



Condensed interim consolidated
financial statements
at June 30, 2017 and June 30, 2018

September 11, 2018

Registered and administrative office:
Via Rana, 12 - D/6 industrial estate - 15122 Spinetta Marengo - Alessandria
Share capital subscribed €68,906,646 fully paid-up
Tax code and Company Registration no.10038620968

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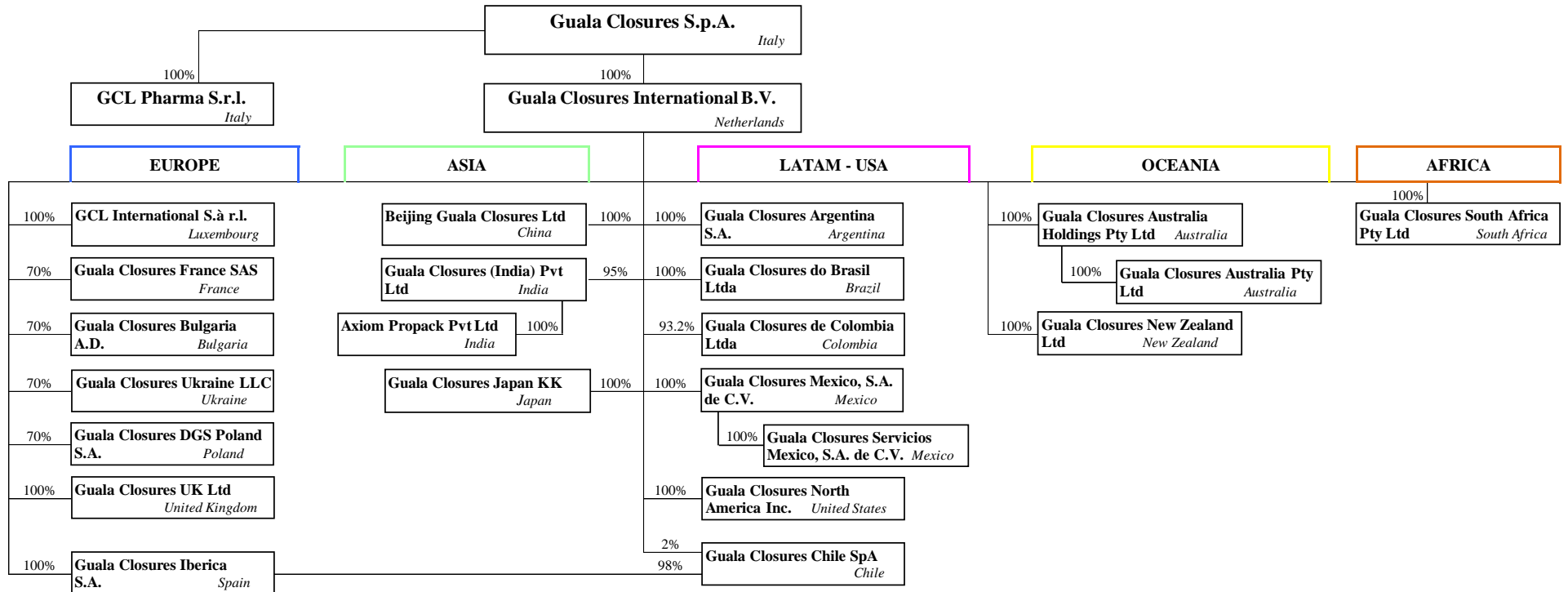
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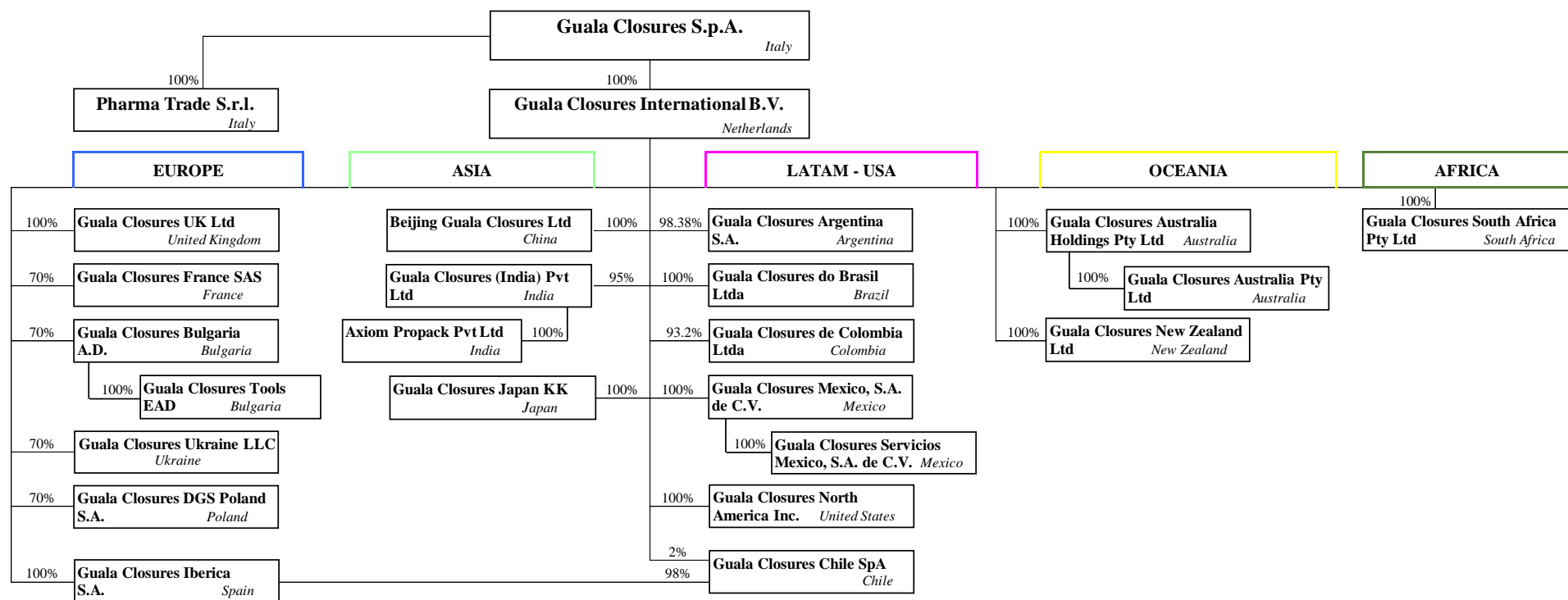
The structure of Guala Closures Group



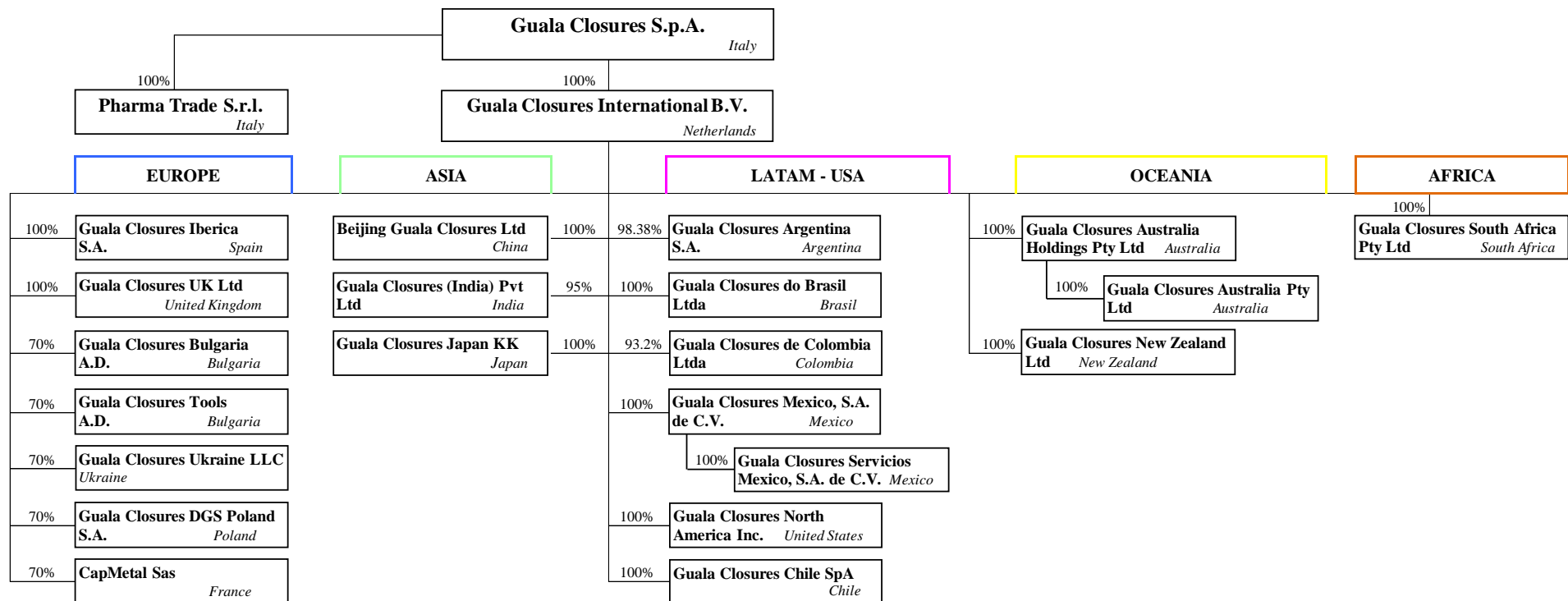
June 30, 2018



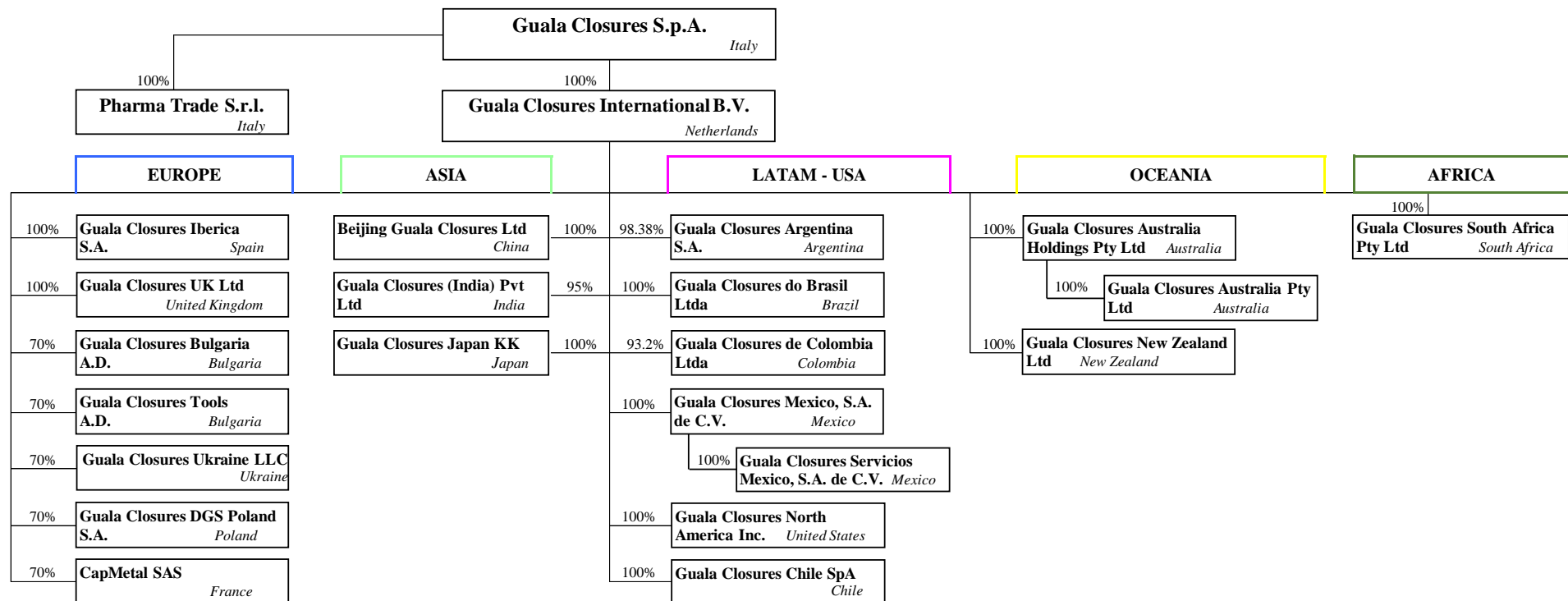
December 31, 2017



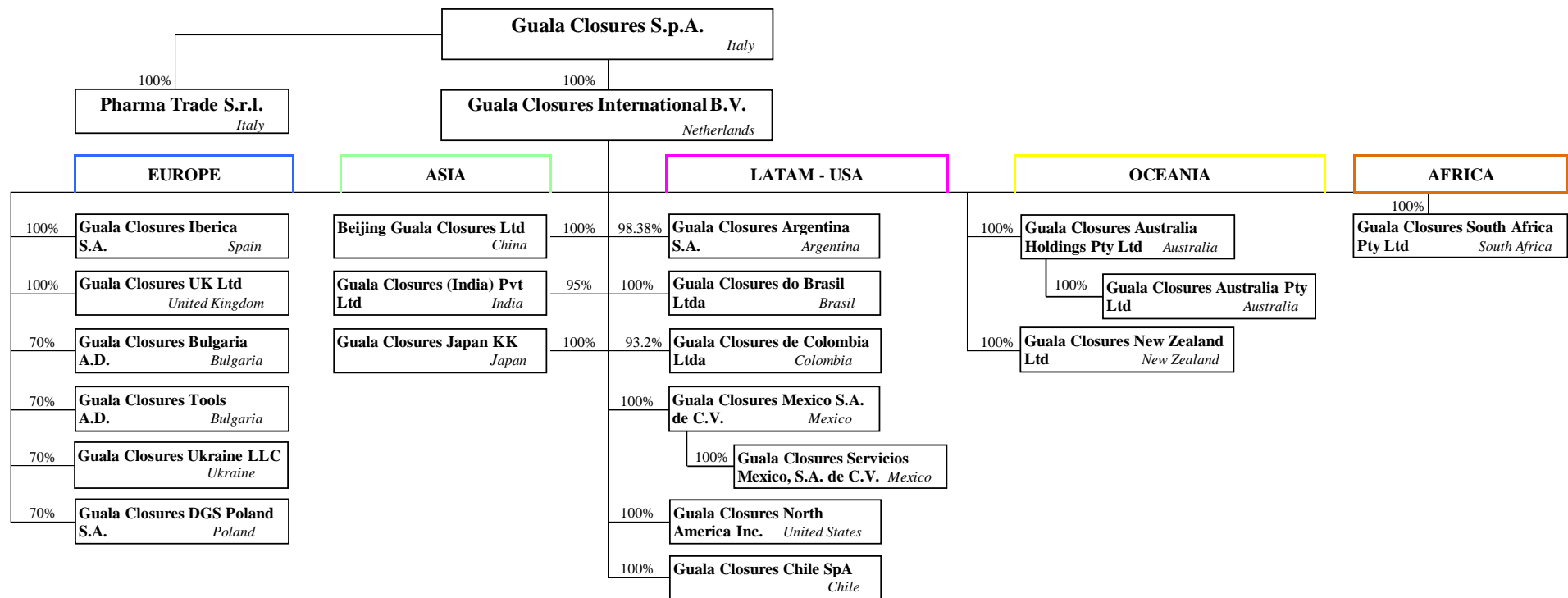
June 30, 2017



December 31, 2016



June 30, 2016



Directors' report



Guala Closures Group

Key figures

Consolidated figures	1H 2016	1H 2017	1H 2018	2018 at constant FX 2017
Revenue:	€ 235.4 ml	€ 251.0 ml	€ 258.7 ml (+3.1%)	€ 276.4 ml (+10.1%) 8.5% organic growth 1.6% from acquisitions
Adjusted gross operating profit (Adjusted EBITDA):	€ 46.9 ml	€ 47.8 ml	€ 46.6 ml (-2.6%)	€ 49.7 ml (+4.0%) 2.6% organic growth 1.4% from acquisitions
Employees:			4,242	
Plants:	27 plants and 3 sale offices in 21 countries on 5 continents			
Patents and utility models:	more than 140			

Note:

Reference should be made to the section "Alternative performance indicators" in this Directors' report on page 12 for information about the Group's Alternative performance indicators, such as Adjusted gross operating profit (Adjusted EBITDA) and sales for the first six months of 2018 at constant exchange rates

Results of operations, financial position and cash flows of Guala Closures Group

Alternative performance indicators

In addition to the financial performance indicators required by IFRS, this Directors' report and the notes to the condensed interim consolidated financial statements include some alternative performance indicators (EBITDA, Adjusted EBITDA, net financial indebtedness and amounts for the first six months of 2018 at constant exchange rates) 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 the profit for the period to exclude the impact of taxation, net financial expense, amortization/depreciation and impairment losses.

The Adjusted gross operating profit (EBITDA) is calculated by adjusting the profit for the period to exclude the impact of taxation, net financial expense, amortization/depreciation and impairment losses and other costs like restructuring expenses, operating expenses related to discontinued plant, costs related to significant production accidents, contingent tax penalties and related consultancy fees, consultancy fees for M&A, due diligence and other purposes.

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.

The Adjusted operating profit is calculated by adjusting the profit for the period to exclude the impact of taxation, net financial expense and other costs like restructuring expenses, operating expenses related to discontinued plant, costs related to significant production accidents, contingent tax penalties and related consultancy fees, consultancy fees for M&A, due diligence and other purposes.

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

Thousands of Euros	For the six months ended June 30,		
	2016	2017	2018
Profit from continuing operations	3,931	3,083	(933)
Income tax expense	7,790	8,272	7,060
Profit before tax	11,722	11,355	6,127
Net financial expense	19,874	19,898	20,740
Amortization	1,915	1,889	1,921
Depreciation	13,435	13,475	13,755
Impairment losses	(247)	348	306
Gross operating profit (EBITDA)	46,700	46,965	42,848
Adjustments for:			
Due diligence and other exit expense	-	-	2,640
Restructuring expense	65	91	802
Merger and acquisition ("M&A") expenses	10	-	171
Operating expenses related to discontinued plant	124	69	102
Costs related to significant production accident	-	442	-
Contingent tax penalties and related consultancy fees	-	257	-
Adjusted Gross operating profit (Adjusted EBITDA)	46,898	47,824	46,562

Thousands of Euros	For the six months ended June 30,		
	2016	2017	2018
Profit from continuing operations	3,931	3,083	(933)
Income tax expense	7,790	8,272	7,060
Profit before tax	11,722	11,355	6,127
Net financial expense	19,874	19,898	20,740
Operating profit	31,596	31,253	26,867
Adjustments for:			
Due diligence and other exit expense	-	-	2,640
Restructuring expense	65	91	802
Merger and acquisition ("M&A") expenses	10	-	171
Operating expenses related to discontinued plant	124	69	102
Costs related to significant production accident	-	442	-
Tax contingencies penalties and its consultancy fees	-	257	-
Adjusted operating profit	31,795	32,112	30,581

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, utilized in the following pages, refers:

- for the six months ended June 30, 2018, to the difference between the amounts for the first six months of 2018 (income and expense of foreign operations for the first six months of 2018 are translated into Euros at the average exchange rates of the first six months of 2018) and the 2018 currency amounts calculated at constant average exchange rates for the first six months of 2017 (income and expense of foreign operations for the first six months of 2018 are translated into Euros at the average exchange rates of the first six months of 2017);
- for the six months ended June 30, 2017, to the difference between the amounts for the first six months of 2017 (income and expense of foreign operations for the first six months of 2017 are translated into Euros at the average exchange rates of the first six months of 2017) and the 2017 currency amounts calculated at constant average exchange rates for the first six months of 2016 (income and expense of foreign operations for the first six months of 2017 are translated into Euros at the average exchange rates of the first six months of 2016).

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

Net financial indebtedness consists of financial liabilities minus cash and cash equivalents, as well as financial assets as reconciled in Annex A) to the condensed interim consolidated financial statements "Reconciliation between tables included in the Directors' report with the classification used in the condensed interim consolidated financial statements".

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.

Directors' report

The following information should be read together, and is entirely related to, the condensed interim consolidated financial statements and notes thereto included in these condensed interim consolidated financial statements.

Results of operations

The table below shows the reclassified consolidated income statement:

Reclassified consolidated income statement

<i>(Thousands of Euros)</i>	For the six months ended June 30,		
	2016	2017	2018
Net revenue	235,385	251,036	258,707
Change in inventories of finished goods and semi-finished products	11,106	14,294	11,909
Other operating income	1,996	2,368	1,644
Work performed by the Group and capitalised	2,669	3,125	2,905
Costs for raw materials	(108,711)	(119,190)	(124,186)
Costs for services	(45,450)	(50,432)	(53,618)
Personnel expense	(45,463)	(48,994)	(49,018)
Other operating expense	(4,832)	(5,241)	(5,496)
Gross operating profit (EBITDA)	46,700	46,965	42,848
Amortization, depreciation and impairment losses	(15,103)	(15,712)	(15,981)
Operating profit	31,596	31,253	26,867
Financial income	3,810	3,291	5,239
Financial expense	(23,685)	(23,189)	(25,979)
Profit before taxation	11,722	11,355	6,127
Income taxes	(7,790)	(8,272)	(7,060)
Profit/(loss) for the period	3,931	3,083	(933)

Source: condensed interim consolidated financial statements

Adjusted EBITDA	46,898	47,824	46,562
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Notes:

- The above reclassified consolidated income statement includes the following reclassifications compared to the consolidated statement of profit or loss and other comprehensive income format: Costs for services include Costs for services – third parties and Costs for services – related parties; Financial income includes Financial income – third parties and Financial income – related parties; Financial expense includes Financial expense – third parties and Financial expense – related parties.
- Adjusted EBITDA has been calculated based on the definition in the alternative performance indicators paragraph on page 12.
- The figures for the first six months of 2018 include the effect of the following acquisitions:
 - ICSA's activities (acquired in October 2017);
 - the India-based Axiom Propack Pvt Ltd (acquired in October 2017).
 The comparative analysis between the figures for the first six months of 2016, 2017 and 2018 has therefore been carried out on the impact on Net revenue instead of on the absolute values.

Results of operations for the period ended June 30, 2018 compared with the results of operations for the period ended June 30, 2017

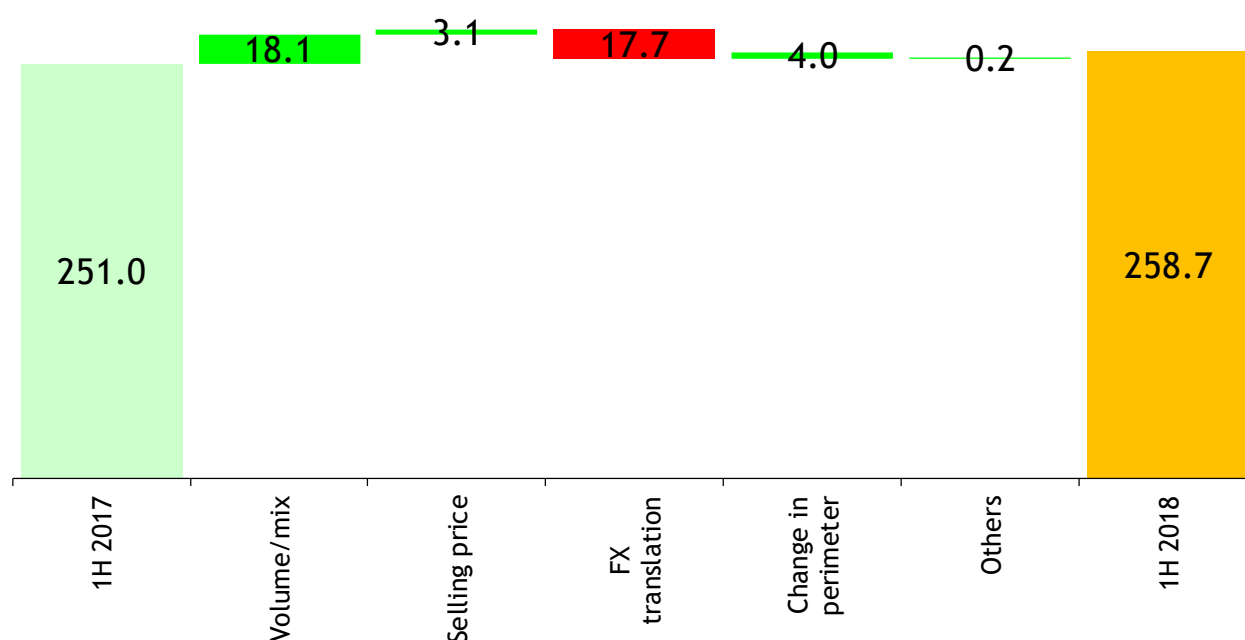
Net revenue

In the first six months ended June 30, 2018 (1H 2018), consolidated net revenue was €258.7 million, up €7.7 million or 3.1% on the first six months ended June 30, 2017 (1H 2017), despite the negative translation impact (€17.7 million, 7.1%) following the Euro's appreciation against the main currencies in which the Group operates.

At constant exchange rates, net revenue rose by €25.4 million (10.1%) on the 1H 2017. This increase is mainly due for €18.1 million (7.2%) to higher sales volumes/mix mainly in India, Argentina, Ukraine, North America, Mexico and UK, due to the further penetration of safety closures and to the changeover from cork to aluminum closures for wine bottles and for €3.1 million (1.2%) to selling price increase.

Net revenue for the 1H 2018 also benefited from the consolidation of the acquisitions of Axiom Propack Pvt Ltd in India and ICESA's activities in Chile in 2H 2017. The overall positive impact on revenue from the change in the consolidation scope amounts to €4.0 million (up by 1.6%).

The graph below shows the difference between net revenue for the first six months of 2018 and 2017:



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

- The 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;
- The currency transaction effect is generated by the sales in the 1H 2018 invoiced in a currency different from the local reporting currency recalculated based on the exchange rates for the 1H 2017.

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

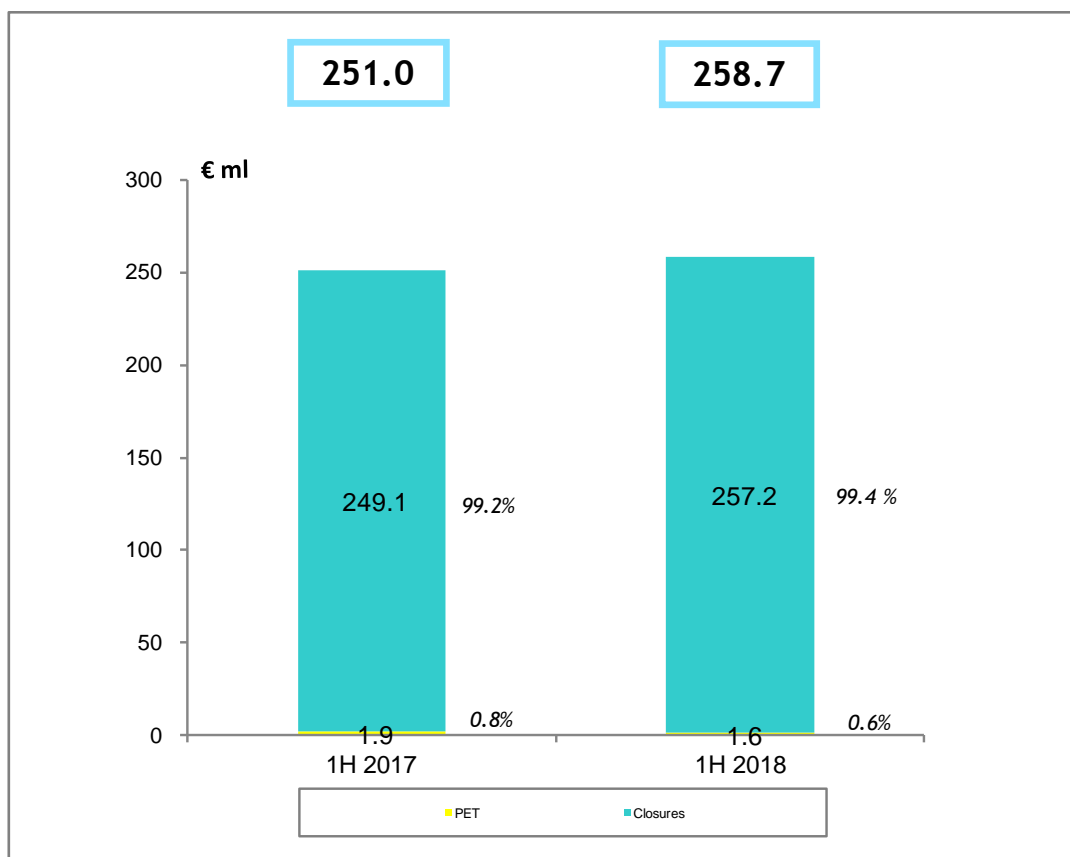
The “FX translation effect” is generated at consolidation level following the translation into Euro of the sales in local currency reported by local subsidiaries.

The “Change in perimeter” refers to the additional volumes generated by the acquisition of AXIOM Propack Pvt Ltd and ICESA’s activities and is calculated as additional business made with third parties in comparison with previous year.

“Other” includes non-core sales (e.g., the sale of aluminum scrap) and residual amounts not specified in the above-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 (99.4% of net revenue), specialized in the following product lines: safety closures, customized closures (luxury), wine closures (wine), roll on (standard) closures, Pharma closures and other revenue.

The Closures division’s revenue increased by €8.1 million from €249.1 million in 1H of 2017 to €257.2 million in 1H 2018.

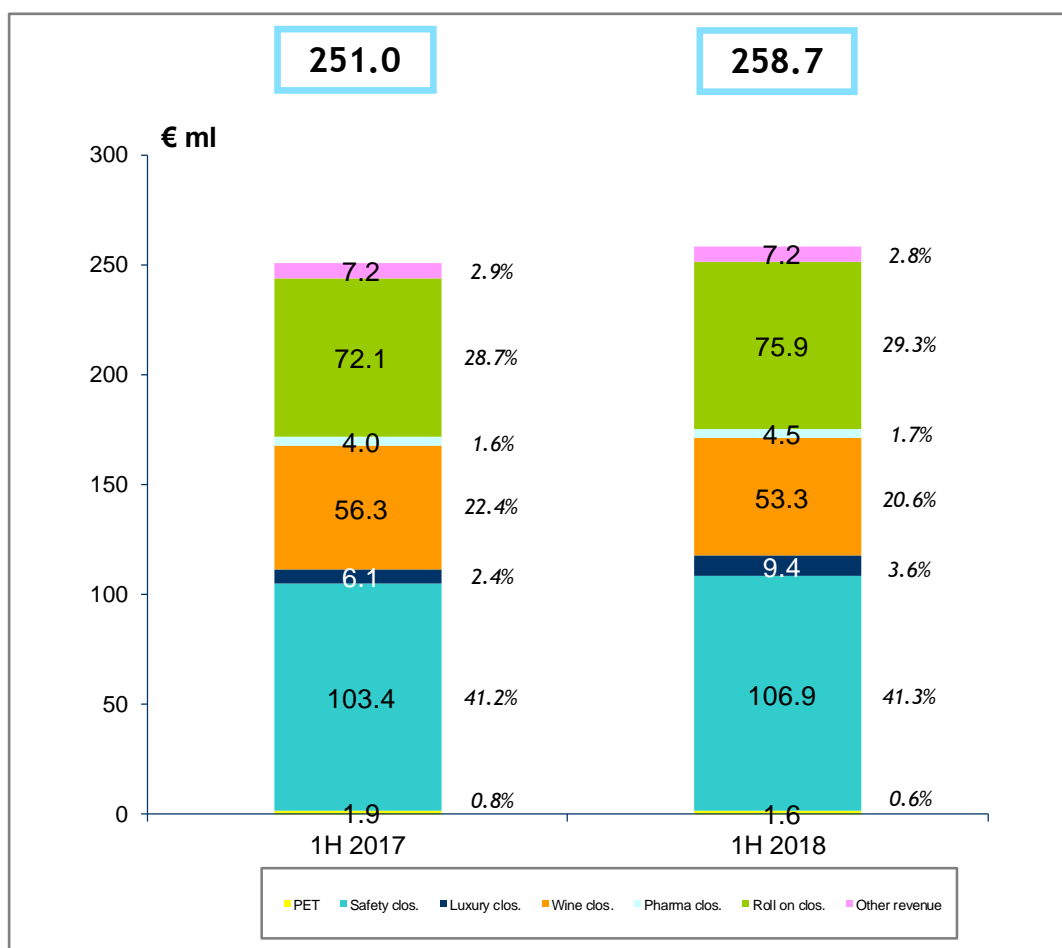
The “PET” division mainly produces standard and custom molds and PET bottles and miniatures. This division is no longer considered a core business for the Group.

The PET division's revenue decreased by €0.3 million from €1.9 million to € 1.6 million (as a percentage of net revenue, it represents 0.6% of net revenue in 1H 2018). The PET division's 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 by €3.5 million, from €103.4 million in 1H 2017, or 41.2% of net revenue, to €106.9 million in 1H 2018, or 41.3%, despite the negative translation impact (€10.0 million). At constant exchange rates, net revenue rose by €13.5 million or 13.1% on 1H 2017 mainly due to the growth in India which, in 1H 2017, suffered from the impact of the “demonetization effect” and the banning of selling alcohol near motorways, and the rise recorded by Ukraine and Argentina. The increase in safety closures revenue is also due to the consolidation of Axiom Propack Pvt Ltd.

Luxury closures revenue increased by €3.3 million from €6.1 million in 1H 2017, or 2.4% of net revenue, to €9.4 million in 1H 2018 (or 3.6%), despite the negative translation impact (€0.5 million). At constant exchange rates, net revenue was up €3.9 million or 63.5% on 1H 2017, mainly due to Mexico, as a result of recent investments made in order to support this segment.

Wine closures revenue decreased by €3.0 million from €56.3 million in 1H 2017, or 22.4% of net revenue, to €53.3 million in 1H 2018, or 20.6%. The reduction is entirely due to the negative translation impact (€3.8 million). At constant exchange rates, the net revenue of this segment increased by €0.7 million or 1.2% on 1H 2017.

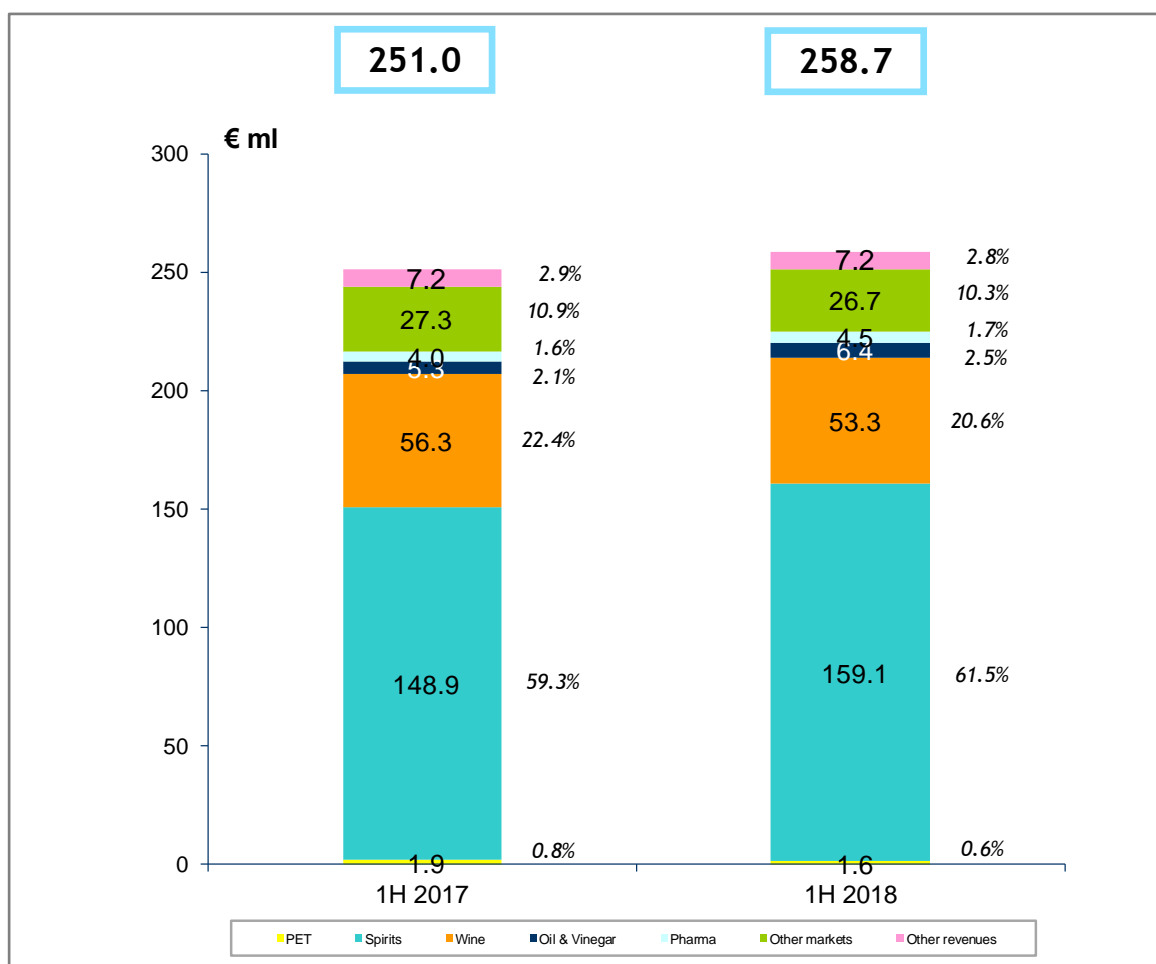
Pharma closures revenue increased by €0.5 million from €4.0 million in 1H 2017, or 1.6% of net revenue, to €4.5 million in 1H 2018, or 1.7%.

Roll on (standard) closures revenue increased by €3.8 million from €72.1 million in 1H 2017, or 28.7% of net revenue, to €75.9 million in 1H 2018 (or 29.3%), despite the negative translation impact (€3.1 million). At constant exchange rates, net revenue was up €6.9 million or 9.6% on 1H 2017, mainly due to North America and Mexico.

Other revenue remained stable at €7.2 million in 1H of both 2017 and 2018 (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 61.5% of net revenue in 1H 2018.

Net revenue related to the spirits market increased from €148.9 million in 1H 2017 to €159.1 million in 1H 2018, despite the negative translation impact for €12.9 million. At constant exchange rates, net revenue was up €23.1 million or 15.5% on 1H 2017.

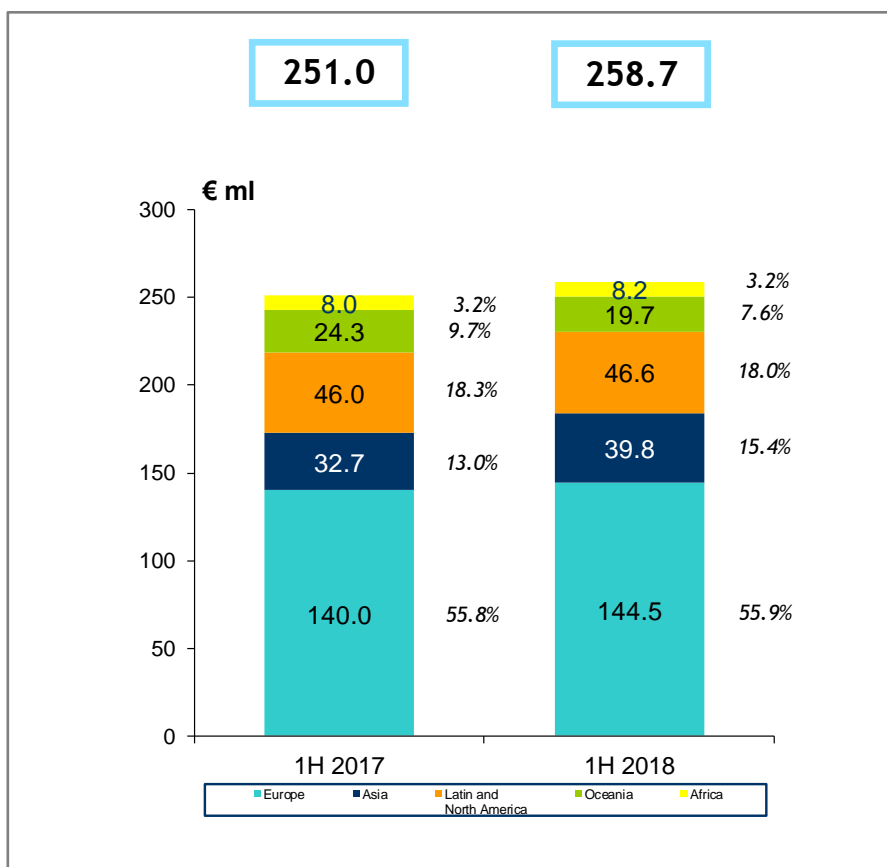
The increase in the spirits market is mainly due to the growth in India, Mexico, Ukraine, Argentina and Italy and the consolidation of the India-based Axiom Propack Pvt Ltd, which was acquired in October 2017.

The second most important destination market is the wine market, which represents 20.6% of net revenue in 1H 2018.

Net revenue related to the wine market decreased from €56.3 million in 1H 2017 to €53.3 million in 1H 2018. The decrease is entirely attributable to the negative translation impact. At constant exchange rates, the net revenue of this segment increased by €0.7 million or 1.2% on 1H 2017.

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 by €4.5 million from €140.0 million in 1H 2017, or 55.8% of net revenue, to €144.5 million in 1H 2018, or 55.9% of net revenue, despite the negative translation impact of €2.8 million. At constant exchange rates, the net revenue of this segment increased by €7.3 million or 5.2% on 1H 2017.

The increase in this segment is mainly due to Guala Closures Ukraine, Guala Closures UK and Guala Closures S.p.A..

Net revenue from operations in Asia increased by €7.1 million from €32.7 million in 1H 2017, or 13.0% of net revenue, to €39.8 million in 1H 2018, or 15.4%, mainly due to the impact in India of the effects of local government policies in 2017 (demonetization policy and change in local rules for the sale of alcohol) and the fact that in 1H 2018 net revenue of this segment benefited from the consolidation of the India-based Axiom Propack Pvt Ltd, which was acquired in October 2017 (€3.6 million), but was affected by the negative translation impact (€3.9 million). At constant exchange rates, the net revenue of this segment increased by €11.0 million or 33.6% on 1H 2017.

Net revenue from operations in Latin and North America increased by €0.6 million from €46.0 million in 1H 2017, or 18.3% of net revenue, to €46.6 million in 1H 2018, or 18.0% of net revenue, despite the negative translation impact of €8.7 million. At constant exchange rates, the net revenue of this segment increased by €9.3 million or 20.3% on 1H 2017.

The change in this segment is mainly due to the positive contribution of the general market growth recorded by Argentina, North America and Mexico and to the acquisition of ICOSA's activities (€0.3 million).

Net revenue from operations in Oceania decreased by €4.6 million from €24.3 million in 1H 2017, or 9.7% of net revenue, to €19.7 million in 1H 2018 or 7.6% of net revenue, mainly due to reduced volumes. Net revenue of this segment was affected by the negative translation impact (€1.9 million). At constant exchange rates, the net revenue of this segment decreased by €2.7 million or 11.0% on 1H 2017.

Net revenue from operations in Africa increased by €0.2 million from €8.0 million in 1H 2017 to €8.2 million in 1H 2018 (unchanged as a percentage of net revenue at 3.2%), despite the negative translation impact (€0.3 million). At constant exchange rates, the net revenue of this segment increased by €0.5 million or 6.0% on 1H 2017.

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

Other operating income

Other operating income decreased by €0.8 million from €2.4 million in 1H 2017, or 0.9% of net revenue, to €1.6 million in 1H 2018, or 0.6% of net revenue. This item mainly includes premiums and contributions from customers and suppliers, recovery of transport costs and other cost recoveries.

Internal work capitalized

Internal work capitalized decreased by €0.2 million from €3.1 million in 1H 2017, or 1.2% of net revenue, to €2.9 million in 1H 2018, or 1.1%.

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

Costs for raw materials

These costs rose by €5.0 million from €119.2 million in 1H 2017, or 47.5% of net revenue, to €124.2 million in 1H 2018 (48.0%).

Costs for services

Costs for services rose by €3.2 million, from €50.4 million in 1H 2017, or 20.1% of net revenue, to €53.6 million in 1H 2018 (20.7%), mainly due to around €2.4 million higher non-recurring costs accounted in 1H 2018.

Personnel expense

Personnel expense remained stable at €49.0 million in 1H of both 2017 and 2018, but decreased as percentage of net revenue from 19.5% in 1H 2017 to 18.9% in 1H 2018.

Other operating expense

Other operating expense rose by €0.3 million from €5.2 million in 1H 2017 to €5.5 million in 1H 2018 (stable at 2.1% of net revenue), mainly as a result of accruals to the provision for restructuring related to Guala Closures UK.

Gross operating profit

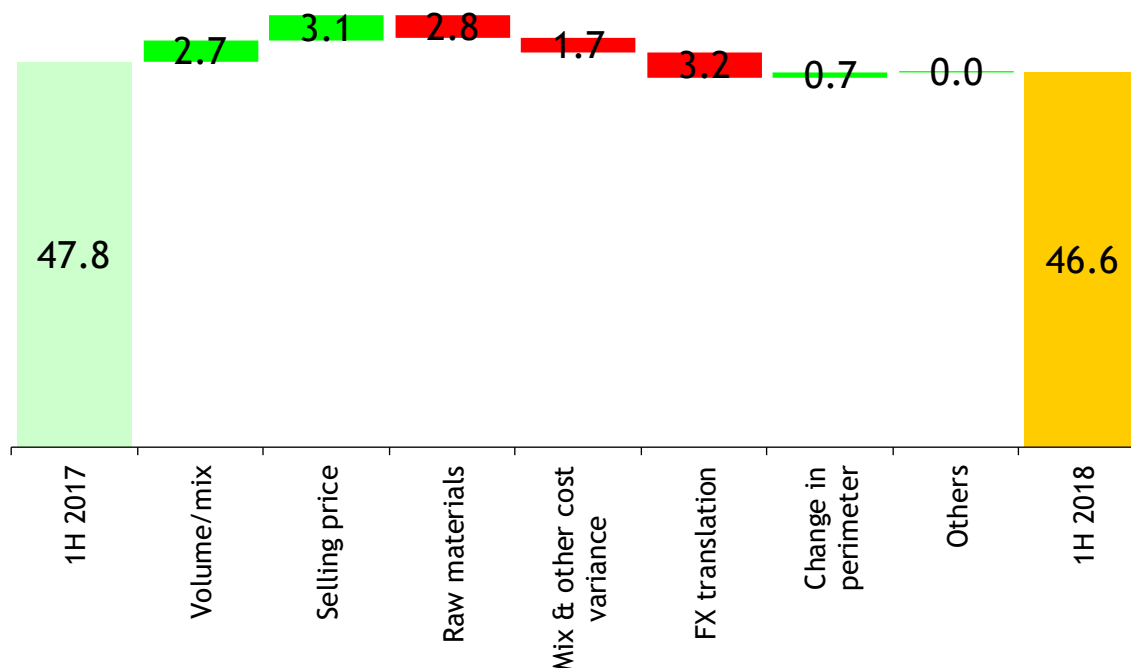
The Group's gross operating profit for 1H 2018 came to €42.8 million, or 16.6% of net revenue, showing a €4.1 million (8.8%) decrease on 1H 2017 mainly due to the negative translation impact (€3.2 million) following the appreciation of the Euro against the main currencies in which the Group operates and to the higher non-recurring costs booked in 1H 2018.

In 1H 2018, the Group's EBITDA benefited from €0.7 million generated by the change in the consolidation scope.

The adjusted EBITDA for 1H 2018 amounts to €46.6 million. The €1.2 million decrease on 1H 2017 is mainly due to the negative translation impact caused by the appreciation of the Euro against the main currencies in which the Group operates (€3.2 million).

It is equal to 18.0% of net revenue (19.1% in 1H 2017).

The graph below shows the difference between 1H 2017 and 1H 2018 adjusted EBITDA:



The “Volume/mix effect” includes the change in adjusted EBITDA due to the 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 : 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;
- FX translation effect: it is generated by 2018 sales and purchases accounted for in a currency different from the local reporting currency recalculated based on 2017 exchange rate.

The “Selling price effect” is generated by the price effect calculated 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, aluminum and aluminum components) have been considered in the raw materials effect. The effect of other raw materials costs is included in “Mix & 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 translation into Euro of the adjusted EBITDA in local currency reported by local subsidiaries.

“Change in perimeter” is the additional EBITDA coming from the acquisition of AXIOM Propack Pvt Ltd and ICSA’s activities.

Depreciation/amortization and impairment losses

Depreciation/amortization and impairment losses increased from €15.7 million in 1H 2017, or 6.3% of net revenue, to €16.0 million in 1H 2018, or 6.2%.

Financial income and expense

Net financial expense increased from €19.9 million in 1H 2017 to €20.7 million in 1H 2018. The €0.8 million increase is mainly due to the net exchange rate losses (€1.1 million increase compared to 1H 2017).

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

Thousands of Euros	For the six months ended June 30,	
	2017	2018
Net exchange rate losses	(5,474)	(6,597)
Fair value gains/(losses) on liability due to non-controlling investors	-	100
Net interest expense - third parties	(15,970)	(15,969)
Net interest income/(expense) - related parties	1,546	1,726
Net financial expense	(19,898)	(20,740)

Source: condensed interim consolidated financial statements

Fair value losses on the liability to non-controlling investors relate to the liability due to the non-controlling investors of the Ukrainian subsidiary, which decreased by €0.1 million in 1H 2018.

Income tax expense

Income tax expense decreased by €1.2 million from €8.3 million in 1H 2017, or 3.3% of net revenue, to €7.1 million in 1H 2018 (2.7%), mainly as a consequence of the reduction in profit before taxation.

Profit (loss) for the period

The result of the period decreased by €4.0 million from a profit of €3.1 million in 1H 2017 to a loss of €0.9 million in 1H 2018. This is mainly due to the reduction in gross operating profit and the rise in financial expenses.

Results of operations for the period ended June 30, 2017 compared with the results of operations for the period ended June 30, 2016

Net revenue

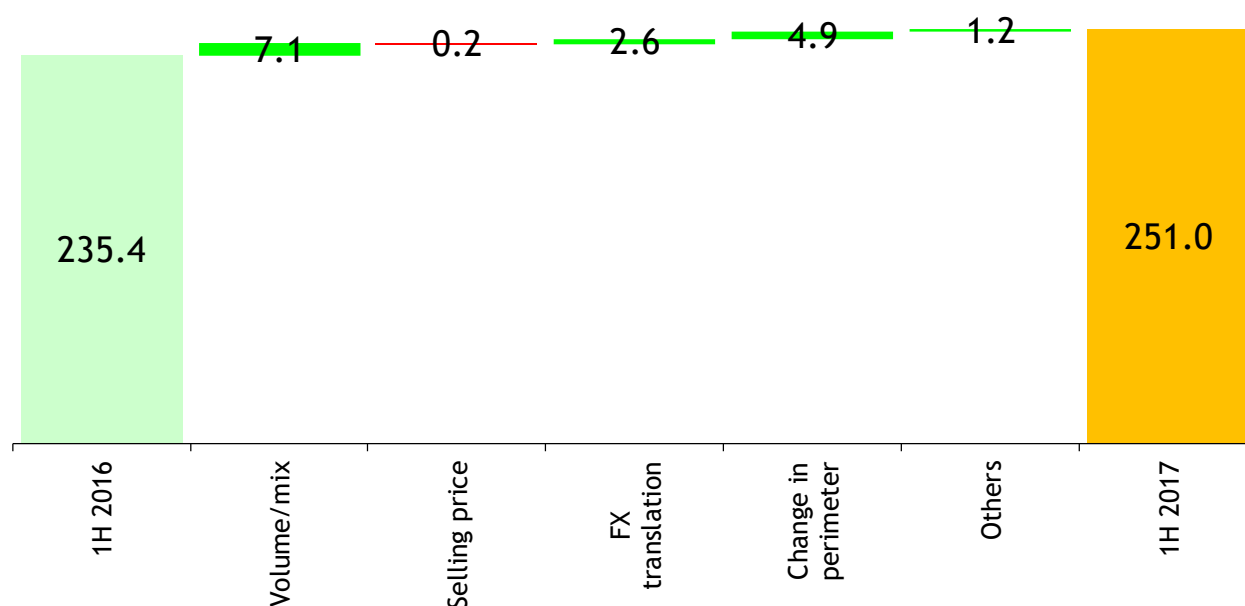
In the six months ended June 30, 2017 (1H 2017) consolidated net revenue was €251.0 million, up €15.7 million or 6.6% on the six months ended June 30, 2016 (1H 2016) mainly due to the increase in sale volumes/mix (€7.1 million) in Italy, North America, Ukraine and Argentina and to the effect of the acquisition of Capmetal SAS (€4.9 million).

1H 2017 net revenue was also positively affected by €2.6 million of translation impact following the Euro's depreciation versus the main currencies in which the Group operates.

1H 2017 result was also negatively impacted by 2 non-recurring effects:

- 1) the change in Indian local rules on alcohol sales and demonetization policy;
- 2) the business interruption due to a production accident in Italy.

The graph below shows the difference between net revenue for the first six months of 2017 and 2016:



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

- The 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;
- The currency transaction effect is generated by the sales in the 1H 2017 invoiced in a currency different from the local reporting currency recalculated based on the exchange rates for the 1H 2016.

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

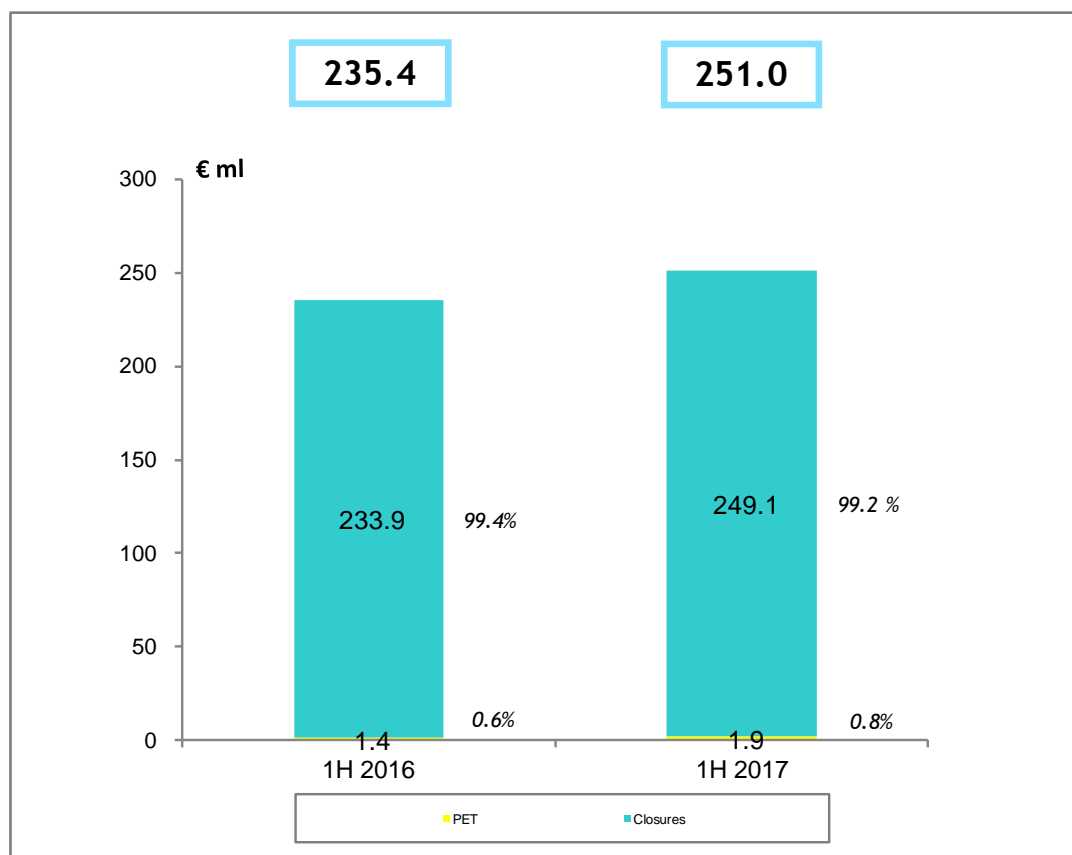
The “FX translation effect” is generated at consolidation level following the translation into Euro of the sales in local currency reported by local subsidiaries.

The “Change in perimeter” refers to the additional volumes generated by the acquisition of Capmetal SAS and is calculated as additional business made with third parties in comparison with previous year (as in 2016 the French subsidiary was a distributor of Guala Closures products).

“Other” includes non-core sales (e.g., the sale of aluminum scrap) and residual amounts not specified in the above-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 (99.2% of net revenue), specialized in the following product lines: safety closures, customized closures (luxury), wine closures (wine), roll on (standard) closures, Pharma closures and other revenue.

The Closures division’s revenue increased by €15.2 million from €233.9 million in 1H of 2016 to €249.1 million in 1H 2017.

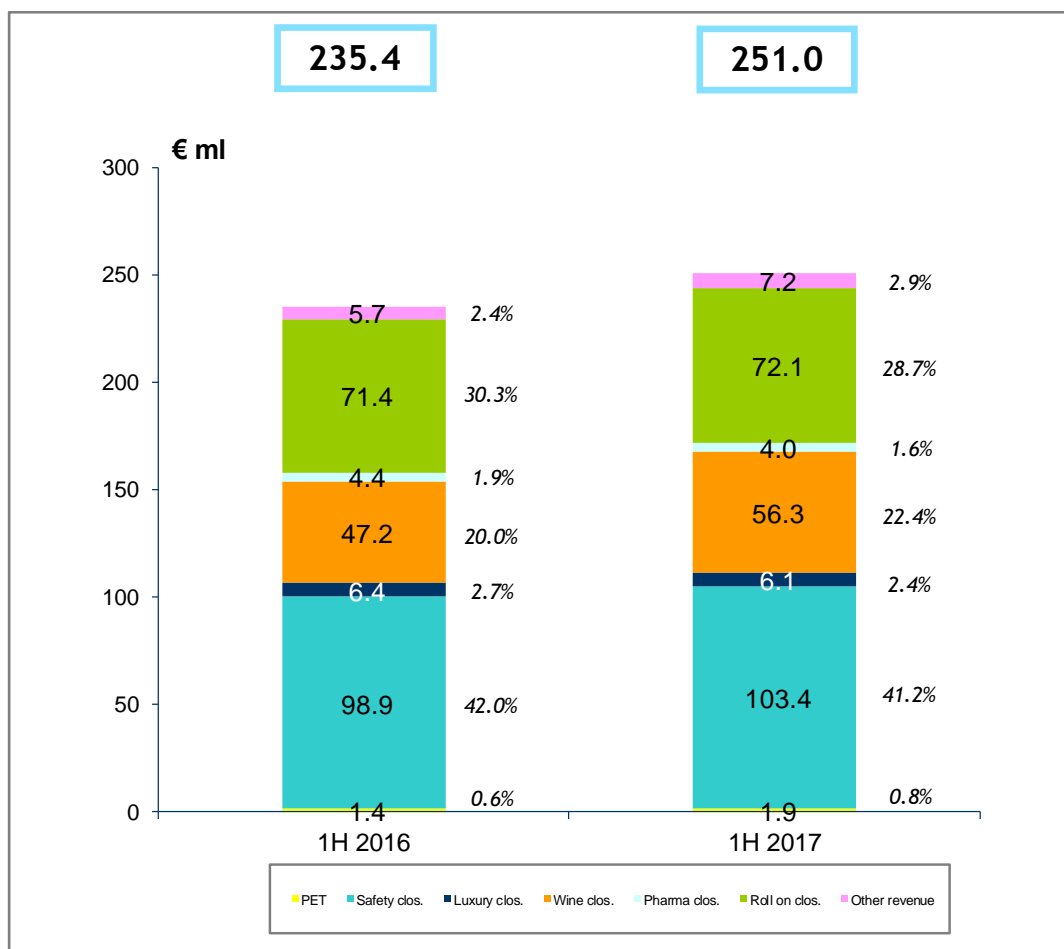
The “PET” division mainly produces standard and custom molds and PET bottles and miniatures. This division is no longer considered a core business for the Group.

The PET division’s revenue increased by €0.5 million from €1.4 million in 1H 2016 to € 1.9 million in 1H 2017 (as a percentage of net revenue, it is equal to 0.8% in 1H 2017). The PET division’s 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 by €4.5 million, from €98.9 million in 1H 2016, or 42.0% of net revenue, to €103.4 million in 1H 2017, or 41.2%, of which €1.0 million due to the positive translation impact.

At constant exchange rates, net revenue rose by €3.6 million or 3.6% on 1H 2016, mainly due to the growth in LATAM, UK and Italy; on the opposite, in 1H 2017 India suffered from the impact of the “demonetization effect” and the banning of selling alcohol near motorways.

Luxury closures revenue decreased by €0.3 million from €6.4 million in 1H 2016, or 2.7% of net revenue, to €6.1 million in 1H 2017 (or 2.4%), mainly due to the negative translation impact (€0.5 million). At constant exchange rates, net revenue was up €0.2 million or 3.7% on 1H 2016.

Wine closures revenue increased by €9.1 million from €47.2 million in 1H 2016, or 20.0% of net revenue, to €56.3 million in 1H 2017, or 22.4%, of which €1.7 million due to the positive translation impact.

At constant exchange rates, net revenue rose by €7.5 million or 15.8% on 1H 2016, mainly due to the consolidation of Capmetal and the growth in North America and Australia.

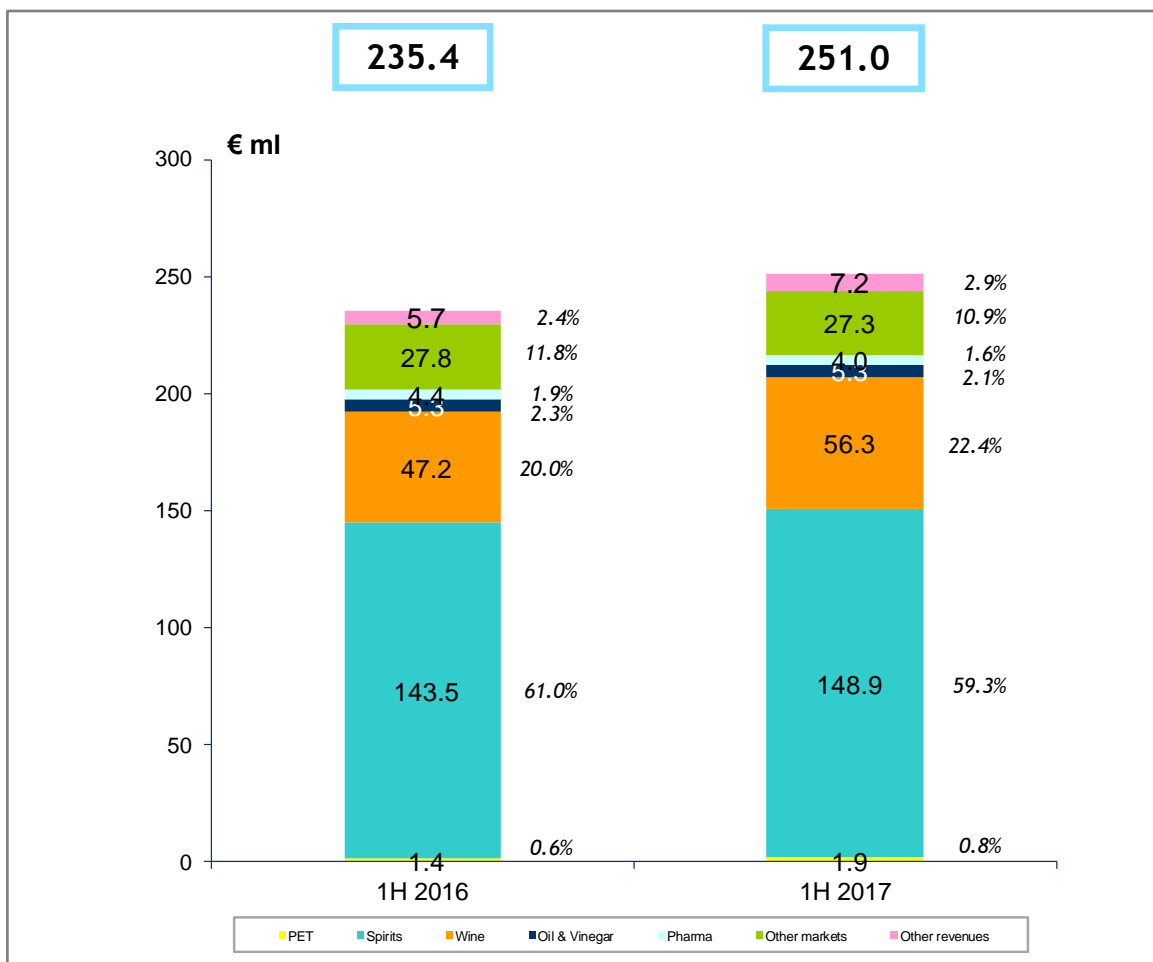
Pharma closures revenue decreased by €0.4 million from €4.4 million in 1H 2016, or 1.9% of net revenue, to €4.0 million in 1H 2017, or 1.6%.

Roll on (standard) closures revenue increased by €0.7 million from €71.4 million in 1H 2016, or 30.3% of net revenue, to €72.1 million in 1H 2017 (or 28.7%), of which €0.4 million due to the positive translation impact. At constant exchange rates, net revenue was up €0.3 million or 0.4% on 1H 2016.

Other revenue increased by €1.5 million from €5.7 million in 1H 2016, or 2.4% of net revenue, to €7.2 million in 1H 2017 (or 2.9%).

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 59.3% of net revenue in 1H 2017.

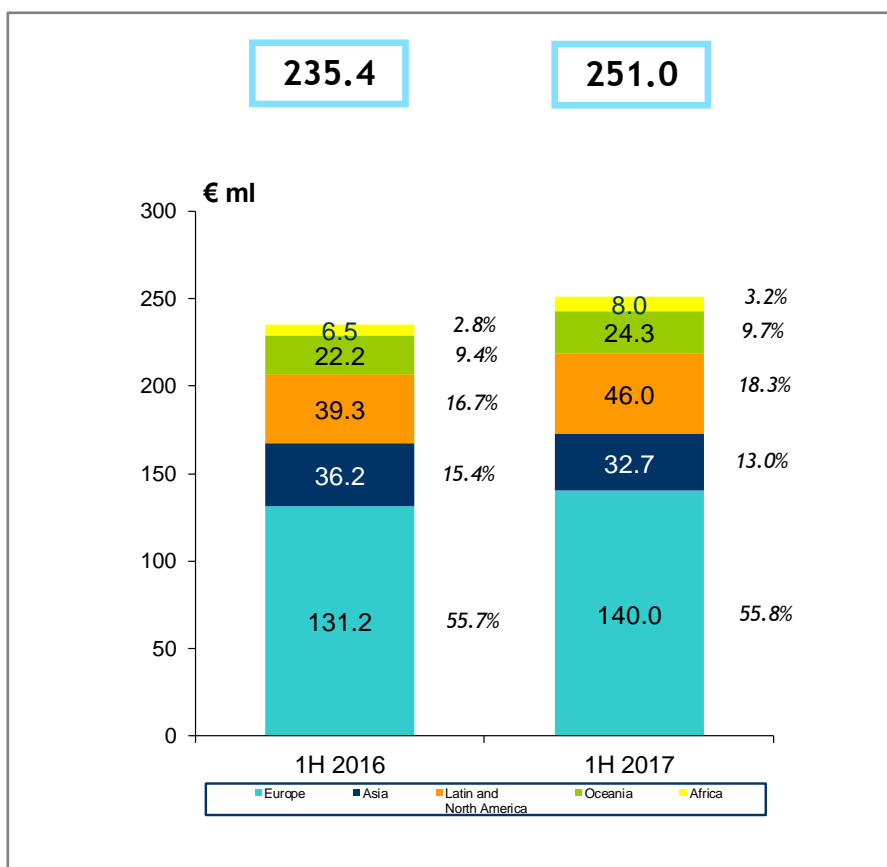
Net revenue related to the spirits market increased by €5.4 million from €143.5 million in 1H 2016 to €148.9 million in 1H 2017, of which €0.6 million due to the positive translation impact. At constant exchange rates, net revenue was up €4.8 million or 3.4% on 1H 2016, despite the fact that the spirits market in 1H 2017 suffered from the impact of the “demonetization effect” and the banning of selling alcohol near motorways in India.

The second most important destination market is the wine market, which represents 22.4% of net revenue in 1H 2017.

Net revenue related to the wine market increased by €9.1 million from €47.2 million in 1H 2016 to €56.3 million in 1H 2017, of which €1.7 million due to the positive translation impact.

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 €131.2 million in 1H 2016, or 55.7% of net revenue, to €140.0 million in 1H 2017, or 55.8%, representing an increase of €8.8 million due to higher sales volume/mix and for €4.9 million to the consolidation of Capmetal SAS, acquired in December 2016. Net revenue in this area was negatively impacted by €2.0 million of translation differences following the Euro's appreciation mainly versus the Pound sterling. At constant FX rates, net revenue was up €10.9 million or 8.3% on 1H 2016.

Net revenue from operations in Asia decreased from €36.2 million in 1H 2016, or 15.4% of net revenue, to €32.7 million in 1H 2017, or 13.0%, representing a decrease of €3.5 million despite the positive translation impact (€1.4 million) following the Euro's depreciation versus the Indian rupee. At constant FX rates, net revenue of this area decreased by €4.9 million or 13.6% on 1H 2016 mainly due to the impacts in India of temporary effects caused by local governmental policies (demonetization policy and change in local rules for sales of alcohol).

Net revenue from operations in Latin and North America increased from €39.3 million in 1H 2016, or 16.7% of net revenue, to €46.0 million in 1H 2017, or 18.3%, representing an increase of €6.7 million of which €0.4 million due to the positive translation impact. Excluding the FX impact, net revenue of this area increased by €6.3 million or 16.1% on 1H 2016.

Net revenue from operations in Oceania increased from €22.2 million in 1H 2016, or 9.4% of net revenue, to €24.3 million in 1H 2017, or 9.7%, representing an increase of €2.1 million of which €1.5 million due to the positive translation impact. At constant FX rates, net revenue increased by €0.6 million or 2.8% on 1H 2016.

Net revenue from operations in Africa increased from €6.5 million in 1H 2016, or 2.8% of net revenue, to €8.0 million in 1H 2017, or 3.2%, representing an increase of €1.5 million. Net revenue in this area was positively impacted by €1.4 million of translation effect. At constant FX rates, net revenue of this area increased by €0.2 million or 2.4% on 1H 2016.

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

Other operating income

Other operating income increased from €2.0 million in 1H 2016, or 0.8% of net revenues, to €2.4 million in 1H 2017, or 0.9% of net revenue, representing an increase of €0.4 million.

Work performed by the Group and capitalised

Work performed by the Group and capitalised increased from €2.7 million in 1H 2016, or 1.1% of net revenue, to €3.1 million in 1H 2017, or 1.2%, representing an increase of €0.4 million.

This caption comprises capitalized development expenditure and non-recurring maintenance on property, plant and equipment.

Costs for raw materials

These costs increased from €108.7 million in 1H 2016, or 46.2% of net revenue, to €119.2 million in 1H 2017, or 47.5%, representing an increase of €10.5 million. The incidence on the production value (calculated as net revenue plus change in inventory of finished goods and semi-finished products) increased from 44.1% in 1H 2016 to 44.9% in 1H 2017.

Costs for services

Costs for services increased from €45.5 million in 1H 2016, or 19.3% of net revenue, to €50.4 million in 1H 2017, or 20.1%, representing an increase of €4.9 million.

Personnel expense

Personnel expense increased from €45.5 million in 1H 2016, or 19.3% of net revenue, to €49.0 million in 1H 2017, or 19.5%, representing an increase of €3.5 million.

Other operating expense

Other operating expense increased from €4.8 million in 1H 2016 to €5.2 million in 1H 2017, representing an increase of €0.4 million (the incidence on net revenue remains stable at 2.1%).

Gross operating profit (EBITDA)

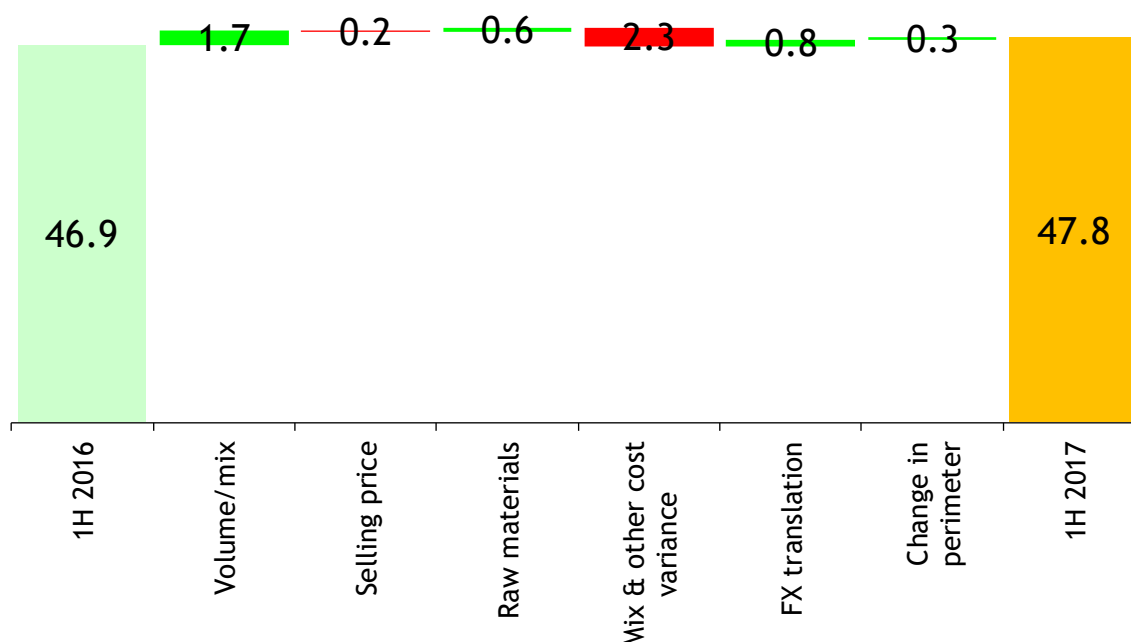
The Group's gross operating profit for 1H 2017 came to €47.0 million, or 18.7% of net revenue, showing a €0.3 million (0.6%) increase on 1H 2016, mainly due to higher sales volume/mix and positive contribution from FX translation following the depreciation of the Euro against the main currencies in which the Group operates.

In 1H 2017, the Group's EBITDA benefited from €0.3 million generated by the change in the consolidation scope.

The adjusted EBITDA for 1H 2017 amounts to €47.8 million, showing a €0.9 million increase on 1H 2016 is mainly due to higher sales volume/mix and a positive contribution from FX translation.

It is equal to 19.1% of net revenue (19.9% in 1H 2016).

The graph below shows the difference between 1H 2016 and 1H 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;
- FX translation 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 generated by the price effect calculated 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, aluminum and aluminum components) have been considered in the raw materials effect. The effect of other raw materials costs is included in "Mix & 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 translation into Euro of the adjusted EBITDA in local currency reported by local subsidiaries.

“Change in scope” is the additional EBITDA coming from the acquisition of Capmetal SAS.

Depreciation/amortization and impairment losses

Depreciation/amortization and impairment losses increased from €15.1 million in 1H 2016, or 6.4% of net revenue, to €15.7 million in 1H 2017, or 6.3%.

Financial income and expense

Net financial expense was substantially in line between 1H 2016 and 1H 2017.

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

Thousands of Euros	For the six months ended June 30,	
	2016	2017
Net exchange rate losses	(2,883)	(5,474)
Fair value gains/(losses) on liability due to non-controlling investors	(950)	-
Net interest expense - third parties	(8,572)	(15,970)
Net interest income/(expense) - related parties	(7,469)	1,546
Net financial expense	(19,874)	(19,898)

Source: condensed interim consolidated financial statements

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 remained unchanged in 1H 2017.

In 1H 2017, net interest expense – third parties increased by €7.4 million compared to 1H 2016 due to several factors:

(a) increase of € 5.0 million due to higher interest expense on the Notes (after the Group’s refinancing in November 2016, there is a lower interest rate, but a higher principal amount; (b) increase of € 0.9 million due to lower interest income on cash held; (c) increase of € 0.8 million due to the accrual for taxes and related interest of Guala Closures S.p.A. in relation to tax dating to the period 2012-2016; (d) increase of € 0.6 million due to higher amortization of transaction costs on the refinancing.

In 1H 2017, the Group booked net interest income - related parties for € 1,546 thousand compared to net interest expense - related parties of € 7,469 thousand in 1H 2016 due to the Group refinancing occurred in November 2016. In detail: (a) decrease of € 2.8 million due to the total repayment in November 2016 of the intercompany loan granted by GCL Holdings S.C.A. to Guala Closures S.p.A.; (b) decrease of € 3.9 million due to the partial repayment in November 2016 by Guala Closures International B.V. of the intercompany loan due to GCL Holdings S.C.A.; (c) decrease of € 2.4 million due to the new intercompany loan granted by Guala Closures S.p.A. to GCL Holdings S.C.A..

Income tax expense

Income tax expense increased by €0.5 million from €7.8 million in 1H 2016 to €8.3 million in 1H 2017 (the incidence on net revenue is stable at 3.3%).

Profit for the period

The profit for the period decreased by €0.8 million from €3.9 million in 1H 2016 to €3.1 million in 1H 2017.

Reclassified statement of financial position

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

<i>(Thousands of Euros)</i>	December 31, 2016	June 30, 2017	December 31, 2017 (*)	June 30, 2018
Intangible assets	373,990	373,402	377,504	375,054
Property, plant and equipment	189,496	189,896	189,271	186,384
Contract costs	-	-	-	27
Non-current assets classified as held for sale	-	-	2,130	-
Net working capital	91,338	112,562	115,068	136,519
Contract assets	-	-	-	25
Net financial derivative assets (liabilities)	100	(237)	(213)	(51)
Employee benefits	(6,246)	(6,429)	(6,376)	(6,494)
Other assets/liabilities	(30,216)	(25,694)	(29,238)	(27,196)
Net invested capital	618,462	643,500	648,146	664,270
Financed by:				
Net financial liabilities - third parties	554,014	559,596	577,147	587,127
Financial liabilities - non-controlling investors	15,900	15,900	16,800	16,700
Net financial assets - related parties	(58,718)	(61,275)	(65,498)	(69,597)
Cash and cash equivalents	(53,973)	(28,828)	(40,164)	(22,075)
Net financial indebtedness	457,223	485,393	488,286	512,155
Equity	161,239	158,107	159,861	152,115
Sources of financing	618,462	643,500	648,146	664,270

Source: condensed interim consolidated financial statements

Note:

The above reclassified statement of financial position includes certain reclassifications compared to the consolidated financial statements format. A reconciliation schedule is attached as Annex A) to the condensed interim consolidated financial statements

(*) The consolidated figures as at December 31, 2017 have been restated to reflect the adjustments to provisional fair values originally recognized in the consolidated financial statements at December 31, 2017 related to the acquisition of Axiom Propack Pvt Ltd

Property, plant and equipment

Variation for the period ended June 30, 2018:

Property, plant and equipment decreased by €2.9 million from €189.3 million at the end of 2017 to €186.4 million at the end of June 2018.

This decrease in 1H 2018 was due to the exchange rate losses (€3.8 million) and depreciation/amortization and impairment losses (€14.1 million), which were only partially offset by the investments of the period (€15.0 million), especially in Italy, Ukraine, Mexico and Poland.

Variation for the period ended June 30, 2017:

Property, plant and equipment increased by €0.4 million from €189.5 million at the end of 2016 to €189.9 million at the end of June 2017.

This increase in 1H 2017 was due to the the investments of the period (€15.7 million), especially in Ukraine, Italy, India and Poland, partially offset by exchange rate losses (€1.6 million) and depreciation/amortization and impairment losses (€13.7 million).

Net working capital

The table below provides a breakdown of net working capital.

<i>(Thousands of Euros)</i>	December 31, 2016	June 30, 2017	December 31, 2017	June 30, 2018
Inventories	67,883	90,095	82,742	97,563
Trade receivables	89,411	98,257	103,652	114,192
Trade payables	(65,956)	(75,790)	(71,326)	(75,237)
Net working capital (*)	91,338	112,562	115,068	136,519

(*) 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 foreign currency exchange rates on the opening balance, impairment losses on receivables and changes in the number of consolidated companies.

Note:

The above net working capital includes certain reclassifications compared to the condensed interim consolidated financial statements format. A reconciliation schedule is attached as Annex A) to the condensed interim consolidated financial statements.

The table below analyses net working capital days, calculated on the last quarter revenue.

Days	December 31, 2016	June 30, 2017	December 31, 2017	June 30, 2018
Inventories	46	63	51	65
Trade receivables	61	69	64	76
Trade payables	(45)	(53)	(44)	(50)
Net working capital days	63	79	71	90

Variation for the period ended June 30, 2018:

Net working capital increased from €115.1 million at December 31, 2017 to €136.5 million at June 30, 2018, representing an increase, in net working capital days, from 71 days to 90 days, mainly due to business seasonality.

Variation for the period ended June 30, 2017:

Net working capital increased from €91.3 million at December 31, 2016 to €112.6 million at June 30, 2017, representing an increase, in net working capital days, from 63 days to 79 days, mainly due to business seasonality.

Net financial indebtedness

The table below gives a breakdown of net financial indebtedness.

<i>(Thousands of Euros)</i>	December 31, 2016	June 30, 2017	December 31, 2017	June 30, 2018
Net financial liabilities – third parties	554,014	559,596	577,147	587,127
Financial liabilities – non-controlling investors	15,900	15,900	16,800	16,700
Net financial assets - related parties	(58,718)	(61,275)	(65,498)	(69,597)
Cash and cash equivalents	(53,973)	(28,828)	(40,164)	(22,075)
Net financial indebtedness	457,223	485,393	488,286	512,155

Note:

The above net financial indebtedness includes certain reclassifications compared to the condensed interim consolidated financial statements format. A reconciliation schedule is attached as Annex A) to the condensed interim consolidated financial statements.

In 1H 2018 net financial indebtedness rose by €23.9 million, from €488.3 million at December 31, 2017 to €512.2 million at June 30, 2018. This increase is mainly due to the fact that the €7.4 million cash flow generated by operating activities has been absorbed by about €14.6 million cash flow used for investments and by €16.7 million used for net interests and other financial items.

In 1H 2017 net financial indebtedness rose by €28.2 million, from €457.2 million at December 31, 2016 to €485.4 million at June 30, 2017. This increase is mainly due to the fact that the €9.8 million cash flow generated by operating activities has been absorbed by about €16.6 million cash flow used for investments and by €21.4 million used for net interests and other financial items.

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

Equity

The table below shows a breakdown of equity:

<i>(Thousands of Euros)</i>	December 31, 2016	June 30, 2017	December 31, 2017	June 30, 2018
Equity attributable to the owners of the parent	135,901	136,347	135,375	129,711
Equity attributable to non-controlling interests	25,338	21,760	24,486	22,404
Equity	161,239	158,107	159,861	152,115

In 1H 2018, equity attributable to the owners of the parent decreased by €5.7 million from December 31, 2017 to June 30, 2018, mainly due to the net loss for the period and the negative translation impact.

In the same period, equity attributable to non-controlling interests decreased by €2.1 million, mainly as a consequence of dividends paid to non-controlling interests, partially offset by the profit for the period.

In 1H 2017, equity attributable to the owners of the parent increased by €0.4 million from December 31, 2016 to June 30, 2017, mainly due to the positive translation impact.

In the same period, equity attributable to non-controlling interests decreased by € 3.6 million, mainly due to € 8.2 million of dividend distribution, partly compensated by € 3.6 million profit for the period and € 1.0 million positive translation impact.

Reclassified statement of changes in net financial indebtedness

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

Thousands of Euros	1H 2016	1H 2017	1H 2018
A) Opening net financial indebtedness	(452,804)	(457,223)	(488,285)
Gross operating profit (EBITDA)	46,700	46,965	42,848
Change in NWC	(21,209)	(23,244)	(22,178)
Other operating items	(394)	(222)	(1,331)
Taxes	(12,523)	(13,641)	(11,899)
B) Cash flows generated by operating activities	12,573	9,859	7,440
Net capex	(15,709)	(16,280)	(15,493)
Change in payables for capex	(861)	(309)	(1,195)
Proceeds from sale of assets held for sale	-	-	2,130
C) Cash flows used in investing activities	(16,570)	(16,590)	(14,558)
Acquisition of non-controlling interests in Guala Closures Argentina	-	-	(57)
Net interest expense	(16,545)	(14,430)	(14,574)
Transaction costs not yet paid for debt refinancing	-	(3,768)	-
Other fin. items	(1,367)	485	(141)
Capital increase from non-controlling interest	-	824	-
Dividends paid	(2,092)	(4,336)	(3,443)
Effect of exchange rate fluctuation	(369)	(215)	1,463
D) Change in net financial indebtedness due to financing activities	(20,374)	(21,439)	(16,752)
E) Total change in net financial indebtedness (B+C+D)	(24,370)	(28,170)	(23,870)
F) Closing net financial indebtedness (A+E)	(477,174)	(485,393)	(512,155)

Source: reclassified condensed interim consolidated financial statements figures – internal data

Reference should be made to Annex A) Reconciliation between changes in net financial indebtedness and changes in cash and cash equivalents for the reconciliation between the above Reclassified statement of changes in net financial indebtedness and the Statement of cash flows included in these condensed interim consolidated financial statements.

Net cash flows from operating activities

1H 2018 versus 1H 2017:

Net cash flows from operating activities decreased from €9.9 million in 1H 2017 to €7.4 million in 1H 2018.

The €2.5 million reduction is mainly due to the decrease in gross operating profit (€4.1 million) and higher cash flows for other operating items (€1.1 million, mainly as a consequence of the exchange rates), partly offset by the improvement in the variation in net working capital (€1.1 million) and by lower taxes (€1.7 million).

1H 2017 versus 1H 2016:

Net cash flows from operating activities decreased from €12.6 million in 1H 2016 to €9.9 million in 1H 2017.

The €2.7 million reduction is mainly due to the worsening in the variation in net working capital (€2.0 million) and to higher cash flows for taxes (€1.1 million).

Cash flows used in investing activities1H 2018 versus 1H 2017:

Cash flows used in investing activities decreased by €2.0 million from €16.6 million in 1H 2017 to €14.6 million in 1H 2018, due to the proceeds from the sale of Torre d'Isola plant in Italy.

1H 2017 versus 1H 2016:

Cash flows used in investing activities is unchanged to €16.6 million both in 1H 2016 and in 1H 2017.

Change in net financial indebtedness due to financing activities1H 2018 versus 1H 2017:

Change in net financial indebtedness due to financing activities decreased by €4.7 million from €-21.4 million in 1H 2017 to €-16.8 million in 1H 2018, mainly due to the payment in early 2017 of the transaction costs related to the refinancing occurred in 2016 (€3.8 million), to lower amount paid for dividends (€0.9 million) and to a positive impact of exchange rates (€1.7 million), partially offset by greater net interest expense in 2018 (€0.1 million) and by the capital increase from the non-controlling investor Guala Closures France (€0.8 million) in 1H 2017.

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

1H 2017 versus 1H 2016:

Change in net financial indebtedness due to financing activities increased by €1.0 million from €-20.4 million in 1H 2016 to €-21.4 million in 1H 2017, mainly due to the payment in early 2017 of the transaction costs related to the refinancing occurred in 2016 (€3.8 million) and to higher amount paid for dividends (€2.2 million), partially offset by lower net interest expense paid in 2017 (€2.1 million), by lower other negative financial items (€1.9 million) and by the capital increase from the non-controlling investor Guala Closures France (€0.8 million) occurred in 1H 2017.

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

Total change in net financial indebtedness1H 2018 versus 1H 2017:

The total change in net financial indebtedness went from €-28.2 million in 1H 2017 to €-23.9 million in 1H 2018, mainly as a result of lower change in net financial indebtedness due to financing activities.

1H 2017 versus 1H 2016:

The total change in net financial indebtedness went from €-24.4 million in 1H 2016 to €-28.2 million in 1H 2017, mainly as a result of lower cash flows generated by operating activities and higher change in net financial indebtedness due to financing activities.

GUALA CLOSURES GROUP



**Condensed interim consolidated financial statements
at June 30, 2017 and June 30, 2018**

Statement of financial position

Guala Closures Group - ASSETS

<i>(Thousands of Euros)</i>	December 31, 2016	June 30, 2017	December 31, 2017 (*)	June 30, 2018	Note
ASSETS					
Current assets					
Cash and cash equivalents	53,973	28,828	40,164	22,075	5
Current financial assets - third parties	58	61	52	54	
Current financial assets - related parties	656	603	603	1,771	6
Trade receivables - third parties	89,134	97,878	102,444	112,123	7
Trade receivables - related parties	277	378	1,208	2,069	8
Contract assets	-	-	-	25	
Inventories	67,883	90,095	82,742	97,563	9
Current direct tax assets	3,140	3,712	4,526	4,575	
Current indirect tax assets	6,340	8,337	6,970	8,169	
Financial derivative assets	533	122	-	77	
Other current assets	4,404	4,015	3,951	4,933	
Assets classified as held for sale		-	2,130	-	10
Total current assets	226,399	234,031	244,791	253,434	
Non-current assets					
Non-current financial assets - third parties	232	233	235	231	
Non-current financial assets - related parties	91,200	91,200	91,200	91,200	6
Property, plant and equipment	189,496	189,896	189,271	186,384	11
Intangible assets	373,990	373,402	377,504	375,054	12
Contract costs	-	-	-	27	
Deferred tax assets	7,293	7,317	5,744	6,135	
Other non-current assets	613	432	276	340	
Total non-current assets	662,824	662,481	664,231	659,371	
TOTAL ASSETS	889,222	896,512	909,022	912,805	

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

(*) *The consolidated figures as at December 31, 2017 have been restated to reflect the adjustments to provisional fair values originally recognized in the consolidated financial statements at December 31, 2017 related to the acquisition of Axiom Propack Pvt Ltd as described in the paragraph (4.1) Acquisition of subsidiaries and business units*

Statement of financial position

Guala Closures Group - LIABILITIES AND EQUITY

<i>(Thousands of Euros)</i>	December 31, 2016	June 30, 2017	December 31, 2017 (*)	June 30, 2018	Note
LIABILITIES AND EQUITY					
Current liabilities					
Current financial liabilities - third parties	12,446	13,058	20,440	22,282	13
Current financial liabilities - related parties	1,313	203	181	473	14
Trade payables - third parties	65,645	75,257	71,326	75,237	15
Trade payables - related parties	311	533	-	-	
Current direct tax liabilities	4,430	3,142	4,508	3,186	
Current indirect tax liabilities	4,556	3,777	4,775	4,549	
Current provisions	1,176	1,845	2,214	2,418	
Financial derivative liabilities	433	360	213	128	
Other current liabilities	26,301	25,951	25,337	28,883	
Total current liabilities	116,611	124,127	128,994	137,156	
Non-current liabilities					
Non-current financial liabilities - third parties	557,758	562,732	573,795	581,830	13
Non-current financial liabilities - related parties	31,825	30,325	26,125	22,900	14
Employee benefits	6,246	6,429	6,376	6,494	
Deferred tax liabilities	15,350	14,548	12,790	11,253	
Non-current provisions	151	207	486	488	
Other non-current liabilities	43	37	595	569	
Total non-current liabilities	611,373	614,278	620,167	623,534	
Total liabilities	727,984	738,405	749,161	760,690	
Share capital and reserves attributable to non-controlling interests	17,024	18,140	15,817	18,817	
Profit for the year attributable to non-controlling interests	8,314	3,619	8,668	3,588	
Equity attributable to non-controlling interests	25,338	21,760	24,486	22,404	17
Equity attributable to the owners of the Company					
Share capital	74,624	74,624	74,624	74,624	
Share premium reserve	184,582	184,582	184,582	-	
Legal reserve	775	775	775	-	
Participating financial instruments reserve	60,305	62,676	65,086	67,457	
Translation reserve	(46,302)	(45,335)	(52,608)	(53,650)	
Hedging reserve	(796)	(704)	(630)	(565)	
Losses carried forward and other reserves	(134,446)	(137,363)	(138,138)	48,736	
Profit / (loss) for the year	(2,842)	(2,907)	1,684	(6,891)	
Equity attributable to the owners of the Company	135,901	136,347	135,375	129,711	16
Total equity	161,239	158,107	159,861	152,115	
TOTAL LIABILITIES AND EQUITY	889,222	896,512	909,022	912,805	

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

Consolidated statement of profit or loss and other comprehensive income Guala Closures group

(Thousands of Euros)	For the six months ended June 30,			Note
	2016	2017	2018	
Net revenue	235,385	251,036	258,707	18
Change in inventories of finished goods and semi-finished products	11,106	14,294	11,909	9
Other operating income	1,996	2,368	1,644	19
Work performed by the Group and capitalised	2,669	3,125	2,905	20
Costs for raw materials	(108,711)	(119,190)	(124,186)	21
Costs for services - third parties	(42,815)	(47,233)	(50,698)	22
Costs for services - related parties	(2,635)	(3,199)	(2,920)	23
Personnel expense	(45,463)	(48,994)	(49,018)	24
Other operating expense	(4,832)	(5,241)	(5,496)	25
Amortization, depreciation and impairment losses	(15,103)	(15,712)	(15,981)	11-12
Operating profit	31,596	31,253	26,867	
Financial income - third parties	3,810	916	2,865	26
Financial income - related parties	-	2,374	2,374	27
Financial expense - third parties	(16,215)	(22,360)	(25,330)	28
Financial expense - related parties	(7,469)	(829)	(649)	29
Net financial expense	(19,874)	(19,898)	(20,740)	
Profit before taxation	11,722	11,355	6,127	
Income taxes	(7,790)	(8,272)	(7,060)	30
Profit/(loss) for the period	3,931	3,083	(933)	
Other comprehensive income				
Items that will never be reclassified to profit or loss:				
Actuarial gains/(losses) on defined benefit liability (asset)	(401)	(75)	(60)	
	(401)	(75)	(60)	
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences for foreign operations	(2,377)	1,969	(676)	
Effective portion of fair value gains (losses) of cash flow hedges	(42)	4	2	
Net change in fair value of cash flow hedges reclassified to profit or loss	141	116	83	
Tax on items that are or may be reclassified subsequently to profit or loss	(27)	(29)	(20)	
	(2,305)	2,060	(611)	
Other comprehensive income (expense) for the year, net of tax	(2,706)	1,985	(672)	
Comprehensive income for the period	1,225	5,067	(1,604)	
Profit (loss) attributable to:				
owners of the shares of the Company	(2,366)	(2,907)	(6,891)	
owners of the Participating Financial Instruments of the Company	2,384	2,371	2,371	
non-controlling interests	3,913	3,619	3,588	
Profit for the period	3,931	3,083	(933)	
Comprehensive income (expense) attributable to:				
owners of the shares of the Company	(5,279)	(1,924)	(7,926)	
owners of the Participating Financial Instruments of the Company	2,384	2,371	2,371	
non-controlling interests	4,120	4,620	3,951	
Comprehensive income for the period	1,225	5,067	(1,604)	
Basic earnings (loss) per share (Euro)	(0.03)	(0.04)	(0.09)	
Diluted earnings (loss) per share (Euro)	(0.03)	(0.04)	(0.09)	

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

Consolidated statement of cash flows

Guala Closures Group

(Thousands of Euros)

For the six months ended June 30,

	2016	2017	2018	Note
Opening cash and cash equivalents	61,754	53,973	40,164	5
A) Cash flows from operating activities				
Profit before taxation	11,722	11,355	6,127	
Adjustments for:				
Amortization, depreciation and impairment losses	15,103	15,712	15,981	11 - 12
Net financial expense	19,874	19,898	20,740	26 - 27 - 28 - 29
Changes in:				
Receivables, payables and inventories	(21,209)	(23,244)	(22,178)	7 - 9 - 15
Other	(394)	(221)	(1,331)	
VAT and indirect tax assets/liabilities	(2,630)	(2,692)	(1,437)	
Income taxes paid	(9,893)	(10,949)	(10,462)	
Net cash from operating activities	12,573	9,860	7,440	
B) Cash flows used investing activities				
Acquisitions of property, plant and equipment and intangible assets	(16,570)	(16,634)	(16,866)	11 - 12
Proceeds from sale of property, plant and equipment and intangible assets	-	44	178	11 - 12
Proceeds from sale of assets held for sale	-	-	2,130	10
Net cash used in investing activities	(16,570)	(16,590)	(14,558)	
C) Cash flows used in financing activities				
Acquisition of non-controlling interest in Guala Closures Argentina	-	-	(57)	4
Interest received	930	2,942	1,544	26 - 27 - 32
Interest paid	(16,461)	(17,415)	(15,736)	28 - 29 - 32
Payment of transaction cost on Bonds and Senior Revolving Facility	-	(3,768)	-	
Other financial items	(482)	416	(298)	32
Dividends paid	(2,092)	(4,336)	(3,443)	
Proceeds from issue of share capital minority Capmetal	-	824	-	
Proceeds from new borrowings and bonds	11,457	8,613	13,538	32
Repayment of borrowings and bonds	(15,297)	(4,407)	(5,653)	32
Repayment of finance leases	(994)	(1,007)	(1,109)	32
Change in financial assets	8	(5)	2	
Net cash used in financing activities	(22,930)	(18,141)	(11,213)	
D) Net cash flow used in the year	(26,926)	(24,871)	(18,331)	
Effect of exchange rate fluctuations on cash held	(373)	(275)	241	
Closing cash and cash equivalents	34,455	28,828	22,075	5

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

Consolidated statement of changes in equity - Guala Closures Group													
<i>(Thousands of Euros)</i>	Attributable to the owners of the Company									Non-controlling interests			Total equity
	Share capital	Share premium reserve	Legal reserve	Participating financial instruments	Translation reserve	Hedging reserve	Losses carried forward and other reserves	Profit / (loss) for the year	Total	Share capital and reserves	Profit for the year	Total	
Balance at January 1, 2016	74,624	184,582	775	55,512	(46,077)	(974)	(122,762)	(11,522)	134,158	17,302	7,397	24,699	158,857
Allocation of 2015 profit / (loss)							(11,522)	11,522	-	7,397	(7,397)	-	-
Profit for the period ended June 30, 2016				2,384				(2,366)	18		3,913	3,913	3,931
Other comprehensive income / (expense)					(2,584)	72	(401)		(2,913)	207		207	(2,706)
Comprehensive income for the period	-	-	-	2,384	(2,584)	72	(11,924)	9,157	(2,895)	7,604	(3,484)	4,120	1,225
Dividends to non-controlling interests									-	(6,200)		(6,200)	(6,200)
Total contributions by and distributions to owners of the Company	-	-	-	-	-	-	-	-	-	(6,200)	-	(6,200)	(6,200)
Balance at June 30, 2016	74,624	184,582	775	57,895	(48,660)	(902)	(134,686)	(2,366)	131,263	18,706	3,913	22,619	158,882
Balance at January 1, 2017	74,624	184,582	775	60,305	(46,302)	(796)	(134,446)	(2,842)	135,901	17,024	8,314	25,338	161,239
Allocation of 2016 profit / (loss)							(2,842)	2,842	-	8,314	(8,314)	-	-
Profit for the period ended June 30, 2017				2,371				(2,907)	(537)		3,619	3,619	3,083
Other comprehensive income / (expense)					968	91	(75)		983	1,001		1,001	1,985
Comprehensive income for the period	-	-	-	2,371	968	91	(2,917)	(65)	447	9,315	(4,695)	4,620	5,067
Dividends to non-controlling interests									-	(8,199)	-	(8,199)	(8,199)
Total contributions by and distributions to owners of the Company	-	-	-	-	-	-	-	-	-	(8,199)	-	(8,199)	(8,199)
Balance at June 30, 2017	74,624	184,582	775	62,676	(45,335)	(704)	(137,363)	(2,907)	136,347	18,140	3,619	21,760	158,107
Balance at January 1, 2018	74,624	184,582	775	65,086	(52,608)	(630)	(138,138)	1,684	135,375	15,817	8,668	24,486	159,861
Allocation of 2017 profit / (loss)							1,684	(1,684)	-	8,668	(8,668)	-	-
Profit (loss) for the period ended June 30, 2018				2,371				(6,891)	(4,520)		3,588	3,588	(933)
Other comprehensive income/(expense)					(1,042)	65	(57)		(1,034)	363		363	(672)
Comprehensive income for the period	-	-	-	2,371	(1,042)	65	1,628	(8,575)	(5,555)	9,031	(5,080)	3,951	(1,604)
Dividends to non-controlling interests									-	(6,027)		(6,027)	(6,027)
Other movements		(184,582)	(775)				185,357		-	-		-	-
Total contributions by and distributions to owners of the Company	-	(184,582)	(775)	-	-	-	185,357	-	-	(6,027)	-	(6,027)	(6,027)
Acquisition of non-controlling equity of Guala Closures Argentina							(110)		(110)	(4)		(4)	(114)
Total changes in ownership interests	-	-	-	-	-	-	(110)	-	(110)	(4)	-	(4)	(114)
Balance at June 30, 2018	74,624	-	-	67,457	(53,650)	(565)	48,736	(6,891)	129,711	18,817	3,588	22,404	152,115

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

Notes to the condensed interim consolidated financial statements at June 30, 2017 and June 30, 2018

GENERAL INFORMATION

(1) General information

Guala Closures Group's main activities involve the design and manufacturing of closures for spirits, wine and non-alcoholic drinks such as water, olive oil and vinegar, as well as pharma products to be sold on the domestic and international markets.

The Group is also active in the field of production of PET plastic preforms and bottles.

The Group's activities are separated into two divisions:

- the Closures division, representing the Group's core business, specialized in the production of safety closures (safety product line), roll on (standard) aluminum closures, customized plastic and aluminum closures (luxury product line) and closures for other sectors and accessories; the division also produces aluminum, plastic and rubber closures for the pharmaceutical sector;

- the PET division, which produces preforms and bottles for carbonated soft drinks (CSD product line) and preforms, bottles, molds, jars, flasks and miniature drinks bottles and containers for cosmetics, beauty products and pharmaceuticals and foodstuffs (custom molding product line). This division is no longer considered as a core business.

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

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

These are the the relevant events occurred in the first six-months period ("1H") 2018, 1H 2017 and 1H 2016:

Accident at the Magenta plant:

On January 30, 2017, an accident took place at the plant in 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 prescribed safety measures, giving the company 45 days from the date the line was confiscated on March 15, 2017 to implement said measures. Such safety measures have been complied with as required by the competent authorities. The line was deconfiscated on May 4, 2017 and production then resumed.

On July 5, 2018 the Company entered into a settlement agreement with the heirs of Mr. Pietro Acri, according to which the parties agreed the indemnities due by the Company and, on the other hand, the heirs renounced to any claim towards the Company, upon the payment of the relevant amounts.

The payments have been done on July 11, so from such date the waiver of any heirs' actions is actually effective.

It has to be remarked that more than 80% of related expenses were covered by the company's insurance, while the remaining amount was covered by the provisions made in the 2017 balance sheet.

 Change in company name:

On January 1, 2018, Pharma Trade S.r.l. changed its name to GCL Pharma S.r.l..

 Sale of the building located in Torre d'Isola (Italy):

On February 19, 2018, the preliminary sale of the building located in Torre d'Isola (Italy) was signed in Milan. The consideration agreed with the buyer amounts to €2.1 million.

The completion of the transaction, with the signing of the notarial deed and related payment, occurred on June 29, 2018.

 Acquisition of a non-controlling interest in Guala Closures Argentina S.A.:

On March 20, 2018, the Group acquired a residual non-controlling interest (1.62%) in Guala Closures Argentina S.A. through its holding company Guala Closures International B.V. for €0.1 million.

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

 Transfer of plant and machinery to a single plant with Guala Closures UK Ltd:

A process to streamline production activities in Glasgow began in the first quarter of 2018, envisaging the transfer of plant and machinery from the secondary site of Broomhill to the main site of Kirkintilloch. The process is expected to be completed by the end of the first quarter of 2019. €0.7 million was accrued at June 30, 2018 in relation to such restructuring plan.

 Merger between group companies:

On June 26, 2018, the merger between Guala Closures Bulgaria A.D. and Guala Closures Tools EAD was completed and the new merged company remains Guala Closures Bulgaria A.D..

The purpose of the above mergers is to concentrate and rationalize the resources of the companies, realising cost savings and, as a result, increasing the overall efficiency of the Group's structure.

Business combinations

- (A) On April 16, 2018, the boards of directors of Space4 S.p.A., GCL Holdings S.C.A., Peninsula Capital II S.à.r.l. and Guala Closures S.p.A. approved the business combination by means of a master agreement envisaging (i) the acquisition of approximately 80% of Guala Closures S.p.A. (“**Guala Closures**”) by Space4 and Peninsula Capital II S.à.r.l.; (ii) the merger of Guala Closures into Space4 S.p.A., and (iii) the admission to listing of the ordinary shares resulting from the merger of Guala Closures into Space4 S.p.A., on the STAR segment of the Italian Stock Exchange organized and managed by Borsa Italiana S.p.A. (the “**Business Combination**”).
- (B) In accordance with the above master agreement the completion of the Space4-Guala Closures transaction was subject to conditional clauses, including the transfer of some goods, assets, liabilities and legal relationships (the “**GCL business unit**”) from the parent GCL Holdings S.C.A. to Guala Closures Group. On May 7, 2018, Guala Closures International B.V. acquired an investment in GCL International S.à r.l. and, on May 25, 2018, the board of directors of the parent GCL Holdings S.C.A. approved GCL Holdings S.C.A.’s transfer of the GCL business unit to GCL International S.à r.l.. The business unit comprises GCL Holdings S.C.A.’s goods, assets, liabilities and legal relationships related, *inter alia*, to research and development activities, as well as a portion of the trade receivables and payables of GCL Holdings S.C.A. due from/to Guala Closures, except for the balances arising from the intragroup loans granted to the latter.

(2) Accounting policies

The condensed interim consolidated financial statements of Guala Closures S.p.A. and its subsidiaries at June 30, 2017 and June 30, 2018 (“the interim financial statements”) have been prepared in accordance with the International Accounting Standard IAS 34, “Interim Financial Reporting”. They should be read in conjunction with the annual consolidated financial statements and the notes thereto in the Company annual report for the year ended December 31, 2017 and December 31, 2016 which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by European Union (“E.U.”).

The Board of directors of Guala Closures S.p.A. approved these condensed interim consolidated financial statements on September 11, 2018.

The format and content of the condensed interim consolidated financial statements comply with that set out in IAS 34 - Interim financial reporting for condensed interim financial statements. Consequently, they do not include all of the information required for annual financial statements and should be read in conjunction with the consolidated financial statements at December 31, 2017 and 2016. Indeed, the aim is to provide an update on the latest annual consolidated financial statements, focusing on new operations, facts and circumstances which occurred in the period between December 31, 2017 and June 30, 2018 and December 31, 2016 and June 30, 2017 and to describe the transactions and facts necessary to understand the changes in the financial position and results of operations of the period.

The accounting policies and measurement criteria used to prepare these condensed interim consolidated financial statements, which were applied consistently by all group companies, are the same as those adopted to prepare the latest annual consolidated financial statements, to which reference should be made, except for that set out in paragraph 2.1 Changes in accounting policies, accounting estimates and errors.

The condensed interim consolidated financial statements have been prepared in Euros, rounding the amounts to the nearest thousand. Any discrepancies between financial statements balances and those on the tables of the notes to the condensed consolidated interim financial statements are due exclusively to the rounding and do not alter their reliability or substance.

Figures are shown in thousands of Euros, unless otherwise stated.

The condensed interim consolidated financial statements have been prepared on a historical cost basis, except for derivatives, asset held for sale and put option on non-controlling interests 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's ability to continue as a going concern.

They have been prepared using the following formats:

- statement of financial position captions 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.

For each assets and liabilities caption including amounts due within and after one year, the amount which is expected to be received or paid after one year is shown.

The condensed interim consolidated financial statements has been prepared with the comparative information presented as comparative Financial Statements. In details, the statement of financial position was prepared at the reporting date and the corresponding figures refer to the prior year annual consolidated financial statements. The statement of profit or loss and other comprehensive income was prepared with the comparative information of first six month period ended June 30, 2017 and 2016.

The notes are presented on a selective basis and describe the facts and transactions necessary to understand the changes in the financial position and results of operations after the 2017 and 2016 year end. The statement of financial position, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity provide the reference to the relevant notes.

In preparing the condensed interim consolidated financial statements in accordance with IFRS, management has made estimates and assumptions that affect the carrying amount of recognized assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date. Actual results may differ from these estimates. Estimates are made to recognize the allowance for impairment, the provision for inventory write-down, assets classified as held for sale, depreciation/amortization and impairment losses on non-current assets, employee benefits, taxes, provisions, measurement of derivatives and measurement of the effects of business combinations.

In accordance with IAS 34 - Interim financial reporting, the interim measurement of the figures of the condensed interim consolidated financial statements may rely on a higher level of estimates than that used in respect of annual consolidated financial statements. The measurement procedures carried out to this end ensure the reliability of the information provided and that all material financial information necessary to understand the Group's financial position and results of operations is provided.

Guala Closures Group operates in five different continents and sells its closures to over 100 countries. However, it is exposed to seasonality effects to the extent of specific types of products (specifically, wine closures), with sales volumes up in the second half of each year and, in particular, during holiday periods. Consequently, the half year results of Guala Closures Group do not contribute evenly to the calculation of the financial performance of each year. Therefore, the performance of the first half year shall not be considered as representative of the Group's performance for the entire year.

The group companies are listed below, stating name, registered office, share/quota capital, direct and indirect investments held by the parent and each subsidiary and method of consolidation at June 30, 2018, June 30, 2017 and June 30, 2016.

List of investments in subsidiaries at June 30, 2018

<u>Company name</u>	<u>Registered office</u>	<u>Currency</u>	<u>Share capital</u>	<u>Investment percentage</u>	<u>Type of investment</u>	<u>Method of consolidation</u>
EUROPE						
Guala Closures International B.V.	The Netherlands	EUR	92,000	100%	Direct	Line-by-line
GCL Pharma S.r.l.	Italy	EUR	100,000	100%	Direct	Line-by-line
Guala Closures UK Ltd.	Great Britain	GBP	134,000	100%	Indirect (*)	Line-by-line
Guala Closures Iberica, S.A.	Spain	EUR	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 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	65,962,000	100%	Indirect (*)	Line-by-line
LATIN AMERICA						
Guala Closures Mexico, S.A. de C.V.	Mexico	MXN	94,630,010	100%	Indirect (*)	Line-by-line
Guala Closures Servicios Mexico, S.A. de C.V.	Mexico	MXN	50,000	100%	Indirect (*)	Line-by-line
Guala Closures Argentina S.A.	Argentina	ARS	47,875,310	100%	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.

List of investments in subsidiaries at June 30, 2017

<u>Company name</u>	<u>Registered office</u>	<u>Currency</u>	<u>Share capital</u>	<u>Investment percentage</u>	<u>Type of investment</u>	<u>Method of consolidation</u>
EUROPE						
Guala Closures International B.V.	The Netherlands	EUR	92,000	100%	Direct	Line-by-line
Pharma Trade S.r.l.	Italy	EUR	100,000	100%	Direct	Line-by-line
Guala Closures UK Ltd.	Great Britain	GBP	134,000	100%	Indirect (*)	Line-by-line
Guala Closures Iberica, S.A.	Spain	EUR	2,479,966	100%	Indirect (*)	Line-by-line
Capmetal SAS	France	EUR	2,748,000	70%	Indirect (*)	Line-by-line
Guala Closures Ukraine LLC	Ukraine	UAH	90,000,000	70%	Indirect (*)	Line-by-line
Guala Closures Bulgaria AD	Bulgaria	BGN	10,420,200	70%	Indirect (*)	Line-by-line
Guala Closures Tools AD	Bulgaria	BGN	2,375,700	70%	Indirect (*)	Line-by-line
Guala Closures DGS Poland S.A.	Poland	PLN	595,000	70%	Indirect (*)	Line-by-line
ASIA						
Guala Closures India pvt Ltd.	India	INR	170,000,000	95.0%	Indirect (*)	Line-by-line
Beijing Guala Closures Co. Ltd.	China	CNY	20,278,800	100%	Indirect (*)	Line-by-line
Guala Closures Japan KK	Japan	JPY	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	36,729,000	100%	Indirect (*)	Line-by-line
OCEANIA						
Guala Closures New Zealand Ltd.	New Zealand	NZD	5,700,000	100%	Indirect (*)	Line-by-line
Guala Closures Australia Holdings Pty Ltd.	Australia	AUD	34,450,501	100%	Indirect (*)	Line-by-line
Guala Closures Australia Pty Ltd.	Australia	AUD	810	100%	Indirect (*)	Line-by-line
AFRICA						
Guala Closures South Africa Pty Ltd.	South Africa	ZAR	60,000,000	100%	Indirect (*)	Line-by-line
REST OF THE WORLD						
Guala Closures North America, Inc.	United States	USD	60,000	100%	Indirect (*)	Line-by-line

Note:

(*) Reference should be made to the chart illustrating the group structure for further details on the indirect investments.

List of investments in subsidiaries at June 30, 2016

<u>Company name</u>	<u>Registered office</u>	<u>Currency</u>	<u>Share capital</u>	<u>Investment percentage</u>	<u>Type of investment</u>	<u>Method of consolidation</u>
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Guala Closures Bulgaria A.D.	Bulgaria	BGN	10,420,200	70%	Indirect (*)	Line-by-line
Guala Closures Tools A.D.	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
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Guala Closures Mexico, S.A. de C.V.	Mexico	MXN	94,630,010	100%	Indirect (*)	Line-by-line
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OCEANIA						
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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 consolidation scope between January 1, 2017 and June 30, 2017 is unchanged. Conversely, it changed between July 1, 2017 and December 31, 2017 to include the acquisition of AXIOM and ICSA's activities: for additional information about the acquisitions, reference should be made to the Group's consolidated financial statements at December 31, 2017.

With the exception of the acquisition of minority of Guala Closures Argentina S.A. where the Group acquired a residual non-controlling interest (1.62%) (please see note 4) Acquisitions of subsidiaries, business units and non-controlling interests to the condensed interim consolidated financial statements), no further changes took place in the consolidation scope between January 1, 2018 and June 30, 2018.

The following exchange rates are applied to translate those financial statements presented in currencies that are not legal tender in Italy:

Statement of financial position

1 Euro = x foreign currency	December 31, 2016	June 30, 2017	December 31, 2017	June 30, 2018
Pound sterling	0.85618	0.87933	0.88723	0.88605
US dollar	1.05410	1.14120	1.19930	1.16580
Indian rupee	71.59350	73.74450	76.60550	79.81300
Mexican peso	21.77190	20.58390	23.66120	22.88170
Colombian peso	3,169.49219	3,478.65001	3,580.19000	3,437.56000
Brazilian real	3.43050	3.76000	3.97290	4.48760
Chinese renmimbi	7.32020	7.73850	7.80440	7.71700
Argentinean peso	16.74881	18.88512	22.93100	32.70480
Polish zloty	4.41030	4.22590	4.17700	4.37320
New Zealand dollar	1.51580	1.55540	1.68500	1.72470
Australian dollar	1.45960	1.48510	1.53460	1.57870
Ukrainian hryvnia	28.73860	29.74372	33.73180	30.68680
Bulgarian lev	1.95580	1.95580	1.95580	1.95580
South African Rand	14.45700	14.92000	14.80540	16.04840
Japan Yen	123.40000	127.75000	135.01000	129.04000
Chilean peso	704.94519	758.21432	737.29000	757.26000

Statement of profit or loss and other comprehensive income

1 Euro = x foreign currency	June 2016	June 2017	June 2018
Pound sterling	0.77849	0.86006	0.87973
US dollar	1.11553	1.08253	1.21083
Indian rupee	74.97762	71.12440	79.51232
Mexican peso	20.15993	21.02797	23.08025
Colombian peso	3,485.44333	3,162.04833	3,449.14667
Brazilian real	4.13492	3.43930	4.14135
Chinese renmimbi	7.29366	7.44174	7.70997
Argentinean peso	15.98963	16.99755	26.02512
Polish zloty	4.36861	4.26847	4.22003
New Zealand dollar	1.64848	1.52917	1.69088
Australian dollar	1.52206	1.43559	1.56932
Ukrainian hryvnia	28.40308	28.96553	32.37402
Bulgarian lev	1.95580	1.95580	1.95580
South African Rand	17.20373	14.31000	14.88948
Japan Yen	124.50150	121.65867	131.61065
Chilean peso	769.26150	714.13067	740.17167

(2.1) Changes in accounting policies, accounting estimates and errors

A change in the accounting policies applied in the preparation of the condensed interim consolidated financial statements at June 30, 2018 and 2017 compared to those used to draw up the previous annual consolidated financial statements only exists if the change, reflected with respect respectively to 2017 and 2016, or to be reflected in the next annual consolidated financial statements with respect respectively to 2018 and 2017, is due to a new standard or contributes to providing more reliable and significant information about the effects of the transactions carried out on the financial position, results of operations and the cash flows of the entity.

Changes in accounting standards are recognized:

- based on that set out in the specific transitional provisions of the relevant standard, where available;
- retrospectively, when the standard has no transitional provisions, or is changed voluntarily, taking the related effect to opening equity. The other corresponding prior year figures are adjusted similarly as if the new standard had been applied since the beginning.

The prospective approach is used only when the specific effects on the period or the cumulative effect of the change on all prior years cannot be determined.

The following accounting policies apply to the first six month period ended June 30, 2018 condensed interim consolidated financial statements:

- IFRS 15 Revenue from contracts with customers;
- IFRS 9 - Financial instruments.

These standards, which became applicable on 1 January 2018, led to the following changes.

IFRS 15 Revenue from contracts with customers.

This standard was issued by the IASB in May 2014 and amended in April 2016. It introduces a general framework to establish the nature, amount and timing of revenue recognition. It replaced IAS 18 Revenue, IAS 11 Construction contracts and IFRIC 13 Customer loyalty programmes.

Specifically, IFRS 15 introduces a five-step model framework for revenue recognition:

- identify the contract(s) with a customer
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract;
- recognize revenue when (or as) the entity satisfies a performance obligation.

Upon first-time adoption of this standard, the Group opted for the cumulative effect method to recognize prior year impacts.

The adoption of IFRS 15 had no impact. Consequently, it was not necessary to adjust retained earnings or losses carried forward and, therefore equity.

IFRS 9 - Financial instruments.

The IASB issued the final version of IFRS 9 Financial instruments in July 2014, replacing IAS 39 Financial instruments: recognition and measurement. IFRS 9 combines all three aspects related to the project focused on financial instruments recognition: classification and measurement, impairment losses and hedge accounting. Except for hedge accounting, this standard is to be applied retrospectively. However, the provision of comparative figures is not mandatory.

IFRS 9 introduces new provisions about the classification and measurement of financial assets which reflect the business model to manage the financial assets and the characteristics of their cash flows. IFRS 9 classifies financial assets into three main categories: at amortized cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL). The categories established in IAS 39 (held until maturity, loans and receivables and available for sale) are eliminated. Consequently, following the adoption of IFRS 9 on a prospective basis, the corresponding figures for 2017 and 2016 will be presented under IAS 39 categories, while those for 2018 will be in line with IFRS 9 categories.

IFRS 9 replaces the incurred loss model under IAS 39 with the expected credit loss (ECL) model. This model envisages a significant level of measurement of the impact of the changes in economic factors on the ECL which will be weighted based on probability.

IFRS 9 substantially confirms the provisions of IAS 39 about the classification of financial liabilities.

However, while under IAS 39 all changes in the fair value of the liabilities designated at FVTPL shall be recognized in the profit or loss for the year, under IFRS 9, these changes shall be presented as follows:

- the fair value changes attributable to the changes in the credit risk of the liability shall be presented under other comprehensive income; and

- the residual amount of the fair value changes shall be recognized in the profit or loss for the year.

The Group did not designate any financial liability at FVTPL nor does it intend to do so at present.

With respect to hedge accounting strategies, under IFRS 9, the Group shall ensure that these relationships are in line with targets and its risk management strategy and that a more qualitative and forward-looking approach is applied when evaluating the effectiveness of the hedge. Furthermore, IFRS 9 introduces new provisions which rebalance hedging relationships and prevent the voluntary discontinuation of hedge accounting. Under the new model, more risk management strategies, specifically those that also hedge a risk component (other than the currency risk) of a non-financial element, may be eligible for hedge accounting. At present, the Group does not hedge these risk components.

The Group enters into interest rate swaps (IRS) to hedge the changes in the cash flows arising from the floating-rate finance leases related to the Spinetta Marengo plant against interest rates fluctuations.

In accordance with the preliminary assessment carried out by the Group, the hedge accounting relationships previously designated under IAS 39 meet IFRS 9 requirements. Indeed, the Group completed the changes required for monitoring processes and internal documentation.

Given the limited number of transactions which fall under the scope of IFRS 9, there are no effects. Specifically, the adoption of the ECL approach, instead of the incurred loss approach, does not cause any change in the allowance for impairment of trade receivables. Indeed, the current group policy already envisages the assessment of the credit risk associated with customers, similarly to the notion of expected credit losses under IFRS 9.

(2.2) New applicable accounting standards

The IASB and the IFRIC have already approved some amendments to the IFRS currently in force and have issued new standards and new IFRIC. As the effective date of these documents is deferred, they have not been adopted in the preparation of these condensed interim consolidated financial statements. They will be applied on their mandatory enforcement date. The main changes are as follows:

Accounting standards, amendments and interpretations endorsed by the European Union not yet in force and which the Group has not adopted early

- IFRS 16 Leases: this standard introduces significant changes to the accounting treatment of leases in the financial statements of lessees. The latter shall recognize lease assets and liabilities without distinguishing between operating and finance leases. Specifically, a lessee shall recognize lease liabilities at the present value of the future lease payments. Furthermore, it shall recognize the right to use the asset covered by the lease at the same amount allocated to the related liability. Subsequent to initial recognition, the right to use the asset will be amortized over the term of the lease or the useful life of the asset, if lower. The liability will be progressively repaid through the lease payments. Interest will accrue thereon. The calculation of the liability shall only consider the fixed component set out in the lease and any inflation-related components, excluding any variable components. The resulting future payments will be discounted using the contractual or the interest rate of the lessee's marginal loan over the period the lease is deemed non-cancellable. According to the IASB, the standard applies to annual reporting periods beginning on or after January 1, 2019. Early application is permitted for companies which also apply IFRS 15 Revenue from contracts with customers. In 2017 and in the first six months of 2018, the Group began an assessment of the potential effects arising from the application of the new standard in order to assess the potential impact on the consolidated financial statements. The application of the new standard may have significant effects whose impact is yet to be determined.
- Amendments to IFRS 4: these amendments are intended to address concerns about adopting IFRS 9 Financial instruments before IFRS 17 Insurance contracts, which replaces IFRS 4. They introduce two options for entities that issue insurance contracts. These amendments, endorsed by the European Union, are applicable from January 1, 2018. They are not relevant to the Group.

Accounting standards, amendments and interpretations not endorsed by the European Union not yet in force and which the Group has not adopted early

- Amendment to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures: these amendments deal with the inconsistencies between the requirements of IFRS 10 and IAS 28 when losing control of a subsidiary which is sold or contributed to an associate or a joint venture. The amendments clarify that gains or losses on the sale or contribution of an asset that involves a business, as defined in IFRS 3, between an investor and its associate or joint venture, shall be recognized in full. Furthermore, any gain or loss on the sale or contribution of assets that do not constitute a business is recognized only to the extent of unrelated investors' interests in the associate or joint venture. The IASB postponed indefinitely the application date of these amendments, however, early application is permitted. The Group will apply these amendments once they come into force.

- IFRIC 23 Uncertainty over income tax treatments: the interpretation clarifies the accounting for uncertainties in income taxes which have an effect on the application of IAS 12. It does not apply to taxes which are outside the scope of IAS 12 nor sets out specific requirements applicable to interest or penalties related to uncertain tax treatments. In particular, it covers the following aspects:
 - whether uncertain tax treatments should be considered independently;
 - the entity's assumptions for taxation authorities' examinations;
 - how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
 - how an entity treats the effect of changes in facts and circumstances.An entity is required to use judgement to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together. The decision should be based on which approach provides better predictions of the resolution of the uncertainty. The interpretation, yet to be endorsed by the European Union, is effective for annual reporting periods beginning on or after January 1, 2019. Some transition facilitation measures are also available.
- Annual improvements to IFRSs: 2015-2017 Cycle: in December 2017, the IASB issued a series of amendments to the following standards, which will be effective for annual reporting periods beginning on or after January 1, 2019 and which are yet to be endorsed by the European Union. Specifically, they relate to:
 - IFRS 3 Business combinations: when an entity obtains joint control of a business that is a joint operation, it must be recognized as a business combination achieved in stages and the acquiring party premeasures the previously held interest at fair value at the acquisition date;
 - IFRS 11 Joint arrangements: when an entity obtains joint control of a business that is a joint operation, the previously held interest shall not be remeasured at fair value;
 - IAS 12 Income taxes: the accounting treatment of the income tax consequences of dividends on financial instruments classified as equity shall follow that of transactions or events that generated distributable profits;
 - IAS 23 Borrowing costs: if any specific borrowing related to a qualifying asset remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows.

(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 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 the first six months of 2018 and the first six months of 2017 under IFRS 8.

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

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

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

Thousands of Euros	Closures			Other Operations			Total		
	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2016	June 30, 2017	June 30, 2018
External revenue	233,942	249,099	257,158	1,443	1,937	1,550	235,385	251,036	258,707
Operating profit	31,596	31,178	27,091	1	75	(225)	31,596	31,253	26,867
Amortization, depreciation and impairment losses	(15,036)	(15,646)	(15,930)	(68)	(66)	(52)	(15,103)	(15,712)	(15,981)

Thousands of Euros	Closures				Other Operations				Total			
	December 31, 2016	June 30, 2017	December 31, 2017	June 30, 2018	December 31, 2016	June 30, 2017	December 31, 2017	June 30, 2018	December 31, 2016	June 30, 2017	December 31, 2017	June 30, 2018
Trade receivables - third parties	88,501	97,298	102,044	111,178	633	580	400	945	89,134	97,878	102,444	112,123
Trade receivables - related parties	277	378	1,208	2,069	-	-	-	-	277	378	1,208	2,069
Inventories	67,430	89,601	82,275	96,970	453	494	467	593	67,883	90,095	82,742	97,563
Trade payables - third parties	(65,095)	(74,785)	(71,010)	(74,397)	(550)	(472)	(316)	(840)	(65,645)	(75,257)	(71,326)	(75,237)
Trade payables - related parties	(311)	(533)	-	-	-	-	-	-	(311)	(533)	-	-
Property, plant and equipment	189,052	189,462	188,905	186,005	444	435	366	379	189,496	189,896	189,271	186,384

Thousands of Euros	Closures			Other Operations			Total		
	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2016	June 30, 2017	June 30, 2018
Capital expenditure (net of disposals)	16,566	16,533	16,623	4	56	65	16,570	16,590	16,688

Capital expenditure as at June 30, 2018 does not include the sale of assets held for sale (€2.1 million)

Geographical information

The Closures division operates from many manufacturing facilities primarily in Italy, India, Poland, the United Kingdom, Ukraine, Spain, Mexico, Australia, South Africa and Argentina.

In presenting information on the basis of geographical segments, segment revenue and segment assets are based on the geographical location of the assets/subsidiaries.

Thousands of Euros	Net revenue		
	June 30, 2016	June 30, 2017	June 30, 2018
Italy	28,251	31,467	32,861
India	32,426	29,441	31,875
Poland	29,501	29,692	29,987
UK	23,847	21,835	22,889
Ukraine	20,877	22,096	22,579
Spain	21,691	21,166	21,845
Mexico	17,463	17,757	18,282
Australia	16,561	17,536	14,114
South Africa	6,522	8,029	8,180
Argentina	8,712	9,726	8,525
Other countries	29,533	42,291	47,572
Net revenue	235,385	251,036	258,707

Thousands of Euros	Non-current assets other than financial instruments and deferred tax assets: Property, plant and equipment and Intangible assets			
	December 31, 2016	June 30, 2017	December 31, 2017 (*)	June 30, 2018
Italy	323,559	321,739	316,092	314,877
Australia	70,132	68,295	66,082	64,357
India	26,634	26,544	36,995	34,149
Poland	31,046	32,312	30,789	27,738
Spain	20,534	20,842	21,016	20,984
Mexico	13,550	14,557	13,470	15,423
Ukraine	11,235	12,253	11,146	13,730
Brasil	12,968	11,564	10,724	9,357
South Africa	11,369	10,975	10,489	10,193
Other countries	27,361	27,590	31,530	26,470
Consolidation adjustments	15,098	16,628	18,442	24,160
Property, plant and equipment and Intangible assets	563,486	563,299	566,776	561,439

Thousands of Euros	Deferred Tax Assets			
	December 31, 2016	June 30, 2017	December 31, 2017 (*)	June 30, 2018
Australia	1,559	1,463	1,415	1,290
Italy	2,644	2,429	1,215	1,224
Argentina	678	952	1,062	1,471
India		33	93	85
Spain	415	365	337	333
New Zealand	250	270	248	215
South Africa		-	141	75
China	98	93	102	103
Ukraine	326	447	47	23
North America	110	102	110	92
Mexico	58	62	65	67
Chile	0	15	0	291
UK	0	5	0	122
Other countries	67	29	51	37
Consolidation adjustments	1,088	1,054	859	708
Deferred Tax Assets	7,293	7,317	5,744	6,135

(*) The consolidated figures as at December 31, 2017 have been restated to reflect the adjustments to provisional fair values originally recognized in the consolidated financial statements at December 31, 2017 related to the acquisition of Axiom Propack Pvt Ltd as described in the paragraph (4.1) Acquisition of subsidiaries and business units)

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

Information about major customers

In the Closures segment, at June 30, 2018 there are two customers with a percentage of revenue over 10%: the turnover of the first customer amounts to around €28 million in 1H 2018 (10.9% of net revenue) (around €27 million in 1H 2017, or 10.6% of net revenue), while the turnover of the second customer amounts to around €27 million in 1H 2018 (or 10.3% of net revenue) (around €23 million in 1H 2017 or 9.1% of net revenue).

In the Closures segment, at June 30, 2017 and 2016 there is only one customer with a percentage of revenue over 10% and the turnover amounts to around € 27 million in 1H 2017 (10.6% of net revenue) (€ 29 million in 1H 2016, 12.5% of net revenue).

(4) Acquisition of subsidiaries, business units and non-controlling interests**(4.1) Acquisition of subsidiaries and business units**

On October 13, 2017, Guala Closures India Pvt Ltd completed the acquisition of 100% of Axiom Propack Pvt Ltd, an India-based company which produces safety closures for spirits.

The net cash flows used by 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 the acquisition date	Provisional adjustments for fair value measurement	Restated amounts recognized at acquisition
Property, plant and equipment	6,932		6,932	(10)	6,922
Intangible assets	67		67		67
Inventories	465		465	(82)	383
Trade receivables	735		735		735
Tax liabilities	(68)		(68)		(68)
Other current assets	47		47	(1)	44
Non-current financial assets	196		196		196
Cash and cash equivalents	-		-	64	64
Deferred tax assets	592		592	(455)	139
Trade payables	(1,035)		(1,035)	357	(677)
Employee benefits	(30)		(30)		(30)
Other current liabilities	(77)		(77)	(504)	(582)
Current financial liabilities	(5,637)		(5,637)	176	(5,461)
Net identifiable assets and liabilities	2,186	-	2,186	(455)	1,731
Goodwill arising from the acquisition	3,753	-	3,753	455	4,208
Consideration paid at the date of acquisition	5,365		5,365		5,365
Consideration to be paid within 18 months	574		574		574

Measurement of fair values

The valuation techniques used for measuring the fair value of property, plant and equipment acquired were as follows:

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

The transaction had only been recognized provisionally in the consolidated financial statements as at and for the year ended December 31, 2017 as the net assets and liabilities acquired were restated considering the fair value of the identifiable net assets acquired and liabilities assumed.

Following the evaluation of intangible assets which arose from the completion of the procedure to recognize the business combination in 2018, the goodwill arising from the acquisition was recalculated and amounts to €4,208 thousand.

The acquisition of Axiom Propack Pvt Ltd impacted the Group's net financial indebtedness at December 31, 2017 by €5 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.

Goodwill

Goodwill arising from the acquisition has been recognized as follows:

Thousands of Euros	Provisional amounts recognized at acquisition	Restated amounts recognized at acquisition
Consideration paid at the acquisition	5,365	5,365
Consideration to be paid within 18 months	574	574
Fair value of identifiable net assets	(2,186)	(1,731)
Goodwill	3,753	4,208

In relation to the acquisition of Guala Closures France SAS (formerly CapMetal SAS) done in December 2016, no additional adjustments were recognized in the provisional accounting on the net assets and liabilities acquired in both the first six month period ended June 30, 2017 and the year ended December 31, 2017.

(4.2) Acquisition of non-controlling interests

On March 20, 2018, the Group acquired a residual non-controlling interest in Guala Closures Argentina S.A. through Guala Closures International B.V., increasing its percentage of investment from 98.38% to 100%.

The carrying amount of NCI acquired was €4 thousand, the consideration to be paid by July 31, 2018 is €114 thousand and the impact on the equity attributable to the owners of the parent is negative for €110 thousand. As at June 30, 2018, the consideration was paid for €57 thousand; the remaining portion of €57 thousand has been paid in July 2018.

STATEMENT OF FINANCIAL POSITION

(5) Cash and cash equivalents

Cash and cash equivalents amount to €22,075 thousand at June 30, 2018 (€40,164 thousand at December 31, 2017) and to €28,828 thousand at June 30, 2017 (€53,973 thousand at December 31, 2016): the reduction is mainly due to the seasonal trend of net working capital in the six months of the year compared to the last quarter of the previous year.

(6) Current and non-current financial assets – related parties

This caption relates to transactions between Guala Closures S.p.A. and the parent GCL Holdings S.C.A. as at December 31, 2016, June 30, 2017, December 31, 2017 and June 30, 2018.

This note provides information on the contractual terms regulating the loan agreement:

Thousands of Euros	June 30, 2018 and 2017
Lender	Guala Closures S.p.A.
Beneficiary	GCL Holdings S.C.A.
Contract date	November 11, 2016
Contract expiry date	November 15, 2021
Original amount	€ 91,200
Outstanding amount at June 30, 2018 and 2017	€ 91,200
Outstanding amount at December 31, 2016 and 2017	€ 91,200
Interest rate	Euribor 3M + 5.25%

Current and non-current financial assets due from the parent GCL Holdings S.C.A. at June 30, 2017 and June 30, 2018 may be analyzed as follows:

Thousands of Euros		Date	Total	Nominal amount	
				Current financial assets	Non-current financial assets
Loan assets from: GCL Holdings S.C.A.	Lender Guala Closures S.p.A.	30.06.2018	92,971	1,771	91,200
Loan assets from: GCL Holdings S.C.A.	Lender Guala Closures S.p.A.	31.12.2017	91,803	603	91,200
Loan assets from: GCL Holdings S.C.A.	Lender Guala Closures S.p.A.	30.06.2017	91,803	603	91,200
Loan assets from: GCL Holdings S.C.A.	Lender Guala Closures S.p.A.	31.12.2016	91,856	656	91,200

(7) Trade receivables – third parties

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2016	June 30, 2017	December 31, 2017	June 30, 2018
Trade receivables	96,878	105,466	104,705	114,343
Allowance for impairment	(7,744)	(7,588)	(2,261)	(2,220)
Total	89,134	97,878	102,444	112,123

The allowance for impairment changed as follows:

Thousands of Euros	Six months ended June 30, 2017	Six months ended June 30, 2018
Opening allowance for impairment	7,744	2,261
Exchange rate (gains)/losses	37	(2)
Allowance of the year	37	137
Utilization/releases	(230)	(176)
Closing allowance for impairment	7,588	2,220

The allowance at June 30, 2018 and 2017 relates to a 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 last quarter of 2017, which marks the difference between the allowance at June 30, 2017 and 2018, is due to the write-off of old receivables already impaired in the past since the Group's lawyer definitively assessed them as non-recoverable.

(8) Trade receivables – related parties

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2016	June 30, 2017	December 31, 2017	June 30, 2018
Receivables from the parent GCL Holdings S.C.A.	277	378	1,208	2,069
Total	277	378	1,208	2,069

The change in the various periods is due to the different timing in invoicing/recharging by GCL Holdings S.C.A. and Guala Closures S.p.A..

(9) Inventories

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2016	Six months ended June 30, 2017	December 31, 2017	Six months ended June 30, 2018
Raw materials, consumables and supplies	33,105	41,232	41,844	44,803
(Allowance for inventory write-down)	(1,193)	(1,087)	(1,152)	(920)
Work in progress and semi-finished products	16,296	24,179	19,869	25,941
(Allowance for inventory write-down)	(685)	(524)	(569)	(698)
Finished products and goods	21,169	27,065	23,404	28,863
(Allowance for inventory write-down)	(1,042)	(1,067)	(928)	(813)
Payments on account	233	297	273	388
Total	67,883	90,095	82,742	97,563

The increase in inventories at period end is mainly due to the seasonal nature of sales.

Changes in the first six months of 2018 and 2017 are as follows:

Thousands of Euros	Six months ended June 30, 2018
January 1, 2018	82,742
Exchange rate gains	(1,906)
Change in raw materials, consumables and supplies	4,704
Change in semi-finished products and finished goods	11,909
Change in payments on account	114
Balance at June 30, 2018	97,563

Thousands of Euros	Six months ended June 30, 2017
January 1, 2017	67,883
Exchange rate gains	(1,004)
Change in raw materials, consumables and supplies	8,859
Change in inventories of finished goods and semi-finished products	14,294
Change in payments on account	63
Balance at June 30, 2017	90,095

The allowance for inventory write-down varied as follows:

Thousands of Euros	Six months ended June 30, 2017	Six months ended June 30, 2018
Opening allowance for inventory write-down	2,920	2,649
Exchange rate (gains) / losses	(25)	26
Allowance of the period	446	331
Utilization	(664)	(574)
Closing allowance for inventory write-down	2,678	2,431

(10) Assets classified as held for sale

At December 31, 2017, these assets of €2,130 thousand refer 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, have been sold in June 2018 based on the agreement signed in February 2018. Its fair value corresponds to the purchase price agreed with the buyer. The carrying amount of such plant, which is entirely attributable to the Closures division at the time of the change in classification, amounted to €3.9 million in the 2017 consolidated financial statements with an impairment loss of approximately €1.8 million accounted for in the statement of profit or loss and other comprehensive income. There were no assets classified as held for sale at June 30, 2017 and December 31, 2016.

(11) Property, plant and equipment

The following table shows the changes in this caption in the first six months of 2018:

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, 2017	70,767	402,119	63,186	9,031	7,883	552,986
Accumulated depreciation and impairment at December 31, 2017	(17,662)	(286,037)	(51,836)	(8,180)	-	(363,715)
Carrying amount at December 31, 2017	53,105	116,081	11,350	851	7,883	189,271
Carrying amount at January 1, 2018	53,105	116,081	11,350	851	7,883	189,271
Exchange rate gains/(losses)	(1,495)	(2,294)	(8)	(26)	11	(3,812)
Additions	9	3,264	71	51	11,764	15,160
Disposals	-	(165)	(2)	(11)	(1)	(179)
Impairment losses	(5)	(185)	(115)	-	-	(306)
Reclassifications	120	9,054	1,096	57	(10,327)	1
Depreciation	(946)	(11,462)	(1,208)	(133)	-	(13,750)
Historical cost at June 30, 2018	69,012	409,758	64,103	9,108	9,330	561,311
Accumulated depreciation and impairment at June 30, 2018	(18,223)	(295,465)	(52,925)	(8,313)	-	(374,926)
Carrying amount at June 30, 2018	50,789	114,293	11,178	795	9,330	186,384

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

At June 30, 2018, the caption includes the carrying amount of leased assets (€13,170 thousand), against which the Group recognized current financial liabilities (€2,486 thousand) and non-current financial liabilities (€4,535 thousand).

At June 30, 2018, collateral on property, plant and equipment is unchanged on the consolidated financial statements at December 31, 2017.

The main additions for the first six months of 2018 refer to Italy, Ukraine, Mexico and Poland.

The following table shows the changes in this caption in the first six months of 2017:

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
Thousands of Euros						
Historical cost at December 31, 2016	78,556	381,588	62,007	8,676	6,125	536,952
Accumulated depreciation and impairment at December 31, 2016	(19,605)	(270,316)	(49,643)	(7,892)	-	(347,457)
Carrying amount at December 31, 2016	58,951	111,272	12,363	784	6,125	189,496
Carrying amount at January 1, 2017	58,951	111,272	12,363	784	6,125	189,496
Exchange rate gains/(losses)	(658)	(1,126)	154	(11)	59	(1,583)
Business combinations	-	-	-	-	3	3
Additions	1	2,540	65	146	13,015	15,768
Disposals	(1)	(8)	-	(21)	-	(30)
Impairment losses	(5)	(277)	-	-	-	(282)
Reclassifications	98	4,641	283	87	(5,109)	-
Depreciation	(993)	(11,061)	(1,271)	(150)	-	(13,475)
Historical cost at June 30, 2017	77,828	387,410	62,614	8,878	14,093	550,822
Accumulated depreciation and impairment at June 30, 2017	(20,434)	(281,429)	(51,020)	(8,042)	-	(360,926)
Carrying amount at June 30, 2017	57,393	105,980	11,594	836	14,093	189,896

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

At June 30, 2017, the caption includes the carrying amount of leased assets (€14,608 thousand), against which the Group recognized current financial liabilities (€2,124 thousand) and non-current financial liabilities (€6,690 thousand).

At June 30, 2017, collateral on property, plant and equipment is unchanged on the consolidated financial statements at December 31, 2016.

The main additions for the first six months of 2017 refer to Ukraine, Italy, India and Poland.

(12) Intangible assets

The following table shows the changes in this caption in the first six months of 2018:

	Development expenditure	Licences and patents	Goodwill	Other	Assets under development and payments on account	Total
Thousands of Euros						
Historical cost at December 31, 2017	8,350	71,582	362,170	15,281	1,361	458,744
Accumulated amortization and impairment at December 31, 2017	(7,083)	(60,862)	-	(13,749)	-	(81,695)
Carrying amount at December 31, 2017	1,267	10,720	362,170	1,531	1,361	377,049
Impact of Axiom Propack Pvt Ltd PPA re-statement of provisional adjustment for FV measurement			455			455
Carrying amount at January 1, 2018	1,267	10,720	362,625	1,531	1,361	377,504
Exchange rate gains/(losses)	(11)	(2)	(989)	(38)	(1)	(1,040)
Additions	-	3	-	16	493	512
Reclassifications	(0)	109	(0)	-	(109)	(1)
Amortization	(289)	(862)	-	(770)	-	(1,921)
Historical cost at June 30, 2018	8,318	71,701	361,636	14,868	1,743	458,268
Accumulated amortization and impairment at June 30, 2018	(7,350)	(61,734)	-	(14,129)	-	(83,213)
Carrying amount at June 30, 2018	968	9,968	361,636	739	1,743	375,054

The following table shows the changes in this caption in the first six months of 2017:

	Development expenditure	Licences and patents	Goodwill	Other	Assets under development and payments on account	Total
Thousands of Euros						
Historical cost at December 31, 2016	8,065	71,174	356,627	15,021	1,225	452,112
Accumulated amortization and impairment at December 31, 2016	(6,847)	(59,092)	-	(12,182)	-	(78,122)
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)	(16)	(0)	764	77	(1)	824
Additions	-	-	-	67	489	556
Disposals	-	(2)	-	-	(11)	(14)
Impairment losses	-	-	-	-	(65)	(65)
Reclassifications	99	-	-	-	(99)	-
Amortization	(169)	(972)	-	(748)	-	(1,889)
Historical cost at June 30, 2017	8,128	71,102	357,390	15,388	1,538	453,547
Accumulated amortization and impairment at June 30, 2017	(6,997)	(59,995)	-	(13,153)	-	(80,145)
Carrying amount at June 30, 2017	1,132	11,107	357,390	2,235	1,538	373,402

The fluctuation of goodwill compared to the previous year may be analyzed as follows:

Thousands of Euros	December 31, 2016	June 30, 2017	December 31, 2017 (*)	June 30, 2018
Goodwill attributable to Guala Closures Group	317,227	317,227	317,227	317,227
Goodwill attributable to Guala Closures DGS Poland S.A.	24,076	25,078	25,358	24,270
Goodwill attributable to Guala Closures Ukraine LLC	5,290	5,112	4,507	4,954
Goodwill attributable to GC Bulgaria AD	3,203	3,203	3,203	3,203
Goodwill attributable to GC Tools EAD	722	722	722	722
Goodwill attributable to GCL Pharma (formerly Pharma Trade)	2,512	2,512	2,512	2,512
Goodwill attributable to MCL division acquired by Guala Closures South Africa	1,928	1,869	1,883	1,738
Goodwill attributable to Metalprint assets acquired by Guala Closures S.p.A.	182	182	182	182
Goodwill attributable to Guala Closures France SAS (formerly CapMetal SAS)	1,487	1,487	1,487	1,487
Goodwill attributable to ICSA assets acquired by Guala Closures Chile S.p.A.	-	-	1,331	1,296
Goodwill attributable to Axiom Propack Pvt Ltd.	-	-	4,213	4,044
Total	356,627	357,390	362,625	361,636

(*) The consolidated figures at December 31, 2017 have been restated to reflect the adjustments to provisional fair values originally recognized in the consolidated financial statements at December 31, 2017 related to the acquisition of Axiom Propack Pvt Ltd

The impairment test was carried out at each reporting date, checking whether there are any indications that an asset may be impaired. The recoverable amount of goodwill and intangible assets with a finite useful life is tested annually.

The impairment test is carried out annually and whenever necessary, e.g., in the case of trigger events.

As there were no trigger events in the first six months of 2018 and 2017, no impairment test was carried out at such dates. The enterprise value taken into consideration by Space4, Peninsula and Quaestio for the acquisition of Guala Closures Group supports the goodwill accounted for in the condensed interim consolidated financial statements as of June 30, 2018.

(13) Current and non-current financial liabilities – third parties

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

Reference should be made to note 33) Fair value of financial instruments and sensitivity analysis to these condensed interim consolidated financial statements for further information on the Group's exposure to interest and currency risks.

The guarantees given in respect of these loans are unchanged compared to December 31, 2017. Reference should be made to note 35) Commitments and guarantees to these condensed interim consolidated financial statements.

Overall, at June 30, 2018 and 2017 and at December 31, 2017 and 2016, all covenants and commitments set out in all current financing contracts and the financing contracts in place during the period, were largely met.

Financial liabilities at December 31, 2016, June 30, 2017, December 31, 2017 and June 30, 2018, may be analyzed as follows:

Thousands of Euros	December 31, 2016	June 30, 2017	December 31, 2017	June 30, 2018
Current financial liabilities				
Bonds	3,365	3,095	3,095	3,095
Bank loans and borrowings	6,299	7,824	14,295	15,582
Other financial liabilities	2,782	2,139	3,050	3,604
	<u>12,446</u>	<u>13,058</u>	<u>20,440</u>	<u>22,282</u>
Non-current financial liabilities				
Bonds	499,698	500,749	501,789	502,836
Bank loans and borrowings	34,346	39,375	49,636	57,760
Other financial liabilities	23,714	22,607	22,370	21,235
	<u>557,758</u>	<u>562,732</u>	<u>573,795</u>	<u>581,830</u>
Total	570,204	575,790	594,235	604,112

The terms and expiry dates of the financial liabilities at December 31, 2017 and June 30, 2018 are shown below:

Thousands of Euros	Nominal amount					Current	Non-current
	Total December 31, 2017	Within one year	Between one and five years	More than five years			
Bonds							
Floating Rate Senior Secured Notes due in 2021 issued by Guala Closures S.p.A.	510,000	-	510,000	-	-	510,000	
Accrued interest and expenses 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 expenses 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	
Bancolumbia 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 payables	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	

Thousands of Euros	Nominal amount					Current	Non-current
	Total June 30, 2018	Within one year	From one to five years	After five years			
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	(7,164)	-	(7,164)	-	-	-	(7,164)
TOTAL FRSSN 2021 Guala Closures S.p.A.	505,931	3,095	502,836	-	3,095	3,095	502,836
Bank loans and borrowings:							
Senior Revolving Facility	55,000	-	55,000	-	-	-	55,000
Transaction costs	(1,031)	-	(1,031)	-	-	-	(1,031)
Total Senior Revolving Facility	53,969	-	53,969	-	-	-	53,969
Accrued interest and expense - Guala Closures S.p.A.	(14)	(14)	-	-	(14)	-	-
Yes Bank loan and bank overdraft Axiom Propack (India)	5,005	5,005	-	-	5,005	-	-
Handlowy S.A. / Millennium S.A. bank overdraft (Poland)	3,770	3,770	-	-	3,770	-	-
Banco de la Nacion Argentina loan (Chile)	467	171	296	-	171	296	-
Bradesco / ITAU / Santander loans and bank overdraft (Brazil)	380	321	59	-	321	59	-
Advances on receivables and loans (Argentina)	1,943	1,903	40	-	1,903	40	-
Banamex / Bancomer loans (Mexico)	7,821	4,426	3,395	-	4,426	3,395	-
Total bank loans and borrowings	73,342	15,582	57,760	-	15,582	57,760	-
Other financial liabilities:							
Guala Closures S.p.A. finance leases	6,663	2,280	4,383	-	2,280	4,383	-
Other companies finance leases	358	206	151	-	206	151	-
Liability to the Ukrainian non-controlling investors	16,700	-	-	16,700	-	-	16,700
Other liabilities	1,119	1,119	-	-	1,119	-	-
Total other financial liabilities	24,839	3,604	4,535	16,700	3,604	21,235	-
TOTAL	604,112	22,282	565,130	16,700	22,282	581,830	-

The terms and expiry dates of the financial liabilities at December 31, 2016 and June 30, 2017 are shown below:

Thousands of Euros	Nominal amount					
	Total December 31, 2016	Within one year	Between one and five years	More than 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 and expenses 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 expenses 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
Payable due 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 June 30, 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	(9,251)	-	(9,251)	-	-	(9,251)
TOTAL FRSSN 2021 Guala Closures S.p.A.	503,844	3,095	500,749	-	3,095	500,749
BANK LOANS AND BORROWINGS:						
Senior Revolving Facility	39,000	-	39,000	-	-	39,000
Transaction costs	(1,336)	-	(1,336)	-	-	(1,336)
Total Senior Revolving Facility	37,664	-	37,664	-	-	37,664
Accrued interest and expense - Guala Closures S.p.A.	8	8	-	-	8	-
Handlowy S.A. / Millennium S.A. bank overdraft (Poland)	4,485	4,485	-	-	4,485	-
Banco de la Nacion Argentina loan (Chile)	560	93	467	-	93	467
Bancolombia loan (Colombia)	161	161	-	-	161	-
Bradesco / ITAU loan (Brazil)	682	262	420	-	262	420
Advances on receivables and loans (Argentina)	2,564	2,319	245	-	2,319	245
Bancomer loan (Mexico)	1,076	497	579	-	497	579
TOTAL BANK LOANS AND BORROWINGS	47,200	7,824	39,375	-	7,824	39,375
OTHER FINANCIAL LIABILITIES:						
Guala Closures S.p.A. finance leases	8,814	2,124	6,690	-	2,124	6,690
Put option on non-controlling interests	15,900	-	-	15,900	-	15,900
Other liabilities	32	15	17	-	15	17
TOTAL OTHER FINANCIAL LIABILITIES	24,746	2,139	6,707	15,900	2,139	22,607
TOTAL	575,790	13,058	546,832	15,900	13,058	562,732

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 33) Fair value of financial instruments and sensitivity analysis to these condensed interim consolidated financial statements for further details.

The interest rates and expiry dates of the financial liabilities at December 31, 2017 and June 30, 2018 are shown below:

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.	€	Euribor 3M + 4.75%	2021	510,000
Accrued interest and expenses Guala Closures S.p.A.	€	n.a.	2018	3,095
Transaction costs	€	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	€	Euribor 3M + 4.00%	2021	50,000
Transaction costs	€	n.a.	2021	(1,182)
Total Senior Revolving Facility				48,818
Accrued interest and expenses Guala Closures S.p.A.	€	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 loans and receivables (Argentina)	ARS	n.a.	n.a.	2,629
Banamex loan (Mexico)	US\$	3.62%	2019	797
Total bank loans and borrowings				63,931
Other financial liabilities:				
Guala Closures S.p.A. finance leases	€	Euribor + 1.5% (***)	2020	7,772
Liability to the Ukrainian non-controlling investors	€	n.a.	n.a.	16,800
Other payables	€	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

Thousands of Euros	Currency	Nominal interest rate	Expiry date	Total June 30, 2018
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	(7,164)
TOT. BOND FRSSN 2021 Guala Closures S.p.A.				505,931
Bank loans and borrowings:				
Senior Revolving Facility due in 2021	EUR	Euribor 3M + 4.00%	2021	55,000
Transaction costs	EUR	n.a.	2021	(1,031)
Total Senior Revolving Facility				53,969
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.	5,005
Handlowy S.A. / Millennium S.A. bank overdraft (Poland)	PLN	Wibor 1M (*)	n.a.	3,770
Banco de la Nacion Argentina loan (Chile)	CLP	7.56%	2020	467
Bradesco / ITAU / Santander loans and bank overdraft (Brazil)	BRL	n.a.	2019	380
Advances on receivables and loans (Argentina)	ARS	n.a.	n.a.	1,943
Banamex / Bancomer loan (Mexico)	USD	3.75%	2023	7,821
Total bank loans and borrowings				73,342
Other financial liabilities:				
Guala Closures S.p.A. finance leases	EUR	Euribor + 1.5% (***)	2020	6,663
Other companies finance leases	EUR	n.a.	n.a.	358
Liability to the Ukrainian non-controlling investors	EUR	n.a.	n.a.	16,700
Other liabilities	EUR	n.a.	n.a.	1,119
Total other financial liabilities				24,839
TOTAL				604,112

(*) 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 interest rates and expiry dates of the financial liabilities at December 31, 2016 and June 30, 2017 are shown below:

Thousands of Euros		nominal interest rate	expiry date	December 31, 2016
Bonds				
Floating Rate Senior Secured Notes due in 2021 issued by Guala Closures S.p.A.	€	Euribor 3M + 4.75%	2021	510,000
Accrued interest and expenses Guala Closures S.p.A.	€	n.a.	2017	3,365
Transaction costs	€	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	€	Euribor 3M + 4.00%	2021	34,000
Transaction costs	€	n.a.	2021	(1,487)
Total Senior Revolving Facility				32,513
Accrued interest and expenses Guala Closures S.p.A.	€	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 loans and receivables (Argentina)	ARS	n.a.	n.a.	1,434
Bancomer loan (Mexico)	US\$	3.62%	2019	1,652
Total bank loans and borrowings				40,645
Other financial liabilities:				
Guala Closures S.p.A. finance leases	€	Euribor + 1.5% (***)	2020	9,821
Payable due to the Ukrainian non-controlling investors	€	n.a.	n.a.	15,900
Other liabilities	€	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 June 30, 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.	2017	3,095
Transaction costs	EUR	n.a.	2021	(9,251)
TOT. BOND FRSSN 2021 Guala Closures S.p.A.				503,844
Bank loans and borrowings:				
Senior Revolving Facility due in 2021	EUR	Euribor 3M + 4.00%	2021	39,000
Transaction costs	EUR	n.a.	2021	(1,336)
Total Senior Revolving Facility				37,664
Accrued interest and expense - Guala Closures S.p.A.	EUR	n.a.	2017	8
Handlowy S.A. / Millennium S.A. bank overdraft (Poland)	PLN	Wibor 1M (*)	n.a.	4,485
Banco de la Nacion Argentina loan (Chile)	CLP	n.a.	2020	560
Bancolombia loan (Colombia)	COP	I.B.R. + 3.25% (**)	2018	161
Bradesco / ITAU loan (Brazil)	BRL	n.a.	2019	682
Advances on receivables and loans (Argentina)	ARS	n.a.	n.a.	2,564
Bancomer loan (Mexico)	USD	3.62%	2019	1,076
Total bank loans and borrowings				47,200
Other financial liabilities:				
Guala Closures S.p.A. finance leases	EUR	Euribor + 1.5% (***)	2020	8,814
Put option on non-controlling interests	EUR	n.a.	n.a.	15,900
Other liabilities	EUR	n.a.	n.a.	32
Total other financial liabilities				24,746
TOTAL				575,790

(*) 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 at June 30, 2018 and 2017 is shown in the table below:

	Available amount (thousands of Euros)	Amount used at June 30, 2018	Residual amount available at June 30, 2018
Revolving Facility due 2021	65,000	55,000	10,000
Total	65,000	55,000	10,000
	Available amount (thousands of Euros)	Amount used at June 30, 2017	Residual amount available at June 30, 2017
Revolving Facility due 2021	65,000	39,000	26,000
Total	65,000	39,000	26,000

(14) Current and non-current financial liabilities – related parties

This section discloses the contractual terms governing the loans granted by GCL Holdings S.C.A. (parent of Guala Closures S.p.A.).

The terms and expiry dates of the loans at December 31, 2017 and June 30, 2018 are shown below:

Thousands of Euros	Total December 31, 2017	Within one year	Between one and five years	More than five years	Current	Non- current
Loan granted by GCL Holdings S.C.A. to Guala Closures International B.V. - due 2021	26,306	181	26,125	-	181	26,125
TOTAL	26,306	181	26,125	-	181	26,125

Thousands of Euros	Total June 30, 2018	Within one year	Between one and five years	More than five years	Current	Non- current
Loan granted by GCL Holdings S.C.A. to Guala Closures International B.V. - due 2021	23,373	473	22,900	-	473	22,900
TOTAL	23,373	473	22,900	-	473	22,900

The terms and expiry dates of the loans at December 31, 2016 and June 30, 2017 are shown below:

Thousands of Euros	Total December 31, 2016	Within one year	Between one and five years	More than five years	Current	Non- current
Loan granted by GCL Holdings S.C.A. to Guala Closures International B.V. - due 2021	33,138	1,313	31,825	-	1,313	31,825
TOTAL	33,138	1,313	31,825	-	1,313	31,825

Thousands of Euros	Total June 30, 2017	Due within one year	Between one and five years	More than five years	Current	Non- current
Loan granted by GCL Holdings S.C.A. to Guala Closures International B.V. - due 2021	30,528	203	30,325	-	203	30,325
TOTAL	30,528	203	30,325	-	203	30,325

The interest rates of the loans at December 31, 2017 and June 30, 2018 are shown below:

Thousands of Euros	Currency	Nominal interest rate	Total December 31, 2017
Loan granted by GCL Holdings S.C.A. to Guala Closures International B.V. - due 2021	€	Euribor 3M + 5.25%	26,306
Total			26,306

Thousands of Euros	Currency	Nominal interest rate	Total June 30, 2018
Loan granted by GCL Holdings S.C.A. to Guala Closures International B.V. - due 2021	€	Euribor 3M + 5.25%	23,373
Total			23,373

The interest rates of the loans at December 31, 2016 and June 30, 2017 are shown below:

Thousands of Euros	Currency	Nominal interest rate	Total December 31, 2016
Loan granted by GCL Holdings S.C.A. to Guala Closures International B.V. - due 2021	€	Euribor 3M + 5.25%	33,138
Total			33,138

Thousands of Euros	Currency	Nominal interest rate	Total June 30, 2017
Loan granted by GCL Holdings S.C.A. to Guala Closures International B.V. - due 2021	€	Euribor 3M + 5.25%	30,528
Total			30,528

(15) Trade payables – third parties

These may be analyzed as follows:

Thousands of Euros	December 31, 2016	June 30, 2017	December 31, 2017	June 30, 2018
Suppliers	63,614	74,477	69,933	74,357
Payments on account	2,032	780	1,393	880
Total	65,645	75,257	71,326	75,237

(16) Equity attributable to the owners of the parent

At June 30, 2018 and 2017, Guala Closures S.p.A. is a single-member company limited by shares wholly owned by GCL Holdings S.C.A..

At June 30, 2018 and 2017, Guala Closures S.p.A. has subscribed and paid-up share capital of €74,624 thousand, consisting of 74,624,491 ordinary shares with a nominal amount of €1 each.

At their extraordinary meeting on December 22, 2014, the shareholders of Guala Closures S.p.A. approved the issuance, pursuant to article 2346, last paragraph, of the Italian Civil Code, of 50.7 million participating financial instruments (“SFP”) with a nominal amount of €1.00 each and a duration equal to that of the company, against a contribution in cash of €50.7 million, reserved to the sole shareholder GCL Holdings S.C.A..

The main features of the SFP are:

- the participating financial instruments are perpetual and are subordinate to the Group’s other creditors. The purpose of issuing participating financial instruments was to strengthen the Group’s capital base;
- coupons on the SFP are settled from time to time by Guala Closures S.p.A. in accordance with the relevant resolutions (if any) of the competent corporate bodies of the company. The coupon rate of the participating financial instruments is 9.3%. Coupon payments and their tax effect are recognized directly in equity;
- Guala Closures S.p.A. may, at its sole discretion, omit or defer coupon payments to the holders. However, deferred coupon payments will fall due for payment in the event of Guala Closures S.p.A. subsequently making any distributions to its shareholders, both as dividends and reserves;
- the SFP Holder(s) may freely transfer, in whole or in part, the SFPs to any third party;
- pursuant to the SFP Rules, the SFPs shall be redeemable at any time, in whole or in part, at the option of the parent’s board of directors only and within the amount of the distributable profits and distributable reserves as recorded in the financial statements of the parent as duly approved by the competent corporate bodies.

As the SFP satisfy the IAS 32 criteria for equity, they have been recognized as part of equity.

In the first six months of 2017 and 2018, like in previous years, no coupons on the SFP are declared by Guala Closures S.p.A.’s management.

The increase in the equity reserve “Participating financial instruments reserve” is due to income attributable to the owners of the Participating Financial Instruments of the parent related to such instruments.

On April 27, 2018, Guala Closures' shareholders' meeting:

- (i) resolved to amend Guala Closures's by-laws to (a) remove the indication of the nominal amount of the company's ordinary shares; (b) include the issue of 6,400,000 Guala Closures B shares – special shares carrying multiple votes – which were assigned to GCL by converting 6,400,000 ordinary shares of the company held by the same;
- (ii) resolved to increase the share capital against consideration, to be carried out by the date of the Business Combination, for approximately €25 million and reserved to the sole shareholder “GCL Holdings S.C.A.” and/or, possibly, to a company controlled by the managers, as per the project for the proposed merger, by issuing up to 3,701,614 ordinary shares of the company, with no nominal amount and a par value of €0.10 per share, to be fully freed by paying a unit subscription amount of €6.75381 per share. The shares issued as part of the Managers' capital increase are accompanied by 1,480,646 GC management warrants which were issued in the ratio of 4 GC management warrants to every 10 ordinary shares of the company issued as part of the capital increase. The GC Management Warrants will be exchange against the Management Warrants as part of the merger.

On May 28, 2018, the shareholders' meeting of Guala Closures resolved to simplify the net equity structure through the compensation of the positive reserves and the partial reduction of the losses carried forward from the previous financial years by using the share premium reserve (*riserva sovrapprezzo azioni*) and the legal reserve while maintaining the reserve relating to the financial participating instruments issued by Guala Closures (“SFP”) and the negative hedging reserve. Furthermore, on May 31, 2018 the extraordinary shareholders' meeting of Guala Closures resolved to amend the SFP regulation in order to allow the SFP redemption at any time to be carried out upon specific resolution of the Board of Directors, within the limits of the distributable profits and available reserves resulting from the last approved financial statement or, if higher, as determined by the Board of Directors also taking into account the capital reserves accrued after the approval of the last financial statement.

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

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

As per the Senior Revolving Facility Agreement 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.

Equity and participating financial instruments are considered to be capital.

The Group thus seeks to maintain a sufficient level of capitalization, while giving shareholders satisfactory returns and ensuring the Group has access to external sources of financing at acceptable terms, including via maintaining an adequate rating.

The Group monitors the debt/equity ratio on an ongoing basis, particularly in terms of net indebtedness and cash flows generated by operating activities.

The board of directors carefully monitors the balance between greater returns through the right level of indebtedness and the advantages of a sound financial position.

To achieve these objectives, the Group strives to continuously make its operations more profitable.

The board of directors monitors the return on share capital, being total equity pertaining to owners of the parent, excluding non-controlling interests, and the amount of dividends to be distributed to holders of ordinary shares.

The Group's capital management policies have not changed during the six months ended June 30, 2018 and 2017.

Please refer to the note 37) Events after the reporting period for all changes occurred to the Group equity after June 30, 2018.

(17) Equity attributable to non-controlling interests

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

	Non-controlling interests % December 31, 2017	Non-controlling interests % June 30, 2018	Balance at December 31, 2017	Balance at June 30, 2018
Guala Closures Ukraine LLC	30.0%	30.0%	7,979	8,598
Guala Closures India Pvt Ltd. CONS	5.0%	5.0%	2,150	2,071
Guala Closures Argentina S.A.	1.6%	-	4	-
Guala Closures de Colombia LTDA	6.8%	6.8%	547	421
Guala Closures Bulgaria A.D.	30.0%	30.0%	2,033	1,999
Guala Closures DGS Poland S.A.	30.0%	30.0%	11,694	9,195
Guala Closures France SAS	30.0%	30.0%	78	120
Total			24,486	22,404

	Non-controlling interests % December 31, 2016	Non-controlling interests % June 30, 2017	Balance at December 31, 2016	Balance at June 30, 2017
Guala Closures Ukraine LLC	30.0%	30.0%	9,112	7,169
Guala Closures India Pvt Ltd.	5.0%	5.0%	1,938	1,937
Guala Closures Argentina S.A.	1.6%	1.6%	31	15
Guala Closures de Colombia LTDA	6.8%	6.8%	562	445
Guala Closures Bulgaria A.D. CONS	30.0%	30.0%	2,290	2,295
Guala Closures DGS Poland S.A.	30.0%	30.0%	11,234	9,736
Guala Closures France SAS	30.0%	30.0%	171	163
Total			25,338	21,760

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(18) 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	For the six months ended June 30,		
	2016	2017	2018
Europe	131,195	140,042	144,494
Asia	36,183	32,692	39,752
Latin America and North America	39,289	45,978	46,570
Oceania	22,197	24,296	19,711
Africa	6,522	8,029	8,180
Total	235,385	251,036	258,707

(19) Other operating income

This caption includes:

Thousands of Euros	For the six months ended June 30,		
	2016	2017	2018
Sundry recoveries/repayments	1,430	1,770	1,460
Gains on sale of fixed assets	89	14	8
Other	477	584	176
Total	1,996	2,368	1,644

(20) Internal work capitalized

This caption amounts to €2,905 thousand in the first six months of 2018 and includes €389 thousand of capitalized development expenditure related to new closures and €2,517 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 €288 thousand and foreign companies amounting to €2,228 thousand.

This caption amounts to €3,125 thousand in the first six months of 2017 and includes €289 thousand of capitalized development expenditure related to new closures and €2,835 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 €304 thousand and foreign companies amounting to €2,531 thousand.

This caption amounts to €2,669 thousand in the first six months of 2016 and includes €277 thousand of capitalized development expenditure related to new closures and €2,391 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 €441 thousand and foreign companies amounting to €1,951 thousand.

(21) Costs for raw materials

This caption includes:

Thousands of Euros	For the six months ended June 30,		
	2016	2017	2018
Raw materials and supplies	103,484	115,518	116,103
Packaging	4,547	4,785	5,635
Consumables and maintenance	5,540	5,524	4,476
Fuels	197	236	227
Other purchases	1,170	1,986	2,449
Change in inventories	(6,227)	(8,859)	(4,704)
Total	108,711	119,190	124,186

Costs for raw materials rose from €119.2 million in the first six months of 2017 to €124.2 million in the same period of 2018, with a substantially stable percentage impact on net revenue.

(22) Costs for services – third parties

This caption includes:

Thousands of Euros	For the six months ended June 30,		
	2016	2017	2018
Electricity / heating	10,724	11,274	11,450
Transport	9,712	10,895	11,221
External processing	3,785	5,223	4,947
External labor / portorage	2,295	3,185	3,121
Maintenance	2,700	2,829	3,395
Sundry industrial services	2,889	2,906	2,682
Travel	2,021	2,168	2,124
Insurance	1,529	1,542	1,527
Legal and consulting fees	1,497	1,481	4,532
Directors' fees	481	507	716
Administrative services	1,158	977	1,013
Cleaning service	542	548	569
Technical assistance	467	661	483
Commissions	416	480	551
Entertainment expenses	454	403	342
Telephone costs	369	376	289
Security	232	213	235
Advertising services	159	144	149
Commercial services	132	139	166
Expos and trade fairs	173	123	105
Other	1,079	1,158	1,081
Total	42,815	47,233	50,698

Details of fees paid to the key management personnel are provided in note 36) Related party transactions.

(23) Costs for services – related parties

This caption includes:

Thousands of Euros	For the six months ended June 30,		
	2016	2017	2018
Administrative consultancy - GCL Holdings S.C.A.	2,635	3,199	2,920
Total	2,635	3,199	2,920

(24) Personnel expense

This caption includes:

Thousands of Euros	For the six months ended June 30,		
	2016	2017	2018
Wages and salaries	37,208	39,834	39,435
Social security contributions	6,294	6,874	6,896
Expense/(Income) from defined benefit plans	740	729	778
Other costs	1,221	1,558	1,909
Total	45,463	48,994	49,018

At December 31, 2017 and June 30, 2018, the Group had the following number of employees:

Number	December 31, 2017	June 30, 2018
Blue collars	3,112	3,113
White collars	902	915
Managers	210	214
Total	4,224	4,242

(25) Other operating expense

This caption includes:

Thousands of Euros	For the six months ended June 30,		
	2016	2017	2018
Rent and leases	2,248	2,343	2,549
Other provisions	416	384	932
Taxes and duties	903	1,027	914
Other costs for the use of third party assets	790	768	653
Allowance for bad debts	-	92	40
Other charges	476	627	408
Total	4,832	5,241	5,496

(26) Financial income – third parties

This caption includes:

Thousands of Euros	For the six months ended June 30,		
	2016	2017	2018
Exchange rate gains	2,357	396	2,530
Interest income	839	456	192
Financial income on liability versus non-controlling investors in the Ukrainian company	-	-	100
Other financial income	614	64	43
Total	3,810	916	2,865

Interest income decreased in the first six months of 2018 compared to the same period of 2017 mainly as a result of the greater liquidity held in the first six months of 2017 compared to the same period of 2018.

Financial income - non-controlling investors in the Ukrainian company refers to the 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.

(27) Financial income - related parties

This caption includes:

Thousands of Euros	For the six months ended June 30,		
	2016	2017	2018
Interest income - GCL Holdings S.C.A.	-	2,374	2,374
Total	-	2,374	2,374

Interest income versus GCL Holdings S.C.A. increased in the first six months of 2017 compared to the first six months of 2016 due to the Group refinancing occurred in November 2016.

(28) Financial expense – third parties

This caption includes:

Thousands of Euros	For the six months ended June 30,		
	2016	2017	2018
Interest expense	9,544	14,958	15,621
Exchange rate losses	5,239	5,870	9,126
Financial expense on liability versus non-controlling investors in the Ukrainian company	950	-	-
Other financial expense	482	1,532	582
Total	16,215	22,360	25,330

Financial expense - non-controlling investors in the Ukrainian company refers to the 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.

In 1H 2017, net interest expense – third parties increased by €7.4 million compared to 1H 2016 due to several factors: (a) increase of € 5.0 million due to higher interest expense on the Notes (after the Group's refinancing in November 2016, there is a lower interest rate, but a higher principal amount); (b) increase of € 0.9 million due to lower interest income on cash held; (c) increase of € 0.8 million due to the accrual for taxes and related interest of Guala Closures S.p.A. in relation to tax dating to the period 2012-2016; (d) increase of € 0.6 million due to higher amortization of transaction costs on the refinancing.

(29) Financial expense – related parties

This caption includes:

Thousands of Euros	For the six months ended June 30,		
	2016	2017	2018
Interest expense - GCL Holdings S.C.A.	7,469	829	649
Total	7,469	829	649

Interest expense versus GCL Holdings S.C.A. decreased in the first six months of 2017 compared to the first six months of 2016 due to the Group refinancing occurred in November 2016.

(30) Income taxes

This caption includes:

Thousands of Euros	For the six months ended June 30,		
	2016	2017	2018
Current taxes	(7,697)	(9,072)	(9,118)
Deferred tax income	(94)	799	2,058
Total	(7,790)	(8,272)	(7,060)

The change in deferred taxes recognized in profit or loss differ from that in the corresponding statement of financial position captions allocated directly to equity (€-20 thousand at June 30, 2018, €-29 thousand at June 30, 2017 and €-27 thousand at June 30, 2016).

The Group's consolidated effective tax rate in respect of continuing operations for the six months ended June 30, 2018 was 115% (six months ended 30 June 2017: 73%) while were almost stable in the six months ended June 30, 2017 versus six months ended June 30, 2016: 67%. The increase in effective tax rate in the six months ended June 30, 2018 versus June 30, 2017 was due mainly by the operating tax losses of the period of Guala Closures S.p.A. not capitalized in the deferred tax.

(31) Earnings per share – basic and diluted

Migliaia di €	For the six months ended June 30,		
	2016	2017	2018
Profit/(loss) for the period attributable to the owners of the parent	(2,366)	(2,907)	(6,891)
Weighted average number of shares	74,624	74,624	74,624
Earnings/(loss) per share - basic and diluted (in Euro)	(0.03)	(0.04)	(0.09)

The diluted loss per share is the same as the loss per share as no financial instruments with potential dilutive effects have been issued.

(32) Net financial indebtedness

Net financial indebtedness at June 30, 2018, December 31, 2017, June 30, 2017 and December 31, 2016, is analyzed below and calculated in accordance with ESMA/2013/319 recommendations:

<i>(in thousands of Euros)</i>	June 30,		December 31,	
	2017	2018	2016	2017
A Cash	-	-	-	-
B Other cash and cash equivalents	28,828	22,075	53,973	40,164
C Securities held for trading	-	-	-	-
D Cash (A+B+C)	28,828	22,075	53,973	40,164
E Current loan assets	665	1,825	714	655
F Current bank loans and borrowings	6,804	13,817	4,608	13,092
G Current portion of non-current indebtedness	4,116	4,860	5,057	4,297
H Other current loans and borrowings	2,342	4,078	4,095	3,231
<i>Of which: to related parties</i>	<i>203</i>	<i>473</i>	<i>1,313</i>	<i>181</i>
I Current financial indebtedness (F+G+H)	13,262	22,755	13,760	20,620
J Net current financial indebtedness (I-E-D)	(16,231)	(1,144)	(40,927)	(20,199)
K Non-current bank loans and borrowings	39,375	57,760	34,346	49,636
L Bonds issued	500,749	502,836	499,698	501,789
M Other non-current liabilities	52,932	44,135	55,539	48,495
<i>Of which: to related parties</i>	<i>30,325</i>	<i>22,900</i>	<i>31,825</i>	<i>26,125</i>
N Non-current financial indebtedness (K+L+M)	593,057	604,730	589,583	599,920
O Net financial indebtedness (J+N) as per ESMA's recommendation	576,826	603,586	548,656	579,721

The Group monitors the performance of its financial indebtedness using a parameter which includes the amounts shown in the above table and non-current financial assets.

In the annex to the condensed interim consolidated financial statements, the Group gives a breakdown of net financial indebtedness, including non-current financial assets, which mainly comprise the intragroup loan granted in 2016 by Guala Closures S.p.A. to GCL Holdings S.C.A. for an amount of €91,200 thousand and falling due in 2021. This loan was disbursed following the Group's refinancing on November 11, 2016.

The table below shows the reconciliation of the total net financial indebtedness shown in the annex and the structure of net financial indebtedness as per the ESMA's recommendation:

<i>(in thousands of Euros)</i>	June 30,		December 31,	
	2017	2018	2016	2017
O Net financial indebtedness as per ESMA's recommendation	576,826	603,586	548,656	579,721
P Non-current financial assets	91,433	91,431	91,432	91,435
<i>Of which: to related parties</i>	<i>91,200</i>	<i>91,200</i>	<i>91,200</i>	<i>91,200</i>
Q Total net financial indebtedness (O-P)	485,393	512,155	457,224	488,286

The change in net financial indebtedness at June 30, 2018 compared to December 31, 2017 and at June 30, 2017 compared to December 31, 2016 is mainly due to the cash flows used to finance the increase in net working capital following the seasonality nature of December and June of each year.

OTHER INFORMATION

(33) Fair value of financial instruments and sensitivity analysis

(a) Accounting classifications and fair values

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, as at December 31, 2017, June 30, 2018, December 31, 2016 and June 30, 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 the first six months of 2018 and 2017.

June 30, 2018		Carrying amount					Fair value				
Thousands of Euros	Note	Fair value - Held-for- trading	Designated at FVTPL	Fair value - hedging instruments	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value											
Aluminium derivatives used for trading	-	77	-	-	-	-	77	-	77	-	77
		77	-	-	-	-	77	-	77	-	77
Financial assets not measured at fair value (*)											
Trade receivables - third parties	7				112,123		112,123				-
Trade receivables - related parties	8				2,069		2,069				-
Financial assets - third parties					285		285		285		285
Intragroup loans	6				92,971		92,971		96,031		96,031
Cash and cash equivalents	5				22,075		22,075				-
		-	-	-	229,523	-	229,523	-	96,316	-	96,316
Financial liabilities measured at fair value											
Interest rate swaps used for hedging				(128)			(128)		(128)		(128)
Put option on non-controlling interests	13		(16,700)				(16,700)			(16,700)	(16,700)
		-	(16,700)	(128)	-	-	(16,828)	-	(128)	(16,700)	(16,828)
Financial liabilities not measured at fair value (*)											
Bank overdraft	13					(8,775)	(8,775)		(8,775)		(8,775)
Secured bank loans	13					(63,719)	(63,719)	(63,944)			(63,944)
Unsecured bank loans	13					(848)	(848)		(848)		(848)
Secured bond issues	13					(505,931)	(505,931)		(516,359)		(516,359)
Intragroup loans	14					(23,373)	(23,373)		(24,141)		(24,141)
Finance lease liabilities	13					(7,021)	(7,021)		(6,889)		(6,889)
Trade payables - third parties	15					(75,237)	(75,237)				-
Other payables	13					(1,119)	(1,119)		(1,119)		(1,119)
		-	-	-	-	(686,022)	(686,022)	-	(622,075)	-	(622,075)

(*) The Group has not disclosed the fair values of some financial instruments such as current trade receivables, financial assets – third parties and current trade payables, because their carrying amounts are a reasonable approximation of fair values.

December 31, 2017		Carrying amount							Fair value				
	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
Thousands of Euros													
Financial assets not measured at fair value (*)													
Trade receivables - third parties	7					102,444			102,444				-
Trade receivables - related parties	8					1,208			1,208				-
Financial assets - third parties						287			287		287		287
Intragroup loans	6					91,803			91,803		95,139		95,139
Cash and cash equivalents	5					40,164			40,164				-
		-	-	-	-	235,907	-	-	235,907	-	95,427	-	95,427
Financial liabilities measured at fair value													
Interest rate swaps used for hedging				(213)					(213)		(213)		(213)
Put option on non-controlling interests	13		(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	13							(10,580)	(10,580)	(10,580)			(10,580)
Secured bank loans	13							(52,230)	(52,230)	(52,571)			(52,571)
Unsecured bank loans	13							(1,120)	(1,120)	(1,120)			(1,120)
Secured bonds issues	13							(504,884)	(504,884)	(516,797)			(516,797)
Intragroup loans	14							(26,306)	(26,306)	(27,262)			(27,262)
Finance lease liabilities	13							(7,772)	(7,772)	(7,547)			(7,547)
Trade payables - third parties	15							(71,326)	(71,326)				-
Other liabilities	13							(848)	(848)	(848)			(848)
		-	-	-	-	-	-	-	(675,067)	-	(616,726)	-	(616,726)

(*) The Group has not disclosed the fair values of some financial instruments such as current trade receivables, financial assets – third parties and current trade payables, because their carrying amounts are a reasonable approximation of fair values.

June 30, 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 measured at fair value														
Aluminium derivatives used for trading		122							122		122		122	
		122	-	-	-	-	-	-	122	-	122	-	122	
Financial assets not measured at fair value (*)														
Trade receivables - third parties	7					97,878			97,878				-	
Trade receivables - related parties	8					378			378				-	
Financial assets - third parties						294			294		294		294	
Intragroup loans	6					91,803			91,803		93,394		93,394	
Cash and cash equivalents	5					28,828			28,828				-	
		-	-	-	-	219,182	-	-	219,182	-	93,689	-	93,689	
Financial liabilities measured at fair value														
Interest rate swaps used for hedging				(311)					(311)		(311)		(311)	
Aluminium derivatives used for trading		(49)							(49)		(49)		(49)	
Put option on non-controlling interests	13		(15,900)						(15,900)			(15,900)	(15,900)	
		(49)	(15,900)	(311)	-	-	-	-	(16,260)	-	(360)	(15,900)	(16,260)	
Financial liabilities not measured at fair value (*)														
Bank overdraft	13							(4,485)	(4,485)		(4,485)		(4,485)	
Secured bank loans	13							(41,312)	(41,312)		(36,419)		(36,419)	
Unsecured bank loans	13							(1,402)	(1,402)		(1,402)		(1,402)	
Secured bond issues	13							(503,844)	(503,844)		(520,313)		(520,313)	
Intragroup loans	14							(30,528)	(30,528)		(31,048)		(31,048)	
Finance lease liabilities	13							(8,814)	(8,814)		(8,455)		(8,455)	
Trade payables - third parties	15							(75,257)	(75,257)				-	
Trade payables - related parties								(533)	(533)				-	
Other payables	13							(32)	(32)		(32)		(32)	
		-	-	-	-	-	-	-	(666,208)	(666,208)	-	(602,155)	-	(602,155)

(*) The Group has not disclosed the fair values of some financial instruments such as current trade receivables, financial assets – third parties and current trade payables, because their carrying amounts are a reasonable approximation of fair values.

Notes to the condensed interim consolidated financial statements

Guala Closures Group

December 31, 2016													
Thousands of Euros	Note	Carrying amount								Fair value			
		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 - third parties	7					89,134			89,134				-
Trade receivables - related parties	8					277			277				-
Financial assets - third parties						290			290		290		290
Intragroup loans	6					91,856			91,856		92,791		92,791
Cash and cash equivalents	5					53,973			53,973				-
		-	-	-	-	235,530	-	-	235,530	-	93,081	-	93,081
Financial liabilities measured at fair value													
Interest rate swaps used for hedging				(431)					(431)		(431)		(431)
Aluminium derivatives used for trading		(2)							(2)		(2)		(2)
Put option on non-controlling interests	13		(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	13							(3,586)	(3,586)		(3,586)		(3,586)
Secured bank loans	13							(35,594)	(35,594)		(32,458)		(32,458)
Unsecured bank loans	13							(1,465)	(1,465)		(1,465)		(1,465)
Secured bond issues	13							(503,063)	(503,063)		(502,340)		(502,340)
Intragroup loans	14							(33,138)	(33,138)		(32,380)		(32,380)
Finance lease liabilities	13							(9,821)	(9,821)		(9,359)		(9,359)
Trade payables - third parties	15							(65,645)	(65,645)				-
Trade payables - related parties								(311)	(311)				-
Other liabilities	13							(775)	(775)		(775)		(775)
		-	-	-	-	-	-	-	(653,398)	(653,398)	(582,363)	-	(582,363)

(*) The Group has not disclosed the fair values of some financial instruments such as current trade receivables, financial assets – third parties and current trade 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 interests	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.	<ul style="list-style-type: none"> Forecast EBITDA (average of last 2 years - 2016 and 2017 - and 2018 budget figures) Net financial position of the Ukrainian subsidiary as at June 30, 2018 Risk-adjusted discount rate (7.4%) Expected date of put option exercise 	<p>The estimated fair value would increase if:</p> <ul style="list-style-type: none"> the EBITDA was higher the net financial position was higher the risk-adjusted discount rate was lower the expected date of put option was exercised early
Forward interest rate swaps	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 bond issues Intragroup loans Finance lease liabilities	Discounted cash flows	Not applicable.

Although the guaranteed bond issue is listed on OTC markets such as the Extra-MOT in Milan and the Eur-MTF in Luxembourg, during the period, no significant transactions took place. Therefore, this financial instrument was classified under level 2.

(ii) Level 3 fair values**Reconciliation of Level 3 fair values**

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

Thousands of Euros	June 30, 2016	June 30, 2017	June 30, 2018
Balance at January 1	13,500	15,900	16,800
(Profit)/ loss included in "(financial income) / financial expense"	950	-	(100)
- Net change in fair value (unrealised)			
Balance at June 30	14,450	15,900	16,700

Sensitivity analysis

For the fair value of the put option on non-controlling interests, reasonably possible changes at June 30, 2018 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%	(800)
	(10%)	800
Net financial position	+ 1 million €	(100)
	- 1 million €	100
Risk-adjusted discount rate	1%	750
	(1%)	(800)
Expected date of put option exercise	+ 1 year	600
	- 1 year	(600)

For the fair value of the put option on non-controlling interests, reasonably possible changes at June 30, 2017 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%	(750)
	(10%)	750
Net financial position	+ 1 million €	(100)
	- 1 million €	100
Risk-adjusted discount rate	1%	750
	(1%)	(850)
Expected date of put option exercise	+ 1 year	500
	- 1 year	(550)

For the fair value of the put option on non-controlling interests, reasonably possible changes at June 30, 2016 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%	(700)
	(10%)	700
Net financial position	+ 1 million €	(100)
	- 1 million €	100
Risk-adjusted discount rate	1%	800
	(1%)	(950)
Expected date of put option exercise	+ 1 year	500
	- 1 year	(500)

(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,

There are no changes with respect to the analysis carried out for the purposes of the Group's consolidated financial statements at December 31, 2017 and 2016.

(34) Contingent liabilities

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

(35) Commitments and guarantees

The Group's commitments and guarantees given at June 30, 2018 and 2017 refer to the Senior Facilities Agreement and the Senior Secured Notes due in 2021 and other guarantees in place with other group companies. No changes occurred with respect to that set out in the consolidated financial statements at December 31, 2017 and 2016.

(36) Related party transactions

Reference should be made to the following notes to these condensed interim consolidated financial statements for information on relationship with parent: (6) Current and non-current financial assets – related parties; 8) Trade receivables – related parties; 14) Current and non-current financial liabilities – related parties; 23) Cost for services – related parties; 27) Financial income – related parties; 29) Financial expense – related parties.

Intragroup transactions and balances with subsidiaries are eliminated on consolidation and, therefore, do not appear in the condensed interim 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 first six months of 2018							Liabilities at June 30, 2018	Cash flows for the first quarter of 2018
	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 key management personnel transactions	290	287	167	11	7	-	762	10	729

Furthermore, in relation to services provided by key management personnel which act as managers of the parent GCL Holdings S.C.A., the Group received a recharge in 2018 of around €1.2 million.

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

The relationships between Melville S.r.l. and the Group at June 30, 2018, 2017 and 2016 are summarized below:

- at June 30, 2018, 2017 and 2016, Melville S.r.l. had a representative on the board of directors and a representative on the board of statutory auditors of Guala Closures S.p.A.;
- at June 30, 2018, 2017 and 2016, Melville S.r.l. had a representative on the board of directors of GCL Holdings S.C.A.;
- at June 30, 2018, 2017 and 2016, Melville S.r.l. had a representative on the board of directors of GCL Holdings GP S.à r.l.;
- at June 30, 2018, 2017 and 2016, Melville S.r.l. had a representative on the board of directors of GCL Holdings LP S.à r.l.;
- at June 30, 2018, 2017 and 2016, Melville S.r.l. controlled 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 June 30, 2018 are summarized below:

- at June 30, 2018, 2017 and 2016, aPriori Capital Partners L.P. had five representatives on the board of directors of Guala Closures S.p.A.;
- at June 30, 2018, 2017 and 2016, aPriori Capital Partners L.P. had seven representatives on the board of directors of GCL Holdings S.C.A.;
- at June 30, 2018, 2017 and 2016, aPriori Capital Partners L.P. had four representatives on the board of directors of GCL Holdings GP S.à r.l.;
- at June 30, 2018, 2017 and 2016, aPriori Capital Partners L.P. had two representatives on the board of directors of GCL Holdings LP S.à r.l.;
- at June 30, 2018, 2017 and 2016, MB Overseas Partners IV, L.P., Merchant Banking Partners IV (Pacific), L.P., Offshore Partners IV, L.P., MBP IV Plan Investors, L.P. and MB Overseas IV AIV, L.P. were collectively the beneficial owners of 58% of GCL Holdings S.C.A. via their ownership of GCL Holdings L.P. S.à r.l.;
- transactions with aPriori Capital Partners L.P. took place on an arm's length basis.

Related parties also include a pension fund for employees of the former Metal Closures Ltd. (now Guala Closures UK Ltd.) managed by Metal Closures Group Trustees Ltd.. Considering the performance of the pension fund, the English company was not required to transfer funds thereto. Employees have paid their contributions. Reference should be made to note 20) Employee benefits to the consolidated financial statements at December 31, 2017 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 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., any holder of Class B share shall have its 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..

(37) Events after the reporting period

Business combinations

- (A) On July 30, 2018, a Managers' capital increase has been fully subscribed and paid-in by GCL Holdings S.C.A. ("GCL") for an amount equal to Euro 25,000,000 (of which Euro 370,161.40 allocated to share capital and Euro 24,629,838.60 to share premium reserve), against the issuance by Guala Closures S.p.A. ("Guala Closures") of No. 3,701,614 ordinary shares, together with No. 1,480,646 Guala Closures Management Warrants (for an equivalent ratio of 4 Guala Closures Management Warrants every 10 issued ordinary shares). Such amount has been made available to GCL through a facility agreement with Credit Suisse entered into on the same date guaranteed through a pledge over the Guala Closures' shares held by GCL.
- (B) Further to the above, on July 30, 2018 the Board of Directors of Guala Closures resolved to (i) use part of the share premium reserve (created with the Managers' capital increase) to cover the losses carried forward from the previous financial years which have not been already covered further to the resolution of May 28, 2018 referred under paragraph (1) General information equal to Euro 4,893,059, the further losses resulting from the quarterly financial statement as of March 31, 2018, for an overall amount equal to Euro 4,913,235 as well the additional Euro 3,897,765 losses estimated as of July 30, 2018 on the basis of the budget of Guala Closures; and (ii) redeem all the SFP, by using the SFP reserve and the remaining part of the share premium reserve created with the Managers' capital increase.
- (C) The redemption of the SFP held by GCL has been carried out through the offset of a receivable held by Guala Closures *vis-à-vis* GCL. Such offset is part of a broader intercompany netting transaction which has led to the write-off all the payables and receivables existing among Guala Closures, its parent company (GCL) and its subsidiaries (Guala Closures International B.V.). Particularly, on July 31, 2018, the intercompany loan granted in 2016 from Guala Closures to GCL for an amount equal to Euro 91,200,000, plus interests, has been extinguished through the compensation with (i) the debt of Guala Closures towards GCL arising from the SFP redemption described above, and (ii) the assignment to Guala Closures of the receivables of GCL towards Guala Closures International B.V..

- (D) As a consequence of the resolutions and intercompany netting transactions mentioned under letter (G) above, as of July 31, 2018 the total debt of GCL towards Guala Closures amounted to Euro 3,676,144. Such receivable has been partially repaid on the same date through the payment by GCL of an amount equal to Euro 2,219,000. The residual amount, equal to Euro 1,457,144, has been waived by Guala Closures, which therefore has no other outstanding debt or receivables towards GCL as of July 31, 2018.

Guala Closures' financial indebtedness

- (E) On June 28, 2018, Guala Closures, in agreement with Space4, has started two different consent solicitation procedures with the purpose of obtaining a waiver by (i) the bondholders under the bond issued by Guala Closures in 2016 (the “**Guala Closures Bond**”) and (ii) the revolving credit facility lenders under the 2016 revolving credit facility agreement (the “**RCF**”) in relation to their right to exercise the change of control clauses provided under the Guala Closures Bond and the RCF which would have been triggered upon completion of the Business Combination. Within the same procedures, the bondholders under the Guala Closures Bond and the RCF lenders have also been requested to release certain security interests created to secure their obligations under the relevant agreements. On July 20, 2018 and on July 19, 2018, the bondholders under the Guala Closures Bond and the RCF lenders respectively, agreed to grant the abovementioned waivers and carried out the necessary activities to release the relevant security interests.
- (F) As a consequence of the consent solicitation procedure described under letter (E) above, on August 1, 2018 Guala Closures, in agreement with Space4, has fully repaid the Guala Closures Bond and the RCF for an amount equal to 100% of the relevant amounts and of any outstanding interests as of the repayment date, by using the proceeds of the intercompany loan equal to Euro 552,475,766.67 made available by Space4 on July 20, 2018. It shall be noted that part of the amount of such intercompany loan has been made available to Space4 on the same date further to the execution by the latter of a bridge facility agreement entered into with UniCredit Bank AG, Milan Branch, as agent, and the original bridge lenders (Credit Suisse AG, Milan Branch, Banca IMI S.p.A., Banco BPM S.p.A., Barclays Bank PLC and UniCredit S.p.A.) for an amount equal to Euro 450,000,000.00 (“**Bridge Facility Agreement**”), which shall be repaid within one year from its first utilization.
- (G) Furthermore, on July 20, 2018, Space4 also entered into with UniCredit Bank AG, Milan Branch, as agent, and the original lenders (Credit Suisse International, Banco BPM S.p.A., Barclays Bank PLC, Intesa Sanpaolo S.p.A. and Unicredit S.P.A.) a new revolving credit facility agreement governed by the law of England and Wales, for a maximum amount equal to Euro 80,000,000.00 (the “**New RCF**”). The New RCF will expire five years and six months after the first utilization of the bridge financing described under letter (F) above.
- (H) Following the Merger (as defined below), Guala Closures will be liable for all the obligations arising under the Bridge Facility Agreement and the New RCF.

Closing of the Business Combination and admission to listing

- (I) On the closing date of the Business Combination (*i.e.* on July 31, 2018) the acquisition of the 61,200,000 ordinary shares of Guala Closures (equal to 78.13% of its share capital) has been completed with the transfer by GCL of (i) No. 52,316,125 ordinary shares of Guala Closures to

Space4, (ii) No. 7,403,229 ordinary shares of Guala Closures to PII G S.à r.l.¹, and (iii) No. 1,480,646 ordinary shares of Guala Closures to Quaestio Capital SGR S.p.A., against the payment of the agreed consideration. Furthermore, on the same date Guala Closures and Space4 executed the merger deed, the effects of which have been conditioned to the approval by Consob (the Italian supervisory authority) of the prospectus for the listing of Guala Closures post-merger (the “**Prospectus**”).

- (J) Finally, further to the approval by Consob of the Prospectus, the merger of Guala Closures into Space4 become effective on August 6, 2018 (the “**Merger**”). The company resulting from the Merger adopted the corporate name of “Guala Closures S.p.A.” and its ordinary shares and market warrant have been traded starting from August 6, 2018 on the Italian Stock Exchange (*Mercato Telematico Azionario*), within the Star Segment.

Argentina operation

Three-year cumulative inflation in Argentina using the wholesale price index has now exceeded 100% indicating that Argentina is a hyper-inflationary economy for accounting purposes and should be considered as such from July 1, 2018. The Group will apply IAS 29 to the results of our Argentinian operations from this date.

As of and for the six month period ended June 30, 2018 the Group’s operations in Argentina represented approximately 3% of its revenues, 2% of its EBITDA and 1% of its net assets.

On behalf of the Board of directors
The Chairman
Marco Giovannini



September 11, 2018

¹ By means of the designation by Peninsula of its affiliate PII G S.à.r.l. as purchaser of the shares of Guala Closures pursuant to the master agreement referred under letter (A) above.

Annexes to the condensed interim consolidated financial statements

Annex A)

Reconciliation of the tables included in the Directors' report with the classification used in the condensed interim consolidated financial statements

ANNEX A)

Reconciliation of financial income and expense included in the Directors' report with the classification used in the notes to the condensed interim consolidated financial statements - Thousands of Euros

Classification in the reclassified Financial income and expense	1H 2016	1H 2017	1H 2018	Classification in the notes to consolidated financial statements
Costs for services	(42,815)	(47,233)	(50,698)	Costs for services - third parties
Costs for services	(2,635)	(3,199)	(2,920)	Costs for services - related parties
Total cost for services	(45,450)	(50,432)	(53,618)	
Net exchange rate losses	2,357	396	2,530	Exchange rate gains
Net exchange rate losses	(5,239)	(5,870)	(9,126)	Exchange rate losses
Fair value gains/(losses) on liability due to non-controlling investors	(950)	-	100	Financial income / (expense) - non-controlling investors in the Ukrainian company
Net interest expense - third parties	839	456	192	Interest income
Net interest expense - third parties	614	64	43	Other financial income
Net interest expense - third parties	(9,544)	(14,958)	(15,621)	Interest expense
Net interest expense - third parties	(482)	(1,532)	(582)	Other financial expense
Net interest expense - related parties	-	2,374	2,374	Interest income - GCL Holdings S.C.A.
Net interest expense - related parties	(7,469)	(829)	(649)	Interest expense - GCL Holdings S.C.A.
Total net financial expense	(19,874)	(19,898)	(20,740)	

ANNEX A)

Reconciliation of the reclassified statement of financial position included in the Directors' report with the classification used in the statement of financial position - Thousands of Euros

Classification in the reclassified statement of financial position	December 31, 2016	June 30, 2017	December 31, 2017(*)	June 30, 2018	Classification in the statement of financial position
Net working capital	89,134	97,878	102,444	112,123	Trade receivables - third parties
Net working capital	277	378	1,208	2,069	Trade receivables - related parties
Net working capital	67,883	90,095	82,742	97,563	Inventories
Net working capital	(65,645)	(75,257)	(71,326)	(75,237)	Trade payables - third parties
Net working capital	(311)	(533)	-	-	Trade payables - related parties
Total net working capital	91,338	112,562	115,068	136,519	
Net financial derivative liabilities	533	122	-	77	Financial derivative assets
Net financial derivative liabilities	(433)	(360)	(213)	(128)	Financial derivative liabilities
Total net financial derivative assets/(liabilities)	100	(237)	(213)	(51)	
Other current assets/liabilities	3,140	3,712	4,526	4,575	Current direct tax assets
Other current assets/liabilities	6,340	8,337	6,970	8,169	Current indirect tax assets
Other current assets/liabilities	4,404	4,015	3,951	4,933	Other current assets
Other current assets/liabilities	7,293	7,317	5,744	6,135	Deferred tax assets
Other current assets/liabilities	613	432	276	340	Other non-current assets
Other current assets/liabilities	(4,430)	(3,142)	(4,508)	(3,186)	Current direct tax liabilities
Other current assets/liabilities	(4,556)	(3,777)	(4,775)	(4,549)	Current indirect tax liabilities
Other current assets/liabilities	(1,176)	(1,845)	(2,214)	(2,418)	Current provisions
Other current assets/liabilities	(26,301)	(25,951)	(25,337)	(28,883)	Other current liabilities
Other current assets/liabilities	(15,350)	(14,548)	(12,790)	(11,253)	Deferred tax liabilities
Other current assets/liabilities	(151)	(207)	(486)	(488)	Non-current provisions
Other current assets/liabilities	(42)	(37)	(595)	(569)	Other non-current liabilities
Total other assets/liabilities	(30,216)	(25,694)	(29,238)	(27,196)	

(*) The consolidated figures as at December 31, 2017 have been restated to reflect the adjustments to provisional fair values originally recognized in the consolidated financial statements at December 31, 2017 related to the acquisition of Axiom Propack Pvt Ltd

ANNEX A)

Reconciliation of the reclassified statement of financial position included in the Directors' report with the classification used in the statement of financial position - Thousands of Euros

Classification in the reclassified statement of financial position	December 31, 2016	June 30, 2017	December 31, 2017(*)	June 30, 2018	Classification in the statement of financial position
Net financial liabilities - third parties	(58)	(61)	(52)	(54)	Current financial assets
Net financial liabilities - third parties	(232)	(233)	(235)	(231)	Non-current financial assets
Net financial liabilities - third parties	12,446	13,058	20,440	22,282	Current financial liabilities - third parties
Net financial liabilities - third parties	541,858	546,832	556,995	564,580	Non-current financial liabilities - third parties
Financial liabilities to non-controlling investors	15,900	15,900	16,800	17,250	Non-current financial liabilities - third parties
Net financial liabilities/(assets) - related parties	(656)	(603)	(603)	(1,771)	Current financial assets - related parties
Net financial liabilities/(assets) - related parties	(91,200)	(91,200)	(91,200)	(91,200)	Non-current financial assets - related parties
Net financial liabilities/(assets) - related parties	1,313	203	181	473	Current financial liabilities - related parties
Net financial liabilities/(assets) - related parties	31,825	30,325	26,125	22,900	Non-current financial liabilities - related parties
Cash and cash equivalents	(53,973)	(28,828)	(40,164)	(22,075)	Cash and cash equivalents
Total Net financial indebtedness	457,223	485,393	488,286	512,155	

ANNEX A)

Reconciliation between changes in net financial indebtedness and changes in cash and cash equivalents

Thousand of Euros	June 30, 2016	June 30, 2017	June 30, 2018
Total change in Net financial indebtedness	(24,370)	(28,170)	(23,870)
Proceeds from new borrowings and bonds	11,457	8,613	13,538
Repayment of borrowings and bonds	(15,297)	(4,407)	(5,653)
Repayment of finance leases	(994)	(1,007)	(1,109)
Exchange rate gains on foreign currency financial assets/liabilities	(4)	(58)	(1,222)
Fair value changes on Ukrainian non-controlling investor liability	950	-	(100)
Change in accrued financial expense	950	(164)	1,491
Payment of transaction costs on Group refinancing	-	-	-
Change in financial assets	8	48	(1,165)
Total change in financial assets / liabilities	(2,929)	3,025	5,780
Total change in Cash and cash equivalent	(27,299)	(25,145)	(18,090)

