




GCL HOLDINGS S.C.A. and Subsidiaries

2016 Annual Report and Consolidated financial statements for the year ended December 31, 2016 (with the report of the Réviseur d'Entreprises agréé thereon)

Luxembourg, April 26, 2017



Registered and administrative office:
8A, rue Albert Borschette
L-1246 Luxembourg
Share capital € 141,217.50 fully paid-up
Register of Commerce & Companies of Luxembourg
section B, number 141 684

| CONTENTS | PAGE |
|--|------|
| ✓ Company officers | |
| ✓ The structure of GCL Holdings S.C.A. and Subsidiaries (GCL Holdings Group) | |
| Directors' report | |
| ✓ Key figures | 8 |
| ✓ Events of the year and strategies | |
| ✓ Research and development | |
| ✓ Legal disputes | |
| ✓ Policies for financial and other business risk management | |
| ✓ Results of operations, financial position and cash flows of GCL Holdings Group | |
| ✓ Transactions between affiliates | |
| ✓ Outlook | |
| Corporate social responsibility | 36 |
| ✓ Corporate social responsibility | |
| ✓ <i>Save the spirits, Save the oil, Save the wines</i> | |
| Consolidated financial statements as at and for the year ended December 31, 2016 | 41 |
| ✓ Consolidated statement of financial position as at December 31, 2015 and 2016 | |
| ✓ Consolidated statement of profit or loss and other comprehensive income for the years ended December 31, 2015 and 2016 | |
| ✓ Consolidated statement of cash flows for the years ended December 31, 2015 and 2016 | |
| ✓ Consolidated statement of changes in equity for the years ended December 31, 2015 and 2016 | |
| ✓ Notes to the consolidated financial statements at December 31, 2016: | |
| GENERAL INFORMATION | |
| · (1) The Group's activities and key changes in its structure during the year | |
| · (2) Accounting policies | |
| · (3) Operating segments | |
| STATEMENT OF FINANCIAL POSITION | |
| · (4) Acquisition of subsidiaries, business units and non-controlling interests | |
| · (5) Cash and cash equivalents | |
| · (6) Trade receivables | |
| · (7) Inventories | |
| · (8) Financial derivative assets | |
| · (9) Property, plant and equipment | |
| · (10) Intangible assets | |
| · (11) Deferred tax assets and liabilities | |
| · (12) Current and non-current financial liabilities | |
| · (13) Trade payables | |
| · (14) Current direct tax liabilities | |
| · (15) Provisions | |
| · (16) Financial derivative liabilities | |
| · (17) Other current liabilities | |
| · (18) Employee benefits | |

- (19) Equity attributable to the owners of the parent
- (20) Equity attributable to non-controlling interests

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (EXPENSE)

- (21) Net revenue
- (22) Other operating income
- (23) Work performed by the Group and capitalised
- (24) Costs for raw materials
- (25) Costs for services
- (26) Personnel expense
- (27) Other operating expense
- (28) Financial income
- (29) Financial expense
- (30) Income and expense on financial assets/liabilities
- (31) Income taxes

OTHER INFORMATION

- (32) Fair value of financial instruments and sensitivity analysis
- (33) Related party transactions
- (34) Contingent liabilities
- (35) Operating leases
- (36) Commitments and guarantees
- (37) Events after the reporting period

Company officers

Board of directors

Directors

- Marco Giovannni
- Anibal Diaz Diaz
- Francesco Bove
- Michele Quaranta
- Kunal Pandit
- Maximilian Hofert
- Alfio Riciputo
- Annick Mayon
- Mathieu Ledoux
- Gregory Centurione
- Colin Taylor

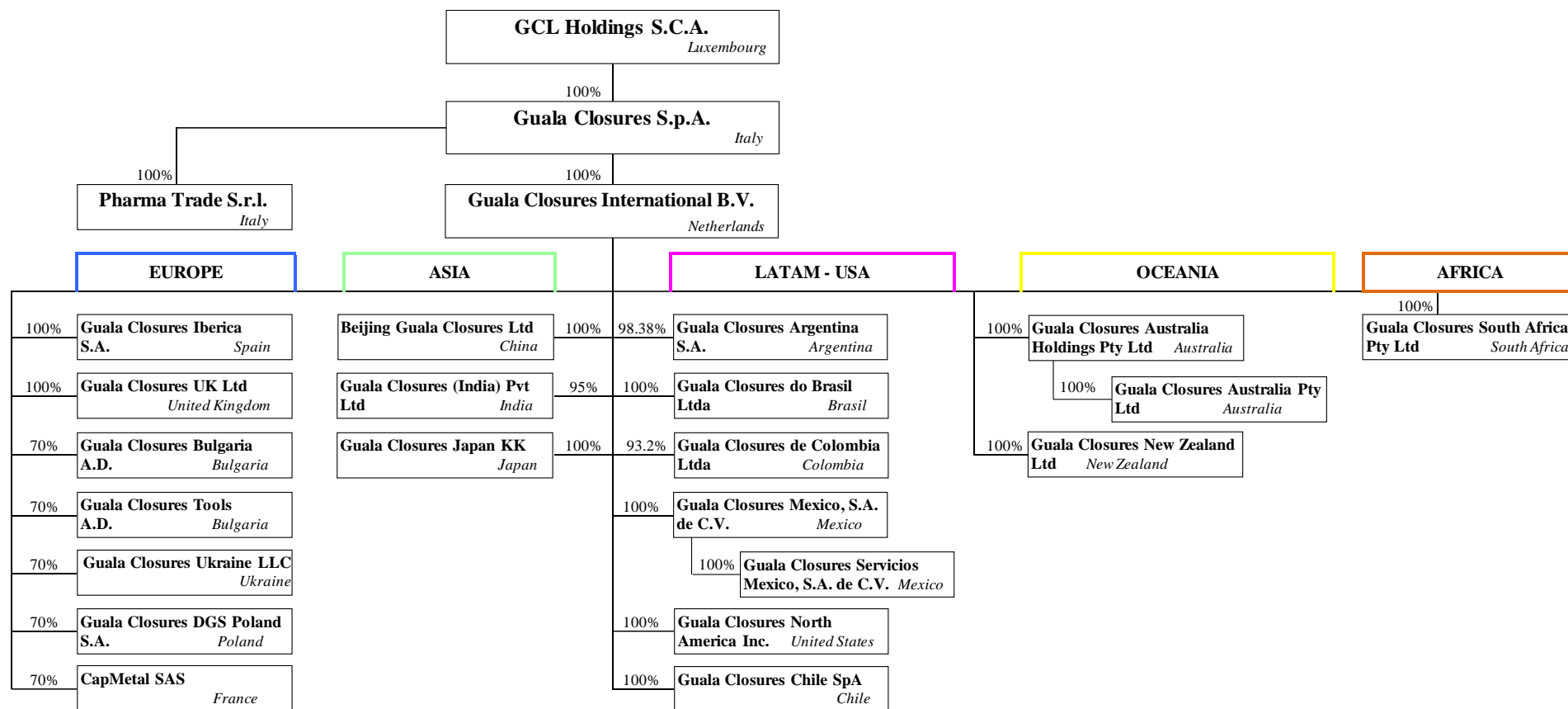
Auditors

KPMG Luxembourg, Société coopérative

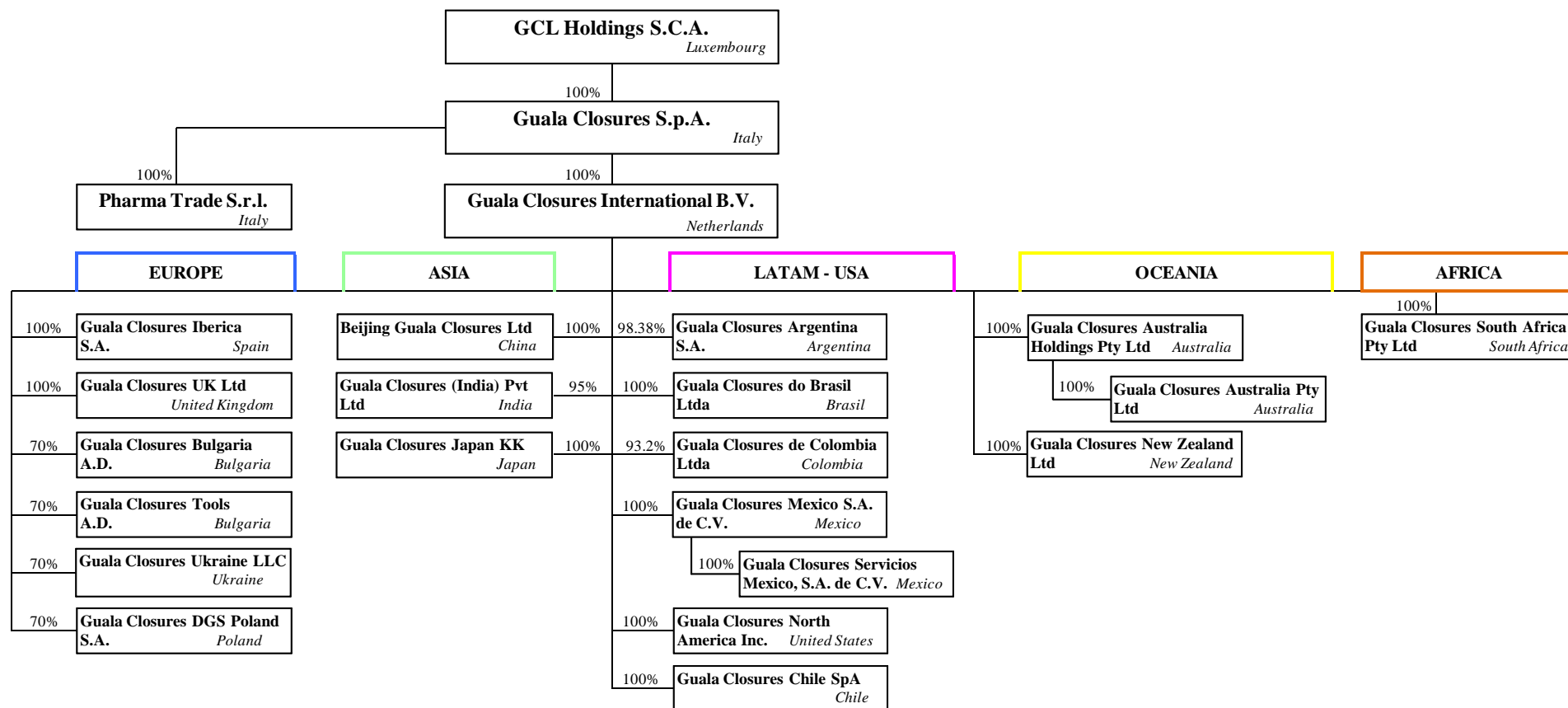
The structure of GCL Holdings S.C.A.
and Subsidiaries
(GCL Holdings Group)



December 31, 2016



December 31, 2015



Directors' report



GCL Holdings Group

Key figures

| Consolidated figures | 2015 | 2016 | 2016 at constant FX 2015 |
|--|--|--------------------|-----------------------------|
| Revenue: | € 520.5 ml | € 500.3 ml (-3.9%) | € 542.2 ml (+4.2%) |
| Adjusted gross operating profit (Adjusted EBITDA): | € 106.4 ml | € 102.5 ml (-3.7%) | € 111.6 ml (+4.9%) |
| Employees: | 3,996 | 4,042 | |
| Plants: | 26 plants and 3 sale offices in 20 countries on 5 continents | | |
| Patents: | more than 100 | | |

Note:

Reference should be made to the section "Performance indicators" in this Director's report on page 15 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 Group 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 and local brands in the areas of alcoholic beverages, soft drinks, wine, oil, pharmaceuticals and cosmetics.

Events of the year and strategies

In 2016, the Group was penalized by a negative translation impact due to the Euro's strengthening versus the main group currencies.

At constant exchange rates, the Group delivered 4.2% sales growth and a 4.9% 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 2016:

Refinancing:

On November 11, 2016, the Group refinanced its existing notes and Revolving Credit Facility. The key elements of the refinancing were as follows:

- Guala Closures S.p.A. issued € 510 million of Floating Rate Senior Secured Notes due in 2021 ("Notes"). The Notes bear interest at a rate equal to three-month EURIBOR (with a 0% floor) plus 475 basis points, payable quarterly in arrears, beginning on February 15, 2017 and they are guaranteed by GCL Holdings S.C.A.;
- Guala Closures S.p.A. entered into a new senior secured Revolving Credit Facility ("New Revolving Credit Facility") with a group of banks. The New Revolving Credit Facility provides for commitments of up to € 65.0 million and matures in 2021. The initial interest rate on the loan under the New Revolving Credit Facility is equal to EURIBOR (with a 0% floor) plus 400 basis points. Guala Closures S.p.A. made an initial drawdown of € 40 million as part of the refinancing.

The net proceeds of the refinancing were used as follows:

- Guala Closures S.p.A. prepaid in full the existing Floating Rate Senior Secured Notes due in 2019 of € 275 million, and paid the related accrued interest, as well as certain fees and expenses associated with the refinancing;
- Guala Closures S.p.A. prepaid in full the existing senior secured Revolving Credit Facility of € 54 million and paid the related accrued interest and break costs, as well as certain fees and expenses associated with the refinancing;
- Guala Closures S.p.A. prepaid in full the existing intercompany liability to GCL Holdings S.C.A. of € 55.7 million, together with the related accrued interest and granted a new intercompany loan to GCL Holdings S.C.A. of € 91.2 million;
- Guala Closures S.p.A. granted a new intercompany loan to Guala Closures International B.V. of € 59.9 million;
- Guala Closures International B.V. partially prepaid the existing intercompany loan to GCL Holdings S.C.A. of € 59.9 million;
- GCL Holdings S.C.A. prepaid in full the existing Senior Notes due in 2018 of € 200 million, and paid the related accrued interest and redemption premium of 2.344%;
- Guala Closures S.p.A. and certain other group companies entered into an amended and restated Senior Intercreditor Agreement and Parallel Priority Agreement and certain other customary documentation for transactions of such type, including security agreements;
- The Floating Rate Senior Secured Notes issued by Guala Closures S.p.A. have been listed and admitted for trading on the ExtraMOT market of Borsa Italiana S.p.A. and on the Euro MTF market of the Luxembourg Stock Exchange.

For further details on granted guarantees, please refer to note 36) Commitments and guarantees to these consolidated financial statements.

Acquisition of CapMetal SAS:

On December 15, 2016, the Group acquired, through its Dutch sub-holding Guala Closures International B.V., 70% of the French company Capmetal SAS.

The acquired company, founded in 1986 and based in Tours, recorded at the end of 2016 turnover of around € 13 million; it is specialized in the production and distribution of aluminium screwcaps, mainly for the French wine market and operates through a production site in the Eure-et-Loire and a direct sales network covering the whole of France. In addition, Capmetal SAS has been promoting the Group products through a non-exclusive representation contract for more than 10 years.

30% of the capital remains with the former owners that include the ICAS group, world leader in the production of wirehoods for champagne bottles closures, and MVL.

The transaction is part of the Group's strategy to strengthen its core business through direct control of the commercial network.

The total consideration for the acquisition of 70% of Capmetal SAS was € 1.2 million, plus a subsequent share capital increase of € 0.7 million resolved upon the acquisition date and paid in January 2017.

For further details on the above mentioned acquisition, please see note 4) Acquisitions of subsidiaries, business units and non-controlling interests to these consolidated financial statements.

2016 investments:

During 2016, the Group invested € 31.2 million (capital expenditure, net of disposal) (€ 22.6 million in 2015), in order to support future growth. The main investments of 2016 took place in Italy, Poland, India, Ukraine and the UK. In particular, during 2016, the main investments were made for the sputtering technology in Italy, Poland and the UK and for new technology in Ukraine.

Research and development

The Group has more than 100 active patents.

The Group has always been world leader in its market segment, because of the innovative solutions studied for its products and processes and because of its capability to understand the future market trends and transform them into new concepts.

The strong relationship with marketing is the key of this success.

2016 has seen the first indications of big changes in our market:

- i) a strong request for dedicated and highly customized solutions;
- ii) a request for more sophisticated solutions in the area of security/anticounterfeiting.

Accordingly, the Group has expanded its R&D activity into new technical fields, to include smart electronic technologies, like the NFC (Near Field Communication Devices).

With respect to highly customized and dedicated products, the Group has developed new technologies to shape aluminum and new solutions to enhance the aesthetics of the surfaces; this research has also covered additives and new injection moulding technologies.

In the field of security, the Group has developed new technologies that can be integrated into our closures allowing brands to check authenticity of the products and to track and trace the goods.

Some of these systems also allow end consumers to verify such genuineness, facilitating also a direct brand owner/consumer connection, important feature requested by the main brands.

Other important objectives that have driven our design activities in 2016 have been:

- i) sustainability, through research into plastic materials coming from renewable sources;
- ii) eco-design of new products that can be easily divided into mono-material subassemblies.

The Group success hinges on two main pillars: customized high aesthetic quality and anticounterfeiting performance (non-refillable valve systems, tamper-evident systems, not (easily) replicable technical features).

Current development

Most of the current R&D goals of the Group are in the area of:

- brand identity - highly aesthetics, colours, sizes, shapes and materials;
- brand protection – anticounterfeiting: safety systems with an extremely high technological content are analysed and designed, using company know-how matured from extensive experience and using new upcoming technologies.

To reach such goals, the latest or most modern technologies are investigated in Research and Development (R&D), selected, piloted, validated and introduced into the production cycle.

Furthermore, the Group has always been aware of environmental issues, with the objective of making the production process increasingly environmentally friendly.

The activities of the R&D department in 2016 led to roughly € 1.2 million of costs and roughly € 0.5 million of capitalized development expenditure.

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, particularly in India and Ukraine. During August 2016, the Group started a new patent legal action in Italy.

Policies for financial and other business risk management

Reference should be made to note 16) "Financial derivative liabilities" to these consolidated financial statements for further information on derivatives in place at December 31, 2016 and the related accounting treatment and to note 32) "Fair value of financial instruments and sensitivity analysis" for other financial instruments and risk management policies.

Interest rate risk

The Group has two interest rate swaps in place at December 31, 2016 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 in place.

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, 2016, the Group has fourteen contracts for the forward purchase of aluminum, for a total of over 2,500 tons, spread over various maturity dates based on forecasted 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 Directors' 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 operating profit before amortization/depreciation, and impairment losses on 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 2016, EBITDA was impacted by € 1.8 million of non-recurring costs, of which € 1.3 million of M&A activities and € 0.5 million for the rationalization of the production structure.

In 2015, EBITDA was impacted by € 3.1 million of non-recurring costs, of which € 2.6 million for the rationalization of the production structure.

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 2016 amounts and 2016 currency amounts calculated at constant 2015 average exchange rates ("constant exchange rates").

Results of operations

The table below shows the reclassified consolidated income statement:

Reclassified consolidated income statement

| <i>(Thousands of Euros)</i> | | | | |
|--|----------------|------------------|----------------|------------------|
| | 2015 (*) | % of net revenue | 2016 | % of net revenue |
| Net revenue | 520,533 | 100.0% | 500,268 | 100.0% |
| Change in inventories of finished and semi-finished products | 3,066 | 0.6% | 1,279 | 0.3% |
| Other operating income | 3,767 | 0.7% | 3,595 | 0.7% |
| Work performed by the Group and capitalised | 5,936 | 1.1% | 6,615 | 1.3% |
| Costs for raw materials | (233,336) | (44.8%) | (218,436) | (43.7%) |
| Costs for services | (91,083) | (17.5%) | (88,478) | (17.7%) |
| Personnel expense | (94,036) | (18.1%) | (93,806) | (18.8%) |
| Other operating expense | (11,577) | (2.2%) | (10,361) | (2.1%) |
| Gross operating profit (EBITDA) | 103,269 | 19.8% | 100,676 | 20.1% |
| Amortization, depreciation and impairment losses | (37,583) | (7.2%) | (30,964) | (6.2%) |
| Operating profit | 65,686 | 12.6% | 69,713 | 13.9% |
| Financial income | 11,100 | 2.1% | 8,122 | 1.6% |
| Financial expense | (59,744) | (11.5%) | (61,926) | (12.4%) |
| Profit before taxation | 17,042 | 3.3% | 15,908 | 3.2% |
| Income taxes | (21,745) | (4.2%) | (19,563) | (3.9%) |
| Loss for the year | (4,703) | (0.9%) | (3,654) | (0.7%) |

Source: financial statements figures

| | | | | |
|--|----------------|--------------|----------------|--------------|
| Gross operating profit adjusted (Adjusted EBITDA) | 106,404 | 20.4% | 102,484 | 20.5% |
|--|----------------|--------------|----------------|--------------|

Notes:

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

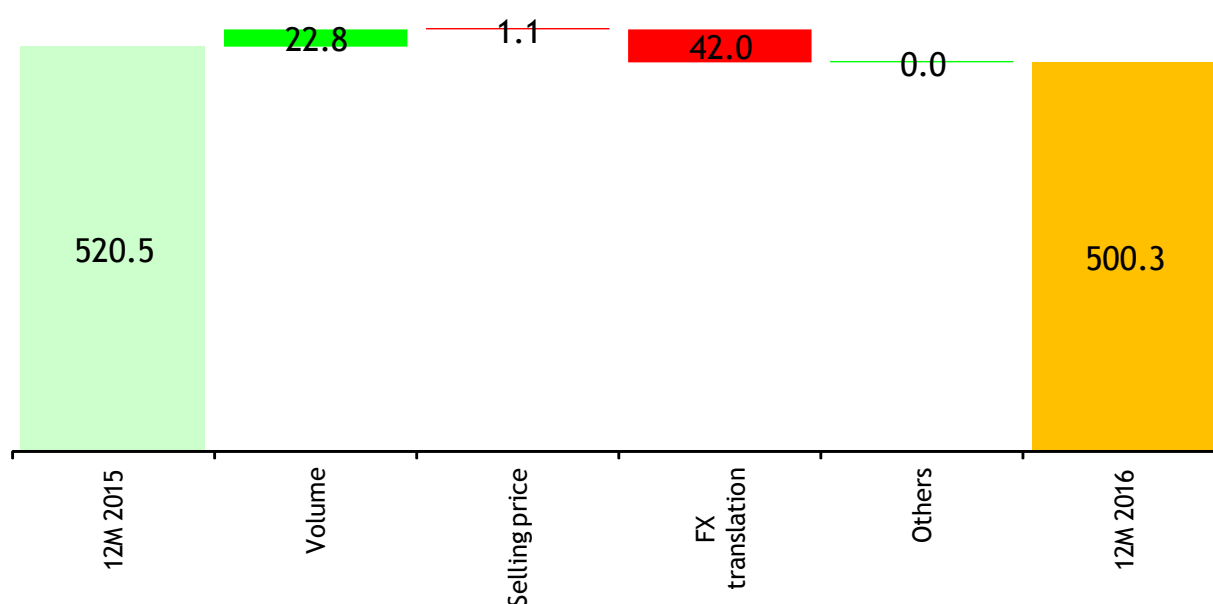
(*) 2015 figures were restated since capitalized development expenditure and extraordinary maintenance booked in 2015 as "Other operating income" have been reclassified to the caption "Work performed by the Group and capitalized"

Net revenue

In 2016, consolidated net revenue was € 500.3 million, down € 20.2 million or 3.9% on 2015 due to the negative translation impact (€ 42.0 million) following the Euro's revaluation versus the main currencies in which the Group operates.

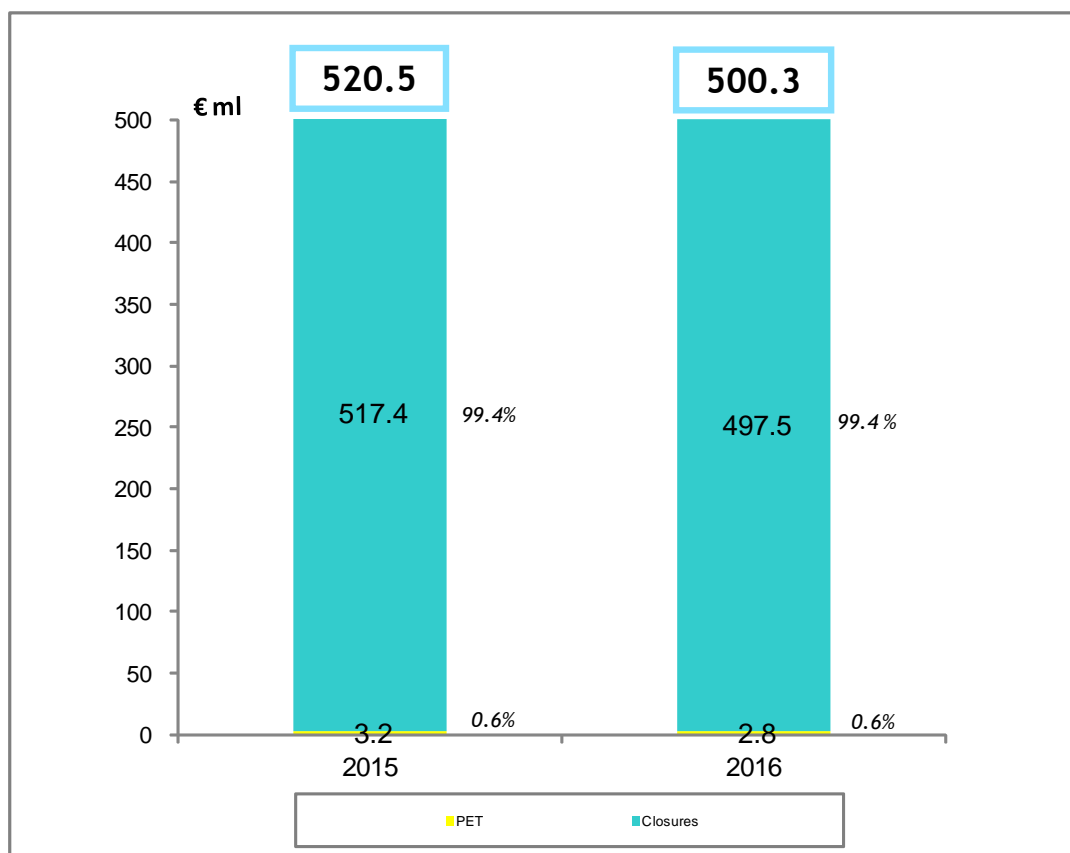
At constant exchange rates, net revenue was up € 21.7 million or 4.2% on 2015 due to organic growth, as a result of higher sales volumes in Ukraine, India, Argentina, Mexico and Poland, due to the further penetration of safety closures and to the continuous changeover from cork to aluminum closures for wine bottles.

The graph below shows the difference between 2016 and 2015 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 (99.4% of net revenue), specialized in the following product lines: safety closures, luxury (decorative) closures, wine closures, roll on (standard) closures, Pharma and other revenue.

The Closures division's revenue went from € 517.4 million in 2015 to € 497.5 million in 2016, representing a decrease of € 19.9 million, due to the negative translation impact (€ 42.0 million). At constant exchange rates, net revenue was up € 22.1 million or 4.3% on 2015.

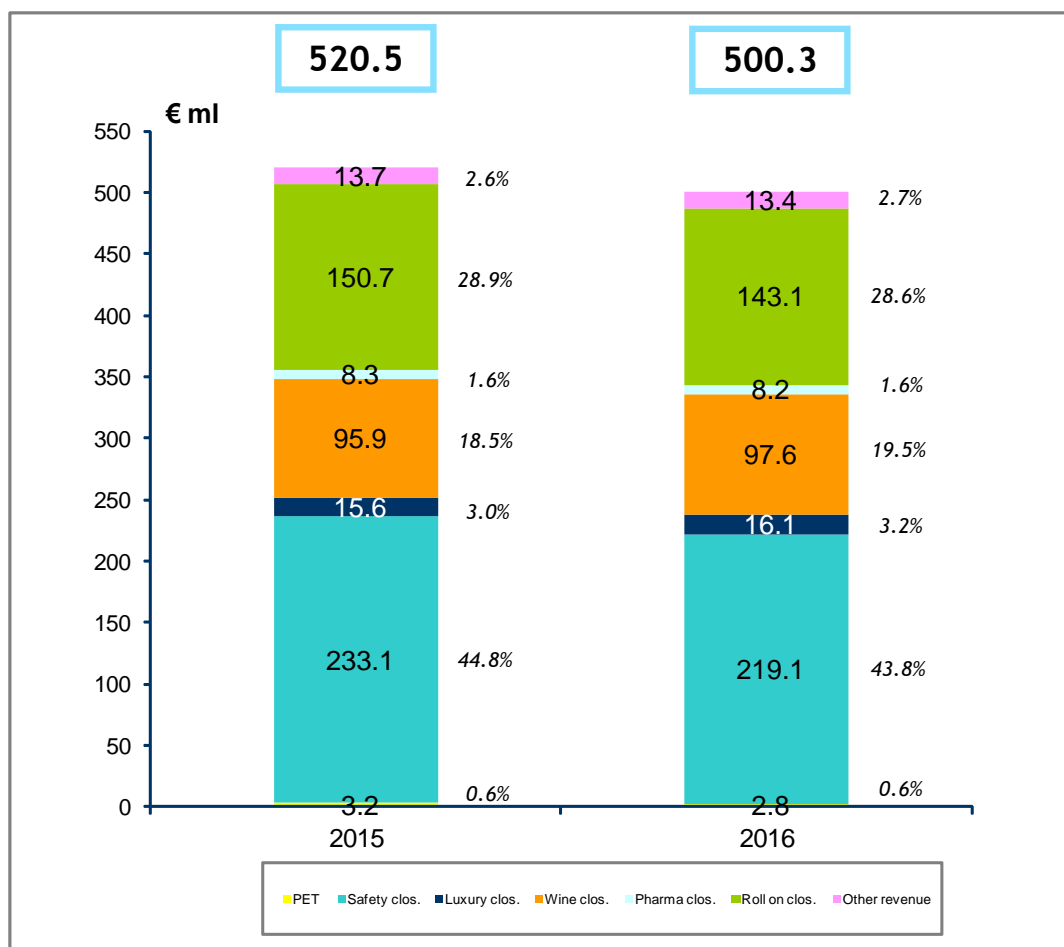
The PET division mainly produces standard and custom moulds, PET bottles and miniatures. This division is no longer considered a core business for the Group.

The PET division's revenue went from € 3.2 million in 2015 to € 2.8 million in 2016 (stable at 0.6% 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 € 233.1 million in 2015, or 44.8% of net revenue, to € 219.1 million in 2016, or 43.8%, representing a decrease of € 14.0 million, due to the negative translation impact (€ 20.9 million).

At constant exchange rates, net revenue was up € 6.9 million or 3.0% on 2015 mainly due to the result of the growth in India and Ukraine.

Luxury (decorative) closures revenue increased from € 15.6 million in 2015, or 3.0% of net revenue, to € 16.1 million in 2016 (or 3.2%), representing an increase of € 0.5 million, despite the negative translation impact (€ 2.0 million). At constant exchange rates, net revenue was up € 2.5 million or 15.8% on 2015.

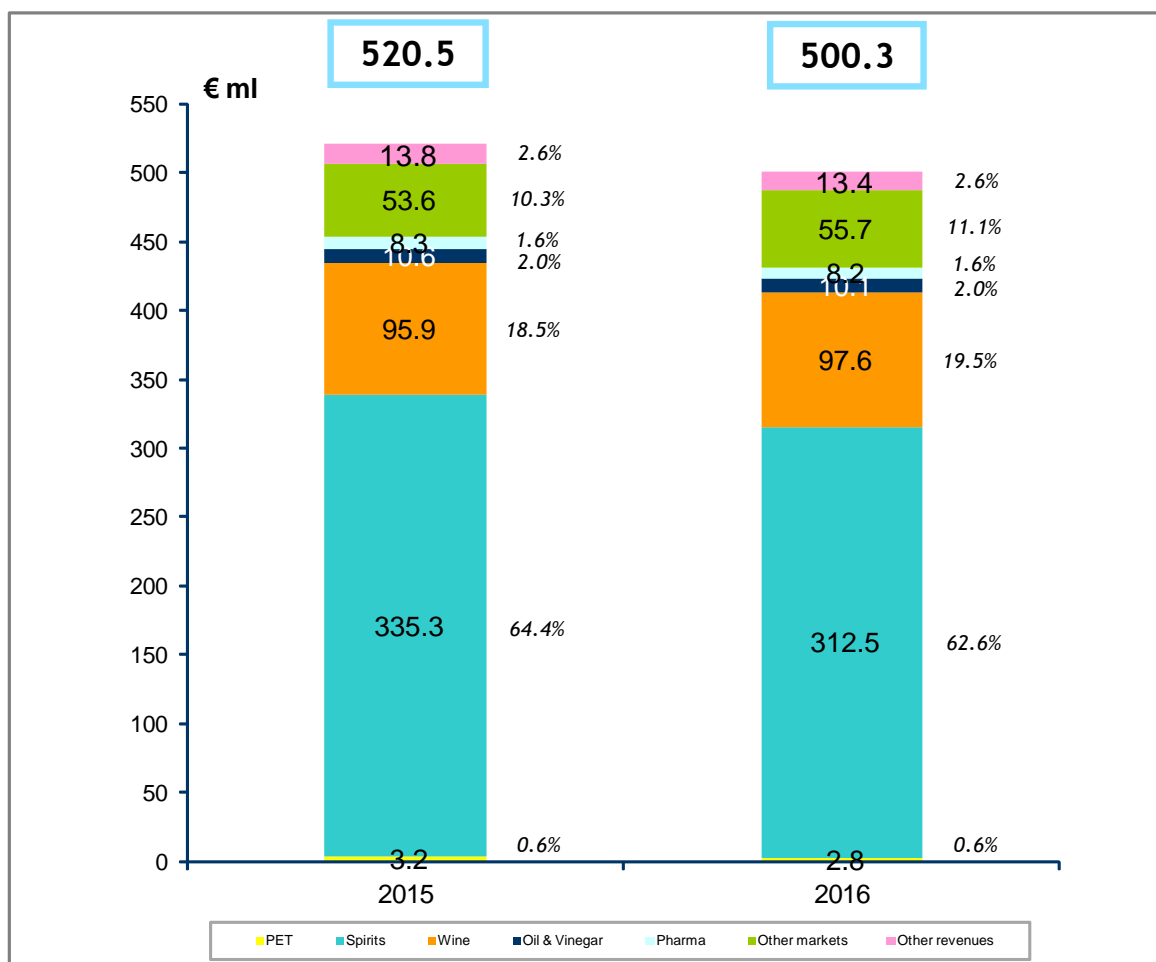
Wine closures revenue increased from € 95.9 million in 2015, or 18.5% of net revenue, to € 97.6 million in 2016, or 19.5%, representing an increase of € 1.7 million, despite the translation impact (€ 7.0 million). At constant exchange rates, net revenue was up € 8.7 million or 9.1% on 2015.

Pharma closures revenue decreased from € 8.3 million in 2015 to € 8.2 million in 2016 (stable at 1.6% of net revenue) due to the negative translation impact of € 0.1 million.

Roll on (standard) closures and other revenue decreased from € 164.4 million in 2015, or 31.6% of net revenue, to € 156.5 million in 2016, or 31.3%, representing an decrease of € 7.9 million, due to the negative translation impact (€ 11.9 million). At constant exchange rates, net revenue was up € 4.0 million or 2.4% on 2015.

Net revenue by destination market

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



Source: sales statistics

The most important destination market for the group sales continues to be the spirits market, which represents 62.6% of net revenue in 2016.

Net revenue related to the spirits market decreased from € 335.3 million in 2015 to € 312.5 million in 2016, due to the negative translation impact (€ 32.5 million). At constant exchange rates, net revenue was up € 9.8 million or 2.9% on 2015.

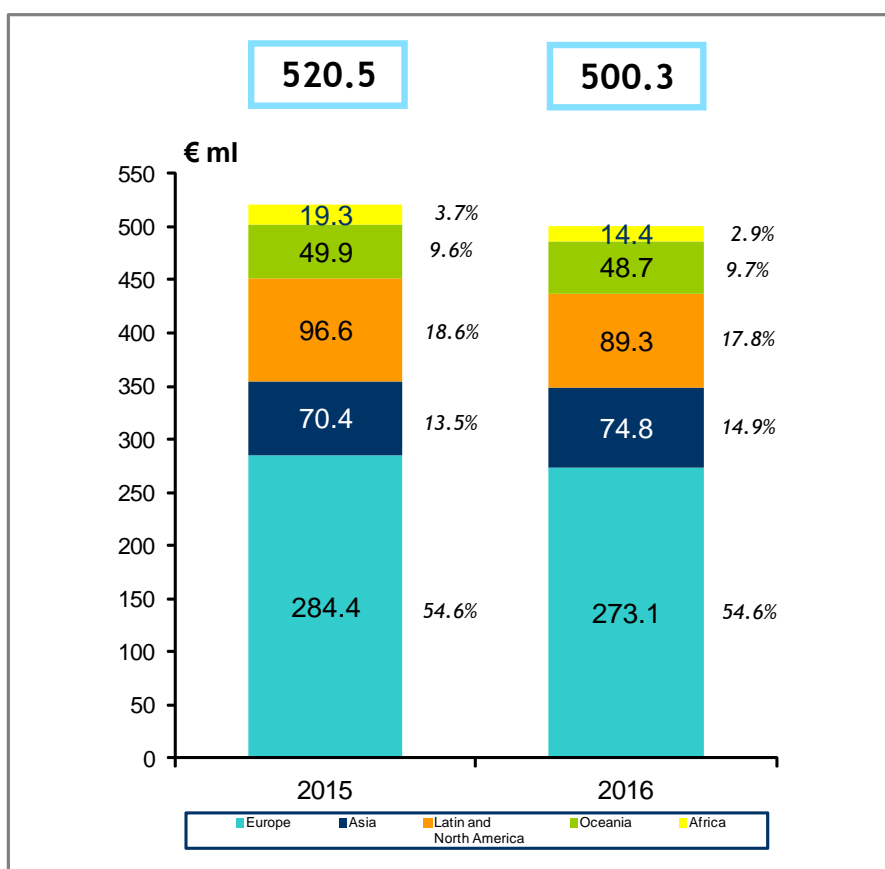
The second most important destination market is the wine market, which represents 19.5% of net revenue in 2016.

Net revenue related to the wine market increased by 1.8% in 2016 from € 95.9 million in 2015 to € 97.6 million in 2016, despite the negative translation impact (€ 7.0 million), mainly due to higher sales in Argentina, Poland and North America.

The incidence on net revenue of other markets is substantially in line with 2015.

Net revenue by geographical segment

The graph below illustrates the geographical 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 decreased from € 284.4 million in 2015 to € 273.1 million in 2016 (stable at 54.6% of net revenue), representing a decrease of € 11.3 million, due to the negative translation impact (€ 16.9 million). At constant exchange rates, the net revenue of this area increased by € 5.6 million or 2.0% on 2015, mainly due to the Ukrainian company.

Net revenue from operations in Asia increased from € 70.4 million in 2015, or 13.5% of net revenue, to € 74.8 million in 2016, or 14.9%, representing an increase of € 4.4 million, despite the negative translation impact (€ 3.4 million). At constant exchange rates, the net revenue of this area was up € 7.8 million or 11.1% on 2015, mainly due to higher volumes in India.

Net revenue from operations in Latin and North America decreased from € 96.6 million in 2015, or 18.6% of net revenue, to € 89.3 million in 2016, or 17.8%, representing a decrease of € 7.3 million, due to the negative translation impact (€ 19.2 million). At constant exchange rates, the net revenue of this area increased by € 11.9 million or 12.3% on 2015, mainly due to Argentina and Mexico.

Net revenue from operations in Oceania decreased from € 49.9 million in 2015, or 9.6% of net revenue, to € 48.7 million in 2016, or 9.7%, representing a decrease of € 1.2 million, of which € 0.3 million due to the negative translation impact, mainly due to reduced volumes in Australia.

Net revenue from operations in Africa decreased from € 19.3 million in 2015, or 3.7% of net revenue, to €14.4 million in 2016, or 2.9%, representing a decrease of € 4.9 million, of which € 2.2 million due to the negative translation impact.

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

Other operating income

Other operating income decreased from € 3.8 million in 2015 to € 3.6 million in 2016 (the incidence on net revenue is almost stable), representing a decrease of € 0.2 million.

Capitalized development expenditure and extraordinary maintenance booked in 2015 as “Other operating income” have been reclassified to the caption “Work performed by the Group and capitalized” to be consistent with 2016 classification.

Work performed by the Group and capitalised

Work performed by the Group and capitalised increased from € 5.9 million in 2015, or 1.1% of net revenue, to € 6.6 million in 2016, or 1.3%, representing an increase of € 0.7 million.

This income comprises capitalized development expenditure and extraordinary maintenance on property, plant and equipment.

Costs for raw materials

These costs decreased from € 233.3 million in 2015, or 44.8% of net revenue, to € 218.4 million in 2016, or 43.7%, representing a decrease of € 14.9 million, mainly due to a reduction in raw material prices.

Costs for services

Costs for services decreased from € 91.1 million in 2015, or 17.5% of net revenue, to € 88.5 million in 2016, or 17.7%, representing a decrease of € 2.6 million.

Personnel expense

Personnel expense decreased from € 94.0 million in 2015, or 18.1% of net revenue, to € 93.8 million in 2016, or 18.8%, representing a decrease of € 0.2 million.

Other operating expense

Other operating expense decreased from € 11.6 million in 2015, or 2.2% of net revenue, to € 10.4 million in 2016, or 2.1%, representing a decrease of € 1.2 million, mainly due to the non-recurring provisions booked in 2015 for the restructuring plan.

Gross operating profit (EBITDA)

The Group's gross operating profit for 2016 came to € 100.7 million, 20.1% of net revenue, showing a €2.6 million (-2.5%) decrease on 2015 mainly due to the negative translation impact (€ 9.1 million), partially offset by volume increase (€ 4.6 million).

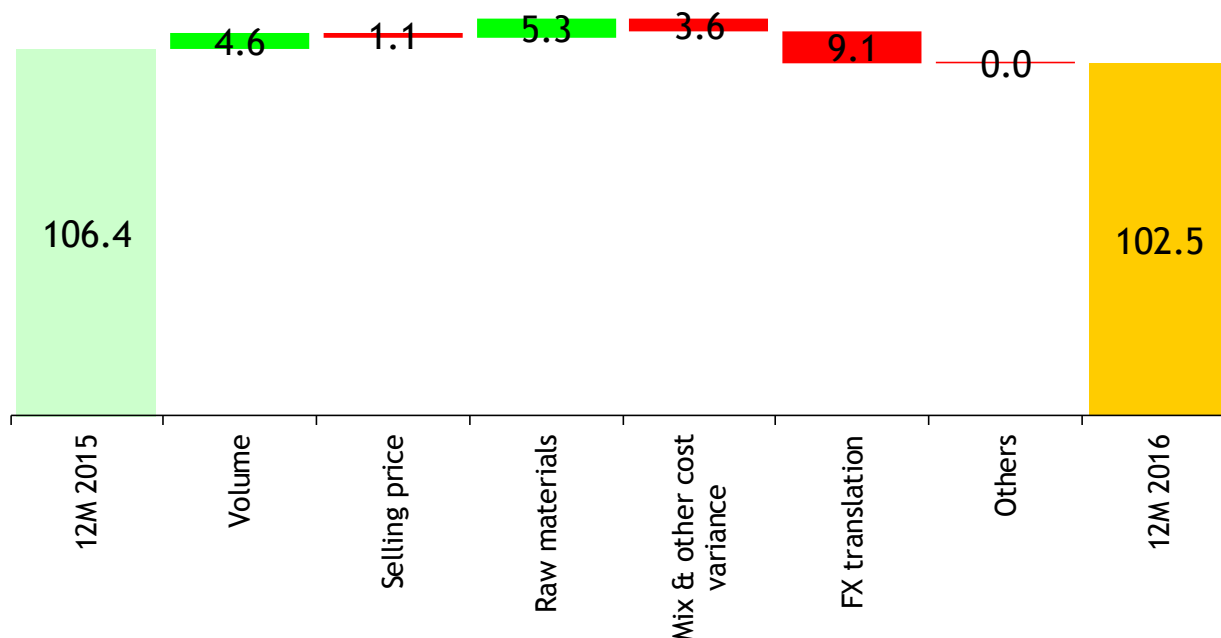
In 2016, EBITDA was impacted by € 1.8 million of non-recurring costs, of which € 1.3 million of M&A activities and € 0.5 million for the rationalization of the production structure.

In 2015, EBITDA was impacted by € 3.1 million of non-recurring costs, of which € 2.6 million for the rationalization of the production structure.

Excluding the non-recurring items, the Group's gross operating profit (adjusted EBITDA) for 2016 would have been € 102.5 million, showing a € 3.9 million decrease on 2015, due to the negative translation impact (€ 9.1 million) following the Euro's revaluation versus the main currencies in which the Group operates. At constant exchange rates, adjusted EBITDA was € 111.6 million, up € 5.2 million or 4.9% on 2015 due to organic growth.

Adjusted EBITDA in 2016 is equal to 20.5% of net revenue (20.4% in 2015).

The graph below shows the difference between 2015 and 2016 adjusted EBITDA:



Amortization, depreciation and impairment losses

Amortization, depreciation and impairment losses decreased from € 37.6 million in 2015, or 7.2% of net revenue, to € 31.0 million in 2016, or 6.2%, representing a decrease of € 6.6 million.

This decrease is mainly due for € 3.3 million to a reduction in amortization of the Group trademark adopted from 2016 based on an assessment of longer useful life estimate, for € 0.8 million to a reduction in depreciation rates for the Italian plants applied to some generic plant and equipment in 2016 based on an internal appraisal that support a longer useful life of certain fixed assets, for € 0.5 million to the release of some accruals made in 2015 to the allowance for impairment, € 0.4 million to lower impairment losses on property, plant and equipment and intangible assets and the remaining lower depreciation is due to assets becoming fully depreciated and not being fully replaced by depreciation on new assets.

Financial income and expense

Net financial expense increased from € 48.6 million for 2015 to € 53.8 million for 2016.

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

| Thousands of Euros | 2015 | 2016 |
|---|-----------------|-----------------|
| Net exchange rate losses | (3,889) | (2,461) |
| Net fair value gains on derivatives | 479 | - |
| Fair value losses on liability due to non-controlling investors | (3,600) | (2,400) |
| Net interest expense | (40,983) | (38,791) |
| Financial expense for debt refinancing | - | (10,358) |
| Net other financial income/(expense) | (651) | 207 |
| Net financial expense | (48,644) | (53,804) |

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 € 2.4 million in 2016.

Net interest expense in 2016 is € 2.2 million lower than the previous year mainly due to a reduction of € 1.5 million following the expiry of the trading IRS in 2015 and a reduction of € 0.9 million due to higher interest income. The impact on 2016 of the refinancing is immaterial, due to higher principal amount but lower average interest rate.

Financial expense for debt refinancing in 2016 refers to the derecognition of unamortized transaction costs due to the Group's refinancing (early redemption of existing Senior Notes, Floating Rate Senior Secured Notes and Senior Revolving Facility) and to the redemption premium of 2.344% due on the prepayment of the Senior Notes due 2018.

Income taxes

Income taxes decreased from € 21.7 million in 2015, or 4.2% of net revenue, to € 19.6 million in 2016, or 3.9%, representing a decrease of € 2.2 million.

Consolidated loss for the year

The consolidated loss for the year decreased from € -4.7 million in 2015, or -0.9% of net revenue, to € -3.7 million in 2016, or -0.7%.

Reclassified consolidated statement of financial position

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

| | December 31, 2015 | December 31, 2016 |
|--|-------------------|-------------------|
| Thousands of Euros | | |
| Intangible assets | 376,656 | 373,990 |
| Property, plant and equipment | 186,144 | 189,932 |
| Net working capital | 87,042 | 90,768 |
| Net financial derivative liabilities | (1,071) | 100 |
| Employee benefits | (5,745) | (6,246) |
| Other assets/liabilities | (30,381) | (30,242) |
| Net invested capital | 612,644 | 618,303 |
| Financed by: | | |
| Net financial liabilities | 546,046 | 553,602 |
| Financial liabilities to non-controlling investors | 13,500 | 15,900 |
| Cash and cash equivalents | (61,944) | (54,703) |
| Net financial indebtedness | 497,601 | 514,799 |
| Equity | 115,043 | 103,504 |
| Sources of financing | 612,644 | 618,303 |

Source: reclassified financial statements figures

Property, plant and equipment

Property, plant and equipment increased from € 186.1 million at the end of 2015 to € 189.9 million at the end of 2016, representing an increase of € 3.8 million. This increase is mainly due to net investments (principally in Italy, Poland, India, Ukraine and UK) (€ 29.9 million) and to the business combination following the acquisition of Capmetal SAS (€ 1.4 million), partly compensated by negative exchange rate differences (€ 0.7 million) and to depreciation and impairment losses (€ 27.0 million).

Net working capital

The table below provides a breakdown of net working capital.

| | December 31, 2015 | December 31, 2016 |
|--------------------------------|-------------------|-------------------|
| Thousands of Euros | | |
| Inventories | 67,301 | 67,883 |
| Trade receivables | 86,880 | 89,134 |
| Trade payables | (67,140) | (66,249) |
| Net working capital (*) | 87,042 | 90,768 |

(*) 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 and changes in number of consolidated companies.

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

| | December 31, 2015 | December 31, 2016 |
|---------------------------------|-------------------|-------------------|
| Days | | |
| Inventories | 45 | 46 |
| Trade receivables | 58 | 61 |
| Trade payables | (45) | (45) |
| Net working capital days | 59 | 62 |

Net working capital increased from € 87.0 million at December 31, 2015 to € 90.8 million at December 31, 2016, representing an increase, in net working capital days, from 59 days to 62 days.

Net financial indebtedness

The table below gives a breakdown of net financial indebtedness.

| | December 31, 2015 | December 31, 2016 |
|--|-------------------|-------------------|
| Thousands of Euros | | |
| Net financial liabilities | 546,046 | 553,602 |
| Financial liabilities vs non-controlling investors | 13,500 | 15,900 |
| Cash and cash equivalents | (61,944) | (54,703) |
| Net financial indebtedness | 497,601 | 514,799 |

Net financial indebtedness increased from € 497.6 million at December 31, 2015 to € 514.8 million at December 31, 2016, representing an increase of € 17.2 million. This increase is mainly due to the fact that the cash flows generated by the operating activities (€ 71.4 million) were used as follows: € 32.3 million in investing activities and € 56.4 million in financing activities.

Equity

The table below shows a breakdown of equity:

| | December 31, 2015 | December 31, 2016 |
|--|-------------------|-------------------|
| Thousands of Euros | | |
| Equity attributable to the owners of the parent | 90,344 | 78,166 |
| Equity attributable to non-controlling interests | 24,699 | 25,338 |
| Equity | 115,043 | 103,504 |

Equity attributable to the owners of the parent decreased by € 12.2 million, mainly due to the loss for the year.

Equity attributable to non-controlling interests increased by € 0.6 million, mainly due to the positive exchange rate trend and to the acquisition of Capmetal SAS.

The Company or any of its subsidiaries has not purchased any of its own shares.

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 | 2015 | 2016 |
|---|------------------|------------------|
| A) Opening net financial indebtedness | (507,658) | (497,601) |
| Gross operating profit (EBITDA) | 103,269 | 100,676 |
| Change in NWC | 10,626 | (7,770) |
| Other operating items | (1,164) | 743 |
| Taxes | (26,678) | (22,240) |
| B) Cash flow generated by operating activities | 86,053 | 71,409 |
| Net capex | (21,114) | (30,843) |
| Change in payables for capex | (1,512) | (353) |
| Acquisition of Capmetal SAS (net of cash acquired) | - | (1,057) |
| C) Cash flow used in investing activities | (22,626) | (32,253) |
| Acquisition of initial Capmetal SAS indebtedness | - | (651) |
| Acquisition of non-controlling interest in Guala Closures Argentina | (689) | - |
| Net interest expense | (41,656) | (38,596) |
| Non-recurring financial expense for debt refinancing | - | (10,358) |
| Transaction costs not yet paid for debt refinancing | - | 3,768 |
| Other financial items | (4,622) | (3,482) |
| Dividends paid | (3,858) | (6,302) |
| Exchange rate impact | (2,545) | (733) |
| D) Cash flow used in financing activities | (53,371) | (56,353) |
| E) Total change in net financial indebtedness (B+C+D) | 10,057 | (17,197) |
| F) Closing net financial indebtedness (A+E) | (497,601) | (514,799) |

Source: reclassified consolidated financial statements figures – internal data

Cash flows generated by operating activities

The cash flows generated by operating activities decreased from € 86.1 million in 2015 to € 71.4 million in 2016.

The decrease of € 14.6 million was mainly due to lower EBITDA generated in 2016 (€ 2.6 million) and to the worsening in the variation in net working capital (€ 18.4 million), partly compensated by the improvement in the cash flows for other operating items (€ 1.9 million) and for taxes (€ 4.4 million).

In 2015 Other operating items was negatively impacted by the payment of € 2.4 million of restructuring provision and taxes included the payment of € 4.8 million in relation to tax and related matters dating to the period 2009-2011.

Cash flows used in investing activities

The cash flows used in investing activities increased from € 22.6 million in 2015 to € 32.3 million in 2016, of which € 1.1 million due to the acquisition of Capmetal SAS.

Cash flows used in financing activities

Cash flows used in financing activities increased by € 3.0 million from € -53.4 million in 2015 to € -56.4 million in 2016:

- a) Net interest expense in 2016 is smaller than in 2015 by € 3.1 million mainly due to the following:
 - 1. € 1.5 million paid by Guala Closures S.p.A. in 2015 for trading IRS (zero in 2016, due to its expiry in September 2015);
 - 2. € 0.9 million due to higher interest income in 2016;
- b) Non-recurring financial expense for debt refinancing in 2016 refers to the derecognition of unamortized transaction costs due to the Group's refinancing (early redemption of existing Senior Notes, Floating Rate Senior Secured Notes and Revolving Credit Facility) and to the redemption premium of 2.344% due on the prepayment of the Senior Notes due 2018;
- c) Transaction costs not yet paid for debt refinancing in 2016 refer to the fees and expenses associated with the Group Refinancing still unpaid at December 31, 2016;
- d) Other financial items in 2016 are smaller than in 2015 by € 1.1 million due to the smaller increase of the liability due to the non-controlling investors of the Ukrainian company.

Total change in net financial indebtedness

The total change in Net financial indebtedness worsened from € 10 million in 2015 to € -17.2 million in 2016, mainly due to lower cash flows generated by operating activities and higher cash flows used in investing activities.

Key financial and other indicators**Financial indicators**

| | 2015 | 2016 |
|---|-------------|-------------|
| Adjusted gross operating profit (adjusted EBITDA) (€ mln) | 106.4 | 102.5 |
| EBITDA margin (Adjusted EBITDA/Net revenue) | 20.4% | 20.5% |
| ROS (Adjusted operating profit/Net revenue) | 13.2% | 14.3% |
| ROE (Net result/Equity) | (3.7%) | (3.3%) |
| ROI (Adjusted operating profit/Net invested capital) | 11.2% | 11.6% |
| Gearing ratio (Net financial indebtedness/Equity) | 4.33 | 4.97 |
| NWC days (Net working capital/Turnover of last quarter annualised) | 59 | 62 |

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 15.

The above indicators have been calculated excluding non-recurring items (3.1 million in 2015 and € 1.8 million in 2016).

The Group increased its business profitability to over 20% (defined as EBITDA margin).

Other indicators

Group personnel is analyzed in the following tables.

Breakdown

| | December 31, 2015 | | | December 31, 2016 | | |
|---------------|-------------------|------------|--------------|-------------------|------------|--------------|
| | Men | Women | TOTAL | Men | Women | TOTAL |
| Managers | 161 | 34 | 195 | 170 | 37 | 207 |
| White collars | 637 | 236 | 873 | 603 | 241 | 844 |
| Blue collars | 2,376 | 552 | 2,928 | 2,413 | 578 | 2,991 |
| Total | 3,174 | 822 | 3,996 | 3,186 | 856 | 4,042 |

In addition, the Group also employed 623 agency workers as at December 31, 2016 (723 as at December 31, 2015).

Turnover

| | TOTAL | Business combinations | Increases | Decreases | Reclassifications | TOTAL |
|---------------|--------------|-----------------------|------------|--------------|-------------------|--------------|
| Managers | 195 | 6 | 7 | (8) | 7 | 207 |
| White collars | 873 | 7 | 93 | (97) | (32) | 844 |
| Blue collars | 2,928 | 32 | 502 | (496) | 25 | 2,991 |
| Total | 3,996 | 45 | 602 | (601) | - | 4,042 |

Average age

| | 2015 | 2016 |
|---------------|-------------|-------------|
| | Average age | Average age |
| Managers | 47 | 48 |
| White collars | 40 | 41 |
| Blue collars | 39 | 40 |
| Total | 39 | 40 |

Training

| | 2015 | 2015 | 2016 | 2016 |
|---------------|----------------|--------------------------------------|----------------|--------------------------------------|
| | Training hours | Training costs Thousands of Euros | Training hours | Training costs Thousands of Euros |
| Managers | 4,463 | | 5,040 | |
| White collars | 22,894 | | 24,829 | |
| Blue collars | 121,401 | | 141,012 | |
| Total | 148,758 | 396 | 170,881 | 504 |

Hours of absence

| | December 31, 2015 | December 31, 2016 |
|-----------------|--------------------------|--------------------------|
| | Hours | Hours |
| Illness | 418,746 | 222,709 |
| Accidents | 29,296 | 19,323 |
| Maternity leave | 50,274 | 40,211 |
| Other | 70,801 | 266,953 |
| Total | 569,117 | 549,195 |

Source: off-the-book data









With reference to the legislative requirements related to the protection of personal data (Legislative decree no. 196/03), Guala Closures S.p.A. updated its Data protection document in 2016. 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 2016 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

Outlook

What a relief!

2016 is over and the Group has great hopes that 2017 will be a more predictable year both politically and economically.

Even if the climate of great uncertainty has impacted all the business forecasts of our customers in most of the regions in which our Group operates, notably mainly in Latin America (with the exception of Mexico), the UK and South Africa, we have achieved satisfactory year end results. India, Ukraine, Mexico, Australia and New Zealand significant new product launches have been the main contributors to the success.

In particular, 2016 total sales amounted to € 500.3 million (-3.9% versus 2015) and adjusted EBITDA was € 102.5 million (-3.7% versus 2015) with operating margin improving 0.1% over that of 2015.

It should be noted that, if the 2015 exchange rates are applied, sales and adjusted EBITDA improved by 4.2% and 4.9% respectively, amounting to € 542.2 million and € 111.6 million, respectively.

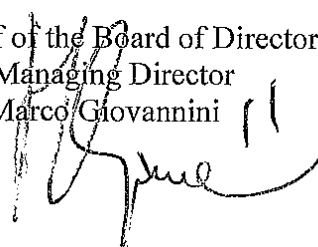
These remarkable performances enable the Group to refinance its debt by issuing new € 510 million Floating Rate Senior Secured Notes due 2021 on November 11, 2016.

Last but not least, in late December 2016, the Group acquired a 70% stake in Capmetal SAS, our former French distributor for wine closures.

This acquisition has great strategic value as it gives us the opportunity to boost our wine business thanks to the possibility to directly print the “Marianne” (the French fiscalization symbol) on top of our closures.

Finally, the first quarter of 2017 is in line with our forecast even though the worldwide scenario continues to be quite volatile.

On behalf of the Board of Directors
Managing Director
Marco Giovannini



Luxembourg, April 26, 2017

Corporate social responsibility



Corporate social responsibility

Operating in 20 countries through 26 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, the Group 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 also involving our main suppliers.

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.

CO₂ Emissions Monitoring

The Group has dedicated considerable resources to the assessment of the carbon footprint of the plants through the GHG protocol. Starting from Italian plants in 2012, the GHG protocol standard has been extended to all Group's plants since 2014.

In 2016 five year Sustainability Program's was launched, involving all Group plants, with consistent objectives to reduce the Group's overall carbon footprint.

The Life Cycle Assessment (LCA) approach has been applied to establish the quantity of its CO₂ emissions related to the production of wine and oil screwcaps. The Group performed a LCA compliant with ISO 14040/44 requirements in 2008 and 2013.

Offsetting projects

Since 2011, the Group carried out different offsetting projects which are particularly important from a social point of view. In the last two years, the offsetting projects carried out have been the following:

- Offsetting projects 2015 -2016

Starting in 2015, the Group decided to invest in a three year reforestation project in Colombia.

In 2015, the compensation project was related to the results of the GHG protocol of the Italian plants. The Group decided to offset the CO₂ emissions (Scope 1 and Scope) of the four Italian plants: Spinetta, Termoli, Basaluzzo and Magenta.

In Amazonia, 10,000 trees were planted in 2015, to offset 1,500 tonnes of CO₂ emissions, through a program implemented and coordinated by the NGO Up2green Reforestation (www.up2green.com) and audited by Ecocert Environnement (www.ecocert.com). More than 150 local people have been involved in this program.

In 2016, the Group extended the compensation project including the results of the GHG protocol for all plants (Scope 1 and 2). The Group has decided to offset the CO₂ emissions for Scope 1 (certified by Bureau Veritas) for all the plants of the Group. 38,750 ton of CO₂ have been compensated in the following way:

- In Colombia (Ipiales) and in India (Gujarat) 65,000 trees have been planted to offset 9,759 ton of CO₂ emissions. The program is under certification by Ecocert Environment;
- 29,000 VCU credits (Voluntary Carbon Unit) were bought through ECOWAY, a trading company certified by TUV NORD.



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, 2016**

Consolidated statement of financial position

ASSETS

| <i>(Thousands of Euros)</i> | December 31, 2015 | December 31, 2016 | Note |
|---------------------------------|-------------------|-------------------|------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 61,944 | 54,703 | 5 |
| Current financial assets | 87 | 104 | |
| Trade receivables | 86,880 | 89,134 | 6 |
| Inventories | 67,301 | 67,883 | 7 |
| Current direct tax assets | 2,138 | 3,264 | |
| Current indirect tax assets | 5,834 | 6,367 | |
| Financial derivative assets | - | 533 | 8 |
| Other current assets | 3,468 | 4,493 | |
| Total current assets | 227,652 | 226,481 | |
| Non-current assets | | | |
| Non-current financial assets | 465 | 598 | |
| Property, plant and equipment | 186,144 | 189,932 | 9 |
| Intangible assets | 376,656 | 373,990 | 10 |
| Deferred tax assets | 8,060 | 7,293 | 11 |
| Other non-current assets | 504 | 712 | |
| Total non-current assets | 571,828 | 572,525 | |
| TOTAL ASSETS | 799,480 | 799,006 | |

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, 2015 | December 31, 2016 | Note |
|--|-------------------|-------------------|------|
| LIABILITIES AND EQUITY | | | |
| <i>Current liabilities</i> | | | |
| Current financial liabilities | 13,283 | 12,446 | 12 |
| Trade payables | 67,140 | 66,249 | 13 |
| Current direct tax liabilities | 5,379 | 4,487 | 14 |
| Current indirect tax liabilities | 4,290 | 4,556 | |
| Current provisions | 1,624 | 1,176 | 15 |
| Financial derivative liabilities | 1,071 | 433 | 16 |
| Other current liabilities | 22,872 | 26,629 | 17 |
| Total current liabilities | 115,659 | 115,976 | |
| <i>Non-current liabilities</i> | | | |
| Non-current financial liabilities | 546,814 | 557,758 | 12 |
| Employee benefits | 5,745 | 6,246 | 18 |
| Deferred tax liabilities | 15,959 | 15,329 | 11 |
| Non-current provisions | 148 | 151 | 15 |
| Other non-current liabilities | 112 | 43 | |
| Total non-current liabilities | 568,778 | 579,526 | |
| Total liabilities | 684,438 | 695,502 | |
| Share capital and reserves attributable to non-controlling interests | 17,302 | 17,024 | |
| Profit for the year attributable to non-controlling interests | 7,397 | 8,314 | |
| Equity attributable to non-controlling interests | 24,699 | 25,338 | 20 |
| <i>Equity attributable to the owners of the Company</i> | | | |
| Share capital | 141 | 141 | |
| Share premium and other similar reserves | 295,228 | 295,228 | |
| Translation reserve | (46,077) | (46,302) | |
| Hedging reserve | (974) | (796) | |
| Losses carried forward and other reserves | (145,874) | (158,136) | |
| Loss for the year | (12,100) | (11,969) | |
| Equity attributable to the owners of the Company | 90,344 | 78,166 | 19 |
| Total equity | 115,043 | 103,504 | |
| TOTAL LIABILITIES AND EQUITY | 799,480 | 799,006 | |

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

Consolidated statement of profit or loss and other comprehensive income (expense)

(Thousands of Euros)

| | 2015 (*) | 2016 | Note |
|--|-----------------|-----------------|------|
| Net revenue | 520,533 | 500,268 | 21 |
| Change in inventories of finished goods and semi-finished products | 3,066 | 1,279 | 7 |
| Other operating income | 3,767 | 3,595 | 22 |
| Work performed by the Group and capitalised | 5,936 | 6,615 | 23 |
| Costs for raw materials | (233,336) | (218,436) | 24 |
| Costs for services | (91,083) | (88,478) | 25 |
| Personnel expense | (94,036) | (93,806) | 26 |
| Other operating expense | (11,577) | (10,361) | 27 |
| Amortization, depreciation and impairment losses | (37,583) | (30,964) | 9-10 |
| Operating profit | 65,686 | 69,713 | |
| Financial income | 11,100 | 8,122 | 28 |
| Financial expense | (59,744) | (61,926) | 29 |
| Net finance costs | (48,644) | (53,804) | |
| Profit before taxation | 17,042 | 15,908 | |
| Income taxes | (21,745) | (19,563) | 31 |
| Loss for the year | (4,703) | (3,654) | |

Other comprehensive income (expense)

| | | | |
|--|-----------------|----------------|----|
| Items that will never be reclassified to profit or loss: | | | |
| Actuarial gains/(losses) on the defined benefit liability (asset) | 337 | (162) | 18 |
| | 337 | (162) | |
| Items that are or may be reclassified subsequently to profit or loss: | | | |
| Foreign currency translation differences for foreign operations | (12,341) | 429 | |
| Effective portion of fair value gains (losses) of cash flow hedges | (47) | (29) | |
| Net change in fair value of cash flows hedges reclassified to profit or loss | 318 | 275 | |
| Income taxes on other comprehensive income | (75) | (68) | |
| | (12,145) | 608 | |
| Total comprehensive income/(expense) for the year, net of tax | (11,808) | 445 | |
| Total comprehensive expense for the year | (16,511) | (3,209) | |
| Profit (loss) attributable to: | | | |
| owners of the Company | (12,100) | (11,969) | |
| non-controlling interests | 7,397 | 8,314 | |
| Total comprehensive income (expenses) attributable to: | | | |
| owners of the Company | (21,929) | (12,177) | |
| non-controlling interests | 5,418 | 8,968 | |

(*) 2015 figures were restated since capitalized development expenditure and extraordinary maintenance booked in 2015 as "Other operating income" have been reclassified to the caption "Work performed by the Group and capitalised"

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

Consolidated statement of cash flows

| <i>(Thousands of Euros)</i> | 2015 | 2016 | Note |
|--|-----------------|-----------------|----------|
| Opening cash and cash equivalents | 35,273 | 61,944 | 5 |
| A) Cash flows generated by operating activities | | | |
| Profit before taxation | 17,042 | 15,908 | |
| Amortization, depreciation and impairment losses | 37,583 | 30,964 | 9-10 |
| Net finance costs | 48,645 | 53,804 | 28-29 |
| Change in: | | | |
| Receivables, payables and inventory | 10,626 | (7,770) | 6-7-13 |
| Other | (1,164) | 743 | |
| VAT and indirect tax assets/liabilities | (2,565) | (422) | |
| Income taxes paid | (24,112) | (21,818) | 14-31 |
| TOTAL | 86,053 | 71,409 | |
| B) Cash flows used in investing activities | | | |
| Acquisitions of property, plant and equipment and intangibles assets | (22,742) | (31,277) | 9-10-17 |
| Proceeds from sale of property, plant and equipment and intangibles assets | 116 | 80 | 9-10 |
| Acquisition of Capmetal SAS, net of cash acquired | - | (1,057) | 4.1 |
| TOTAL | (22,626) | (32,253) | |
| C) Cash flows used in financing activities | | | |
| Acquisition of non-controlling interest in Guala Closures Argentina | (689) | - | |
| Interest received | 948 | 1,848 | 28 |
| Interest paid | (40,422) | (40,440) | 29 |
| Payment of Redemption premium on Senior Notes due 2018 | - | (4,688) | |
| Payment of transaction cost on Bonds and Revolving Credit Facility | - | (8,332) | |
| Other financial items | (1,148) | (1,180) | 8-16-29 |
| Dividends paid to non-controlling interest | (3,858) | (6,302) | |
| Proceeds from new borrowings and bonds | 19,733 | 563,010 | 12 |
| Repayment of borrowings and bonds | (6,720) | (547,418) | 12 |
| Repayment of finance leases | (2,007) | (2,024) | |
| Change in financial assets | (132) | (70) | |
| TOTAL | (34,296) | (45,596) | |
| D) Net cash flow for the period (A+B+C) | 29,132 | (6,441) | |
| Effect of exchange rate fluctuations on cash held | (2,460) | (801) | |
| Closing cash and cash equivalents | 61,944 | 54,703 | 5 |

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

| Consolidated statement of changes in equity | | | | | | | | | | | |
|--|--|---|----------------------------|------------------------|--|--------------------------|--|---|--|---|---------------------|
| (Thousands of €) | <i>Attributable to the owners of the Company</i> | | | | | | | <i>Non-controlling interests</i> | | | <i>Total equity</i> |
| | <i>Share capital</i> | <i>Share premium and other similar reserves</i> | <i>Translation reserve</i> | <i>Hedging reserve</i> | <i>Losses carried forward and other reserves</i> | <i>Loss for the year</i> | <i>Equity attributable to the owners of the parent</i> | <i>Share capital and reserves attributable to non-controlling interests</i> | <i>Profit for the year attributable to non-controlling interests</i> | <i>Equity attributable to non-controlling interests</i> | |
| Balance at January 1, 2015 | 141 | 295,228 | (35,715) | (1,170) | (121,604) | (24,607) | 112,273 | 16,641 | 7,156 | 23,797 | 136,069 |
| Allocation of 2014 profit (loss) | | | | | (24,607) | 24,607 | - | 7,156 | (7,156) | - | - |
| Profit (loss) for the year ended December 31, 2015 | | | | | | (12,100) | (12,100) | | 7,397 | 7,397 | (4,703) |
| Other comprehensive expense | | | (10,362) | 196 | 337 | | (9,829) | (1,979) | | (1,979) | (11,808) |
| Total comprehensive expense for the year | - | - | (10,362) | 196 | (24,270) | 12,507 | (21,929) | 5,176 | 241 | 5,418 | (16,511) |
| Dividends to non-controlling interests | | | | | | | - | (4,515) | | (4,515) | (4,515) |
| Total contributions by and distributions to owners of the Company | - | - | - | - | - | - | - | (4,515) | - | (4,515) | (4,515) |
| December 31, 2015 | 141 | 295,228 | (46,077) | (974) | (145,874) | (12,100) | 90,344 | 17,302 | 7,397 | 24,699 | 115,043 |
| Balance at January 1, 2016 | 141 | 295,228 | (46,077) | (974) | (145,874) | (12,100) | 90,344 | 17,302 | 7,397 | 24,699 | 115,043 |
| Allocation of 2015 profit (loss) | | | | | (12,100) | 12,100 | - | 7,397 | (7,397) | - | - |
| Profit (loss) for the year ended December 31, 2016 | | | | | | (11,969) | (11,969) | | 8,314 | 8,314 | (3,654) |
| Other comprehensive income/(expense) | | | (226) | 178 | (162) | | (209) | 654 | | 654 | 445 |
| Total comprehensive expense for the year | - | - | (226) | 178 | (12,262) | 131 | (12,177) | 8,051 | 917 | 8,968 | (3,209) |
| Dividends to non-controlling interests | | | | | | | - | (8,500) | | (8,500) | (8,500) |
| Total contributions by and distributions to owners of the Company | - | - | - | - | - | - | - | (8,500) | - | (8,500) | (8,500) |
| Acquisition of Capmetal SAS | | | | | | | - | 171 | | 171 | 171 |
| Total changes in ownership interests | - | - | - | - | - | - | - | 171 | - | 171 | 171 |
| December 31, 2016 | 141 | 295,228 | (46,302) | (796) | (158,136) | (11,969) | 78,166 | 17,024 | 8,314 | 25,338 | 103,504 |

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

Notes to the consolidated financial statements at December 31, 2016

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), roll on (standard) aluminum closures, customized plastic and aluminum closures (luxury product line) and closures for other sectors and accessories; the division also produces aluminum, plastic and rubber closures for the pharmaceutical sector;
- the PET division, which produces preforms and bottles for carbonated soft drinks (CSD product line) and preforms, bottles, molds, jars, flasks and miniature drinks bottles and containers for cosmetics, beauty products and pharmaceuticals and foodstuffs (custom molding product line). This division is no longer considered as a core business.

Currently, the Group is the European and international leader in the production of safety closures for spirits bottles, with over 60 years' experience in the sector.

It is also the leading European producer of aluminum closures for spirits bottles.

The following events took place in 2016:

Refinancing:

On November 11, 2016, the Group refinanced its existing notes and Revolving Credit Facility. The key elements of the refinancing were as follows:

- Guala Closures S.p.A. issued € 510 million of Floating Rate Senior Secured Notes due in 2021 ("Notes"). The Notes bear interest at a rate equal to three-month EURIBOR (with a 0% floor) plus 475 basis points, payable quarterly in arrears, beginning on February 15, 2017 and they are guaranteed by GCL Holdings S.C.A.;
- Guala Closures S.p.A. entered into a new senior secured Revolving Credit Facility ("New Revolving Credit Facility") with a group of banks. The New Revolving Credit Facility provides for commitments of up to € 65.0 million and matures in 2021. The initial interest rate on the loan under the New Revolving Credit Facility is equal to EURIBOR (with a 0% floor) plus 400 basis points. Guala Closures S.p.A. made an initial drawdown of € 40 million as part of the refinancing.

The net proceeds of the refinancing were used as follows:

- Guala Closures S.p.A. prepaid in full the existing Floating Rate Senior Secured Notes due in 2019 of € 275 million, and paid the related accrued interest, as well as certain fees and expenses associated with the refinancing;
- Guala Closures S.p.A. prepaid in full the existing senior secured Revolving Credit Facility of € 54 million and paid the related accrued interest and break costs, as well as certain fees and expenses associated with the refinancing;
- Guala Closures S.p.A. prepaid in full the existing intercompany liability to GCL Holdings S.C.A. of € 55.7 million, together with the related accrued interest and granted a new intercompany loan to GCL Holdings S.C.A. of € 91.2 million;
- Guala Closures S.p.A. granted a new intercompany loan to Guala Closures International B.V. of € 59.9 million;
- Guala Closures International B.V. partially prepaid the existing intercompany loan to GCL Holdings S.C.A. of € 59.9 million;
- GCL Holdings S.C.A. prepaid in full the existing Senior Notes due in 2018 of € 200 million, and paid the related accrued interest and redemption premium of 2.344%;
- Guala Closures S.p.A. and certain other group companies entered into an amended and restated Senior Intercreditor Agreement and Parallel Priority Agreement and certain other customary documentation for transactions of such type, including security agreements;
- The Floating Rate Senior Secured Notes issued by Guala Closures S.p.A. have been listed and admitted for trading on the ExtraMOT market of Borsa Italiana S.p.A. and on Euro MTF market of the Luxembourg Stock Exchange starting from March 1, 2017.

For further details on granted guarantees, please refer to note 36) Commitments and guarantees to these consolidated financial statements.

Acquisition of CapMetal SAS:

On December 15, 2016, the Group acquired, through its Dutch sub-holding Guala Closures International B.V., 70% of the French company Capmetal SAS.

The acquired company, founded in 1986 and based in Tours, recorded at the end of 2016 turnover of around € 13 million; it is specialized in the production and distribution of aluminium screwcaps, mainly for the French wine market and operates through a production site in the Eure-et-Loire and a direct sales network covering the whole of France. In addition, Capmetal SAS has been promoting the Group products through a non-exclusive representation contract for more than 10 years.

30% of the capital remains with the former owners that include the ICAS group, world leader in the production of wirehoods for champagne bottles closures, and MVL.

The transaction is part of the Group's strategy to strengthen its core business through direct control of the commercial network.

The total consideration for the acquisition of 70% of Capmetal SAS was € 1.2 million, plus a subsequent share capital increase of € 0.7 million resolved upon the acquisition date and paid in January 2017.

For further details on the above mentioned acquisition, please see note 4) Acquisitions of subsidiaries, business units and non-controlling interests to these consolidated financial statements.

(2) Accounting policies

The consolidated financial statements at December 31, 2016 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, 2016.

The consolidated financial statements have been prepared on a historical cost basis, except for derivatives which are measured at fair value, and on a going concern basis. Business risks and/or any identified uncertainties related to the Group’s reference markets are not significant and do not cast doubts on its ability to continue as a going concern.

The consolidated financial statements have been prepared using the following formats:

- captions of the statement of financial position are classified by current and non-current assets and liabilities;
- statement of profit or loss and other comprehensive income (“OCI”) captions are classified by nature;
- the statement of cash flows has been prepared using the indirect method;
- the statement of changes in equity has been prepared in accordance with the structure of changes in equity.

The consolidated financial statements have been prepared in Euros, which is the Group’s presentation currency, rounding the amounts to the nearest thousand. Any discrepancies between financial statements balances and those of the tables of the notes to the consolidated financial statements are due exclusively to rounding and do not alter their reliability or substance.

GCL Holdings S.C.A.’s Board of Directors approved the consolidated financial statements on April 26, 2017.

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, 2015 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, 2016

| <u>Company name</u> | <u>Registered office</u> | <u>Currency</u> | <u>Share/quota capital</u> | <u>Investment percentage</u> | <u>Type of investment</u> | <u>Method of consolidation</u> |
|---|--------------------------|-----------------|----------------------------|------------------------------|---------------------------|--------------------------------|
| EUROPE | | | | | | |
| Guala Closures S.p.A. | Italy | EUR | 74,624,491 | 100% | Direct | Line-by-line |
| Guala Closures International B.V. | The Netherlands | EUR | 92,000 | 100% | Indirect (*) | Line-by-line |
| Pharma Trade S.r.l. | Italy | EUR | 100,000 | 100% | Indirect (*) | Line-by-line |
| Guala Closures UK Ltd. | Great Britain | GBP | 134,000 | 100% | Indirect (*) | Line-by-line |
| Guala Closures Iberica, S.A. | Spain | EUR | 2,479,966 | 100% | Indirect (*) | Line-by-line |
| CapMetal SAS | France | EUR | 2,748,000 | 70% | Indirect (*) | Line-by-line |
| Guala Closures Ukraine LLC | Ukraine | UAH | 90,000,000 | 70% | Indirect (*) | Line-by-line |
| Guala Closures Bulgaria AD | Bulgaria | BGN | 10,420,200 | 70% | Indirect (*) | Line-by-line |
| Guala Closures Tools AD | Bulgaria | BGN | 2,375,700 | 70% | Indirect (*) | Line-by-line |
| Guala Closures DGS Poland S.A. | Poland | PLN | 595,000 | 70% | Indirect (*) | Line-by-line |
| ASIA | | | | | | |
| Guala Closures India pvt Ltd. | India | INR | 170,000,000 | 95.0% | Indirect (*) | Line-by-line |
| Beijing Guala Closures Co. Ltd. | China | CNY | 20,278,800 | 100% | Indirect (*) | Line-by-line |
| Guala Closures Japan KK | Japan | JPY | 5,000,000 | 100% | Indirect (*) | Line-by-line |
| LATIN AMERICA | | | | | | |
| Guala Closures Mexico, S.A. de C.V. | Mexico | MXN | 94,630,010 | 100% | Indirect (*) | Line-by-line |
| Guala Closures Servicios Mexico, S.A. de C.V. | Mexico | MXN | 50,000 | 100% | Indirect (*) | Line-by-line |
| Guala Closures Argentina S.A. | Argentina | ARS | 17,702,910 | 98.38% | Indirect (*) | Line-by-line |
| Guala Closures do Brasil LTDA | Brazil | BRL | 10,736,287 | 100% | Indirect (*) | Line-by-line |
| Guala Closures de Colombia LTDA | Colombia | COP | 8,691,219,554 | 93.20% | Indirect (*) | Line-by-line |
| Guala Closures Chile SpA | Chile | CLP | 36,729,000 | 100% | Indirect (*) | Line-by-line |
| OCEANIA | | | | | | |
| Guala Closures New Zealand Ltd. | New Zealand | NZD | 5,700,000 | 100% | Indirect (*) | Line-by-line |
| Guala Closures Australia Holdings Pty Ltd. | Australia | AUD | 34,450,501 | 100% | Indirect (*) | Line-by-line |
| Guala Closures Australia Pty Ltd. | Australia | AUD | 810 | 100% | Indirect (*) | Line-by-line |
| AFRICA | | | | | | |
| Guala Closures South Africa Pty Ltd. | South Africa | ZAR | 60,000,000 | 100% | Indirect (*) | Line-by-line |
| REST OF THE WORLD | | | | | | |
| Guala Closures North America, Inc. | United States | USD | 60,000 | 100% | Indirect (*) | Line-by-line |

Note:

(*) Reference should be made to the chart illustrating the Group structure for further details on the indirect investments. The table does not include the figures for Metal Closures Group Trustee Ltd. (the company that manages the Metal Closures pension schemes – see note 18) “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, 2016 is included in the following notes: allowances for impairment and inventory write-down (note 7), amortization and depreciation (notes 9-10), impairment of non-current assets (note 10), employee benefits (note 18), taxes (note 31), provisions (note 15), and to measure financial derivatives (notes 8-16) 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, 2016:

- In November 2013, the IASB issued amendments to IAS 19 – Employee benefits entitled “Defined Benefit Plans: Employee Contributions” which apply to contributions from employees or third parties to defined benefit plans in order to simplify their accounting in specific cases.
- In September 2014, the IASB issued the Annual Improvements to IFRSs 2010 – 2012 Cycle. The most important topics addressed in these amendments are, among others, the definition of vesting conditions in IFRS 2 – Share-based payments, the disclosure on judgment used in the aggregation of operating segments in IFRS 8 – Operating Segments, the identification and disclosure of a related party transaction that arises when a management entity provides key management personnel service to a reporting entity in IAS 24 – Related Party disclosures, the extension of the exclusion from the scope of IFRS 3 – Business Combinations to all types of joint arrangements and to clarify the application of certain exceptions in IFRS 13 – Fair value Measurement.
- In May 2014, the IASB issued amendments to IFRS 11 – Joint arrangements: Accounting for acquisitions of interests in joint operations which clarify the accounting for acquisitions of an interest in a joint operation that constitutes a business. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016 with earlier application permitted for any new acquisition.

- In May 2014, the IASB issued an amendment to IAS 16 – Property, Plant and Equipment and to IAS 38 – Intangible Assets. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. These amendments are effective for annual periods beginning on or after January 1, 2016, with early application permitted.
- In August 2014, the IASB issued an amendment to IAS 27 - Separate Financial Statements which outlines the accounting and disclosure requirements for 'separate financial statements', which are financial statements prepared by a parent, or an investor in a joint venture or associate, where those investments are accounted for either at cost or in accordance with IAS 39 - Financial instruments: Recognition and Measurement or IFRS 9 - Financial instruments. The standard also outlines the accounting requirements for dividends and contains numerous disclosure requirements.
- In December 2014, the IASB issued amendments to IAS 1 - Presentation of Financial Statements as part of its major initiative to improve presentation and disclosure in financial reports. The amendments make clear that materiality applies to the whole set of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that entities should use professional judgment in determining where and in what order information is presented in the financial disclosures. The amendments are effective for annual periods beginning on or after January 1, 2016 with early application permitted.
- In September 2014, the IASB issued the Annual Improvements to IFRSs 2012 – 2014 Cycle. The most important topics addressed in these amendments are, among others, IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Changes in methods of disposal, IFRS 7 Financial Instruments: Disclosures – (i) Servicing contracts and (ii) Applicability of the amendments to IFRS 7 on offsetting disclosure to condensed interim financial statements, IAS 19 Employee Benefits – Discount rate: regional market issue and IAS 34 Interim Financial Reporting – Disclosure of information 'elsewhere in the interim report'.
- In December 2014, the IASB issued Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28). The amendment relates to a number of potential amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures (2011) to address issues that have arisen in relation to the exemption from consolidation for investment entities like a) whether an investment entity parent should account for an investment entity subsidiary at fair value, when the subsidiary provides investment-related services to third parties; b) the interaction between the investment entity amendments and the exemption from preparing consolidated financial statements requirements in IFRS 10; c) whether a non-investment entity must 'unwind' the fair value accounting of its joint ventures or associates that are investment entities.

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, 2015 | December 31, 2016 |
|------------------------------------|--------------------------|--------------------------|
| Pound sterling | 0.73395 | 0.85618 |
| US dollar | 1.08870 | 1.05410 |
| Indian rupee | 72.02150 | 71.59350 |
| Mexican peso | 18.91450 | 21.77190 |
| Colombian peso | 3,456.01000 | 3,169.49219 |
| Brazilian real | 4.31170 | 3.43050 |
| Chinese renmimbi | 7.06080 | 7.32020 |
| Argentinean peso | 14.09720 | 16.74881 |
| Polish zloty | 4.26390 | 4.41030 |
| New Zealand dollar | 1.59230 | 1.51580 |
| Australian dollar | 1.48970 | 1.45960 |
| Ukrainian hryvnia | 26.15870 | 28.73860 |
| Bulgarian lev | 1.95580 | 1.95580 |
| South African Rand | 16.95300 | 14.45700 |
| Japan Yen | 131.07000 | 123.40000 |
| Chilean peso | 772.713 | 704.94519 |

Statement of profit or loss and other comprehensive income/(expense)

| 1 Euro = x foreign currency | 2015 | 2016 |
|------------------------------------|-------------|-------------|
| Pound sterling | 0.72600 | 0.81890 |
| US dollar | 1.10963 | 1.10660 |
| Indian rupee | 71.17522 | 74.35527 |
| Mexican peso | 17.59948 | 20.65497 |
| Colombian peso | 3,042.08500 | 3,378.73682 |
| Brazilian real | 3.69160 | 3.86163 |
| Chinese renmimbi | 6.97300 | 7.34958 |
| Argentinean peso | 10.24954 | 16.33360 |
| Polish zloty | 4.18279 | 4.36364 |
| New Zealand dollar | 1.59067 | 1.58945 |
| Australian dollar | 1.47648 | 1.48860 |
| Ukrainian hryvnia | 24.28918 | 28.27617 |
| Bulgarian lev | 1.95580 | 1.95580 |
| South African Rand | 14.15280 | 16.27719 |
| Japan Yen | 134.28657 | 120.31373 |
| Chilean peso | 766.554 | 748.65053 |

(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. If hedge accounting is not applied to a derivative instrument that is entered into as an economic hedge, then derivative gains and losses are shown in profit or loss as either operating or financing items, depending on the nature of the item being economically hedged.

(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.

Starting from 2016 internal extraordinary maintenance are classified in the caption "Work performed by the Group and capitalized". Comparative 2015 figures are re-classified accordingly in order to be consistent with 2016 classification.

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.

Starting from 2016 Internal capitalized development expenditure are classified in the caption “Work performed by the Group and capitalized”. Comparative 2015 figures are re-classified accordingly in order to be consistent with 2016 classification.

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 investors still have present access to the economic benefit associated with the underlying ownership interests, it recognizes a liability calculated by discounting the estimated value at the exercise date using the present access method whereby a liability is recognized decreasing the equity caption "Retained earnings (losses carried forward)" in the first year, with subsequent remeasurement recognized in profit or loss as financial expense.

(p) Trade payables

Trade payables with due dates in line with generally accepted trade terms are initially recognized at fair value and subsequently measured at amortized cost.

(q) Employee benefits

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

IFRIC 14 clarifies the provisions of IAS 19 - Employee benefits with respect to the measurement of defined benefit plan assets when there is a minimum funding requirement. A defined benefit plan is in surplus when the fair value of the plan assets exceeds the present value of the defined benefit obligation. IFRIC 14/IAS 19 only permit the recognition of this surplus at the present value of the financial benefits available through refunds or reductions in future contributions. Moreover, disclosure is required when the plan requires a minimum contribution that could give rise to a liability.

The post-employment benefits in Italy (TFR, trattamento di fine rapporto) are treated in the same way as benefit obligations arising from defined benefit plans.

(r) Provisions

Provisions include certain or probable costs and charges, the amount or due date of which is unknown at year end. A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow from the Group of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation. The provisions are stated as the best estimate of the expenditure required to settle the obligation at the reporting date or to transfer it to a third party at that date. If the impact of discounting the time value of money is significant, the provision is determined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

(s) Revenue

Revenue is recognized to the extent that it is possible to reliably determine its amount and it is probable that the related economic benefits will flow to the Group. Revenue is recognized using the following criteria depending on the type of transaction:

- revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have been transferred to the buyer;
- recovery of the consideration is probable and the associated costs and possible return of goods can be estimated reliably;
- there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.
- revenue for services is recognized in relation to the stage of completion of the transaction at the reporting date.

Revenue is measured net of returns, trade discounts and volume rebates.

No revenue is recognized if significant uncertainties exist in relation to the collection of the related receivables net of any returns.

(t) Grants

Grants relating to assets and income are recognized when there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Grants related to assets are recognized as deferred revenue under Other liabilities in the statement of financial position and are taken to profit or loss on a systematic basis to offset them against the depreciation of the relevant assets. Grants relating to income are recognized under Other operating income.

(u) Financial income and expense

Financial income and expense are recognized on an accruals basis and calculated on the carrying amount of the related financial assets and liabilities using the effective interest method.

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Borrowing costs related to loans taken out specifically for investments in property, plant and equipment are considered part of the carrying amount of the related assets and, as such, capitalized.

(v) New standards and interpretations not adopted early

The following new standards and amendments applicable from January 1, 2017 were issued by the IASB. The Group is currently evaluating the implementation method and the impact of adoption of new standards and amendments effective after January 1, 2017 on the consolidated financial statements. It will comply with the relevant guidance no later than their respective effective dates.

- In May 2014, the IASB issued IFRS 15 – Revenue from contracts with customers. The standard requires an entity to recognize revenue upon transfer of control of goods or services to a customer at an amount that reflects the consideration it expects to receive. This new revenue recognition model defines a five-step process to achieve this objective. The updated guidance also requires additional disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. On September 11, 2015, the IASB issued an amendment to this standard, formalizing the deferral of the effective date for periods beginning January 1, 2018, with early application permitted. The Group is still evaluating the impact of adoption of this standard even though, it does not expect a material impact on its consolidated financial statements or disclosures upon adoption of the standard in 2018.
- In July 2014, the IASB issued IFRS 9 – Financial Instruments. The improvements introduced by the new standard include a logical approach for classification and measurement of financial instruments driven by cash flow characteristics and the business model in which an asset is held, a single “expected loss” impairment model for financial assets and a substantially reformed approach for hedge accounting. The standard is effective retrospectively with limited exceptions for annual periods beginning on or after January 1, 2018 with earlier application permitted. No significant effect is expected from the adoption of these amendments.

(w) Standards, amendments and interpretations not yet applicable

The European Union had not yet completed its endorsement process for these standards and amendments at the date of these consolidated financial statements:

- Standards
 - In January 2014, the IASB issued IFRS 14 - Regulatory deferral accounts that permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. Regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and statement of profit or loss and other comprehensive income, and specific disclosures are required. IFRS 14 is effective from January 1, 2016 but the endorsement process by the European Union is not yet completed.

- In January 2016, the IASB issued IFRS 16 - Leases which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract and replaces the previous leases standard, IAS 17 - Leases. IFRS 16, which is not applicable to service contracts, but is only applicable to leases or lease components of a contract, defines a lease as a contract that conveys to the customer (lessee) the right to use an asset for a period of time in exchange for consideration. IFRS 16 eliminates the classification of leases for the lessee as either operating leases or finance leases as required by IAS 17 and instead, introduces a single lessee accounting model whereby a lessee is required to recognize assets and liabilities for all leases with a term that is greater than 12 months, unless the underlying asset was a low value, and to recognize depreciation of lease assets separately from interest on lease liabilities in the income statement. As IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, a lessor will continue to classify its leases as operating leases or finance leases and to account for those two types of leases differently. IFRS 16 is effective from January 1, 2019, with early application allowed only if IFRS 15 - Revenue from Contracts with Customers is also adopted.
- Interpretations:
 - IFRIC 22 - Foreign Currency Transactions and Advance Consideration. The Interpretation covers foreign currency transactions when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also, the Interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts. The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The interpretation is effective for annual periods beginning on or after January 1, 2018.
- Amendments
 - In September 2014, the IASB issued narrow amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures (2011). The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendments which were initially expected to be effective prospectively from January 1, 2016, have been postponed indefinitely by the IASB in planning a broader review that may result in a simplification of accounting of such transactions.
 - In December 2014, the IASB finalised amendments regarding the application of the investment entities exception and issued IFRS 10/12/IAS 28 - Investment entity amendments. Such amendments involves a number of potential amendments to IFRS 10 - Consolidated financial statements and IAS 28 - Investments in associates and joint ventures (2011) to address issues that have arisen in relation to the exemption from consolidation for investment entities:
 - whether an investment entity parent should account for an investment entity subsidiary at fair value, when the subsidiary provides investment-related services to third parties;

- the interaction between the investment entity amendments and the exemption from preparing consolidated financial statements requirements in IFRS 10;
- whether a non-investment entity must ‘unwind’ the fair value accounting of its joint ventures or associates that are investment entities.

These amendments are effective for annual periods beginning on or after January 1, 2017, with earlier application permitted.

- In January 2016, the IASB issued amendments to IAS 12 - Income taxes that clarify how to account for deferred tax assets related to debt instruments measured at fair value. These amendments are effective for annual periods beginning on or after January 1, 2017, with earlier application permitted.
- In January 2016, the IASB issued amendments to IAS 7 - Statement of cash flows introducing additional disclosures that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments are effective from January 1, 2017, with earlier application permitted.
- In April 2016, the IASB issued further amendments to IFRS 15 - Revenue from Contracts with Customers, which do not change the underlying principles of the standard, but clarify how those principles should be applied. The amendments clarify how to identify a performance obligation in a contract, determine whether a company is a principal or an agent, determine whether the revenue from granting a license should be recognized at a point in time or over time and provide two transition relief to reduce cost and complexity. The amendments are effective from January 1, 2018, which is the same effective date as IFRS 15.
- In June 2016, the IASB issued amendments to IFRS 2 - Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments, which were developed through IFRIC, provide requirements on the accounting for (i) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, (ii) share-based payment transactions with a net settlement feature for withholding tax obligations and (iii) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments are effective prospectively from January 1, 2018, with earlier or retrospective application permitted. The Group does not expect a material impact on its consolidated financial statements or disclosures upon adoption of the amendments.
- In September 2016, the IASB published “Applying IFRS 9, Financial Instruments with IFRS 4, Insurance Contracts” (Amendments to IFRS 4). The amendments provide two options for entities that issue insurance contracts within the scope of IFRS 4: (i) an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets (the “overlay approach”) and (ii) an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4 (the “deferral approach”). An entity would apply the overlay approach retrospectively to qualifying financial assets when it first applies IFRS 9. An entity would apply the deferral approach for annual periods beginning on or after January 1, 2018. The deferral can only be used for the three years following January 1, 2018. The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied. The Group is currently evaluating the implementation method and the effect of adoption on its consolidated financial statements.

- In December 2016, the IASB issued Annual Improvements to IFRS Standards 2014–2016 Cycle which has amendments to three Standards: IFRS 12 - Disclosure of Interests in Other Entities (effective date of January 1, 2017), IFRS 1 - First-time Adoption of International Financial Reporting Standards (effective date of January 1, 2018) and IAS 28 - Investments in Associates and Joint Ventures (effective date of January 1, 2018). The amendments clarify, correct or remove redundant wording in the related IFRS Standard and are not expected to have a material impact on the consolidated financial statements or disclosures upon adoption of the amendments.

(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.

Business combination

Further information about the assumptions made in measuring fair values is included in note 4) Acquisition of subsidiaries, business units and non-controlling interests in relation to the business combination occurred in the year.

(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 a monthly 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 2016 or 2015 under IFRS 8.

Information regarding the results of the Group's reportable segment is included below. Performance is measured based on segment revenue and gross operating profit, depreciation and amortization, trade receivables, inventories, property, plant and equipment, trade payables and capital expenditure as included in the internal management reports that are reviewed by the CEO and by the board of directors.

Management considers the above information as the most suitable to evaluate the results of the segment compared to other entities that operate in these industries.

All other asset and liability figures are non reportable by segment as the management believes that the availability of such information by segment is not relevant.

| Thousands of Euros | Closures | | Other Operations | | Total | |
|-------------------------------|----------|----------|------------------|-------|----------|----------|
| | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 |
| External revenue | 517,367 | 497,448 | 3,165 | 2,820 | 520,533 | 500,268 |
| Operating profit | 65,608 | 69,883 | 78 | (171) | 65,686 | 69,713 |
| Depreciation and Amortization | (37,442) | (30,828) | (141) | (136) | (37,583) | (30,964) |

| Thousands of Euros | Closures | | Other Operations | | Total | |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | December 31, 2015 | December 31, 2016 | December 31, 2015 | December 31, 2016 | December 31, 2015 | December 31, 2016 |
| Trade receivables | 86,347 | 88,501 | 533 | 633 | 86,880 | 89,134 |
| Inventories | 66,788 | 67,430 | 513 | 453 | 67,301 | 67,883 |
| Trade payables | (66,829) | (65,699) | (311) | (550) | (67,140) | (66,249) |
| Property, plant and equipment | 185,580 | 189,488 | 564 | 444 | 186,144 | 189,932 |

| Thousands of Euros | Closures | | Other Operations | | Total | |
|---------------------------------------|----------|--------|------------------|------|--------|--------|
| | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 |
| Capital expenditure (net of disposal) | 22,594 | 31,181 | 32 | 16 | 22,626 | 31,197 |

Geographical information

The Closures segment operates from many manufacturing facilities primarily in India, Italy, Poland, the United Kingdom, Ukraine, Spain, Mexico, Australia, Argentina and Chile 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 | |
|--------------------|----------------|----------------|
| | 2015 | 2016 |
| India | 62,879 | 67,078 |
| Italy | 67,702 | 59,804 |
| Poland | 59,364 | 59,760 |
| UK | 57,573 | 53,515 |
| Ukraine | 43,702 | 45,665 |
| Spain | 42,819 | 41,341 |
| Mexico | 38,905 | 36,002 |
| Australia | 37,803 | 35,772 |
| Argentina + Chile | 23,731 | 22,614 |
| South Africa | 19,286 | 14,418 |
| Other countries | 66,769 | 64,299 |
| Net revenue | 520,533 | 500,268 |

| Thousands of Euros | Non-current assets other than financial instruments and deferred tax assets: Property, plant and equipment and Intangible assets | |
|--|---|-------------------|
| | December 31, 2015 | December 31, 2016 |
| Italy | 327,652 | 327,652 |
| Australia | 69,689 | 69,689 |
| Poland | 32,563 | 32,563 |
| India | 25,320 | 25,320 |
| Spain | 21,120 | 21,120 |
| Mexico | 15,361 | 15,361 |
| Brasil | 10,133 | 10,133 |
| Ukraine | 10,265 | 10,265 |
| South Africa | 9,780 | 9,780 |
| Other countries | 24,697 | 26,943 |
| Consolidation adjustments | 16,221 | 15,098 |
| Property, plant and equipment and Intangible assets | 562,800 | 563,922 |

| Thousands of Euros | Deferred Tax Assets | |
|----------------------------|---------------------|-------------------|
| | December 31, 2015 | December 31, 2016 |
| Italy | 2,993 | 2,644 |
| Australia | 1,661 | 1,559 |
| Spain | 763 | 415 |
| Ukraine | 325 | 326 |
| Argentina | 468 | 678 |
| New Zealand | 246 | 250 |
| North America | 25 | 110 |
| China | 98 | 98 |
| Mexico | 71 | 58 |
| Other countries | 71 | 66 |
| Consolidation adjustments | 1,339 | 1,088 |
| Deferred Tax Assets | 8,060 | 7,293 |

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 over 10% and the turnover amounts to around € 64 million in 2016. The breadth and diversity of the Group's customer base means that no one brand makes up more than 3% of net revenue over the last three years.

(4) Acquisition of subsidiaries, business units and non-controlling interests

(4.1) Acquisition of subsidiaries and business units

On December 15, 2016, the Group acquired, through its Dutch sub-holding Guala Closures International B.V., 70% of the French company Capmetal SAS.

The acquired company, founded in 1986 and based in Tours, recorded at the end of 2016 turnover of around € 13 million; it is specialized in the production and distribution of aluminium screwcaps, mainly for the French wine market and operates through a production site in the Eure-et-Loire and a direct sales network covering the whole of France. In addition, Capmetal SAS has been promoting the Group products through a non-exclusive representation contract for more than 10 years.

30% of the capital remains with the former owners that include the ICAS group, world leader in the production of wirehoods for champagne bottles closures, and MVL.

The transaction is part of the Group's strategy to strengthen its core business through direct control of the commercial network.

Since the acquisition took place on December 15, 2016 and there have been no significant changes between the acquisition date and December 31, 2016, the Group consolidated directly the balances at December 31, 2016.

The net cash flows used at the acquisition are composed as follows:

| Thousands of Euros | |
|---|--------------|
| Consideration paid at the acquisition | 1,163 |
| Cash and cash equivalents acquired | (106) |
| Net cash flows used at the acquisition | 1,057 |

The impact of the acquisition of Capmetal SAS on the Group's assets and liabilities is as follows:

| Thousands of Euros | Carrying amounts before acquisition | Provisional adjustments for fair value measurement | Provisional amounts recognized at acquisition |
|--|---|---|---|
| Property, plant and equipment | 1,432 | | 1,432 |
| Intangible assets | 4 | | 4 |
| Inventories | 1,446 | | 1,446 |
| Trade receivables | 432 | (290) | 142 |
| Tax assets/(liabilities) | 101 | | 101 |
| Other current assets | 1,076 | | 1,076 |
| Non-current financial assets | 80 | | 80 |
| Cash and cash equivalents | 106 | | 106 |
| Trade payables | (3,582) | | (3,582) |
| Employee benefits | (247) | | (247) |
| Other current liabilities | (290) | | (290) |
| Current financial liabilities | (731) | | (731) |
| Net identifiable assets and liabilities | (174) | (290) | (464) |
| Net identifiable assets and liabilities - group portion (70%) | (122) | (203) | (325) |
| Goodwill arising from the acquisition | 1,284 | 203 | 1,487 |
| Total cost of the combination | 1,163 | | 1,163 |

Net identifiable assets and liabilities represent the proportional share of the owners of the company. Non-controlling interest were measured at their proportionate interest in the identifiable net assets of the subsidiary and no goodwill was attributed to non-controlling interests.

Goodwill arising from the above-mentioned acquisition relates to the technical skills and know-how of the personnel of the entity acquired and the synergies which are expected to be obtained from the inclusion of Capmetal SAS in the Group.

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

| Assets acquired | Valuation technique |
|--------------------------------------|--|
| Property, plant and equipment | <i>Market comparison technique and cost technique:</i> the valuation model considers quoted market prices for similar items when they are available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence. |
| Inventories | <i>Market comparison technique:</i> the fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale and a reasonable profit margin based on the effort required to complete and sell the inventories. |

The trade receivables comprise gross contractual amounts due of € 432 thousand, of which € 290 thousand was expected to be uncollectible at the date of acquisition.

Fair values measured on a provisional basis

The following amounts have been measured on a provisional basis.

- The fair value of Capmetal's tangible assets has been measured provisionally, pending completion of an independent valuation.
- The fair value of Capmetal's inventories has been measured provisionally, pending completion of an independent valuation.

If new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the above amounts, or any additional provisions that existed at the acquisition date, then the acquisition accounting will be revised.

The total cost of the combination was € 1.2 million, plus a subsequent share capital increase of € 0.7 million resolved upon the acquisition date and paid in January 2017.

Acquisition of Capmetal SAS impacted the Group's net financial indebtedness at December 31, 2016 by € 1.7 million as a result of net cash flows used at the acquisition (€ 1.1 million) and the acquisition of initial indebtedness of Capmetal SAS (€ 0.6 million).

The Group incurred acquisition-related costs of € 0.2 million related to external legal fees and due diligence costs. The legal fees and due diligence costs have been included in legal/consultancy expenses of the Group's statement of profit or loss and other comprehensive income/(expense).

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, 2015 | December 31, 2016 |
|--------------------------|-------------------|-------------------|
| Bank and postal accounts | 54,054 | 43,690 |
| Other cash equivalents | 7,891 | 11,012 |
| Total | 61,944 | 54,703 |

The decrease in Cash and cash equivalents of € 7.2 million is mainly due to the high level of cash held at the end of 2015 due to the strong cash flows generated in the last quarter and to cash held by the subsidiaries at year end 2015 which had not been distributed to the holding companies.

(6) Trade receivables

This caption may be analyzed as follows:

| Thousands of Euros | December 31, 2015 | December 31, 2016 |
|--------------------------|-------------------|-------------------|
| Trade receivables | 95,031 | 96,878 |
| Allowance for impairment | (8,151) | (7,744) |
| Total | 86,880 | 89,134 |

The allowance for impairment varied as follows:

| Thousands of Euros | 2016 |
|---|--------------|
| Opening allowance for impairment | 8,151 |
| Exchange rate losses | (80) |
| Accrual | 436 |
| Utilization | (763) |
| Closing allowance for impairment | 7,744 |

The allowance at December 31, 2016 includes about € 4.7 million related to few customers with overdue amount over 90 days. The residual part relates to other customers that have indicated that they do not expect to be able to pay their outstanding balances, mainly due to their financial difficulties.

(7) Inventories

This caption may be analyzed as follows:

| Thousands of Euros | December 31, 2015 | December 31, 2016 |
|---|-------------------|-------------------|
| Raw materials, consumables and supplies | 34,111 | 33,105 |
| (Allowance for inventory write-down) | (1,590) | (1,193) |
| Work in progress and semi-finished products | 16,925 | 16,296 |
| (Allowance for inventory write-down) | (572) | (685) |
| Finished products and goods | 19,752 | 21,169 |
| (Allowance for inventory write-down) | (1,493) | (1,042) |
| Payments on account | 170 | 233 |
| Total | 67,301 | 67,883 |

The changes in the caption are as follows:

| Thousands of Euros | |
|---|---------------|
| Balance at January 1, 2016 | 67,301 |
| Business combination | 1,446 |
| Exchange rate losses | (1,785) |
| Change in raw materials, consumables and supplies | (421) |
| Change in finished goods and semi-finished products | 1,279 |
| Change in payments on account | 63 |
| Balance at December 31, 2016 | 67,883 |

The allowance for inventory write-down varied as follows:

| Thousands of Euros | 2016 |
|---|--------------|
| Opening allowance for inventory write-down | 3,656 |
| Exchange rate losses | (27) |
| Accrual | 409 |
| Utilization | (1,117) |
| Closing allowance for inventory write-down | 2,920 |

(8) Financial derivative assets

This caption may be analyzed as follows:

| Thousands of Euros | December 31, 2015 | December 31, 2016 |
|--|-------------------|-------------------|
| Fair value of forward aluminum purchases | - | 533 |
| Total | - | 533 |

The main features of the contracts in place at December 31, 2016 are summarized below:

At December 31, 2016, the Group has fourteen contracts for the forward purchase of aluminum, for a total of over 2,500 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, 2016:

| Expiry date | Hedged amount (tons) | Strike price (€/ton) | December 31, 2016 Positive/(negative) fair value (Thousands of Euros) |
|---------------|----------------------|----------------------|--|
| February 2017 | 200 | 1,400 | 40 |
| February 2017 | 200 | 1,350 | 50 |
| March 2017 | 200 | 1,400 | 40 |
| March 2017 | 200 | 1,350 | 50 |
| April 2017 | 200 | 1,400 | 39 |
| April 2017 | 200 | 1,350 | 49 |
| May 2017 | 200 | 1,400 | 39 |
| May 2017 | 200 | 1,350 | 49 |
| June 2017 | 200 | 1,400 | 39 |
| June 2017 | 200 | 1,350 | 49 |
| July 2017 | 200 | 1,400 | 39 |
| July 2017 | 200 | 1,350 | 49 |
| Total | 2,400 | | 533 |

| Expiry date | Hedged amount (tons) | Strike price (US\$/ton) | December 31, 2016 Positive/(negative) fair value (Thousands of Euros) |
|---------------|----------------------|-------------------------|--|
| February 2017 | 100 | 1,700 | (1) |
| March 2017 | 100 | 1,700 | (1) |
| Total | 200 | | (2) |

(9) Property, plant and equipment

The following table shows the changes in this caption:

| | 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, 2015 | 76,358 | 367,584 | 59,780 | 8,815 | 3,870 | 516,407 |
| Accumulated depreciation and impairment at December 31, 2015 | (17,512) | (257,603) | (47,465) | (7,684) | - | (330,263) |
| Carrying amount at December 31, 2015 | 58,846 | 109,981 | 12,315 | 1,131 | 3,870 | 186,144 |
| Carrying amount at January 1, 2016 | 58,846 | 109,981 | 12,315 | 1,131 | 3,870 | 186,144 |
| Exchange rate losses | 1,171 | (1,769) | 46 | 3 | (191) | (740) |
| Business combination | - | 1,324 | 39 | 69 | - | 1,432 |
| Additions | 332 | 7,591 | 1,161 | 246 | 20,651 | 29,981 |
| Disposals | (4) | (26) | (4) | (36) | - | (70) |
| Impairment losses | (11) | (473) | - | - | - | (484) |
| Reclassifications | 583 | 16,082 | 1,544 | 152 | (18,205) | 156 |
| Depreciation | (1,967) | (21,438) | (2,737) | (344) | - | (26,486) |
| Historical cost at December 31, 2016 | 78,556 | 381,588 | 62,007 | 9,248 | 6,125 | 537,524 |
| Accumulated depreciation and impairment at December 31, 2016 | (19,605) | (270,316) | (49,643) | (8,028) | - | (347,592) |
| Carrying amount at December 31, 2016 | 58,951 | 111,272 | 12,363 | 1,221 | 6,125 | 189,932 |

Property, plant and equipment include the amounts arising from internal work capitalized.

The caption includes the carrying amount of leased assets (€ 15,420 thousand), against which the Group has recognized current financial liabilities (€ 2,034 thousand) and non-current financial liabilities (€7,787 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 36) "Commitments and guarantees" to these consolidated financial statements.

The main investments of 2016 took place in Italy, Poland, India, Ukraine and the UK. In particular, during 2016, the main investments were made for the sputtering technology in Italy, Poland and the UK and for new technology in Ukraine.

During 2016, Guala Closures S.p.A. revised the useful life of some generic plant and equipment (i.e., plastic processing machinery, decreasing the depreciation rates accordingly from a rate of 15.5% to 10%, aluminum working machinery, decreasing the depreciation rates accordingly from a rate of 12.5% to 10%, aluminum molds, decreasing the depreciation rates accordingly from a rate of 25% to 10%, and for presses, 12.50% to 6.667%) based on an internal appraisal that shows a longer useful life for such assets. The effect on the consolidated statement of profit or loss and other comprehensive income of the year is lower depreciation expenses of € 0.8 million.

Impairment losses in the year mainly refer to the impairment loss on the machines at the Italian and Indian plants.

(10) Intangible assets

The following table shows the changes in this caption:

| | Development expenditure | Licences and patents | Goodwill | Other | Assets under development and payments on account | Total |
|--|----------------------------|----------------------------|----------------|--------------|---|-----------------|
| Thousands of Euros | | | | | | |
| Historical cost at December 31, 2015 | 7,254 | 65,963 | 356,168 | 11,424 | 1,555 | 442,365 |
| Accumulated amortisation and impairment at December 31, 2015 | (6,400) | (52,131) | - | (7,179) | - | (65,709) |
| Carrying amount at December 31, 2015 | 855 | 13,833 | 356,168 | 4,245 | 1,555 | 376,656 |
| Carrying amount at January 1, 2016 | 855 | 13,833 | 356,168 | 4,245 | 1,555 | 376,656 |
| Exchange rate losses | (1) | 52 | (1,028) | 30 | (2) | (949) |
| Business combination | - | 4 | 1,487 | - | - | 1,491 |
| Additions | - | - | - | 4 | 945 | 948 |
| Disposals | - | (9) | - | (0) | - | (10) |
| Impairment losses | - | (19) | - | - | (8) | (27) |
| Reclassifications | 861 | 248 | - | - | (1,264) | (156) |
| Amortisation | (497) | (2,028) | - | (1,439) | - | (3,964) |
| Historical cost at December 31, 2016 | 8,113 | 66,216 | 356,627 | 11,429 | 1,225 | 443,610 |
| Accumulated amortisation and impairment at December 31, 2016 | (6,895) | (54,134) | - | (8,590) | - | (69,619) |
| Carrying amount at December 31, 2016 | 1,218 | 12,081 | 356,627 | 2,839 | 1,225 | 373,990 |

The decrease of amortization expenses are mainly due for € 3.3 million to a reduction in amortization of the Group trademark adopted from 2016 based on a reassessment of longer useful life estimate.

The fluctuation of goodwill in respect of the previous year may be analysed as follows:

| Thousands of Euros | December 31, 2015 | December 31, 2016 |
|--|-------------------|-------------------|
| Goodwill - Guala Closures Group | 317,227 | 317,227 |
| Acquisition of Guala Closures DGS Poland S.A. | 24,864 | 24,076 |
| Goodwill - Guala Closures Ukraine LLC | 5,812 | 5,290 |
| 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 | 1,646 | 1,928 |
| Acquisition of GC Tools AD | 722 | 722 |
| Acquisition of Metalprint assets by Guala Closures S.p.A. | 182 | 182 |
| Acquisition of CapMetal SAS | - | 1,487 |
| Total | 356,168 | 356,627 |

Goodwill is tested for impairment annually.

For impairment testing purposes, it has been considered the goodwill accounted in relation to the Closures division.

These values have been analysed considering the entire GCL Holdings S.C.A. Group.

The recoverable amount of cash-generating units is based on a calculation of their value in use.

This calculation uses projected consolidated cash flows based on the actual operating profit and the GCL Holdings S.C.A. Group five-year business plan. This business plan is put together considering the Group's approved budget figures for the first year and projecting the revenue and costs for the following four years using the historic trend adjusted for any new elements (average EBITDA growth rate of the next five years 8.2%; 2015: 11.3%). Such growth rate is consistent with the management expectation of growth in high value safety closures, serving a blue-chip customer base across all geographies, especially in the developing countries.

In the 2016 valuation, the following assumptions have been utilized:

- WACC for the Closures division was weighted by the 2016 EBITDA% of each country in respect of the 2016 consolidated EBITDA, with a weighted average (consistently with the weighted average for the EBITDA in Terminal Value) of around 12.5% (2015: 13%);
- Long term growth rate "g": a value equal to 4.2% (2015: 4%) was used, calculated by weighting the estimates of inflation rate, with the 2016 EBITDA of each country in line with the calculation for the Terminal Value. Such "g" rate is consistent with both the Guala Closures Group's historical growth rate and forecast future market developments.

The resulting recoverable amount is greater than the carrying amount of goodwill recognized under the financial assets.

Management carried out a sensitivity analysis on the relevant underlying assumptions (growth rate +/-1%; WACC +/-1%) and verified that the resulting recoverable amount is greater than the carrying amount of goodwill and investments recognized under the financial assets.

Goodwill has never been impaired.

(11) Deferred tax assets and liabilities

The following table gives a breakdown of the captions at December 31, 2015 and 2016:

| Thousands of Euros | Assets | | Liabilities | | Net balance | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | December 31, 2015 | December 31, 2016 | December 31, 2015 | December 31, 2016 | December 31, 2015 | December 31, 2016 |
| Allowance for inventory write-down | 832 | 586 | (17) | (6) | 816 | 580 |
| Taxed allowance for receivables impairment | 1,853 | 2,117 | - | - | 1,853 | 2,117 |
| Provisions | 877 | 512 | - | - | 877 | 512 |
| Losses carried forward | 160 | (178) | - | - | 160 | (178) |
| Derecognition of intragroup profit on inventories | 171 | 171 | - | - | 171 | 171 |
| Intragroup gains | 1,276 | 1,082 | - | - | 1,276 | 1,082 |
| Leases | 133 | 118 | - | - | 133 | 118 |
| Property, plant and equipment and intangible assets | 1,440 | 1,435 | (12,689) | (12,156) | (11,249) | (10,721) |
| Employee benefits | 664 | 657 | (32) | (20) | 632 | 637 |
| Derivatives | 374 | 307 | - | - | 374 | 307 |
| Exchange rate gains/(losses) | 19 | 10 | (2,568) | (2,695) | (2,549) | (2,685) |
| Other | 261 | 477 | (654) | (452) | (393) | 24 |
| TOTAL | 8,060 | 7,293 | (15,959) | (15,329) | (7,899) | (8,036) |

Changes in net deferred tax assets/liabilities may be analyzed as follows:

| Thousands of Euros | December 31, 2015 | Changes in profit or loss | Changes in equity | Exchange rate gains/losses | December 31, 2016 |
|---|-------------------|---------------------------|-------------------|----------------------------|-------------------|
| Allowance for inventory write-down | 816 | (229) | | (6) | 580 |
| Taxed allowance for receivables impairment | 1,853 | 269 | | (5) | 2,117 |
| Provisions | 877 | 133 | | (499) | 512 |
| Losses carried forward | 160 | (338) | | - | (178) |
| Derecognition of intragroup profit on inventories | 171 | - | | - | 171 |
| Intragroup gains | 1,276 | (194) | | - | 1,082 |
| Leases | 133 | (15) | | - | 118 |
| Property, plant and equipment and intangible assets | (11,249) | 1,095 | | (567) | (10,721) |
| Employee benefits | 632 | (290) | | 295 | 637 |
| Derivatives | 374 | - | (68) | - | 307 |
| Exchange rate gains/(losses) | (2,549) | (136) | | - | (2,685) |
| Other | (393) | 230 | | 187 | 24 |
| TOTAL | (7,899) | 525 | (68) | (594) | (8,036) |

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 € 185,244 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 € 168,720 thousand and refer to GCL Holdings S.C.A. and Guala Closures S.p.A..

If recognized, potential deferred tax assets on total tax losses that can be carried forward would amount to € 44,080 thousand at December 31, 2016 (including € 40,726 thousand related to losses that can be carried forward indefinitely).

(12) Current and non-current financial liabilities

This section provides information on the contractual terms governing the Group's bank overdrafts, borrowings and bonds.

On November 11, 2016, the Group refinanced its existing notes and Revolving Credit Facility. The key elements of the refinancing were as follows:

- Guala Closures S.p.A. issued € 510 million of Floating Rate Senior Secured Notes due in 2021 ("Notes"). The Notes bear interest at a rate equal to three-month EURIBOR (with a 0% floor) plus 475 basis points, payable quarterly in arrears, beginning on February 15, 2017 and they are guaranteed by GCL Holdings S.C.A.;
- Guala Closures S.p.A. entered into a new senior secured Revolving Credit Facility ("New Revolving Credit Facility") with a group of banks. The New Revolving Credit Facility provides for commitments of up to € 65.0 million and matures in 2021. The initial interest rate on the loan under the New Revolving Credit Facility is equal to EURIBOR (with a 0% floor) plus 400 basis points. Guala Closures S.p.A. made an initial drawdown of € 40 million as part of the refinancing.

The net proceeds of the refinancing were used as follows:

- Guala Closures S.p.A. prepaid in full the existing Floating Rate Senior Secured Notes due in 2019 of € 275 million, and paid the related accrued interest, as well as certain fees and expenses associated with the refinancing;
- Guala Closures S.p.A. prepaid in full the existing senior secured Revolving Credit Facility of € 54 million and paid the related accrued interest and break costs, as well as certain fees and expenses associated with the refinancing;
- Guala Closures S.p.A. prepaid in full the existing intercompany liability to GCL Holdings S.C.A. of € 55.7 million, together with the related accrued interest and granted a new intercompany loan to GCL Holdings S.C.A. of € 91.2 million;
- Guala Closures S.p.A. granted a new intercompany loan to Guala Closures International B.V. of € 59.9 million;
- Guala Closures International B.V. partially prepaid the existing Intercompany Loan to GCL Holdings S.C.A. of € 59.9 million;
- GCL Holdings S.C.A. prepaid in full the existing Senior Notes due in 2018 of € 200 million, and paid related accrued interest and redemption premium of 2.344%;

- Guala Closures S.p.A. and certain other group companies entered into an amended and restated Senior Intercreditor Agreement and Parallel Priority Agreement and certain other customary documentation for transactions of such type, including security agreements.

The total costs subordinated for the refinancing amount to about € 12 million for both Floating Rate Senior Secured Notes and Senior Revolving Credit Facility. In accordance with IAS 39, these costs will be amortized in five years, following the related financial debt.

Reference should be made to note 16) “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 36) “Commitments and guarantees” to these consolidated financial statements for information on the relevant guarantees given.

Financial liabilities at December 31, 2015 and 2016 are shown below:

| Thousands of Euros | December 31, 2015 | December 31, 2016 |
|--|-------------------|-------------------|
| Current financial liabilities | | |
| Bonds | 5,726 | 3,365 |
| Bank loans and borrowings | 5,569 | 6,299 |
| Other financial liabilities | 1,988 | 2,782 |
| | <u>13,283</u> | <u>12,446</u> |
| Non-current financial liabilities | | |
| Bonds | 468,140 | 499,698 |
| Bank loans and borrowings | 55,236 | 34,346 |
| Other financial liabilities | 23,438 | 23,714 |
| | <u>546,814</u> | <u>557,758</u> |
| Total | 560,098 | 570,204 |

The terms and expiry dates of the financial liabilities at December 31, 2015 and 2016 are shown below:

| Thousands of Euros | Nominal amount | | | | | |
|---|-------------------------------|--------------------|------------------------------|---------------------|---------------|-----------------|
| | Total December 31, 2015 | Within one year | From one to five years | After five years | Current | Non- current |
| BONDS: | | | | | | |
| HY Bonds issued by GCL Holdings S.C.A. - 20/04/2011 | 200,000 | - | 200,000 | - | - | 200,000 |
| Accrued interest - GCL Holdings S.C.A. | 3,906 | 3,906 | - | - | 3,906 | - |
| Transaction costs | (3,079) | - | (3,079) | - | - | (3,079) |
| TOTAL HY Bonds 2018 GCL Holdings S.C.A. | 200,827 | 3,906 | 196,921 | - | 3,906 | 196,921 |
| Floating Rate Senior Secured Notes due in 2019 issued by Guala Closures S.p.A. - 13/11/2012 | 275,000 | - | 275,000 | - | - | 275,000 |
| Accrued interest - Guala Closures S.p.A. | 1,820 | 1,820 | - | - | 1,820 | - |
| Transaction costs | (3,781) | - | (3,781) | - | - | (3,781) |
| TOTAL FRSN 2019 Guala Closures S.p.A. | 273,038 | 1,820 | 271,219 | - | 1,820 | 271,219 |
| TOTAL BONDS | 473,866 | 5,726 | 468,140 | - | 5,726 | 468,140 |
| BANK LOANS AND BORROWINGS: | | | | | | |
| Senior Revolving Credit Facility | 55,000 | - | 55,000 | - | - | 55,000 |
| Transaction costs | (966) | - | (966) | - | - | (966) |
| Total Senior Revolving Credit Facility | 54,034 | - | 54,034 | - | - | 54,034 |
| Accrued interest and expense - Guala Closures S.p.A. | 194 | 194 | - | - | 194 | - |
| Handlowy S.A. bank overdraft (Poland) | 3,473 | 3,473 | - | - | 3,473 | - |
| Bancolombia loan (Colombia) | 465 | 203 | 263 | - | 203 | 263 |
| Bradesco / ITAU loan (Brazil) | 1,154 | 656 | 497 | - | 656 | 497 |
| Advances on receivables and loans (Argentina) | 393 | 174 | 219 | - | 174 | 219 |
| Bancomer loan (Mexico) | 1,092 | 870 | 222 | - | 870 | 222 |
| TOTAL BANK LOANS AND BORROWINGS | 60,805 | 5,569 | 55,236 | - | 5,569 | 55,236 |
| OTHER FINANCIAL LIABILITIES: | | | | | | |
| Guala Closures S.p.A. finance leases | 11,780 | 1,899 | 9,881 | - | 1,899 | 9,881 |
| Bulgarian companies finance leases | 65 | 60 | 5 | - | 60 | 5 |
| Liability to the Ukrainian non-controlling investors | 13,500 | - | - | 13,500 | - | 13,500 |
| Other liabilities | 82 | 29 | 53 | - | 29 | 53 |
| TOTAL OTHER FINANCIAL LIABILITIES | 25,427 | 1,988 | 9,938 | 13,500 | 1,988 | 23,438 |
| TOTAL | 560,098 | 13,283 | 533,314 | 13,500 | 13,283 | 546,814 |

| Thousands of Euros | Nominal amount | | | | | |
|--|-------------------------------|--------------------|---------------------------------|------------------------|---------------|-----------------|
| | Total December 31, 2016 | Within one year | From one to five years | After five years | Current | Non- current |
| BONDS: | | | | | | |
| Floating Rate Senior Secured Notes due in 2021 issued by Guala Closures S.p.A. | 510,000 | - | 510,000 | - | - | 510,000 |
| Accrued interest - Guala Closures S.p.A. | 3,365 | 3,365 | - | - | 3,365 | - |
| Transaction costs | (10,302) | - | (10,302) | - | - | (10,302) |
| TOTAL FRSSN 2021 Guala Closures S.p.A. | 503,063 | 3,365 | 499,698 | - | 3,365 | 499,698 |
| BANK LOANS AND BORROWINGS: | | | | | | |
| Senior Revolving Credit Facility | 34,000 | - | 34,000 | - | - | 34,000 |
| Transaction costs | (1,487) | - | (1,487) | - | - | (1,487) |
| Total Senior Revolving Credit Facility | 32,513 | - | 32,513 | - | - | 32,513 |
| Accrued interest and expense - Guala Closures S.p.A. | (4) | (4) | - | - | (4) | - |
| Handlowy S.A. / Millennium S.A. bank overdraft (Poland) | 3,586 | 3,586 | - | - | 3,586 | - |
| Bancolombia loan (Colombia) | 287 | 221 | 66 | - | 221 | 66 |
| Bradesco / ITAU loan (Brazil) | 1,179 | 719 | 460 | - | 719 | 460 |
| Advances on receivables and loans (Argentina) | 1,434 | 1,022 | 411 | - | 1,022 | 411 |
| Bancomer loan (Mexico) | 1,652 | 756 | 896 | - | 756 | 896 |
| TOTAL BANK LOANS AND BORROWINGS | 40,645 | 6,299 | 34,346 | - | 6,299 | 34,346 |
| OTHER FINANCIAL LIABILITIES: | | | | | | |
| Guala Closures S.p.A. finance leases | 9,821 | 2,034 | 7,787 | - | 2,034 | 7,787 |
| Liability to the Ukrainian non-controlling investors | 15,900 | - | - | 15,900 | - | 15,900 |
| Other liabilities | 775 | 748 | 27 | - | 748 | 27 |
| TOTAL OTHER FINANCIAL LIABILITIES | 26,496 | 2,782 | 7,814 | 15,900 | 2,782 | 23,714 |
| TOTAL | 570,204 | 12,446 | 541,858 | 15,900 | 12,446 | 557,758 |

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 32) "Fair value of financial instruments and sensitivity analysis" for further details.

The interest rates and expiry dates of the financial liabilities at December 31, 2015 and December 31, 2016 are shown below:

| Thousands of Euros | Currency | Nominal interest rate | Expiry date | Total December 31, 2015 |
|--|----------|--------------------------|----------------|-------------------------------|
| BONDS: | | | | |
| HY Bonds issued by GCL Holdings S.C.A. - 20/04/2011 | EUR | 9.375% | 2018 | 200,000 |
| Accrued interest - GCL Holdings S.C.A. | EUR | n.a. | 2016 | 3,906 |
| Transaction costs | EUR | n.a. | 2018 | (3,079) |
| TOTAL HY BONDS GCL Holdings S.C.A. | | | | 200,827 |
| Floating Rate Senior Secured Notes due 2019 issued by Guala Closures S.p.A. - 13/11/2012 | EUR | euribor 3m + 5.375% | 2019 | 275,000 |
| Accrued interest - Guala Closures S.p.A. | EUR | n.a. | 2016 | 1,820 |
| Transaction costs | EUR | n.a. | 2019 | (3,781) |
| TOTAL FRSN 2019 Guala Closures S.p.A. | | | | 273,038 |
| TOTAL BONDS | | | | 473,866 |
| Bank loans and borrowings: | | | | |
| Senior Revolving Credit Facility | EUR | euribor 3m + 3.75% | 2017 | 55,000 |
| Transaction costs | EUR | n.a. | 2017 | (966) |
| Total Senior Revolving Credit Facility | | | | 54,034 |
| Accrued interest and expense - Guala Closures S.p.A. | EUR | n.a. | 2016 | 194 |
| Handlowy S.A. bank overdraft (Poland) | PLN | wibor 1m (*) | n.a. | 3,473 |
| Bancolombia loan (Colombia) | COP | I.B.R. + 3.25% (**) | 2018 | 465 |
| Bradesco / ITAU loan (Brazil) | BRL | n.a. | 2019 | 1,154 |
| Advances on receivables and loans (Argentina) | AR\$ | n.a. | n.a. | 393 |
| Bancomer loan (Mexico) | MXP | TIE28 + 2.50% (***) | 2017 | 1,092 |
| Total bank loans and borrowings | | | | 60,805 |
| Other financial liabilities: | | | | |
| Guala Closures S.p.A. finance leases | EUR | euribor + 1.5% (****) | 2020 | 11,780 |
| Bulgarian companies finance leases | BGN | n.a. | 2016 | 65 |
| Liability to the Ukrainian non-controlling investors | EUR | n.a. | n.a. | 13,500 |
| Other liabilities | EUR | n.a. | n.a. | 82 |
| Total other financial liabilities | | | | 25,427 |
| TOTAL | | | | 560,098 |

(*) 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.

| Thousands of Euros | Currency | Nominal interest rate | Expiry date | Total December 31, 2016 |
|--|----------|-----------------------|-------------|-------------------------|
| BONDS: | | | | |
| Floating Rate Senior Secured Notes due in 2021 issued by Guala Closures S.p.A. | EUR | euribor 3m + 4.75% | 2021 | 510,000 |
| Accrued interest - Guala Closures S.p.A. | EUR | n.a. | 2017 | 3,365 |
| Transaction costs | EUR | n.a. | 2021 | (10,302) |
| TOTAL FRSSN 2021 Guala Closures S.p.A. | | | | 503,063 |
| BANK LOANS AND BORROWINGS: | | | | |
| Senior Revolving Credit Facility | EUR | euribor 3m + 4.00% | 2021 | 34,000 |
| Transaction costs | EUR | n.a. | 2021 | (1,487) |
| Total Senior Revolving Credit Facility | | | | 32,513 |
| Accrued interest and expense - Guala Closures S.p.A. | EUR | n.a. | 2017 | (4) |
| Handlowy S.A. / Millennium S.A. bank overdraft (Poland) | PLN | wibor 1m (*) | n.a. | 3,586 |
| Bancolombia loan (Colombia) | COP | I.B.R. + 3.25% (**) | 2018 | 287 |
| Bradesco / ITAU loan (Brazil) | BRL | n.a. | 2019 | 1,179 |
| Advances on receivables and loans (Argentina) | AR\$ | n.a. | n.a. | 1,434 |
| Bancomer loan (Mexico) | USD | 3.62% | 2019 | 1,652 |
| TOTAL BANK LOANS AND BORROWINGS | | | | 40,645 |
| OTHER FINANCIAL LIABILITIES: | | | | |
| Guala Closures S.p.A. finance leases | EUR | euribor + 1.5% (***) | 2020 | 9,821 |
| Liability to the Ukrainian non-controlling investors | EUR | n.a. | n.a. | 15,900 |
| Other liabilities | EUR | n.a. | n.a. | 775 |
| TOTAL OTHER FINANCIAL LIABILITIES | | | | 26,496 |
| TOTAL | | | | 570,204 |

(*) Wibor stands for “Warsaw Inter-bank Bid and Offered Rate”

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

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

The Senior Revolving Credit Facility’s availability is shown in the table below:

| Credit facility | Available amount (thousands of Euros) | Amount used at December 31, 2016 | Residual available amount at December 31, 2016 |
|---|---------------------------------------|----------------------------------|--|
| Senior Revolving Credit Facility due 2021 | 65,000 | 34,000 | 31,000 |

On November 30, 2016, the positive cash flows generated by the Group permitted a partial repayment of € 6 million of the initial drawdown of € 40 million made at the refinancing date.

(13) Trade payables

This caption is made up as follows:

| Thousands of Euros | December 31, 2015 | December 31, 2016 |
|---------------------|-------------------|-------------------|
| Suppliers | 59,612 | 64,217 |
| Payments on account | 7,527 | 2,032 |
| Total | 67,140 | 66,249 |

The decrease in the payments on account is due to an advance payment received in 2015 from a customer in Argentina.

At December 31, 2016, trade payables may be analyzed by original currency as follows:

| Thousands of Euros | EUR | USD | GBP | Other currencies | Total |
|--------------------|--------|-------|-------|------------------|---------------|
| Trade payables | 38,374 | 2,564 | 2,460 | 22,852 | 66,249 |

Other currencies include trade payables in the following local currencies:

| Thousands of Euros | December 31, 2016 |
|--------------------|-------------------|
| Australian dollar | 5,172 |
| Mexican peso | 4,268 |
| Polish zloty | 3,012 |
| Indian rupia | 2,901 |
| Argentinean peso | 2,797 |
| Ukrainian hryvnia | 1,170 |
| Brazilian real | 892 |
| Chinese renmimbi | 758 |
| South African rand | 596 |
| New Zealand dollar | 594 |
| Columbian peso | 264 |
| Other | 430 |
| Total | 22,852 |

(14) Current direct tax liabilities

The current direct tax amounts to € 4,487 thousand, compared to € 5,379 thousand in the previous year.

In 2016 a tax provision was accounted for an amount of € 0.7 million due to the possible unfavourable tax contingencies arose in China in relation to the merger between Guala Closures International B.V. and Guala Closures China B.V. in 2015.

(15) Provisions

This caption may be analyzed as follows:

CURRENT PROVISIONS:

| Thousands of Euros | December 31, 2015 | December 31, 2016 |
|---------------------------------|-------------------|-------------------|
| Provision for returns | 582 | 1,014 |
| Provision for restructuring | 1,012 | 158 |
| Other current provisions | 30 | 5 |
| Total current provisions | 1,624 | 1,176 |

The provision for returns reflects the calculation of customer claims received.

The provision for restructuring in 2015 referred mainly to the closure of the Australian site of Acacia Ridge and to the reallocation of its crown seals production to the other Australian Group plant located in Central West and, for the remainder, the Italian plants' restructuring process started in 2014.

Changes in the current provisions are as follows:

CURRENT PROVISIONS:

| Thousands of Euros | 2016 |
|-----------------------------------|--------------|
| Opening current provisions | 1,624 |
| Exchange rate gains | 3 |
| Accrual | 776 |
| Utilization | (1,227) |
| Closing current provisions | 1,176 |

NON-CURRENT PROVISIONS:

| Thousands of Euros | December 31, 2015 | December 31, 2016 |
|---|-------------------|-------------------|
| Provision for agents' leaving indemnity | 121 | 127 |
| Provision for legal disputes | 27 | 24 |
| Total non-current provisions | 148 | 151 |

Changes in the non-current provisions are as follows:

NON-CURRENT PROVISIONS:

| Thousands of Euros | 2016 |
|---------------------------------------|------------|
| Opening non-current provisions | 148 |
| Exchange rate losses | (1) |
| Accrual | 4 |
| Utilization | (1) |
| Closing non-current provisions | 151 |

(16) Financial derivative liabilities

This caption may be analyzed as follows:

| Thousands of Euros | December 31, 2015 | December 31, 2016 |
|------------------------------------|-------------------|-------------------|
| Fair value of IRSs | 677 | 431 |
| Fair value of aluminum derivatives | 394 | 2 |
| Total | 1,071 | 433 |

The main features of the contracts in place at December 31, 2016 are summarized below:

- interest rate swaps

Guala Closures S.p.A. has two interest rate swaps in place to hedge floating interest rates on the property finance lease as listed below:

1. Euro interest rate swap agreed with Intesa Sanpaolo S.p.A. on March 7, 2006, expiring July 1, 2019. It has a fixed swap rate of 3.945% against the floating one-month Euribor for a notional amount of € 2,898 thousand at December 31, 2016.
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 € 2,898 thousand at December 31, 2016.

These derivatives meet the formal requirements of IAS 39 at the reporting date and have been recognized as hedging instruments.

- *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, 2016 | December 31, 2015 Positive/(negative) fair value | December 31, 2016 Positive/(negative) fair value |
|-------------------------------|---|---|---|
| Interest rate swaps on leases | Hedge accounting | (677) | (431) |
| Forward aluminum purchases | Recognized at fair value through profit or loss | (394) | (2) |
| Forward aluminum purchases | Recognized at fair value through profit or loss | - | 533 |

(17) Other current liabilities

This caption may be analyzed as follows:

| Thousands of Euros | December 31, 2015 | December 31, 2016 |
|--|--------------------------|--------------------------|
| Payables to employees | 8,208 | 8,909 |
| Payables for capex | 4,894 | 4,255 |
| Payable for Transaction Costs on Guala Closures SpA Bond issue | - | 3,768 |
| Social security charges payable | 2,810 | 2,831 |
| Dividends payables | 665 | 1,073 |
| Other payables | 6,295 | 5,793 |
| Total | 22,872 | 26,629 |

(18) Employee benefits

This caption is made up as follows:

| Thousands of Euros | December 31, 2015 | December 31, 2016 |
|--|-------------------|-------------------|
| Post-employment benefits - Guala Closures S.p.A. | 4,295 | 4,344 |
| Other | 1,451 | 1,901 |
| Total | 5,745 | 6,246 |

Changes in Employee benefits are as follows:

| Thousands of Euros | December 31, 2015 | December 31, 2016 |
|--|-------------------|-------------------|
| Balance at January 1 | 7,317 | 5,745 |
| Exchange rate gains/(losses) | (90) | 22 |
| Business combinations | - | 247 |
| Change recognized in profit or loss - personnel expense | 1,597 | 1,871 |
| Change recognized in profit or loss - other (income)/expense | 27 | (414) |
| Change recognized in OCI | (337) | 162 |
| Transfer in (out) | (41) | (29) |
| Benefits paid | (2,728) | (1,360) |
| Balance at December 31 | 5,745 | 6,246 |

The liability for post-employment benefits (“TFR” – Trattamento di fine rapporto) primarily relates to Italian companies (Guala Closures S.p.A. mainly) for employee departures, determined using actuarial techniques and regulated by Article 2120 of the Italian Civil Code. The benefit is paid when the employee leaves the company as a lump sum, the amount of which corresponds to the total benefits accrued during the employees’ service period based on payroll costs as revalued until their departure. Following the pension reform, from January 1, 2007, accruing benefits have been transferred to a pension fund or a treasury fund held by the Italian administration for post-retirement benefits (INPS). Companies with less than 50 employees, can continue the scheme as in previous years. Therefore, contributions of future TFR to pension funds or the INPS treasury fund entails that these amounts will be treated as a defined contribution scheme. Amounts vested before January 1, 2007 continue to be accounted for as defined benefits to be assessed based on actuarial assumptions.

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

| Thousands of Euros | December 31, 2015 | December 31, 2016 |
|--|-------------------|-------------------|
| Balance at January 1 | 5,944 | 4,295 |
| Change recognized in profit or loss - personnel expense | 1,294 | 1,159 |
| Change recognized in profit or loss - other (income)/expense | 79 | 65 |
| Change recognized in OCI | (342) | 158 |
| Benefits paid | (2,681) | (1,332) |
| Balance at December 31 | 4,295 | 4,344 |

Actuarial parameter baseline:

| | December 31, 2015 | December 31, 2016 |
|---|--|-------------------|
| Average inflation rate | 1.5% (2016) - 1.8% (2017) 1.7% (2018) - 1.6% (2019) 2% from 2020 on | 1.50% p.a. |
| Discount rate | 2.03% p.a. | 1.31% p.a. |
| Annual rate of increase in post-employment benefits | 2.625% (2016) - 2.85% (2017) 2.775% (2018) - 2.7% (2019) 3% from 2020 on | 2.625% p.a. |

For valuations at December 31, 2016, an annual fixed discount rate of 1.31% was utilized based on the value of Iboxx indexes AA corporate bonds observed at December 31, 2016, as per the requirements of IAS 19.

The Group expects to pay around € 1.4 million of benefits to its defined benefit plan in 2017 described above.

Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, assuming the other variables do not change, would have affected Guala Closures S.p.A.'s post-employment benefits at December 31, 2016 by the amounts shown below:

| Thousands of Euros | Defined benefit obligation | |
|--|----------------------------|----------|
| | Increase | Decrease |
| Turnover rate (1% variation) | (23) | 26 |
| Average inflation rate (0.25% variation) | 64 | (63) |
| Discount rate (0.25% variation) | (100) | 104 |

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, 2015 and 2016 (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, 2015 | December 31, 2016 |
|----------------------------------|-------------------|-------------------|
| Present value of the obligations | (72,119) | (71,944) |
| Fair value of plan assets | 89,487 | 87,500 |
| Total | 17,368 | 15,556 |

Changes in the net amount of the fund:

| Thousands of Euros | December 31, 2015 | December 31, 2016 |
|--|-------------------|-------------------|
| Balance at January 1 | 16,888 | 17,368 |
| Exchange rate (gains) losses | 1,040 | (2,510) |
| Service cost | (25) | (22) |
| Interest on defined benefit obligation | (2,489) | (2,212) |
| Interest on plan assets | 3,087 | 2,765 |
| Scheme administration expenses | (215) | (242) |
| Actuarial (gains) losses | (919) | 409 |
| Balance at December 31 | 17,368 | 15,556 |

Changes in the present value of the obligations:

| Thousands of Euros | December 31, 2015 | December 31, 2016 |
|--|-------------------|-------------------|
| Balance at January 1 | (72,726) | (72,119) |
| Exchange rate (gains) losses | (4,453) | 10,961 |
| Service cost | (25) | (22) |
| Interest on defined benefit obligation | (2,489) | (2,212) |
| Contribution by plan participants | (4) | (4) |
| Benefits paid | 5,195 | 4,486 |
| Actuarial gains | 2,382 | (13,035) |
| Balance at December 31 | (72,119) | (71,944) |

Changes in the fair value of plan assets:

| Thousands of Euros | December 31, 2015 | December 31, 2016 |
|-----------------------------------|-------------------|-------------------|
| Balance at January 1 | 89,614 | 89,487 |
| Exchange rate (gains) losses | 5,493 | (13,471) |
| Interest on plan assets | 3,087 | 2,765 |
| Scheme administration expenses | (215) | (242) |
| Contribution by plan participants | 4 | 4 |
| Benefits paid | (5,195) | (4,486) |
| Actuarial (gains) losses | (3,300) | 13,444 |
| Balance at December 31 | 89,487 | 87,500 |

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

| | December 31, 2015 | December 31, 2016 |
|----------|-------------------|-------------------|
| Equities | 37% | 38% |
| Bonds | 31% | 31% |
| Gilts | 31% | 31% |
| Cash | 1% | 0% |

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

Actuarial parameter baseline:

| | December 31, 2015 | December 31, 2016 |
|---|-------------------|-------------------|
| 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 | 3.00% p.a. | 3.20% p.a. |
| Discount rate | 3.55% p.a. | 2.55% p.a. |

The Group does not expect to pay any further contributions in 2017 in relation to these defined benefit obligations.

Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, assuming the other variables do not change, would have affected Guala Closures UK's defined benefit pension plan at December 31, 2016 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) | (2,997) | - |
| Average inflation rate (-0.1% p.a.) | 364 | - |
| Discount rate (+0.1% p.a.) | 1,114 | - |

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.

(19) Equity attributable to the owners of the parent

As of December 31, 2016, the share capital amounts to EUR 141,217.50 represented by 112,974 units with a nominal value of EUR 1.25 each. The units are divided in 1 management share, 39,578 class A shares, 5,610 Class B shares and 67,785 preference shares.

Class A shares and preferred shares entitle the holders to one vote per share.

Class B shares are non-voting. Class B shares which have no voting right attached, are owned by members of the management of the Company. Upon the sale by GCL Holdings LP S.à r.l. ("LP") of a controlling stake in the Company any holder of this class of shares shall have its shares converted into Class A shares.

Neither the parent nor its subsidiaries hold treasury shares either directly or indirectly through trustees or nominees.

Reference should be made to the consolidated statement of changes in equity for changes in, and details of, the components of equity.

As per the Senior Revolving Credit Facility Agreement and for the Floating Rate Senior Secured Notes, 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 Group 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 Group 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.

(20) Equity attributable to non-controlling interests

Equity attributable to non-controlling interests relates to the following consolidated companies:

| | Non-controlling interests % December 31, 2015 | Non-controlling interests % December 31, 2016 | Balance at December 31, 2015 | Balance at December 31, 2016 |
|---------------------------------|--|--|------------------------------------|------------------------------------|
| Guala Closures Ukraine LLC | 30.0% | 30.0% | 8,078 | 9,112 |
| Guala Closures India Pvt Ltd. | 5.0% | 5.0% | 1,748 | 1,938 |
| Guala Closures Argentina S.A. | 1.6% | 1.6% | 32 | 31 |
| Guala Closures de Colombia LTDA | 6.8% | 6.8% | 518 | 562 |
| Guala Closures Bulgaria A.D. | 30.0% | 30.0% | 1,669 | 1,837 |
| Guala Closures Tools A.D. | 30.0% | 30.0% | 378 | 453 |
| Guala Closures DGS Poland S.A. | 30.0% | 30.0% | 12,274 | 11,234 |
| CapMetal SAS | - | 30.0% | - | 171 |
| Total | | | 24,699 | 25,338 |

Reference should be made to the consolidated statement of changes in equity for changes in equity attributable to the non-controlling interests.

The following tables summarise the information relating to each of the Group's subsidiaries that have material non-controlling interests, before any intra-group eliminations:

| December 31, 2015 | 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 | 32,563 | 10,590 | 1,685 | 25,451 | | |
| Current assets | 27,205 | 23,588 | 4,994 | 18,241 | | |
| Non-current liabilities | (3,205) | - | (73) | (937) | | |
| Current liabilities | (15,648) | (7,250) | (1,042) | (7,798) | | |
| Equity | 40,915 | 26,927 | 5,565 | 34,958 | | |
| Equity attributable to non-controlling interests | 12,274 | 8,078 | 1,669 | 1,748 | 929 | 24,699 |
| Total revenue (third parties + related parties) | 81,722 | 49,160 | 7,915 | 62,880 | | |
| Profit for the year | 11,084 | 12,002 | (99) | 7,087 | | |
| Other comprehensive income/(expense) (OCI) | 100 | (6,571) | - | 1,077 | | |
| Total comprehensive income | 11,184 | 5,431 | (99) | 8,164 | | |
| Profit allocated to non-controlling interests | 3,325 | 3,601 | (30) | 354 | 146 | 7,397 |
| OCI allocated to non-controlling interests | 30 | (1,971) | - | 54 | (92) | (1,979) |
| Total comprehensive income allocated to non-controlling interests | 3,355 | 1,629 | (30) | 408 | 54 | 5,418 |
| Cash flows from operating activities | 11,778 | 13,369 | 1,187 | 15,257 | | |
| Cash flows used in investing activities | (2,706) | (4,696) | (141) | (2,947) | | |
| Cash flows used in financing activities (including dividends to NCI) | (9,691) | 341 | (762) | (11,012) | | |
| Net increase (decrease) in cash and cash equivalents | (618) | 9,014 | 284 | 1,298 | | |
| Dividends paid to non-controlling interests | 2,880 | - | 226 | 486 | 265 | 3,858 |

| December 31, 2016 | 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 | 31,046 | 11,561 | 1,026 | 26,748 | | |
| Current assets | 26,656 | 26,758 | 5,873 | 20,272 | | |
| Non-current liabilities | (2,888) | - | (32) | (890) | | |
| Current liabilities | (17,368) | (7,946) | (742) | (7,360) | | |
| Equity | 37,446 | 30,373 | 6,124 | 38,770 | | |
| Equity attributable to non-controlling interests | 11,234 | 9,112 | 1,837 | 1,938 | 1,216 | 25,338 |
| Total revenue (third parties + related parties) | 81,108 | 51,032 | 8,560 | 67,156 | | |
| Profit for the year | 10,189 | 14,624 | 560 | 9,875 | | |
| Other comprehensive income/(expense) (OCI) | (803) | 2,683 | - | 629 | | |
| Total comprehensive income | 9,386 | 17,306 | 560 | 10,504 | | |
| Profit allocated to non-controlling interests | 3,057 | 4,387 | 168 | 494 | 209 | 8,314 |
| OCI allocated to non-controlling interests | (241) | 805 | - | 31 | 58 | 654 |
| Total comprehensive income allocated to non-controlling interests | 2,816 | 5,192 | 168 | 525 | 267 | 8,968 |
| Cash flows from operating activities | 14,144 | 12,309 | 1,320 | 11,249 | | |
| Cash flows used in investing activities | (3,473) | (4,722) | (150) | (5,615) | | |
| Cash flows used in financing activities (including dividends to NCI) | (11,000) | (7,300) | (9) | (6,393) | | |
| Net increase (decrease) in cash and cash equivalents | (329) | 286 | 1,161 | (759) | | |
| Dividends paid to non-controlling interests | 3,263 | 2,594 | - | 314 | 130 | 6,302 |

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME(EXPENSE)

(21) 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 | 2015 | 2016 |
|-------------------------|----------------|----------------|
| Europe | 284,430 | 273,146 |
| Asia | 70,356 | 74,768 |
| Latin and North America | 96,589 | 89,276 |
| Oceania | 49,871 | 48,660 |
| Africa | 19,286 | 14,418 |
| Total | 520,533 | 500,268 |

(22) Other operating income

This caption includes:

| Thousands of Euros | 2015 (*) | 2016 |
|-------------------------------|--------------|--------------|
| Sundry recoveries/repayments | 3,224 | 3,019 |
| Gains on sale of fixed assets | 203 | 207 |
| Other | 340 | 369 |
| Total | 3,767 | 3,595 |

(*) 2015 figures were restated since capitalized development expenditure and extraordinary maintenance booked in 2015 as “Other operating income” have been reclassified to the caption “Work performed by the Group and capitalized”

Capitalized development expenditure and extraordinary maintenance booked in 2015 as “Other operating income” have been reclassified to the caption “Work performed by the Group and capitalized” to be consistent with 2016 classification.

(23) Work performed by the Group and capitalised

This caption amounts to € 6,615 thousand in 2016 (€ 5,936 thousand in 2015) and includes € 496 thousand of capitalized development expenditure related to new closures and € 6,119 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 € 800 thousand and foreign companies amounting to € 5,319 thousand.

(24 Costs for raw materials

This caption includes:

| Thousands of Euros | 2015 | 2016 |
|---|----------------|----------------|
| Consumption of raw materials and supplies | 216,005 | 194,468 |
| Consumables and maintenance | 9,729 | 11,562 |
| Packaging | 9,330 | 8,985 |
| Fuels | 454 | 427 |
| Other purchases | 1,774 | 2,573 |
| Change in raw materials inventories | (3,955) | 421 |
| Total | 233,336 | 218,436 |

(25) Costs for services

This caption includes:

| Thousands of Euros | 2015 | 2016 |
|----------------------------|---------------|---------------|
| Electricity / Heating | 22,330 | 21,770 |
| Transport | 20,531 | 20,031 |
| External processing | 8,509 | 7,550 |
| Maintenance | 5,860 | 5,518 |
| Sundry industrial services | 5,470 | 5,395 |
| External labor / portorage | 4,650 | 5,267 |
| Travel | 4,528 | 4,370 |
| Legal and consulting fees | 3,304 | 3,694 |
| Administrative services | 2,405 | 2,982 |
| Insurance | 3,035 | 2,676 |
| Cleaning service | 1,131 | 1,087 |
| Technical assistance | 889 | 1,034 |
| Directors' fees | 1,988 | 991 |
| Entertainment expenses | 700 | 875 |
| Telephone costs | 818 | 832 |
| Commissions | 952 | 779 |
| Security | 548 | 449 |
| Expos and trade fairs | 441 | 366 |
| Commercial services | 334 | 322 |
| Advertising services | 431 | 314 |
| Other | 2,226 | 2,176 |
| Total | 91,083 | 88,478 |

Details of fees paid to the key management personnel are provided in note 33) “Related party transactions” to these consolidated financial statements.

(26) Personnel expense

This caption includes:

| Thousands of Euros | 2015 | 2016 |
|---|---------------|---------------|
| Wages and salaries | 76,068 | 75,740 |
| Social security contributions | 13,183 | 12,421 |
| Expense/(Income) from defined benefit plans | 1,597 | 1,871 |
| Other costs | 3,189 | 3,775 |
| Total | 94,036 | 93,806 |

Reference should be made to note 18) “Employee benefits” to these consolidated financial statements for details on Expense/(income) for defined benefit plans.

At December 31, 2015 and 2016, the Group had the following number of employees:

| Number | December 31, 2015 | December 31, 2016 |
|---------------|-------------------|-------------------|
| Blue collars | 2,928 | 2,991 |
| White collars | 873 | 844 |
| Managers | 195 | 207 |
| Total | 3,996 | 4,042 |

(27) Other operating expense

This caption includes:

| Thousands of Euros | 2015 | 2016 |
|---|---------------|---------------|
| Rent and leases | 4,926 | 4,800 |
| Taxes and duties | 2,462 | 2,022 |
| Other costs for the use of third party assets | 1,730 | 1,736 |
| Provisions | 1,529 | 781 |
| Other charges | 930 | 1,023 |
| Total | 11,577 | 10,361 |

(28) Financial income

This caption includes:

| Thousands of Euros | 2015 | 2016 |
|---|---------------|--------------|
| Exchange rate gains | 8,140 | 6,262 |
| Change in fair value of IRS | 1,975 | - |
| Interest income | 731 | 1,644 |
| Fair value gains on aluminium derivatives | 16 | - |
| Other financial income | 238 | 216 |
| Total | 11,100 | 8,122 |

(29) Financial expense

This caption includes:

| Thousands of Euros | 2015 | 2016 |
|--|---------------|---------------|
| Interest expense | 41,714 | 40,436 |
| Exchange rate losses | 12,029 | 8,723 |
| Financial expense - non-controlling investors in the Ukrainian company | 3,600 | 2,400 |
| Fair value losses on aluminum derivatives | 1,512 | - |
| Financial expense for debt refinancing | - | 10,358 |
| Other financial expense | 890 | 9 |
| Total | 59,744 | 61,926 |

The financial expense on liability versus 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.

Financial expense for debt refinancing in 2016 refers to the derecognition of unamortized transaction costs due to the Group's refinancing (early redemption of existing Floating Rate Senior Secured Notes and Revolving Credit Facility) and to the redemption premium of 2.344% due on the prepayment of the Senior Notes due 2018.

(30) 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 | 2015 | 2016 |
|---|-----------------|-----------------|
| Recognized in profit or loss | | |
| Bank interest income | 731 | 1,644 |
| Fair value gains on derivatives | 1,991 | - |
| Exchange rate gains | 8,140 | 6,262 |
| Other financial income | 238 | 216 |
| Total financial income | 11,100 | 8,122 |
| Interest expense on financial liabilities measured at amortized cost | 41,714 | 40,436 |
| Exchange rate losses | 12,029 | 8,723 |
| Fair value losses on derivatives | 1,512 | - |
| Other financial expense | 4,490 | 12,767 |
| Total financial expense | 59,744 | 61,926 |
| Net financial expense | (48,644) | (53,804) |
| Recognized directly in equity in the Hedging reserve | | |
| Effective portion of fair value losses on cash flow hedges | (47) | (29) |
| Net change in fair value of cash flow hedges reclassified to profit or loss | 318 | 275 |
| Total | 271 | 246 |

(31) Income taxes

This caption includes:

| Thousands of Euros | 2015 | 2016 |
|-------------------------------|-----------------|-----------------|
| Current taxes | (23,193) | (20,088) |
| Deferred tax income/(expense) | 1,448 | 525 |
| Total | (21,745) | (19,563) |

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 (€ -68 thousand), as described in the following table.

Deferred tax liabilities recognized directly in equity

| Thousands of Euros | December 31, 2015 | December 31, 2016 |
|--|----------------------|----------------------|
| Change in deferred tax liabilities on fair value adjustments on cash flow hedges | (75) | (68) |
| Total | (75) | (68) |

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 | 2015 | 2016 |
|--|-----------------|-----------------|
| Profit before taxation | 17,042 | 15,908 |
| Income tax using Luxembourg tax rate (2015: 29.2%; 2016: 29.2%) | (4,976) | (4,645) |
| Effect of tax rates in foreign jurisdictions | 1,859 | 2,101 |
| Reduction in tax rate | 13 | 14 |
| Non-deductible expenses | (13,230) | (11,580) |
| Tax-exempt income | 1,036 | 951 |
| Tax incentives | 3 | 523 |
| Current-year losses for which no deferred tax asset is recognised | (2,168) | (2,323) |
| Recognition of previously unrecognised tax losses | (235) | 403 |
| Changes in estimates related to prior years | 1,062 | (385) |
| Total increase | (11,660) | (10,296) |
| Effective tax | (16,636) | (14,941) |
| Other taxes, other than income taxes (2015: 30.0%; 2016: 29.1%) | (5,109) | (4,622) |
| Total current taxes for the year | (21,745) | (19,563) |

OTHER INFORMATION

(32) 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, 2015 and 2016. 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 2016.

Notes to the consolidated financial statements

| December 31, 2015 | | | | | 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 | 6 | | | | | 86,880 | | | 86,880 | | | | - |
| Cash and cash equivalents | 5 | | | | | 61,944 | | | 61,944 | | | | - |
| | | - | - | - | - | 148,825 | - | - | 148,825 | - | - | - | - |
| Financial liabilities measured at fair value | | | | | | | | | | | | | |
| Interest rate swaps used for hedging | 16 | | | (677) | | | | | (677) | | (677) | | (677) |
| Aluminium derivatives used for trading | 16 | (394) | | | | | | | (394) | | (394) | | (394) |
| Put option on non-controlling interests | 12 | | (13,500) | | | | | | (13,500) | | | (13,500) | (13,500) |
| | | (394) | (13,500) | (677) | - | - | - | - | (14,571) | - | (1,071) | (13,500) | (14,571) |
| Financial liabilities not measured at fair value ^(*) | | | | | | | | | | | | | |
| Bank overdraft | 12 | | | | | | | (3,473) | (3,473) | | (3,473) | | (3,473) |
| Secured bank loans | 12 | | | | | | | (55,713) | (55,713) | | (53,775) | | (53,775) |
| Unsecured bank loans | 12 | | | | | | | (1,619) | (1,619) | | (1,619) | | (1,619) |
| Secured bonds issues | 12 | | | | | | | (273,038) | (273,038) | | (284,878) | | (284,878) |
| Unsecured bonds issues | 12 | | | | | | | (200,827) | (200,827) | | (208,660) | | (208,660) |
| Finance lease liabilities | 12 | | | | | | | (11,845) | (11,845) | | (11,037) | | (11,037) |
| Trade payables | 13 | | | | | | | (67,140) | (67,140) | | | | - |
| Other payables | 12 | | | | | | | (82) | (82) | | (82) | | (82) |
| | | - | - | - | - | - | - | (613,738) | (613,738) | - | (563,523) | - | (563,523) |

(*) 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, 2016 | | Carrying amount | | | | | | | | Fair value | | | |
|--|------|--------------------------------------|-----------------------------|--|----------------------|--------------------------|------------------------|-----------------------------------|-----------|------------|-----------|----------|-----------|
| 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 | | | | | | | | | | | | | |
| Aluminium derivatives used for trading | 8 | 533 | | | | | | | 533 | | 533 | | 533 |
| | | 533 | - | - | - | - | - | - | 533 | - | 533 | - | 533 |
| Financial assets not measured at fair value ^(*) | | | | | | | | | | | | | |
| Trade receivables | 6 | | | | | 89,134 | | | 89,134 | | | | - |
| Cash and cash equivalents | 5 | | | | | 54,703 | | | 54,703 | | | | - |
| | | - | - | - | - | 143,837 | - | - | 143,837 | - | - | - | - |
| Financial liabilities measured at fair value | | | | | | | | | | | | | |
| Interest rate swaps used for hedging | 16 | | | (431) | | | | | (431) | | (431) | | (431) |
| Aluminium derivatives used for trading | 16 | (2) | | | | | | | (2) | | (2) | | (2) |
| Put option on non-controlling interests | 12 | | (15,900) | | | | | | (15,900) | | | (15,900) | (15,900) |
| | | (2) | (15,900) | (431) | - | - | - | - | (16,333) | - | (433) | (15,900) | (16,333) |
| Financial liabilities not measured at fair value ^(*) | | | | | | | | | | | | | |
| Bank overdraft | 12 | | | | | | | (3,586) | (3,586) | | (3,586) | | (3,586) |
| Secured bank loans | 12 | | | | | | | (35,594) | (35,594) | | (32,458) | | (32,458) |
| Unsecured bank loans | 12 | | | | | | | (1,465) | (1,465) | | (1,465) | | (1,465) |
| Secured bonds issues | 12 | | | | | | | (503,063) | (503,063) | | (502,340) | | (502,340) |
| Finance lease liabilities | 12 | | | | | | | (9,821) | (9,821) | | (9,359) | | (9,359) |
| Trade payables | 13 | | | | | | | (66,249) | (66,249) | | | | - |
| Other payables | 12 | | | | | | | (775) | (775) | | (775) | | (775) |
| | | - | - | - | - | - | - | (620,553) | (620,553) | - | (549,983) | - | (549,983) |

(*) 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 |
|--|---|---|---|
| Put option on non-controlling interest | <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 - 2015 and 2016 - and 2017 budget figures) • Net financial position of the Ukrainian subsidiary as at December 31, 2016 • Risk-adjusted discount rate (6.6%) • 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 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 of the opening balances to the closing balances for Level 3 fair values.

| Thousands of Euros | December 31, 2015 | December 31, 2016 |
|---|-------------------|-------------------|
| Balance at January 1 | 9,900 | 13,500 |
| Loss included in "financial expense" | | |
| - Net change in fair value (unrealised) | 3,600 | 2,400 |
| Balance at December 31 | 13,500 | 15,900 |

Sensitivity analysis

For the fair value of the Put option on non-controlling interest, 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% | (1,400) |
| | (10%) | 1,500 |
| Net financial position | + 1 million € | (200) |
| | - 1 million € | 200 |
| Risk-adjusted discount rate | 1% | 1,700 |
| | (1%) | (1,800) |
| Expected date of put option exercise | + 1 year | 1,000 |
| | - 1 year | (1,000) |

(c) Financial risk management

The Group is exposed to the following risks as a result of its operations:

- credit risk;
- liquidity risk;
- interest rate risk;
- currency risk;
- other price risk,

GCL Holdings S.C.A.'s Board of Directors has overall responsibility for establishing and monitoring a risk management system for the Group.

The proxy system ensures the risk management guidelines are implemented and regularly monitored.

The finance department is responsible for the monitoring and, in carrying out such activities, it uses information generated by the internal control system.

Credit risk

This is the risk that a customer or the counterparty to a financial instrument is unable to meet an obligation, leading to a financial loss. These risks arise mainly in relation to trade receivables and financial investments. The Group's exposure to credit risk depends largely on each customer's specific characteristics. The demographics of the Group's customer portfolio, including the segment insolvency risk and the country risk, have an impact on the credit risk.

The Group accrues an allowance for impairment equal to the estimated losses on trade and other loans and receivables. It comprises both the recognition of impairment losses for material individual amounts and the recognition of collective impairment for similar groups of assets to cover losses already incurred but not yet identified. The collective impairment losses are calculated on the basis of historical payment statistics. Most of the Group's trade receivables are due from leading operators of the alcoholic and non-alcoholic beverage segment. Most of its trading relationships are with longstanding customers. The Group's historical figures indicate a modest amount of bad debts. The risk is fully covered by the corresponding allowance for impairment recognized in the consolidated financial statements.

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

At December 31, 2015 and 2016, trade receivables may be analyzed by geographical segment as follows:

| Thousands of Euros | December 31, 2015 | December 31, 2016 |
|--------------------|-------------------|-------------------|
| Europe | 44,733 | 48,817 |
| Asia | 13,524 | 13,686 |
| Latin America | 13,990 | 10,730 |
| Oceania | 5,194 | 5,928 |
| Rest of the world | 9,439 | 9,973 |
| Total | 86,880 | 89,134 |

At December 31, 2016, trade receivables may be analyzed by due date as follows:

| Thousands of Euros | Gross amount December 31, 2016 | Impairment losses December 31, 2016 | Net amount December 31, 2016 |
|---------------------------|-----------------------------------|--|---------------------------------|
| Not yet due | 72,122 | (110) | 72,012 |
| 0-30 days overdue | 10,987 | (77) | 10,910 |
| 31-90 days overdue | 4,890 | (146) | 4,743 |
| More than 90 days overdue | 8,879 | (7,411) | 1,468 |
| Total | 96,878 | (7,744) | 89,134 |

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, 2016, trade receivables may be analyzed by original currency as follows:

| Thousands of Euros | EUR | INR | GBP | USD | Other currencies | Total |
|--------------------|--------|--------|-------|-------|------------------|---------------|
| Trade receivables | 30,616 | 10,699 | 6,334 | 9,173 | 32,313 | 89,134 |

Other currencies includes trade receivables in the following local currencies:

| Thousands of Euros | December 31, 2016 |
|--------------------|-------------------|
| Ukrainian hryvnia | 6,845 |
| Polish zloty | 5,017 |
| Russian ruble | 4,938 |
| Australian dollar | 4,366 |
| South African rand | 1,643 |
| New Zealand dollar | 1,512 |
| Columbian peso | 1,498 |
| Argentinean peso | 1,487 |
| Brazilian real | 1,430 |
| Mexican peso | 1,384 |
| Chinese renmimbi | 1,266 |
| Bulgarian Lev | 265 |
| Other | 662 |
| Total | 32,313 |

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

| Thousands of Euros | December 31, 2016 |
|--|-------------------|
| - Four or more years' trading history with the Group | 64,590 |
| - From four to one years' trading history with the Group | 7,631 |
| - Less than one year' trading history with the Group | 3,679 |
| - Residual (not classified) | 13,234 |
| Total | 89,134 |

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 12) "Current and non-current 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 | | | |
|---|-----------------|------------------------|------------------------|------------------|------------------------------|
| Thousands of Euros | Carrying amount | Within one year | From one to five years | After five years | Total contractual cash flows |
| Non-derivative financial liabilities | | | | | |
| Put option on non-controlling interests | 15,900 | | | (34,200) | (34,200) |
| Bank overdrafts | 3,586 | (3,586) | - | - | (3,586) |
| Secured bank loans | 35,594 | (3,663) | (42,366) | - | (46,029) |
| Unsecured bank loans | 1,465 | (939) | (526) | - | (1,465) |
| Secured bond issues | 503,063 | (24,225) | (607,237) | - | (631,462) |
| Finance lease liabilities | 9,821 | (2,094) | (7,787) | - | (9,881) |
| Trade payables | 66,249 | (66,249) | | | (66,249) |
| Other | 775 | (748) | (27) | - | (775) |
| Total | 636,453 | (101,504) | (657,943) | (34,200) | (793,647) |
| Derivative financial liabilities | | | | | |
| Interest rate swaps used for hedging | 431 | (240) | (360) | - | (600) |
| Aluminium derivatives used for trading | 2 | (2) | - | - | (2) |
| Total | 433 | (242) | (360) | - | (602) |

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 is subject to the payment of interest at floating rates subject to short-term repricing.

The Group's policy is to hedge a 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 2016 | Repricing date | | | | | |
|--|---|----------------|----------------|---------------|-------------|-------------|---------------|
| | | Total 31/12/16 | Up to 6 months | 6 - 12 months | 1 - 2 years | 2 - 5 years | After 5 years |
| BONDS: | | | | | | | |
| Floating Rate Senior Secured Notes due in 2021 issued by Guala Closures S.p.A. | 4.75% | 510,000 | 510,000 | - | - | - | - |
| Accrued interest - Guala Closures S.p.A. | n.a. | 3,365 | 3,365 | - | - | - | - |
| Transaction costs | n.a. | (10,302) | (10,302) | - | - | - | - |
| TOTAL FRSSN 2021 Guala Closures S.p.A. | | 503,063 | 503,063 | - | - | - | - |
| Bank loans and borrowings: | | | | | | | |
| Senior Revolving Credit Facility | 4.00% | 34,000 | 34,000 | - | - | - | - |
| Transaction costs | n.a. | (1,487) | (1,487) | - | - | - | - |
| Total Senior Revolving Credit Facility | | 32,513 | 32,513 | - | - | - | - |
| Accrued interest and expense - Guala Closures S.p.A. | n.a. | (4) | (4) | - | - | - | - |
| Handlowy S.A. / Millennium S.A. bank overdraft (Poland) | 0.70% | 3,586 | 3,586 | - | - | - | - |
| Bancolombia loan (Colombia) | 7.35% | 287 | 287 | - | - | - | - |
| Bradesco / ITAU loan (Brazil) | 3.90% | 1,179 | 1,179 | - | - | - | - |
| Advances on receivables and loans (Argentina) | n.a. | 1,434 | 1,434 | - | - | - | - |
| Bancomer loan (Mexico) | 3.62% | 1,652 | 1,652 | - | - | - | - |
| Total bank loans and borrowings | | 40,645 | 40,645 | - | - | - | - |
| Other financial liabilities: | | | | | | | |
| Guala Closures S.p.A. finance leases | n.a. | 9,821 | 9,821 | - | - | - | - |
| Liability to the Ukrainian non-controlling investors | n.a. | 15,900 | 15,900 | - | - | - | - |
| Other liabilities | n.a. | 775 | 775 | - | - | - | - |
| Total other financial liabilities | | 26,496 | 26,496 | - | - | - | - |
| TOTAL | | 570,204 | 570,204 | - | - | - | - |

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, 2016:

| Thousands of Euros | Increase of 100bp | Decrease of 100bp |
|--|-------------------|-------------------|
| Floating Rate Senior Secured Notes due in 2021 issued by Guala Closures S.p.A. | (22,154) | - |
| Senior Revolving Facility Agreement - gross of transaction costs | (1,522) | - |
| Sensitivity of cash flows for Bonds and Revolving facility (net) | (23,676) | - |
| Finance leases | (158) | - |
| Related interest rate swaps | 83 | (50) |
| Sensitivity of cash flows of other financial liabilities (net) | (75) | (50) |

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, 2015 and 2016 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.

| 2015 | Strengthening | | Weakening | |
|------------------|---------------|----------------|-------------|----------------|
| | Assets | Profit or loss | Liabilities | Profit or loss |
| USD (10% change) | 701 | 701 | (573) | (573) |
| GBP (10% change) | 743 | 743 | (608) | (608) |
| AUD (10% change) | 726 | 726 | (594) | (594) |
| INR (10% change) | 1,280 | 1,280 | (1,047) | (1,047) |
| UAH (10% change) | 1,406 | 1,406 | (1,151) | (1,151) |
| PLN (10% change) | (251) | (251) | 205 | 205 |

| 2016 | Strengthening | | Weakening | |
|------------------|---------------|----------------|-------------|----------------|
| | Assets | Profit or loss | Liabilities | Profit or loss |
| USD (10% change) | 760 | 760 | (622) | (622) |
| GBP (10% change) | 663 | 663 | (542) | (542) |
| AUD (10% change) | 435 | 435 | (356) | (356) |
| INR (10% change) | 1,287 | 1,287 | (1,053) | (1,053) |
| UAH (10% change) | 1,506 | 1,506 | (1,232) | (1,232) |
| PLN (10% change) | (134) | (134) | 110 | 110 |

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.

(33) Related party transactions

Intragroup transactions and balances between consolidated group companies are eliminated on consolidation and, therefore, do not appear in the consolidated financial statements figures and are not disclosed in this report.

Transactions with the parent's directors and key managers are set out below:

| Thousands of Euros | Costs recognized in the year | | | | | | | Other payables at December 31, 2016 | Cash flows in the year |
|---|------------------------------|------------|-----------------------------------|---|--------------------------|-------------------|--------------|---|------------------------------|
| | Fees for position held | Incentives | Remuneration for employment | Accrual for post- employment benefits and other supplementary pension funds | Non- cash benefits | Other benefits | Total | | |
| Total directors/key managers | 580 | 469 | 2,173 | 23 | 22 | 268 | 3,534 | 220 | 3,457 |

Melville S.r.l. is considered a related party of the Group.

The relationships between Melville S.r.l. and the Group at December 31, 2016 are summarized below:

- at December 31, 2016, Melville S.r.l. has a representative on the board of directors and a representative on the board of statutory auditors of Guala Closures S.p.A.;
- at December 31, 2016, Melville S.r.l. has a representative on the board of directors of GCL Holdings S.C.A.;
- at December 31, 2016, Melville S.r.l. has a representative on the board of directors of GCL Holdings GP S.à r.l.;
- at December 31, 2016, Melville S.r.l. has a representative on the board of directors of GCL Holdings LP S.à r.l.;
- at December 31, 2016, Melville S.r.l. controls an ultimate beneficial voting interest of 19.6%, via an investment in GCL Holdings L.P. S.à r.l..
- transactions with Melville took place on an arm's length basis.

In addition, Merchant Banking Funds is considered to be a related party of the Group.

APriori Capital Partners L.P. manages the Merchant Banking Funds.

The transactions and relationships between Merchant Banking Funds and the Group at December 31, 2016 are summarized below:

- at December 31, 2016, aPriori Capital Partners L.P. had five representatives on the board of directors of Guala Closures S.p.A.;
- at December 31, 2016, aPriori Capital Partners L.P. had seven representatives on the board of directors of GCL Holdings S.C.A.;
- at December 31, 2016, aPriori Capital Partners L.P. had four representatives on the board of directors of GCL Holdings GP S.à r. l.;
- at December 31, 2016, aPriori Capital Partners L.P. had two representatives on the board of directors of GCL Holdings LP S.à r. l.;

- at December 31, 2016, MB Overseas Partners IV, L.P., Merchant Banking Partners IV (Pacific), L.P., Offshore Partners IV, L.P., MBP IV Plan Investors, L.P. and MB Overseas IV AIV, L.P. were collectively the beneficial owners of 58% of GCL Holdings S.C.A. via their indirect ownership of 35.4% of GCL Holdings L.P. S.à r.l.;
- transactions with aPriori Capital Partners L.P. took place on an arm's length basis.

Related parties also include a pension fund for employees of the former Metal Closures Ltd. (now Guala Closures UK Ltd.) managed by Metal Closures Group Trustees Ltd.. Considering the performance of the pension fund, the English Company was not required to transfer funds thereto. Employees have paid their contributions. Reference should be made to note 18) "Employee benefits" to these consolidated financial statements for additional information.

(34) Contingent liabilities

At the date of publication of these consolidated financial statements, there were no significant contingent liabilities in relation to which the Group can currently foresee future expenditure.

(35) Operating leases and rents

The Group leases a number of warehouse and factory facilities under operating leases or rents. The leases or rents 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, 2015 and 2016, the future minimum lease payments under non-cancellable leases and rents were receivable as follows:

| Thousands of Euros | 2015 | 2016 |
|----------------------------|---------------|---------------|
| Less than one year | 4,342 | 3,923 |
| Between one and five years | 9,950 | 9,109 |
| More than five years | 1,022 | 572 |
| Total | 15,313 | 13,604 |

Amounts recognized in profit or loss

| Thousands of Euros | 2015 | 2016 |
|-------------------------|-------|-------|
| Lease and rent expense | 5,535 | 5,309 |
| Contingent rent expense | 545 | - |

(36) Commitments and guarantees

The Group's commitments and guarantees given at December 31, 2016 can be grouped into those guarantees given in relation to the Senior Facilities Agreement and Senior Secured Floating Rate Notes due in 2021 and other guarantees given by other group companies, detailed as follows:

GCL Holdings S.C.A.

- Pledge of the shares of Guala Closures S.p.A. held by GCL Holdings S.C.A.
- Pledge over certain bank accounts of GCL Holdings S.C.A.
- Pledge over receivables of GCL Holdings S.C.A. arising under certain intercompany loan agreements

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
- Pledge over receivables of Guala Closures S.p.A. arising under certain intercompany loan agreements

Guala Closures UK Ltd.

- A bond and floating charge on all the assets of Guala Closures UK Ltd.

Guala Closures International B.V.

- Specific security deed of the shares of Guala Closures Australia Holdings Pty Ltd. held by Guala Closures International B.V.
- Pledge of the participatory interests and shares of Guala Closures Ukraine LLC held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures Mexico S.A. de C.V. held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures Iberica S.A. held by Guala Closures International B.V.
- Specific security deed of the shares of Guala Closures New Zealand Ltd. held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures do Brasil Ltda. held by Guala Closures International B.V.
- Charge on the shares of Guala Closures UK Ltd. held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures DGS Poland [Spółka Akcyjna] held by Guala Closures International B.V.
- Pledge of the material intellectual property of Guala Closures International B.V.

Guala Closures Australia Holdings Pty Ltd

- Specific security deed over shares of Guala Closures Australia Pty Ltd. 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.

The other guarantees given by group companies at December 31, 2016 are as follows:

Guala Closures Mexico S.A. de C.V.

- Mortgage on land given to Bancomer for an amount of Mexican pesos 31.2 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 0.6 million

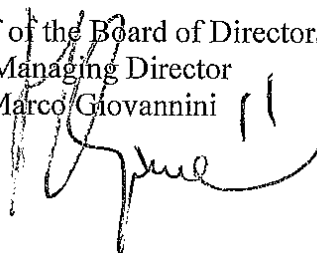
| Thousand of Euros | December 31, 2016 |
|--------------------------------------|-------------------|
| Guala Closures S.p.A. | |
| Third party assets held by the Group | 4,793 |

(37) Events after the reporting period

On January 11, 2017, the Group received from the owners of the non-controlling interests in Capmetal SAS the payment of the capital increase, resolved upon the acquisition of the company occurred in December 2016.

On March 1, 2017, the Floating Rate Senior Secured Notes issued by Guala Closures S.p.A. have been listed and admitted for trading on the Euro MTF market of the Luxembourg Stock Exchange.

On behalf of the Board of Directors
Managing Director
Marco Giovannini

A handwritten signature in black ink, appearing to read 'M. Giovannini', is written over the printed name.

Luxembourg, April, 26, 2017



KPMG Luxembourg, Société coopérative
39, Avenue John F. Kennedy
L - 1855 Luxembourg

Tel.: +352 22 51 51 1
Fax: +352 22 51 71
E-mail: info@kpmg.lu
Internet: www.kpmg.lu

To the Board of Directors of
GCL Holdings S.C.A.
8A, rue Albert Borschette
L-1246 Luxembourg

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, 2016 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 41 to 127.

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 41 to 127 give a true and fair view of the consolidated financial position of GCL Holdings S.C.A. as of December 31, 2016, 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.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the consolidated management report but does not include the consolidated financial statements and our report of réviseur d'entreprises agréé thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Report on other legal and regulatory requirements

The consolidated management report as set out on pages 8 to 35, which is the responsibility of the General Partner, is consistent with the consolidated financial statements.

Luxembourg, April 27, 2017

KPMG Luxembourg, Société coopérative
Cabinet de révision agréé



Fabien Hedouin

