.7 million in 2014, or 1.8%, representing an increase of € 0.4 million. At constant FX rates, net revenue was up € 0.5 million or 5.5% on 2013.

Standard closures and other revenue decreased from € 166.3 million in 2013, or 33.6% of net revenue, to € 160.2 million in 2014, or 32.8%, representing a decrease of € 6.1 million, due to the negative translation impact (€ 12.0 million). At constant FX rates, net revenue was up € 5.9 million or 3.6% on 2013.

Net revenue by destination market

The following graph gives a breakdown of closures revenue by destination market:



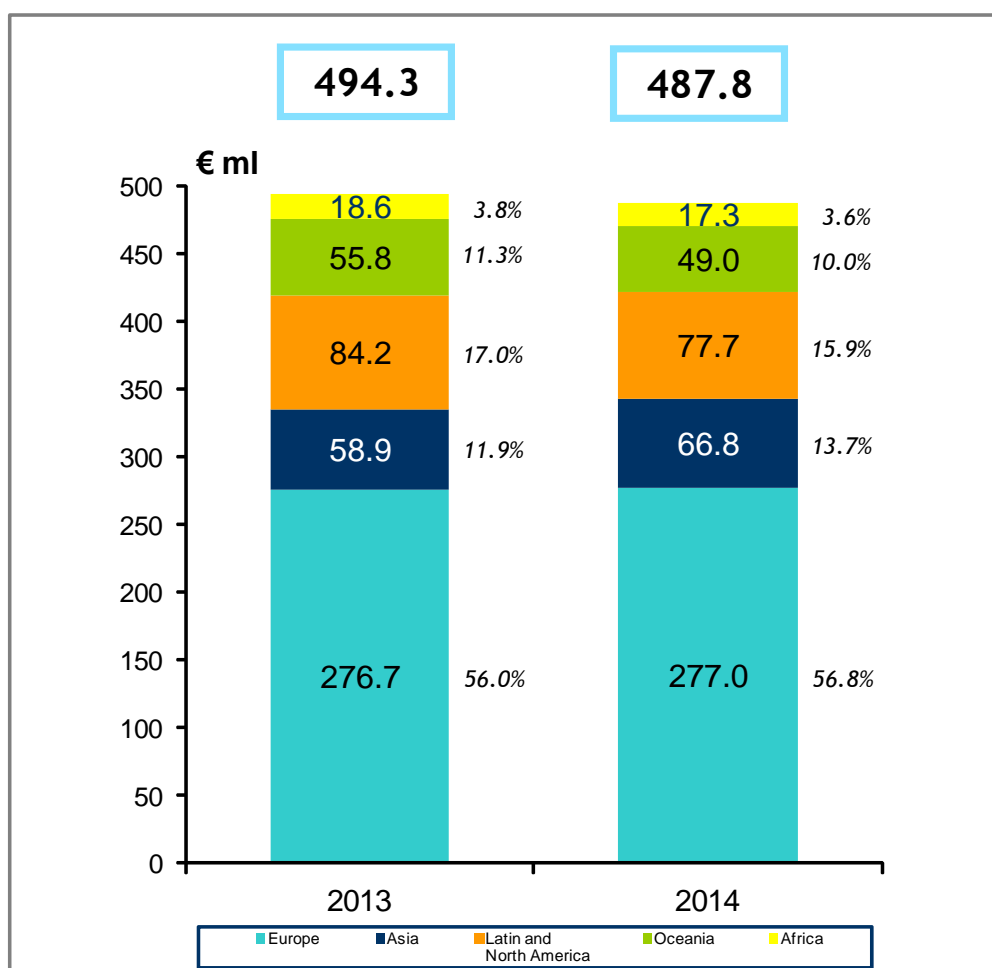
Source: sales statistics

The comparison of sales by destination market between 2014 and 2013 is impacted by the significant translation impact (€ 36.4 million), which penalized revenue in 2014.

The most important destination market for the group sales remains the spirits market, which has been penalized in 2014 by € 28.6 million of negative translation impact.

Net revenue by geographical segment

The graph below illustrates the geographic distribution of net revenue based on the geographical location from which the product is sold by the group companies:



Source: financial statements figures

Net revenue from operations in Europe increased from € 276.7 million in 2013, or 56.0% of net revenue, to € 277.0 million in 2014, or 56.8%, representing an increase of € 0.3 million, despite the negative translation impact (€ 17.3 million). At constant FX rates, net revenue was up € 17.6 million or 6.4% on 2013 mainly due to the excellent performance of the Ukrainian company.

Net revenue from operations in Asia increased from € 58.9 million in 2013, or 11.9% of net revenue, to € 66.8 million in 2014, or 13.7%, representing an increase of € 7.9 million, despite the negative translation impact (€ 2.3 million). At constant FX rates, net revenue was up € 10.3 million or 17.5% on 2013 mainly due to the increase in the demand for the Nip Cap in new areas and for new brands.

Net revenue from operations in Latin and North America decreased from € 84.2 million in 2013, or 17.0% of net revenue, to € 77.7 million in 2014, or 15.9%, representing a decrease of € 6.5 million. Net revenue in this area was negatively impacted by € 12.2 million of translation impact. Excluding the FX impact, the net revenue of this area increased by € 5.7 million or 6.7% on 2013 mainly due to the new closures launched in Brazil and Colombia.

Net revenue from operations in Oceania decreased from € 55.8 million in 2013, or 11.3% of net revenue, to € 49.0 million in 2014, or 10.0%, representing a decrease of € 6.8 million of which € 2.4 million mainly due to the negative translation impact following the Euro's appreciation versus the Australian dollar.

Net revenue from operations in Africa decreased from € 18.6 million in 2013, or 3.8% of net revenue, to € 17.3 million in 2014, or 3.6%, representing a decrease of € 1.3 million. Net revenue in this area was negatively impacted by € 2.1 million of translation impact. Excluding the FX impact, the net revenue of this area increased by € 0.8 million.

The Group is not exposed to significant geographical risks other than normal business risks.

Other operating income

Other operating income decreased from € 13.2 million in 2013, or 2.6% of total revenue, to € 10.0 million in 2014, or 2.0%, representing a decrease of € 3.2 million, mainly attributable to the € 3.5 million of insurance compensation for the fire at the Magenta plant (Italy) booked in 2013.

Other operating income mainly comprises capitalized development expenditure and extraordinary maintenance.

Costs for raw materials

These costs increased from € 213.2 million in 2013, or 42.8% of total revenue, to € 219.2 million in 2014, or 44.8%, representing an increase of € 6.0 million, which was mainly due to the significant increase in plastic prices in India.

Costs for services

Costs for services decreased from € 94.7 million in 2013, or 19.0% of total revenue, to € 86.2 million in 2014, or 17.6%, representing a decrease of € 8.5 million, mainly due to the decrease in external processing and in energy and transport costs.

Personnel expense

Personnel expense decreased by € 1.4 million in 2014 (almost stable at 18.6% as percentage of total revenue).

Other operating expense

Other operating expense increased from € 10.3 million in 2013, or 2.1% of total revenue, to € 12.3 million in 2014, or 2.5%, representing an increase of € 2.0 million, mainly due to larger provisions booked in 2014 for restructuring plan.

Gross operating profit (EBITDA)

The Group's gross operating profit for 2014 came to € 90.4 million, 18.5% of total revenue, showing a €10.6 million (-10.5%) decrease on 2013.

In 2014, EBITDA was impacted by € 5.3 million of non-recurring costs, of which € 0.2 million of M&A activities and € 5.1 million costs for the rationalization of the production structure and other costs.

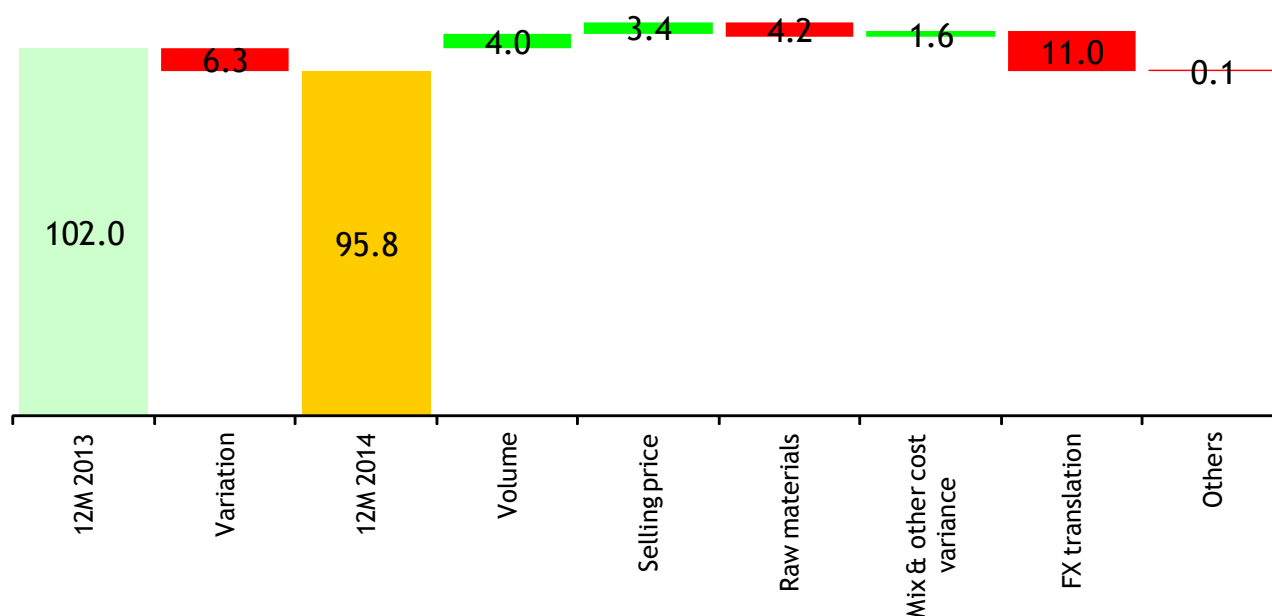
In 2013, EBITDA was impacted by € 1.0 million of non-recurring costs, of which € 0.3 million of M&A activities and € 0.7 million costs for the rationalization of the production structure and other costs.

Excluding the non-recurring items, the Group's gross operating profit (adjusted EBITDA) for 2014 would be € 95.8 million, showing a € 6.3 million decrease on 2013 due to the significant negative translation impact (€ 11.0 million) following the Euro's revaluation versus the main currencies in which the Group operates.

At constant FX rates, adjusted EBITDA was up € 4.7 million or 4.6% on 2013 due to organic growth.

Adjusted EBITDA in 2014 is equal to 19.6% of total revenue (20.5% in 2013).

The graph below shows the difference between 2013 and 2014 adjusted EBITDA:



Amortization, depreciation and impairment losses

Amortization, depreciation and impairment losses increased from 7.9% of total revenue in 2013 to 8.1% in 2014.

Financial income and expense

Net financial expense decreased from € 56.6 million for 2013 to € 46.1 million for 2014, mainly due to smaller exchange rate losses.

The following table breaks down financial income and expense by nature for the two years:

| Thousands of Euros | 2013 | 2014 |
|-----------------------------------------------------------------|-----------------|-----------------|
| Net exchange rate losses | (13,457) | (1,140) |
| Net fair value gains on derivatives | 155 | 2,077 |
| Fair value losses on liability due to non-controlling investors | (800) | (3,500) |
| Net interest expense | (41,430) | (42,494) |
| Net other financial expense | (1,025) | (998) |
| Net financial expense | (56,556) | (46,056) |

Source: consolidated financial statements figures

Fair value losses on the liability due to non-controlling investors relates to the liability due to the non-controlling investors of the Ukrainian company, which increased by € 3.5 million in 2014.

Net interest expense in 2014 is € 1.1 million higher than the previous year mainly due to higher indebtedness.

Income taxes

Income taxes increased from € 16.8 million in 2013, or 3.4% of total revenue, to € 22.4 million in 2014, or 4.6%, representing an increase of € 5.6 million, due to the costs accounted in relation to potential tax and related matters dating to the period 2009-2011.

Loss for the year

The loss for the year increased from € -11.6 million in 2013, or -2.3% of total revenue, to € -17.5 million in 2014, or -3.6%, mainly due to the accrual in relation to potential tax dating to the period 2009-2011.

Reclassified consolidated statement of financial position

The table below presents the key figures of the reclassified consolidated statement of financial position.

| | December 31, 2013 | December 31, 2014 |
|----------------------------------------------------|-------------------|-------------------|
| Thousands of Euros | | |
| Intangible assets | 397,418 | 385,554 |
| Property, plant and equipment | 205,878 | 202,825 |
| Net working capital | 97,774 | 102,070 |
| Net financial derivative liabilities | (4,982) | (2,970) |
| Employee benefits | (6,835) | (7,318) |
| Other assets/liabilities | (32,548) | (36,435) |
| Net invested capital | 656,705 | 643,727 |
| Financed by: | | |
| Net financial liabilities | 515,768 | 533,031 |
| Financial liabilities to non-controlling investors | 6,400 | 9,900 |
| Cash and cash equivalents | (41,197) | (35,273) |
| Net financial indebtedness | 480,972 | 507,658 |
| Equity | 175,734 | 136,069 |
| Sources of financing | 656,705 | 643,727 |

Source: reclassified financial statements figures

Property, plant and equipment

Property, plant and equipment decreased from € 205.9 million at the end of 2013 to € 202.8 million at the end of 2014, representing a decrease of € 3.1 million. This reduction is due to negative exchange rate differences (€ 3.5 million), while net investments (mainly in India, Italy, Poland, Ukraine, Brazil and Mexico) (€ 31.0 million) are mostly compensated by amortization, depreciation and impairment losses.

Net working capital

The table below provides a breakdown of net working capital.

| | December 31, 2013 | December 31, 2014 |
|--------------------------------|-------------------|-------------------|
| Thousands of Euros | | |
| Inventories | 71,483 | 64,307 |
| Trade receivables | 93,079 | 92,108 |
| Trade payables | (66,788) | (54,344) |
| Net working capital (*) | 97,774 | 102,070 |

(*) The amounts set forth herein do not match the amounts used to calculate the change in working capital in the consolidated statement of cash flows for the applicable period as those amounts have been adjusted to reflect changes in exchange rates on the opening balance and impairment losses on receivables.

The table below analyses net working capital days, calculated on the fourth quarter revenue of the year.

| | December 31, 2013 | December 31, 2014 |
|---------------------------------|-------------------|-------------------|
| Days | | |
| Inventories | 48 | 43 |
| Trade receivables | 62 | 62 |
| Trade payables | (45) | (37) |
| Net working capital days | 65 | 69 |

Net working capital increased from € 97.8 million at December 31, 2013 to € 102.1 million at December 31, 2014, representing an increase, in net working capital days, from 65 days to 69 days, mainly attributable to the decrease in trade payables.

Net financial indebtedness

The table below gives a breakdown of net financial indebtedness.

| | December 31, 2013 | December 31, 2014 |
|----------------------------------------------------|-------------------|-------------------|
| Thousands of Euros | | |
| Net financial liabilities | 515,768 | 533,031 |
| Financial liabilities vs non-controlling investors | 6,400 | 9,900 |
| Cash and cash equivalents | (41,197) | (35,273) |
| Net financial indebtedness | 480,972 | 507,658 |

Net financial indebtedness increased from € 481.0 million at December 31, 2013 to € 507.7 million at December 31, 2014, representing an increase of € 26.7 million. This increase is mainly due to the fact that the € 61.1 million cash flows generated by the operating activities were used as follows: € 33.5 million for investments and about € 54 million for financial items.

The details of the above are provided in the statement of cash flows.

Equity

The table below shows a breakdown of equity:

| | December 31, 2013 | December 31, 2014 |
|--------------------------------------------------|--------------------------|--------------------------|
| Thousands of Euros | | |
| Equity attributable to the owners of the parent | 148,299 | 112,273 |
| Equity attributable to non-controlling interests | 27,435 | 23,796 |
| Equity | 175,734 | 136,069 |

Equity attributable to the owners of the parent decreased by € 36.0 million, mainly due to € 9.8 million for the negative exchange rate trend and € 24.6 million for the loss for the year.

Equity attributable to non-controlling interests decreased by € 3.6 million, mainly due to € 7.0 million dividend distribution and € 3.3 million negative exchange rate trend, partly compensated by the € 7.2 million profit for the year.

Reclassified consolidated statement of cash flows (change in net financial indebtedness)

The table below shows the reclassified consolidated statement of cash flows as change in the net financial indebtedness in the year:

| Thousands of Euros | 2013 | 2014 |
|---------------------------------------------------------------------|------------------|------------------|
| A) Opening net financial indebtedness | (460,784) | (480,972) |
| Gross operating profit (EBITDA) | 101,048 | 90,442 |
| Change in NWC | (6,724) | (9,544) |
| Other operating items | (5,077) | (169) |
| Taxes | (20,882) | (19,591) |
| B) Cash flow generated by operating activities | 68,364 | 61,138 |
| Net capex | (33,096) | (32,669) |
| Change in payables for capex | 2,555 | (821) |
| Acquisition of South African business | (2,933) | - |
| C) Cash flow used in investing activities | (33,474) | (33,490) |
| Acquisition of non-controlling interest in Guala Closures China BV | - | (224) |
| Acquisition of non-controlling interest in Guala Closures Argentina | - | (1,030) |
| Net interest expense | (42,465) | (43,438) |
| Other fin. items | (4,127) | (3,214) |
| Dividends paid | (6,851) | (6,555) |
| Exchange rate impact | (1,635) | 126 |
| D) Cash flow used in financing activities | (55,078) | (54,335) |
| E) Total change in net financial indebtedness (B+C+D) | (20,188) | (26,687) |
| F) Closing net financial indebtedness (A+E) | (480,972) | (507,658) |

Source: reclassified consolidated financial statements figures – internal data

Cash flows generated by operating activities

The cash flows generated by operating activities decreased from € 68.4 million in 2013 to € 61.1 million in 2014.

The decrease of € 7.2 million was mainly due to lower EBITDA generated in 2014 (€ 10.6 million) and to the negative variation in net working capital (€ 2.8 million), partly compensated by lower cash flows for other operating items (€ 4.9 million, of which € 2.1 million as restructuring provision to be used in the following year and € 0.7 million as the residual liability for the acquisition of the non-controlling interests in Guala Closures Argentina) and for taxes (€ 1.3 million).

Cash flows used in investing activities

The cash flows used in investing activities are stable at € 33.5 million. In 2014, the cash out for investments refers only to investments, while in 2013, it also included € 2.9 million as the residual payment for the acquisition of the South African business.

Cash flows used in financing activities

The cash flows used in financing activities improved by € 0.8 million from € -55.1 million in 2013 to € -54.3 million in 2014.

Total change in net financial indebtedness

The total change in Net financial indebtedness increased from € -20.2 million in 2013 to € -26.7 million in 2014, mainly due to lower cash flows generated by operating activities, partly compensated by lower cash flows used in financing activities.

Key financial and other indicators**Financial indicators**

| | 2013 | 2014 |
|-----------------------------------------------------------------------|-------------|-------------|
| Adjusted gross operating profit (adjusted EBITDA) (€ mln) | 102.0 | 95.8 |
| EBITDA margin (Adjusted EBITDA/Net revenue) | 20.6% | 19.6% |
| ROS (Adjusted operating profit/Net revenue) | 12.7% | 11.6% |
| ROE (Adjusted operating profit/Equity) | 35.7% | 41.4% |
| ROI (Adjusted operating profit/Net invested capital) | 9.5% | 8.8% |
| Gearing ratio (Net financial indebtedness/Equity) | 2.74 | 3.73 |
| NWC days (Net working capital/Turnover of last quarter annualised) | 65 | 69 |

Source: consolidated financial statements figures – internal data

Notes:

In relation to the Adjusted EBITDA, reference should be made to the section “Performance indicators” in this Director’s report on page 13.

The above indicators have been calculated excluding non-recurring items (€ 1.0 million in 2013 and € 5.3 million in 2014).

The Group maintained its business profitability around 20%, while NWC days increased slightly due to lower trade payables days.

Other indicators

Group personnel is analyzed in the following tables.

Breakdown

| | December 31, 2013 | | | December 31, 2014 | | |
|---------------|-------------------|------------|--------------|-------------------|------------|--------------|
| | Men | Women | TOTAL | Men | Women | TOTAL |
| Managers | 151 | 26 | 177 | 162 | 35 | 197 |
| White collars | 607 | 227 | 834 | 635 | 230 | 865 |
| Blue collars | 2,340 | 606 | 2,946 | 2,396 | 588 | 2,984 |
| Total | 3,098 | 859 | 3,957 | 3,193 | 853 | 4,046 |

In addition, the Group also employed agency workers (702 as at December 31, 2014).

Turnover

| Number | December 31, 2013 | | | | | December 31, 2014 |
|---------------|-------------------|------------|--------------|-------------------|--|-------------------|
| | TOTAL | Increases | Decreases | Reclassifications | | TOTAL |
| Managers | 177 | 11 | (14) | 23 | | 197 |
| White collars | 834 | 126 | (80) | (15) | | 865 |
| Blue collars | 2,946 | 487 | (441) | (8) | | 2,984 |
| Total | 3,957 | 624 | (535) | - | | 4,046 |

Average age

| | 2013 | 2014 |
|---------------|-------------|-------------|
| | Average age | Average age |
| Managers | 47 | 47 |
| White collars | 41 | 40 |
| Blue collars | 39 | 39 |
| Total | 40 | 40 |

Training

| | 2013 | 2013 | 2014 | 2014 |
|---------------|----------------|--------------------------------------|----------------|--------------------------------------|
| | Training hours | Training costs Thousands of Euros | Training hours | Training costs Thousands of Euros |
| Managers | 3,048 | | 4,359 | |
| White collars | 22,529 | | 24,344 | |
| Blue collars | 62,759 | | 76,743 | |
| Total | 88,335 | 503 | 105,445 | 409 |

Hours of absence

| | December 31, 2013 | December 31, 2014 |
|-----------------|--------------------------|--------------------------|
| | Hours | Hours |
| Illness | 210,737 | 221,029 |
| Accidents | 15,722 | 16,792 |
| Maternity leave | 59,335 | 61,688 |
| Other | 118,616 | 97,246 |
| Total | 404,409 | 396,755 |

Source: off-the-book data









With reference to the legislative requirements related to the protection of personal data (Legislative decree no. 196/03), the parent updated its Data protection document in 2014. This contains the minimum security measures for the protection and safeguarding of personal data in compliance with the rights of the interested party.

As concerns environmental issues, we do not believe the Group companies generate significant environmental impacts potentially entailing consequences for the Group's financial position and results.

Transactions between affiliates

During 2014 several transactions between affiliates occurred.
The effects of such transactions have been written-off for consolidation purposes.

The material transactions between affiliates relate to:

-  Sales of raw materials / semi-finished/finished products
-  Services
-  Technical assistance
-  R&D services
-  Personnel cost recharge
-  Royalties contracts
-  Distribution of dividends
-  Financing contracts

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).

Outlook

2014 has been a very challenging year for the worldwide economy, facing high currency volatility, significant slowdown in growth in Mexico and in the BRIC countries, an impressive drop in of raw materials prices in the last quarter due to a political environment jeopardized by an armed conflict in Europe and terroristic attacks in the Middle East.

Nevertheless, the Group is confirming good results in line with those of 2013, both on sales and EBITDA which show significant growth at constant exchange rates (respectively 6.0% for sales and 4.6% for adjusted EBITDA).

At the average exchange rates of the first three months 2015, the performance of 2014 would show sales and EBITDA improvement.

This remarkable performance reflects both the operational improvements in Europe and India and the launch of several new products mainly in Brazil, Mexico and Eastern Europe.

In addition, the Group opened a small facility, entirely dedicated to Luxury wine brands, in California, launching a revolutionary design concept that we hope to apply soon in other parts of our business world.

Sales and EBITDA in the first three months of 2015 show significant growth at constant exchange rates compared to the same period of the previous year (respectively over 10% for sales and over 40% for adjusted EBITDA).

In 2015, the European manufacturing restructuring program will improve our efficiency; this coupled with some new developments and a favorable environment for raw materials costs allow us to be optimistic about the coming months.

Managers of GCL Holdings GP S.à r.l.
General Partner of GCL Holdings S.C.A.

Luxembourg, April, 30, 2015

Corporate social responsibility



Corporate social responsibility

Operating in 18 countries through 25 production plants on five continents and with around 4,000 employees, the Group interprets its vocation as a multinational organization also by means of a policy of Corporate Social Responsibility considering this commitment to be an integral part of its mission.

To be accountable in relations with its stakeholders, since 2011, Guala Closures has published an annual Sustainability Report, that is available in its full version on the company website www.gualaclosures.com, where further information about its sustainability commitment is also available.

In particular, the Group stakeholders engagement is focused on:

Employees: guaranteeing full respect of social and ethical aspects in group organizations:

- promoting company values and continuous improvement at all levels of the company to encourage participation and a sense of belonging;
- encouraging professional growth through continuous training;
- developing stricter compliance with labour law, the respect of workers' rights and the adoption of rigorous policies for safety in the workplace, with a special commitment to developing countries in which the group operates, aiming, in particular, to completely eliminate the use of child labour.

Customers and suppliers: through the adoption of a code of conduct based on values of honesty, collaboration and correctness of relations, guaranteeing the highest levels of product and service quality.

In particular:

- by developing products able to meet the needs of customers and the market;
- by innovating and continuously improving the efficiency and the quality of production processes;
- by guaranteeing an accurate, effective and certain level of service;
- by safeguarding brands and the confidentiality of customer relations;
- by making available information regarding its responsible and ethical business practices.

Final consumers: by developing a culture of product protection to counter the phenomenon of adulteration, of respect for the environment seen as a shared heritage, guaranteeing, in particular, the total safety of closures that come into contact with food products.

Environment: by adopting codes of conduct and by undertaking projects to promote environmental protection in terms of both production procedures and the areas in which our plants are located.

Local communities: by undertaking tangible projects to the benefit of the populations in the areas of the world in which the group operates, with particular regard to developing countries.

Investors: through governance based on values of transparency, honesty, reliability and the constant creation of added value to the benefit of small and large investors, by:

- developing growth strategies at international level;
- continuously seeking to control costs and eliminate inefficiency and waste;
- optimizing all stages of business processes.

Offsetting projects

The Group has dedicated considerable resources to the assessment of the carbon footprint of its products through the LCA approach and of the plants through the GHG protocol.

To establish the quantity of its CO₂ emissions, the Group performed a Life Cycle Assessment (LCA) compliant with ISO 14040/44 requirements in 2008 and 2013. The 2013 LCA was carried out at all the Group plants which produce wine screwcaps. Since 2012, the Group has applied the GHG protocol standard to the Italian plants. Starting from 2015, this assessment is going to be extended to all the Group's plants.

The projects carried out over the years have resulted in specific offsetting projects, which are particularly important from the social point of view as well:

2014

In 2014, the compensation project was related to the results of the GHG protocol of the Italian plants. The Group decided to buy carbon credits for 26,000 tonnes of CO₂ generated considering Scope 1 and Scope 2 of the five Italian plants: Spinetta, Termoli, Torre d'Isola, Basaluzzo and Magenta.

The offsetting was made by buying VCU credits (Voluntary Carbon Unit) through ECOWAY, a trading company certified by TÜV NORD.

2013

In 2013, the Group financed the planting of 80,000 trees to offset the 20,000 tons of CO₂ emissions (results of the recent LCA updating) generated by the production of 1 billion wine screwcaps.

This was achieved through a reforestation project in India.

The project took place in India's poorest state, Bihar. It benefited all three sustainability dimensions:

1) environmental: reforestation, with the aim of recreating the ecosystem, increasing the surface area covered by trees and fighting climatic change. 17 different types of trees have been planted, the majority of which are fruit trees, such as mango, pomegranate, bael etc, which start to produce fruit after only one year.

2) social: improvement in the living conditions of the local communities through work and education on how to better manage the area's natural resources, thus avoiding abandonment of the land. The planting took place in over 20 different areas and was carried out by the inhabitants of the villages close to the areas chosen or in areas made available by the families that will then take care of them. The project involves 1,600 families, a total of around 3,200 people. Each family has been assigned 50 trees to plant and take care of.

3) economic: by guaranteeing the local communities a lasting source of income, given by the work to plant the trees and to look after them over time and by the sale of their produce, laying the foundations for the development of economic activity.

The program was implemented and coordinated by the NGO Up2green Reforestation (www.up2green.com) with the logistic support of Green Energy Leaf Private Limited and audited by Ecocert Environment (www.ecocert.com), an independent third audit company accredited by the official French Organization COFRAC (www.cofrac.fr).



Save the spirits, Save the oil, Save the wines

The Group has conceived and launched three websites dedicated to social responsibility campaigns, to fight against the counterfeiting of alcohol, oil and wine.

This is a worldwide phenomenon causing serious damage to health and the economies of many countries. The Group creates products that can counteract this phenomenon and help to save the Spirits.

The aim of these websites is to design and set up international specialist channels with videos that shows the scenario of counterfeiting beyond the usual boundaries of fashion and technology.

An advertising campaign has been planned to support communication to raise awareness not only of consumers, but also bartenders, companies and stakeholders in the beverage and drinks sector.

To help communication activities, a selected number of pubs, bars and trendy clubs will become testimonials of the campaign certifying to their customers the responsible choice of original tested and certified products.

GCL HOLDINGS GROUP
GCL Holdings S.C.A.
and Subsidiaries



Consolidated financial statements
as at and for the year ended December 31, 2014

Consolidated statement of financial position

ASSETS

| <i>(Thousands of Euros)</i> | December 31, 2013 | December 31, 2014 | Note |
|---------------------------------|-------------------|-------------------|------|
| ASSETS | | | |
| Current assets | | | |
| 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 | 219,771 | 205,186 | |
| Non-current assets | | | |
| 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 | 612,243 | 598,471 | |
| TOTAL ASSETS | 832,014 | 803,657 | |

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated statement of financial position

LIABILITIES AND EQUITY

| <i>(Thousands of Euros)</i> | December 31, 2013 | December 31, 2014 | Note |
|----------------------------------------------------------------------|-------------------|-------------------|------|
| LIABILITIES AND EQUITY | | | |
| Current liabilities | | | |
| 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 | 115,162 | 109,804 | |
| Non-current liabilities | | | |
| 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 | 541,118 | 557,784 | |
| Total liabilities | 656,280 | 667,588 | |
| 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 | 29 |
| Equity attributable to the owners of the Company | | | |
| 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 | 148,299 | 112,273 | 28 |
| Total equity | 175,734 | 136,069 | |
| TOTAL LIABILITIES AND EQUITY | 832,014 | 803,657 | |

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income

(Thousands of Euros)

| | 2013 | 2014 | Note |
|--------------------------------------------------------------------|-----------------|-----------------|-------|
| Net revenue | 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) | 15-16 |
| 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) | |
| | 219 | (821) | |
| 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) | |
| | (13,157) | (13,051) | |
| 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.

Consolidated statement of cash flows

| <i>(Thousands of Euros)</i> | 2013 | 2014 | Note |
|---------------------------------------------------------------------|-----------------|-----------------|-------------|
| 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 | (18,912) | (21,207) | 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 | (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) | |
| 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 | (1,918) | 81 | |
| Closing cash and cash equivalents | 41,197 | 35,273 | 5 |

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 | | | | | | | Non-controlling interests | | | Total equity |
| | Share capital | Share premium and other similar reserves | Translation reserve | Hedging reserve | Losses carried forward and other reserves | Loss for the year | Equity attributable to the owners of the parent | Share capital and reserves attributable to non-controlling interests | Profit for the year attributable to non-controlling interests | Equity attributable to non-controlling interests | |
| Restated balance at January 1, 2013 | 141 | 295,228 | (14,073) | (1,555) | (75,403) | (26,443) | 177,895 | 23,285 | 6,240 | 29,525 | 207,420 |
| Allocation of 2012 profit (loss), as restated | | | | | (26,443) | 26,443 | - | 6,240 | (6,240) | - | - |
| Profit (loss) for the year ended December 31, 2013 | | | | | | (18,303) | (18,303) | | 6,676 | 6,676 | (11,626) |
| Other comprehensive income, as restated | | | (11,838) | 328 | 216 | | (11,294) | (1,645) | | (1,645) | (12,939) |
| Total comprehensive expense for the year | - | - | (11,838) | 328 | (26,227) | 8,141 | (29,597) | 4,595 | 436 | 5,032 | (24,565) |
| Dividends to non-controlling interests | | | | | | | - | (7,122) | | (7,122) | (7,122) |
| Total contributions by and distributions to owners of the Company | - | - | - | - | - | - | - | (7,122) | - | (7,122) | (7,122) |
| December 31, 2013 | 141 | 295,228 | (25,911) | (1,226) | (101,630) | (18,303) | 148,299 | 20,758 | 6,676 | 27,435 | 175,734 |
| Balance at January 1, 2014 | 141 | 295,228 | (25,911) | (1,226) | (101,630) | (18,303) | 148,299 | 20,758 | 6,676 | 27,434 | 175,734 |
| Allocation of 2013 profit (loss) | | | | | (18,303) | 18,303 | - | 6,676 | (6,676) | - | - |
| Profit (loss) for the year ended December 31, 2014 | | | | | | (24,607) | (24,607) | | 7,156 | 7,156 | (17,452) |
| Other comprehensive expense | | | (9,804) | 56 | (819) | | (10,567) | (3,306) | | (3,306) | (13,872) |
| Total comprehensive expense for the year | - | - | (9,804) | 56 | (19,122) | (6,304) | (35,174) | 3,371 | 479 | 3,850 | (31,324) |
| Dividends to non-controlling interests | | | | | | | - | (6,985) | | (6,985) | (6,985) |
| Total contributions by and distributions to owners of the Company | - | - | - | - | - | - | - | (6,985) | - | (6,985) | (6,985) |
| Acquisition of non-controlling interests without a change in control (*) | | | | | (852) | | (852) | (503) | | (503) | (1,355) |
| Total changes in ownership interests | - | - | - | - | (852) | - | (852) | (503) | - | (503) | (1,355) |
| December 31, 2014 | 141 | 295,228 | (35,715) | (1,170) | (121,604) | (24,607) | 112,273 | 16,641 | 7,156 | 23,796 | 136,070 |

(*) 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 line Other comprehensive expense.

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.

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 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.

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.

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. 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.
- 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.

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

| 1 Euro = x foreign currency | December 31, 2013 | December 31, 2014 |
|------------------------------------|--------------------------|--------------------------|
| 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 renminbi | 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

| 1 Euro = x foreign currency | 2013 | 2014 |
|------------------------------------|-------------|-------------|
| 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 renminbi | 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.

(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.

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.

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 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.

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.

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.

(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;
- 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").
 - **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.
 - 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;
- 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.

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.

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 |

| Thousands of Euros | 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 |

| Thousands of Euros | 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 | 1,837 | 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 (€ 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 | 655 |
| Group's ownership interest at December 31, 2014 | 2,825 |

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 | 836 |
| Group's ownership interest at December 31, 2014 | 4,276 |

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.

| Thousands of Euros | December 31, 2013 | December 31, 2014 |
|--------------------------|-------------------|-------------------|
| Bank and postal accounts | 30,100 | 31,420 |
| Other cash equivalents | 11,097 | 3,853 |
| Total | 41,197 | 35,273 |

(6) Current financial assets

This caption may be analyzed as follows:

| Thousands of Euros | December 31, 2013 | December 31, 2014 |
|--------------------------|-------------------|-------------------|
| Current financial assets | 64 | 148 |
| Total | 64 | 148 |

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:

| Thousands of Euros | December 31, 2013 | December 31, 2014 |
|--------------------------|-------------------|-------------------|
| Trade receivables | 100,724 | 100,591 |
| Allowance for impairment | (7,645) | (8,483) |
| Total | 93,079 | 92,108 |

The allowance for impairment varied as follows:

| Thousands of Euros | December 31, 2014 |
|-----------------------------------------|-------------------|
| Opening allowance for impairment | 7,645 |
| Exchange rate losses | (76) |
| Accrual | 1,435 |
| Utilization | (520) |
| Closing allowance for impairment | 8,483 |

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:

| Thousands of Euros | December 31, 2013 | December 31, 2014 |
|---------------------------------------------|-------------------|-------------------|
| 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 | 71,483 | 64,307 |

The changes in the caption are as follows:

| Thousands of Euros | |
|-----------------------------------------------------|---------------|
| 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 | 52 |
| Balance at December 31, 2014 | 64,307 |

The allowance for inventory write-down varied as follows:

| Thousands of Euros | December 31, 2014 |
|---------------------------------------------------|-------------------|
| Opening allowance for inventory write-down | 3,410 |
| Exchange rate losses | (172) |
| Accrual | 1,486 |
| Utilization | (998) |
| Closing allowance for inventory write-down | 3,726 |

(9) Current direct tax assets

This caption may be analyzed as follows:

| Thousands of Euros | December 31, 2013 | December 31, 2014 |
|---------------------------|-------------------|-------------------|
| Current direct tax assets | 1,072 | 2,162 |
| Total | 1,072 | 2,162 |

(10) Current indirect tax assets

This caption may be analyzed as follows:

| Thousands of Euros | December 31, 2013 | December 31, 2014 |
|------------------------------|-------------------|-------------------|
| VAT and other indirect taxes | 9,270 | 7,393 |
| Total | 9,270 | 7,393 |

(11) Financial derivative assets

This caption may be analyzed as follows:

| Thousands of Euros | December 31, 2013 | December 31, 2014 |
|------------------------------------------|-------------------|-------------------|
| Fair value of forward aluminum purchases | - | 66 |
| Total | - | 66 |

(12) Other current assets

This caption is made up as follows:

| Thousands of Euros | December 31, 2013 | December 31, 2014 |
|--------------------|-------------------|-------------------|
| Other receivables | 3,598 | 3,730 |
| Total | 3,598 | 3,730 |

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:

| Thousands of Euros | December 31, 2013 | December 31, 2014 |
|---------------------------------|-------------------|-------------------|
| Guala Closures India (Pvt) Ltd. | 8 | - |
| Total | 8 | - |

(14) Non-current financial assets

This caption is made up as follows:

| Thousands of Euros | December 31, 2013 | December 31, 2014 |
|--------------------------------------------|-------------------|-------------------|
| Guarantee deposits - Guala Closures S.p.A. | 71 | 76 |
| Investments in other companies | 28 | 27 |
| Other financial assets | 120 | 119 |
| Total | 219 | 222 |

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:

| | Land and buildings | Plant and machinery | Industrial and commercial equipment | Other assets | Assets under construction and payments on account | Total |
|--------------------------------------------------------------|--------------------|---------------------|-------------------------------------|--------------|---------------------------------------------------|------------------|
| Thousands of Euros | | | | | | |
| 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 | 68,651 | 128,765 | 11,994 | 1,486 | 8,572 | 219,467 |
| Carrying amount at January 1, 2013 | 68,651 | 128,765 | 11,994 | 1,486 | 8,572 | 219,467 |
| 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 | 62,995 | 123,629 | 12,608 | 1,082 | 5,564 | 205,878 |

| | Land and buildings | Plant and machinery | Industrial and commercial equipment | Other assets | Assets under construction and payments on account | Total |
|--------------------------------------------------------------|-----------------------|------------------------|----------------------------------------------|-----------------|---------------------------------------------------------------|------------------|
| Thousands of Euros | | | | | | |
| 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.

(16) Intangible assets

The following tables show the changes in 2013 and 2014:

| | Development expenditure | Licences and patents | Goodwill | Other | Assets under development and payments on account | Total |
|--------------------------------------------------------------|----------------------------|-------------------------|----------------|--------------|--------------------------------------------------------------|-----------------|
| Thousands of Euros | | | | | | |
| 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 |

| | Development expenditure | Licences and patents | Goodwill | Other | Assets under development and payments on account | Total |
|--------------------------------------------------------------|----------------------------|-------------------------|----------------|--------------|--------------------------------------------------------------|-----------------|
| Thousands of Euros | | | | | | |
| 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.

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%).

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) | (16,036) | (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 | 8,227 | 9,171 | (21,109) | (19,134) | (12,881) | (9,963) |

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) | 2,240 | | (45) | (14,410) |
| Employee benefits | 505 | 71 | | (93) | 483 |
| Derivatives | 470 | - | (21) | - | 449 |
| Exchange rate gains (losses) | (2,970) | (137) | | 196 | (2,912) |
| TOTAL | (12,881) | 3,056 | (21) | (115) | (9,963) |

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:

| Thousands of Euros | December 31, 2013 | December 31, 2014 |
|--------------------|-------------------|-------------------|
| Tax assets | 90 | 384 |
| Other | 409 | 315 |
| Total | 499 | 699 |

(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.

Financial liabilities at December 31, 2013 and 2014 are shown below:

| Thousands of Euros | December 31, 2013 | December 31, 2014 |
|------------------------------------------|-------------------|-------------------|
| 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 | 522,452 | 543,301 |

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: | | | | | | |
| 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 | 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 |
| 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 | 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 | 522,452 | 10,129 | 31,508 | 480,814 | 10,129 | 512,322 |

| 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.

The interest rates and expiry dates of the financial liabilities at December 31, 2013 and December 31, 2014 are shown below:

| 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. | | | | 198,649 |
| 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. | | | | 271,314 |
| TOTAL BONDS | | | | 469,962 |
| 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 | | | | 22,005 |
| 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 | THIE30 + 4.0% (**) | 2016 | 3,747 |
| Total bank loans and borrowings | | | | 29,847 |
| 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 | | | | 22,643 |
| TOTAL | | | | 522,452 |

(*) I.B.R. stands for “Indicador Bancario de Referencia”

(**) THIE30 stands for “Tasa de Interés Interbancaria de Equilibrio a 30 días”.

(***) Nominal interest rate on the property finance lease.

| 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. | | | | 199,680 |
| 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. | | | | 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 | TIE30 + 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”

(***) TIE30 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 |

(20) Trade payables

This caption is made up as follows:

| Thousands of Euros | December 31, 2013 | December 31, 2014 |
|---------------------|-------------------|-------------------|
| Suppliers | 65,224 | 54,015 |
| Payments on account | 1,564 | 329 |
| Total | 66,788 | 54,344 |

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:

| Thousands of Euros | EUR | USD | GBP | Other currencies | Total |
|--------------------|--------|-------|-------|------------------|---------------|
| Trade payables | 28,923 | 4,260 | 2,170 | 18,992 | 54,344 |

Other currencies include trade payables in the following local currencies:

| Thousands of Euros | December 31, 2014 |
|---------------------|-------------------|
| 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 | 18,992 |

(21) Current direct tax liabilities

This caption is made up as follows:

| Thousands of Euros | December 31, 2013 | December 31, 2014 |
|--------------------------------|-------------------|-------------------|
| Current direct tax liabilities | 3,552 | 4,601 |
| Total | 3,552 | 4,601 |

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:

| Thousands of Euros | December 31, 2013 | December 31, 2014 |
|------------------------------|-------------------|-------------------|
| VAT and other indirect taxes | 3,841 | 9,444 |
| Total | 3,841 | 9,444 |

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..

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:

| Thousands of Euros | December 31, 2013 | December 31, 2014 |
|---------------------------------|-------------------|-------------------|
| Provision for restructuring | 578 | 2,676 |
| Provision for returns | 625 | 590 |
| Other current provisions | 28 | 116 |
| Total current provisions | 1,231 | 3,381 |

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:

| Thousands of Euros | December 31, 2013 | December 31, 2014 |
|---------------------------------------------|-------------------|-------------------|
| Provision for contingencies | 540 | 540 |
| Provision for agents' termination indemnity | 109 | 117 |
| Provision for legal disputes | 35 | 29 |
| Total non-current provisions | 684 | 686 |

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:

| Thousands of Euros | December 31, 2014 |
|-----------------------------------|-------------------|
| Opening current provisions | 1,231 |
| Exchange rate gains | 1 |
| Accrual | 2,983 |
| Utilization | (834) |
| Closing current provisions | 3,381 |

NON-CURRENT PROVISIONS:

| Thousands of Euros | December 31, 2014 |
|---------------------------------------|-------------------|
| Opening non-current provisions | 684 |
| Exchange rate losses | (1) |
| Accrual | 7 |
| Utilization | (4) |
| Closing non-current provisions | 686 |

(24) Financial derivative liabilities

This caption may be analyzed as follows:

| Thousands of Euros | December 31, 2013 | December 31, 2014 |
|------------------------------------|-------------------|-------------------|
| Fair value of IRSs | 4,408 | 2,850 |
| Fair value of aluminum derivatives | 574 | 185 |
| Total | 4,982 | 3,036 |

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.

- 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:

(Thousands of Euros)

| Contract | 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 |

(25) Other current liabilities

This caption may be analyzed as follows:

| Thousands of Euros | December 31, 2013 | December 31, 2014 |
|---------------------------------|-------------------|-------------------|
| 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 | 24,638 | 22,178 |

(26) Employee benefits

This caption is made up as follows:

| Thousands of Euros | December 31, 2013 | December 31, 2014 |
|--------------------------------------------------|-------------------|-------------------|
| Post-employment benefits - Guala Closures S.p.A. | 5,572 | 5,944 |
| Other | 1,263 | 1,373 |
| Total | 6,835 | 7,318 |

Changes in Employee benefits are as follows:

| Thousands of Euros | December 31, 2013 (*) | December 31, 2014 |
|--------------------------------------------------------------|-----------------------|-------------------|
| 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 | 6,835 | 7,318 |

(*) 2013 movements restated in order to be consistent with the 2014 classification

The changes recognized in profit or loss are detailed below:

| Thousands of Euros | |
|--------------------------------------------------|--------------|
| Post-employment benefits - Guala Closures S.p.A. | 1,493 |
| Other | 301 |
| Changes recognized in profit or loss | 1,794 |

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.

Changes in post-employment benefits and the main assumptions used in their measurement are detailed below:

| Thousands of Euros | December 31, 2013 (*) | December 31, 2014 |
|--------------------------------------------------------------|-----------------------|-------------------|
| 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 | 5,572 | 5,944 |

(*) 2013 movements restated in order to be consistent with the 2014 classification

Actuarial parameter baseline:

| | December 31, 2013 | December 31, 2014 |
|-----------------------------------------------------|-------------------|----------------------------------------------------------------|
| 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:

| Thousands of Euros | Defined benefit obligation | |
|-----------------------------------------|----------------------------|----------|
| | Increase | Decrease |
| 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.

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:

| Thousands of Euros | December 31, 2013 | December 31, 2014 |
|----------------------------------|-------------------|-------------------|
| Present value of the obligations | (60,985) | (72,726) |
| Fair value of plan assets | 77,594 | 89,614 |
| Total | 16,609 | 16,888 |

Changes in the net amount of the fund:

| Thousands of Euros | December 31, 2013 | December 31, 2014 |
|----------------------------------------|-------------------|-------------------|
| 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 | 16,609 | 16,888 |

Changes in the present value of the obligations:

| Thousands of Euros | December 31, 2013 | December 31, 2014 |
|----------------------------------------|-------------------|-------------------|
| 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 | (60,985) | (72,726) |

Changes in the fair value of plan assets:

| Thousands of Euros | December 31, 2013 | December 31, 2014 |
|-----------------------------------|-------------------|-------------------|
| 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 | 77,594 | 89,614 |

Plan assets comprise (major categories of plan assets as a percentage of the total plan assets):

| | December 31, 2013 | December 31, 2014 |
|----------|-------------------|-------------------|
| Equities | 39% | 37% |
| Bonds | 31% | 31% |
| Gilts | 30% | 32% |
| Cash | 0% | 0% |

All equities and government bonds have quoted prices in active markets.

Actuarial parameter baseline:

| | December 31, 2013 | December 31, 2014 |
|-------------------------------------------------|-------------------|-------------------|
| 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:

| Thousands of Euros | Impact on present value of the obligations | Impact on fair value of plan assets |
|-------------------------------------|--------------------------------------------|-------------------------------------|
| 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:

| Thousands of Euros | December 31, 2013 | December 31, 2014 |
|-------------------------------|-------------------|-------------------|
| Other non-current liabilities | 168 | 166 |
| Total | 168 | 166 |

(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.

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 | | | 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 | | | | | |
|--------------------------------------------------------------------------|--------------------------------------------|-------------------------------------|---------------------------------------|---------------------------------------|-----------------------------------------------------|----------------|
| | Guala Closures DGS Poland S.A. | Guala Closures Ukraine LLC | Guala Closures Bulgaria A.D. | Guala Closures India pvt Ltd | Other individually immaterial subsidiaries | Total |
| 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 | 5,032 |
| 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 |

| December 31, 2014 | Carrying amount | | | | | |
|--------------------------------------------------------------------------|--------------------------------------------|-------------------------------------|---------------------------------------|---------------------------------------|-----------------------------------------------------|----------------|
| | Guala Closures DGS Poland S.A. | Guala Closures Ukraine LLC | Guala Closures Bulgaria A.D. | Guala Closures India pvt Ltd | Other individually immaterial subsidiaries | Total |
| Thousands of Euros | | | | | | |
| 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:

| Thousands of Euros | 2013 | 2014 |
|-------------------------|----------------|----------------|
| 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 |

(31) Other operating income

This caption includes:

| Thousands of Euros | 2013 | 2014 |
|------------------------------|---------------|--------------|
| Internal production | 5,091 | 5,859 |
| Sundry recoveries/repayments | 3,921 | 3,513 |
| Gains | 262 | 268 |
| Insurance compensation | 3,500 | - |
| Other | 387 | 333 |
| Total | 13,161 | 9,974 |

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:

| Thousands of Euros | 2013 | 2014 |
|-----------------------------|----------------|----------------|
| 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 | 213,203 | 219,182 |

(33) Costs for services

This caption includes:

| Thousands of Euros | 2013 | 2014 |
|----------------------------|---------------|---------------|
| 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 | 3,474 | 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 | 2,627 | 2,365 |
| Total | 94,673 | 86,152 |

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:

| Thousands of Euros | 2013 (*) | 2014 |
|---------------------------------------------|---------------|---------------|
| 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 | 92,154 | 90,719 |

(*) 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:

| Number | December 31, 2013 | December 31, 2014 |
|---------------|-------------------|-------------------|
| Blue collars | 2,946 | 2,984 |
| White collars | 834 | 865 |
| Managers | 177 | 197 |
| Total | 3,957 | 4,046 |

(35) Other operating expense

This caption includes:

| Thousands of Euros | 2013 | 2014 |
|-----------------------------------------------|---------------|---------------|
| 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 | 10,263 | 12,295 |

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:

| Thousands of Euros | 2013 | 2014 |
|-------------------------------------------|--------------|--------------|
| 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 | 4,227 | 7,756 |

(37) Financial expense

This caption includes:

| Thousands of Euros | 2013 | 2014 |
|------------------------------------------------------------------------|---------------|---------------|
| 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 | 60,783 | 53,812 |

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.

(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:

| Thousands of Euros | 2013 | 2014 |
|-----------------------------------------------------------------------------|-----------------|-----------------|
| 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 | 4,227 | 7,756 |
| 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 | 60,783 | 53,812 |
| Net financial expense | (56,556) | (46,056) |
| 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 | 453 | 77 |

(39) Income taxes

This caption includes:

| Thousands of Euros | 2013 | 2014 |
|-------------------------------|-----------------|-----------------|
| Current taxes | (20,651) | (25,497) |
| Deferred tax income/(expense) | 3,842 | 3,056 |
| Total | (16,809) | (22,441) |

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

| Thousands of Euros | December 31, 2013 | December 31, 2014 |
|----------------------------------------------------------------------------------|-------------------|-------------------|
| Change in deferred tax liabilities on fair value adjustments on cash flow hedges | (125) | (21) |
| Total | (125) | (21) |

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.

| Thousands of Euros | 2013 | 2014 |
|------------------------------------------------------------------------|---------------|---------------|
| Profit before taxation | 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

| December 31, 2013 | | Carrying amount | | | | | | | Fair value | | | | |
|-----------------------------------------------------------------|------|--------------------------------------|-----------------------------|----------------------------------------|----------------------|--------------------------|------------------------|-----------------------------------|------------|---------|-----------|---------|-----------|
| | 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 | Total | Level 1 | Level 2 | Level 3 | Total |
| Thousands of Euros | | | | | | | | | | | | | |
| Financial assets not measured at fair value ^(*) | | | | | | | | | | | | | |
| Trade receivables | 7 | | | | | 93,079 | | | 93,079 | | | | - |
| Cash and cash equivalents | 5 | | | | | 41,197 | | | 41,197 | | | | - |
| | | - | - | - | - | 134,276 | - | - | 134,276 | - | - | - | - |
| Financial liabilities measured at fair value | | | | | | | | | | | | | |
| Interest rate swaps used for hedging | 24 | | | (1,025) | | | | | (1,025) | | (1,025) | | (1,025) |
| Interest rate swaps used for trading | 24 | (3,957) | | | | | | | (3,957) | | (3,957) | | (3,957) |
| Contingent consideration | 19 | | (6,400) | | | | | | (6,400) | | | (6,400) | (6,400) |
| | | (3,957) | (6,400) | (1,025) | - | - | - | - | (11,382) | - | (4,982) | (6,400) | (11,382) |
| Financial liabilities not measured at fair value ^(*) | | | | | | | | | | | | | |
| Secured bank loans | 19 | | | | | | | (26,939) | (26,939) | | (23,878) | | (23,878) |
| Unsecured bank loans | 19 | | | | | | | (2,908) | (2,908) | | (2,908) | | (2,908) |
| Secured bonds issues | 19 | | | | | | | (271,314) | (271,314) | | (275,976) | | (275,976) |
| Unsecured bonds issues | 19 | | | | | | | (198,649) | (198,649) | | (215,550) | | (215,550) |
| Finance lease liabilities | 19 | | | | | | | (15,770) | (15,770) | | (14,390) | | (14,390) |
| Trade payables | 20 | | | | | | | (66,788) | (66,788) | | | | - |
| Other payables | 19 | | | | | | | (472) | (472) | | (472) | | (472) |
| | | - | - | - | - | - | - | (582,839) | (582,839) | - | (533,173) | - | (533,173) |

(*) The Group has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amounts are a reasonable approximation of fair values.

Notes to the consolidated financial statements

| December 31, 2014 | | | | | | | | | | Fair value | | | |
|------------------------------------------------------------------------|------|--------------------------------------|-----------------------------|----------------------------------------|----------------------|--------------------------|------------------------|-----------------------------------|-----------|------------|-----------|---------|-----------|
| 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 | Total | Level 1 | Level 2 | Level 3 | Total |
| Financial assets measured at fair value | | | | | | | | | | | | | |
| Interest rate swaps used for trading | | 66 | | | | | | | 66 | | 66 | | 66 |
| | | 66 | - | - | - | - | - | - | 66 | - | 66 | - | 66 |
| Financial assets not measured at fair value ^(*) | | | | | | | | | | | | | |
| Trade receivables | 7 | | | | | 92,108 | | | 92,108 | | | | - |
| Cash and cash equivalents | 5 | | | | | 35,273 | | | 35,273 | | | | - |
| | | - | - | - | - | 127,381 | - | - | 127,381 | - | - | - | - |
| Financial liabilities measured at fair value | | | | | | | | | | | | | |
| Interest rate swaps used for hedging | 24 | | | (948) | | | | | (948) | | (948) | | (948) |
| Interest rate swaps used for trading | 24 | (2,088) | | | | | | | (2,088) | | (2,088) | | (2,088) |
| Contingent consideration | 19 | | (9,900) | | | | | | (9,900) | | | (9,900) | (9,900) |
| | | (2,088) | (9,900) | (948) | - | - | - | - | (12,936) | - | (3,036) | (9,900) | (12,936) |
| Financial liabilities not measured at fair value ^(*) | | | | | | | | | | | | | |
| Bank overdraft | 19 | | | | | | | (3,058) | (3,058) | | (3,058) | | (3,058) |
| Secured bank loans | 19 | | | | | | | (42,273) | (42,273) | | (40,926) | | (40,926) |
| Unsecured bank loans | 19 | | | | | | | (2,295) | (2,295) | | (2,295) | | (2,295) |
| Secured bonds issues | 19 | | | | | | | (272,129) | (272,129) | | (282,755) | | (282,755) |
| Unsecured bonds issues | 19 | | | | | | | (199,680) | (199,680) | | (211,262) | | (211,262) |
| Finance lease liabilities | 19 | | | | | | | (13,853) | (13,853) | | (12,670) | | (12,670) |
| Trade payables | 20 | | | | | | | (54,344) | (54,344) | | | | - |
| Other payables | 19 | | | | | | | (113) | (113) | | (113) | | (113) |
| | | - | - | - | - | - | - | (587,745) | (587,745) | - | (553,078) | - | (553,078) |

(*) The Group has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amounts are a reasonable approximation of fair values.

(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. |

(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.

| Thousands of Euros | December 31, 2013 | December 31, 2014 |
|---------------------------------------------|-------------------|-------------------|
| Balance at January 1 | 5,600 | 6,400 |
| Loss included in "financial expense" | | |
| - Net change in fair value (unrealised) | 800 | 3,500 |
| Balance at December 31 | 6,400 | 9,900 |

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:

| Thousands of Euros | Increase/ (decrease) in unobservable inputs | Favourable/ (unfavourable) impact on profit or loss |
|--------------------------------------|------------------------------------------------------|--------------------------------------------------------------|
| 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.

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:

| Thousands of Euros | December 31, 2013 | December 31, 2014 |
|--------------------|-------------------|-------------------|
| 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 | 93,101 | 92,108 |

At December 31, 2014, trade receivables may be analyzed by due date as follows:

| Thousands of Euros | Gross amount December 31, 2014 | Impairment losses December 31, 2014 | Net amount December 31, 2014 |
|---------------------------|-----------------------------------|----------------------------------------|---------------------------------|
| 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 | 100,591 | (8,483) | 92,108 |

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:

| Thousands of Euros | EUR | INR | GBP | USD | Other currencies | Total |
|--------------------|--------|--------|-------|-------|------------------|---------------|
| Trade receivables | 36.187 | 10.975 | 5.660 | 5.436 | 33.849 | 92.108 |

Other currencies includes trade receivables in the following local currencies:

| Thousands of Euros | December 31, 2014 |
|---------------------|-------------------|
| 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 renminbi | 2,326 |
| Argentinean pesos | 1,638 |
| New Zealand dollars | 1,369 |
| Brazilian reals | 1,173 |
| Other | 472 |
| Total | 33,849 |

An analysis of the credit quality of trade receivables is as follows:

| Thousands of Euros | December 31, 2014 |
|----------------------------------------------------------|-------------------|
| - 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 | 92.108 |

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.

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:

| | | Contractual cash flows | | | |
|---------------------------------------|----------|------------------------|---------------|------------|------------------------|
| | Carrying | Within | From one | After | Total |
| Thousands of Euros | amount | one year | to five years | five years | contractual cash flows |
| 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 | 543,301 | (44,251) | (637,741) | (30,491) | (712,482) |
| 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 | 3,036 | (2,388) | (700) | (50) | (3,138) |

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.

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 |

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:

| Thousands of Euros | Increase of 100bp | Decrease of 100bp |
|--------------------------------------------------------------------------------|-------------------|-------------------|
| 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 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.

| 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) |

| 2014 | Strengthening | | Weakening | |
|------------------|---------------|----------------|-------------|----------------|
| | Assets | Profit or loss | Liabilities | Profit or loss |
| 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.);
- 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.

Future minimum lease payments

At December 31, 2013 and 2014 the future minimum lease payments under non-cancellable leases were receivable as follows:

| Thousands of Euros | 2013 | 2014 |
|----------------------------|---------------|---------------|
| 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 | 17,163 | 17,321 |

Amounts recognized in profit or loss

| Thousands of Euros | 2013 | 2014 |
|-------------------------|-------|-------|
| 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.
- 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 |

(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





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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.

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

