GCL HOLDINGS S.C.A.
and Subsidiaries

2017 Annual Report and Consolidated financial statements for the year ended December 31, 2017 (with the report of the Réviseur d'Entreprises agréé thereon)

Luxembourg, April 20, 2018

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

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Company officers

Board of directors

Directors

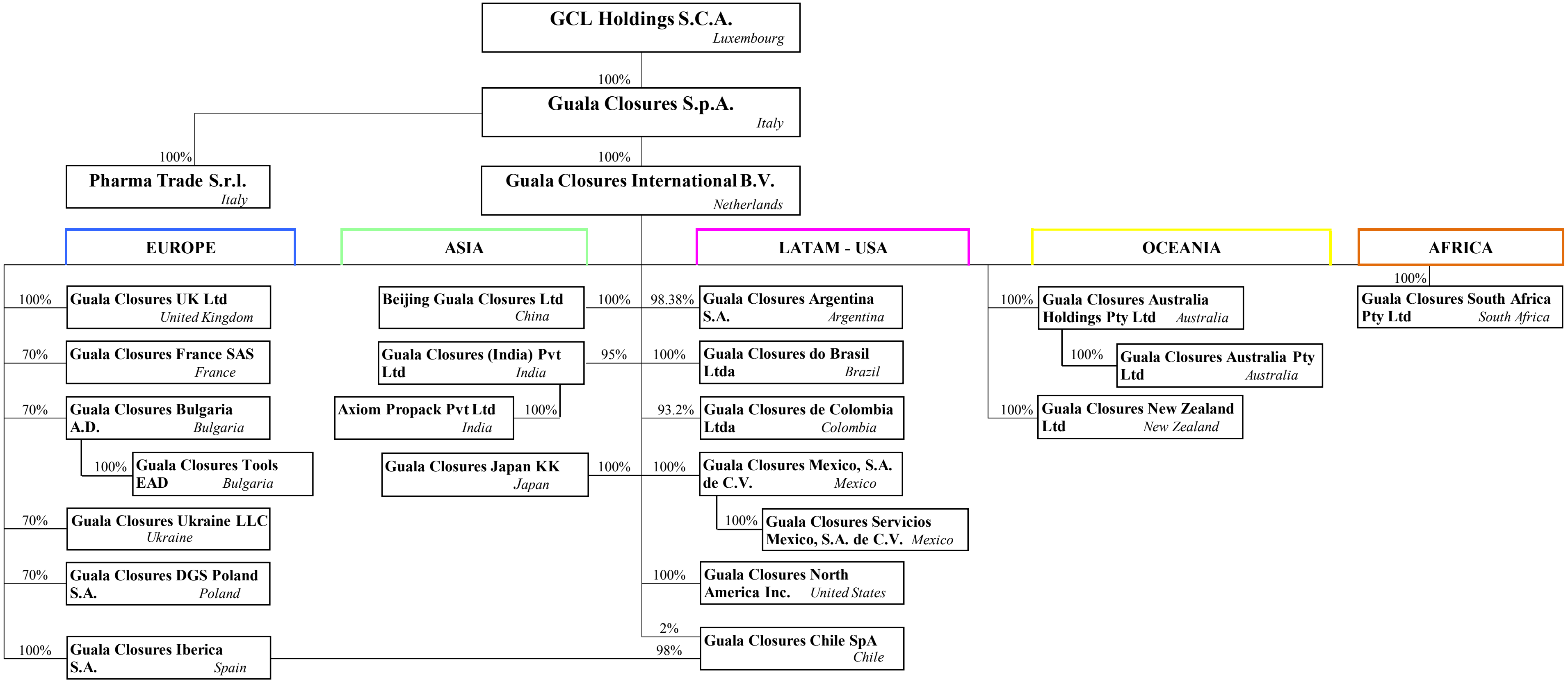
- Marco Giovannni
- Anibal Diaz Diaz
- Francesco Bove
- Michele Quaranta
- Kunal Pandit
- Maximilian Hofert
- Alfio Riciputo
- Annick Mayon
- Mathieu Ledoux
- Gregory Centurione
- Colin Taylor

Auditors

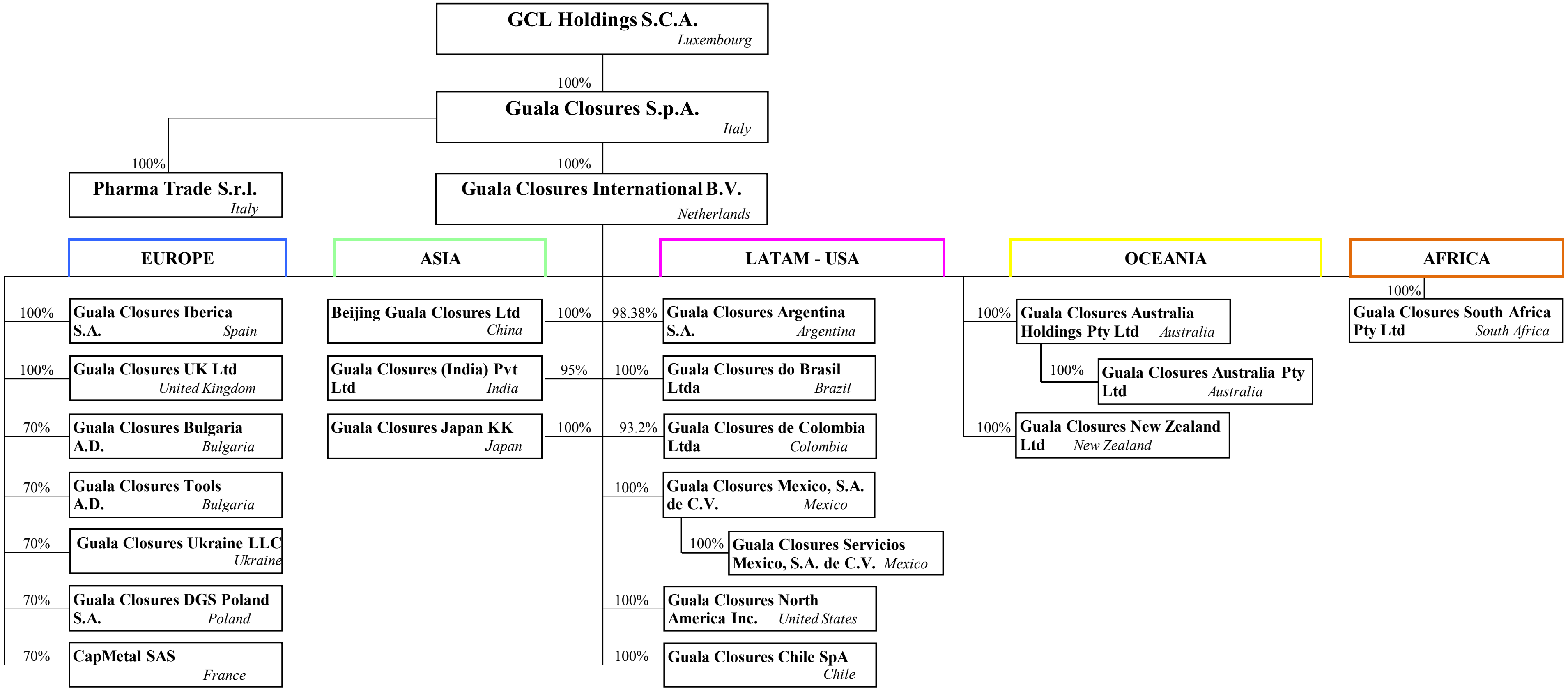
KPMG Luxembourg, Société coopérative

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

December 31, 2017



December 31, 2016



Directors' report

GCL Holdings Group

Key figures

Consolidated figures	2016	2017	2017 at constant FX 2016
Revenue:	€ 500.3 ml	€ 534.8 ml (+6.9%)	€ 541.4 ml (+8.2%) 6.2% organic growth 2% from acquisitions
Adjusted gross operating profit (Adjusted EBITDA):	€ 102.5 ml	€ 110.6 ml (+7.9%)	€ 111.6 ml (+8.9%) 8.4% organic growth 0.5% from acquisitions
Employees:	4,042	4,234	
Plants:	27 plants and 3 sale offices in 21 countries on 5 continents		
Patents and IP rights:	more than 140		

Note:
Reference should be made to the section "Alternative performance indicators" in this Directors' report on page 17 for information about the Group's Alternative performance indicators, such as Adjusted gross operating profit (Adjusted EBITDA) and 2017 sales at constant 2016 exchange rates

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 brands in the areas of alcoholic beverages, soft drinks, wine, oil, pharmaceuticals and cosmetics.

Events of the year and strategies

In 2017, the Group was penalized by negative translation impact due to the Euro's strengthening versus the main group currencies.
At constant exchange rates, the Group delivered 8.2% sales growth and an 8.9% increase in adjusted gross operating profit (adjusted EBITDA – see definition in the section "Alternative performance indicators" in this Directors' report on page 17).
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 on the market and the ability to direct its investments to best meet customer requirements.

The following events took place in 2017:

Acquisition of the Indian company AXIOM Propack Pvt Ltd:

On July 5, 2017, the Group signed in Mumbai an agreement for the purchase of 100% of the shares of Axiom Propack Pvt Ltd, an Indian company active in the production of safety closures for spirits; the completion of the deal occurred on October 13, 2017, as it was subject to customary closing conditions as per Indian law.

Axiom has a production unit in Karnataka. It serves the Indian IMFL (Indian Made Foreign Liquors) market and commenced operations in 2016 with a first year turnover of about € 6 million.

The total consideration for this acquisition is € 5.4 million; the acquired subsidiary also includes € 5.4 million of net financial indebtedness.

The transaction has only been recognized provisionally.

With this acquisition, the Group aims to reinforce its position in the area and to increase its production capacity in order to properly meet the growing demand for protection against product counterfeiting.

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

Acquisition of the activities of LIMAT S.A. de C.V.:

On July 13, 2017, the Group signed an agreement for the acquisition of the activities of LIMAT S.A. de C.V., a Mexican company specialized in the manufacturing of wood overcaps for top-range spirit bottles.

Limat's operations are based in Mexico City and it recorded a turnover of approximately € 1 million in 2016.

With this acquisition, the Group continues its production integration, in order to develop its products to the top of the spirits range, especially Tequila.

The total consideration for this acquisition is € 1.2 million.

The transaction has only been recognized provisionally.

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

Change in company denomination:

On September 1, 2017, Capmetal SAS changed its name to Guala Closures France SAS.

Acquisition of non-controlling interest in Guala Closures Tools A.D.:

On September 11, 2017, the Group acquired a residual non-controlling interest (30%) in Guala Closures Tools A.D. (Bulgaria) through Guala Closures Bulgaria A.D. for € 1.1 million.

On October 5, 2017, Guala Closures Tools A.D. changed its name to Guala Closures Tools EAD.

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

Acquisition of the activities of the Chilean company ICSA:

On October 17, 2017, the Group completed the acquisition of the screw caps activities of ICSA (Industria Corchera S.A.), the Chilean company specialized in promoting and selling packaging products for the wine industry in South America.

The acquired activities of ICSA, based in Santiago de Chile, recorded a turnover of approximately € 4 million in 2016; this deal increases the Group's local production capacity to meet the growing demand of South American wine-makers.

The total consideration for this acquisition is € 4.5 million.

The transaction has only been recognized provisionally.

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

2017 investments:

During 2017, the Group invested € 28.6 million (net capex cash out) (€ 31.2 million in 2016), in order to support its future growth. The main investments in 2017 were made in Italy, India, Ukraine, Poland, UK and Spain.

Research and development

The Group has more than 140 active patents and IP rights.
The Group has always been world leader in its market segment, thanks to the innovative solutions devised for its products and processes and because of its capability to understand the future market trends and transform them into new concepts.

The R&D activities in 2017 have again confirmed the Group's flair for spotting nascent market trends and translating them into smart, sustainable and valuable solutions.

The Group's traditional market is undergoing a period of profond change; on one hand, customers are looking for cost reductions, also as regards their packaging, and, on the other, customers are pushing some brands to premium level, looking for higher value packaging; this trend involves all products, from spirits to water and olive oil.

The new generations, mainly the "millennials", are shifting their consumption of alcoholic beverages away from big producers, towards more local, authentic, healthy and simple products; this means a strong growth of craft products, which also need to convey their origin in the message transmitted by the packaging.

Meanwhile market demand for connected packaging is growing and the Group is investing to be forefront in this development. Several closures have been designed to incorporate NFC (Near-field communication) devices to allow the end customer to connect with the brand.

Sustainaibility and zero-environmental-impact packages are becoming increasingly important worldwide more quickly in some markets than in others; the Group, already active in this field with lower emission targets and carbon offsetting, has invested in research with partners in eco-compatible materials, flanked by a new approach to product design to prepare today's products to use these new materials in the future.

Innovation and Marketing are working together to read these trends and transform inputs into captivating and competitive ideas.

<u>Current development</u>
Most of the current R&D goals of the Group are in the area of:

- brand identity - highly aesthetic, colours, sizes, shapes and materials;
- brand protection – anticounterfeiting: safety systems with an extremely high technological content are devised and designed, using company know-how gained from extensive experience and deploying cutting-edge technologies;
- new technologies, which are selected, piloted, approved and introduced into the production cycle:

NFC IMPLEMENTATION IN CLOSURES
NFC is the most promising anti-counterfeiting technology available today, and it can also bring outstanding opportunities in terms of brand-consumer communication and it can open new opportunities in terms of product logistic tracking. The center has developed the "first in the world" fully integrated tamper loop NFC closures, and is now retrofitting NFC on many closures models. The center has also developed the first in the world aluminum closure with integrated NFC. A proprietary IoT platform called Internet Of Closures (IoC) has been developed and is now fully operative.

ELECTRO-MAGNETIC FORMING OF ALUMINUM
This exciting aluminum forming technology has been used in various application in several industrial sectors. We'll bring it into the spirit closures market, with the aim to have a new generation of anti counterfeiting plastics closures, finished by a highly aesthetic aluminum layer, formed in extremely freely designed shapes.

FLEXIBLE AUTOMATION INDUSTRY 4.0
Flexible lines - With the aim to reduce manufacturing costs and be able to automate production processes characterized by smaller numbers/lots, we have been working at the definition of newly conceived pick and place and assembly concepts. General goal is to avoid unaffordable manual operations, reduce traditional automation costs, optimize manufacturing flexibility.
Advanced robotics - Looking for more flexibility in our assembling lines, we started the evaluation of pick and place advanced robotic systems. Today these systems can offer precise, efficient and sustainable automated solutions for feeding parts to industrial assembling lines, with fast changeovers, great flexibility and quick return of the investment.

3D ADVANCED PRINTING
3d printing is today one of the most promising technologies able to bring breakthrough innovation in the manufacturing processes. The Group wants to be forerunner in this field, and a state of the art HP technology has been acquired able to print plastic objects at significant speed and very competitive cost.

Key to the successful innovative approach of the Group is its close collaboration not only with the Marketing department, but also with external partners, from design agencies to web and connectivity developers.

By deploying the Group' extensive technical know-how, spanning design to engineering and plastic and metallic materials to electronics applied to packaging, the Group is seeking to develop new concepts that could open up new markets.

These projects involve contacts with external partners, some of them start-ups, that allow the Group to create a network of experts and access totally new technologies and possibilities.

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 2017 led to roughly € 2.1 million of costs (gross of € 0.2 million grant received from the Luxembourg government for the R&D activity) and roughly € 0.6 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 Ukraine, while the Indian dispute has been settled.
In addition, the Group has a nullity proceeding before the EPO's Board of Appeal concerning the patent owned by Doron Rigel/Jumpn'Pour and another proceeding against the same party before the Court of Rome to declare the nullity of the Italian extension of the same European Patent.

On January 30, 2017, an accident took place in Italy at the plant of Magenta (MI), which resulted in the death of an employee during maintenance and set-up of a decoration line.
Following the accident, the production line was immediately confiscated and the competent authorities have prescribed safety measures, giving the company 45 days from the date the line was confiscated on March 15, 2017 to comply with said requirements. Such prescribed safety measures have been satisfied as required by competent authorities. The line was deconfiscated on May 4, 2017 and production then resumed.

On December 4, 2017, the Company was advised of the closure of the preliminary investigation regarding the accidents that took place in Magenta, in the light of which the Company is involved as a party to the aforementioned proceeding for the administrative infringement provided for by art. 5 letter a) and art. 25 septies paragraph three of Italian Legislative Decree 231/2001.
Through its legal advisors, the Company has examined the potential theoretical liability of the Company, as well as the possibility of reaching a settlement under alternative proceedings provided for by the code of criminal procedure, for the sole reason of minimising the risks and achieving a rapid end to the case, without such being considered as an admission of any liability by the Company.
With reference to compensation of the heirs, no formal proceeding is presently in place (although it is envisaged) and, moreover, the insurance company Allianz is handling the claim. The estimated liability related to such matter is accounted for under Non-current provisions.

Policies for financial and other business risk management

Reference should be made to note 16) "Financial derivative liabilities" to the consolidated financial statements for further information on derivatives in place at December 31, 2017 and the related accounting treatment and to note 34) "Fair value of financial instruments and sensitivity analysis" for other financial instruments and risk management policies.

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 small 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.
The Group has two interest rate swaps in place at December 31, 2017 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

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 USA dollar, Australian dollar, British pound sterling, Indian Rupia INR, Ukrainian Hryvnia UAH and Polish Zloty.
Interest on loans is denominated in the currency of the cash flows generated by the Group’s underlying transactions.
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.

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 expired.
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.

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, 2017, the Group does not have any contracts for the forward purchase of aluminum.

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

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.
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.

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.

On March 29, 2017, the UK government invoked Article 50 of the Treaty of Lisbon, notifying the European Council of its intention to withdraw from the EU. There is an initial two-year timeframe for the UK and EU to reach an agreement on the withdrawal and the future UK and EU relationship, although this timeframe can be extended.
At this stage, there is significant uncertainty about the withdrawal process, its timeframe and the outcome of the negotiations about the future arrangements between the UK and the EU. As a result, there is significant uncertainty over the period for which the existing EU laws for member states will continue to apply to the UK and which laws will apply to the UK after its exit. Following the negotiations between the UK and the EU, the UK's tax status may change and this may impact the Group in relation to its subsidiary Guala Closures UK. However, at this stage the level of uncertainty is such that it is impossible to determine if, how and when that tax status will change.

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

Alternative 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 alternative performance indicators (EBITDA, Adjusted EBITDA, net financial indebtedness and 2017 amounts at constant currency presentation) which are not required by IFRS, but are based on IFRS values.

Management has presented the performance measure EBITDA and adjusted EBITDA because it monitors these performance measures at a consolidated level and it believes that these measures are relevant to an understanding of the Group's financial performance and should not be considered as substitutes of IFRS indicators.
Gross operating profit (EBITDA) is calculated by adjusting profit from continuing operations to exclude the impact of taxation, net financial expense, amortization, depreciation and impairment losses.
Adjusted Gross operating profit (Adjusted EBITDA) is calculated by adjusting profit from continuing operations to exclude the impact of taxation, net financial expense, amortisation, depreciation and impairment losses and other costs like merger and acquisition ("M&A") expenses, restructuring expenses, operating expenses related to the discontinued plant, costs related to significant production accident and tax contingent penalties and related consultancy fees.
EBITDA and adjusted EBITDA are not defined performance measures in the IFRS. The Group's definition of adjusted EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities.
Adjusted opearating profit is calculated by adjusting profit from continuing operations to exclude the impact of taxation, net financial expense and other costs like merger and acquisition ("M&A") expenses, restructuring expenses, operating expenses related to the discontinued plant, costs related to significant production accident and tax contingent penalties and related consultancy fees.

These indicators are shown in order to provide a better understanding of the Group's economic performance.

Thousands of Euros	2016	2017
Profit (loss) from continuing operations	(3,654)	4,782
Income tax expense	19,563	23,529
Profit before tax	**15,908**	**28,312**
Net financial expense	53,804	41,400
Amortization	3,964	3,708
Depreciation	26,486	27,444
Impairment losses	514	2,368
Gross operating profit (EBITDA)	**100,676**	**103,230**
Adjustments for:		
Contingent tax penalties and related consultancy fees	-	151
Costs related to significant production accident	-	681
Due diligence expense	-	5,206
Merger and acquisition ("M&A") expense	1,275	1,165
Operating expenses related to discontinued plant	161	129
Restructuring expense	373	28
Adjusted Gross operating profit (Adjusted EBITDA)	**102,484**	**110,590**

Thousands of Euros	2016	2017
Profit (loss) from continuing operations	(3,654)	4,782
Income tax expense	19,563	23,529
Profit before tax	**15,908**	**28,312**
Net financial expense	53,804	41,400
Operating profit	**69,713**	**69,711**
Adjustments for:		
Tax contingencies penalties and its consultancy fees	-	151
Costs related to significant production accident	-	681
Due diligence expense	-	5,206
Merger and acquisition ("M&A") expense	1,275	1,165
Operating expenses related to discontinued plant	161	129
Restructuring expense	373	28
Adjusted operating profit	**71,520**	**77,071**

Constant currency presentation (“constant exchange rates”) is the method used by management to eliminate the effects of exchange rate fluctuations when calculating the financial performance of the Group’s international operations. Such constant currency presentation, utilised in the following pages, refers to the difference between the 2017 amounts (2017 income and expense of foreign operations are translated into Euros at the average exchange rates of 2017) and the 2017 currency amounts calculated at constant 2016 average exchange rates (2017 income and expense of foreign operations are translated into Euros at the average exchange rates of 2016).

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

Net financial indebtedness consists of net financial liabilities minus cash and cash equivalents.
This indicator is shown in order to provide a better understanding of the Group’s statement of financial position and should not be considered as a substitute of IFRS indicators.

Results of operations

The table below shows the reclassified consolidated income statement:

Reclassified consolidated income statement

(Thousands of Euros)	2016	*% of net revenue*	2017	*% of net revenue*
Net revenue	**500,268**	***100.0%***	**534,832**	***100.0%***
Change in inventories of finished and semi-finished products	1,279	*0.3%*	6,850	*1.3%*
Other operating income	3,595	*0.7%*	4,340	*0.8%*
Work performed by the Group and capitalised	6,615	*1.3%*	4,928	*0.9%*
Costs for raw materials	(218,436)	*(43.7%)*	(235,966)	*(44.1%)*
Costs for services	(88,478)	*(17.7%)*	(100,221)	*(18.7%)*
Personnel expense	(93,806)	*(18.8%)*	(100,589)	*(18.8%)*
Other operating expense	(10,361)	*(2.1%)*	(10,943)	*(2.0%)*
Gross operating profit (EBITDA)	**100,676**	***20.1%***	**103,230**	***19.3%***
Amortization, depreciation and impairment losses	(30,964)	*(6.2%)*	(33,519)	*(6.3%)*
Operating profit	**69,713**	***13.9%***	**69,711**	***13.0%***
Financial income	8,122	*1.6%*	3,582	*0.7%*
Financial expense	(61,926)	*(12.4%)*	(44,982)	*(8.4%)*
Profit before taxation	**15,908**	***3.2%***	**28,312**	***5.3%***
Income taxes	(19,563)	*(3.9%)*	(23,529)	*(4.4%)*
Profit (Loss) for the year	**(3,654)**	***(0.7%)***	**4,782**	***0.9%***

Source: financial statements figures

Gross operating profit adjusted (Adjusted EBITDA)	**102,484**	***20.5%***	**110,590**	***20.7%***

Notes:

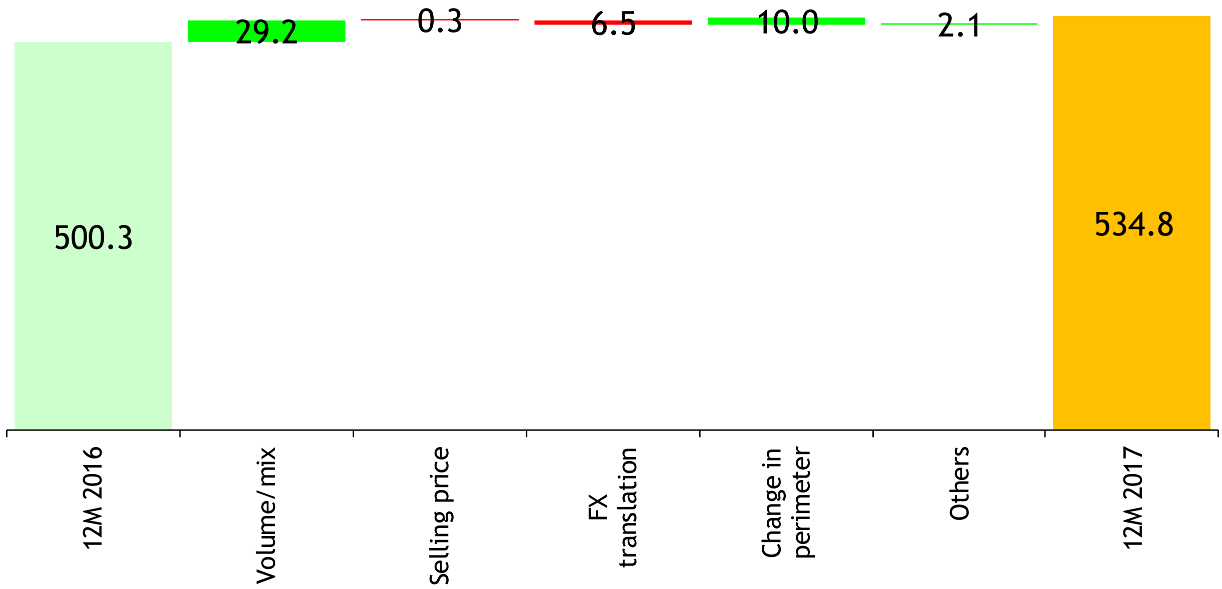
- *Adjusted EBITDA has been calculated based as defined in the alternative performance indicators paragraph on page 17.*
- *2017 figures include the impact of the acquisitions of:*
  - Guala Closures France SAS (formerly Capmetal SAS) for 12 months in 2017 (no impact in 2016 as the acquisition took place on December 15, 2016);
  - ICSA's activities starting from October 2017;
  - the Indian company Axiom Propack Pvt Ltd starting from October 2017.
  The comparative analysis between 2017 and 2016 figures has therefore been carried out on the impact on Net revenue instead of on the absolute values.

Net revenue

In 2017, consolidated net revenue was € 534.8 million, up € 34.5 million or 6.9% on 2016, despite the negative translation impact (€ 6.5 million, 1.3%) following the Euro's revaluation versus the main currencies in which the Group operates.
At constant exchange rates, net revenue was up € 41.1 million, or 8.2% on 2016, of which € 31.1 million or 6.2% due to organic growth, as a result of higher volumes/mix sales in Mexico, Ukraine, Italy, North America and Argentina, due to the further penetration of safety closures and to the continuous changeover from cork to aluminum closures for wine bottles.

2017 net revenue also benefited from the consolidation of Guala Closures France SAS (formerly Capmetal SAS) for 12 months in 2017, the acquisition of ICSA's activities and of the Indian company Axiom Propack Pvt Ltd from October 2017. The total positive impact on net revenue from the change in the consolidation perimeter was € 10.0 million (2% growth).

The graph below shows the difference between 2017 and 2016 net revenue:



The "Volume/mix effect" includes the change in sales due to a change in the volume/mix of products sold and due to the currency transaction impact. It is calculated according to the following definitions:

- Volume/mix effect is related to the increase/decrease in revenue connected to higher/lower volumes sold and to the different sales mix in product families and customers from one year to another;
- Currency transaction effect is generated by 2017 sales invoiced in a currency different from the local reporting currency recalculated based on 2016 exchange rates.

The "Selling price effect" is calculated by each subsidiary, as the difference in average price of the current period versus the previous year, applied to the unit volume of the current period.

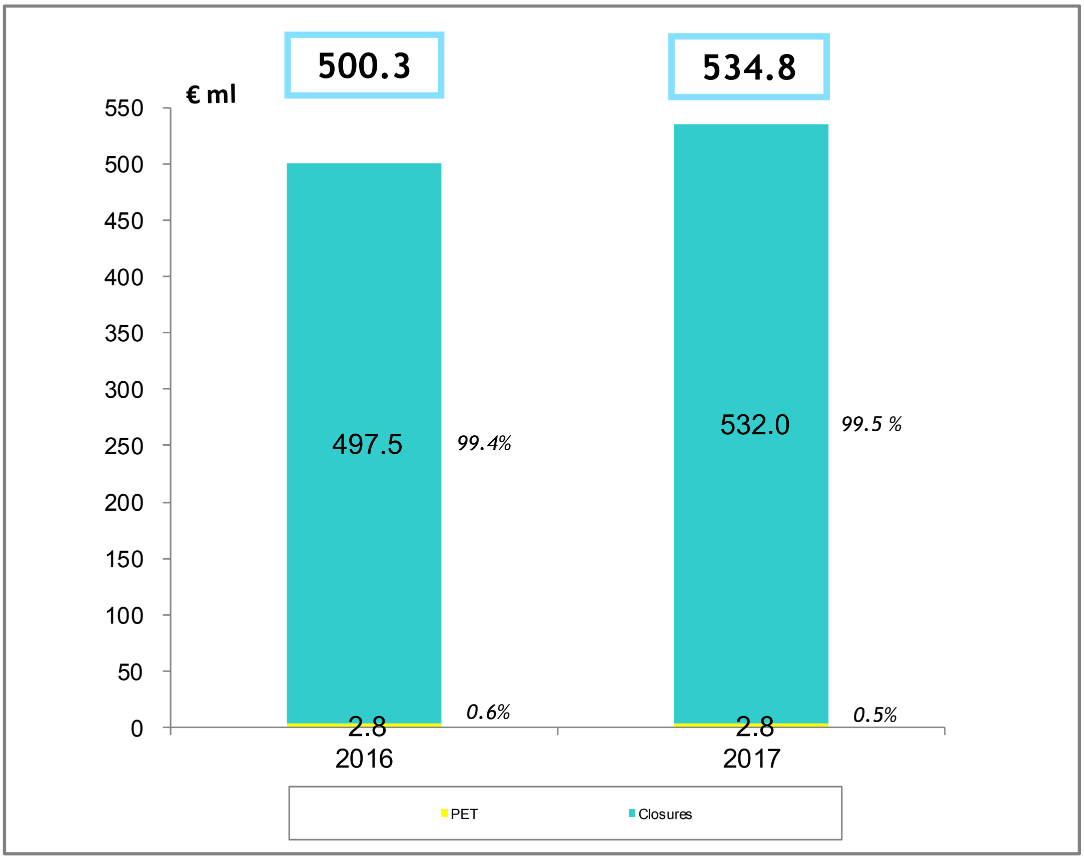
The "FX translation effect" is generated at consolidation level following the conversion into Euro of the sales in local currency reported by local subsidiaries.

The "change in perimeter" refers to the additional volumes coming from the acquisition of the AXIOM and ICSA' activities and for Guala Closures France SAS (formerly Capmetal SAS) it is calculated as additional business made versus third parties in comparison with previous year (as in 2016 the French subsidiary was a distributor of Guala Closures products). The acquisition of LIMAT activities was not considered in the "change in perimeter" since it is related to acquisition of supply capability of wooden overcaps.

The category "Others" includes non-core sales (e.g. the sale of aluminium scrap) and residual amounts not specified in the previous mentioned categories.

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 (99.5% of net revenue), specialized in the following product lines: safety closures, luxury closures, winecaps closures, roll on closures, Pharma and other revenue.

The Closures division's revenue went from € 497.5 million in 2016 to € 532.0 million in 2017, representing an increase of € 34.5 million.

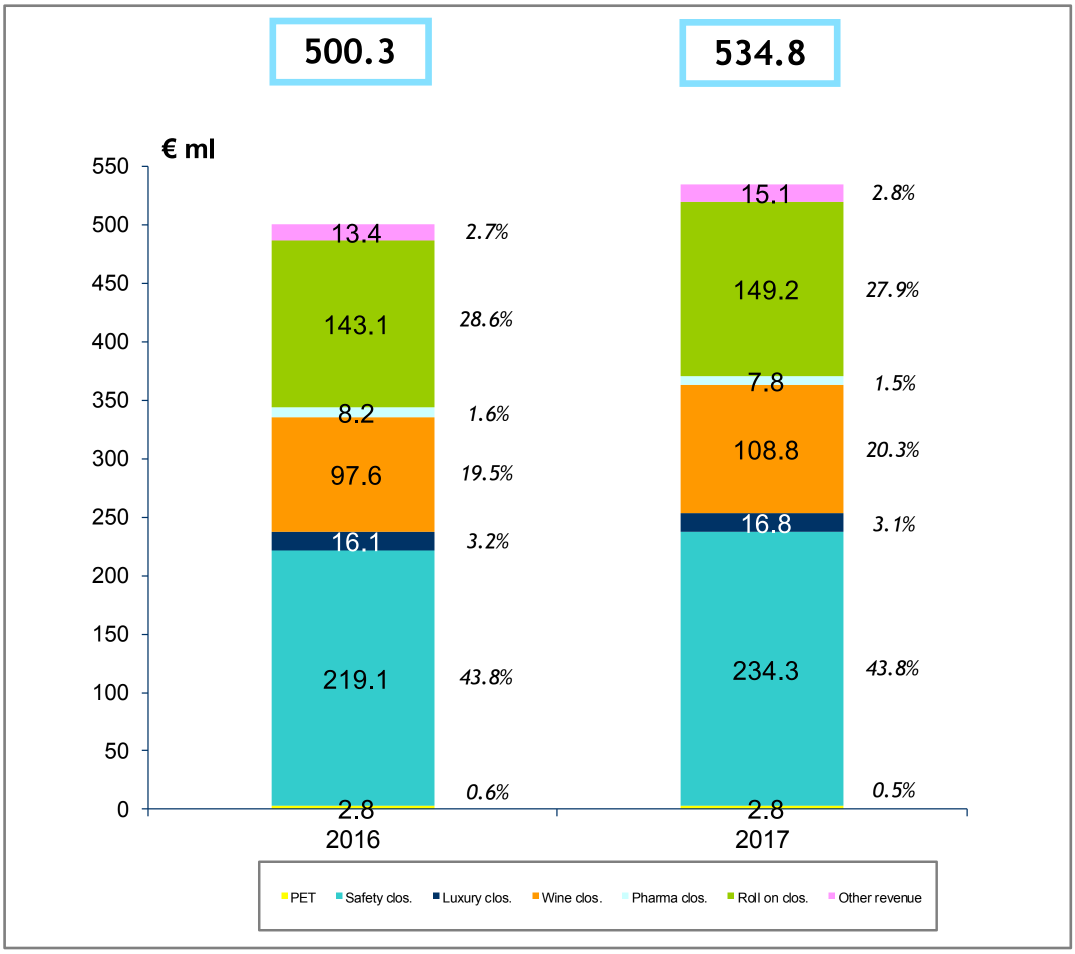
The PET division mainly produces standard and custom moulds, PET bottles and miniatures. This division is no longer considered a core business for the Group.

The PET division's revenue was stable at € 2.8 million (representing 0.5% 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 increased from € 219.1 million in 2016, or 43.8% of net revenue, to € 234.3 million in 2017, or 43.8%, representing an increase of € 15.2 million, despite a negative translation impact of € 3.7 million.
At constant exchange rates, net revenue was up € 18.9 million or 8.6% on 2016 mainly due to the result of the growth in Mexico following the general growth in the market and a new contract signed with an important customer, in Poland for the upgrade of the closure sold from roll-on to safety closures, in Ukraine for the increase in the Russian market, in Italy for additional closures sold and to the acquisition of the Indian subsidiary Axiom Propack Pvt Ltd. (€ 1.5 million). Conversely, Guala Closures India suffered the impact of the "demonetization effect" and the banning of selling alcohol near the motorways.

Luxury (decorative) closures revenue increased from € 16.1 million in 2016, or 3.2% of net revenue, to € 16.8 million in 2017 (or 3.1%), representing an increase of € 0.7 million, despite the negative translation impact (€ 1.0 million). At constant exchange rates, net revenue was up € 1.7 million or 10.8% on 2016, mainly due to Mexico, as a result of recent investments made in order to support this segment.

Wine closures revenue increased from € 97.6 million in 2016, or 19.5% of net revenue, to € 108.8 million in 2017, or 20.3%, representing an increase of € 11.2 million, despite a negative translation impact for € 0.6 million. At constant exchange rates, net revenue was up € 11.7 million or 12.0% on 2016.

The increase in wine closures is mainly due to the consolidation of Guala Closures France SAS (formerly Capmetal SAS) and as a result of the growth in North America following the recent investments made to support market demand, Australia, New Zealand and Argentina.

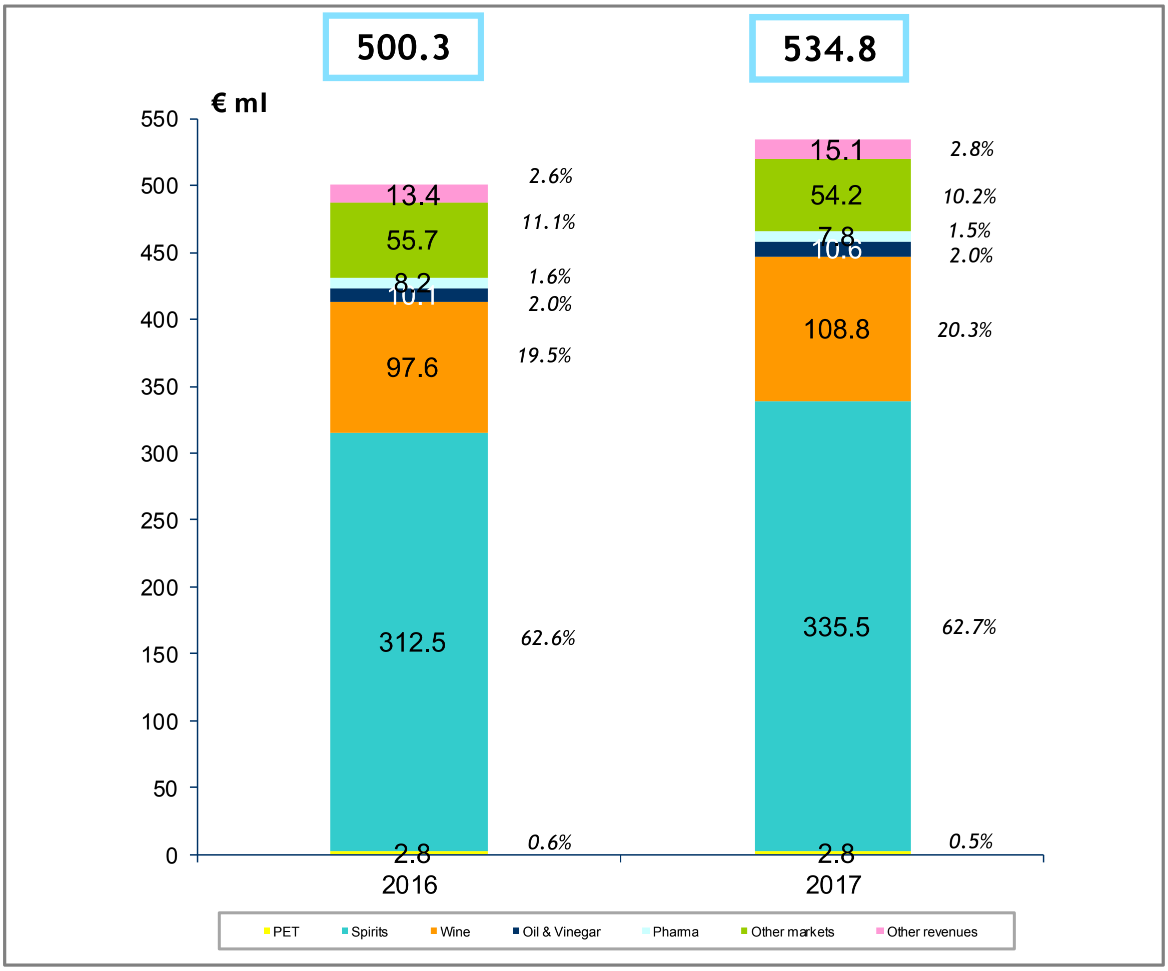
Pharma closures revenue decreased from € 8.2 million in 2016 to € 7.8 million in 2017 (almost stable at 1.5% of net revenue).

Roll on closures increased from € 143.1 million in 2016, or 28.6% of net revenue, to € 149.2 million in 2017, or 27.9%, representing an increase of € 6.1 million, mainly due to Italy and North America.

Other revenue increased from € 13.4 million in 2016 to € 15.1 million in 2017 (almost stable at 2.8% of net revenue).

Net revenue by destination market

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



Source: sales statistics

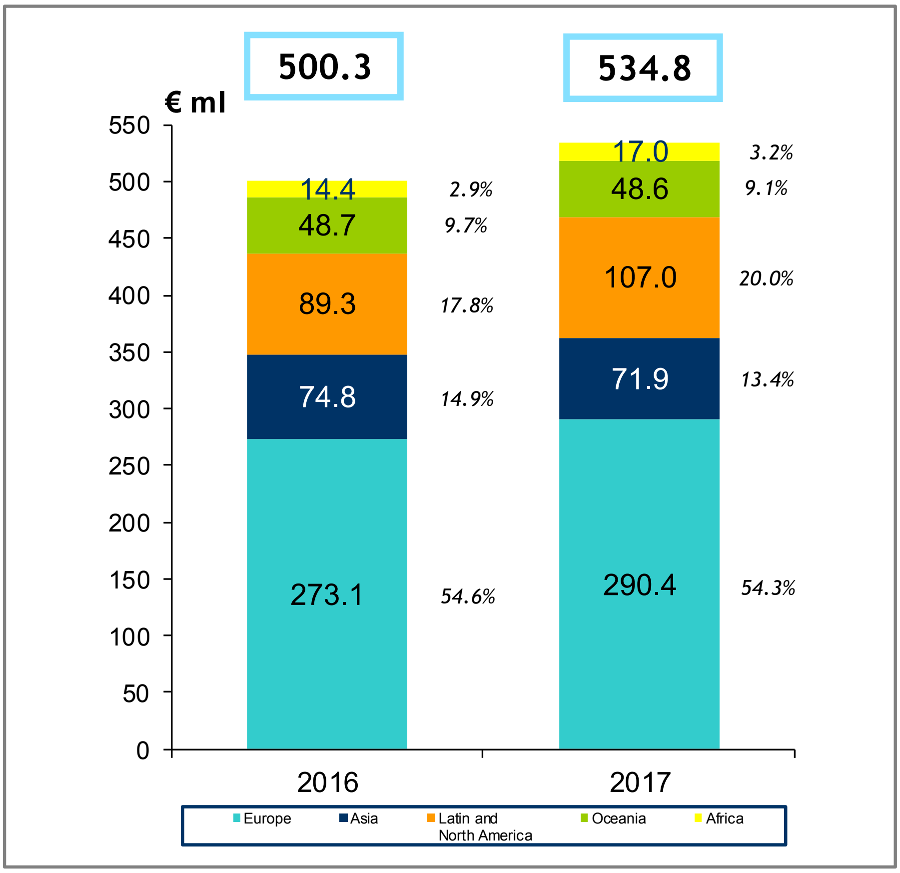
The most important destination market for the group sales continues to be the spirits market, which represents 62.7% of net revenue in 2017.
Net revenue related to the spirits market increased from € 312.5 million in 2016 to € 335.5 million in 2017, despite the negative translation impact for € 5.7 million. At constant exchange rates, net revenue was up € 28.8 million or 9.2% on 2016.
The increase in the spirits market is mainly due to the growth in the Russian market and in Mexico following a new contract signed with a customer,

The second most important destination market is the wine market, which represents 20.3% of net revenue in 2017.
Net revenue related to the wine market increased by 11.4% in 2017 from € 97.6 million in 2016 to € 108.8 million in 2017, mainly due to higher sales in France, North America and Chile.

The incidence on net revenue of other markets is substantially in line with 2016.

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 increased from € 273.1 million in 2016, or 54.6% of net revenue, to € 290.4 million in 2017, or 54.3% of net revenue, representing an increase of € 17.3 million, despite a negative translation impact of € 5.2 million. At constant exchange rates, the net revenue of this area increased by € 22.4 million or 8.2% on 2016, of which € 8.2 million due to changes in perimeter.

The increase in this area is mainly due to the acquisition of Guala Closures France SAS (formerly Capmetal SAS) which contributes with additional sales of € 5.2 million and to increased volumes of Guala Closures Ukraine following the growth in the Russian market and of Guala Closures S.p.A..

Net revenue from operations in Asia decreased from € 74.8 million in 2016, or 14.9% of net revenue, to €71.9 million in 2017, or 13.4%, representing a decrease of € 2.9 million, mainly due to the impact in India of the effects of local government policies (demonetization policy and change in local rules for sales of alcohol). Net revenue of this area benefited from the acquisition of Axiom Propack Pvt Ltd (€1.5 million) and from positive translation impact (€ 0.4 million).

Net revenue from operations in Latin and North America increased from € 89.3 million in 2016, or 17.8% of net revenue, to € 107.0 million in 2017, or 20.0%, representing an increase of € 17.7 million, despite a negative translation impact of € 3.5 million. At constant exchange rates, the net revenue of this area increased by € 21.2 million or 23.7% on 2016.

The increase in this area is mainly due to the positive contribution of the general growth in the market in Mexico, North America and Colombia and to the acquisition of ICSA's activities which contributed € 0.3 million.

Net revenue from operations in Oceania decreased from € 48.7 million in 2016, or 9.7% of net revenue, to € 48.6 million in 2017 or 9.1%, representing a decrease of € 0.1 million, mainly due to reduced volumes in Australia. Net revenue of this area benefited from positive translation impact (€ 0.4 million).

Net revenue from operations in Africa increased from € 14.4 million in 2016, or 2.9% of net revenue, to €17.0 million in 2017, or 3.2%, representing an increase of € 2.5 million, of which € 1.3 million due to the positive translation impact.

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

Other operating income

Other operating income increased from € 3.6 million in 2016 to € 4.3 million in 2017 (almost stable at 0.8% of net revenue), representing an increase of € 0.7 million. This item mainly includes premiums and contributions from customers and suppliers, recovery of transport costs and other cost recoveries.

Work performed by the Group and capitalised

Work performed by the Group and capitalised decreased from € 6.6 million in 2016, or 1.3% of net revenue, to € 4.9 million in 2017, or 0.9%, representing a decrease of € 1.7 million, mainly due to lower internal production of non-current assets.
This income comprises capitalized development expenditure and extraordinary maintenance on property, plant and equipment.

Costs for raw materials

These costs rose from € 218.4 million in 2016, or 43.7% of net revenue, to € 236.0 million in 2017, or 44.1%, representing an increase of € 17.6 million. The incidence on the production value is stable at 43.6%.

Costs for services

Costs for services rose from € 88.5 million in 2016, or 17.7% of net revenue, to € 100.2 million in 2017, or 18.7%, representing an increase of € 11.7 million.

Personnel expense

Personnel expense increased from € 93.8 million in 2016 to € 100.6 million in 2017, representing an increase of € 6.8 million, without changing as a percentage of net revenue (18.8%).

Other operating expense

Other operating expense increased from € 10.4 million in 2016, or 2.1% of net revenue, to € 10.9 million in 2017, or 2.0%, representing an increase of € 0.5 million.

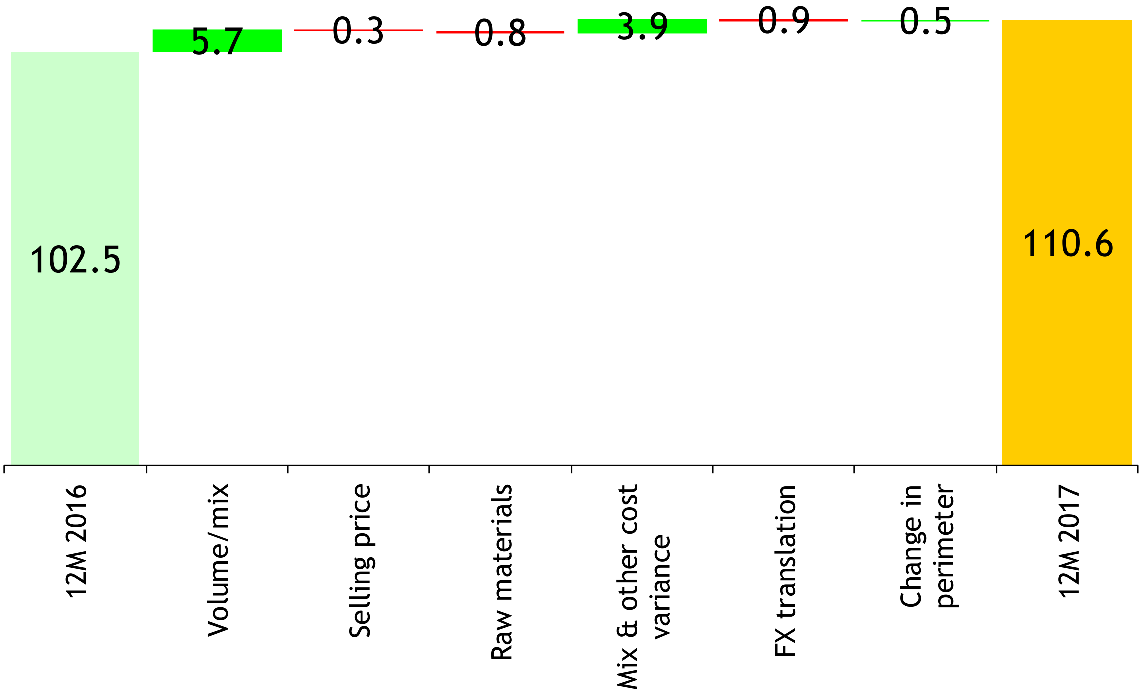
Gross operating profit (EBITDA)

The Group's gross operating profit for 2017 came to € 103.2 million, 19.3% of net revenue, showing a €2.6 million (2.5%) increase on 2016, despite the negative translation impact (€ 0.9 million) following the Euro's revaluation versus the main currencies in which the Group operates.
The increase in Group's gross operating profit is due for € 0.5 million to change in perimeter.

Adjusted group's gross operating profit (adjusted EBITDA) for 2017 would have been € 110.6 million, showing a € 8.1 million increase on 2016, despite the negative translation impact (€ 0.9 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 € 9.1 million or 8.9% on 2016.

Adjusted EBITDA in 2017 is equal to 20.7% of net revenue (20.5% in 2016).

The graph below shows the difference between 2016 and 2017 adjusted EBITDA:



The "Volume/mix effect" includes the change in adjusted EBTIDA due to the change in the volume/mix of products sold and produced and due to the currency transaction impact. It is calculated according to the following definitions:

- Volume/mix effect : it includes the volume/mix effect on sales plus/minus the volume/mix effect on costs, calculated applying the previous year incidence (%) of production costs on current year net sales plus change in inventories of finished goods and semi-finished products;
- Currency transaction effect: it is generated by 2017 sales and purchases accounted for in a currency different from the local reporting currency recalculated based on 2016 exchange rate.

The "Selling price effect" is the same as the amount calculated on bridge on sales.

The "Raw materials effect" is calculated by each subsidiary as the difference in the average purchase price of the current year versus the previous year, applied to the production volumes of the current year.
At Group level, only the core business materials (plastic, aluminium and aluminium components) have been considered in the raw materials effect. The effect of other raw materials costs are included in "Mix and other cost variance".

The "Mix & other cost variance" includes the effect of efficiency/inefficiency and the impact of the variation in purchase price of raw materials that are not considered as core business materials.

The "FX translation effect" is generated at consolidation level following the conversion in Euro of the adjusted EBITDA in local currency reported by local subsidiaries.

The "change in perimeter effect" is the additional EBITDA coming from the acquisitions (Guala Closures France SAS (formerly Capmetal SAS), AXIOM Propack Pvt Ltd and ICSA's activities). Acquisition of LIMAT activities was not considered in the "change in perimeter".

Amortization, depreciation and impairment losses

Amortization, depreciation and impairment losses increased from € 31.0 million in 2016 to € 33.5 million in 2017, representing an increase of € 2.5 million.
This increase is mainly due to the impairment losses, of which € 1.8 million booked by Guala Closures S.p.A. in relation to Torre d'Isola plant which was sold in 2018 at market conditions: the impairment losses were calculated as the difference between the carrying amount of land and building and plant and machinery and the agreed sales price.

Financial income and expense

Net financial expense decreased from € 53.8 million for 2016 to € 41.4 million for 2017.

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

Thousands of Euros	**2016**	**2017**
Net exchange rate losses	(2,461)	(9,121)
Fair value losses on liability due to non-controlling investors	(2,400)	(900)
Net interest expense	(38,791)	(30,111)
Net interest expense for debt refinancing	(10,358)	-
Net other financial expense	207	(1,268)
Net financial expense	**(53,804)**	**(41,400)**

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 subsidiary, which increased by € 0.9 million in 2017.

Net interest expense in 2017 is € 8.7 million lower than the previous year mainly due to the following factors: (a) decrease of € 9.0 million due to lower interest expense on the Notes (after the Group's refinancing in November 2016, there is a lower interest rate); (b) increase of € 1.1 million due to lower interest income; (c) decrease of € 0.4 million due to lower utilization of the Revolving Credit Facility.

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

Income taxes

Income taxes increased from € 19.6 million in 2016, or 3.9% of net revenue, to € 23.5 million in 2017, or 4.4%, representing an increase of € 3.9 million, mainly due to the costs accounted in relation to tax and related matters dating to the period 2012-2016. In relation to this accrual for potential tax and related matters, please refer to the note 14) “Current indirect tax liabilities”.

Profit for the year

The profit for the year improved by € 8.4 million from a loss of € 3.7 million in 2016 to a profit of € 4.8 million in 2017, mainly due to higher EBITDA and lower financial items.

Reclassified consolidated statement of financial position

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

Thousands of Euros	December 31, 2016	December 31, 2017
Intangible assets	373,990	377,168
Property, plant and equipment	189,932	190,688
Non current assets classified as held for sale	-	2,130
Net working capital	90,768	113,534
Net financial derivative liabilities	100	(213)
Employee benefits	(6,246)	(6,376)
Other assets/liabilities	(30,242)	(32,642)
Net invested capital	**618,303**	**644,289**
Financed by:		
Net financial liabilities	553,602	576,331
Financial liabilities to non-controlling investors	15,900	16,800
Cash and cash equivalents	(54,703)	(40,618)
Net financial indebtedness	**514,799**	**552,513**
Equity	**103,504**	**91,775**
Sources of financing	**618,303**	**644,289**

Source: reclassified consolidated financial statements figures

Property, plant and equipment

Property, plant and equipment increased from € 189.9 million at the end of 2016 to € 190.7 million at the end of 2017, representing an increase of € 0.8 million.
In 2017, property, plant and equipment increased due to net investments (principally in Italy, India, Ukraine, Poland and UK) (€ 28.9 million) and business combination following the acquisition of LIMAT’s activities, ICSA’s activities and Axiom Propack Pvt Ltd (€ 10.1 million), partly offset by negative exchange rate differences (€ 6.4 million) and depreciation (€ 27.4 million).
Furthermore, the Group booked impairment losses for € 2.3 million, of which € 1.8 million for Guala Closures S.p.A. in relation to Torre d’Isola plant which will be sold in 2018. Therefore these assets were reclassified at December 31, 2017 to Non-current assets classified as held for sale for an amount of € 2.1 million.

Net working capital

The table below provides a breakdown of net working capital.

Thousands of Euros	December 31, 2016	December 31, 2017
Inventories	67,883	82,742
Trade receivables	89,134	102,444
Trade payables	(66,249)	(71,652)
Net working capital (*)	**90,768**	**113,534**

(*) 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 the number of consolidated companies.

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

Days	December 31, 2016	December 31, 2017
Inventories	46	51
Trade receivables	61	63
Trade payables	(45)	(44)
Net working capital days	**62**	**70**

Net working capital increased from € 90.8 million at December 31, 2016 to € 113.5 million at December 31, 2017, representing an increase, in net working capital days, from 62 days to 70 days, mainly due to inventory days at year end and trade receivables.

Net financial indebtedness

The table below gives a breakdown of net financial indebtedness.

Thousands of Euros	December 31, 2016	December 31, 2017
Net financial liabilities	553,602	576,331
Financial liabilities vs non-controlling investors	15,900	16,800
Cash and cash equivalents	(54,703)	(40,618)
Net financial indebtedness	**514,799**	**552,513**

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Net financial indebtedness increased from € 514.8 million at December 31, 2016 to € 552.5 million at December 31, 2017, representing an increase of € 37.7 million. This increase is mainly due to the fact that the € 52.0 million cash flows generated by the operating activities were used as follows: about € 39.8 million in investing activities and € 49.9 million coming from the change in net financial indebtedness due to financing activities.

The details of the above are provided in the statement of reclassified consolidated statement of changes in net financial indebtedness.

Equity

The table below shows a breakdown of equity:

Thousands of Euros	December 31, 2016	December 31, 2017
Equity attributable to the owners of the parent	78,166	67,289
Equity attributable to non-controlling interests	25,338	24,486
Equity	**103,504**	**91,775**

Equity attributable to the owners of the parent decreased by € 10.9 million, mainly due to the loss of the period, to the negative exchange rate trend and to the acquisition of the non-controlling equity of Guala Closures Tools.
Equity attributable to non-controlling interests decreased by € 0.8 million, mainly due to dividends paid to non-controlling interests and to the acquisition of the non-controlling equity of Guala Closures Tools, partially offset by the profit for the year.

Reclassified consolidated statement of changes in net financial indebtedness

The table below shows the reclassified consolidated statement of changes in the net financial indebtedness in the year:

Thousands of Euros	2016	2017
A) Opening net financial indebtedness	**(497,601)**	**(514,799)**
Gross operating profit (EBITDA)	100,676	103,230
Change in NWC	(7,770)	(27,599)
Other operating items	743	692
Taxes	(22,240)	(24,352)
B) Cash flow generated by operating activities	**71,409**	**51,972**
Net capex	(30,843)	(30,189)
Change in payables for capex	(353)	1,538
Acquisition of Guala Closures France SAS (net of cash acquired)	(1,057)	-
Acquisition of Limat's activities (Mexico) (net of cash acquired)	-	(1,226)
Acquisition of Axiom Propack Pvt Ltd (India) (net of cash acquired)	-	(5,365)
Acquisition of ICSA's activities (Chile) (net of cash acquired)	-	(4,509)
C) Cash flow used in investing activities	**(32,253)**	**(39,750)**
Acquisition of initial Guala Closures France SAS indebtedness	(651)	-
Acquisition of initial Axiom Propack Pvt Ltd indebtedness	-	(5,441)
Acquisition of non-controlling interest in Guala Closures Tools	-	(1,050)
Net interest expense	(38,596)	(31,379)
Exceptional financial costs for old debt refinanced	(10,358)	-
Transaction costs not yet paid / (paid) for the new debt refinancing	3,768	(3,768)
Other fin. items	(3,482)	(566)
Capital increase from non-controlling interest	-	824
Dividends paid	(6,302)	(6,819)
Effect of exchange rate fluctuation	(733)	(1,738)
D) Change in net financial indebtedness due to financing activities	**(56,353)**	**(49,936)**
E) Total change in net financial indebtedness (B+C+D)	**(17,197)**	**(37,715)**
F) Closing net financial indebtedness (A+E)	**(514,799)**	**(552,513)**

Source: reclassified consolidated financial statements figures – internal data

Cash flows generated by operating activities

The cash flows generated by operating activities decreased from € 71.4 million in 2016 to € 52.0 million in 2017.
The decrease of € 19.4 million was mainly due to the worsening in the variation in net working capital (€19.8 million) and to higher cash out for non-recurring items (€ 5.1 million mainly due to exit process, M&A activities and tax issues), partially compensated by higher EBITDA generated in 2017 (€ 2.6 million).

Cash flows used in investing activities

The cash flows used in investing activities increased from € 32.3 million in 2016 to € 39.8 million in 2017, of which € 11.1 million due to the acquisition of Axiom Propack Pvt Ltd and of the activities of LIMAT and ICSA.

Change in net financial indebtedness due to financing activities

Change in net financial indebtedness due to financing activities increased by € 6.4 million from € -56.4 million in 2016 to €-49.9 million in 2017, mainly due to lower net interests expense, partially offset by the acquisition of the initial Axiom Propack Pvt Ltd indebtedness.

a) Net interest expense in 2017 is smaller than in 2016 by € 7.2 million mainly due to the following:
   1. € 9.0 million due to lower interest expense on the Notes (following the refinancing in 2016 there is a lower interest rate);
   2. € 0.4 million due to lower interests expense on the Revolving Credit Facility.
   3. € -1.1 million due to lower interest income in 2017;

b) Exceptional financial costs for old debt refinanced in 2016 (€ 10.4 million) refered to the derecognition of unamortized transaction costs due to the Group’s refinancing (early redemption of existing Floating Rate Senior Secured Notes and Senior Revolving Facility) and to the redemption premium of 2.344% due on prepayment of the Senior Notes due 2018 (zero in 2017);

c) Transaction costs not yet paid for debt refinancing in 2016 refered to the fees and expenses associated with the Group refinancing still unpaid at December 31, 2016. These costs were fully paid in 2017 (€ 3.8 million).

d) Other financial items in 2017 are smaller than in 2016 by € 2.9 million mainly due to the smaller increase in the liability due to the non-controlling investors of the Ukrainian company (€ 1.5 million) and to lower variation in derivatives.

Total change in net financial indebtedness

The total change in Net financial indebtedness worsened from € -17.2 million in 2016 to € -37.7 million in 2017, 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

	2016	2017
Adjusted gross operating profit (adjusted EBITDA) (€ mln)	102.5	110.6
EBITDA margin (Adjusted EBITDA/Net revenue)	20.5%	20.7%
ROS (Adjusted operating profit/Net revenue)	14.3%	14.4%
ROE (Net result/Equity)	(3.3%)	4.9%
ROI (Adjusted operating profit/Net invested capital)	11.6%	12.0%
Gearing ratio (Net financial indebtedness/Equity)	4.97	6.02
NWC days (Net working capital/Turnover of last quarter)	62	70

Source: consolidated financial statements figures – internal data

Notes:
In relation to the Adjusted EBITDA and Adjusted operating profit, reference should be made to the section "Alternative performance indicators" in this Directors' report on page 17.
In relation to the Net invested capital and Net working capital, reference should be made to the Reclassified consolidated statement of financial position in this Directors' report on page 30.

The Group mantained its business profitability at over 20.5% (defined as EBITDA margin) both in 2016 and in 2017.

Other indicators

Group personnel is analyzed in the following tables.

Breakdown

	December 31, 2016			December 31, 2017		
	Men	**Women**	**TOTAL**	**Men**	**Women**	**TOTAL**
Managers	170	37	207	186	31	217
White collars	603	241	844	638	267	905
Blue collars	2,413	578	2,991	2,546	566	3,112
Total	**3,186**	**856**	**4,042**	**3,370**	**864**	**4,234**

In addition, the Group also employed 710 agency workers as at December 31, 2017 (623 as at December 31, 2016).

Turnover

	TOTAL	Business combinations	Increases	Decreases	Reclassifications	TOTAL
Managers	207	8	17	(13)	(2)	217
White collars	844	25	85	(86)	37	905
Blue collars	2,991	131	562	(537)	(35)	3,112
Total	**4,042**	**164**	**664**	**(636)**	**-**	**4,234**

Average age

	2016	2017
	Average age	**Average age**
Managers	48	47
White collars	41	40
Blue collars	40	39
Total	**40**	**40**

Training

	2016	2016	2017	2017
	Training hours	**Training costs Thousands of Euros**	**Training hours**	**Training costs Thousands of Euros**
Managers	5,040		3,875	
White collars	24,829		19,497	
Blue collars	141,012		85,285	
Total	**170,881**	**504**	**108,657**	**555**

Hours of absence

	December 31, 2016	December 31, 2017
	Hours	**Hours**
Illness	222,709	214,750
Accidents	19,323	16,344
Maternity leave	40,211	24,862
Other	266,953	242,961
Total	**549,195**	**498,916**

Source: off-the-book data

Transactions between affiliates

During 2017 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

2017: a remarkable year!
The Group has confirmed all the forecasts for the year, even recovering a quite significantly slow start in India due to the “demonetization” effect and the banning of sales of alcohol near motorways.
In the second half of the year, with these two anomalies having ceased, our Indian operation overperformed, delivering outstanding results alongwith Mexico, Ukraine, Poland and Colombia.

In addition, we finalized three significant acquisitions in three different areas to match our growth strategy.
First, we fully acquired Axiom Propack Pvt Ltd, the third largest Indian safety closures manufacturer, boosting our market penetration and giving us more room to install free capacity to match a market which continues to grow strongly.
Second, we decided to buy the activities of a small company in Mexico, LIMAT S.A. de C.V., which manufactures wooden overcaps for the tequila market. This step is a significant boast to our strategy to address the luxury and premium spirits segment in a more aggressive and diversified way.
Third, we bought the activities regarding the wine business of ICSA (Industria Corchera S.A.) in Chile with the intention to merge this facility with our existing plant in Santiago and thus become a major player in the Chilean wine market.
We are confident that these acquisitions will deliver considerable results in 2018.
Last, but not least, on April 16, 2018, the Company has signed a share purchase agreement with Space4 S.p.A. and Peninsula Capital II Sarl for the sale of part of the interests held in its controlled company Guala Closures S.p.A..
Finally, the start of 2018 has been good, notwithstanding the currency fluctuations the world is experiencing, notably in the US dollar.
Let’s proceed with optimism.

On behalf of the Board of Directors
Managing Director
Marco Giovannini

April 20, 2018

Corporate social responsability

Corporate social responsibility

Operating in 20 countries through 27 production plants on five continents and with around 4,200 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 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 compliance with 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.

CO_2 Emissions Monitoring

The Group has dedicated considerable resources to the assessment of the carbon footprint of the plants through the GHG protocol. Starting with the Italian plants in 2012, the GHG protocol standard has been extended to all Group plants since 2015.
In 2016, a five year Sustainability Program 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 CO_2 emissions related to the production of wine and oil screwcaps. The Group performed an 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 -2017**

Starting in 2015, the Group decided to invest in a three year reforestation project in Colombia.
In 2015, the offsetting project was related to the results of the GHG protocol of the Italian plants. The Group decided to offset the CO_2 emissions (Scope 1 and Scope 2) 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 CO_2 emissions, through a program implemented and coordinated by the NGO Up2green Reforestation (www.up2green.com) and audited by Ecocert Environment (www.ecocert.com). More than 150 local people have been involved in this program.
In 2016, the Group extended the offsetting project, including the results of the GHG protocol, for all plants (Scope 1 and 2). The Group has decided to offset the CO_2 emissions for Scope 1 (certified by Bureau Veritas) for all plants of the Group. 38,750 tonnes of CO_2 have been offset in the following way:

- In Colombia (Ipiales) and in India (Gujarat) 65,000 trees have been planted to offset 9,750 tonnes of CO_2 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.

In 2017, 36,500 tonnes of CO2 eq have been offset in the following way:

- In Colombia (Ipiales) 50,000 trees have been planted to offset 7,500 tonnes 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 present the phenomenon of counterfeiting beyond the usual boundaries of fashion and technology.
An advertising campaign has been planned 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 campaign ambassadors, attesting to their 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, 2017

Consolidated statement of financial position
ASSETS

(Thousands of Euros)	**December 31, 2016**	**December 31, 2017**	**Note**
ASSETS			
Current assets			
Cash and cash equivalents	54,703	40,618	5
Current financial assets	104	125	
Trade receivables	89,134	102,444	6
Inventories	67,883	82,742	7
Current direct tax assets	3,264	4,685	
Current indirect tax assets	6,367	7,455	
Financial derivative assets	533	-	
Other current assets	4,493	4,233	
Assets held for sale	-	2,130	8
Total current assets	**226,481**	**244,432**	
Non-current assets			
Non-current financial assets	598	979	
Property, plant and equipment	189,932	190,688	9
Intangible assets	373,990	377,168	10
Deferred tax assets	7,293	6,199	11
Other non-current assets	712	377	
Total non-current assets	**572,525**	**575,412**	
TOTAL ASSETS	**799,006**	**819,843**	

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

Consolidated statement of financial position
LIABILITIES AND EQUITY

(Thousands of Euros)	**December 31, 2016**	**December 31, 2017**	**Note**
LIABILITIES AND EQUITY			
Current liabilities			
Current financial liabilities	12,446	20,440	12
Trade payables	66,249	71,652	13
Current direct tax liabilities	4,487	4,601	
Current indirect tax liabilities	4,556	6,905	14
Current provisions	1,176	739	15
Financial derivative liabilities	433	213	16
Other current liabilities	26,629	29,496	17
Total current liabilities	**115,976**	**134,048**	
Non-current liabilities			
Non-current financial liabilities	557,758	573,795	12
Employee benefits	6,246	6,376	18
Deferred tax liabilities	15,329	12,768	11
Non-current provisions	151	486	15
Other non-current liabilities	43	595	19
Total non-current liabilities	**579,526**	**594,020**	
Total liabilities	**695,502**	**728,068**	
Share capital and reserves attributable to non-controlling interests	17,024	15,817	
Profit for the year attributable to non-controlling interests	8,314	8,668	
Equity attributable to non-controlling interests	**25,338**	**24,486**	21
Equity attributable to the owners of the Company			
Share capital	141	141	
Share premium and other similar reserves	295,228	295,228	
Translation reserve	(46,302)	(52,608)	
Hedging reserve	(796)	(630)	
Losses carried forward and other reserves	(158,136)	(170,955)	
Loss for the year	(11,969)	(3,886)	
Equity attributable to the owners of the Company	**78,166**	**67,289**	20
Total equity	**103,504**	**91,775**	
TOTAL LIABILITIES AND EQUITY	**799,006**	**819,843**	

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)

	2016	2017	Note
Net revenue	**500,268**	**534,832**	22
Change in inventories of finished goods and semi-finished products	1,279	6,850	7
Other operating income	3,595	4,340	23
Work performed by the Group and capitalised	6,615	4,928	24
Costs for raw materials	(218,436)	(235,966)	25
Costs for services	(88,478)	(100,221)	26
Personnel expense	(93,806)	(100,589)	27
Other operating expense	(10,361)	(10,943)	28
Amortization, depreciation and impairment losses	(30,964)	(33,519)	9-10
Operating profit	**69,713**	**69,711**	
Financial income	8,122	3,582	29
Financial expense	(61,926)	(44,982)	30
Net financial expense	**(53,804)**	**(41,400)**	
Profit before taxation	**15,908**	**28,312**	
Income taxes	(19,563)	(23,529)	32
Profit (Loss) for the year	**(3,654)**	**4,782**	

Other comprehensive income (expense)

Items that will never be reclassified to profit or loss:			
Actuarial gains/(losses) on the defined benefit liability (asset)	(162)	15	18
	(162)	***15***	
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations	429	(6,178)	
Effective portion of fair value gains (losses) of cash flow hedges	(29)	2	
Net change in fair value of cash flows hedges reclassified to profit or loss	275	216	
Income taxes on other comprehensive income	(68)	(52)	
	608	**(6,013)**	
Total comprehensive income/(expense) for the year, net of tax	**445**	**(5,998)**	
Total comprehensive expense for the year	**(3,209)**	**(1,216)**	
Profit (loss) attributable to:			
owners of the Company	(11,969)	(3,886)	
non-controlling interests	8,314	8,668	
Total comprehensive income (expenses) attributable to:			
owners of the Company	(12,177)	(10,016)	
non-controlling interests	8,968	8,800	

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

Consolidated statement of cash flows

(Thousands of Euros)	**2016**	**2017**	**Note**
Opening cash and cash equivalents	**61,944**	**54,703**	**5**
A) Cash flows from operating activities			
Profit before taxation	15,908	28,312	
Adjustments for:			
Amortization, depreciation and impairment losses	30,964	33,519	9-10
Net financial expense	53,804	41,400	29-30
Changes in:			
Receivables, payables and inventory	(7,770)	(27,599)	6-7-13
Other	743	490	
VAT and indirect tax assets/liabilities	(422)	1,505	
Income taxes paid	(21,818)	(25,654)	14-32
Net cash from operating activities	**71,409**	**51,972**	
B) Cash flows used in investing activities			
Acquisitions of property, plant and equipment and intangibles assets	(31,277)	(28,899)	9-10-17
Proceeds from sale of property, plant and equipment and intangibles assets	80	249	9-10
Acquisition of Limat activities (Mexico), net of cash acquired	-	(1,226)	4.2
Acquisition of ICSA activities (Chile), net of cash acquired	-	(4,509)	4.3
Acquisition of Axiom Propack Ltd (India), net of cash acquired	-	(5,365)	4.1
Acquisition of Capmetal, net of cash acquired	(1,057)	-	
Net cash used in investing activities	**(32,253)**	**(39,750)**	
C) Cash flows used in financing activities			
Acquisition of non-controlling interest in Guala Closures Tools EAD	-	(1,050)	
Interest received	1,848	744	29
Interest paid	(40,440)	(29,931)	30-33
Payment of Redemption premium on Senior Notes due 2018	(4,688)	-	
Payment of transaction cost on Bonds and Senior Revolving Facility	(8,332)	(3,768)	
Other financial items	(1,180)	260	16-30
Dividends paid	(6,302)	(6,819)	
Proceeds from issue of share capital minority Capmetal	-	824	
Proceeds from new borrowings and bonds	563,010	24,330	33
Repayment of borrowings and bonds	(547,418)	(6,353)	33
Repayment of finance leases	(2,024)	(2,049)	33
Change in financial assets	(70)	(402)	
Net cash used in financing activities	**(45,596)**	**(24,215)**	
D) Net cash flow used in the year	**(6,441)**	**(11,994)**	
Effect of exchange rate fluctations on cash held	(801)	(2,091)	
Closing cash and cash equivalents	**54,703**	**40,618**	**5**

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

Consolidated statement of changes in equity

	Attributable to the owners of the Company							***Non-controlling interests***			
(Thousands of €)	***Share capital***	***Share premium and other similar reserves***	***Translation reserve***	***Hedging reserve***	***Losses carried forward and other reserves***	***Loss for the year***	***Equity attributable to the owners of the parent***	***Share capital and reserves attributable to non-controlling interests***	***Profit for the year attributable to non-controlling interests***	***Equity attributable to non-controlling interests***	***Total equity***
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 expense			(226)	178	(162)		(209)	654		654	**445**
Comprehensive income 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 Guala Closures France SAS (formerly Capmetal SAS)							-	171		171	**171**
Total changes in ownership interests	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***171***	***-***	***171***	***171***
Balance at December 31, 2016	**141**	**295,228**	**(46,302)**	**(796)**	**(158,136)**	**(11,969)**	**78,166**	**17,024**	**8,314**	**25,338**	**103,504**
Balance at January 1, 2017	**141**	**295,228**	**(46,302)**	**(796)**	**(158,136)**	**(11,969)**	**78,166**	**17,024**	**8,314**	**25,338**	**103,505**
Allocation of 2016 profit (loss)					(11,969)	11,969	-	8,314	(8,314)	-	-
Profit (loss) for the year ended December 31, 2017						(3,886)	(3,886)		8,668	8,668	4,782
Other comprehensive income/(expense)			(6,306)	166	11		(6,130)	132		132	(5,998)
Comprehensive income for the year	***-***	***-***	***(6,306)***	***166***	***(11,958)***	***8,083***	***(10,016)***	***8,446***	***354***	***8,800***	***(1,216)***
Dividends to non-controlling interests							-	(9,260)		(9,260)	(9,260)
Other movements					(191)		(191)	(14)		(14)	(204)
Total contributions by and distributions to owners of the Company	***-***	***-***	***-***	***-***	***(191)***	***-***	***(191)***	***(9,274)***	***-***	***(9,274)***	***(9,464)***
Acquisition of non-controlling equity of Guala Closures Tools					(671)		(671)	(379)		(379)	(1,050)
Total changes in ownership interests	***-***	***-***	***-***	***-***	***(671)***	***-***	***(671)***	***(379)***	***-***	***(379)***	***(1,050)***
Balance at December 31, 2017	**141**	**295,228**	**(52,608)**	**(630)**	**(170,955)**	**(3,886)**	**67,289**	**15,817**	**8,668**	**24,486**	**91,775**

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

Notes to the consolidated financial statements at December 31, 2017

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 drink 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 2017:

Acquisition of the Indian company AXIOM Propack Pvt Ltd:

On July 5, 2017, the Group signed in Mumbai an agreement for the purchase of 100% of the shares of Axiom Propack Pvt Ltd, an Indian company active in the production of safety closures for spirits; the completion of the deal occurred on October 13, 2017, as it was subject to customary closing conditions as per Indian law.

Axiom has a production unit in Karnataka. It serves the Indian IMFL (Indian Made Foreign Liquors) market and it commenced opearations in 2016 with a first year turnover of about € 6 million.

The total consideration for this acquisition is € 5.4 million; the acquired subsidiary also includes € 5.4 million of net financial indebtedness.

The transaction has only been recognized provisionally.

With this acquisition, the Group aims to reinforce its position in the area and to increase its production capacity in order to properly meet to the growing demand for protection against product counterfeiting.

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

Acquisition of the activities of LIMAT S.A. de C.V.:

On July 13, 2017, the Group signed an agreement for the acquisition of the activities of LIMAT S.A. de C.V., a Mexican company specialized in the manufacturing of wood overcaps for top-range spirit bottles.

Limat's operations are based in Mexico City and it recorded a turnover of approximately € 1 million in 2016.

With this acquisition, the Group continues its production integration, in order to develop its products to the top of the spirits range, especially Tequila.

The total consideration for this acquisition is € 1.2 million.

The transaction has only been recognized provisionally.

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

Change in company denomination:

On September 1, 2017, Capmetal SAS changed its name to Guala Closures France SAS.

Acquisition of non-controlling interest in Guala Closures Tools A.D.:

On September 11, 2017, the Group acquired a residual non-controlling interest (30%) in Guala Closures Tools A.D. (Bulgaria) through Guala Closures Bulgaria A.D. for € 1.1 million.

On October 5, 2017, Guala Closures Tools A.D. changed its name to Guala Closures Tools EAD.

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

Acquisition of the activities of the Chilean company ICSA:

On October 17, 2017, the Group completed the acquisition of the screw caps activities of ICSA (Industria Corchera S.A.), the Chilean company specialized in promoting and selling packaging products for the wine industry in South America.

The acquired activities of ICSA, based in Santiago de Chile, recorded a turnover of approximately € 4 million in 2016; this deal increases the Group's local production capacity to meet the growing demand of South American wine-makers.

The total consideration for this acquisition is € 4.5 million.

The transaction has only been recognized provisionally.

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

(2) Accounting policies

The consolidated financial statements at December 31, 2017 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, 2017.
The consolidated financial statements have been prepared on a historical cost basis, except for derivatives, asset held for sale and put option to non-controlling interest which are measured at fair value, and on a going concern basis. There are no business risks and/or any identified uncertainties which may cast doubts on the Group 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 20, 2018.

The shareholders who will be called to approve the parent's separate financial statements have the power to request changes to the consolidated financial statements.

The most important accounting policies used by the Group to draw up its consolidated financial statements are consistent with those used for the consolidated financial statements as at and for the year ended December 31, 2016 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 recognized 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 recognized 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 recognized 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 recognized 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 capitalized 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 recognized 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 recognized 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, 2017

Company name	Registered office	Currency	Share capital	Investment percentage	Type of investment	Method of consolidation
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	4,979,964	100%	Indirect (*)	Line-by-line
Guala Closures France 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
Axiom Propack Pvt Ltd.	India	INR	188,658,000	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	32,229,500	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	1,861,730,369	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

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 ended December 31, 2018 is included in the following notes: allowances for impairment (note 6) and inventory write-down (note 7), assets classified as held for sale (note 8), amortization and depreciation and impairment of non-current assets (notes 9-10), employee benefits (note 18), taxes (note 32), provisions (note 15), and to measure financial derivatives (notes 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 following new standards and amendments applicable from January 1, 2017 were adopted by the Group:

- Amendments to IAS 12 - *Income Taxes* that clarify how to account for deferred tax assets related to debt instruments measured at fair value. The adoption of these amendments had no effect on the consolidated financial statements;

- Amendments to IAS 7 - *Statement of Cash Flows* introducing additional disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The required disclosures have been included in note 38) Explanatory notes to the consolidated statement of cash flows.

(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, 2016	December 31, 2017
Pound sterling	0.85618	0.88723
US dollar	1.05410	1.19930
Indian rupee	71.59350	76.60550
Mexican peso	21.77190	23.66120
Colombian peso	3.169.49219	3.580.19000
Brazilian real	3.43050	3.97290
Chinese renmimbi	7.32020	7.80440
Argentinean peso	16.74881	22.93100
Polish zloty	4.41030	4.17700
New Zealand dollar	1.51580	1.68500
Australian dollar	1.45960	1.53460
Ukrainian hryvnia	28.73860	33.73180
Bulgarian lev	1.95580	1.95580
South African Rand	14.45700	14.80540
Japan Yen	123.40000	135.01000
Chilean peso	704.94519	737.29000

Statement of profit or loss and other comprehensive income

1 Euro = x foreign currency	2016	2017
Pound sterling	0.81890	0.87615
US dollar	1.10660	1.12928
Indian rupee	74.35527	73.49803
Mexican peso	20.65497	21.32782
Colombian peso	3.378.73682	3.333.83667
Brazilian real	3.86163	3.60411
Chinese renmimbi	7.34958	7.62643
Argentinean peso	16.33360	18.72601
Polish zloty	4.36364	4.25631
New Zealand dollar	1.58945	1.58952
Australian dollar	1.48860	1.47294
Ukrainian hryvnia	28.27617	30.02755
Bulgarian lev	1.95580	1.95580
South African Rand	16.27719	15.04338
Japan Yen	120.31373	126.65452
Chilean peso	748.65053	732.18783

(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 other operating expense.

(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.

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 and the Group has concluded that it will have the ability to use it.
Capitalized development expenditure is measured at cost, net of accumulated amortization and impairment losses.

Other intangible assets
These assets are measured at cost, determined in the same way as described for property, plant and equipment.

Other intangible assets, which all have a finite useful life, are subsequently shown net of accumulated amortization and any impairment losses, determined in the same way as described for property, plant and equipment.

Useful life is checked annually and, where necessary, any changes are reflected on a prospective basis.
The amortization periods for other intangible assets are as follows:

	Amortization period (years)
Development expenditure	5
Patents and trademarks	5 - 10
Software	5
Licenses	5
Other capitalized expenditure	5 or in line with the contract term

Subsequent expenditure is included in an asset's carrying amount when it is probable that the future economic benefits exceeding those determined originally will flow to the Group. This expenditure is amortized over the related asset's residual useful life. All other expenditure is expensed in the year in which it is incurred.

The gain or loss arising from the disposal of an intangible asset is determined as the difference between the net disposal proceeds and carrying amount. It is recognized in profit or loss at the time of disposal.

(m) Income taxes

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in the consolidated statement of equity or in OCI.

Current tax comprises the expected tax payable or receivable on the taxable profit or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantially enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax also includes any tax arising from dividends and any interest and penalties imposed by the tax authorities following their review of the tax position of previous years which found a difference in tax due.

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

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

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 (financial assets at FVTPL), held-to-maturity investments, loans and receivables and available-for-sale financial assets.

Financial assets at FVTPL

A financial asset is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at FVTPL are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

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 recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity investments are measured at amortized 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 recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables comprise cash and cash equivalents and trade and other receivables.

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 recognized 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 recognized initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes 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 realize the asset and settle the liability simultaneously. The Group classifies non-derivative financial liabilities in the other financial liabilities category. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized 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.

(p) Share capital and equity

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized 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.

Participating financial instruments

In accordance with IAS 32, the participating financial instruments issued by Guala Closures S.p.A. at the end of 2014 have to be recognized as part of the Group's equity components due to their terms. Following the guidance of IAS 1, the Participating Financial Instruments are recognized in the Participating Finance Instruments reserve as a separate component of equity. Any borrowing costs incurred are directly deducted from the participating financial instruments, taking account of related deferred income taxes.

Accordingly, the tax-deductible interest payments are not shown under interest expense but are treated similarly to dividend obligations with Guala Closures S.p.A. shareholders.

Since the participating financial instruments are issued by the parent, the interest accrued during the accounting period is shown as part of the allocated profit or loss and other comprehensive income or expense attributable to the owners of the parent and, consequently, in the reconciliation of changes in each equity reserve, the profit attributable to the participating financial instruments is allocated to the participating financial instruments reserve disclosing any cumulative interest / dividends which have not yet been distributed / paid.

(q) 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.

(r) 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.

(s) 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.

(t) Revenue

Revenue is recognized to the extent that it is possible to reliably determine its amount and it is probable that the related economic benefits will flow to the Group. Revenue is recognized using the following criteria depending on the type of transaction:
- revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have been transferred to the buyer;
- recovery of the consideration is probable and the associated costs and possible return of goods can be estimated reliably;
- there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably;
- revenue for services is recognized in relation to the stage of completion of the transaction at the reporting date.

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

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

(u) Grants

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

(v) Financial income and expense

Financial income and expense are recognized on an accruals basis and calculated on the carrying amount of the related financial assets and liabilities using the effective interest method.
Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.
Borrowing costs related to loans taken out specifically for investments in property, plant and equipment are considered part of the carrying amount of the related assets and, as such, capitalized.

(w) Standards, amendments and interpretations not yet applicable

The following new standards and amendments were issued by the IASB. We will comply with the relevant guidance no later than their respective effective dates:

- In IFRS 15 - *Revenue from Contracts with Customers* ("IFRS 15"), which was issued by the IASB in May 2014 and amended in September 2015 and is effective for annual periods beginning on or after January 1, 2018, the Group will adopt the provisions of IFRS 15 and all its amendments using the modified retrospective method with a cumulative adjustment to equity as of January 1, 2018. The standard requires a company 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 using a five-step process. The new standard also requires additional disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. The majority of our revenue will continue to be recognized in a manner consistent with the accounting guidance in prior years. We do not expect significant impact to both equity and net profit as of January 1, 2018 in our consolidated financial statements or disclosures upon adoption of the new standard.

- In July 2014, the IASB issued IFRS 9 - *Financial Instruments* ("IFRS 9"). The standard is effective for annual periods beginning on or after January 1, 2018. IFRS 9 introduces improvements in the accounting requirements for classification and measurement of financial assets, for impairment of financial assets and for hedge accounting. The Group will apply practical expedients permitted by the standard and not restate prior periods. For hedge accounting, the Group will apply the standard prospectively.

  - Financial assets will be classified and measured on the basis of the Group's business model and characteristics of the financial asset's cash flows. A financial asset is initially measured either at "amortized cost", at "fair value through other comprehensive income" or at "fair value through profit or loss". At the date of initial application of IFRS 9 the measurement of the Group's financial assets under IFRS 9 has not changed compared to IAS 39. The classification of financial liabilities under IFRS 9 is unchanged compared with the current accounting requirements of IAS 39.

  - The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred losses as is the case under IAS 39. The expected credit losses will be recorded either on a 12-month or lifetime basis. The Group will apply the simplified approach and record lifetime expected losses on trade and other receivables. For receivables from financing activities the Group will apply the general approach, recording the credit losses either on a 12-month or lifetime basis.

- The new hedge accounting rules will align the accounting for hedge instruments more closely with the Group's risk management practices. Generally, under IFRS 9 more hedge relationships will be eligible for hedge accounting, as the standard introduces a more principles-based approach. The Group has undertaken an assessment of its IAS 39 hedge relationships against the requirements of IFRS 9 and has concluded that the Group's current hedge relationships will qualify as continuing hedges upon the adoption of IFRS 9. The new standard also introduces expanded disclosure requirements and changes in presentation.

Overall, the total impact of the cumulative adjustment to equity as of January 1, 2018 and the impact on the Group’s net profit is expected to be not material.

- In January 2016, the IASB issued IFRS 16 - *Leases* ("IFRS 16") 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 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 has a low value, and to recognize depreciation of lease assets separately from interest on lease liabilities in the statement of profit or loss. 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 for annual periods beginning on or after January 1, 2019 and the Group is continuing to implement and assess the impact of the adoption of this standard on its consolidated financial statements.

- In September 2016, the IASB issued "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 expense 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"). The Group does not expect any impact on its consolidated financial statements or disclosures upon adoption of the amendments.

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

- In June 2016, the IASB issued amendments to IFRS 2 - Share-based Payments, 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 Group will adopt these amendments prospectively from January 1, 2018. The Group does not expect a material impact on its consolidated financial statements or disclosures upon adoption of the amendments.

- In December 2016, the IASB issued Annual Improvements to IFRS Standards 2014-2016 Cycle which included amendments to IAS 28 - Investments in Associates and Joint Ventures and Amendments to IFRS 12 - *Disclosure of Interests in Other Entities* (effective January 1, 2018). The amendments clarify, correct or remove redundant wording in the related standard and are not expected to have a material impact on the consolidated financial statements or disclosures upon adoption of the amendments.

- In December 2016, the IASB issued IFRIC Interpretation 22 - Foreign Currency Transactions and Advance Consideration which addresses the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency. The interpretation is effective for annual periods beginning on or after January 1, 2018. The Group does not expect a material impact on its consolidated financial statements upon adoption of the interpretation.

- In May 2017, the IASB issued IFRS 17 - Insurance Contracts ("IFRS 17"), which replaces IFRS 4 Insurance Contracts. IFRS 17 requires all insurance contracts to be accounted for in a consistent manner and insurance obligations to be accounted for using present values, instead of historical cost. The new standard requires current measurement of the future cash flows and the recognition of profit over the period that services are provided under the contract. IFRS 17 also requires entities to present insurance service results (including insurance revenue) separately from insurance finance income or expense, and requires an entity to make an accounting policy choice of whether to recognize all insurance finance income or expense in profit or loss or to recognize some of such income or expense in other comprehensive income. The standard is effective for annual periods beginning on or after January 1, 2021 with earlier adoption permitted. The Group does not expect a material impact on its consolidated financial statements or disclosures upon adoption of the amendments.

- In June 2017, the IASB issued IFRIC Interpretation 23 - Uncertainty over Income Tax Treatment, (the "Interpretation"), which clarifies application of recognition and measurement requirements in IAS 12 - Income Taxes when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following: (i) whether an entity considers uncertain tax treatments separately, (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities, (iii) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax assets and tax rates and (iv) how an entity considers changes in facts and circumstances. The Interpretation does not add any new disclosure requirements, however it highlights the existing requirements in IAS 1 - Presentation of Financial Statements, related to disclosure of judgments, information about the assumptions made and other estimates and disclosures of tax-related contingencies within IAS 12 - Income Taxes. The Interpretation is applicable for annual reporting periods beginning on or after January 1, 2019 and it provides a choice of two transition approaches: (i) retrospective application using IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, only if the application is possible without the use of hindsight, or (ii) retrospective application with the cumulative effect of the initial application recognized as an adjustment to equity on the date of initial application and without restatement of the comparative information. The date of initial application is the beginning of the annual reporting period in which an entity first applies this Interpretation. The Group is currently evaluating the implementation and the impact of adoption of the interpretation on its consolidated financial statements.

- In October 2017, the IASB issued Prepayment Features with Negative Compensation (Amendments to IFRS 9), allowing companies to measure particular prepayable financial assets with so-called negative compensation at amortized cost or at fair value through other comprehensive income if a specified condition is met, instead of at fair value through profit or loss, effective for annual periods beginning on or after January 1, 2019. The Group does not expect a material impact on its consolidated financial statements or disclosures upon adoption of the amendments.

- In October 2017, the IASB issued Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28), which clarifies that companies account for long-term interests in an associate or joint venture, to which the equity method is not applied, using IFRS 9, effective for annual periods beginning on or after January 1, 2019. The Group does not expect a material impact on its consolidated financial statements or disclosures upon adoption of the amendments.

- In December 2017, the IASB issued the Annual Improvements to IFRSs 2015-2017, a series of amendments to IFRSs in response to issues raised mainly on IFRS 3 - Business Combinations, which clarifies that a company remeasure its previously held interest in a joint operation when it obtains control of the business, on IFRS 11 - Joint Arrangements, which clarifies that a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business, on IAS 12 - Income Taxes, which clarifies that all income tax consequences of dividends (i.e. distribution of profits) should be recognized in profit or loss, regardless of how the tax arises, and on IAS 23 - Borrowing Costs, which clarifies that a company treats as part of general borrowing any borrowing originally made to develop an asset when the asset is ready for its intended use or sale. The effective date of the amendments is January 1, 2019. The Group is currently evaluating the impact of adoption on its consolidated financial statements.

- In February 2018, the IASB issued Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) which specifies how companies determine pension expenses when changes to a defined benefit pension plan occur. IAS 19 Employee Benefits specifies how a company accounts for a defined benefit plan. When a change to a plan - an amendment, curtailment or settlement - takes place, IAS 19 requires a company to remeasure its net defined benefit liability or asset. The amendments require a company to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. The amendments are effective for annual periods beginning on or after January 1, 2019. The Group is currently evaluating the impact of adoption on its consolidated financial statements.

(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 categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.
The Group recognizes 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 recognized as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm’s length transaction after suitable negotiation wherein the parties had each acted knowledgeably. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

Intangible assets

The fair value of patents and trademarks acquired as part of a business combination is based on an estimate of the discounted amount of royalties that the Group expects to receive from ownership of such patents or trademarks (ideal royalty method), or replacement cost, if appropriate.
The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.
The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Inventories

The fair value of inventories acquired as part of a business combination is calculated using the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and a suitable profit margin based on the efforts required to complete or sell the inventories.

Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. Current receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

Derivatives

The fair values of commodities purchase forwards and interest rate swaps are based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values include adjustments to take account of the credit risk of the group entity and counterparty when appropriate.

Other non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.
For finance leases, the market rate of interest is determined with reference to similar lease agreements.

(3) Operating segments

Reportable segments are the Group's strategic divisions as determined in accordance with the quantitative and qualitative requirements of IFRS 8.

The Group has only one reportable segment, the Closures division. The Group's CEO (the chief operating decision maker) reviews internal management reports on the reportable segment, the Closures division, on 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 2017 or 2016 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**	
	2016	**2017**	**2016**	**2017**	**2016**	**2017**
Net revenue	497,448	531,991	2,820	2,841	500,268	534,832
Operating profit	69,883	69,958	(171)	(247)	69,713	69,711
Amortization, depreciation and impairment losses	(30,828)	(33,384)	(136)	(135)	(30,964)	(33,519)

Thousands of Euros	**Closures**		**Other Operations**		**Total**	
	December 31, 2016	**December 31, 2017**	**December 31, 2016**	**December 31, 2017**	**December 31, 2016**	**December 31, 2017**
Trade receivables	88,501	102,044	633	400	89,134	102,444
Inventories	67,430	82,275	453	467	67,883	82,742
Trade payables	(65,699)	(71,336)	(550)	(316)	(66,249)	(71,652)
Property, plant and equipment	189,488	190,322	444	366	189,932	190,688

Thousands of Euros	Closures		Other Operations		Total	
	2016	2017	2016	2017	2016	2017
Capital expenditure (net of disposals)	31,181	28,594	16	56	31,197	28,651

Geographical information

The Closures segment operates from many manufacturing facilities primarily in Italy, India, Poland, the United Kingdom, Ukraine, Mexico, Spain, 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	
	2016	2017
Italy	59,804	65,439
India	67,078	62,699
Poland	59,760	59,344
UK	53,515	51,215
Ukraine	45,665	49,157
Mexico	36,002	43,009
Spain	41,341	40,114
Australia	35,772	35,027
Argentina + Chile	22,614	25,809
South Africa	14,418	16,967
Other countries	64,299	86,039
Net revenue	**500,268**	**534,819**

Thousands of Euros	Non-current assets other than financial instruments and deferred tax assets:Property, plant and equipment and Intangible assets	
	December 31, 2016	December 31, 2017
Italy	323,559	316,092
Australia	70,132	66,082
India	26,634	36,540
Poland	31,046	30,789
Spain	20,534	21,016
Mexico	13,550	13,470
Ukraine	11,235	11,146
Brasil	12,968	10,724
South Africa	11,369	10,489
Other countries	27,361	31,529
Consolidation adjustments	15,534	19,978
Property, plant and equipment and Intangible assets	**563,922**	**567,857**

Thousands of Euros	Deferred Tax Assets	
	December 31, 2016	December 31, 2017
Italy	2,644	1,215
Australia	1,559	1,415
Argentina	678	1,062
Ukraine	326	47
Spain	415	337
New Zealand	250	248
North America	110	110
China	98	102
Mexico	58	65
Other countries	66	66
Consolidation adjustments	1,088	1,533
Deferred Tax Assets	**7,293**	**6,199**

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 € 61 million in 2017. The breadth and diversity of the Group's customer base means that no single 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 July 5, 2017, Guala Closures India Pvt Ltd signed in Mumbai an agreement for the purchase of 100% of the shares of Axiom Propack Pvt Ltd, an indian company active in the production of safety closures for spririts; the completion of the deal occurred on October 13, 2017 as it was subject to customery closing conditions as per Indian law.

The acquired company, which commenced operations in 2016 with a first year turnover of about € 6 million, has a production unit in Karnataka and serves the Indian IMFL (Indian Made Foreign Liquors) market.

With this acquisition, the Group aims to reinforce its position in the area and to increase its production capacity in order to properly meet the growing demand for protection against product counterfeiting.

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

Thousands of Euros	
Consideration paid at the date of acquisition	5,365
Net cash flow used at the date of acquisition	**5,365**
Consideration to be paid within 18 months	574
Total cost of the acquisition	**5,939**

The impact of the acquisition of Axiom Propack Pvt Ltd 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	6,932		6,932
Intangible assets	67		67
Inventories	465		465
Trade receivables	735		735
Tax assets/(liabilities)	(68)		(68)
Other current assets	47		47
Non-current financial assets	196		196
Cash and cash equivalents	0		-
Deferred tax assets	592		592
Trade payables	(1,035)		(1,035)
Employee benefits	(30)		(30)
Other current liabilities	(77)		(77)
Current financial liabilities	(5,637)		(5,637)
Net identifiable assets and liabilities	**2,186**	**-**	**2,186**
Goodwill arising from the acquisition	**3,753**	**-**	**3,753**
Consideration paid at the date of acquisition	**5,365**		**5,365**
Consideration to be paid within 18 months	**574**		**574**

The trade receivables comprise gross contractual amounts due of € 735 thousand, of which all were expected to be collectible at the date of acquisition.

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	*Market comparison technique and cost technique*: the valuation model considers quoted maket 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	*Market comparison technique*: 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.

Fair values measured on a provisional basis

The following amounts have been measured on a provisional basis.

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

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

The acquisition of Axiom Propack Pvt Ltd impacted the Group's net financial indebtedness at December 31, 2017 by € 5.4 million as a result of the acquisition of initial indebtedness of Axiom Propack Pvt Ltd.

The total cost of the combination includes a consideration to be paid within 18 months of € 0.6 million.

For the period from the acquisition to December 31, 2017, Axiom Propack Pvt Ltd contributed revenue of € 1.5 million and gross operating profit of € 0.4 million to the Group's results. If the acquisition had occurred on January 1, 2017, management estimates that consolidated revenue would have been € 539 million and consolidated gross operating profit(*) for the year would have been € 111 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on January 1, 2017.

The Group incurred acquisition-related costs of € 0.9 million related to external legal fees and travel expenses. The legal fees and travel expenses costs have been included in legal/consultancy and travel expenses of the Group's statement of profit or loss and other comprehensive income/(expense).

Goodwill

Acquisition arising from the acquisition has been recognised as follow:

Thousands of Euros	**December 31, 2017**
Consideration paid at the acquisition	5,365
Consideration to be paid within 18 months	574
Fair value of identifiable net assets	(2,186)
Goodwil	**3,753**

The goodwill is attributable mainly to the skills and technical talent of Axiom Propack's work force and the synergies expected to be achieved from integration of the company into the Group's existing business. None of the goodwill recognised is expected to be deductible for tax purposes.

(*) Gross operating profit calculated as operating profit gross of amortization, depreciation and impairment losses (see page 48)

(4.2) Acquisition of the activities of LIMAT S.A. de C.V.

On July 13, 2017, the Group, through its Mexican company Guala Closures Mexico S.A. de C.V., signed an agreement for the acquisition of the activities of LIMAT S.A. de C.V., a Mexican company based in Mexico City specialized in the manufacturing of wood overcaps for top-range spirit bottles.

The business of Limat is based in Mexico City and in 2016 recorded a turnover of approximately € 1 million.

With this acquisition, the Group continues its production integration, to develop its products to the top of the spirits range, especially Tequila.

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

Thousands of Euros	
Consideration paid at the date of acquisition	1,226
Net cash flow used at the date of acquisition	**1,226**

The impact of the acquisition of of LIMAT S.A. de C.V. 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	1,084		1,084
Inventories	153		153
Other current liabilities	(12)		(12)
Net identifiable assets and liabilities	**1,226**	**-**	**1,226**
Total cost of the acquisition	**1,226**		**1,226**

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	*Market comparison technique and cost technique*: the valuation model considers quoted maket 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	*Market comparison technique*: 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.

Fair values measured on a provisional basis

The following amounts have been measured on a provisional basis.

- The fair value of the tangible assets acquired has been measured provisionally, pending completion of an independent valuation.
- The fair value of the inventories acquired has been measured provisionally, pending completion of a valuation.

The total consideration transfer for this acquisition is € 1.2 million.

The transaction has only been recognized provisionally.

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

(4.3) Acquisition of the activities of the Chilean company ICSA

On October 17, 2017, the Group, through its Chilean company Guala Closures Chile SpA, completed the acquisition of the screw caps activities of ICSA (Industria Corchera S.A.), a Chilean company specialized in promoting and selling packaging products for the wine industry in South America.

The acquired activities of ICSA, based in Santiago de Chile increases the Group's local production capacity to meet the growing demand of South American wine-makers.
For the period from the acquisition to December 31, 2017, ICSA contributed revenue of € 0.3 million and had no significant impact on Group gross operating profit. If the acquisition had occurred on January 1, 2017, management estimates that consolidated revenue would have been € 538 million and consolidated gross operating profit(*) for the year would have been € 110 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on January 1, 2017.

The net cash flows used at the date of acquisition is composed as follows:

Thousands of Euros	
Consideration paid at the date of acquisition	4,509
Net cash flow used at the date of acquisition	**4,509**

The impact of the acquisition of the activities of ICSA 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	2,084		2,084
Inventories	581		581
Trade receivables	984		984
Trade payables	(484)		(484)
Net identifiable assets and liabilities	**3,164**	**-**	**3,164**
Goodwill arising from the acquisition	**1,345**	**-**	**1,345**
Total cost of the acquisition	**4,509**		**4,509**

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 ICSA in the Group. None of the goodwill recognised is expected to be deductible for tax purposes.

The trade receivables comprise gross contractual amounts due of € 984 thousand, of which all were expected to be collectible at the date of acquisition.

(*) Gross operating profit calculated as operating profit gross of amortization, depreciation and impairment losses (see page 48)

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	*Market comparison technique and cost technique*: the valuation model considers quoted maket 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	*Market comparison technique*: 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.

Fair values measured on a provisional basis

The following amounts have been measured on a provisional basis.

- The fair value of the tangible assets acquired has been measured provisionally, pending completion of an independent valuation.
- The fair value of the inventories acquired has been measured provisionally, pending completion of a valuation.

The total consideration for this acquisition is € 4.5 million.

The transaction has only been recognized provisionally.

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

The Group incurred acquisition-related costs of € 0.1 million related to external legal fees and travel expenses. The legal fees and travel expenses costs have been included in legal/consultancy and travel expenses of the Group’s statement of profit or loss and other comprehensive income/(expense).

(4.4) Acquisition of non-controlling interest

On September 11, 2017, the Group acquired, through Guala Closures Bulgaria A.D., an additional 30% interest in Guala Closures Tools A.D., increasing its ownership from 70% to 100%.
The carrying amount of NCI acquired was € 379 thousand, the consideration paid to NCI was € 1,050 thousand and the impact on the equity attributable to owners of the Company was negative for € 671 thousand.

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(5) Cash and cash equivalents

Cash and cash equivalents amount to € 40,618 thousand at December 31, 2017 (€ 54,703 thousand at December 31, 2016): the reduction is mainly due to the high level of cash held at the end of 2016 due to the strong cash flows generated in the last quarter.

(6) Trade receivables

This caption may be analyzed as follows:

Thousands of Euros	**December 31, 2016**	**December 31, 2017**
Trade receivables	96,878	104,705
Allowance for impairment	(7,744)	(2,261)
Total	**89,134**	**102,444**

The allowance for impairment varied as follows:

Thousands of Euros	**2017**
Opening allowance for impairment	7,744
Exchange rate losses	(45)
Allowance of the year	180
Utilization/releases	(5,617)
Closing allowance for impairment	**2,261**

The allowance at December 31, 2017 relates to few customers that have indicated that they do not expect to be able to pay their outstanding balances, mainly due to their financial difficulties.
The utilization of the year is due to the write-off of old receivables already devaluated in the past since the Group's lawyers assess the definitive inability to recover them.

(7) Inventories

This caption may be analyzed as follows:

Thousands of Euros	**December 31, 2016**	**December 31, 2017**
Raw materials, consumables and supplies	33,105	41,844
(Allowance for inventory write-down)	(1,193)	(1,152)
Work in progress and semi-finished products	16,296	19,869
(Allowance for inventory write-down)	(685)	(569)
Finished products and goods	21,169	23,404
(Allowance for inventory write-down)	(1,042)	(928)
Payments on account	233	273
Total	**67,883**	**82,742**

The increase in inventory is mainly due to the needs for facing the market requests for the first months of the following year.

The changes in the caption are as follows:

Thousands of Euros	
Balance at January 1, 2017	67,883
Business combination	1,199
Exchange rate losses	(3,790)
Change in raw materials, consumables and supplies	10,559
Change in finished goods and semi-finished products	6,850
Change in payments on account	40
Balance at December 31, 2017	**82,742**

The allowance for inventory write-down varied as follows:

Thousands of Euros	**2017**
Opening allowance for inventory write-down	2,920
Exchange rate losses	(81)
Allowance of the year	765
Utilization	(955)
Closing allowance for inventory write-down	**2,649**

(8) Assets classified as held for sale

These assets of € 2,130 thousand are related to the discontinued plant of Torre d'Isola that include land (€ 1,001 thousand), buildings (€ 1,062 thousand) and plant and machinery (€ 67 thousand): such plant, discontinued in 2014, is destinated to be sold in 2018 and the value corresponds to the agreed purchase price with the buyer. The carrying amount of such plant attributable to Closures segment at the time of the change in classification amounted to € 3.9 million with an impairment loss accounted for in the statement of comprehensive income (expense) of about € 1.8 million.

(9) Property, plant and equipment

The following table shows the changes in this caption:

Thousands of Euros	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
Historical cost at December 31, 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**
Carrying amount at January 1, 2017	**58,951**	**111,272**	**12,363**	**1,221**	**6,125**	**189,932**
Exchange rate gains/(losses)	(1,671)	(4,878)	92	190	(161)	**(6,427)**
Business combinations	1,080	8,871	17	132	-	**10,100**
Additions	282	10,229	202	651	17,830	**29,194**
Disposals	(60)	(60)	(6)	(66)	(8)	**(200)**
Impairment losses	(1,781)	(517)	-	-	-	**(2,298)**
Reclassifications	341	14,245	1,231	48	(15,903)	**(38)**
Reclassifications to Assets classified as held for sale	(2,064)	(67)	-	-	-	**(2,130)**
Depreciation	(1,973)	(22,426)	(2,549)	(495)	-	**(27,444)**
Historical cost at December 31, 2017	70,767	402,797	63,186	10,197	7,883	**554,831**
Accumulated depreciation and impairment at December 31, 2017	(17,662)	(286,128)	(51,836)	(8,517)	-	**(364,143)**
Carrying amount at December 31, 2017	**53,105**	**116,669**	**11,350**	**1,680**	**7,883**	**190,688**

Property, plant and equipment include the amounts arising from work performed by the Group and capitalised.

The caption includes the carrying amount of leased assets (€ 13,900 thousand), against which the Group has recognized current financial liabilities (€ 2,223 thousand) and non-current financial liabilities (€5,549 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 38) Commitments and guarantees to these consolidated financial statements.

The main investments of 2017 took place in Italy, India, Ukraine, Poland, UK and Spain. In particular, during 2017, the main investments were made for new products in India, Ukraine and China and new technology in the UK.

Impairment losses in the year mainly refer to Guala Closures S.p.A. (€ 1.8 million) in relation to the Torre d'Isola plant which will be sold in 2018 at market conditions: the impairment losses have been calculated as the difference between the carrying amount of land and building and plant and machinery and the agreed sales price.

(10) Intangible assets

The following table shows the changes in this caption:

Thousands of Euros	**Development expenditure**	**Licences and patents**	**Goodwill**	**Other**	**Assets under development and payments on account**	**Total**
Historical cost at December 31, 2016	8,113	66,216	356,627	11,429	1,225	**443,610**
Accumulated amortization 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**
Carrying amount at January 1, 2017	**1,218**	**12,081**	**356,627**	**2,839**	**1,225**	**373,990**
Exchange rate gains/(losses)	30	(2)	445	82	(1)	**554**
Business combinations	-	67	5,098	-	-	**5,165**
Additions	94		-	77	1,072	**1,243**
Disposals	-	2	-	-	(46)	**(44)**
Impairment losses	-	-	-	-	(69)	**(69)**
Reclassifications	330	491	-	37	(820)	**38**
Amortization	(285)	(1,918)	-	(1,505)	-	**(3,708)**
Historical cost at December 31, 2017	8,529	66,648	362,170	11,716	1,361	**450,425**
Accumulated amortization and impairment at December 31, 2017	(7,143)	(55,928)	-	(10,185)	-	**(73,256)**
Carrying amount at December 31, 2017	**1,387**	**10,720**	**362,170**	**1,531**	**1,361**	**377,168**

The fluctuation of goodwill in respect of the previous year, due to the business combination of the year and the exchange rate fluctuations, may be analysed as follows:

Thousands of Euros	**December 31, 2016**	**December 31, 2017**
Goodwill attributable to Guala Closures Group	317,227	317,227
Goodwill attributable to Guala Closures DGS Poland S.A.	24,076	25,358
Goodwill attributable to Guala Closures Ukraine LLC	5,290	4,507
Goodwill attributable to GC Bulgaria AD	3,203	3,203
Goodwill attributable to Pharma Trade	2,512	2,512
Goodwill attributable to MCL division acquired by Guala Closures South Africa	1,928	1,883
Goodwill attributable to GC Tools EAD	722	722
Goodwill attributable to Metalprint activities acquired by Guala Closures S.p.A.	182	182
Goodwill attributable to Guala Closures France SAS (formerly CapMetal SAS)	1,487	1,487
Goodwill attributable to ICSA activities acquired by Guala Closures Chile SpA	-	1,331
Goodwill attributable to Axiom Propack Pvt Ltd.	-	3,758
Total	**356,627**	**362,170**

Goodwill is tested for impairment annually.
For impairment testing purposes, the goodwill recognized for the Closures division has been considered.

These values have been analyzed 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 GCL Holdings S.C.A. Group’s 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 7.8%; 2016: 8.2%). Such growth rate is consistent with management’s expectation of growth in high value safety closures, serving a blue-chip customer base across the world, expecially in developing countries.

In the 2017 valuation, the following assumptions have been utilized:

- WACC for the Closures division was weighted by the 2017 EBITDA% of each country in respect of the 2017 consolidated EBITDA, with a weighted average (consistently with the weighted average for the EBITDA in Terminal Value) of around 11.4% (2016: 12.5%);
- Long term growth rate “g”: a value equal to 3.6% (2016: 4.2%) was used, calculated by weighting the estimates of inflation rate, with the 2017 EBITDA of each country in line with the calculation for the Terminal Value. Such “g” rate is consistent with both the 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 financial assets.

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(11) Deferred tax assets and liabilities

The following table gives a breakdown of the captions at December 31, 2016 and 2017:

Thousands of Euros	Assets		Liabilities		Net balance	
	December 31, 2016	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016	December 31, 2017
Allowance for inventory write-down	586	515	(6)	(12)	580	503
Taxed allowance for impairment	2,117	1,405	-	-	2,117	1,405
Provisions	512	249	-	-	512	249
Losses carried forward	(178)	(78)	-	-	(178)	(78)
Derecognition of intragroup profit on inventories	195	236	-	-	195	236
Intragroup gains	1,082	989	-	-	1,082	989
Leases	118	118	-	-	118	118
Property, plant and equipment and intangible assets	1,435	1,697	(12,156)	(10,483)	(10,721)	(8,786)
Employee benefits	657	654	(20)	(23)	637	630
Derivatives	119	51	-	-	119	51
Exchange rate gains/(losses)	10	16	(2,695)	(2,226)	(2,685)	(2,209)
Other	641	348	(452)	(25)	188	324
TOTAL	**7,293**	**6,199**	**(15,329)**	**(12,768)**	**(8,036)**	**(6,569)**

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

Thousands of Euros	**December 31, 2016**	**Business combination**	**Changes in profit or loss**	**Changes in equity**	**Exchange rate gains/losses**	**December 31, 2017**
Allowance for inventory write-down	580	-	(64)	-	(14)	503
Taxed allowance for impairment	2,117	-	(391)	-	(320)	1,405
Provisions	512	-	(253)	-	(10)	249
Losses carried forward	(178)	-	97	-	2	(78)
Derecognition of intragroup profit on inventories	195	-	41	-	-	236
Intragroup gains	1,082	-	(93)	-	-	989
Leases	118	-	(0)	-	-	118
Property, plant and equipment and intangible assets	(10,721)	592	1,035	13	295	(8,786)
Employee benefits	637	-	(31)	-	23	630
Derivatives	119	-	(2)	(65)	-	51
Exchange rate gains/(losses)	(2,685)	-	476	-	-	(2,209)
Other	188	-	200	-	(65)	324
TOTAL	**(8,036)**	**592**	**1,015**	**(52)**	**(88)**	**(6,569)**

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 € 188,499 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 € 166,707 thousand and refer to GCL Holdings S.C.A., Guala Closures S.p.A, Guala Closures UK Ltd, Guala Closures France SAS and Axiom Propack Pvt Ltd..

If recognized, potential deferred tax assets on total tax losses that can be carried forward would amount to € 46,230 thousand at December 31, 2017 (including € 40,527 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.

Reference should be made to note 34) "Fair value of financial instruments and sensitivity analysis" 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 38) "Commitments and guarantees" to these consolidated financial statements for information on the relevant guarantees given.

Financial liabilities at December 31, 2016 and 2017 are shown below:

Thousands of Euros	**December 31, 2016**	**December 31, 2017**
Current financial liabilities		
Bonds	3,365	3,095
Bank loans and borrowings	6,299	14,295
Other financial liabilities	2,782	3,050
	12,446	20,440
Non-current financial liabilities		
Bonds	499,698	501,789
Bank loans and borrowings	34,346	49,636
Other financial liabilities	23,714	22,370
	557,758	573,795
Total	**570,204**	**594,235**

The terms and expiry dates of the financial liabilities at December 31, 2016 and 2017 are shown below:

	Nominal amount					
Thousands of Euros	**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 Facility	34,000	-	34,000	-	-	34,000
Transaction costs	(1,487)	-	(1,487)	-	-	(1,487)
Total Senior Revolving 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**

Thousands of Euros	Nominal amount					
	Total December 31, 2017	**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.	3,095	3,095	-	-	3,095	-
Transaction costs	(8,211)	-	(8,211)	-	-	(8,211)
TOTAL FRSSN 2021 Guala Closures S.p.A.	**504,884**	**3,095**	**501,789**	**-**	**3,095**	**501,789**
Bank loans and borrowings:						
Senior Revolving Facility	50,000	-	50,000	-	-	50,000
Transaction costs	(1,182)	-	(1,182)	-	-	(1,182)
Total Senior Revolving Facility	**48,818**	**-**	**48,818**	**-**	**-**	**48,818**
Accrued interest and expense - Guala Closures S.p.A.	(14)	(14)	-	-	(14)	-
Yes Bank loan and bank overdraft Axiom Propack (India)	5,958	5,958	-	-	5,958	-
Handlowy S.A. / Millennium S.A. bank overdraft (Poland)	4,622	4,622	-	-	4,622	-
Banco de la Nacion Argentina loan (Chile)	576	192	384	-	192	384
Bancolombia loan (Colombia)	58	58	-	-	58	-
Bradesco / ITAU / Santander loans and bank overdraft (Brazil)	486	461	25	-	461	25
Advances on receivables and loans (Argentina)	2,629	2,512	118	-	2,512	118
Banamex loan (Mexico)	797	505	291	-	505	291
Total bank loans and borrowings	**63,931**	**14,295**	**49,636**	**-**	**14,295**	**49,636**
Other financial liabilities:						
Guala Closures S.p.A. finance leases	7,772	2,223	5,549	-	2,223	5,549
Liability to the Ukrainian non-controlling investors	16,800	-	-	16,800	-	16,800
Other liabilities	848	827	21	-	827	21
Total other financial liabilities	**25,420**	**3,050**	**5,570**	**16,800**	**3,050**	**22,370**
TOTAL	**594,235**	**20,440**	**556,995**	**16,800**	**20,440**	**573,795**

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

The interest rates and expiry dates of the financial liabilities at December 31, 2016 and December 31, 2017 are shown below:

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)
TOT. BOND FRSSN 2021 Guala Closures S.p.A.				**503,063**
Bank loans and borrowings:				
Senior Revolving Facility due in 2021	EUR	Euribor 3M + 4.00%	2021	34,000
Transaction costs	EUR	n.a.	2021	(1,487)
Total Senior Revolving Facility				**32,513**
Accrued interest and expense - Guala Closures S.p.A.	EUR	n.a.	2017	(4)
Millennium Bank / Handlowy 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)	ARS	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.

Thousands of Euros	Currency	Nominal interest rate	Expiry date	Total December 31, 2017
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.	2018	3,095
Transaction costs	EUR	n.a.	2021	(8,211)
TOT. BOND FRSSN 2021 Guala Closures S.p.A.				**504,884**
Bank loans and borrowings:				
Senior Revolving Facility due in 2021	EUR	Euribor 3M + 4.00%	2021	50,000
Transaction costs	EUR	n.a.	2021	(1,182)
Total Senior Revolving Facility				**48,818**
Accrued interest and expense - Guala Closures S.p.A.	EUR	n.a.	2018	(14)
Yes Bank loan and bank overdraft Axiom Propack (India)	INR	8.50%	n.a.	5,958
Handlowy S.A. / Millennium S.A. bank overdraft (Poland)	PLN	Wibor 1M (*)	n.a.	4,622
Banco de la Nacion Argentina loan (Chile)	CLP	7.56%	2020	576
Bancolombia loan (Colombia)	COP	I.B.R. + 3.25% (**)	2018	58
Bradesco / ITAU / Santander loans and bank overdraft (Brazil)	BRL	n.a.	2019	486
Advances on receivables and loans (Argentina)	ARS	n.a.	n.a.	2,629
Banamex loan (Mexico)	USD	3.62%	2019	797
Total bank loans and borrowings				**63,931**
Other financial liabilities:				
Guala Closures S.p.A. finance leases	EUR	Euribor + 1.5% (***)	2020	7,772
Liability to the Ukrainian non-controlling investors	EUR	n.a.	n.a.	16,800
Other liabilities	EUR	n.a.	n.a.	848
Total other financial liabilities				**25,420**
TOTAL				**594,235**

(*) 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 Facility's availability is shown in the table below:

Credit facility	Available amount (thousands of Euros)	Amount used at December 31, 2017	Residual available amount at December 31, 2017
Revolving Facility due 2021	65,000	50,000	15,000
Total	**65,000**	**50,000**	**15,000**

(13) Trade payables

This caption is made up as follows:

Thousands of Euros	December 31, 2016	December 31, 2017
Suppliers	64,217	70,260
Payments on account	2,032	1,393
Total	**66,249**	**71,652**

At December 31, 2017, trade payables may be analyzed by original currency as follows:

Thousands of Euros	EUR	USD	GBP	Other currencies	Total
Trade payables	39,773	8,685	2,439	20,755	**71,652**

Other currencies include trade payables in the following local currencies:

Thousands of Euros	December 31, 2017
Indian rupia	5,069
Polish zloty	4,114
Argentinean peso	2,192
Mexican peso	1,922
Australian dollar	1,872
South African rand	1,856
Ukrainian hryvnia	1,380
Chinese renmimbi	739
Brazilian real	585
New Zealand dollar	280
Columbian peso	295
Other	451
Total	**20,755**

(14) Current indirect tax liabilities

This caption is made up as follows:

Thousands of Euros	December 31, 2016	December 31, 2017
VAT and other indirect taxes	4,556	6,905
Total	**4,556**	**6,905**

The increase in VAT and other indirect taxes is due to the accrual for tax and related matters dating to the period 2012-2016 at the level of the Group's subsidiary Guala Closures S.p.A..
Although Guala Closures S.p.A. (the surviving company following the inverse merger of GCL Special Closures S.r.l. into Guala Closures S.p.A. in 2012) believes that it has been in full compliance with all laws and regulations applicable at that time, it agreed to a settlement to resolve these issues. As a result, the Group already paid € 1.6 million in December 2017 and accounted for an additional tax liability of € 1.5 million to be paid in 2018 which is included in the line item "income taxes" into the consolidated statement of profit or loss and other comprehensive income".

(15) Provisions

This caption may be analyzed as follows:

CURRENT PROVISIONS:

Thousands of Euros	December 31, 2016	December 31, 2017
Provision for returns	1,014	629
Provision for restructuring	158	106
Other current provisions	5	4
Total current provisions	**1,176**	**739**

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

Changes in the provisions are as follows:

CURRENT PROVISIONS:

Thousands of Euros	2017
Opening current provisions	1,176
Exchange rate losses	(2)
Allowance of the year	287
Utilization	(722)
Closing current provisions	**739**

NON-CURRENT PROVISIONS:

Thousands of Euros	December 31, 2016	December 31, 2017
Provision for legal disputes	24	353
Provision for agents' termination indemnity	127	133
Total non-current provisions	**151**	**486**

Provision for legal disputes mainly include an allowance of the year in relation to the accidents that took place in Magenta, where Guala Closures S.p.A. is involved as a party to the proceeding for the administrative infringement provided for by art. 5 letter a) and 25 septies paragraph three of Italian Legislative Decree 231/2001.

Changes in the provisions are as follows:

NON-CURRENT PROVISIONS:

Thousands of Euros	**2017**
Opening non-current provisions	151
Exchange rate losses	(1)
Allowance of the year	338
Utilization	(2)
Closing non-current provisions	**486**

(16) Financial derivative liabilities

This caption may be analyzed as follows:

Thousands of Euros	**December 31, 2016**	**December 31, 2017**
Fair value of IRSs	431	213
Fair value of aluminum derivatives	2	-
Total	**433**	**213**

The main features of the contracts in place at December 31, 2017 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 € 2,149 thousand at December 31, 2017.
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 € 2,149 thousand at December 31, 2017.

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, 2017	December 31, 2016 Positive/(negative) fair value	December 31, 2017 Positive/(negative) fair value
Interest rate swaps on leases	Hedge accounting	(431)	(213)
Forward aluminum purchases	Recognized at fair value through profit or loss	(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, 2016	December 31, 2017
Payables to employees	8,909	10,087
Payables for capex	4,255	5,503
Social security charges payable	2,831	2,978
Payables for dividends	1,073	2,529
Payable for transaction costs on Guala Closures S.p.A. bond issue	3,768	-
Other payables	5,793	8,399
Total	**26,629**	**29,496**

(18) Employee benefits

This caption is made up as follows:

Thousands of Euros	December 31, 2016	December 31, 2017
Post-employment benefits - Guala Closures S.p.A.	4,344	4,172
Other	1,901	2,204
Total	**6,246**	**6,376**

Changes in Employee benefits are as follows:

Thousands of Euros	December 31, 2016	December 31, 2017
Balance at January 1	5,745	6,246
Exchange rate gains	22	9
Business combinations	247	30
Change recognized in profit or loss - personnel expense	1,871	1,599
Change recognized in profit or loss - other (income)/expense	(414)	35
Change recognized in OCI	162	(15)
Transfer in (out)	(29)	38
Benefits paid	(1,360)	(1,566)
Balance at December 31	**6,246**	**6,376**

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, 2016	December 31, 2017
Balance at January 1	4,295	4,344
Change recognized in profit or loss - personnel expense	1,159	1,174
Change recognized in profit or loss - other (income)/expense	65	51
Change recognized in OCI	158	96
Benefits paid	(1,332)	(1,493)
Balance at December 31	**4,344**	**4,172**

Actuarial parameter baseline:

	December 31, 2016	December 31, 2017
Average inflation rate	1.50% p.a.	1.50% p.a.
Discount rate	1.31% p.a.	0.88% p.a.
Annual rate of increase in post-employment benefits	2.625% p.a.	2.625% p.a.

For valuations at December 31, 2017, an annual fixed discount rate of 0.88% was utilized based on the value of Iboxx indexes AA corporate bonds observed at December 31, 2017, as per the requirements of IAS 19.

The Group expects to pay around € 1.6 million of benefits to its defined benefit plan in 2018 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, 2017 by the amounts shown below:

	Defined benefit obligation	
Thousands of Euros	**Increase**	**Decrease**
Turnover rate (1% variation)	(27)	30
Average inflation rate (0.25% variation)	54	(53)
Discount rate (0.25% variation)	(85)	88

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, 2016 and 2017 (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, 2016	December 31, 2017
Present value of the obligations	(71,944)	(68,004)
Fair value of plan assets	87,500	84,833
Total	**15,556**	**16,829**

Changes in the net amount of the fund:

Thousands of Euros	December 31, 2016	December 31, 2017
Balance at January 1	17,368	15,556
Exchange rate losses	(2,510)	(567)
Service cost	(22)	(24)
Interest on defined benefit obligation	(2,212)	(1,743)
Interest on plan assets	2,765	2,131
Scheme administration expenses	(242)	(168)
Actuarial gains	409	1,644
Balance at December 31	**15,556**	**16,829**

Changes in the present value of the obligations:

Thousands of Euros	December 31, 2016	December 31, 2017
Balance at January 1	(72,119)	(71,944)
Exchange rate gains	10,961	2,549
Service cost	(22)	(24)
Interest on defined benefit obligation	(2,212)	(1,743)
Contribution by plan participants	(4)	(3)
Benefits paid	4,486	3,874
Actuarial gains	(13,035)	(712)
Balance at December 31	**(71,944)**	**(68,004)**

Changes in the fair value of plan assets:

Thousands of Euros	December 31, 2016	December 31, 2017
Balance at January 1	89,487	87,500
Exchange rate losses	(13,471)	(3,116)
Interest on plan assets	2,765	2,131
Scheme administration expenses	(242)	(168)
Contribution by plan participants	4	3
Benefits paid	(4,486)	(3,874)
Actuarial losses	13,444	2,356
Balance at December 31	**87,500**	**84,833**

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

	December 31, 2016	December 31, 2017
Equities	38%	35%
Bonds	31%	33%
Gilts	31%	32%
Cash	0%	0%

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

Actuarial parameter baseline:

	December 31, 2016	December 31, 2017
Salary growth rate	4.00% p.a.	4.00% p.a.
Rate of increase in pensions provided (average)	3.00% p.a.	3.00% p.a.
Average inflation rate	3.20% p.a.	3.10% p.a.
Discount rate	2.55% p.a.	2.45% p.a.

The Group does not expect to pay any further contributions in 2018 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, 2017 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)	(3,058)	-
Average inflation rate (-0.1% p.a.)	267	-
Discount rate (+0.1% p.a.)	970	-

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) Other non-current liabilities

This caption is made up as follows:

Thousands of Euros	December 31, 2016	December 31, 2017
Other non-current liabilities	43	595
Total	**43**	**595**

The increase in this caption is mainly due to the recognition of € 574 thousand of deferred payments in relation to the acquisition of Axiom Propack Pvt Ltd.

(20) Equity attributable to the owners of the parent

As of December 31, 2017, 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 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.

(21) Equity attributable to non-controlling interests

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

	Non-controlling interests % December 31, 2016	Non-controlling interests % December 31, 2017	Balance at December 31, 2016	Balance at December 31, 2017
Guala Closures Ukraine LLC	30.0%	30.0%	9,112	7,979
Guala Closures India Pvt Ltd CONS	5.0%	5.0%	1,938	2,150
Guala Closures Argentina S.A.	1.6%	1.6%	31	4
Guala Closures de Colombia LTDA	6.8%	6.8%	562	547
Guala Closures Bulgaria A.D. CONS	30.0%	30.0%	2,290	2,033
Guala Closures DGS Poland S.A.	30.0%	30.0%	11,234	11,694
Guala Closures France SAS	30.0%	30.0%	171	78
Total			**25,338**	**24,486**

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, 2016	**Carrying amount**					
Thousands of Euros	**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**
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**

December 31, 2017	Carrying amount						
Thousands of Euros	**Guala Closures DGS Poland S.A.**	**Guala Closures Ukraine LLC**	**Guala Closures Bulgaria A.D. CONS**	**Guala Closures India Pvt Ltd CONS**	**Other individually immaterial subsidiaries**	**Intra-group eliminations**	**Total**
Non-controlling interests percentage	**30%**	**30%**	**30%**	**5%**			
Non-current assets	30,789	11,194	3,213	37,166			
Current assets	35,503	24,806	4,661	23,361			
Non-current liabilities	(2,913)	-	(86)	(1,481)			
Current liabilities	(24,398)	(9,404)	(1,013)	(16,050)			
Equity	**38,981**	**26,596**	**6,776**	**42,996**			
Equity attributable to non-controlling interests	**11,694**	**7,979**	**2,033**	**2,150**	630		**24,486**
Total revenue (third parties + related parties)	**87,551**	**55,894**	**10,385**	**64,240**			
Profit for the year	11,244	14,794	998	9,599			
Other comprehensive income/(expense) (OCI)	1,791	(694)	-	(2,852)			
Total comprehensive income	**13,035**	**14,100**	**998**	**6,747**			
Profit allocated to non-controlling interests	3,373	4,438	299	480	77		**8,668**
OCI allocated to non-controlling interests	537	(208)	-	(143)	(55)		**132**
Total comprehensive income allocated to non-controlling interests	**3,911**	**4,230**	**299**	**337**	**23**	**-**	**8,800**
Cash flows from operating activities	10,399	11,246	1,066	16,120			
Cash flows used in investing activities	(2,347)	(4,005)	(75)	(6,639)			
Cash flows used in financing activities (including dividends to NCI)	(8,638)	(12,286)	(3,914)	(7,542)			
Net increase (decrease) in cash and cash equivalents	**(586)**	**(5,044)**	**(2,924)**	**1,939**			
Dividends paid to non-controlling interests	2,530	3,836	122	136	194		**6,819**

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

(22) 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	**2016**	**2017**
Europe	273,146	290,353
Asia	74,768	71,916
Latin and North America	89,276	106,988
Oceania	48,660	48,608
Africa	14,418	16,967
Total	**500,268**	**534,832**

(23) Other operating income

This caption includes:

Thousands of Euros	**2016**	**2017**
Sundry recoveries/repayments	3,019	3,515
Gains on sale of fixed assets	207	171
Other	369	654
Total	**3,595**	**4,340**

(24) Work performed by the Group and capitalised

This caption amounts to € 4,928 thousand in 2017 (€ 6,615 thousand in 2016) and includes € 556 thousand of capitalized development expenditure related to new closures and € 4,372 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 € 550 thousand and foreign companies amounting to € 3,822 thousand.

(25) Costs for raw materials

This caption includes:

Thousands of Euros	2016	2017
Raw materials and supplies	194,468	222,321
Packaging	8,985	9,981
Consumables and maintenance	11,562	10,373
Fuels	427	459
Other purchases	2,573	3,391
Change in raw materials inventories	421	(10,559)
Total	**218,436**	**235,966**

Costs from raw materials increased from € 218.4 million in 2016 to € 236.0 million in 2017, but the impact as a percentage of production value is stable at 43.6%.

(26) Costs for services

This caption includes:

Thousands of Euros	2016	2017
Electricity / Heating	21,770	22,474
Transport	20,031	22,206
External processing	7,550	9,820
Administrative services	2,982	7,934
External labor / porterage	5,267	6,429
Maintenance	5,518	5,708
Sundry industrial services	5,395	5,148
Travel	4,370	4,698
Legal and consulting fees	3,694	3,567
Insurance	2,676	2,715
Technical assistance	1,034	1,403
Cleaning service	1,087	1,129
Directors' fees	991	962
Commissions	779	900
Entertainment expenses	875	800
Telephone costs	832	719
Security	449	432
Advertising services	314	356
Commercial services	322	325
Expos and trade fairs	366	210
Other	2,176	2,289
Total	**88,478**	**100,221**

Details of fees paid to the key management personnel are provided in note 35) “Related party transactions” to these consolidated financial statements.

(27) Personnel expense

This caption includes:

Thousands of Euros	2016	2017
Wages and salaries	75,740	80,878
Social security contributions	12,421	13,666
Expense/(Income) from defined benefit plans	1,871	1,599
Other costs	3,775	4,447
Total	**93,806**	**100,589**

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

At December 31, 2016 and 2017, the Group had the following number of employees:

Number	December 31, 2016	December 31, 2017
Blue collars	2,991	3,112
White collars	844	905
Managers	207	217
Total	**4,042**	**4,234**

(28) Other operating expense

This caption includes:

Thousands of Euros	2016	2017
Rent and leases	4,800	5,017
Taxes and duties	2,022	2,461
Other costs for the use of third party assets	1,736	1,651
Other provisions	781	625
Allowance for bad debts	-	81
Other charges	1,023	1,107
Total	**10,361**	**10,943**

(29) Financial income

This caption includes:

Thousands of Euros	2016	2017
Exchange rate gains	6,262	2,838
Interest income	1,644	632
Other financial income	216	112
Total	**8,122**	**3,582**

The decrease in interest income is mainly due to higher interest accrued in 2016 on the cash held in Ukraine for a certain part of the year.

(30) Financial expense

This caption includes:

Thousands of Euros	**2016**	**2017**
Interest expense	40,436	30,743
Exchange rate losses	8,723	11,959
Financial expense on liability versus non-controlling investors in the Ukrainian company	2,400	900
Financial expense for debt refinancing	10,358	-
Other financial expense	9	1,379
Total	**61,926**	**44,982**

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 refered 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.

(31) 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	**2016**	**2017**
Recognized in profit or loss		
Interest income	1,644	632
Exchange rate gains	6,262	2,838
Other financial income	216	112
Total financial income	**8,122**	**3,582**
Interest expense on financial liabilities measured at amortized cost	(40,436)	(30,743)
Exchange rate losses	(8,723)	(11,959)
Other financial expense	(12,767)	(2,279)
Total financial expense	**(61,926)**	**(44,982)**
Net financial expense recognized in profit or loss	**(53,804)**	**(41,400)**
Recognized directly in equity in the hedging reserve		
Effective portion of fair value losses on cash flow hedges	(29)	2
Net change in fair value of cash flow hedges reclassified to profit or loss	275	216
Total recognized directly in equity	**246**	**218**

(32) Income taxes

This caption includes:

Thousands of Euros	2016	2017
Current taxes	(20,088)	(24,544)
Deferred tax income	525	1,015
Total	**(19,563)**	**(23,529)**

The increase in current taxes is mainly due to the costs accounted in relation to tax and related matters dating to the period 2012-2016. In relation to this accrual for potential tax and related matters, please refer to the note 14) "Current indirect tax liabilities".

Deferred tax income in profit or loss does not reflect the change in the corresponding captions of the statement of financial position due to the effect of transactions recognized directly in equity (€ -52 thousand), as described in the following table.

Change in deferred tax liabilities recognized directly in equity

Thousands of Euros	December 31, 2016	December 31, 2017
Change in deferred tax liabilities on fair value adjustments on cash flow hedges and other	(68)	(52)
Total	**(68)**	**(52)**

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	**2016**	**2017**
Profit before taxation	**15,908**	**28,312**
Income tax using Luxembourg tax rate (2016: 29.21%; 2017: 27.08%)	**(4,645)**	**(7,667)**
Effect of tax rates in foreign jurisdictions	2,101	(362)
Reduction in tax rate	14	14
Non-deductible expenses	(11,580)	(11,141)
Tax-exempt income	951	708
Tax incentives	523	487
Current-year losses for which no deferred tax asset is recognised	(2,323)	(292)
Recognition of previously unrecognised tax losses	403	475
Changes in estimates related to prior years	(385)	(20)
Total increase	**(10,296)**	**(10,132)**
Effective tax	**(14,941)**	**(17,799)**
Other taxes, other than income taxes	(4,622)	(5,731)
Total current taxes for the year	**(19,563)**	**(23,529)**

(33) Explanatory notes to the consolidated statement of cash flows

The following is a reconciliation of liabilities arising from financing activities for the year ended December 31, 2017:

Thousands of Euros		**Note**
Total Debt at January 1, 2017	**570,204**	
Derivative (assets)/liabilities and collateral at January 1, 2017	(100)	
Total Liabilities from financing activities at January 1, 2017	**570,104**	
Cash effect (*)		
Proceeds from new borrowings and bonds	24,330	
Repayment of borrowings and bonds	(6,353)	
Repayment of finance leases	(2,049)	
Interests paid	(29,931)	
Non- Cash effect		
Interest and other financial expense	29,727	30
Foreign exchange effects	(353)	
Fair value changes on derivatives	313	
Fair value changes on Ukrainian non-controlling investor liability	900	30
Changes in scope of consolidations (Axiom Propack Ltd)	5,441	4
Transaction costs amortization	2,396	30
Other changes	(74)	
Total Liabilities from financing activities at December 31, 2017	**594,448**	
Derivative (assets)/liabilities and collateral at December 31, 2017	213	
Total Debt at December 31, 2017	**594,235**	

(*) In relation to Cash effect, reference should be made to the consolidated statement of cash flows on page 49.

OTHER INFORMATION

(34) Fair value of financial instruments and sensitivity analysis

(a) Accouting 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 of December 31, 2016 and 2017. 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 2017.

December 31, 2016		Carrying amount								Fair value			
Thousands of Euros	Note	Fair value - Held-for-trading	Designated at FVTPL	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		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 of some financial instruments such as current trade receivables, financial assets and payables, because their carrying amounts are a reasonable approximation of fair values.

December 31, 2017		Carrying amount								Fair value			
Thousands of Euros	**Note**	**Fair value - Held-for-trading**	**Designated at FVTPL**	**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 not measured at fair value (*)													
Trade receivables	6					102,444			**102,444**				-
Cash and cash equivalents	5					40,618			**40,618**				-
		-	-	-	-	**143,062**	-	-	**143,062**	-	-	-	-
Financial liabilities measured at fair value													
Interest rate swaps used for hedging	16			(213)					**(213)**		(213)		**(213)**
Put option on non-controlling interests	12		(16,800)						**(16,800)**			(16,800)	**(16,800)**
		-	**(16,800)**	**(213)**	-	-	-	-	**(17,013)**	-	**(213)**	**(16,800)**	**(17,013)**
Financial liabilities not measured at fair value (*)													
Bank overdraft	12							(10,580)	**(10,580)**		(10,580)		**(10,580)**
Secured bank loans	12							(52,230)	**(52,230)**		(52,571)		**(52,571)**
Unsecured bank loans	12							(1,120)	**(1,120)**		(1,120)		**(1,120)**
Secured bonds issues	12							(504,884)	**(504,884)**		(516,797)		**(516,797)**
Finance lease liabilities	12							(7,772)	**(7,772)**		(7,547)		**(7,547)**
Trade payables	13							(71,652)	**(71,652)**				-
Other payables	12							(848)	**(848)**		(848)		**(848)**
		-	-	-	-	-	-	**(649,087)**	**(649,087)**	-	**(589,464)**	-	**(589,464)**

(*) The Group has not disclosed the fair values of some financial instruments such as current trade receivables, financial assets 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	*Discounted cash flows:* 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.	• Forecast EBITDA (average of last 2 years - 2016 and 2017 - and 2018 budget figures) • Net financial position of the Ukrainian subsidiary as at December 31, 2017 • Risk-adjusted discount rate (6.6%) • Expected date of put option exercise	The estimated fair value would increase if: • 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	*Market comparison technique:* 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.

Even though secured bonds issues are quoted on the OTC market like Extra-MOT in Milan and Euro-MTF in Luxembourg, no relevant transaction were recorded during the year and so such financial instrument was classified as level 2.

(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, 2016	December 31, 2017
Balance at January 1	13,500	15,900
Loss included in "financial expense" - Net change in fair value (unrealised)	2,400	900
Balance at December 31	**15,900**	**16,800**

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%	(1,700)
	(10%)	1,600
Net financial position	+ 1 million €	(300)
	- 1 million €	200
Risk-adjusted discount rate	1%	1,600
	(1%)	(1,800)
Expected date of put option exercise	+ 1 year	1,000
	- 1 year	(1,100)

(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, 2016 and 2017, trade receivables may be analyzed by geographical segment as follows:

Thousands of Euros	**December 31, 2016**	**December 31, 2017**
Europe	48,817	55,930
Asia	13,686	13,278
Latin America	10,730	15,307
Oceania	5,928	5,476
Rest of the world	9,973	12,453
Total	**89,134**	**102,444**

At December 31, 2017, trade receivables may be analyzed by due date as follows:

Thousands of Euros	**Gross amount December 31, 2017**	**Impairment losses December 31, 2017**	**Net amount December 31, 2017**
Not yet due	78,521	(17)	78,504
0-30 days overdue	17,668	(18)	17,650
31-90 days overdue	5,489	(365)	5,124
More than 90 days overdue	3,027	(1,860)	1,167
Total	**104,705**	**(2,261)**	**102,444**

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 analyzes 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, 2017, trade receivables may be analyzed by original currency as follows:

Thousands of Euros	EUR	USD	INR	GBP	Other currencies	Total
Trade receivables	34,374	11,930	10,886	6,426	38,829	**102,444**

Other currencies includes trade receivables in the following local currencies:

Thousands of Euros	December 31, 2017
Russian ruble	6,794
Ukrainian hryvnia	6,576
Polish zloty	4,868
Australian dollar	3,997
South African rand	3,798
Mexican peso	2,630
Chilean peso	2,570
Columbian peso	2,142
Argentinean peso	1,608
New Zealand dollar	1,376
Brazilian real	1,213
Chinese renmimbi	1,080
Other	177
Total	**38,829**

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

Thousands of Euros	December 31, 2017
- Four or more years' trading history with the Group	71,539
- From one to four years' trading history with the Group	14,035
- Less than one year' trading history with the Group	3,255
- Residual (not classified)	13,615
Total	**102,444**

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 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	16,800			(34,100)	(34,100)
Bank overdrafts	10,580	(10,580)			(10,580)
Secured bank loans	52,230	(5,270)	(56,860)	-	(62,130)
Unsecured bank loans	1,120	(495)	(627)	-	(1,122)
Secured bond issues	504,884	(24,225)	(582,742)	-	(606,967)
Finance lease liabilities	7,772	(2,238)	(5,549)	-	(7,787)
Trade payables	71,652	(71,652)	-	-	(71,652)
Other	848	(827)	(21)	-	(848)
Total	**665,887**	**(115,288)**	**(645,798)**	**(34,100)**	**(795,187)**
Derivative financial liabilities					
Interest rate swaps used for hedging	213	(150)	(70)	-	(220)
Total	**213**	**(150)**	**(70)**	**-**	**(220)**

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 put option on non-controlling interest 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 materalise 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 small portion of the payable amount subject to interest rate risk due to the current low level of interest rate. 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:

		Repricing date					
Thousands of Euros	**Effective interest rate - December 2017**	**Total 31/12/17**	**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.	3,095	3,095	-	-	-	-
Transaction costs	n.a.	(8,211)	(8,211)	-	-	-	-
TOT. BOND FRSSN 2021 Guala Closures S.p.A.		**504,884**	**504,884**	**-**	**-**	**-**	**-**
Bank loans and borrowings:							
Senior Revolving Facility due in 2021	4.00%	50,000	50,000	-	-	-	-
Transaction costs	n.a.	(1,182)	(1,182)	-	-	-	-
Total Senior Revolving Facility		**48,818**	**48,818**	**-**	**-**	**-**	**-**
Accrued interest and expense - Guala Closures S.p.A.	n.a.	(14)	(14)	-	-	-	-
Yes Bank loan and bank overdraft Axiom Propack (India)	8.50%	5,958	5,958	-	-	-	-
Handlowy S.A. / Millennium S.A. bank overdraft (Poland)	0.70%	4,622	4,622	-	-	-	-
Banco de la Nacion Argentina loan (Chile)	7.56%	576	576	-	-	-	-
Bancolombia loan (Colombia)	7.35%	58	58	-	-	-	-
Bradesco / ITAU / Santander loans and bank overdraft (Brazil)	3.90%	486	486	-	-	-	-
Advances on receivables and loans (Argentina)	n.a.	2,629	2,629	-	-	-	-
Banamex loan (Mexico)	3.62%	797	797	-	-	-	-
Total bank loans and borrowings		**63,931**	**63,931**	**-**	**-**	**-**	**-**
Other financial liabilities:							
Guala Closures S.p.A. finance leases	n.a.	7,772	7,772	-	-	-	-
Liability to the Ukrainian non-controlling investors	n.a.	16,800	16,800	-	-	-	-
Other liabilities	n.a.	848	848	-	-	-	-
Total other financial liabilities		**25,420**	**25,420**	**-**	**-**	**-**	**-**
TOTAL		**594,235**	**594,235**	**-**	**-**	**-**	**-**

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, 2017:

Thousands of Euros	Increase of 100bp	Decrease of 100bp
Floating Rate Senior Secured Notes due in 2021 issued by Guala Closures S.p.A.	(17,604)	2,446
Senior Revolving Facility Agreement - gross of transaction costs	(1,816)	263
Sensitivity of cash flows for Bonds and Revolving facility (net)	**(19,420)**	**2,709**
Finance leases	(82)	82
Related interest rate swaps	30	(23)
Sensitivity of cash flows of other financial liabilities (net)	**(52)**	**59**

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 USA dollar, Australian dollar, British pound sterling, Indian Rupia INR, Ukrainian Hryvnia UAH and Polish Zloty.
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 was managed in the past using exchange rate hedges when significant differences are noted between cost and revenue in foreign currency and such differences were hedged through currency swaps. These provided for the purchase/sale of agreed amounts in foreign currency at a set exchange rate against the Euro.
At the reporting date no exchange rate hedges was in place.

Sensitivity analysis
As of December 31, 2016 and 2017, a strengthening of the USD, GBP, AUD, INR, UAH and PLN against the Euro, as indicated below, would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis is based on exchange rate fluctuations that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis, although the changes in exchange rates differed to those expected, as indicated below.

	Strengthening		**Weakening**	
2016	**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

	Strengthening		**Weakening**	
2017	**Assets**	**Profit or loss**	**Liabilities**	**Profit or loss**
USD (10% change)	371	371	(303)	(303)
GBP (10% change)	619	619	(507)	(507)
AUD (10% change)	647	647	(529)	(529)
INR (10% change)	582	582	(476)	(476)
UAH (10% change)	824	824	(674)	(674)
PLN (10% change)	(360)	(360)	294	294

All the positions (assets less liabilities) denominated in the above mentioned foreign currency are positive, excluding the position in PLN which is negative.

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 (reference should be made to note 16) "Financial derivatives liabilities" to these consolidated financial statements).

(35) 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 key management personnel are set out below:

Thousands of Euros	Costs recognized in the year							Other payables at December 31, 2017	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	482	2,247	23	26	300	**3,658**	316	**3,435**

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, 2017 are summarized below:
- at December 31, 2017, 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, 2017, Melville S.r.l. has a representative on the board of directors of GCL Holdings S.C.A.;
- at December 31, 2017, Melville S.r.l. has a representative on the board of directors of GCL Holdings GP S.à r.l.;
- at December 31, 2017, Melville S.r.l. has a representative on the board of directors of GCL Holdings LP S.à r.l.;
- at December 31, 2017, 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, 2017 are summarized below:
- at December 31, 2017, aPriori Capital Partners L.P. had five representatives on the board of directors of Guala Closures S.p.A.;
- at December 31, 2017, aPriori Capital Partners L.P. had seven representatives on the board of directors of GCL Holdings S,C.A.;
- at December 31, 2017, aPriori Capital Partners L.P. had four representatives on the board of directors of GCL Holdings GP S.à r. l.;
- at December 31, 2017, aPriori Capital Partners L.P. had two representatives on the board of directors of GCL Holdings LP S.à r. l.;
- at December 31, 2017, 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 interest in 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 the consolidated financial statements for additional information.

Some of Guala Closures S.p.A. managers, who are also the managers of the parent GCL Holdings S.C.A., also hold Class B shares (without voting rights attached) of the parent GCL Holdings S.C.A, whose share capital of €141,217.50 is divided into 39,578 Class A shares, 5,610 Class B limited shares, 67,785 preferred shares and one management share.
Should GCL Holdings LP S.à r.l. sell a controlling stake in GCL Holdings S.C.A., holders of Class B shares shall have their shares converted into Class A shares (with one vote per share).
Around 12% of Class A and 100% of Class B shares are owned by members of the management of GCL Holdings S.C.A..

(36) 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.

(37) 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, 2016 and 2017, the future minimum lease payments under non-cancellable leases and rents were receivable as follows:

Thousands of Euros	**2016**	**2017**
Less than one year	3,923	4,133
Between one and five years	9,109	8,658
More than five years	572	302
Total	**13,604**	**13,093**

Amounts recognized in profit or loss

Thousands of Euros	**2016**	**2017**
Lease and rent expense	5,309	5,649

(38) Commitments and guarantees

The Group's commitments and guarantees given at December 31, 2017 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 [Spólka 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, 2017 are as follows:

Guala Closures Argentina S.A.

- Mortgage on building given to Banco de la Nación Argentina for an amount of Argentinean pesos 11.9 million

Guala Closures India Pvt Ltd

- Securities given to Yes Bank for an amount of Indian rupees 570 million

Thousand of Euros	December 31, 2017
Guala Closures S.p.A.	
Third party assets held by the Group	4,490

(39) Events after the reporting period

On February 19, 2018, the preliminary sale of the building located in Torre d'Isola (Italy) was signed in Milan.
The completion of the transaction, with the signing of the notarial deed, must take place no later than June 30, 2018.

On April 16, 2018, the Company has signed a share purchase agreement with Space4 S.p.A. and Peninsula Capital II Sarl for the sale of part of the interests held in its controlled company Guala Closures S.p.A..

Guala Closures S.p.A., after closing and subject to the no objection rules to be issued by Consob, shall be merged in Space 4 S.p.A., which is a listed at the Milan stock exchange, so that Guala Closures S.p.A. shall become a listed Company.

The operation envisages a re-organization of GCL Holdings S.C.A. whereby such company will become held entirely by the Managers (M. Giovannini, F. Bove, A. Diaz and P. Ferrari) who will roll-over their participations in Guala Closures S.p.A.; post closing, in fact GCL Holdings S.C.A. (held by the Managers) will hold the shares in Guala Closures S.p.A. that will not be sold to the perspective purchasers.

On behalf of the Board of Directors
Managing Director
Marco Giovannini

April 20, 2018

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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of GCL Holdings S.C.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Law of July 23, 2016 on the audit profession ("Law of July 23, 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of July 23, 2016 and ISAs are further described in the « Responsibilities of "Réviseur d'Entreprises agréé" for the audit of the consolidated financial statements » section of our report. We are also independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the annual report and consolidated financial statements including 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.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the Réviseur d'Entreprises agréé for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of "Réviseur d'Entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

— Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of "Réviseur d'Entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of "Réviseur d'Entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Report on other legal and regulatory requirements

The consolidated management report, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements and has been prepared in accordance with the applicable legal requirements.

Luxembourg, April 20, 2018

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

Fabien Hadouin