IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS ("QIBs") WITHIN THE MEANING OF RULE 144A ("RULE 144A") UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR (2) NON-U.S. PERSONS OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S ("REGULATION S") UNDER THE U.S. SECURITIES ACT.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the preliminary offering memorandum following this notice, and you are therefore advised to read this carefully before reading, accessing or making any other use of the preliminary offering memorandum. In accessing the preliminary offering memorandum, you agree to be bound by the following terms and conditions, including any modifications to them anytime you receive any information from us as a result of such access.

The preliminary offering memorandum has been prepared in connection with the proposed offer and sale of the securities (including the guarantees) described herein. The preliminary offering memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION, AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING PRELIMINARY OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE NOTES DESCRIBED HEREIN.

Confirmation of your representation. In order to be eligible to view this preliminary offering memorandum or make an investment decision with respect to the securities described therein, investors must be either (1) QIBs or (2) non-U.S. persons (within the meaning of Regulation S) in offshore transactions outside the United States in reliance on Regulation S. The preliminary offering memorandum is being sent at your request. By accepting the e-mail and accessing the offering memorandum, you shall be deemed to have represented to us that:

(1) you consent to delivery of such preliminary offering memorandum by electronic transmission; and

(2) either:

 (a) you and any customers you represent are QIBs; or

 (b) the e-mail address that you gave us and to which the e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any state of the United States or the District of Columbia.

Prospective purchasers that are QIBs are hereby notified that the seller of the securities will be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act pursuant to Rule 144A.

You are reminded that the preliminary offering memorandum has been delivered to you on the basis that you are a person into whose possession this preliminary offering memorandum may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorized to, deliver this preliminary offering memorandum to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where such offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the initial purchasers or any affiliate of the initial purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the initial purchasers or such affiliate on behalf of the Issuer in such jurisdiction.

Under no circumstances shall the preliminary offering memorandum constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

The preliminary offering memorandum has not been approved by an authorized person in the United Kingdom and is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order, (iii) are outside the United Kingdom or (iv) are persons to whom an invitation or inducement to engage in investment activity within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA") in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). The preliminary offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which the preliminary offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

No person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the securities other than in circumstances in which Section 21(1) of the FSMA does not apply to us.

The offering memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission, and consequently none of the initial purchasers, nor any person who controls any of the initial purchasers, or any of their directors, officers, employees or agents accepts any liability or responsibility whatsoever in respect of any difference between the preliminary offering memorandum distributed to you in electronic format and the hard copy version available to you on request from the initial purchasers.

The information in this preliminary offering memorandum is not complete and may be changed. This preliminary offering memorandum is not an offer to sell these securities and it is not soliciting offers to buy these securities in any jurisdiction where such offer or sale is not permitted.

Subject to Completion, dated April 12, 2011

PRELIMINARY OFFERING MEMORANDUM

CONFIDENTIAL
NOT FOR GENERAL DISTRIBUTION
IN THE UNITED STATES

GCL Holdings S.C.A.

€200,000,000 % Senior Notes due 2018

Guaranteed on a senior subordinated basis by certain of its subsidiaries

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GCL Holdings S.C.A. (the "Issuer") is offering (the "Offering") €200,000,000 in aggregate principal amount of its % Senior Notes due 2018 (the "Notes"). The Issuer will pay interest on the Notes semi-annually in arrears on each and , commencing on , 2011. The Notes will mature on , 2018.

Some or all of the Notes may be redeemed at any time prior to , 2014, at a redemption price equal to 100% of the principal amount of such Notes, plus accrued and unpaid interest and additional amounts, if any, plus a "make-whole" premium, as described in this offering memorandum. The Issuer may redeem all or a portion of the Notes at any time on or after , 2014, at the redemption prices set forth in this offering memorandum. In addition, at any time prior to , 2014, the Issuer may redeem up to 35% of the aggregate principal amount of the Notes using the net proceeds from certain equity offerings at the redemption price set forth in this offering memorandum. The Issuer may also redeem all, but not less than all, of the Notes upon the occurrence of certain changes in applicable tax law. Upon the occurrence of certain events constituting a change of control, the Issuer may be required to make an offer to repurchase the Notes.

The Notes will be senior obligations of the Issuer and, upon issuance, will be secured on a second-ranking basis by a pledge over the Issuer's claims under a loan to Guala Closures International B.V. representing a portion of the proceeds of the Offering of the Notes. This security interest will rank junior to a pledge of the foregoing loan securing certain senior indebtedness, including the Senior Credit Facilities (as defined herein). The Notes will rank equal in right of payment to any future indebtedness of the Issuer that is not subordinated in right of payment to the Notes and senior to any of the Issuer's future subordinated indebtedness. Certain of the Issuer's subsidiaries, which also guarantee the Senior Credit Facilities, will, jointly and severally, guarantee (the "Guarantees" and each, a "Guarantee") the Notes on a senior subordinated basis. The Guarantees will rank equally in right of payment with all of the Guarantors' future subordinated indebtedness and will be subordinated in right of payment to all of their existing and future senior indebtedness, including their guarantees under the Senior Credit Facilities. The Notes and the Guarantees will be structurally subordinated to all existing and future indebtedness of the Issuer's subsidiaries that do not guarantee the Notes. The laws of certain jurisdictions may limit the enforceability of certain of the Guarantees.

This offering memorandum includes information on the terms of the Notes and Guarantees, including redemption and repurchase prices, security, covenants and transfer restrictions.

There is currently no public market for the Notes. Application will be made to list the Notes on the Official List of the Luxembourg Stock Exchange and for trading on the Euro MTF Market of the Luxembourg Stock Exchange, which is not a regulated market (as defined by Article 1(13) of Directive 93/22/EEC).

We expect that delivery of the Notes will be made to investors in book-entry form only, through Euroclear S.A./N.V. ("Euroclear") and Clearstream Banking, *société anonyme*, ("Clearstream, Luxembourg"), on or about , 2011. Interests in each global note will be exchangeable for the relevant definitive notes only in certain limited circumstances. See "Book Entry, Delivery and Form."

Investing in the Notes involves a high degree of risk. Please see "Risk Factors" beginning on page 22.

Price: % plus accrued interest, if any, from , 2011.

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

Joint Bookrunners

Banca IMI **Credit Suisse** **Natixis** **UniCredit Bank**

The date of this offering memorandum is , 2011.

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You should rely only on the information contained in this offering memorandum. None of the Issuer, the Guarantors, the Group or any of Banca IMI S.p.A, Credit Suisse Securities (Europe) Limited, Natixis or UniCredit Bank AG (together the "Initial Purchasers") has authorized anyone to provide you with different information, and you should not rely on any such information. None of the Issuer, the Guarantors, the Group or the Initial Purchasers is making an offer of the Notes in any jurisdiction where the Offering is not permitted. You should not assume that the information contained in this offering memorandum is accurate as of any date other than the date on the front of this offering memorandum. Our business, financial condition, results of operations and prospects may have changed since that date.

IMPORTANT INFORMATION

The Issuer is offering the Notes, and the Guarantors will issue the Guarantees, in reliance on exemptions from the registration requirements of the U.S. Securities Act. These exemptions apply to offers and sales of securities that do not involve a public offering. The Notes and the Guarantees have not been registered with, recommended by or approved by the U.S. Securities and Exchange Commission (the "SEC") or any other securities commission or regulatory authority, nor has the SEC or any such securities commission or authority passed upon the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense in the United States.

This offering memorandum is confidential and has been prepared by us solely for use in connection with the Offering. This offering memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes. Distribution of this offering memorandum to any person other than the prospective investor and any person retained to advise such prospective investor with respect to the purchase of Notes is unauthorized, and any disclosure of any of the contents of this offering memorandum, without our prior written consent, is prohibited. Each prospective investor, by accepting delivery of this offering memorandum, agrees to the foregoing and to make no photocopies of this offering memorandum or any documents referred to in this offering memorandum.

In making an investment decision regarding the Notes, prospective investors must rely on their own examination of our business and the terms of the Offering, including the merits and risks involved. In addition, neither we nor the Initial Purchasers nor any of our or their respective representatives are making any representation to you regarding the legality of an investment in the Notes, and you should not construe anything in this offering memorandum as legal, business or tax advice. You should consult your own counsel, accountants and other advisors as to legal, tax, business, financial and related aspects of an investment in the Notes. You are responsible for making your own examination of our business and your own assessment of the merits and risks of investing in the Notes. None of the Issuer, the Guarantors or the Initial Purchasers is making any representation to you regarding the legality of an investment in the Notes by you under appropriate legal investment or similar laws.

The information contained in this offering memorandum has been furnished by us and other sources we believe to be reliable. No representation or warranty, express or implied, is made by the Initial Purchasers or their respective directors, affiliates, advisors and agents as to the accuracy or completeness of any of the information set out in this offering memorandum, and nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by the Initial Purchasers or their respective directors, affiliates, advisors and agents, whether as to the past or the future. By receiving this offering memorandum, you acknowledge that you have not relied on the Initial Purchasers or their respective directors, affiliates, advisors and agents in connection with your investigation of the accuracy of this information or your decision whether to invest in the Notes.

The Issuer accepts responsibility for the information contained in this offering memorandum. To the best of the knowledge and belief of the Issuer, the information contained in this offering memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. However, the information set out under the headings "Exchange Rate and Currency Information", "Summary", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Industry Overview" and "Business" includes extracts from information and data, including industry and market data, released by publicly available sources in Europe and elsewhere. While the Issuer accepts responsibility for the accurate extraction and summarization of such information and data, the Issuer has not independently verified the accuracy of such information and data and accepts no further responsibility in respect thereof. In addition, this offering memorandum contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. However, as far as the Issuer is aware, no information or data has been omitted which would render reproduced information inaccurate or misleading.

The information contained in this offering memorandum is accurate as of the date hereof. Neither the delivery of this offering memorandum at any time after the date of publication nor any subsequent commitment to purchase the Notes shall, under any circumstances, create any implication that there has been no change in the information set forth in this offering memorandum or in our business since the date of this offering memorandum.

We reserve the right to withdraw the Offering at any time. We and the Initial Purchasers each reserve the right to reject any commitment to subscribe for the Notes in whole or in part and to allot to any prospective investor less than the full amount of the Notes sought by such investor. The Initial Purchasers and certain of their related entities may acquire, for their own accounts, a portion of the Notes.

The Notes are subject to restrictions on transferability, which are described under the caption "Transfer Restrictions." By possessing this offering memorandum or purchasing any Note, you will be deemed to have represented and agreed to all of the provisions contained in that section of this Offering Memorandum. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

The distribution of this offering memorandum and the offering and sale of the Notes and Guarantees are restricted by law in some jurisdictions. Persons into whose possession this offering memorandum or any of the Notes come must inform themselves about, and observe any restrictions on, the transfer and exchange of the Notes. See "Plan of Distribution" and "Transfer Restrictions".

This offering memorandum does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Notes in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. Each prospective offeree or purchaser of the Notes must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes or possesses or distributes this offering memorandum, and must obtain any consent, approval or permission required under any regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither the Issuer, the Guarantors nor the Initial Purchasers shall have any responsibility therefor.

The Issuer intends to list the Notes on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market of the Luxembourg Stock Exchange, and will submit this offering memorandum to the competent authorities in connection with the listing application. In the course of any review by the competent authority, the Issuer may be requested to make changes to the financial and other information included in this offering memorandum. Comments by the competent authority may require significant modification or reformulation of information contained in this offering memorandum or may require the inclusion of additional information, including financial information in respect of the Guarantors. The Issuer may also be required to update the information in this offering memorandum to reflect changes in our business, financial condition or results of operations and prospects. We cannot guarantee that our application for admission of the Notes to trading on the Euro MTF Market of the Luxembourg Stock Exchange and to list the Notes on the Official List of the Luxembourg Stock Exchange will be approved as of the settlement date for the Notes or any date thereafter, and settlement of the Notes is not conditioned on obtaining this listing.

The Notes will be available in book-entry form only. We expect that the Notes sold pursuant to this offering memorandum will be issued in the form of one or more global notes in registered form without interest coupons attached, which will be deposited with, or on behalf of, a common depositary for the accounts of Euroclear and Clearstream, Luxembourg, and registered in the name of the nominee for the common depositary. Beneficial interests in the global notes will be shown on, and transfers of the global notes will be effected only through, records maintained by Euroclear, Clearstream, Luxembourg, and their respective participants. See "Book-Entry, Delivery and Form".

The information set out in those sections of this offering memorandum describing clearing and settlement, including the section entitled "Book-Entry, Delivery and Form," is subject to any change or reinterpretation of the rules, regulations and procedures of Euroclear and Clearstream, Luxembourg currently in effect. While the Issuer accepts responsibility for accurately summarizing the information concerning Euroclear and Clearstream, Luxembourg, the Issuer accepts no further responsibility in respect of such information. Accordingly, investors wishing to use these clearing systems are advised to confirm the continued applicability of their rules, regulations and procedures. We will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, book-entry interests held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to such book-entry interests.

STABILIZATION

IN CONNECTION WITH THE OFFERING, CREDIT SUISSE SECURITIES (EUROPE) LIMITED (THE "STABILIZING MANAGER") (OR ANY PERSON ACTING ON BEHALF OF THE STABILIZING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER (OR ANY PERSON ACTING ON BEHALF OF THE STABILIZING MANAGER) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFERING IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

NOTICE TO U.S. INVESTORS

This Offering is being made in the United States in reliance upon an exemption from registration under the U.S. Securities Act for an offer and sale of the Notes which does not involve a public offering. In making your purchase, you will be deemed to have made certain acknowledgments, representations and agreements. See "Transfer Restrictions."

This offering memorandum is being provided (1) to a limited number of United States investors that the Issuer reasonably believes to be "qualified institutional buyers" under Rule 144A for informational use solely in connection with their consideration of the purchase of the Notes and (2) to investors outside the United States who are not U.S. persons in connection with offshore transactions complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act (the "Regulations"). The Notes and the Guarantees described in this offering memorandum have not been registered with, recommended by or approved by the SEC, any state securities commission in the United States or any other securities commission or regulatory authority, nor has the SEC, any state securities commission in the United States or any such securities commission or authority passed upon the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense.

Prospective purchasers are hereby notified that the seller of any Note may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. For a description of certain further restrictions on resale or transfer of the Notes, see "Transfer Restrictions."

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO CERTAIN EUROPEAN INVESTORS

European Economic Area

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

In relation to each Member State of the EEA that has implemented the Prospectus Directive (each, a "Relevant Member State"), the offer to the public of any Notes which is the subject of the Offering contemplated by this offering memorandum is not being made and will not be made in that Relevant Member State, other than:

1. to any legal entity which is a qualified investor as defined under the Prospective Directive;

2. to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or

3. in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of the Notes shall require the Issuer or the Initial Purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to the Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Each subscriber for or purchaser of the Notes in the offering located within a member state of the EEA will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive. The Issuer, the Initial Purchasers and their respective affiliates, and others will rely upon the trust and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Initial Purchasers of such fact in writing may, with the consent of the Initial Purchasers, be permitted to subscribe for or purchase the Notes in the Offering.

United Kingdom

This offering memorandum is for distribution only to, and is directed solely at, persons who (i) are outside the United Kingdom, (ii) are investment professionals, as such term is defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order"), (iii) are persons falling within Article 49(2)(a) to (d) of the Financial Promotion Order, or (iv) are persons to whom an invitation or inducement to engage in investment banking activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA") in connection with the issue or sale of any Notes may otherwise be lawfully communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this offering memorandum or any of its contents.

Italy

The Offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("CONSOB") pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this offering memorandum or of any other document relating to the Notes be distributed in the Republic of Italy, except: (a) to qualified investors (*investitori qualificati*) as defined pursuant to Article 100, paragraph 1(a) of Legislative Decree No 58, February 24, 1998 (the "Financial Services Act") and Article 34-ter paragraph 1(b) of CONSOB Regulation 11971, May 14, 1999 (the "Issuers Regulation"), all as amended and restated from time to time, provided that such qualified investors act in their capacity as such and not as depositaries or nominees for other shareholders; or (b) in any other circumstances where an express exemption from compliance with offer restrictions applies, as provided under the Financial Services Act and its implementing CONSOB regulations, including the Issuer Regulation. For the purposes of this provision, the expression "offer to the public" in relation to the Notes in Italy means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, including the placement through authorized intermediaries. Any investor purchasing the Notes is solely responsible for ensuring that any offer or resale of the Notes by such investor occurs in compliance with applicable Italian laws and regulations. The Notes and the information contained in this offering memorandum are intended only for the use of its recipient. No person resident or located in Italy other than the original recipients of this offering memorandum may rely on it or its content. Moreover, and subject to the foregoing, each Initial Purchaser has acknowledged that any offer, sale or delivery of the Notes or distribution of copies of this document or any other document relating to the Notes in Italy under (a) or (b) above must be: (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of September 1, 1993 and CONSOB regulation No. 16190 of October 29, 2007, all as amended; and (ii) in compliance with any other applicable notifications, requirements or limitations which may be imposed by CONSOB, the Bank of Italy and any other Italian authorities.

Grand Duchy of Luxembourg

This offering memorandum has not been approved by and will not be submitted for approval to the Luxembourg Financial Services Authority (*Commission de Surveillance du Secteur Financier*) for purposes of public offering of the Notes in the Grand Duchy of Luxembourg ("Luxembourg"). Accordingly, the Notes may not be offered or sold to the public in Luxembourg, directly or indirectly, and neither this offering memorandum nor any other memorandum, prospectus, form of application, advertisement or other material may be distributed, or otherwise made available in or from, or published in, Luxembourg except for the sole purpose of the admission to trading of the Notes on the Euro MTF market of the Luxembourg Stock Exchange and to listing of the Notes on the Official List of the Luxembourg Stock Exchange and except in circumstances which do not constitute a public offer of securities to the public, subject to prospectus requirements, in accordance with the Luxembourg Act of July 10, 2005 on prospectuses for securities.

Switzerland

The Notes offered hereby are being offered in Switzerland on the basis of a private placement only. This offering memorandum does not constitute a prospectus within the meaning of Art. 652 A of the Swiss Federal Code of Obligations.

Belgium

This offering memorandum is not intended to constitute a public offer in Belgium. The Belgian Banking, Finance and Insurance Commission has not reviewed or approved this offering memorandum or commented on its accuracy or recommended or endorsed the Notes described herein. The Notes may not be publicly offered for sale, sold or marketed in Belgium by means of a public offer under Belgian law. Any offer to sell the Notes in Belgium will be permitted exclusively to either (i) persons who each subscribe for a minimum of €100,000 in principal amount of the Notes or (ii) qualifying institutional investors, acting for their own account, as defined in the Law of June 16, 2006 on public offerings.

Austria

The Notes may be offered and sold in the Republic of Austria only in compliance with the Capital Markets Act (*Kapitalmarktgesetz*) as amended and with applicable European Union legislation. This offering memorandum has not been approved under the Austrian Capital Markets Act (*Kapitalmarktgesetz*) or the Directive 2003/71/EC and accordingly the Notes may not be offered publicly in Austria.

Germany

The Notes may be offered and sold in Germany only in compliance with the German Securities Prospectus Act (*Wertpapierprospektgesetz*) as amended, the Commission Regulation (EC) No 809/2004 of April 29, 2004 as amended, or any other laws applicable in Germany governing the issue, offering and sale of securities. This offering memorandum has not been approved under the German Securities Prospectus Act (*Wertpapierprospektgesetz*) or the Directive 2003/71/EC and, accordingly, the Notes may not be offered publicly in Germany.

France

This offering memorandum has not been prepared in the context of a public offering in France within the meaning of Article L. 411-1 of the *Code Monétaire et Financier* and Title I of Book II of the *Règlement Général* of the *Autorité des marchés financiers* (the "AMF") and, therefore, has not been submitted for clearance to the AMF. Consequently, the Notes may not be, directly or indirectly, offered or sold to the public in France, and offers and sales of the Notes will only be made in France to providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour le compte de tiers*) and/or to qualified investors (*investisseurs qualifiés*) and/or to a closed circle of investors (*cercle restreint d'investisseurs*) acting for their own accounts, as defined in and in accordance with Articles L. 411-2 and D-411-1 to D-411-4, D-734-1, D-744-1, D-754-1 and D-764-1 of the *Code Monétaire et Financier*. Neither this offering memorandum nor any other offering material may be distributed to the public in France.

Spain

Neither the Notes nor any document in relation to the Notes has been registered with the *Comisión Nacional del Mercado de Valores* and, therefore, the Notes may not be offered, distributed, sold or resold in Spain by any means, except in circumstances which do not qualify as a public offer of securities in Spain in accordance with article 30 bis of the Securities Market Act (*Ley 24/1988, de 28 de julio, del Mercado de Valores*) as amended and restated and with Royal Decree 1310/2005 (*Real Decreto 1310/2005, de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas publicas de venta o suscripción y del folleto exigible a tales efectos*).

FORWARD-LOOKING STATEMENTS

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

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

- our international operating structure, especially our operations in emerging markets;
- fluctuations in the price and availability of the raw materials we use;
- our ability to protect our intellectual property and maintain its value;
- fluctuations in foreign currency exchange rates;
- the continuation or worsening of the current unfavorable global economic conditions;
- fluctuations in energy and freight costs;
- our ability to integrate businesses we acquire and manage any unexpected liabilities related thereto;
- consolidation in the spirits industry and the concentration of our customers;
- the seasonality of certain of our businesses;
- employee slowdown, strikes and similar actions;
- our ability to remain technologically competitive, adapt to developments in technology and respond to changes in consumer requirements;
- the impact of increased competition or industry wide imbalances between supply and demand;
- defects in our products and our ability to address liabilities in connection therewith;
- maintaining compliance with current and future environmental and health and safety standards;
- our ability to attract and retain key members of management and other personnel; and
- the other factors discussed in this offering memorandum.

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

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

MARKET AND INDUSTRY DATA

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

In many cases, there is no readily available external information (whether from trade associations, government bodies or other organizations) to validate market-related analyses and estimates, requiring us to rely on our own internally developed estimates regarding the industry in which we operate, our position in the industry, our market share and the market shares of various industry participants based on our experience, our own investigation of market conditions and our review of industry publications, including information made available to the public by our competitors. None of the Issuer, the Group or the Initial Purchasers can assure you of the accuracy and completeness of, or take any responsibility for, such data. Similarly, while we believe our internal estimates to be reasonable, these estimates have not been verified by any independent sources and neither we nor the Initial Purchasers can assure you as to their accuracy or the accuracy of the underlying assumptions used to estimate such data. Unless otherwise indicated, data on our market position and market share is based on revenues for the financial year ended December 31, 2010. Our estimates involve risks and uncertainties and are subject to change based on various factors. See “Risk Factors”, “Industry Overview” and “Business” for further discussion.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Data

We have presented in this offering memorandum the historical consolidated financial information for the Issuer, comprising:

- the consolidated financial statements of the Issuer as of December 31, 2008 and for the period from July 7, 2008 (date of incorporation) to December 31, 2008, audited by KPMG Audit S.à r.l., and the auditor's report thereto;
- the consolidated financial statements of the Issuer as of and for the year ended December 31, 2009, audited by KPMG Audit S.à r.l., and the auditor's report thereto; and
- the consolidated financial statements of the Issuer as of and for the year ended December 31, 2010, audited by KPMG Audit S.à r.l., and the auditor's report thereto.

This offering memorandum also includes the historical consolidated financial information of Guala Closures S.p.A., comprising:

- the consolidated financial statements of Guala Closures S.p.A. as of and for the year ended December 31, 2008, audited by KPMG S.p.A., and the auditor's report thereto;
- the consolidated financial statements of Guala Closures S.p.A. as of and for the year ended December 31, 2009, audited by KPMG S.p.A., and the auditor's report thereto; and
- the consolidated financial statements of Guala Closures S.p.A. as of and for the year ended December 31, 2010, audited by KPMG S.p.A., and the auditor's report thereto.

The Issuer was formed on July 7, 2008 in connection with the acquisition of Guala Closures S.p.A. by GCL Holdings S.r.l., a direct wholly-owned subsidiary of the Issuer, pursuant to a voluntary public tender offer in September 2008. See "Business—History". GCL Holdings S.r.l. was subsequently merged into Guala Closures S.p.A., which, in turn, became a wholly-owned indirect subsidiary of the Issuer. Accordingly, the Issuer became an indirect owner of the issued capital stock of Guala Closures S.p.A. from September 2008 and, as such, the consolidated income statement and the consolidated statement of cash flows of the Issuer for the period from July 7, 2008 to December 31, 2008 only included the results of operations of Guala Closures S.p.A. and its subsidiaries for the last three months of 2008.

In order to permit a potential investor in the Notes to better compare the Group's results of operations and the development of our business over the last three fiscal years, we have included in this offering memorandum the consolidated financial statements of Guala Closures S.p.A. in addition to the consolidated financial statements of the Issuer, and analyzed certain of the financial results and information of Guala Closures for the purposes of the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section in this offering memorandum and elsewhere in this offering memorandum for the prior three fiscal years. There are, however, certain material differences between the consolidated income statement and consolidated statement of cash flows of the Issuer and Guala Closures S.p.A., respectively, principally relating to outstanding indebtedness of the Issuer incurred under the Mezzanine Credit Facility in 2008 in connection with the acquisition of Guala Closures S.p.A. Please see the consolidated financial statements of the Issuer and Guala Closures S.p.A. and the notes thereto included elsewhere in this offering memorandum.

The consolidated financial statements of both the Issuer and Guala Closures S.p.A. are prepared on the basis of a financial period ending on December 31 of each year, and are presented in Euro. The consolidated financial statements of both the Issuer and Guala Closures S.p.A. for 2008, 2009 and 2010 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The summary consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows for the Issuer set forth below as of December 31, 2008, 2009 and 2010 and for the period from July 7, 2008 to December 31, 2008 and for the years ended December 31, 2009 and 2010, were derived from the audited consolidated financial statements and the notes thereto of the Issuer, prepared in accordance with IFRS as adopted by the E.U. and included elsewhere in this offering memorandum. The consolidated financial statements including the notes thereto of the Issuer have been audited by KPMG Audit S.à r.l. as set forth in its auditors' opinion included elsewhere in this offering memorandum.

As required by IFRS, the financial data as of December 31, 2008 and for the period from July 7, 2008 to December 31, 2008, presented in the consolidated financial statements as of and for the year ended December 31, 2009 of the Issuer, were restated to reflect the adjustments to provisional fair values originally recognized in the consolidated financial statements of the Issuer as of December 31, 2008 and for the period from July 7, 2008 to December 31, 2008, in connection with the acquisition of Guala Closures S.p.A. and Guala Closures Ukraine LLC, following completion of the initial purchase price acquisition accounting.

The financial statements captions presented in this offering memorandum related to 2008 of the Issuer which were affected by the restatement described above, have been derived from the corresponding figures as of December 31, 2008 and for the period from July 7, 2008 to December 31, 2008, presented in the consolidated financial statements of the Issuer as of and for the year ended December 31, 2009.

Certain corresponding figures for the fiscal year 2009 presented in the consolidated statement of cash flows included in the consolidated financial statements as of and for the year ended December 31, 2010 of the Issuer, have been reclassified and aggregated, compared to the consolidated statement of cash flows included in the consolidated financial statements as of and for the year ended December 31, 2009, to conform with the fiscal year 2010 financial statements presentation. Furthermore, payables for capital expenditure as of December 31, 2009, have been reclassified from trade payables to "other current liabilities—third parties" in order to be consistent with the fiscal year 2010 classification.

The financial statements captions presented in this offering memorandum related to fiscal year 2009 of the Issuer, which were affected by the reclassification and aggregation described above, have been derived from the corresponding figures for the fiscal year 2009 presented in the consolidated financial statements as of and for the year ended December 31, 2010.

The summary of consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows for Guala Closures S.p.A. set forth below as of and for the years ended December 31, 2008, 2009 and 2010, were derived from the audited consolidated financial statements and the notes thereto of Guala Closures S.p.A., prepared in accordance with IFRS as adopted by the E.U. and included elsewhere in this offering memorandum. The consolidated financial statements including the notes thereto of Guala Closures S.p.A. have been audited by KPMG S.p.A. as set forth in its auditors' opinion included elsewhere in this offering memorandum.

As required by IFRS, the corresponding figures for the fiscal year 2008 presented in the consolidated financial statements as of and for the year ended December 31, 2009 of Guala Closures S.p.A., have been restated to reflect the adjustments to provisional fair values originally recognized in the consolidated financial statements as of and for the year ended December 31, 2008, in connection with the acquisition of Guala Closures Ukraine LLC, following completion of the initial purchase price acquisition accounting.

The financial statements captions presented in this offering memorandum related to fiscal year 2008 of Guala Closures S.p.A. which were affected by the restatement described above, have been derived from the corresponding figures for the fiscal year 2008 presented in the consolidated financial statements of Guala Closures S.p.A. as of and for the year ended December 31, 2009.

Certain corresponding figures for the fiscal year 2009 presented in the consolidated statement of cash flows included in the consolidated financial statements as of and for the year ended December 31, 2010 of Guala Closures S.p.A., have been reclassified and aggregated, compared to the consolidated statement of cash flows included in the consolidated financial statements as of and for the year ended December 31, 2009, to conform with the financial statements presentation for fiscal year 2010. Furthermore, payables for capital expenditure as of December 31, 2009, have been reclassified from trade payables to "other current liabilities—third parties" in order to be consistent with the fiscal year 2010 classification.

The financial statements captions presented in this offering memorandum related to fiscal year 2009 of Guala Closures which were affected by the reclassification and aggregation described above, have been derived from the corresponding figures for the fiscal year 2009 presented in the consolidated financial statements of Guala Closures as of and for the year ended December 31, 2010.

Other financial measures

In this offering memorandum, we present certain non-IFRS measures, including EBITDA and Adjusted EBITDA. We define "EBITDA" as earnings before interest, tax, depreciation, amortization and impairment losses. "Adjusted EBITDA" refers to EBITDA as adjusted to remove the effects of certain exceptional charges.

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

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

None of EBITDA or Adjusted EBITDA is a measurement of performance under IFRS and you should not consider EBITDA or Adjusted EBITDA as an alternative to net income or operating profit determined in accordance with IFRS, as the case may be, or to cash flows from operations, investing activities or financing activities. EBITDA and Adjusted EBITDA have limitations as analytical tools, and you should not consider them in isolation. Some of these limitations are:

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

Other Data

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

CERTAIN DEFINITIONS

Unless indicated otherwise in this offering memorandum or the context requires otherwise:

- "Acquisition/Capex Facility" means the credit facility expressed to be "Acquisition/Capex Facility" under the Senior Credit Facilities;
- "Amended Senior Credit Agreement" refers to the Senior Facilities Agreement, as amended and restated on or about the Issue Date, as described under "Description of Other Indebtedness—Senior Credit Facilities";
- "Amended Senior Intercreditor Agreement" refers to the Senior Intercreditor Agreement, as amended and restated on or about the Issue Date, as described under "Description of Other Indebtedness—Senior Intercreditor Agreement";
- "Compound Annual Growth Rate" or "CAGR" means the year over year growth rate of an investment over a specified period of time;
- "DGS Acquisition" means the expected acquisition by GCI of up to 70% of the issued share capital of DGS S.A., as described under "Summary—Recent Developments—Proposed Acquisition of DGS;
- "DLJ Merchant Banking Funds" collectively refers to DLJMB Overseas Partners IV, L.P., DLJ Merchant Banking Partners IV (Pacific), L.P., DLJ Offshore Partners IV, L.P., MBP IV Plan Investors, L.P. and DLJMB Overseas IV AIV, L.P.;
- "euro," "EUR" and "€" means the single currency of the participating member states of the European Union participating in the third stage of economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended or supplemented from time to time;
- "E.U." refers to the European Union;
- "Funding Loan" refers to the loan agreement to be entered into between the Issuer as lender and GCI as borrower, pursuant to which the Issuer will lend a portion of the net proceeds received from the Offering of the Notes to GCI in order to allow GCI to (i) repay, or procure the repayment of (including by repaying part of the existing intercompany loan between GCI as borrower and Guala Closures as lender for this purpose) all indebtedness outstanding under the Acquisition/Capex Facility plus accrued and unpaid interest and related fees and repayment costs through the date of repayment and repay a portion of the indebtedness outstanding under Term Loan A and (ii) potentially finance a portion of the consideration to be paid by GCI for the DGS Acquisition.
- "GCI" refers to Guala Closures International B.V.;
- "Guala Closures" refers to Guala Closures S.p.A. and its consolidated subsidiaries;
- "Guarantee" refers each of the guarantees of the Notes by the Guarantors;
- "Guarantors" refers to: Guala Closures Australia Holdings Pty Limited, Guala Closures Australia Pty Limited, Guala Closures do Brasil Ltda, GCL Special Closures S.r.l., Guala Closures S.p.A, Guala Closures Orient B.V., Guala Closures China B.V., Guala Closures Patents B.V., Guala Closures International B.V., Guala Closures New Zealand Limited, Guala Closures UK Limited and Guala Closures Ibérica S.A.U., collectively;
- "IFRS" refers to International Financial Reporting Standards as adopted by the European Union;
- "Indenture" refers to the indenture governing the Notes to be dated on or about the Issue Date by and among, *inter alios*, the Issuer, the Guarantors and the Trustee;
- "Initial Purchasers" refers to Banca IMI S.p.A., Credit Suisse Securities (Europe) Limited, Natixis and UniCredit Bank AG;
- "Issue Date" refers to the date on which the Notes are hereby issued;
- "Issuer" refers to GCL Holdings S.C.A;

- "Mezzanine Credit Facility" refers to the credit facilities made available to the Issuer pursuant to the Mezzanine Facilities Agreement which will be repaid in full with part of the proceeds of the Notes;
- "Mezzanine Facilities Agreement" means the mezzanine facilities agreement originally dated September 16, 2008, as amended and restated on April 19, 2010, between, among others, the Issuer as borrower and UniCredit Bank AG, London Branch as facility agent;
- "Notes" refers to the €200 million % Senior Notes due 2018 offered hereby;
- "Offering" refers to the offering of the Notes hereby;
- "Parallel Priority Agreement" means the parallel priority agreement to be dated on or about the Issue Date, by and among, *inter alios*, the Issuer, the Guarantors, the Trustee and UniCredit Bank AG as the security agent;
- "Refinancing" refers to: (a) the repayment, redemption or retirement of, on or about the Issue Date, (i) all indebtedness outstanding under the Mezzanine Facilities Agreement, (ii) all amounts outstanding under the Acquisition/Capex Facility and (iii) a portion of the principal amount outstanding under Term Loan A and (b) the amendment and restatement of the Senior Facilities Agreement pursuant to the Amended Senior Credit Agreement on or about the Issue Date;
- "Revolving Credit Facility" means the credit facility expressed to be "Revolving Facility" under the Senior Credit Facilities;
- "Senior Credit Facilities" refers to the credit facilities made available pursuant to the Amended Senior Credit Agreement;
- "Senior Facilities Agreement" refers to the senior facilities agreement originally dated October 10, 2008, as subsequently amended and restated on April 19, 2010 and amended on June 29, 2010, between, *inter alios*, Guala Closures as borrower, the Issuer and GCL Special Closures S.r.l as original guarantors and UniCredit Bank AG, Milan Branch as the lender;
- "Senior Intercreditor Agreement" refers to the senior intercreditor agreement dated October 10, 2008, by and among, inter alia, the Issuer, the Security Agent and UniCredit Bank AG, Milan Branch as lender;
- "Term Loans" means Term Loan A, Term Loan B, Term Loan C and the Acquisition/Capex Facility;
- "Term Loan A" means the credit facility expressed to be "Facility A" under the Senior Credit Facilities;
- "Term Loan B" means the credit facility expressed to be "Facility B" under the Senior Credit Facilities;
- "Term Loan C" means the credit facility expressed to be "Facility C" under the Senior Credit Facilities;
- "Transactions" refers to the Offering and the Refinancing;
- "Trustee" refers to Deutsche Trustee Company Limited in its capacity as trustee under the Indenture governing the Notes;
- "United States" or "U.S." refers to the United States of America, its territories and possessions, any state of the United State of America and the District of Columbia; and
- "U.S. dollars," "USD" and "$" are to the lawful currency of the United States of America.

The terms "we," "us", "our" and "Group" and other similar terms refer to the Issuer and its consolidated subsidiaries after taking into account the Transactions, unless the context otherwise requires or is clear from context. With respect to historical operating and financial information of Guala Closures, as of and for the period prior to the consummation of the Transactions, the terms "we", "us" and "our" and "Group" refer to Guala Closures and its consolidated subsidiaries.

EXCHANGE RATE AND CURRENCY INFORMATION

The following tables set forth, for the periods set forth below, the high, low, average and period end Bloomberg Composite Rate expressed as U.S. dollars per €1.00. The Bloomberg Composite Rate is a "best market" calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The rates may differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this offering memorandum. We make no representation that the U.S. dollar amounts referred to below could have been or could, in the future, be converted into euro at any particular rate, if at all.

The average rate for a year means the average of the Bloomberg Composite Rates on the last day of each month during a year. The average rate for a month, or for any shorter period, means the average of the daily Bloomberg Composite Rates during that month, or shorter period, as the case may be.

The Bloomberg Composite Rate of the Euro on April 8, 2011 was $1.4422 per €1.00.

	U.S. dollars per €1.00			
	High	**Low**	**Average**(1)	**Period end**
2008	1.5809	1.2705	1.4697	1.3953
2009	1.4976	1.2716	1.3952	1.4331
2010	1.3916	1.2257	1.3211	1.3366

	High	**Low**	**Average**(2)	**Period end**
October 2010	1.4054	1.3691	1.3896	1.3916
November 2010	1.4192	1.3039	1.3641	1.3039
December 2010	1.3412	1.3087	1.3220	1.3366
January 2011	1.3702	1.2925	1.3366	1.3697
February 2011	1.3823	1.3496	1.3658	1.3792
March 2011	1.4224	1.3805	1.4018	1.4190
April 2011 (through April 8, 2011)	1.4422	1.4214	1.4283	1.4422

(1) The average of the exchange rates on the last business day of each month during the relevant period.

(2) The average of the exchange rates on each business day during the relevant period.

SUMMARY

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

Our Business

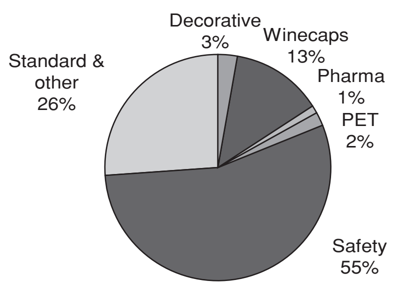
Overview

We believe that we are the world's leading producer of high value-added closures for spirits and that we have a particularly strong presence in the emerging markets. Through ongoing development and technological innovation, we believe we are the top producer of non-refillable safety closures for the spirits industry with at least a 60% market share by volume of units sold, one of the top two producers of aluminum winecap closures with at least a 30% market share by volume of units sold and Europe's largest producer of standard aluminum closures, in each case in 2010. In aggregate, we operate 25 plants and 5 research centers across 4 continents and sold 10 billion closures in 100 countries worldwide in 2010.

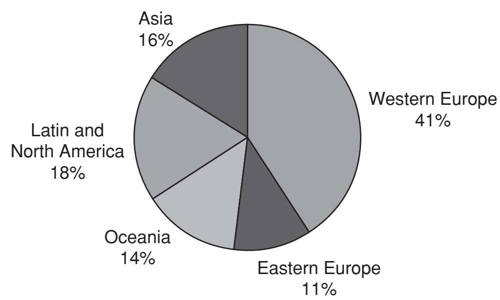
We operate in two divisions, the Closures division (which represents our core business) and PET. The Closures division consists of four product lines including: Safety and Decorative Closures, Standard Closures and Other, Winecap Closures, and Pharma. Our PET division, a non-core business, produces mainly standard and custom molds, PET bottles and miniatures.

We serve a number of end markets and geographies. The following charts illustrate the breakdown of our revenue for the year ended December 31, 2010 by product line and by geography.

Revenue by product lines



Revenue by geography, based on the location from which the product is sold by us



We believe that our global footprint and state of the art facilities, blue-chip customer base, technology and innovation and effective cost control provide us with a competitive advantage over other closures producers and create high barriers to entry in the markets in which we sell our products. Our position is further consolidated by our extensive patent portfolio, with over 70 patents for the design and manufacture of closures, and continuous product innovation (over 20 new products have been launched over the last 3 years).

By geography, we are the leading producer of safety closures by volume of units sold in several emerging markets including Ukraine, China, India, Colombia and Mexico, the leading producer of aluminum winecap closures in Argentina, New Zealand and Australia and also the second largest producer of safety closures by volume of units sold in Brazil. Safety closures are primarily used in emerging markets where there is a high risk of counterfeiting of alcohol. Going forward, we believe we are well positioned to maintain our leading positions and benefit from the rapid growth expected in these regions.

Our customer portfolio includes blue-chip major international and regional brands with whom we have built long-term relationships and for whom we have developed customized processes. We supply 8 out of the top 10 premium spirits brands worldwide, including brands such as Smirnoff, Bacardi, Ballantines, Absolut and Bailey's. The breadth and diversity of our customer base results in no brand accounting for more than 3% of net revenues during the last three years.

For the year ended December 31, 2010, Guala Closures generated net revenue of €371 million and Adjusted EBITDA of €82 million, resulting in an Adjusted EBITDA margin of 22%. We believe that our high margins, which historically have been consistently above 20%, are assisted by our raw material cost management and our ability to absorb raw material price fluctuations, global diversity and exposure to growth markets, which have also enabled us to mitigate the impact of the global economic downturn, and ongoing management initiatives to improve production efficiencies.

In the last three years, we have experienced significant growth in our business, attributable partly to organic growth and partly to acquisitions. Guala Closures' net revenues and Adjusted EBITDA have each increased from €325 million and €67 million in 2008 to €371 million and €82 million in 2010, respectively. Our growth has been primarily driven by the increasing penetration of branded spirits in emerging markets, increasing preference on the part of spirits suppliers in those countries towards safety closures to prevent counterfeiting and through the acquisition of local producers in certain key markets. Going forward, we believe there is strong growth potential due to the greater use of safety closures in emerging markets and an increasing global trend in the wine industry towards the usage of aluminum winecaps.

Our divisions and product classes

Closures division—Safety and decorative closures

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

In 2010, our Safety and Decorative Closures product lines generated net revenues of approximately €214 million, representing 58% of our net revenues for the period.

Closures division—Standard closures and other

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

In 2010, our Standard and Other closures product lines generated net revenues of €97 million, representing 26% of our net revenues for the period.

Closures division—Winecap closures

We believe that we are one of the world's top two producers of aluminum winecap closures for the wine industry, with a market share by volume of units sold of 30% worldwide. The market for aluminum winecap closures continues to grow strongly as a result of the superior performance of aluminum closures compared to traditional cork closures. The market growth has been driven by the wine producers in New Zealand, Australia, Chile, Argentina and South Africa and is expected to be driven in the future by greater use of aluminum winecaps in Europe, USA and Latin America, where we perceive significant potential for further growth.

In 2010, our Winecap closures product line generated net revenues of €50 million, representing 13% of our net revenues for the period.

Closures division—Pharma

We introduced Pharma as a new product line following the acquisition of Pharma Trade S.r.l. in 2009. We view our entry into the pharmaceutical closures market as a strategic move into a complementary market segment, with similar characteristics in terms of production processes to safety closures for spirits. We aim to further strengthen our position in this segment through both organic growth and selective acquisitions.

In 2010, our Pharma division generated net revenues of €5 million, representing 1% of our net revenues for the period.

PET division

The PET division, which we view as a non-core division, specializes in the production of bottles, jars, miniature flasks for drinks, as well as containers for cosmetics, beauty products, pharmaceuticals and food products.

In 2010, our PET division generated €5 million in net revenues, representing just over 2% of our net revenues for the period. We recently shut down our PET facilities in Italy and India and continue to rationalize production in Spain.

The following table shows the distribution of our 2008, 2009 and 2010 net revenues by product line for our Closures division and for our PET division.

	Year ended December 31,		
	2008	2009	2010
	(€ in thousands)		
Safety and Decorative	185,708	171,225	213,996
Standard Closures and Other	86,195	85,764	97,220
Winecap	42,154	42,700	49,848
Pharma	—	2,022	4,989
PET	11,209	9,359	5,301
Net revenue	**325,266**	**311,070**	**371,354**

The following table shows the geographic distribution of our 2008, 2009 and 2010 net revenues, based on the geographical location from which the product is sold by us:

	Year ended December, 31		
	2008	2009	2010
	(€ in thousands)		
Europe	179,196	170,424	195,504
Asia	43,621	44,054	58,531
Latin and North America	54,660	49,068	66,980
Oceania	47,789	47,524	50,339
Net revenue	**325,266**	**311,070**	**371,354**

Competitive strengths

We believe we have the following competitive strengths:

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

We believe we are the market leader in the production of safety closures for spirits with a volume market share of 60% worldwide, and one of the top two producers of aluminum winecap closures for the wine industry with a market share of 30% worldwide by volume. We also believe that we are the leading producer of aluminum closures for spirits in Europe. We estimate that in 2010 our global revenues from sales of safety closures are six times greater than those of our nearest competitor. We believe that our market leadership positions are sustainable due to our commitment to quality, research and development, proprietary production technologies, long-standing customer relationships, excellent customer service and brand recognition. For a spirits producer, packaging and brand are key elements in product identification and differentiation. We believe that our closures better enable our customers to differentiate and position their brands versus their competitors.

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

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

Highly differentiated product portfolio

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

Focus on innovation, technology and product development

As we believe we are a leading innovator in the closures industries, we engage in product research and development to maintain our competitive position. We have a record of developing new and enhanced products with improved functionality and reliability. We protect our know-how by applying for patents for our products and processes. We currently have more than 70 active patents.

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

Technologically advanced facilities across the world

As the only safety closures producer with a global production network, we operate 25 production facilities that incorporate advanced technologies, processing solutions, quality controls and state-of-the-art machinery. This production network allows us to provide high quality products while limiting our labor costs.

Over the years we have developed proprietary production technologies that are crucial for the manufacture of technologically advanced closures. As customers increasingly demand more product customization, we believe that our facilities position us to adapt to this market trend and meet our customers' increasingly complex specifications. All of our production facilities have received ISO-9001 certifications except the Magenta plant in Italy purchased in 2010.

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

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

Our consistent product quality and customer service have allowed us to develop strong relationships with our customers, both in mature and emerging markets. We enhance customer loyalty through our research and development activities which are often driven by the specific business requirements of our customers. In particular, we have strong relationships with most of the large global producers of spirits including (in alphabetical order) Bacardi-Martini, Brown-Forman, Diageo, Pernod Ricard and United Spirits, and we work closely with individual brands owned by these producers. No one brand accounted for more than 3% of our net revenues in 2010.

Due to the nature of bottle closures, we work in close partnership with spirits producers in the design and production of their end-products. For example, in recent years, we have developed a safety closure named "Prima" for Bacardi flavoured Rum, a large open pourer named "Thor" mainly for Korskenkorva Vodka, a complete smooth closure for Stolichnaya, a decorative closures for Crown Royal Whisky and a premium non-refillable closure for Windsor Whisky.

As a result of the time and resources invested in joint product development activities with our customers, we often receive certain recognition. For example, we received the Supplier Innovation Award from Diageo in 2010. We maintain strong relationships with the majority of our key customers, in some cases in excess of 25 years.

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

Strong profitability and cash flow generation

Despite the economic crisis, over the last three years, we have demonstrated consistently strong performance in our levels of Adjusted EBITDA, which increased from €67 million in 2008 to €82 million in 2010, and cash flow from operations, which increased from €37.4 million in 2008 to €67.4 million in 2010. We have achieved this partly due to growth through acquisitions, but also from our organic growth, our capacity for product innovation and, despite increases in raw material prices, our ability to pass some of the cost increases on to our customers and/or modify our designs to favor lower cost raw materials. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Experienced and committed management team

We benefit from the experience of our key management who have on average over 25 years of experience in the industry. Management has consistently demonstrated its ability to develop our business by penetrating new markets such as China, Russia, Mexico, Colombia, India and Eastern Europe, and by acquiring and successfully integrating companies already operating in our industry. Management also took swift action during the economic downturn during 2009 and 2010, including headcount reductions and scheduled temporary plant shutdowns in Italy and Mexico, to implement cost reduction measures and improve cash flow management while continuing to effect our long term strategy to enter new markets and continue to consolidate through strategic acquisitions.

Business strategy

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

Increase sales in emerging markets and focus on safety closures

We are the leading producer of safety closures by volume in each of Ukraine, China, India, Colombia and Mexico and the second largest producer of safety closures in Brazil. We intend to continue our geographical expansion by consolidating our presence in these and other emerging markets through organic growth and selective acquisitions. According to Datamonitor, the total value of the market for spirits in the Asia Pacific region was US$ 53.1 billion in 2004 and is expected to grow to US$ 92.3 billion in 2014. Over the same period, the total value of the market for spirits in Eastern Europe is expected to grow from US$ 35.7 billion to US$ 44.0 billion and the total value of the market for spirits in Latin America is expected to grow from US$ 13.4 billion to US$ 17.4 billion. See "Industry Overview."

According to our own estimates, the market for safety closures currently represents 15% of the global spirits closures market with standard closures accounting for the majority of the remaining market.

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

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

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

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

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

According to our estimation, the aluminum winecaps market grew from 0.4 billion pieces in 2000 to 1.6 billion pieces in 2005, up to 3.4 billion pieces in 2010. This growth was particularly marked in relation to wines from "New World" countries such as Australia, New Zealand, Chile, Argentina and the USA. See "Industry Overview." We estimate that during the period from 2005 to 2010, our market share increased from 12.5% to 30.0%. We expect growth in the aluminum winecaps market to continue due to increasing end-consumer preference for aluminum closures rather than cork, and we believe that our leading position in this market means we are well placed to benefit from this growth. We aim to take advantage of this trend by sustaining or increasing our share of this market, by strengthening our relationships with wine producers, particularly those which are also active in the spirits market, by developing new and aesthetically attractive closures, including closures with safety elements, and by consolidating our operations in the countries and regions where aluminum winecaps are purchased in large volumes.

Further improve operational efficiency by optimizing manufacturing and the supply chain

In 2007, we moved into a new production plant in Alessandria (Italy), which significantly increased our production capacity and efficiency and allows for higher levels of automation. We are continuing to improve production efficiency, currently focusing primarily on aluminum producing facilities in Italy. To further improve the efficiency of our production processes we aim to (i) modernize and automate processes and product technologies, which we believe will enable us to respond promptly to evolving market needs, (ii) continually advance our production processes by implementing systems to monitor and improve our entire production cycles (the "continuous improvement" program) and (iii) hedge the risks of price fluctuation in the purchase price of almunium through forward purchases on the London Metal Exchange.

Carry out further strategic acquisitions in certain key markets

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

We intend to continue to identify appropriate acquisitions where we consider it would help us consolidate our position in certain key geographical and product markets. We have recently entered into a sale and purchase agreement for the acquisition of a majority stake in DGS S.A. ("DGS"), which is based in Poland and is one of the leading global manufacturers of aluminum closures for the spirits industry. If successful, the DGS Acquisition should be completed by the end of June 2011, subject to obtaining anti-trust clearance.

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

We believe that the Group has benefited from prudent financial management throughout its history and particularly during the economic downturn of 2008 and 2009, when management implemented a thorough cost reduction and cash flow management program. We intend to use our cash flow generation capacity, and our Revolving Credit Facility (see "Description of Other Indebtedness—Senior Facilities Agreement") to maintain appropriate levels of liquidity and working capital to enable us to respond to unexpected changes in economic conditions. We are also focused on deleveraging the Group's indebtedness over the medium to long term.

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

Our Shareholders

See "Summary—Summary Corporate and Financing Structure" and "Principal Shareholders" for further information.

Recent Developments

Preliminary financial results for the quarter ended March 31, 2011

On a preliminary basis, we estimate that our Adjusted EBITDA for the quarter ended March 31, 2011 will be in the range of approximately €15.5 million to €16.0 million, which is substantially in line with our expectations for the quarter and approximately €0.6 million to €1.1 million higher than our Adjusted EBITDA for the quarter ended March 31, 2010. Our actual financial results for the quarter ended March 31, 2011 may differ from our preliminary estimated results and remain subject to our normal end of quarter review process. Our business is subject to seasonality, and, generally, our first quarter is the slowest revenue generator of the year.

Acquisition of Plastivit

On January 11, 2011, we acquired the "Plastivit" business from Grup Vemsa 1857, S.L., comprising the acquisition of certain assets located in Spain and all of the issue share capital in both Plastivit America, S.A. de C.V. and Plastivit Servicios, S.A. de C.V., both entities being located in Mexico (together, the "Plastivit Group"). The Plastivit Group is a Spanish based manufacturer of closures, with facilities in Barcelona and Veracruz, Mexico.

The provisional price for the acquisition of the Plastivit Group was €9.6 million plus assumed net debt of €1.1 million, for a total acquisition value of €10.7 million. The final purchase price will be calculated when the fiscal year 2010 financial statements of the Plastivit Group are approved and audited and, in any case, not later than April 30, 2011. EBITDA for the Plastivit Group for the financial year ended December 31, 2010 was €2.4 million.

Proposed Acquisition of DGS

On April 7, 2011, we entered into a sale and purchase agreement for the acquisition of up to 100% of the issued share capital of DGS. However, we expect that the existing minority shareholder will acquire 30% of the issued share capital of DGS in connection with the DGS Acquisition. DGS is one of the leading manufacturers of aluminium closures in the world, producing closures for the spirits industry and closures for the wine and pharmaceutical industries. Based on due diligence conducted prior to the bidding process, for the financial year ended December 31, 2010, DGS had unaudited revenues of 194 million Polish zloty and EBITDA of 45 million Polish zloty (EBITDA of €11.3 million, based on an exchange rate of 3.97 zloty per €1.00 based on the Bloomberg Composite Rate, as of April 11, 2011). The DGS Acquisition is subject to obtaining anti-trust clearance.

If successful, the total consideration for the DGS Acquisition will be approximately 315 million Polish zloty (approximately €79.3 million). The DGS Acquisition is expected to be financed by approximately 100 million Polish zloty through the use of approximately €25 million in proceeds from the Offering, approximately 120 million Polish zloty from a new equity contribution from our shareholders and approximately 95 million Polish zloty (approximately €23.9 million) from the existing minority shareholder.

Capital Increase of GCL Holdings S.C.A.

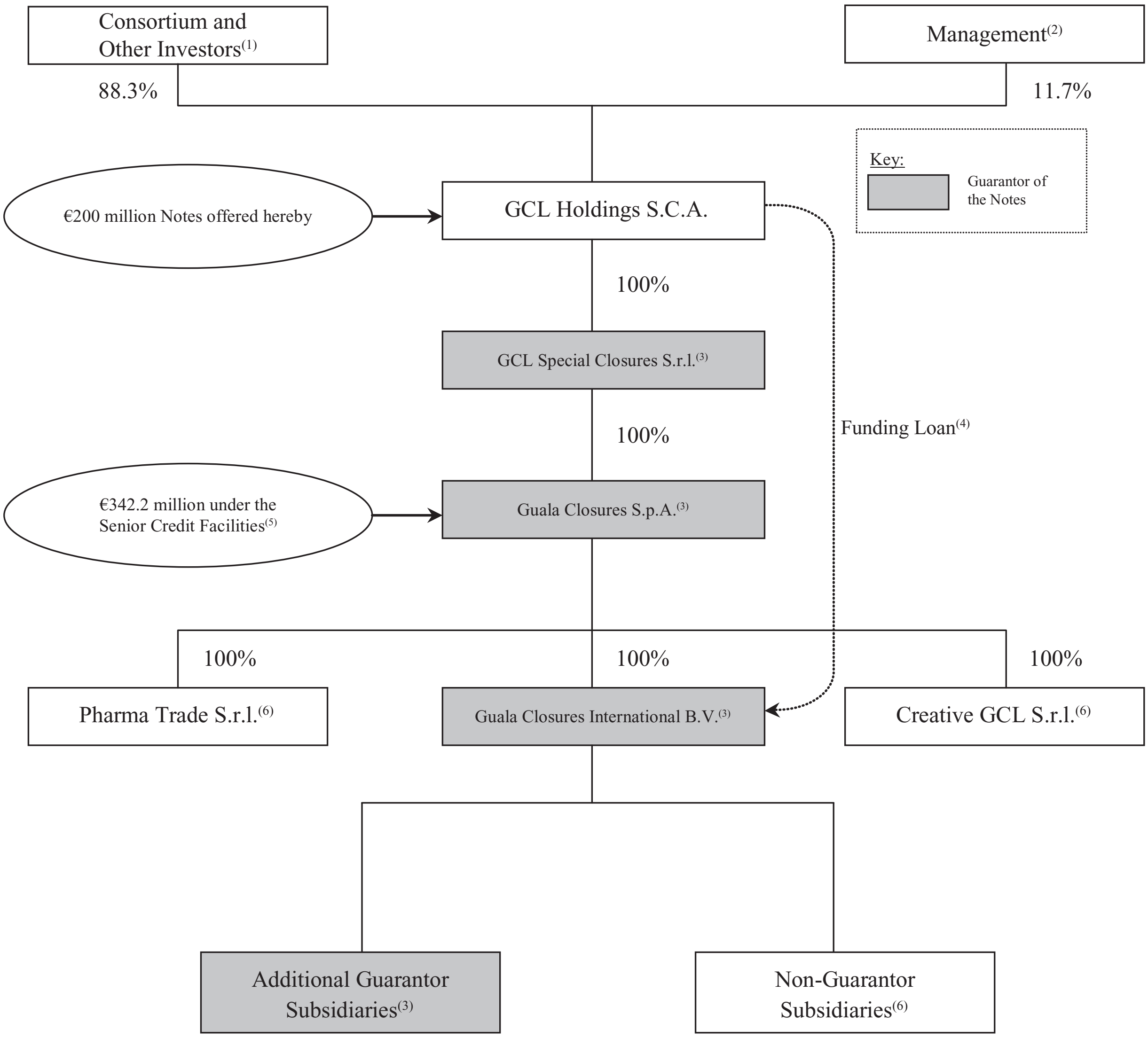
On March 24, 2011, our shareholders contributed approximately €15 million to our capital. This additional equity funding is expected to finance the Group's investment in a new production facility in India and to purchase new machinery and equipment for the aluminium production plant that was acquired in Magenta, Italy in 2010. See "Management's Discussion and Analysis of Financial Condition and Results of Operation—Liquidity and Capital Resources" and "Principal Shareholders".

The Refinancing

We intend to use part of the net proceeds from the issuance of the Notes to refinance certain of our existing indebtedness, including repaying all amounts outstanding under our Mezzanine Credit Facility and certain other indebtedness outstanding under our Senior Credit Facilities. See "Use of Proceeds" and "Description of Other Indebtedness—Senior Credit Facilities".

Summary Corporate and Financing Structure

The following diagram summarizes our corporate structure and principal outstanding financing arrangements after giving effect to the Transactions. For a summary of the debt obligations identified in this diagram, please refer to the sections entitled "Description of Other Indebtedness", "Description of the Notes" and "Capitalization" for further information.



(1) A majority of the equity interests in GCL Holdings S.C.A. are owned by the "Consortium" (as defined below) and by certain co-investors. The "Consortium" consists of investment funds and entities, each of which is controlled, directly or indirectly, by an affiliate of the DLJ Merchant Banking Funds and Intesa Sanpaolo, S.p.A. The Consortium, certain other equity co-investors to whom equity has been syndicated (together, the "Equity Investors") and senior management of Guala Closures have entered into various shareholder agreements with respect to the Group. For details on the shareholders agreements and certain other investors in the Group, see "Principal Shareholders."

(2) The other investors in GCL Holdings S.C.A. primarily consist of senior management of Guala Closures S.p.A. and their related parties. Management directly own class B shares in the Issuer, which have no voting rights in the Issuer. Management does, however, hold a beneficial ownership in the Issuer indirectly through their equity investment in GCL Holdings LP S.à r.l. See "Principal Shareholders".

(3) As of the Issue Date, the Notes will be guaranteed on an unsecured senior subordinated basis by Guala Closures Australia Holdings Pty Limited, Guala Closures Australia Pty Limited, Guala Closures do Brasil Ltda, GCL Special Closures S.r.l., Guala Closures S.p.A, Guala Closures Orient B.V., Guala Closures China B.V., Guala Closures Patents B.V., Guala Closures International B.V., Guala Closures New Zealand Limited, Guala Closures UK Limited and Guala Closures Ibérica S.A.U. The Guarantees will be subject to limitations under applicable laws and may be released under certain circumstances. See "Description of the Notes—Note Guarantees—Note Guarantees Release" and "Risk Factors—Risks related to the Notes and our Capital Structure." The Issuer and the Guarantors generated approximately 57% of our consolidated net revenue and 32% of our consolidated EBITDA net of consolidation adjustments for the year ended December 31, 2010. The Guarantees will be subject to certain contractual and legal limitations under applicable local laws. The Guarantees of Guala Closures S.p.A. and GCL Special Closures S.r.l. are limited to a maximum amount of €120 million due to Italian corporate

law limitations. See "Description of the Notes—Note Guarantees", "Risk Factors—Risks Related to the Notes and Our Capital Structure—The Guarantees may be limited by applicable laws or subject to certain limitations or defenses that may adversely affect their validity and enforceability" and "Limitations on Validity and Enforceability of the Guarantees and Certain Insolvency Law Considerations."

(4) The Funding Loan will be entered into in connection with the issuance of the Notes. GCI will, in turn, use the proceeds of the Funding Loan to (i) repay, or procure the repayment of (including by repaying part of a pre-existing intercompany loan between GCI as borrower and Guala Closures S.p.A. as lender for this purpose) all indebtedness outstanding under the Acquisition/Capex Facility plus accrued and unpaid interest and related fees and repayment costs through the date of repayment and repay a portion of the indebtedness outstanding under Term Loan A and (ii) potentially finance a portion of the consideration to be paid by GCI for the DGS Acquisition. Holders of the Notes will receive a second-priority security interest in the Issuer's claims under the Funding Loan. The Issuer's claims under the Funding Loan will be pledged on a first-priority basis to secure obligations under the Senior Credit Facilities.

(5) The Senior Credit Facilities are guaranteed on a senior basis by each of the Guarantors. The Senior Credit Facilities are secured by a first-priority pledge of the Issuer's claims under the Funding Loan and by substantially all of the assets of the Issuer and each of the Guarantors. See "Description of Other Indebtedness—Senior Credit Facilities—Guarantees and Security."

(6) Our subsidiaries that will not guarantee the Notes generated approximately 68% of our consolidated EBITDA net of consolidation adjustments for the year ended December 31, 2010. See "Risk Factors—Risks related to the Notes and our Capital Structure—The Notes will be structurally subordinated to the liabilities of non-Guarantor subsidiaries."

THE OFFERING

The following summary of the Offering contains basic information about the Notes. It is not intended to be complete and it is subject to important limitations and exceptions. For a more complete description of the terms of the Notes, including certain definitions of terms used in this summary, see "Description of the Notes".

Issuer	GCL Holdings S.C.A.
Notes Offered	€200 million aggregate principal amount of % Senior Notes due 2018.
Maturity Date	, 2018.
Interest Payment Dates	Semi-annually in arrear on each and , commencing , 2011. Interest will accrue from the issue date of the Notes.
Ranking of the Notes	The Notes will: • be general obligations of the Issuer; • be *pari passu* in right of payment to any future indebtedness of the Issuer that is not subordinated in right of payment to the Notes; • be senior to any future indebtedness of the Issuer that is subordinated in right of payment to the Notes; • be guaranteed by the Guarantors; • be secured by a second-priority pledge over the Issuer's claims under the Funding Loan; and • be effectively subordinated to all obligations of any of the Issuer's subsidiaries that are not Guarantors.
Guarantees	The Notes will be jointly and severally guaranteed on an unsecured senior subordinated basis by Guala Closures Australia Holdings Pty Limited, Guala Closures Australia Pty Limited, Guala Closures do Brasil Ltda, GCL Special Closures S.r.l., Guala Closures S.p.A, Guala Closures Orient B.V., Guala Closures China B.V., Guala Closures Patents B.V., Guala Closures International B.V., Guala Closures New Zealand Limited, Guala Closures UK Limited and Guala Closures Ibérica S.A.U. The obligations of the Guarantors will be subject to legal and contractual limitations and may be released in certain circumstances. See "Risk Factors" and "Description of the Notes". The Guarantors represented approximately 57% of our consolidated net revenue for the year ended December 31, 2010.
Ranking of the Guarantees	The Guarantee of each Guarantor will: • be a general unsecured obligation of that Guarantor; • be subordinated in right of payment with all existing and future senior debt of that Guarantor; and • be *pari passu* in right of payment to any future subordinated indebtedness of that Guarantor.

Funding Loan	Following repayment of the outstanding indebtedness under the Mezzanine Credit Facility and closing out of related hedges and payment of costs and expenses for the Transactions, the Issuer will on-lend the remaining proceeds from the Offering of the Notes to Guala Closures International B.V. The Funding Loan will be subordinated to Guala Closures International B.V.'s senior debt pursuant to the Parallel Priority Agreement.
Security	The Notes will be secured by a second-priority pledge over the Issuer's claims under the Funding Loan. See "Description of the Notes—Security".
Optional Redemption	The Issuer may redeem all or part of the Notes at any time on or after , 2014 at the redemption prices as described under "Description of the Notes—Optional Redemption". At any time prior to , 2014, the Issuer may redeem all or part of the Notes, at a redemption price equal to 100% of the principal amount of such Notes, plus accrued and unpaid interest and additional amounts, if any, plus a "make-whole" premium, as described under "Description of the Notes—Optional Redemption". At any time prior to , 2014, the Issuer may on one or more occasions redeem up to 35% of the aggregate principal amount of the Notes using the net proceeds from certain equity offerings at a redemption price equal to % of the principal amount of the Notes redeemed, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption, provided that at least 65% of the aggregate principal amount of the Notes remains outstanding after the redemption.
Change of Control	If the Issuer experiences a change of control, the holders of the Notes will have the right to require the Issuer to offer to repurchase the Notes at a purchase price equal to 101% of the principal amount of the Notes plus accrued and unpaid interest and additional amounts, if any, to the date of purchase. See "Description of the Notes—Repurchase at the Option of Holders—Change of Control".
Redemption for Taxation Reasons	If certain changes in the law of any relevant taxing jurisdiction become effective after the issuance of the Notes that would impose withholding taxes or other deductions on the payments on the Notes, we may redeem the Notes in whole, but not in part, at any time, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, and additional amounts, if any, to the date of redemption. See "Description of the Notes—Redemption for Changes in Taxes".
Additional Amounts	Any payments made with respect to the Notes will be made without withholding or deduction for taxes in any relevant taxing jurisdiction unless required by law. If withholding or deduction for such taxes is required to be made with respect to a payment under the Notes, subject to certain exceptions, we will pay the additional amounts necessary so that the net amount received by the holders of Notes after the withholding is not less than the amount that they would have received in the absence of the withholding. See "Description of the Notes—Additional Amounts".

Certain Covenants	The Indenture will limit, among other things, the ability of the Issuer and its restricted subsidiaries to: • incur or guarantee additional indebtedness and issue certain preferred stock; • pay dividends, redeem capital stock and make certain investments; • make certain other restricted payments; • create or permit to exist certain liens; • impose restrictions on the ability of our subsidiaries to pay dividends or make other payments to us; • merge or consolidate with other entities; • enter into certain transactions with affiliates; and • impair the security interests for the benefit of the holders of the Notes.
Transfer Restrictions	The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction. The Notes are subject to restrictions on transferability and resale and may only be offered or sold in transactions that are exempt from or not subject to the registration requirements of the U.S. Securities Act. See "Transfer Restrictions" and "Plan of Distribution". We have not agreed to, or otherwise undertaken to, register the Notes (including by way of an exchange offer).
Use of Proceeds	The proceeds of the Offering will be used to refinance existing indebtedness of the Group, potentially finance a portion of the consideration for the DGS Acquisition and to pay related fees and expenses. See "Use of Proceeds".
No Established Market for the Notes	The Notes will be new securities for which there is currently no existing market. Although the Initial Purchasers have informed us that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market-making at any time without notice. Accordingly, we cannot assure you that an active trading market for the Notes will develop or be maintained.
Listing and Trading	Application will be made to list the Notes on the Official List of the Luxembourg Stock Exchange and for admission of the Notes to trading on the Luxembourg Stock Exchange's Euro MTF Market.
Trustee	Deutsche Trustee Company Limited.
Principal Paying Agent	Deutsche Bank AG, London Branch.
Registrar, Luxembourg Transfer Agent and Paying Agent	Deutsche Bank Luxembourg S.A.
Luxembourg Listing Agent	Deutsche Bank Luxembourg S.A.
Security Agent	UniCredit Bank AG, Milan Branch.
Governing Law	The Indenture, the Notes and the Guarantees will be governed by the laws of the State of New York. The Parallel Priority Agreement will be governed by English law and the pledge of the Issuer's claims under the Funding Loan will be governed by Dutch law.

Risk Factors	Investing in the Notes involves substantial risks. You should consider carefully all the information in this offering memorandum and, in particular, you should evaluate the specific risk factors set forth under the caption entitled "Risk Factors" section in this offering memorandum before making a decision whether to invest in the Notes.

SUMMARY HISTORICAL FINANCIAL INFORMATION AND OTHER DATA

The tables below set forth the following summary consolidated financial information:

- summary of consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows of the Issuer as of December 31, 2008 and for the period from July 7, 2008 (date of incorporation) to December 31, 2008, and as of and for the years ended December 31, 2009 and 2010;
- summary of consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows of Guala Closures S.p.A. as of and for the years ended December 31, 2008, 2009 and 2010; and
- summary unaudited pro forma condensed combined financial information of the Issuer, after giving effect to the Offering of the Notes and the Refinancing.

Guala Closures S.p.A. was acquired by GCL Holdings S.r.l. pursuant to a voluntary public tender offer in September 2008. See "Business—History". GCL Holdings S.r.l., a wholly owned subsidiary of the Issuer, was subsequently merged into Guala Closures S.p.A., which, in turn, became a wholly-owned indirect subsidiary of the Issuer. Accordingly, the Issuer became an indirect owner of the issued capital stock of Guala Closures S.p.A. from September 2008 and, as such, the consolidated income statement and consolidated statement of cash flows of the Issuer for the period from July 7, 2008 to December 31, 2008 only included the results of operations of Guala Closures and its consolidated subsidiaries for the last three months of 2008.

In order to permit potential investors in the Notes to better compare the Group's results of operations and the development of our business over the last three fiscal years, we have included in this offering memorandum the consolidated financial statements of Guala Closures S.p.A. in addition to the consolidated financial statements of the Issuer, and analyzed certain of the financial results and information of Guala Closures for the purposes of the "Management's Discussion and Analysis of Financial Condition and Results of Operations" discussion in this offering memorandum, and elsewhere in this offering memorandum. There are, however, certain material differences between the consolidated statement of comprehensive income and the consolidated statement of cash flows of the Issuer and Guala Closures, respectively, principally relating to outstanding indebtedness of the Issuer incurred under the Mezzanine Credit Facility in 2008 in connection with the acquisition of Guala Closures. Please see the consolidated financial statements of the Issuer and Guala Closures and the Notes thereto included elsewhere in this offering memorandum.

The summary consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows for the Issuer set forth below as of December 31, 2008 and for the period from July 7, 2008 to December 31, 2008, and as of and for the years ended December 31, 2009 and 2010 were derived from the audited consolidated financial statements and the notes thereto of the Issuer, prepared in accordance with IFRS as adopted by the E.U. and included elsewhere in this offering memorandum. The consolidated financial statements including the notes thereto of the Issuer have been audited by KPMG Audit S.à r.l. as set forth in its auditors' opinion included elsewhere in this offering memorandum.

As required by IFRS, the financial data as of December 31, 2008 and for the period from July 7, 2008 to December 31, 2008, presented in the consolidated financial statements as of and for the year ended December 31, 2009 of the Issuer, were restated to reflect the adjustments to provisional fair values originally recognized in the consolidated financial statements of the Issuer as of December 31, 2008 and for period from July 7, 2008 to December 31, 2008, in connection with the acquisition of Guala Closures S.p.A. and Guala Closures Ukraine LLC, following completion of the initial purchase price acquisition accounting.

The financial statements captions presented in this offering memorandum relating to 2008 of the Issuer which were affected by the restatement described above, have been derived from the corresponding figures as of December 31, 2008 and for the period from July 7, 2008 to December 31, 2008, presented in the consolidated financial statements of the Issuer as of and for the year ended December 31, 2009.

Certain corresponding figures for the fiscal year 2009 presented in the consolidated statement of cash flows in the consolidated financial statements as of and for the year ended December 31, 2010 of the Issuer, have been reclassified and aggregated, compared to the consolidated statement of cash flows included in the consolidated financial statements of the Issuer as of and for the year ended December 31, 2009, to conform with the fiscal year 2010 consolidated financial statements presentation. Furthermore, payables for capital expenditure as of December 31, 2009, have been reclassified from trade payables to "other current liabilities—third parties" in order to be consistent with the fiscal year 2010 classification.

The financial statements captions presented in this offering memorandum related to fiscal year 2009 of the Issuer, which were affected by the reclassification and aggregation described above, have been derived from the corresponding figures for the fiscal year 2009 presented in the consolidated financial statements as of and for the year ended December 31, 2010.

The summary of consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows for Guala Closures S.p.A. set forth below as of and for the years ended December 31, 2008, 2009 and 2010 were derived from the audited consolidated financial statements and the notes thereto of the Guala Closures S.p.A., prepared in accordance with IFRS as adopted by the E.U. and included elsewhere in this offering memorandum. The consolidated financial statements including the notes thereto of Guala Closures S.p.A. have been audited by KPMG S.p.A. as set forth in its auditors' opinion included elsewhere in this offering memorandum.

As required by IFRS, the corresponding figures for the fiscal year 2008 presented in the consolidated financial statements as of and for the year ended December 31, 2009 of Guala Closures S.p.A., have been restated to reflect the adjustments to provisional fair values originally recognized in the consolidated financial statements as of and for the year ended December 31, 2008 in connection with the acquisition of Guala Closures Ukraine LLC, following completion of the initial purchase price acquisition accounting.

The financial statements captions presented in this offering memorandum related to fiscal year 2008 of Guala Closures which were affected by the restatement described above, have been derived from the corresponding figures for the fiscal year 2008 presented in the consolidated financial statements as of and for the year ended December 31, 2009.

Certain corresponding figures for the fiscal year 2009 presented in the statement of cash flows of consolidated financial statements as of and for the year ended December 31, 2010 of Guala Closures S.p.A., have been reclassified and aggregated, compared to the statement of cash flows included in the consolidated financial statements as of and for the year ended December 31, 2009, to conform with the financial statements presentation for fiscal year 2010. Furthermore, payables for capital expenditure as of December 31, 2009, have been reclassified from trade payables to "other current liabilities—third parties" in order to be consistent with fiscal year 2010 classification.

The financial statements captions presented in this offering memorandum related to fiscal year 2009 of Guala Closures which were affected by the reclassification and aggregation described above, have been derived from the corresponding figures for the fiscal year 2009 presented in the consolidated financial statements of Guala Closures S.p.A. as of and for the year ended December 31, 2010.

The summary unaudited pro forma condensed combined financial information in respect of the Issuer presented in the tables below provide certain financial information on an as adjusted basis to give effect to the Transactions, including the issuance of the Notes offered hereby and the application of the net proceeds thereof as described in "Use of Proceeds". The pro forma financial information has been prepared for illustrative purposes only and does not represent what our actual results would have been had the issuance of the Notes and the application of the net proceeds thereof occurred on December 31, 2010 or what our actual net financial debt or net financial expenses would have been had the issuance of the Notes and the application of the net proceeds thereof occurred on December 31, 2010; nor does it purport to project our net financial debt or net financial expenses at any future date. The pro forma financial information has not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act, the Prospectus Directive or any generally accepted accounting standards. Neither the assumptions underlying the pro forma adjustments nor the resulting pro forma financial information have been audited or reviewed in accordance with any generally accepted auditing standards.

The following information should be read in conjunction with the information contained in "Capitalization," "Use of Proceeds", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Selected Financial Information and Other Data" and the audited consolidated financial statements and the notes thereto for the Issuer and Guala Closures included elsewhere in this offering memorandum.

Guala Closures S.p.A

Consolidated Statement of Comprehensive Income Data:

	Year ended December 31,		
	2008[(1)]	2009	2010
	(€ in thousands)		
Net revenue	**325,266**	**311,070**	**371,354**
Change in inventories of finished goods and semi-finished products	(2,322)	(501)	(1,024)
Other operating income	12,417	9,256	6,041
Cost for raw materials	(130,804)	(123,855)	(146,532)
Cost for services	(73,850)	(60,420)	(75,214)
Personnel expense	(58,979)	(53,876)	(67,084)
Personnel (expense)income relating to the pension fund managed by related parties	(2,385)	—	—
Other operating expense	(10,192)	(7,600)	(7,558)
Amortization, depreciation and impairment losses	(23,363)	(31,743)	(38,704)
Operating Profit	**35,788**	**42,332**	**41,280**
Financial income	19,468	29,494	26,310
Financial Expense—third parties	(54,563)	(51,676)	(49,351)
Financial Expense—related parties	(335)	(1,306)	(745)
Profit before taxation	**357**	**18,844**	**17,495**
Income taxes	(10,970)	(16,181)	(14,801)
Profit (loss) for the year	**(10,612)**	**2,663**	**2,694**
Attributable to:			
Owners of the parent	(11,552)	(1,724)	(1,913)
Non-controlling interests	940	4,387	4,607

(1) The consolidated statement of comprehensive income data of Guala Closures S.p.A. for the year ended December 31, 2008 are derived from the corresponding figures for the year ended December 31, 2008 presented in the consolidated financial statements as of and for the year ended December 31, 2009 of Guala Closures S.p.A., which were restated to reflect the adjustments to provisional fair values originally recognized in the consolidated financial statements as of and for the year ended December 31, 2008, in connection with the acquisition of Guala Closures Ukraine LLC.

Consolidated Statement of Cash Flows Data:

	Year ended December 31,		
	2008[(1)]	2009[(2)]	2010
	(€ in thousands)		
Cash flows from operating activities	37,427	55,097	67,421
Cash flows used in investing activities	(29,326)	(20,891)	(41,269)
Cash flows from/(used in) financing activities	(13,966)	(24,849)	(20,667)
Net cash flows for the period	**(5,864)**	**9,356**	**5,486**

(1) The consolidated statement of cash flows data for Guala Closures S.p.A. for the year ended December 31, 2008 are derived from the corresponding figures for the year ended December 31, 2008 presented in the consolidated financial statements as of and for the year ended December 31, 2009 of Guala Closures S.p.A., which were restated to reflect the adjustments to provisional fair values originally recognized in the consolidated financial statements as of and for the year ended December 31, 2008, in connection with the acquisition of Guala Closures Ukraine LLC.

(2) The consolidated statement of cash flows data for Guala Closures S.p.A. for the year ended December 31, 2009 are derived from from the corresponding figures for the year ended December 31, 2009 presented in the consolidated financial statements as of and for the year ended December 31, 2010 of Guala Closures S.p.A. which, were reclassified and aggregated to conform with the fiscal year 2010 financial statements presentation of consolidated statement of cash flows and consolidated statement of financial position for Guala Closures S.p.A.

Consolidated Statement of Financial Position Data:

	As of December 31,		
	2008[1]	2009	2010
	(€ in thousands)		
Total current assets	158,052	168,696	180,719
Total non-current assets	415,651	546,168	570,687
Total Assets	**573,703**	**714,864**	**751,407**
Total current liabilities	101,112	86,684	109,644
Total non-current liabilities	303,815	351,951	356,409
Total Liabilities	**404,927**	**438,635**	**466,053**
Total equity	**168,777**	**276,229**	**285,354**
Total liabilities and equity	**573,703**	**714,864**	**751,407**

(1) The consolidated statement of financial position data of Guala Closures presented as of December 31, 2008, are derived from the corresponding figures for the fiscal year 2008 presented in the consolidated financial statements as of and for the year ended December 31, 2009, of Guala Closures which were restated to reflect the adjustments to provisional fair values originally recognized in the consolidated financial statements as of and for the year ended December 31, 2008 of Guala Closures, in connection with the acquisition of Guala Closures Ukraine LLC.

The Issuer

The consolidated financial statements of the Issuer as of December 31, 2008 and for the period from July 7, 2008 to December 31, 2008 only include the results of Guala Closures S.p.A. and its consolidated subsidiaries for the last three months of 2008 (as the acquisition of Guala Closures S.p.A. occurred in September 2008).

Consolidated Statement of Comprehensive Income Data:

	For the period from July 7, 2008 to December 31, 2008[1]	For the year ended December 31,	
		2009	2010
	(€ in thousands)		
Net revenue	**88,848**	**311,070**	**371,354**
Change in inventories of finished goods and semi-finished products	(10,473)	(501)	(1,024)
Other operating income	3,100	9,256	6,041
Cost for raw materials	(34,005)	(123,855)	(146,532)
Costs for Services	(16,104)	(60,731)	(75,511)
Personnel expense	(15,610)	(53,876)	(67,084)
Personnel (expense) income relating to the pension fund managed by related parties	(2,385)	—	—
Other operating costs	(4,246)	(7,602)	(7,560)
Amortization, depreciation and impairment losses	(8,181)	(31,743)	(38,704)
Operating Profit	**944**	**42,018**	**40,981**
Financial income	15,554	29,515	26,311
Financial Expense	(40,070)	(64,729)	(60,989)
Profit (loss) before taxation	**(23,572)**	**6,805**	**6,302**
Income taxes	127	(16,182)	(14,730)
Profit (loss) for the year	**(23,445)**	**(9,378)**	**(8,428)**
Attributable to:			
Owners of the Company	(23,890)	(13,764)	(13,035)
Non-controlling interests	446	4,387	4,607

(1) The consolidated statement of comprehensive income data of the Issuer are derived from the corresponding figures for the period from July 7, 2008 to December 31, 2008 presented in the consolidated financial statements as of and for the year ended December 31, 2009 of the Issuer, which were restated to reflect the adjustments to provisional fair values originally recognized in the consolidated financial statements as of December 31, 2008 and for the period from July 7, 2008 to December 31, 2008 of the Issuer, related to the acquisition of Guala Closures and Guala Closures Ukraine LLC.

Consolidated Statement of Cash Flows Data:

	For the period from July 7, 2008 to December 31, 2008[1]	For the year ended December 31, 2009[2]	For the year ended December 31, 2010
	(€ in thousands)		
Cash flows generated by operating activities	33,906	53,493	66,362
Cash flows used in investing activities	(315,795)	(20,891)	(41,269)
Cash flows generated by/(used in) financing activities	308,102	(24,498)	(19,666)
Net cash flows for the year	**26,213**	**8,104**	**5,427**

(1) The consolidated statement of cash flows data of the Issuer for the period from July 7, 2008 to December 31, 2008 are derived from the corresponding figures for the period from July 7, 2008 to December 31, 2008 presented in the consolidated financial statements as of and for the year ended December 31, 2009 of the Issuer which were restated to reflect the adjustments to provisional fair values originally recognized in the consolidated financial statements of the Issuer as of December 31, 2008 and for the period from July 7, 2008 to December 31, 2008, related to the acquisition of Guala Closures and Guala Closures Ukraine LLC.

(2) The consolidated statement of cash flows data of the Issuer for the year ended December 31, 2009 are derived from the corresponding figures for the fiscal year 2009 presented in the consolidated financial statements as of and for the year ended December 31, 2010 of the Issuer, which were reclassified and aggregated to conform with the fiscal year 2010 financial statements presentation of consolidated statement of cash flows and consolidated statement of financial position of the Issuer.

Consolidated Statement of Financial Position Data:

	As of December 31, 2008[1]	2009	2010
	(€ in thousands)		
Total current assets	162,733	168,887	179,567
Total non-current assets	554,888	546,171	571,976
Total Assets	**717,621**	**715,058**	**751,543**
Total current liabilities	109,823	93,399	114,479
Total non-current liabilities	394,586	430,694	438,222
Total Liabilities	**504,409**	**524,093**	**552,701**
Total Equity	**213,212**	**190,965**	**198,842**
Total Liabilities and Equity	**717,621**	**715,058**	**751,543**

(1) The consolidated statement of financial position data as of December 31, 2008, is derived from the corresponding figures as of December 31, 2008 presented in the consolidated financial statements as of and for the year ended December 31, 2009 of the Issuer, which were restated to reflect the adjustments to provisional fair values originally recognized in the consolidated financial statements as of and for the year ended December 31, 2008 related to the acquisition of Guala Closures and Guala Closures Ukraine LLC.

Other Consolidated Financial Information in relation to the Issuer

	As of and for the year ended December 31,	
	2009	2010
	(€ in thousands, except ratios)	
EBITDA(1)	73,761	79,684
Adjusted EBITDA(2)	69,191	81,257
Net financial debt(3)	382,676	392,157
Net interest expenses	34,200	34,120
Ratio of net financial debt to Adjusted EBITDA	5.53x	4.83x
Ratio of Adjusted EBITDA to net interest expenses	2.02x	2.38x
Pro forma net financial debt(4)	—	400,157
Pro forma net interest expenses(5)	—	40,989
Ratio of pro forma net financial debt to Adjusted EBITDA(2)(4)	—	4.92x
Ratio of Adjusted EBITDA to *pro forma* net interest expenses(2)(5)	—	1.98x

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

	Year ended December 31,	
	2009	2010
	(€ in thousands, except ratios)	
Profit (loss) for the year	**(9,378)**	**(8,428)**
Income taxes	16,182	14,730
Financial Expense	64,729	60,989
Financial Income	(29,515)	(26,311)
Amortization, depreciation and impairment losses	31,743	38,704
EBITDA	**73,761**	**79,684**

EBITDA for Guala Closures S.p.A. and its consolidated subsidiaries for the year ended December 31, 2008, was €59.1 million, and includes approximately €3.4 million of restructuring costs and approximately €4.1 million of one-off charges which are related to the acquisition of Guala Closures by the Issuer. We have included this information for Guala Closures S.p.A. in order to enable potential investors in the Notes to compare the Group's results of operations and the development of our business over the last three fiscal years. We note, in addition, following the acquisition of Guala Closures S.p.A. and its consolidated subsidiaries by the Issuer in September 2008, that the consolidated financial information of the Issuer for the period from July 7, 2008 to December 31, 2008, only included the results of operations of Guala Closures S.p.A. and its consolidated subsidiaries for the last three months of 2008. See "Presentation of Financial and Other Information" for further information and the consolidated financial statements of the Issuer and Guala Closures S.p.A. included elsewhere in this offering memorandum.

(2) Adjusted EBITDA refers to EBITDA as defined in footnote (1) adjusted to remove the effects of certain exceptional items described in the table below that we do not consider to be indicative of our ongoing operating performance. Adjusted EBITDA is not a measurement of performance or liquidity under IFRS and you should not consider Adjusted EBITDA as an alternative to (a) operating income or net income (as determined in accordance with IFRS) as a measure of our operating performance, (b) cash flows from operating, investing and financing activities as a measure of our ability to meet

our cash needs or (c) any other measures of performance or liquidity under IFRS or generally accepted accounting principles. The following table shows the adjustments and estimates we have made to arrive at Adjusted EBITDA:

	Year ended December 31,	
	2009	2010
	(€ in thousands)	
EBITDA	73,761	79,684
Purchase of non-controlling interest in Guala Closures Mexico	(4,570)	—
Merger and Acquisitions costs	—	1,473
Other	—	100
Adjusted EBITDA	**69,191**	**81,257**

Adjusted EBITDA for Guala Closures S.p.A. and its consolidated subsidiaries for the year ended December 31, 2008, was €66.6 million, and includes adjustments to remove the effects of certain exceptional items that we do not consider to be indicative of Guala Closures operating performance, including restructuring and relocation costs and other one-off charges. We have included this information for Guala Closures S.p.A. in order to enable potential investors in the Notes to compare the Group's results of operations and the development of our business over the last three fiscal years. We note, in addition, following the acquisition of Guala Closures S.p.A. and its consolidated subsidiaries by the Issuer in September 2008, that the consolidated financial information of the Issuer for the period from July 7, 2008 to December 31, 2008, only included the results of operations of Guala Closures S.p.A. and its consolidated subsidiaries for the last three months of 2008. See "Presentation of Financial and Other Information" for further information and the consolidated financial statements of the Issuer and Guala Closures included elsewhere in this offering memorandum.

(3) Net financial debt consists of financial liabilities less financial assets gross of unamortized debt issuance costs, less cash and cash equivalents. It does not include a liability owed to Ukranian non-controlling investors which relates to a recognition of these investors' right to exercise a put option if certain conditions are met. The revolving credit facility available under the Senior Facilities Agreement was not utilized for any cash drawings as of December 31, 2010. After December 31, 2010, we had drawn approximately €10 million under the acquisition/capex facility under the Senior Facilities Agreement to fund the acquisition of the Plastivit Group (see "Summary—Recent Developments—Acquisition of Plastivit"), which will be repaid from the proceeds of the Offering. As of April 11, 2011, we had utilized approximately €10 million of our revolving credit facility under our Senior Credit Agreement for general corporate purposes.

(4) *Pro forma* net financial debt, represents net financial debt, adjusted for the Transactions, including the proceeds of the Offering and the repayment of outstanding indebtedness under the Mezzanine Credit Facility and the Acquisition/Capex Facility and repayment of a portion of Term Loan A, as described in "Use of Proceeds", as if the Transactions had occurred on December 31, 2010. *Pro forma* net financial debt does not include the indebtedness incurred by the Group in connection with the acquisition of the Plastivit Group (see "Summary—Recent Developments—Acquisition of Plastivit") and the amount of net proceeds of the Offering expected to be used for the potential DGS Acquisition.

(5) *Pro forma* net interest expenses is net interest expenses, adjusted to give effect to the Transactions, including the proceeds of the Offering and the repayment of the Mezzanine Credit Facility and a portion of the Senior Credit Facilities as described in "Use of Proceeds", as if the Transactions had occurred on January 1, 2010.

Pro forma net interest expenses has been presented for illustrative purposes only and does not purport to represent what our interest expenses would have actually been had the Transactions occurred on the date assumed, nor does it purport to project our net interest expenses for any future period or our financial condition at any future date.

RISK FACTORS

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

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

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

Risk factors related to our Business

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

Guala Closures operates manufacturing facilities and sales offices in sixteen countries throughout the world, including Argentina, Australia, Brazil, Bulgaria, China, Colombia, India, Italy, Mexico, The Netherlands, New Zealand, Spain and Ukraine, and distribute and sell our products in these and other countries. Guala Closures' international subsidiaries (i.e. those outside of Italy) generated approximately 74.3%, 77.8% and 78.6% of our consolidated revenues in 2008, 2009 and 2010, respectively.

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

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

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

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

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

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

Approximately €147 million of our expenditure in 2010, or 39.5% as a percentage of revenues, was related to raw materials. Price fluctuations in raw materials have a direct impact on production costs. The principal raw materials we use in manufacturing our products are aluminum and plastic, which accounted for €52 million and €61 million, respectively of our raw materials purchases in 2010. Approximately 40% of our aluminum costs in 2010 were related to purchases of aluminum ingots made on the London Metal Exchange, both through spot transactions and forward contracts, while the remaining aluminum costs consist primarily of costs incurred in processing and converting ingots into coil and which are typically tied to fixed price contracts and incurred with the aim of making the aluminum ready for our production processes. Volatility in the prices of core aluminum and plastics affects our gross margins and operating results. Plastic resins are subject to substantial price fluctuations resulting from a variety of factors including changes in the prices of natural gas, crude oil and other petrochemical products from which resins are produced. Instability in the world markets for petroleum and natural gas could materially adversely affect the price and supply of raw materials.

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

While at present we do not hedge plastic resins purchases, as derivative instruments are not available in the markets, we have historically hedged aluminum purchases through yearly agreements with key suppliers as well as through forward hedging arrangements. In particular, in both 2009 and 2010, we hedged approximately 65% and 60% of our aluminum purchases. However, the use of forward contracts to reduce the impact of fluctuating aluminum prices may lead to an adverse effect should the price of aluminum move in the opposite direction to that which the forward contract was intending to hedge. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Principal factors affecting our results of operations—Costs for Raw Materials".

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

We sell most of our products to producers of spirits and wine. In 2010, sales to spirits and wine producers represented 86% of our closures division revenue and 83% of our total net revenue. Demand for most of our products is determined largely by the extent to which end-users consume spirits or wine, which in turn is partly affected by consumers' disposable income, evolving customer habits, industry trends and population growth rates, among other things.

Irrespective of consumer demand for spirits and wine, changes in levels of taxation and other governmental controls over the production, sale or marketing of spirits and wine, in certain countries in which we operate, such as in Russia, Australia and some South American countries, may lead to a decreased supply of spirits and wine, and an associated decrease in supplier demand for our closures. A decrease in the consumption of alcoholic beverages and a corresponding drop in the sale of spirits and wine could have a negative effect on our business, financial condition and results of operations. In addition, regardless of actual levels of end-use consumption, a perception among producers of spirits and wine that demand may be about to fall could lead to a decision by such producers to reduce their stocks of spirits and wine, which could in turn lead to reduced demand for our closures. Our revenues were affected by such a destocking in the fourth quarter of 2008 and the first half of 2009 in particular.

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

Our future success depends to a large extent on the development and maintenance of our intellectual property rights. We hold over 70 patents in respect of our products. Nevertheless, third parties may challenge our intellectual property rights, produce counterfeit products that imitate our products, or come to know our trade secrets due to breaches of confidentiality agreements or otherwise. We are involved in ongoing litigation in China and Brazil and have recently begun proceedings in Turkey. To the best of our knowledge, no third party has challenged our patents outside of litigation in which we alleged breaches of those same patents. If we were to lose any such litigation, a court or a similar foreign governing body could invalidate or render unenforceable our owned or licensed patents, require us to pay significant damages, cause us to seek licenses and/or pay royalties to third parties, require us to redesign our products, or prevent us from manufacturing, using or selling our products in those jurisdictions. Any of those events could have a material adverse effect on our financial condition and results of operations.

In addition, our competitors may independently develop products, know-how and production techniques similar to ours. If third parties infringe our intellectual property rights, we may expend significant resources monitoring, protecting and enforcing those rights and we may not be successful in our efforts to do so. The risk that we may be unable to protect our intellectual property rights is likely to increase as we expand into new geographic areas and diversify into new product sectors. If we fail to protect or enforce our intellectual property rights, our brands, sales volumes and market share could suffer, which would adversely affect our business, financial condition and results of operations.

Our products are patent-protected for a limited period of time. Although none of the patents protecting our key revenue-generating products will expire in the near future, we cannot assure you that upon the expiration of any of our patents, our competitors will not commence manufacturing products using similar technologies to those protected by our current patents, which could adversely affect our business.

There are certain risks relating to the DGS Acquisition, including the failure to complete the acquisition.

On April 7, 2011, we entered into a sale and purchase agreement for the acquisition of up to 100% of the issued share capital of DGS, a Polish closures producer. The DGS Acquisition is subject to approval by the Polish anti-trust authorities. See "Summary—Recent Developments—Proposed Acquisition of DGS." If the sale and purchase agreement for the DGS Acquisition is terminated or the DGS Acquisition does not become effective, we will not be able to proceed with the purchase of DGS. If completion does not occur or is delayed, then we may incur additional costs and may be unable to realize the benefits that we believe will result from the DGS Acquisition.

Although the sale and purchase agreement provides for us to acquire up to 100% of the issued share capital of DGS, we expect that the existing minority shareholder will acquire a 30% participation in DGS's share capital. If the minority shareholder chooses not to acquire the aforementioned participation, we would be required to invest 95 million zloty (approximately €23.9 million, based on the Bloomberg composite rate of 3.97 zloty per €1.00, as of April 11, 2011) in addition to our current expectation to finance €25 million of the purchase price from the proceeds of the Offering and 120 million of Polish zloty (approximately €30.2 million) from a new equity contribution from our Shareholders. We cannot assure you that our partner will participate in DGS in connection with the DGS Acquisition. As a consequence, the cost of the acquisition may be greater than we anticipated.

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

The integration of DGS into our group will be complex, expensive and present a number of challenges for our management, staff and, potentially, our customers. There can be no guarantee that we will realize any or all of the anticipated benefits of the DGS Acquisition including the expected business growth opportunities, revenue benefits, cost synergies and other operational efficiencies. Other benefits may not develop if the assumptions upon which we determined the DGS Acquisition to be in our best interests prove to be incorrect.

We may also face challenges in respect of retaining key employees of DGS; redeploying resources in different areas of operations to improve efficiency; unifying financial reporting and internal control procedures; minimizing the diversion of management attention from ongoing business concerns; overcoming integration challenges particularly as our management may be unfamiliar with some aspects of the business and operations of DGS; and addressing possible differences between our business culture, processes, controls, procedures, systems, accounting practices and standards.

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

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

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

Unfavorable fluctuations in foreign currency exchange rates may adversely affect our results of operations when translated into euros and, to a lesser extent, our profitability.

We have non-euro denominated assets, liabilities, revenues and costs. For the year ended December 31 2010, we derived 12.8%, 10.8%, 8.7% and 8.1% of our net revenue from sales in Indian rupees, Australian dollars, pounds sterling and U.S. dollars, respectively. These currencies have experienced considerable volatility against the euro in recent years. To prepare our consolidated financial statements, we must translate our assets, liabilities, revenues and expenses into euro. Consequently, increases and decreases in the value of the euro against these other currencies will affect the amounts attributed to these items in our consolidated financial statements, even if their value has not changed in their original currency. These translations could result in changes to our results of operations from period to period. Given our increasing focus on non-European markets, this risk is expected to increase over time.

In addition, to the extent we incur expenses that are not denominated in the same currency as related revenue, exchange rate fluctuations could cause our expenses to increase as a percentage of revenues, affecting our profitability. In order to mitigate this risk, we borrow in different currencies, primarily Australian dollars, GBP, Mexican pesos and U.S. dollars as well as euros, so as to align our liability profile with our operations.

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

A continuation or worsening of the recent economic downturn and the uncertainty caused by the global credit and liquidity crisis could result in, among other things, decreases in market prices for our products, a loss of customers in the spirits and wine industries and increased payment delays and/or bad debts as a result of our customers experiencing financial difficulty.

Demand for closures in the principal end-use markets that we serve is primarily driven by consumer consumption of the products for which we produce closures. General economic conditions affect consumption in our end-use markets, including spirits, wines and other beverages. Downturns or periods of prolonged economic weakness have resulted in the past and could in the future result in decreased demand for closures. In particular, our business could be adversely affected by any economic downturn that results in difficulties for any of our major customers. For example, our business suffered a slowdown during the fourth quarter of 2008 and the first half of 2009 due to industry-wide destocking.

In addition, the global financial system has, in recent years, experienced unprecedented credit and liquidity conditions and disruptions, leading to a reduction in liquidity, greater volatility, widening of credit spreads and, in some cases, lack of transparency in money and capital markets. If these conditions recur, or worsen, it could negatively affect our ability to raise funding in the debt capital markets and/or access bank lending markets in the countries and currencies in which we borrow on financial terms acceptable to us, particularly in countries which are especially affected.

Global economic and market conditions including, among others, the events described above could have a material adverse effect on our business, financial condition, results of operations or liquidity.

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

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

We are also dependent on third parties for the transportation of our raw materials as well as the products we manufacture and sell. In certain jurisdictions, we are exposed to import duties and freight costs, the latter of which is influenced by carrier availability and the fluctuating costs of oil and impacted by changes in global oil prices. Energy and freight costs represent 19% of our overall material costs. Accordingly, the cyclical nature of such commodity pricing, energy and freight costs presents a potential risk to our margins. Moreover, an increase in the selling prices for the products we produce resulting from an attempt to pass through increased energy or freight costs could have an adverse impact on the volume of units we sell and decrease our revenue.

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

The spirits market has experienced significant consolidation in the past decade. We believe that consolidation among our customers has resulted in increased price pressure from those customers. A further reduction in the number of customers could lead to increased price competition among closures suppliers, which could adversely affect our margins and profitability. In 2010, approximately 43% of our net revenue were generated from sales to our 10 major customers. We could lose revenue and market share if, following the consolidation of one or more of our customers with another company, a competitor were to become the resulting consolidated company's primary closures supplier or the new company were to be able to extract more favorable terms from us.

The majority of our supply contracts have a duration of only one year, and there is no obligation on our customers to purchase specified quantities during that period. We are reliant on a continuing series of purchase orders for our products. Thus, the loss of any of our major customers could significantly reduce our number of purchase orders received at short notice and consequently cause our revenue to fall without providing us with sufficient time to adjust our stock levels appropriately by changing the amounts of our purchases from suppliers. Any of these developments could cause our business, financial condition and results of operations to suffer adversely.

We are affected by seasonality in certain of our businesses, notably winecap closures.

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

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

While we manufacture most of our products in a large number of diversified facilities, and maintain insurance covering these facilities, a loss of the use of all or a portion of any of our key manufacturing facilities due to an accident, labor issues, weather conditions, natural disaster or otherwise, whether short or long-term, may have a material adverse effect on our business, financial condition or results of operations.

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

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

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

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

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

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

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

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

While competition in the safety closures business is limited to a relatively small number of major producers, we believe that the standard and winecap closures businesses are more competitive, because of the commoditised nature of the products. Product pricing and innovative technology are therefore key competitive factors. Our main global competitors in the beverage and closures market for spirits are Amcor, Torrent, UCP and DGS with most of our remaining competitors being either local or regional companies supplying primarily only one region of the world.

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

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

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

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

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

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

We are subject to a broad range of environmental laws and regulations in the countries in which we currently operate our manufacturing facilities as well as to various supranational regulations relating to environmental protection. These laws and regulations impose increasingly stringent environmental protection standards regarding, among other things, the use, storage and handling of hazardous materials, discharge and disposal of factory waste, the remediation of environmental damage or contamination and safety standards relating to industrial installations and processes. We are also subject to stringent health and safety standards relating to our employees or other third parties at our manufacturing sites.

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

These requirements may have a material adverse effect on our business, financial condition and results of operations.

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

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

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

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

We are subject to taxation in and to the tax laws and regulations of multiple jurisdictions as a result of the international scope of our operations and our corporate and financing structure. We are also subject to intercompany pricing laws, including those relating to the flow of funds among our companies pursuant to, for example, purchase agreements, licensing agreements or other arrangements. Adverse developments in these laws or regulations, or any change in position by the relevant authority regarding the application, administration or interpretation of these laws or regulations in any applicable jurisdiction, could have a material adverse effect on our business, financial condition and results of operations or on our ability to service or otherwise make payments on the Notes. In addition, the tax authorities in any applicable jurisdiction, may disagree with the positions we have taken or intend to take regarding the tax treatment or characterization of any of our transactions, including the tax treatment or characterization of our indebtedness, including the notes, existing and future intercompany loans and guarantees or the deduction of certain interest expense. If any applicable tax authorities were to successfully challenge the tax treatment or characterization of any of our intercompany loans or transactions, it could result in the disallowance of deductions, limit our ability to deduct interest expense, the imposition of withholding taxes, the application of significant penalties and accrued interest, on intercompany loans or internal deemed transfers, the application of significant penalties and accrued interest or other consequences that could have a material adverse effect on our business, financial condition and results of operations or on our ability to service or otherwise make payments on the Notes.

Risks related to our management, principal shareholders and related parties

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

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

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

Our principal shareholders are investment funds and entities that are controlled, directly or indirectly, by an affiliate of the DLJ Merchant Banking Funds and Intesa Sanpaolo S.p.A. which collectively own, together with other minority co-investors, approximately 77.6% of the Issuer's issued and outstanding shares through investment management funds. The interests of the Group's principal shareholders and their respective affiliates could conflict with your interests, particularly if the Issuer encounters financial difficulties or is unable to pay its debts when due. Affiliates of the Group's principal shareholders may also have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investments, although such transactions might involve risk to you as a holder of the Notes. In addition, the Group's principal shareholders or their respective affiliates may, in the future, own businesses that directly compete with ours.

Under a memorandum of understanding among Intesa Sanpaolo S.p.A., DLJ MB, LLC and the DLJ Merchant Banking Funds, significant actions require the approval of both the DLJ Merchant Banking Funds and Intesa Sanpaolo S.p.A., including certain mergers, de-mergers or consolidations relating to us or any of our subsidiaries, any amendments to our by-laws in respect of the appointment or removal of directors, and certain other relevant matters. See "Principal Shareholders—Shareholders' Agreements." Our principal shareholders may be unable to agree on whether we should engage in any of these transactions or other matters and any disagreement may limit our ability to respond to market opportunities, or make certain commercial or financial decisions, as quickly as needed.

Risks related to the Notes and our Capital Structure

The Issuer is a holding company and conducts no business operations of its own and will depend on payments from its subsidiaries to make payments on the Notes and the Guarantees.

The Issuer is a holding company that conducts no business operations of its own and has no significant assets other than the shares it holds in its direct subsidiaries and its claims under certain intercompany loans (including, subsequent to the issuance of the Notes, the Funding Loan). Repayment of the Issuer's indebtedness, including under the Notes, is dependent on the ability of our subsidiaries to make such cash available to us, by dividend distributions, debt repayment, loans or otherwise. Our subsidiaries may not be able to, or may be restricted by the terms of their existing or future indebtedness, or by law, in their ability to make distributions or advance upstream loans to enable us to make payments in respect of our indebtedness, including the Notes. Each subsidiary of ours is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries.

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

Our debt could adversely affect our financial condition or results of operations.

Upon completion of the Offering and use of the net proceeds we expect to receive therefrom (but excluding €25 million of indebtedness under our Acquisition/Capex Facility that we expect to incur in the event that the DGS Acquisition closes), we will have a substantial amount of outstanding indebtedness with significant debt service requirements. As of December 31, 2010, on an as adjusted basis after giving effect to the Transactions, our total financial liabilities would have been €465.0 million, including the Notes and the Senior Credit Facilities and gross of unamortized transaction costs. We would also be permitted to incur additional indebtedness under the Senior Credit Facilities in the future, including additional borrowings of up to €40 million under the Revolving Credit Facility and up to €60 million under the Acquisition/Capex Facility.

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

- making it more difficult for us to satisfy our obligations with respect to the Notes, the Guarantees and our other debt and liabilities;
- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our debt, thus reducing the availability of our cash flow to fund internal growth through working capital and capital expenditures acquisitions and for other general corporate purposes;
- increasing our vulnerability to a downturn in our business or economic or industry conditions;
- placing us at a competitive disadvantage compared to our competitors that have less debt in relation to cash flow;
- limiting our flexibility in planning for or reacting to changes in our business and our industry;
- restricting us from exploiting certain business opportunities; and
- limiting, among other things, our and our subsidiaries' ability to borrow additional funds or raise equity capital in the future, and increasing the costs of such additional financings.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, including under the Notes.

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

We and our subsidiaries may be able to incur substantial additional indebtedness in the future, including secured indebtedness. Although the Amended Senior Credit Agreement governing the Senior Credit Facilities contains, and the Indenture governing the Notes will contain, restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. If new debt is added to our and our subsidiaries' existing debt levels, the related risks that we now face would increase. In addition, the Indenture and the Amended Senior Credit Agreement will not prevent us from incurring obligations that do not constitute indebtedness under those agreements.

We may not be able to generate sufficient cash to meet our debt service obligations.

Our ability to make scheduled interest payments on the Notes and to meet our other debt service obligations, including under the Senior Credit Facilities, or to refinance our debt, depends on our future operating and financial performance, which will be affected by our ability to successfully implement our business strategy as well as general economic, financial, competitive, regulatory and other factors beyond our control.

If we cannot generate sufficient cash to meet our debt service requirements, we may, among other things, need to refinance all or a portion of our debt, including the Senior Credit Facilities and the Notes, obtain additional financing, delay planned capital expenditures or investments or sell material assets. If we are not able to refinance any of our debt, obtain additional financing or sell assets on commercially reasonable terms or at all, we may not be able to satisfy our debt obligations, including under the Notes. In that event, borrowings under other debt agreements or instruments that contain cross default or cross-acceleration provisions may become payable on demand, and we may not have sufficient funds to repay all of our debts, including the Notes. See "Description of Other Indebtedness."

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

Certain of our indebtedness, particularly certain borrowings under our Senior Credit Facilities, bears interest at variable rates, generally linked to market benchmarks such as EURIBOR and LIBOR. If interest rates increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income would decrease. Whilst we may attempt to manage this risk through hedging arrangements, there can be no assurance that any current or future hedging contracts we enter into will adequately protect our operating results from the effects of interest rate fluctuations or will not result in losses or that our risk management practices and procedures will operate successfully.

Restrictive covenants in the Amended Senior Credit Agreement governing the Senior Credit Facilities and the Indenture governing the Notes may restrict our ability to operate our business. Our failure to comply with these covenants, including as a result of events beyond our control, could result in an event of default that could materially and adversely affect our financial condition and results of operations.

The Amended Senior Credit Agreement governing the Senior Credit Facilities contains negative covenants restricting, among other things, our ability to:

- make acquisitions or investments;
- make loans or otherwise extend credit to others;
- incur indebtedness or issue guarantees;
- create security;
- sell, lease, transfer or dispose of assets;
- merge or consolidate with other companies; and
- make a substantial change to the general nature of our business.

In addition, the Amended Senior Credit Agreement governing our Senior Credit Facilities requires us to comply with certain affirmative covenants and certain specified financial covenants and ratios. See "Description of Other Indebtedness—Senior Credit Facilities."

Furthermore, the Indenture governing the Notes will contain negative covenants restricting, among other things, our ability to:

- incur or guarantee additional debt or issue preferred stock;
- pay dividends and make other restricted payments;
- create or incur liens;
- make certain investments;
- agree to limitations on the ability of our subsidiaries to pay dividends or make other distributions;
- engage in sales of assets and subsidiary stock;
- enter into transactions with affiliates; and
- transfer all or substantially all of our assets or enter into merger or consolidation transactions.

The restrictions contained in the Amended Senior Credit Agreement governing our Senior Credit Facilities and the Indenture governing the Notes could affect our ability to operate our business and may limit our ability to react to market conditions or take advantage of potential business opportunities as they arise. For example, such restrictions could adversely affect our ability to finance our operations, make strategic acquisitions, investments or alliances, restructure our organization or finance our capital needs. Additionally, our ability to comply with these covenants and restrictions may be affected by events beyond our control. These include prevailing economic, financial and industry conditions. If we breach any of these covenants or restrictions, we could be in default under the Amended Senior Credit Agreement and the Indenture.

If there were an event of default under any of our debt instruments that are not cured or waived, the holders of the defaulted debt could terminate their commitments thereunder and cause all amounts outstanding with respect to such indebtedness to be due and payable immediately, which in turn could result in cross defaults under our other debt instruments including the Notes. Any such actions could force us into bankruptcy or liquidation, and we may not be able to repay our obligations under the Notes in such an event.

In order to meet our liquidity requirements, we may need to refinance the outstanding amounts under our Senior Credit Facilities, and we may not be able to do so on acceptable terms or at all.

The Senior Credit Facilities will mature on different maturity dates beginning in September 2015 and ending in September 2017. See "Description of Other Indebtedness—Senior Credit Facilities—Repayment." Our ability to refinance these facilities could be affected by a number of factors, including volatility in the financial markets, contractions in the availability of credit, including in interbank lending and changes in investment markets, including changes in interest rates, exchange rates and returns from equity, property and other investments. Any adverse developments in the credit markets and in our credit rating, as well as other general economic conditions, may negatively impact our ability to issue additional debt as well as the amount and terms of the debt we are able to issue. Our liquidity will be adversely affected if we are unable to refinance the Senior Credit Facilities on acceptable terms or at all, and we can provide no assurance we will be able to do so. In connection with any refinancing, it may also be possible that we will need to agree to covenants that place additional restrictions on our business.

Enforcement of the Notes and the Guarantees across multiple jurisdictions may be difficult.

The Issuer is organized under the laws of Luxembourg; the Guarantors are incorporated or organized under the laws of Australia, Brazil, Italy, New Zealand, The Netherlands, Scotland and Spain. In the event of bankruptcy, insolvency or a similar event, proceedings could be initiated in any of these jurisdictions. Your rights under the Notes and the Guarantees will thus be subject to the laws of a number of jurisdictions, and it may be difficult to effectively enforce such rights in multiple bankruptcy, insolvency and other similar proceedings. Moreover, such multijurisdictional proceedings are typically complex and costly for creditors and often result in substantial uncertainty and delay in the enforcement of creditors' rights.

The bankruptcy, insolvency, administration and other laws of the Issuer's jurisdiction of organization and the jurisdiction of organization or incorporation of each of the Guarantors may be materially different from, or conflict with, each other and with the laws of the United States, including in the areas of creditors' rights, priority of creditors, the ability to obtain post-petition interest and the duration of the insolvency proceeding. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdictions' law should apply and could adversely affect your ability to realize any recovery under the Notes and the Guarantees. See "Limitations on Validity and Enforceability of the Guarantees and Certain Insolvency Law Considerations."

Your right to receive payment under the Guarantees and the Issuer's right to receive payment under the Funding Loan is contractually subordinated to senior debt.

The obligations of each Guarantor under its Guarantee will be contractually subordinated in right of payment to the prior payment in full in cash of all obligations in respect of senior debt of such Guarantor. This senior debt includes, in respect of a Guarantor that is a borrower under the Senior Credit Facilities, such Guarantor's obligations thereunder and under its hedging arrangements.

As at December 31, 2010, on a pro forma basis after giving effect to the issuance of the Notes and the application of the net proceeds of the Offering as described under "Use of Proceeds," substantially all of the Group's indebtedness other than the Notes, including amounts outstanding under the Senior Credit Facilities, would have been borrowed by the Guarantors, which indebtedness would rank senior in right of payment to their Guarantees of the Notes. Although the Indenture contains restrictions on the ability of the Guarantors to incur additional debt, any additional debt incurred may be substantial and senior to the Guarantees. For a summary of the terms of, and subordination provisions relating to, the Notes and the Guarantees, see "Description of the Notes—Subordination of the Note Guarantees."

Upon any payment or distribution to creditors of a Guarantor in respect of an insolvency event, the holders of senior debt of such Guarantor will be entitled to be paid in full from the assets of such

Guarantor before any payment may be made pursuant to such Guarantee. Until the senior debt of a Guarantor is paid in full, any distribution to which holders of the Notes would be entitled but for the subordination provisions shall instead be made to holders of senior debt of such Guarantor as their interests may appear. As a result, in the event of insolvency of a Guarantor, holders of senior debt of such Guarantor may recover more, ratably, than the holders of Notes, in respect of the Guarantor's guarantee in respect thereof.

In addition, the subordination provisions relating to the Guarantees provide:

- customary turnover provisions by the Trustee and the holders of the Notes for the benefit of the holders of senior debt of such Guarantor;
- that if a payment default on certain designated senior debt of a Guarantor has occurred and is continuing, such Guarantor may not make any payment in respect of its Guarantee until such default is cured or waived;
- that if any other default occurs and is continuing on any designated senior indebtedness and the Trustee receives a notice of such default, such Guarantor may not make any payment in respect of the Notes, or pursuant to its Guarantee, until the earlier of the default is cured or waived or 179 days after the date on which the applicable, inter alia, payment blockage notice is received; and
- that the holders of the Notes and the Trustee are prohibited, without the prior consent of the senior lender, from taking any enforcement action in relation to such guarantee, except in certain circumstances.

The Indenture will also provide that, except under very limited circumstances, only the Trustee will have standing to bring an enforcement action in respect of the Notes and the Guarantees. Moreover, the Parallel Priority Agreement and the Indenture will restrict your rights as a holder of the Notes to initiate insolvency proceedings or take legal actions against the Guarantors and by accepting any Note you will be deemed to have agreed to these restrictions. As a result of these restrictions, holders of the Notes will have limited remedies and recourse under the Guarantees in the event of a default by the Issuer or a Guarantor.

In addition, GCI's obligations to make payment under the Funding Loan will also be contractually subordinated in right of payment to its obligations in respect of senior debt pursuant to the Parallel Priority Agreement.

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

Some, but not all, of the Issuer's subsidiaries will guarantee the Notes, and no operating subsidiaries will guarantee the Notes. In 2010, the Guarantors generated approximately 32% of our consolidated EBITDA, net of consolidation adjustments. Unless a subsidiary is a Guarantor, the Issuer's subsidiaries will not have any obligations to pay amounts due under the Notes or to make funds available for that purpose. As of December 31, 2010, the non-Guarantor subsidiaries of the Issuer had approximately €4.8 million in debt outstanding, excluding a liability owed to the Ukrainian non-controlling investors which relates to a recognition of these investors' rights to exercise a put option if certain conditions are met. Generally, holders of indebtedness of, and trade creditors of, non-Guarantor subsidiaries, including lenders under bank financing agreements, are entitled to payments of their claims from the assets of such subsidiaries before these assets are made available for distribution to the Issuer or any Guarantor, as a direct or indirect shareholder.

Accordingly, in the event that any non-Guarantor subsidiary becomes insolvent, is liquidated, reorganized or dissolved or is otherwise wound up other than as part of a solvent transaction:

(a) the creditors of the Issuer (including the holders of the Notes) and the Guarantors will have no right to proceed against the assets of such subsidiary; and

(b) creditors of such non-Guarantor subsidiary, including trade creditors, will generally be entitled to payment in full from the sale or other disposal of the assets of such subsidiary before the Issuer or any Guarantor, as direct or indirect shareholder, will be entitled to receive any distributions from such subsidiary.

As such, the Notes, each Guarantee and the Funding Loan will be structurally subordinated to the creditors (including trade creditors) and any preferred stockholders of our non-Guarantor subsidiaries.

Security over the Funding Loan will not be granted directly to the holders of the Notes and your rights to enforce your security over the Funding Loan are limited. In addition, the lenders under our Senior Credit Facilities and certain hedge counterparties will have priority over the holders of the Notes with respect to proceeds from the any enforcement of the security over the Funding Loan.

Security over the Funding Loan for the obligations of the Issuer under the Notes and the Indenture will not be granted directly to the holders of the Notes but will be granted in favor of the Security Agent for the benefit of both the holders of senior debt under the Senior Credit Facilities and holders of the Notes by means of a deed of pledge (the "Security Document"). Holders of the Notes will therefore not have a direct security interest and will not be entitled to take enforcement action with respect to the right of pledge over the Funding Loan, except through the Security Agent. See "Limitations on Validity and Enforceability of the Guarantees and Certain Insolvency Law Considerations".

Pursuant to the terms of the Parallel Priority Agreement, the lenders under the Senior Credit Facilities and certain hedge counterparties will have a prior claim to the proceeds of the enforcement of the right of pledge over the Funding Loan, and therefore none of those proceeds may be available to satisfy the claims of holders of the Notes. In addition, under the Parallel Priority Agreement, the right of the holders of the Notes to enforce their security over the Funding Loan is limited. See "Description of Other Indebtedness—Parallel Priority Agreement".

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

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

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

One of the Guarantors of the Notes, Guala Closures Ibérica, S.A.U. (the "Spanish Guarantor"), is currently subject to a "special situation" ("*situación especial*"), the approval of a suspension of payments agreement ("*aprobación del convenio de suspensión de pagos*") in Spain, following from its merger with Holanplast Ibérica, S.A., an entity which was under insolvency proceedings ("*suspension de pagos*") in Spain. Given the fact that the Spanish Guarantor is currently subject to such "special situation", the Guarantee to be provided by the Spanish Guarantor may be limited under Spanish law. In addition, the Guarantees of Guala Closures S.p.A. and GCL Special Closures S.r.l. are limited to a maximum of €120 million as a consequence of applicable Italian corporate law limitations.

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

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

Our obligations under the Notes will initially be guaranteed by the Guarantors. The Issuer is organized under the laws of Luxembourg and the Guarantors are incorporated or organized under the laws of Australia, Brazil, Italy, New Zealand, The Netherlands, Scotland and Spain.

The insolvency laws of foreign jurisdictions may not be as favorable to your interests as the laws of the United States or other jurisdictions with which you are familiar. In particular, the Luxembourg bankruptcy laws and regulations are unfavorable to creditors in many respects. In the event that any one or more of the Issuer, the Guarantors or any other of the Issuer's subsidiaries experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings.

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

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

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

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

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

- the Guarantor knew or should have known that the transaction was to the detriment of the creditors;
- the Guarantor issued such guarantee with the intent of hindering, delaying or defrauding current or future creditors or with a desire to prefer some creditors over others;
- the Guarantor issued such guarantee in a situation where a prudent businessman as a shareholder of such Guarantor would have contributed equity to such Guarantor or where the relevant beneficiary of the Guarantee or knew or should have known that the Guarantor was insolvent or a filing for insolvency had been made;
- the Guarantor received less than reasonably equivalent value for incurring the debt represented by the guarantee on the basis that the guarantee was incurred for our benefit, and only indirectly the Guarantor's benefit, or some other basis and (i) was insolvent or rendered insolvent by reason of the issuance of the guarantee, or subsequently became insolvent for other reasons; (ii) was engaged, or was about to engage, in a business transaction for which the

Guarantor's assets were unreasonably small; or (iii) intended to incur, or believed it would incur, debts beyond its ability to make required payments as and when they would become due;

- the Guarantee was held to exceed the corporate objects of the Guarantor or not to be in the best interests or for the corporate benefit of the Guarantor; or
- the amount paid or payable under the relevant Guarantee was in excess of the maximum amount permitted under applicable law.

Different jurisdictions evaluate insolvency on various criteria, but a Guarantor generally may, in different jurisdictions, be considered insolvent at the time it issued a guarantee if:

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

Additionally, the enforcement of guarantees in some jurisdictions may be restricted by foreign exchange controls. For example, companies in Brazil may only remit funds out of Brazil and/or convert such funds into hard currency in strict compliance with foreign exchange rules, and there can be no assurance that such companies would have the ability to convert Brazilian real into dollars or euro, nor that such companies would be able to remit such funds out of Brazil.

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

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

We may be subject to a deferral or to a limitation of the deduction of interest expenses in Italy.

Article 96 of Presidential Decree No. 917 of December 22, 1986, as amended and restated, generally outlines the rules on deductibility of interest expense for Italian corporate income tax ("IRES") purposes. Specifically, the rules allow for the full tax deductibility of interest expense incurred by a company in each fiscal year up to the amount of the interest income of the same fiscal year, as evidenced by the relevant annual financial statements. A further deduction of interest expense in excess of this amount is allowed up to a threshold of 30% of the EBITDA of a company (*i.e.,* "*risultato operativo lordo della gestione caratteristica*," or "ROL") as recorded in such company's profit net loss account. The amount of ROL (i) produced as from the third fiscal year following the fiscal year 2007 (i.e. 2010) and (ii) not used for the deduction of the amount of interest expense that exceeds interest income, can be carried forward, increasing the amount of ROL for the following fiscal years. Interest expense not deducted in a relevant fiscal year can be carried forward to the following fiscal years, provided that, in such fiscal years, the amount of interest expense that exceeds interest income is lower than 30% of ROL. Special rules apply to companies participating in the same tax group, allowing, to a certain extent and with certain limitations, to offset the excess interest expenses incurred by an Italian company in an Italian consolidated tax group with 30% of ROL of other companies in the same tax group. Subject to certain limitations, the 30% of the foreign controlled entities' ROL may be used to offset any excess interest expenses of Italian companies participating to the tax group.

Based on the above rules, we may not be able to deduct all interest expenses borne in each relevant fiscal year in Italy, even if we would be able to carry forward over the following fiscal years the amounts that may not be deducted in a given fiscal year. Furthermore, any future changes in current Italian tax laws or in their interpretation and/or any future limitation on the use of the foreign controlled entities ROL may result in an adverse impact on the deductibility of interest expense for us which, in turn, could adversely affect our financial condition and results of operations.

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

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

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

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

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

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

The Issuer's ability to pay cash to the holders of the Notes following the occurrence of a change of control may be limited by our then-existing financial resources. If an event constituting a change of control (as defined in the Indenture) occurs at a time when the Issuer is prohibited, under certain financing arrangement or otherwise, from repurchasing the Notes, we may seek the consent of the lenders under such indebtedness to the purchase of Notes or may attempt to refinancing the borrowings that contain such prohibition. If we do not obtain such consent or repay such borrowings, the Issuer will remain prohibited from repurchasing any tendered Notes. In addition, we expect that we would require third-party financing to make an offer to repurchase the Notes upon a change of control. We cannot assure you that we would be able to obtain such financing. Any failure by the Issuer to offer to purchase Notes would constitute a default under the Indenture, which would, in turn, constitute a default under the Senior Credit Facilities and the Notes. See "Description of the Notes—Repurchase at the Option of Holders—Change of Control."

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

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

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

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

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

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

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

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

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon our solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear or Clearstream, Luxembourg. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis.

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

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

We cannot assure you as to:

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

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

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

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

Although the Issuer will, in the Indenture, agree to use its reasonable best efforts to have the Notes listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange within a reasonable period after the Issue Date and to maintain such listing as long as the Notes are outstanding, the Issuer cannot assure you that the Notes will become, or remain listed. If the Issuer can no longer maintain the listing on the Official List of the Luxembourg Stock Exchange and the admission to trading on the Euro MTF Market of the Luxembourg Stock Exchange or it becomes unduly burdensome to make or maintain such listing, the Issuer may cease to make or maintain such listing on the Official List of the Luxembourg Stock Exchange, provided that it will use reasonable best efforts to obtain and maintain the listing of the Notes on another stock exchange, although there can be no assurance that the Issuer will be able to do so. Although no assurance is made as to the liquidity of the Notes as a result of listing on the Official List of the Luxembourg Stock Exchange or another recognized listing exchange for comparable issuers in accordance with the Indenture, failure to be approved for listing or the delisting of the Notes from the Official List of the Luxembourg Stock Exchange or another listing exchange in accordance with the Indenture may have a material adverse effect on a holder's ability to resell Notes in the secondary market.

USE OF PROCEEDS

We estimate that the gross proceeds from the sale of the Notes will be €200 million. We intend to use the proceeds of the Offering and cash on hand to:

(i) repay indebtedness outstanding under the Mezzanine Credit Facility plus accrued and unpaid interest and related fees and repayment costs through the date of repayment and to close out the hedging transactions related to the Mezzanine Credit Facility;

(ii) make the Funding Loan to GCI;

(iii) repay indebtedness outstanding under the Acquisition/Capex Facility plus accrued and unpaid interest and related fees and repayment costs through the date of repayment;

(iv) repay a portion of the indebtedness outstanding under Term Loan A;

(v) potentially finance a portion of the consideration to be paid by GCI for the DGS Acquisition; and

(vi) pay costs and expenses related to the Transactions.

Sources and Uses

The following table shows our expected sources and uses of funds related to the Transactions, assuming it had been completed on December 31, 2010. Actual amounts will vary from estimated amounts depending on several factors, including estimated fees and expenses, as well as additional drawings under our Acquisition/Capex Facility since December 31, 2010.

Sources	€ in millions	Uses	€ in millions
Notes offered hereby	200.0	Repayment of Mezzanine Credit Facility(1)	99.5
		Repayment of Senior Credit Facilities(2)	67.5
		DGS Acquisition(3)	25.0
		Estimated transaction fees and expenses and other payments(4)	8.0
Total Sources	200.0	**Total Uses**	200.0

(1) Represents the repayment of the Mezzanine Credit Facility, and includes estimated accrued interest payable in connection with the repayment of such indebtedness. As of April 11, 2011, we estimate that €100.3 million would have been required to repay our Mezzanine Credit Facility, including accrued and unpaid interest.

(2) Represents (i) the repayment of indebtedness outstanding under the Acquisition/Capex Facility and (ii) the repayment of a portion of indebtedness outstanding under Term Loan A. In January 2011, Guala Closures utilized an additional €10 million of the Acquisition/Capex Facility to finance the acquisition of the Plastivit business (See "Summary—Recent Developments—Acquisition of Plastivit"). Accordingly, as of April 11, 2011, we estimate that €57.6 million would have been required to repay the Acquisiton/Capex Facility and that the estimated amounts which we expect to repay under Term Loan A would be reduced to €9.9 million.

(3) If the DGS Acquisition is not completed, then the Group will use these funds to repay additional existing senior debt.

(4) Represents our estimate of fees and expenses related to the Offering and the Refinancing, including underwriting fees and commissions, fees associated with the amendment of the Senior Facilities Agreement, other financing fees, advisory fees and other transaction costs and professional fees, as well as costs to close out the hedging transactions related to the Mezzanine Credit Facility.

CAPITALIZATION

The following table sets forth (i) the cash and cash equivalents and consolidated capitalization of the Issuer and its subsidiaries as of December 31, 2010 on a historical basis and (ii) the cash and cash equivalents and consolidated capitalization of the Issuer and its subsidiaries on an as adjusted basis to reflect the Transactions as if such Transactions had occurred on December 31, 2010.

This table should be read in conjunction with "Use of Proceeds," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Description of Other Indebtedness" and the consolidated financial statements and related notes thereto of the Issuer included elsewhere in this offering memorandum.

	As of December 31, 2010	
	Actual	As Adjusted
	(€ in millions)	
Cash and cash equivalents	**39.2**	**64.2**(1)
Senior Credit Facilities		
Term Loan A	83.9	64.0
Term Loan B	82.3	82.3
Term Loan C	82.3	82.3
Revolving Credit Facility	—	—
Acquisition/Capex Facility(2)	47.6	—
Accrued Interest(3)	5.6	5.6
Mezzanine Credit Facility(4)	99.5	—
Notes offered hereby(5)	—	200.0
Other debt(6)	30.8	30.8
Unamortized debt issuance costs	(11.5)	(14.3)
Total Financial Liabilities	**420.5**	**450.7**
Equity(7)	198.8	194.4
Total capitalization	**619.4**	**645.1**

(1) Cash and cash equivalents excludes financial assets held by the Group. The €25 million increase in cash and cash equivalents results from cash obtained from the net proceeds of the Offering to be used for financing a portion of the consideration to be paid by GCI for the DGS Acquisition. See "Use of Proceeds". If the DGS Acquisition is not completed, the Group will use the portion of the net proceeds from the Offering set aside for the DGS Acquisition to repay additional existing senior debt.

(2) This amount reflects the total outstanding indebtedness under the Acquisition/Capex Facility as of December 31, 2010. Since that date, approximately €10 million was utilised from the Acquisition/Capex Facility to fund the acquisition of the Plastivit Group. See "Summary—Recent Developments—Acquisition of Plastivit." The repayment of the Acquisition/Capex Facility is assumed to be funded with the net proceeds from the issuance of the Notes.

(3) Accrued interest represents accrued and unpaid interest on our Senior Credit Facilities and other third party debt for the last fiscal quarter in the year ended December 31, 2010.

(4) Represents the outstanding indebtedness under the Mezzanine Credit Facility as of December 31, 2010, and includes estimated accrued interest payable in connection with the repayment of such indebtedness. As of April 11, 2011, we estimate that €100.3 million would have been required to repay our Mezzanine Credit Facility, including accrued and unpaid interest.

(5) The Notes have been reflected in the table at their aggregate principal amount.

(6) Other debt includes capital leases and other debt.

(7) The difference between actual and as adjusted equity as of December 31, 2010, is attributable to unamortized debt issuance costs being written off relating to the repayment of a portion of the Senior Credit Facilities and does not include the capital contribution made by our shareholders in March 2011. See "Summary—Recent Developments."

SELECTED FINANCIAL INFORMATION AND OTHER DATA

The tables below set forth the following summary consolidated financial information:

- summary of consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows of the Issuer as of December 31, 2008 and for the period from July 7, 2008 to December 31, 2008, and as of and for the years ended December 31, 2009 and 2010; and
- summary of consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows of Guala Closures S.p.A. as of and for the years ended December 31, 2008, 2009 and 2010.

Guala Closures S.p.A. was acquired by GCL Holdings S.r.l. pursuant to a voluntary public tender offer in September 2008. See "Business—History". GCL Holdings S.r.l., a wholly owned subsidiary of the Issuer, was subsequently merged into Guala Closures S.p.A., which, in turn, became a wholly-owned indirect subsidiary of the Issuer. Accordingly, the Issuer became an indirect owner of the issued capital stock of Guala Closures S.p.A. from September 2008 and, as such, the consolidated income statement and consolidated statement of cash flows of the Issuer for the period from July 7, 2008 to December 31, 2008 only included the results of operations of Guala Closures and its consolidated subsidiaries for the last three months of 2008.

In order to permit potential investors in the Notes to better compare the Group's results of operations and the development of our business over the last three fiscal years, we have included in this offering memorandum the consolidated financial statements of Guala Closures S.p.A. in addition to the consolidated financial statements of the Issuer, and analyzed certain of the financial results and information of Guala Closures for the purposes of the "Management's Discussion and Analysis of Financial Condition and Results of Operations" discussion in this offering memorandum, and elsewhere in this offering memorandum. There are, however, certain material differences between the consolidated statement of comprehensive income and the consolidated statement of cash flows of the Issuer and Guala Closures, respectively, principally relating to outstanding indebtedness of the Issuer incurred under the Mezzanine Credit Facility in 2008 in connection with the acquisition of Guala Closures. Please see the consolidated financial statements of the Issuer and Guala Closures and the Notes thereto included elsewhere in this offering memorandum.

The summary consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows for the Issuer set forth below as of December 31, 2008 and for the period from July 7, 2008 to December 31, 2008, and as of and for the years ended December 31, 2009 and 2010 was derived from the audited consolidated financial statements and the notes thereto of the Issuer, prepared in accordance with IFRS as adopted by the E.U. and included elsewhere in this offering memorandum. The consolidated financial statements including the notes thereto of the Issuer have been audited by KPMG Audit S.à r.l. as set forth in its auditors' opinion included elsewhere in this offering memorandum.

As required by IFRS, the financial data as of December 31, 2008 and for the period from July 7, 2008 to December 31, 2008, presented in the consolidated financial statements as of and for the year ended December 31, 2009 of the Issuer, were restated to reflect the adjustments to provisional fair values originally recognized in the consolidated financial statements of the Issuer as of December 31, 2008 and for the period from July 7, 2008 to December 31, 2008, in connection with the acquisition of Guala Closures S.p.A. and Guala Closures Ukraine LLC, following completion of the initial purchase price acquisition accounting.

The financial statements captions presented in this offering memorandum of the Issuer relating to 2008 which were affected by the restatement described above, have been derived from the corresponding figures as of December 31, 2008 and for the period from July 7, 2008 to December 31, 2008, presented in the consolidated financial statements of the Issuer as of and for the year ended December 31, 2009.

Certain corresponding figures for the fiscal year 2009 presented in the consolidated statement of cash flows in the consolidated financial statements as of and for the year ended December 31, 2010 of the Issuer, have been reclassified and aggregated, compared to the consolidated statement of cash flows included in the consolidated financial statements of the Issuer as of and for the year ended December 31, 2009, to conform with the fiscal year 2010 consolidated financial statements presentation.

Furthermore, payables for capital expenditure as of December 31, 2009, have been reclassified from trade payables to "other current liabilities—third parties" in order to be consistent with the fiscal year 2010 classification.

The financial statements captions presented in this offering memorandum related to fiscal year 2009 of the Issuer, which were affected by the reclassification and aggregation described above, have been derived from the corresponding figures for the fiscal year 2009 presented in the consolidated financial statements as of and for the year ended December 31, 2010.

The summary of consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows for Guala Closures S.p.A. set forth below as of and for the years ended December 31, 2008, 2009 and 2010 were derived from the audited consolidated financial statements and the notes thereto of the Guala Closures S.p.A., prepared in accordance with IFRS as adopted by the E.U. and included elsewhere in this offering memorandum. The consolidated financial statements including the notes thereto of Guala Closures S.p.A., have been audited by KPMG S.p.A. as set forth in its auditors' opinion included elsewhere in this offering memorandum.

As required by IFRS, the corresponding figures for the fiscal year 2008 presented in the consolidated financial statements as of and for the year ended December 31, 2009 of Guala Closures S.p.A., have been restated to reflect the adjustments to provisional fair values originally recognized in the consolidated financial statements as of and for the year ended December 31, 2008 in connection with the acquisition of Guala Closures Ukraine LLC, following completion of the initial purchase price acquisition accounting.

The financial statements captions presented in this offering memorandum related to fiscal year 2008 of Guala Closures which were affected by the restatement described above, have been derived from the corresponding figures for the fiscal year 2008 presented in the consolidated financial statements as of and for the year ended December 31, 2009.

Certain corresponding figures for the fiscal year 2009 presented in the statement of cash flows of consolidated financial statements as of and for the year ended December 31, 2010 of Guala Closures S.p.A., have been reclassified and aggregated, compared to the statement of cash flows included in the consolidated financial statements as of and for the year ended December 31, 2009, to conform with the financial statements presentation for fiscal year 2010. Furthermore, payables for capital expenditure as of December 31, 2009, have been reclassified from trade payables to "other current liabilities—third parties" in order to be consistent with fiscal year 2010 classification.

The financial statements captions presented in this offering memorandum related to fiscal year 2009 of Guala Closures which were affected by the reclassification and aggregation described above, have been derived from the corresponding figures for the fiscal year 2009 presented in the consolidated financial statements of Guala Closures S.p.A., as of and for the year ended December 31, 2010.

In order to permit a potential investor in the Notes to better compare the Group's results of operations and the development of our business over the last three fiscal years, we have included in this offering memorandum the consolidated financial statements of Guala Closures in addition to the consolidated financial statements of the Issuer, and analyzed certain of the financial results and information of Guala Closures for the purposes of the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section and elsewhere in this offering memorandum. There are, however, certain material differences between the consolidated income statement and statement of cash flows of the Issuer and Guala Closures, respectively, principally relating to outstanding indebtedness of the Issuer incurred under the Mezzanine Credit Facility in 2008 in connection with the acquisition of Guala Closures. Please see the consolidated financial statements of the Issuer and Guala Closures S.p.A. and the notes thereto elsewhere included in this offering memorandum.

Guala Closures S.p.A. was acquired by GCL Holdings S.r.l. pursuant to a voluntary public tender offer in September 2008. See "Business—History." GCL Holdings S.r.l., a wholly owned subsidiary of the Issuer, was subsequently merged into Guala Closures, which, in turn became a wholly-owned indirect subsidiary of the Issuer. Accordingly, the Issuer became an indirect owner of the issued capital stock of Guala Closures starting in September 2008, and as such the consolidated income statement and statement of cash flows of the Issuer for fiscal year 2008 only include the results of operations of Guala Closures and its subsidiaries for the last three months of 2008.

The following information should be read in conjunction with the information contained in "Capitalization," "Use of Proceeds", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Selected Financial Information and Other Data" and the audited consolidated financial statements and the notes thereto for the Issuer and Guala Closures included elsewhere in this offering memorandum.

Guala Closures S.p.A

Consolidated Statement of Comprehensive Income Data:

	Year ended December 31,		
	2008[(1)]	2009	2010
	(€ in thousands)		
Net revenue	**325,266**	**311,070**	**371,354**
Change in inventories of finished goods and semi-finished products	(2,322)	(501)	(1,024)
Other operating income	12,417	9,256	6,041
Cost for raw materials	(130,804)	(123,855)	(146,532)
Cost for services	(73,850)	(60,420)	(75,214)
Personnel expense	(58,979)	(53,876)	(67,084)
Personnel (expense)income relating to the pension fund managed by related parties	(2,385)	—	—
Other operating expense	(10,192)	(7,600)	(7,558)
Amortization, depreciation and impairment losses	(23,363)	(31,743)	(38,704)
Operating Profit	**35,788**	**42,332**	**41,280**
Financial income	19,468	29,494	26,310
Financial Expense—third parties	(54,563)	(51,676)	(49,351)
Financial Expense—related parties	(335)	(1,306)	(745)
Profit before taxation	**357**	**18,844**	**17,495**
Income taxes	(10,970)	(16,181)	(14,801)
Profit (loss) for the year	**(10,612)**	**2,663**	**2,694**
Attributable to:			
Owners of the parent	(11,552)	(1,724)	(1,913)
Non-controlling interests	940	4,387	4,607

(1) The financial statements captions presented in this column are derived from the corresponding figures for the year ended December 31, 2008 presented in the consolidated financial statements as of and for the year ended December 31, 2009 of Guala Closures S.p.A. which were restated to reflect the adjustments to provisional fair values originally recognized in the consolidated financial statements as of and for the year ended December 31, 2008 related to the acquisition of Guala Closures Ukraine LLC made in October 2008, as a result of completing the initial purchase price acquisition accounting.

Consolidated Statement of cash flows Data:

	Year ended December 31,		
	2008[(1)]	2009[(2)]	2010
	(€ in thousands)		
Cash flows from operating activities	37,427	55,097	67,421
Cash flows used in investing activities	(29,326)	(20,891)	(41,269)
Cash flows from/(used in) financing activities	(13,966)	(24,849)	(20,667)
Net cash flows for the period	**(5,864)**	**9,356**	**5,486**

(1) The financial statements captions presented in this column are derived from the corresponding figures for the year ended December 31, 2008 presented in the consolidated financial statements as of and for the year ended December 31, 2009 of Guala Closures S.p.A. which were restated to reflect the adjustments to provisional fair values originally recognized in the consolidated financial statements as of and for the year ended December 31, 2008 related to the acquisition of Guala Closures Ukraine LLC.

(2) The financial statements captions presented in this column are derived from the corresponding figures for the year ended December 31, 2009 presented in the consolidated financial statements as of and for the year ended December 31, 2010 of Guala Closures S.p.A. which were reclassified and aggregated to conform with the 2010 financial statements presentation of the consolidated statement of cash flows and the consolidated statement of financial position.

Consolidated Statement of Financial Position Data:

	As of December 31,		
	2008[(1)]	2009	2010
	(€ in thousands)		
Total current assets	158,052	168,696	180,719
Total non-current assets	415,651	546,168	570,687
Total Assets	**573,703**	**714,864**	**751,407**
Total current liabilities	101,112	86,684	109,644
Total non-current liabilities	303,815	351,951	356,409
Total Liabilities	**404,927**	**438,635**	**466,053**
Total equity	**168,777**	**276,229**	**285,354**
Total liabilities and equity	**573,703**	**714,864**	**751,407**

(1) The financial statements captions presented in this column are derived from the corresponding figures for the fiscal year 2008 presented in the consolidated financial statements as of and for the year ended December 31, 2009 of Guala Closures S.p.A. which were restated to reflect the adjustments to provisional fair values originally recognized in the consolidated financial statements as of and for the year ended December 31, 2008, related to the acquisition of Guala Closures Ukraine LLC.

The Issuer

The consolidated financial statements of the Issuer as of December 31, 2008 and for the period from July 7, 2008 to December 31, 2008 only include the results of Guala Closures S.p.A. and its consolidated subsidiaries for the last three months of 2008 (as the acquisition of Guala Closures S.p.A. occurred in September 2008).

Consolidated Statement of Comprehensive Income Data:

	For the period from July 7, 2008 to December 31, 2008[(1)]	For the year ended December 31,	
		2009	2010
	(€ in thousands)		
Net revenue	**88,848**	**311,070**	**371,354**
Change in inventories of finished goods and semi-finished products	(10,473)	(501)	(1,024)
Other operating income	3,100	9,256	6,041
Cost for raw materials	(34,005)	(123,855)	(146,532)
Costs for Services	(16,104)	(60,731)	(75,511)
Personnel expense	(15,610)	(53,876)	(67,084)
Personnel (expense) income relating to the pension fund managed by related parties	(2,385)	—	—
Other operating costs	(4,246)	(7,602)	(7,560)
Amortization, depreciation and impairment losses	(8,181)	(31,743)	(38,704)
Operating Profit	**944**	**42,018**	**40,981**
Financial income	15,554	29,515	26,311
Financial Expense	(40,070)	(64,729)	(60,989)
Profit (loss) before taxation	**(23,572)**	**6,805**	**6,302**
Income taxes	127	(16,182)	(14,730)
Profit (loss) for the year	**(23,445)**	**(9,378)**	**(8,428)**
Attributable to:			
Owners of the Company	(23,890)	(13,764)	(13,035)
Non-controlling interests	446	4,387	4,607

(1) The financial statements captions presented in this column are derived from the corresponding figures for the period from July 7, 2008 to December 31, 2008, presented in the consolidated financial statements for the year ended December 31, 2009 of the Issuer which were restated to reflect the adjustments to provisional fair values originally recognized in the consolidated financial statements as of December 31, 2008 and for the period from July 7, 2008 to December 31, 2008, related to the acquisition of Guala Closures S.p.A. and Guala Closures Ukraine LLC.

Consolidated Statement of Cash Flows Data:

	For the period from July 7, 2008 to December 31, 2008[(1)]	Year ended December 31,	
		2009[(2)]	2010
	(€ in thousands)		
Cash flows generated by operating activities	33,906	53,493	66,362
Cash flows used in investing activities	(315,795)	(20,891)	(41,269)
Cash flows generated by/(used in) financing activities	308,102	(24,498)	(19,666)
Net cash flows for the year	**26,213**	**8,104**	**5,427**

(1) The consolidated statement of cash flow data of the Issuer as of December 31, 2008 and for the period from July 7, 2008 to December 31, 2008 are derived from the corresponding figures for the period from July 7, 2008 to December 31, 2008 presented in the consolidated financial statements as of and for the year ended December 31, 2009 of the Issuer, which were restated to reflect adjustments to provisional fair values originally recognized in the consolidated financial statements as of December 31, 2008 and for the period from July 7, 2008 to December 31, 2008 of the Issuer related to the acquisition of Guala Closures S.p.A. and Guala Closures Ukraine LLC.

(2) The financial statements captions presented in this column are derived from the corresponding figures for the year ended December 31, 2009, presented in the consolidated financial statements as of and for the year ended December 31, 2010 of the Issuer which were reclassified and aggregated to conform with the 2010 financial statements presentation of consolidated statement of cash flows and consolidated statement of financial position.

Consolidated Statement of Financial Position Data:

	As of December 31,		
	2008[(1)]	2009	2010
	(€ in thousands)		
Balance sheet data:			
Total current assets	162,733	168,887	179,567
Total non-current assets	554,888	546,171	571,976
Total Assets	**717,621**	**715,058**	**751,543**
Total current liabilities	109,823	93,399	114,479
Total non-current liabilities	394,586	430,694	438,222
Total Liabilities	**504,409**	**524,093**	**552,701**
Total equity	**213,212**	**190,965**	**198,842**
Total liabilities and equity	**717,621**	**715,058**	**751,543**

(1) The financial statements captions presented in this column are derived from the corresponding figures for the period from July 7, 2008 to December 31, 2008 presented in the consolidated financial statements as of and for the year ended December 31, 2009 of the Issuer which were restated to reflect the adjustments to provisional fair values originally recognized in the consolidated financial statements as of December 31, 2008 and for the period from July 7, 2008 to December 31, 2008 related to the acquisition of Guala Closures S.p.A. and Guala Closures Ukraine LLC.

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

The following is a discussion and analysis of our results of operations and financial condition based on our audited consolidated financial statements as of and for the years ended December 31, 2008, 2009, and 2010, in each case prepared in accordance with IFRS.

You should read this section together with the audited consolidated financial statements for Guala Closures, as of and for the years ended 31 December 2008, 2009 and 2010, including the notes thereto, as well as the other financial information contained elsewhere in this offering memorandum, including with respect to the Issuer. See "—Presentation of Financial Information" for an explanation of the financial information included in this "Management's Discussion and Analysis of Financial Condition and Results of Operations." A summary of the critical accounting policies that have been applied to these financial statements is set out below under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical accounting policies."

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

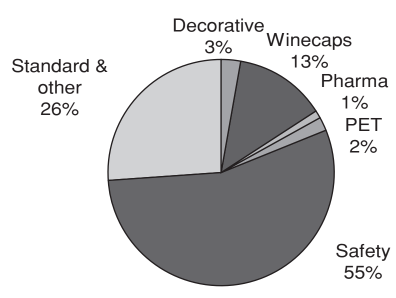
Overview

We believe that we are the world's leading producer of high value-added closures for spirits with a particularly strong presence in the emerging markets. Through ongoing development and technological innovation, we believe we are the leading producer of non-refillable safety closures for the spirits industry with at least a 60% market share by volume of units sold, one of the top two producers of aluminum winecap closures with at least a 30% market share by volume of units sold and Europe's largest producer of standard aluminum closures, in each case in 2010. In aggregate, Guala Closures operates 25 plants and 5 research centers across 4 continents and sold 10 billion closures in 100 countries worldwide in 2010.

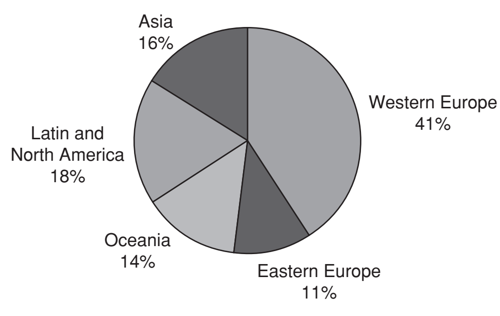
We operate in two divisions, the Closures division (which represents our core business) and the PET division. The Closures division consists of various product lines including: Safety and Decorative Closures, Standard Closures and Other, Winecap Closures and Pharma. Our PET division, a non-core business, produces mainly standard and custom molds PET bottles and miniatures.

The following charts illustrate the breakdown of our revenue for the year ended December 31, 2010, by product line and geography.

Revenue by product lines



Revenue by geography, based on the location from which the product is sold by us



We believe that our global footprint and state of the art facilities, blue-chip customer base, technology and innovation and effective cost control provide us with a competitive advantage over other closures producers and create high barriers to entry for our competition in the markets in which we sell our products. Our position is further consolidated by our extensive patent portfolio, with over 70 patents for the design and manufacture of closures, and continuous product innovation (over 20 new products have been launched over the last 3 years).

By geography, we are the leading producer of safety closures by volume of units sold in several emerging markets including Ukraine, China, India, Colombia and Mexico, and also the leading producer of winecap closures in Argentina, New Zealand and Australia and the second largest producer of safety closures by volume of units sold in Brazil. Going forward, we believe we are well positioned to continue to maintain leading positions and benefit from the rapid growth expected in these regions.

Our customer portfolio includes blue-chip major international and regional brands with whom we have build long-term relationships and have developed customized processes. We are the supplier to 8 out of the top 10 premium spirits brands worldwide, including brands such as Smirnoff, Bacardi, Ballantines, Absolut and Bailey's. The breadth and diversity of our customer base results in no brand accounting for more than 3% of total group sales.

For the year ended December 31, 2010, Guala Closures generated net revenue of €371 million and Adjusted EBITDA of €82 million resulting in an Adjusted EBITDA margin of 22%. We believe that our high margins, which historically have been consistently above 20%, are assisted by our raw material cost management and ability to absorb raw material price fluctuations, global diversity and exposure to growth markets which has enabled us to mitigate the impact of the global economic downturn, and ongoing management initiatives to improve production efficiencies.

In the last three years, we have experienced significant growth in our business, attributable partly to organic growth and partly to acquisition. Guala Closures' net revenues and Adjusted EBITDA have each increased from €325 million and €67 million in 2008 to €371 million and €82 million in 2010 respectively. Our growth has been primarily driven by the increasing penetration of branded spirits in emerging markets, increasing preference on the part of spirits suppliers in those countries towards safety closures to prevent counterfeiting and through the acquisition of local producers in certain key markets. Going forward, we believe there is strong growth potential due to the greater use of safety closures in the emerging markets and an increasing global trend in the wine industry towards the usage of aluminum winecaps.

Presentation of financial information

In order to permit a potential investor in the Notes to better compare the Group's results of operations and the development of our business over the last three fiscal years, we have included in this offering memorandum the consolidated financial statements of Guala Closures in addition to the consolidated financial statements of the Issuer, and analyzed certain of the financial results and information of Guala Closures for the purposes of the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section and elsewhere in this offering memorandum. There are, however, certain material differences between the consolidated income statement and statement of cash flows of the Issuer and Guala Closures S.p.A., respectively, principally relating to outstanding indebtedness of the Issuer incurred under the Mezzanine Credit Facility in 2008 in connection with the acquisition of Guala Closures. Please see the consolidated financial statements of the Issuer and Guala Closures S.p.A. and the notes thereto elsewhere included in this offering memorandum.

The Issuer was formed on July 7, 2008 in connection with the proposed indirect acquisition of Guala Closures, which was acquired by GCL Holdings S.r.l., a direct wholly-owned subsidiary of the Issuer, pursuant to a voluntary public tender offer in September 2008. See "Business—History." GCL Holdings S.r.l., a wholly owned subsidiary of the Issuer, was subsequently merged into Guala Closures, which, in turn became a wholly-owned indirect subsidiary of the Issuer. Accordingly, the Issuer became an indirect owner of the issued capital stock of Guala Closures starting in September 2008, and, as such, the consolidated income statement and statement of cash flows of 2008 only include the results of operations of Guala Closures S.p.A. and its consolidated subsidiaries for the last three months of 2008.

Principal factors affecting our results of operations

Costs for raw materials

€130,804 thousand of our costs in 2008, €123,855 thousand of our costs in 2009 and €146,532 thousand of our costs in 2010 were related to raw materials. Raw materials accounted for 40.2% of our net revenues in 2008, 39.8% of our net revenues in 2009 and 39.5% of our net revenues in 2010.

The principal raw materials used in our manufacturing processes are plastic resins and aluminum, which accounted for €61 million and €52 million, or approximately 41% and 35%, respectively, of the cost of all raw materials purchased in 2010; €49 million and €48 million, or approximately 40% and 34% of the cost of all raw materials purchased in 2009; and approximately €56 million and €47 million, or approximately 43% and 36%, respectively, of the cost of all raw materials purchased in 2008. Approximately 40% of our total aluminium costs in 2010 were related to purchases of aluminum ingots made on the London Metal Exchange, both through spot transactions and forward contracts, while the remaining aluminum costs consist primarily of costs incurred in conversion and processing which are typically contractually fixed for a short period of time. Raw materials prices can fluctuate substantially over relatively short periods of time. For example, plastic resins are subject to substantial price fluctuations resulting from shortages in supply and changes in the prices of natural gas, crude oil and other petrochemical products from which resins are produced as well as other factors.

We have not experienced any significant difficulties over the past few years in obtaining sufficient quantities of the raw materials required for our production. However, generally, any increase in the prices of our raw materials has a direct impact on our production costs and operating margins. In 2009, the average prices of plastic resins and aluminum decreased by 25% and 32%, respectively. In 2010 the average prices of plastic resins and aluminum increased by 29% and 37%, respectively. These decreases and increases contributed to corresponding changes in our total costs.

In order to mitigate our exposure to such risks, we adopt a policy of careful selection of our suppliers. We also continually seek to implement innovative product and process solutions aimed at reducing consumption of raw materials. Additionally, in respect of aluminum, we use hedging instruments to seek to reduce our exposure to price fluctuations. See "Risk Factors—Our business is subject to fluctuations in the price and availability of raw materials and supplies" and "Business—Raw materials and suppliers".

As we typically purchase aluminum based on contracts that set prices by reference to the aluminum quotations on the London Metal Exchange in U.S. dollars, which are converted into euros at the average exchange rate at the month of purchase, we seek to reduce our exposure to the risks associated with aluminum price fluctuations by entering into forward contracts with brokers operating on the London Metal Exchange, whereby we purchase aluminum at a fixed price to protect our operating margins from price volatility. Our forward hedging transactions covered approximately 60% of our estimated 2010 aluminum needs.

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

As of December 31, 2010, Guala Closures S.p.A. and its consolidated subsidiaries had a consolidated net financial debt of €304.5 million outstanding gross of unamortized transaction costs but excluding the liability owed to Ukrainian non-controlling investors which relates to a recognition of these investors' right to exercise a put option if certain conditions are met. For information relating to the interest rates payable on our financial indebtedness and that of the Issuer, see Notes 20 and 21 to Guala Closures S.p.A. consolidated financial statements and Note 20 to the Issuer's consolidated financial statements.

Our net finance costs were €35.4 million in 2008, € 23.5 million in 2009 and € 23.8 million in 2010 and the Issuer had net finance costs of € 24.5 million in 2008, € 35.2 million in 2009 and € 34.7 million in 2010. We intend to refinance part of our indebtedness using the net proceeds from the Offering. See "Use of Proceeds."

As a result of the timing of our 2008 acquisition and refinancing, the interest rates at which our borrowing was initially obtained and the terms on which we entered into interest rates swaps with counterparties were less favourable than they would have been at other points in the last few years. These interest rate swaps largely expire by September 2011.

Fluctuations in currency exchange rates

We have significant non-euro denominated assets, liabilities, revenues and costs. For the year ended December 31, 2010, we derived 12.8%, 10.8%, 8.7% and 8.1%, of our net revenues from sales in Indian rupees, Australian dollars, GBP and U.S. dollars, respectively. These currencies have experienced considerable volatility against the euro in recent years. To prepare the consolidated financial statements of Guala Closures S.p.A., we translate assets, liabilities, total revenue and expenses into euro at applicable exchange rates. To determine the applicable exchange rate, we use the average annual exchange rate for statement of comprehensive income items for the year in which we are reporting and the spot year-end exchange rate for balance sheet items. See the financial statements, including note "(2) Accounting policies—(d) foreign currency" to our consolidated financial statements for the year ended December 31, 2010, as well as the other financial information contained elsewhere in this offering memorandum and "—Critical Accounting Policies." However, we seek to match our operating costs with operating revenues in each of the major currencies in which we operate. Increases and decreases in the value of the euro versus these other currencies affect our results of operations. To the extent that we have incurred expenses that are not denominated in the same currency as related revenues, exchange rate fluctuations have in some cases caused our expenses to increase as a percentage of total revenues. Both revenues and expenses that are denominated in foreign currency are converted into euro at the spot rates of the days on which they are recorded. In addition, to mitigate our exposure to currency exchange rates fluctuations, we have diversified our debt structure so as to match cash flows with different currency denominated debt (in euro, Australian dollars, USD and GBP) and use other hedging instruments, including, from time to time currency swaps.

General economic conditions and restructuring and reorganization in response to such conditions

As the global financial crisis of 2008 and 2009 spread to non-financial sectors of the world economy, economies worldwide showed significant signs of weakness. Many countries experienced an economic slowdown, which includes a general contraction in consumer spending resulting from, among other factors, reduced consumer confidence, falling gross domestic product, rising unemployment rates and uncertainty in the macroeconomic environment. As a result of the economic slowdown, we experienced a slowdown in our business during the fourth quarter of 2008 and the first half of 2009, due to industry-wide destocking by producers, wholesalers and distributors. Management took swift action during the economic downturn during 2008 and 2009 including headcount reductions and scheduled temporary plant shutdowns in Italy and Mexico, to implement cost reduction measures and improve cash flow management whilst continuing to effect our long term strategy to enter new markets and continue to consolidate through acquisitions.

Further, as a result of these market conditions, the cost and availability of credit was and may continue to be adversely affected by illiquid credit markets and wider credit spreads. Continued turbulence in international markets and economies could restrict our and the Issuer's ability to refinance existing indebtedness on acceptable terms, increase the costs of borrowing, limit access to capital necessary to meet liquidity needs and materially affect operations or ability to implement business strategy.

Acquisitions affecting our results of operations

During the period under review we completed a number of acquisitions of assets and companies through which we increased the size of our operations and enabled us to expand into new geographical markets, such as Ukraine, and to product markets, such as pharmaceutical products. These acquisitions impact the comparability of our results of operations over each of the periods under review. Following an acquisition, we typically make significant investments in acquired assets or companies.

Technologia Closures LLC

In October 2008, we acquired 70% of the share capital of Technologia Closures LLC, a company incorporated under the laws of Ukraine. Technologia Closures LLC is the leading producer of metal closures for spirits in Ukraine, and also conducts its business operations in Russia, Kazakhstan and Poland.

Pharma Trade

In August 2009, we acquired 100% of the share capital of Pharma Trade s.r.l., one of the three main manufacturers of pharmaceutical stoppers and closures in Italy. This represented our first step into the pharmaceutical closures market and provides a platform for further development in this market segment.

Danik

In May 2010, we acquired 70% of the share capital of two Bulgarian companies that, in turn, purchased part of the assets of Danik, a major Bulgarian producer of pourers for the spirits industry and of moulds and machinery.

Metalprint

In June 2010 (effective from July 2010), we acquired certain aluminum printing assets from Metalprint, a company based in Magenta (Italy). This acquisition improved the Group's technology in processes involving aluminum and increased production capacity and efficiency levels.

In November 2010, we decided to invest in aluminum degreasing and cutting product lines, also located in Magenta, Italy. The Magenta facility will become the centre of operations of aluminum processing for all plants across the Group.

Results of Operations

The following table sets out our consolidated results of operations for the years ended December 31, 2008, 2009 and 2010, respectively, which has been derived from the audited consolidated financial statements included herein.

Guala Closures S.p.A.

Consolidated Results of Operations

	Year ended December 31,		
	2008[(1)]	2009	2010
	(€ in thousands)		
Statement of comprehensive income data:			
Net revenue	**325,266**	**311,070**	**371,354**
Change in inventories of finished goods and semi-finished products	(2,322)	(501)	(1,024)
Other operating income	12,417	9,256	6,041
Cost for raw materials	(130,804)	(123,855)	(146,532)
Cost for services	(73,850)	(60,420)	(75,214)
Personnel expense	(58,979)	(53,876)	(67,084)
Personnel (expense)income relating to the pension fund managed by related parties	(2,385)	—	—
Other operating expense	(10,192)	(7,600)	(7,558)
Amortization, depreciation and impairment losses	(23,363)	(31,743)	(38,704)
Operating Profit	**35,788**	**42,332**	**41,280**
Financial income	19,468	29,494	26,310
Financial Expense—third parties	(54,563)	(51,676)	(49,351)
Financial Expense—related parties	(335)	(1,306)	(745)
Profit before taxation	**357**	**18,844**	**17,495**
Income taxes	(10,970)	(16,181)	(14,801)
Profit (loss) for the year	**(10,612)**	**2,663**	**2,694**
Attributable to:			
Owners of the parent	(11,552)	(1,724)	(1,913)
Non-controlling interests	940	4,387	4,607

(1) The numbers presented in this column were derived from the corresponding figures for the year ended December 31, 2008 presented in the consolidated financial statements as of and for the year ended December 31, 2009 of Guala Closures S.p.A., which were restated to reflect the adjustments to provisional fair values originally recognized in the consolidated financial statements as of and for the year ended December 31, 2008 related to the acquisition of Guala Closures Ukraine LLC.

The table below sets out the product line distribution of our closures division revenue for the years ended December 31, 2008, 2009 and 2010.

	Year ended December, 31		
	2008	2009	2010
	(€ in thousands)		
Safety and decorative	185,708	171,226	213,996
Standard closures and other	79,505	80,988	95,784
Wine	42,154	42,700	49,848
Total closures division	**307,367**	**294,913**	**359,628**

The table below illustrates the geographic distribution of net revenues for the years ended December 31, 2008, 2009 and 2010 based on the geographical location from which the product is sold by us:

	Year ended December, 31		
	2008	2009	2010
	(€ in thousands)		
Europe	179,196	170,424	195,504
Asia	43,621	44,054	58,531
Latin and North America	54,660	49,068	66,980
Oceania	47,789	47,524	50,339
Net revenues	**325,266**	**311,070**	**371,354**

Results of Operations for the year ended December 31, 2010 compared with the Results of Operations for the year ended December 31, 2009

Net revenues

Net revenue increased by 19.4% from €311,070 thousand in 2009 to €371,354 thousand in 2010. The increase was attributable to an increase in volumes particularly in Europe, Asia and Latin America, and the positive effect of the appreciation of the main currencies in which the Group operates, offset by the impact of lower prices of some of our products due to macro-economic weakness in Europe and price competition in Australia. The acquisition of the Bulgarian companies in May 2010 and Pharma Trade S.r.l. in 2009 also contributed an increase in 2010 of approximately €8.1 million in revenues.

Closures division

Closures division revenue increased from €294.9 million in 2009, or 94.8% of our net revenue, to €359.6 million in 2010, or 96.8%, representing an increase of €64.7 million. Also within the Closures division, other revenues decreased slightly from €6.8 million in 2009, or 2.2% of our net revenue, to €6.4 million in 2010, or 1.7% of our net revenue.

Our safety closures revenue increased from €164.2 million in 2009, or 55.7% of our closures division revenue, to €204.6 million in 2010, or 56.9%, representing an increase of €40.4 million. The increase was mainly due to a positive trend in our sales to major spirits producers in relation to brands bottled in Europe for export to the Asia-Pacific and Latin America, and a recovery of our sales to Venezuela and with respect to the acquisition of the Bulgarian companies.

Our decorative closures revenue increased from €7.0 million in 2009, or 2.4% of our closures division revenue, to €9.4 million in 2010, or 2.6%, representing an increase of €2.4 million. The increase was primarily attributable to a positive trend in sales to Diageo and Pernod Ricard in relation to major brands bottled in the United Kingdom.

Our wine closures revenue increased from €42.7 million in 2009, or 14.5% of our closures division revenue, to €49.8 million in 2010, or 13.9%, representing an increase of €7.1 million. The increase was mainly attributable to increased sales by the Argentinian subsidiary in the Chilean market.

PET division

PET division revenues decreased from €9.4 million in 2009, or 3% of our net revenue, to €5.3 million in 2010, or 1.4%, representing an decrease of €4.1 million. The decrease was attributable to the fact that production of preforms was discontinued in 2010 as we seek to focus on our core operations.

Net revenues by geographic area

Net revenue from the result of our operations in Europe increased from €170.4 million in 2009, or 54.8% of our net revenue, to €195.5 million in 2010, or 52.6%, representing a increase of €25.1 million. The increase was primarily attributable to an improvement in economic conditions in Europe during 2010 and to the acquisition of the Bulgarian companies in May 2010 and the full year impact of the consolidation of Pharma Trade's results in 2010.

Net revenue from the result of our operations in Asia increased from €44.1 million in 2009, or 14.2% of our net revenue, to €58.5 million in 2010, or 15.8%, representing an increase of €14.4 million. The increase was primarily attributable to an improvement in economic conditions after the 2009 crisis and to the continued strong performance of Guala Closures India.

Net revenue from the result of our operations in Latin and North America increased from €49.1 million in 2009, or 15.8% of our net revenue, to €67 million in 2010, or 18%, representing an increase of €17.9 million. The increase was primarily attributable to an improvement in economic conditions after the 2009 crisis and the better performance of Guala Closures Mexico and Guala Closures Argentina.

Net revenue from the result of our operations in Oceania increased from €47.5 million in 2009, or 15.3% of our net revenue, to €50.3 million in 2010, or 13.6%, representing a increase of €2.8 million.

Change in inventories of finished goods and semi-finished products

Change in Inventories of finished goods and semi-finished products increased from €−501 thousand in 2009, or 0.2% of our net revenue, to €−1,024 thousand in 2010, or 0.3%, representing an increase of €523 thousand. The increase was attributable to reduced stock levels.

Other operating income

Other operating income decreased from €9,256 thousand in 2009, or 3% of our net revenue, to €6,041 thousand in 2010, or 1.6%, representing a decrease of €3,215 thousand. The decrease was attributable to a one-off gain in 2009 for the acquisition of a non-controlling interest in a Mexican company, which did not recur in 2010, offset by a small increase in internal production, which in turn comprises capitalized development expenditure, extraordinary maintenance and upgrading of production capacity.

Costs for raw materials

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

	For the year ended December 31, 2009	2010
	(€ in thousands)	
Raw materials and supplies	108,548	134,999
Packaging	5,271	6,969
Consumables and maintenance	3,937	5,532
Fuels	750	297
Other purchases	2,190	1,791
Change in inventories	3,518	(3,055)
Total	123,855	146,533

Costs for raw materials increased from € −123,855 thousand in 2009, or 39.8% of our total revenues, to € −146,533 thousand in 2010, or 39.5%, representing an increase of €22,678 thousand. This increase included a €24,451 thousand increase in raw materials and supplies which was primarily due to an increase in average plastic resin and aluminum prices in 2010 of 29% and 37% respectively, offset by a reduction in inventories. We were able to reduce our costs for raw materials as a percentage of revenues, despite an increase in the price of raw materials during 2010 through various actions including hedging, product innovation and modification to designs to favor lower cost materials.

Costs for services

Costs for services increased from € −60,420 thousand in 2009, or 19.4% of our total revenue, to € −75,214 thousand in 2010, or 20.3%, representing an increase of €14,794 thousand. The increase was primarily attributable to a rise in energy costs and transport costs as well as third party labor costs in 2010.

Personnel costs

Personnel costs increased from € −53,876 thousand in 2009, or 17.3% of our total revenue, to € −67,084 thousand in 2010, or 18.1%, representing an increase of €13,208 thousand. The increase was attributable to the increase in staff numbers described below and associated social security contributions.

On December 31, 2009 we employed 2,424 employees. On December 31, 2010 we employed 2,954 employees. Between the years 2009 and 2010 we therefore increased our workforce by 530 employees, the majority of whom were "blue collar" workers. The number of "white collar" workers also increased, while the number of managers remained virtually unchanged. The acquisition of the two Bulgarian companies and the Metalprint business generated an increase of 348 employees and the additional increase was due to personnel hires in response to increased business activity after the completion of the restructuring programs in 2009.

Other operating expenses

Other operating expenses were broadly unchanged, decreasing slightly from €−7,600 thousand in 2009, or 2.4% of our net revenue, to €−7,558 thousand in 2010. An increase in rents and leases in 2010 due to our expanding footprint was offset by a lower provision for risks and charges.

Amortization, depreciation and impairment losses

Amortization, depreciation and impairment losses increased from €−31,743 thousand in 2009, or 10.2% of our net revenue, to €−38,704 thousand in 2010, or 10.4%, representing an increase of €6,961 thousand. The increase was attributable to higher impairment losses on trade receivables of €4.4 million compared to 2009.

Financial income and expenses

Our financial income decreased from €29,494 thousand in 2009, or 9.5% of our net revenue, to €26,310 thousand in 2010, or 7.1%, representing a decrease of €3,184 thousand. The decrease was attributable to a fall in exchange rate gains of €8,897 thousand in 2010 from a gain of €26,764 thousand in 2009, offset by an increase of €4,094 thousand in the fair value of our interest rate swaps and an increase in other financial income.

Financial expenses due to third parties decreased from €−51,676 thousand in 2009, or 16.6% of our net revenue, to €−49,351 thousand in 2010, or 13.3%, representing a decrease of €2,325 thousand. The decrease was attributable to a recognition in 2009 of the costs of an unsecured put option held by the non-controlling investors of our Ukrainian subsidiary, offset by small increases in interest expense associated with higher levels of indebtedness during 2010 and other financial expenses during 2010.

Financial expenses due to related parties decreased from €−1,306 thousand in 2009, or 0.4% of our net revenue, to €−745 thousand in 2010, or 0.2%, representing a decrease of €561 thousand. This amount represents interest on the loan provided by GCL Special Closures S.r.l.

Income Taxes

Income taxes decreased from €−16,181 thousand in 2009, or 5.2% of our net revenue, to €−14,801 thousand in 2010, or 4%, representing a decrease of €1,380 thousand. Current taxes increased, while deferred tax income increased and deferred tax expenses decreased during the period.

Net profit

For the year ended December 31, 2009 we recorded a net profit of €2,663 thousand, and for the year ended December 31, 2010 we recorded a net profit of €2,694 thousand, for the reasons described above.

Results of Operations for the year ended December 31, 2009 compared with the Results of Operations for the year ended December 31, 2008

Net revenue

Net revenue decreased from €325,266 thousand in 2008 to €311,070 thousand in 2009. The decrease was primarily attributable to the effect on sales of the depreciation of the main non-euro currencies in which we operate of approximately €15 million, and lower sales volumes caused by the global economic crisis. These factors were partly offset by the positive effect of consolidating our Ukrainian subsidiary, Guala Closures Ukraine LLC for the full year in 2009 and through the acquisition of Pharma Trade S.r.l. in August 2009.

Closures division

Closures division revenues decreased from €307.4 million in 2008, or 94.5% of our net revenue, to €294.9 million in 2009, or 94.8%, representing a decrease of €12.5 million. The decrease was primarily attributable to the global economic crisis especially during the first half of 2009. Other revenue was broadly unchanged during the period, from €6.7 million in 2008 to €6.8 million in 2009.

Our safety closures revenues decreased from €176.3 million in 2008, or 57.3% of our closures division revenues, to €164.2 million in 2009, or 55.7%, representing a decrease of €12 million, or 6.8%. The decrease was primarily attributable to global economic conditions and in particular to the decrease in volume of spirits bottled for the Far East and Latin American markets.

Our decorative closures revenues decreased from €9.4 million in 2008, or 3.1% of our closures division revenues, to €7 million in 2009, or 2.4%, representing a decrease of €2.4 million, or 25.8%. The decrease was primarily attributable to the global economic crisis.

Our wine closures revenues increased from €42.2 million in 2008, or 13.7% of our closures division revenues, to €42.7 million in 2009, or 14.5%, representing an increase of €0.5 million, or 1.3%. The increase was primarily attributable to an increase in demand for aluminum winecap closures in Argentina and Australia.

PET division

PET division revenues decreased from €11.2 million in 2008, or 3.4% of our net revenues, to €9.4 million in 2009, or 3%, representing a decrease of €1.8 million. The decrease was attributable to destocking by our customers.

Net revenues by geographic area

Net revenue from our operations in Europe decreased from €179.2 million in 2008, or 55.1% of our net revenues, to €170.4 million in 2009, or 54.8%, representing a decrease of €8.8 million. The decrease was attributable to the global economic crisis, stock reduction by customers and lower sales trends for some of the major spirits brands.

Net revenue from our operations in Asia increased slightly from €43.6 million in 2008, or 13.4% of our net revenues, to €44.1 million in 2009, or 14.2%, representing an increase of €0.5 million. The increase was attributable to increased sales in India, despite the difficult economic environment in the Far East.

Net revenue from our operations in Latin and North America decreased from €54.7 million in 2008, or 16.8% of our net revenues, to €49.1 million in 2009, or 15.8%, representing a decrease of €5.6 million. The decrease was mostly attributable to destocking by customers in Mexico, Colombia and Brasil, while revenues were substantially stable in Argentina.

Net revenue from the result of our operations in Oceania decreased slightly from €47.8 million in 2008, or 14.7% of our net revenues, to €47.5 million in 2009, or 15.3%, representing a decrease of €0.3 million. The decrease was attributable in part to lower revenues in New Zealand, mainly due to the depreciation of the New Zealand dollar against the euro.

Change in inventories of finished goods and semi-finished products

Change in Inventories of finished goods and semi-finished products decreased from €−2,322 thousand in 2008, or 0.7% of our net revenue, to €−501 thousand in 2009, or 0.2%, representing a decrease of €1,821 thousand.

Other operating income

Other operating income decreased from €12,417 thousand in 2008, or 3.8% of our net revenue, to €9,256 thousand in 2009, or 3%, representing a decrease of €3,161 thousand. The decrease was mainly attributable to lower capitalized costs in 2009 for extraordinary maintenance and upgrading of production capacity. The decrease was also due to one off receipts from the settlement, in 2008, of an arbitration related to Globalcap S.p.A. and to the insurance compensation for a fire which occurred in Australia in the same year. These effects were partially offset by a gain recorded, in 2009, in relation to the acquisition of a non-controlling interest in a Mexican subsidiary.

Costs for raw materials

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

	For the year ended December 31, 2008	2009
	(€ in thousands)	
Raw materials and supplies	109,459	108,548
Packaging	5,879	5,271
Consumables and maintenance	3,653	3,937
Fuels	868	750
Other purchases	3,075	2,190
Change in inventories	7,870	3,158
Total	130,804	123,855

Costs of raw materials decreased from €−130,804 thousand in 2008, or 40.2% of our net revenue, to €−123,855 thousand in 2009, or 39.8%, representing a decrease of €6,949 thousand. The decrease was attributable to price freezes in the fourth quarter of 2008, followed by lower production in the first six months of 2009 due to adverse global economic conditions. However, raw materials prices increased slightly during the second half of 2009.

Costs for services

Costs for services decreased from €−73,850 thousand in 2008, or 22.7% of our net revenue, to €−60,420 thousand in 2009, or 19.4%, representing a decrease of €13,430 thousand. The decrease was attributable to lower subcontracting and labor costs, legal and consultancy fees and directors' compensation as well as energy and transport cost savings (relating primarily to lower activity levels in 2009 compared to 2008).

Personnel expenses

Personnel expenses, including personnel expenses relating to the pension fund managed by related parties incurred in 2008, decreased from €−61,364 thousand in 2008, or 18.9% of our net revenue, to €−53,876 thousand in 2009, or 17.3%, representing a decrease of €7,488 thousand. The decrease was attributable to the impact of one-off costs associated with the restructuring of Guala Closures UK Ltd., the closure of sites in Poland and France, the restructuring of the Italian and Mexican production sites and to personnel expenses relating to the Guala Closures UK Ltd pension fund incurred in 2008.

On December 31, 2008 we employed 2,388 employees. On December 31, 2009 we employed 2,424 employees. Between the years 2008 and 2009 we increased our workforce by 36 employees as a result of the acquisition of Pharma Trade S.r.l. The overall number of managers and "blue collar" workers increased, while the number of "white collar" workers fell.

Other operating expenses

Other operating expenses decreased from €−10,192 thousand in 2008, or 3.1% of our net revenue, to €−7,600 thousand in 2009, or 2.4%, representing a decrease of €2,592 thousand. The decrease was mostly attributable to an accrual made in 2008 for the restructuring of certain group companies.

Amortization, depreciation and impairment losses

Amortization, depreciation and impairment losses increased from €−23,363 thousand in 2008, or 7.2% of our net revenue, to €−31,743 thousand in 2009, or 10.2%, representing an increase of €8,380 thousand. The increase was mainly attributable to the effect of the higher valuation placed on our assets due to fair value adjustments following the purchase price allocation process in relation to the acquisition of Guala Closures and Technologia Closures.

Financial income and expenses

Our financial income increased from €19,468 thousand in 2008, or 6.0% of our net revenue, to €29,494 thousand in 2009, or 9.5%, representing an increase of €10,026 thousand, relating mostly to €26,764 thousand of exchange rate gains in 2009, an increase of €8,188 thousand over 2008.

Financial expenses (including third and related parties) decreased from €−54,898 thousand in 2008, or 16.9% of our net revenue, to €−52,982 thousand in 2009, or 17.0%, representing a decrease of €1,916 thousand.

The improvement was due to the positive effect of exchange rate gains and a reduction in the level of fair value losses on derivatives. This was partially offset by the recognition of an increased liability in relation to a put option held by non-controlling shareholders in our Ukrainian subsidiary and an increase in net interest expense resulting from the group's increased average debt in 2009 compared with 2008, which in turn resulted from the new financial structure of the Group following the delisting.

Income Taxes

Income taxes increased from €−10,970 thousand in 2008, or 3.4% of our net revenue, to €−16,181 thousand in 2009, or 5.2%, representing an increase of €5,211 thousand. Current taxes increased during the period, while deferred tax income fell and deferred tax expenditure rose.

Profit (loss) for the year

For the year ended December 31, 2008 we recorded a net loss of €−10,612 thousand, but for the year ended December 31, 2009 we recorded a net profit of €2,663 thousand. As described above, this improvement was due to a combination of higher operating profit and lower financial expenses, partially offset by higher income taxes.

Liquidity and Capital Resources

We have relied primarily upon cash flow from operations and borrowings from financial institutions since the acquisition of Guala Closures in September 2008 by the current shareholders, under our Mezzanine Credit Facility and Senior Credit Facilities to finance our operations and fund capital expenditures and acquisitions.

A portion of the proceeds from the Offering will be used to refinance, as of December 31, 2010, approximately €167 million of our existing indebtedness, including repaying (i) all amounts outstanding under our Mezzanine Facilities Agreement and (ii) approximately €48 million of outstanding indebtedness under our Acquisition/Capex Facility and approximately €20 million of outstanding indebtedness under our Term Loan A under our Senior Credit Facilities and (iii) fees and expenses related to the Offering of the Notes and the amendment and restatement of the Senior Credit Agreement.

In addition to the Term Loans under the Senior Credit Facilities and the Mezzanine Credit Facility, as of December 31, 2010, we also had €40 million of drawing capacity under the Revolving Credit Facility and €12.4 million of drawing capacity under the Acquisition/Capex Facility. See "Description of Other Indebtedness—Senior Credit Facilities".

The Issuer is a holding company that conducts no business operations of its own and has no significant assets other than the shares it holds in its direct subsidiaries and its claims under certain intercompany loans. Repayment of our indebtedness, including under the Notes, is dependent on the ability of our subsidiaries to make such cash available to us, by dividend distributions, debt repayment, loans or otherwise. Our subsidiaries may not be able to, or may be restricted by the terms of their existing or future indebtedness, including the terms of the Amended Senior Credit Agreement, or by law, in their ability to make distributions or advance upstream loans to enable us to make payments in respect of our indebtedness, including the Notes. Each subsidiary of ours is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries.

Overview of Principal Financing Instruments following the Transactions

As of December 31, 2010, we had €39.2 million in cash and cash equivalents and €99.5 million of outstanding indebtedness under the Mezzanine Credit Facility, which we expect to repay in full pursuant to the Refinancing, and €301.7 million of outstanding indebtedness (including accrued interest and gross of transaction costs) under the Senior Facilities Agreement, of which we expect to repay €67.5 million pursuant to the Refinancing. The Issuer and its consolidated subsidiaries' net interest expense for the year ended December 31, 2010 was €34.1 million.

After giving pro forma effects to the Transactions, we expect our indebtedness relating to our principal financing instruments to consist of the following:

- €200 million of outstanding indebtedness under the Notes;
- €234 million of outstanding indebtedness as of December 31, 2010 under the Amended Senior Credit Agreement, gross of unamortized transaction costs; and
- Additional third party debts of €31 million.

For additional information regarding the Notes, see "Description of the Notes" and for additional information regarding the Senior Credit Facilities, see "Description of Other Indebtedness—Senior Credit Facilities".

We believe that our operating cash flows, together with future borrowings, to the extent required, under the Senior Credit Facilities, will be sufficient to fund our working capital requirements, anticipated capital expenditures and debt service requirements as they become due. We cannot, however, assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available under the Senior Credit Facilities in an amount sufficient to enable us to service our indebtedness or to fund our other liquidity needs.

We may in the future acquire Notes in open market purchases, individually negotiated transactions or otherwise.

Consolidated Cash Flow

The following table illustrates our sources and uses of funds for the years ended December 31, 2008, 2009 and 2010.

Guala Closures S.p.A.

Consolidated cash flows

	Year ended December 31,		
	2008[(1)]	2009[(2)]	2010
	(€ in thousands)		
Statement of Cash Flows Data			
Cash flows from operating activities	37,427	55,097	67,421
Cash flows used in investing activities	(29,326)	(20,891)	(41,269)
Cash flows from/(used in) financing activities	(13,966)	(24,849)	(20,667)
Net cash flows for the period	**(5,864)**	**9,356**	**5,486**

(1) The numbers presented in this column derive from corresponding figures for the year ended December 31, 2008 presented in the consolidated financial statements as of and for the year ended December 31, 2009 of Guala Closures S.p.A. which were restated to reflect the adjustments to provisional fair values originally recognized in the consolidated financial statements as of and for the year ended December 31, 2008, related to the acquisition of Guala Closures Ukraine LLC.

(2) The financial statements captions presented in this column derive from the corresponding figures for the year ended December 31, 2009, presented in the consolidated financial statements as of and for the year ended December 31, 2010 of Guala Closures S.p.A. which were reclassified and aggregated to conform with the 2010 financial statements presentation of consolidated statement of cash flows and consolidated statement of financial position.

Cash Flows generated by Operating Activities

Cash flow generated by operating activities increased from € 55,097 thousand in the year ended December 31, 2009 to € 67,421 thousand in the year ended December 31, 2010. This increase was primarily due to the increase in gross operating profit and to the careful management of working capital.

Cash flow generated by operating activities increased from € 37,427 thousand in the year ended December 31, 2008 to € 55,097 thousand in the year ended December 31, 2009. Our cash flows from operating activities for the year ended December 31, 2008 included a one-off payment to the suppliers of Technologia Closures LLC (now known as Guala Closures Ukraine LLC), pursuant to our acquisition of that company, of € 12,439 thousand. The increase in cash flows generated by operating activities from the year ended December 31, 2008 to the year ended December 31, 2009, was primarily due to an increase in gross operating profit, together with the effect of the one-off payment described above.

Cash Flows used in Investing Activities

Cash flow used in investing activities increased from € −20,891 thousand in the year ended December 31, 2009 to € −41,269 thousand in the year ended December 31, 2010. Our cash flows used in investing activities in the year ended December 31, 2009 included payments for the acquisition of a non-controlling interest in a Mexican company and for the acquisition of Pharma Trade S.r.l. Our cash flows used in investing activities in the year ended December 31, 2010 included payments for the acquisition of Metalprint assets and for the acquisition of Bulgarian companies for a total of € 12,890 thousand. The increase in cash flows used in investing activities from the year ended December 31, 2009 to the year ended December 31, 2010, was primarily attributable to the effects of these acquisitions and to the increase in capital expenditures.

Cash flow used in investing activities decreased from € −29,326 thousand in the year ended December 31, 2008 to € −20,891 thousand in the year ended December 31, 2009. Our cash flows used in investing activities in the year ended December 31, 2008 included a payment of € 24,394 thousand for the acquisition of Technologia Closures LLC and € 2,772 thousand for the acquisition of non controlling interests in New Zealand. Our cash flows used in investing activities in the year ended December 31, 2009 included payments for the acquisition of non-controlling interests in a Mexican company for € 2,200 thousand and for the acquisition of Pharma Trade S.r.l. for € 3,690 thousand. The decrease in cash flows used in the year ended December 31, 2009 from the year ended December 31, 2008 was primarily attributable to the foregoing payments together with a reduction in capital expenditure.

Cash Flows used in Financing Activities

Cash flow used in financing activities decreased from € −24,849 thousand in the year ended December 31, 2009 to € −20,667 thousand in the year ended December 31, 2010. This decrease was primarily attributable to higher interest expenses offset by exchange rate losses on financial balances.

Cash flow used in financing activities increased from € −13,966 thousand in the year ended December 31, 2008 to € −24,849 thousand in the year ended December 31, 2009. This was primarily attributable to the increase in net interest expenses and to the accounting of the estimated value of the put option of minority interests.

Net Cash Flow

Net cash flow decreased from € 9,356 thousand in the year ended December 31, 2009 to € 5,486 thousand in the year ended December 31, 2010, despite the growth in cash flow generated from operating activities as a result of higher investments.

Net cash flow increased from € −5,864 thousand in the year ended December 31, 2008 to € 9,356 thousand in the year ended December 31, 2009. This was primarily attributable to the growth in cash flow from operating activities.

The Issuer

The following table sets out the sources and uses of funds for Issuer and its consolidated subsidiaries for the period from July 7, 2008 to December 31, 2008 and for the years ended December 31, 2009 and 2010.

Consolidated Cash Flows

	For the period from July 7, 2008 to December 31, 2008[(1)]	For the year ended December 31, 2009[(2)]	For the year ended December 31, 2010
	(€ in thousands)		
Statement of Cash Flows Data			
Cash flows from operating activities	33,906	53,493	66,362
Cash flows used in investing activities	(315,795)	(20,891)	(41,269)
Cash flows from/(used in) financing activities	308,102	(24,498)	(19,666)
Net cash flows for the period	**26,213**	**8,104**	**5,427**

(1) The consolidated statement of cash flow data of the Issuer for the period from July 7, 2008 to December 31, 2008 are derived from the corresponding figures for the period from July 7, 2008 to December 31, 2008 presented in the consolidated financial statements as of and for the year ended December 31, 2009 of the Issuer which were restated to reflect the adjustments to provisional fair values originally recognized in the consolidated financial statements of the Issuer as of December 31, 2008 and for the period from July 7, 2008 to December 31, 2008 related to the acquisition of Guala Closures S.p.A. and Guala Closures Ukraine LLC.

(2) The data presented in this column is derived from the corresponding figures for the year ended December 31, 2009 presented in the consolidated financial statements as of and for the year ended December 31, 2010 of the Issuer which were reclassified and aggregated to conform with the 2010 financial statements presentation of consolidated statement of cash flows and consolidated statement of financial position.

The cash flows of the Issuer and its consolidated subsidiaries differ from those of Guala Closures S.p.A. and its consolidated subsidiaries. The differences for the period from July 7, 2008 to December 31, 2008 are primarily explained by the acquisition of Guala Closures S.p.A. by the Issuer. The minor differences for the years ended December 31, 2009 and December 31, 2010, are primarily explained by the interest payments made under the Mezzanine Credit Facility.

Contractual Obligations

The table below summarises the material contractual obligations and commitments as of December 31 2010, after giving pro forma effect to the Transactions, including the issuance of the Notes in the Offering, the Refinancing and the entering into the Amended Senior Credit Agreement.

Pro Forma Contractual Obligations	Expected Cash Payments due by Year 2011	2012	2013	2014	2015	2016	2017	2018
	(€ in millions)							
Senior Credit Facilities								
Term Loan A	7.1	10.9	13.0	15.2	17.8	—	—	—
Term Loan B	—	—	—	—	—	82.3	—	—
Term Loan C	—	—	—	—	—	—	82.3	—
Accrued interest	5.6	—	—	—	—	—	—	—
The Notes offered hereby	—	—	—	—	—	—	—	200
Capital Leases	2.5	2.6	2.2	2.3	2.1	2.1	2.2	2.2
Other debt	2.4	1.3	1.3	1.2	0.9	—	—	—
Total	**17.6**	**14.7**	**16.6**	**18.7**	**20.7**	**84.4**	**84.5**	**202.2**

For a description material of the material terms of the Issuer's existing material long-term financing arrangements and its anticipated long-term financing arrangements, see "Description of Other Indebtedness," and "Description of the Notes."

Contingent liabilities and commitments

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

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

Capital expenditures

The following table summarizes the capital expenditure of Guala Closures for the periods set forth below.

	For the year ended December 31,		
	2008	2009	2010
	(€ in thousands)		
Capital expenditures	**30,560**	**15,156**	**29,977**
Fixed assets	29,525	14,166	29,022
Intangibles	1,035	990	955

Our capital expenditure and investments relate primarily to extending, upgrading and maintaining our production facilities and research and development activities. Capital expenditure also includes increases in intangible assets and does not include financial assets.

During 2008, we pursued a strategy of internal growth by focusing mainly on the Closures division. Key investments related to the expansion of the Nip Cap model production lines in India.

During 2009, we opted to reduce our expected level of investments given the uncertain economic climate in early 2009 but subsequently relaunched our investment program following the signs of a recovery in the international economy and demand in the second half of the year in order to maintain our growth objectives and strategies. Specifically, investments were focused on our Ukrainian subsidiary acquired in the last quarter of 2008, in India to upgrade production capacity of the Nip Cap lines to meet market demand, in Italy at the Torre d'Isola site to design a production line to produce large volumes of 30x60 aluminum capsules and in China, where a large investment to produce the 1332 closure has been authorized.

During 2010, significant investments were made for new buildings and for the new production lines in Italy, Ukraine and Bulgaria to enhance production capacity in order to satisfy demand from our longstanding and new customers.

Our capital expenditures in 2011 will be utilised primarily to construct a production site in Ahmedabad, India, invest in aluminium production lines in Magenta, Italy and invest in the Ukranian business.

Off-Balance Sheet Commitments

We are not party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition, results of operations, liquidity, capital expenditure or capital resources.

Critical accounting policies

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

A more detailed description of the significant accounting policies used by us in preparing our consolidated financial statements is included in note 2 to our audited consolidated financial statements prepared in accordance with IFRS which is included in this offering circular.

Purchase accounting

Business combinations are accounted for using the acquisition method at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

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

Any contingent consideration payable is recognised at fair value at the acquisition date.

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

Impairment of intangible, tangible assets including Goodwill

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

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

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

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

Derivative financial instruments and cash flow hedges

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

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

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

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

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

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

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

Deferred taxes

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

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

A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. For the carry forward of unused tax losses and unused tax credits, a deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.

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

Provision for risk and charges

Provisions for risks and charges include certain or probable costs and charges, the amount or due date of which is unknown at year end. A provision is recognized when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow from the group of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation. The provisions are stated as the best estimate of the expenditure required to settle the obligation at the reporting date or to transfer it to a third party at that date. The actual settlement of such matter could differ from the judgments made in determining the amount of the provisions.

Bad debt reserve

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

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

Quantitative and qualitative disclosure of market risk

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

Currency risk

This risk relates to the effect of fluctuations in exchange rates on sales, purchases and loans in currencies other than the functional currencies of the various group entities. The group is exposed to currency risk, particularly in relation to fluctuations of the pound sterling and U.S. dollar.

Interest on loans is denominated in the currency of the cash flows generated by the group's underlying transactions. These are mainly in euro but may also be in pound sterling, U.S. dollars or Australian dollars, so that there is adequate hedging and the group does not have to avail itself of other derivatives.

The risk of exchange rate fluctuations is managed using exchange rate hedges when significant differences are noted between cost and revenue in foreign currency.

If that is the case, such differences are hedged through currency swaps. These provide for the purchase/sale of agreed amounts in foreign currency at a set exchange rate against the euro.

However, these activities have not been and may not be in the future always sufficient to protect us against the consequences of a significant fluctuation in exchange rates on our results of operations. The impact of exchange rates fluctuations on our results of operations is significant, see "—Principal factors affecting our results of operations—Fluctuations in currency exchange rates".

See also note 22—Sensitivity analysis section—of Guala Closures, consolidated financial statements as at and for the year ended December 31, 2010.

Credit Risk

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

The group's exposure to credit risk depends largely on each customers specific characteristics. The demographics of the group's customer portfolio, including the segment insolvency risk and the country risk, have an impact on the credit risk. See note 6—Trade Payables of Guala Closures' consolidated financial statements as at and for the year ended December 31, 2010 for further information.

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

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

Liquidity risk

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

The group generally ensures there is sufficient cash and cash equivalents to cover forecast short term operating expenses, including those related to financial liabilities. Contingent effects following extreme situations that cannon reasonably be forecast, such as natural disasters, are excluded from the above. Historically, the group has always met its obligations on time.

Interest rate risk

As a result of our indebtedness bearing interest at variable rates, we are exposed to risks associated with the effect of changing interest rates. As of December 31, 2010, Guala Closures had approximately €296.1 million of floating rate debt (gross of transaction costs) under our Senior Facilities Agreement. At the same date, the Issuer had approximately €395.6 million of floating rate debt (gross of transaction costs) under our medium term facilities agreement dated September 16, 2008. We manage this risk through hedging arrangements. See note 46 to the Guala Closures S.p.A. consolidated financial statements and note 43 to the Issuer's consolidated financial statements, as of and for the year ended December 31, 2010. We hedged, respectively, 60.4% at Guala Closures S.p.A. and 62.3% at the Issuer of our interest rate exposure through interest swap agreements, which converted our floating rate debt to fixed rate debt.

Raw material price risk

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

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

The risk of fluctuations in the purchase price of aluminum is partly hedged through derivatives which set a forward purchase price.

Our principal markets

Our closures business primarily manufactures standard and safety closures for global premium and local brands in the global spirits market. We also manufacture standard closures for other beverages and for olive oil as well as closures and stoppers for the pharmaceutical industry. Our closures division, representing the core of our business, operates in two principal markets: (i) spirits closures and (ii) winecap closures. Our aluminum winecap closures are supplied to wine producers globally. In 2010, our closures division generated 98% of our net revenue, or €366 million. Our PET division (which we consider non-core) accounted for the remaining 2% of our net revenue, or €5 million.

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

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

Spirits market

The spirits market consists of brandy, liqueurs, rum, specialty spirits, gin & genever, whisky, tequila & mezcal, and vodka. According to third party reports, during the 2004 to 2009 period, the global consumption of spirits grew at a CAGR of 2.5%, from $243 billion in worldwide sales during 2004 to $275 billion in 2009 driven primarily by growth in emerging markets, including Asia Pacific (CAGR 5.7%) and Middle East and Africa (CAGR 3.0%). Other geographies have seen lower growth rates, with Western Europe and North America growing at CAGRs of 0.9% and 2.6%, respectively, between 2004 and 2009. The global spirits market is a stable market and is expected to continue to grow at similar rates in the future. By the end of 2014, according to third party estimates, the global spirits market is expected to grow to approximately $317 billion, with an expected CAGR of 2.9% from 2009 to 2014. Emerging markets are expected to be the main drivers of future growth with Asia Pacific expected to grow at a CAGR of 5.7%, Latin America at a CAGR of 3.1% and Eastern Europe at a CAGR of 2.6%. Other regions are expected to continue to grow in line with historical performance.

Whisky is the main market segment within spirits, representing approximately 26% of the spirits market by value during 2009. It is followed by specialty spirits and vodka, each representing approximately 18% of the market. Liqueurs, brandy and rum form the next largest categories with 11%, 11% and 9% of the overall market respectively.

The leading players in the global spirits market include Bacardi-Martini, Brown-Forman, Diageo, Pernod Ricard and United Spirits. In 2009, the top 20 players in the global spirits market accounted for approximately 36% of the total market by volume.

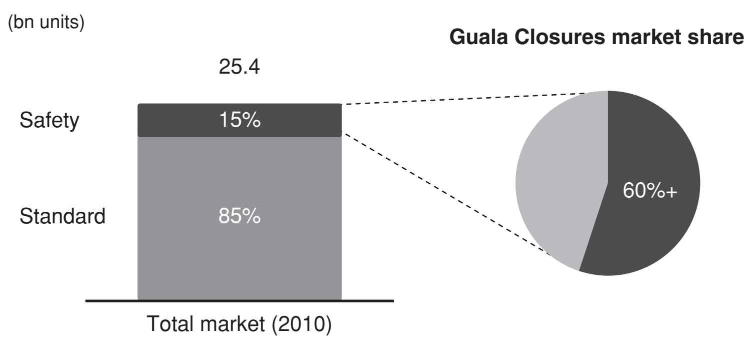
Spirits closures market

The spirits closures market can be subdivided into two main segments: safety closures and standard closures. Safety closures are usually made of plastic or combine aluminum and plastic, and comprise up to 13 different components. Safety closures are fitted with special devices such as glass balls and valves to limit counterfeiting of the end product and to increase safety by making them tamper-evident, non-refillable and leak proof. As a result, safety closures require a high level of technology and innovation to design and produce. Key purchasing criteria for safety closures include innovation and design, quality, performance, service and price. Standard closures are primarily made of aluminum. Standard closures use more simple technology than safety closures (although standard closures can consist of up to 3-5 different components within one closure). Purchasing decisions for standard closures are driven by quality of service, flexibility (capacity to deliver the right closure at the right time) and price.

Excluding unbranded spirits, we estimate the size of the spirits closures market by volume for 2010 was approximately 25 billion pieces worldwide, of which safety and standard closures represented approximately 15% and 85%, respectively. By value, we estimate the size of the spirits closures market for branded spirits (safety and standard closures) was approximately €1.2 billion, of which safety and standard closures represented approximately €330 million and €820 million, respectively. We believe that safety closures have been taking market share from standard closures for some time, given the increasing threat of counterfeiting as global brands increase their presence in emerging markets and the increasing prominence of local brands.

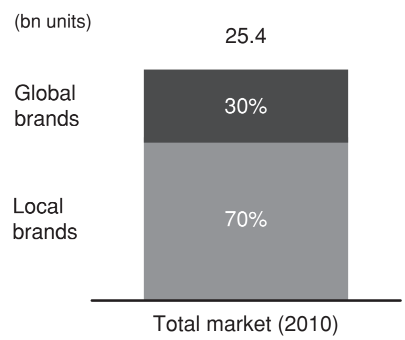
During 2010, our spirits closures business represented our most important market. We believe that as of December 31, 2010 we held an approximately 60% market share of safety closures produced for spirits by volume and value.

Sophisticated / safety closures



Source: Industry reports.

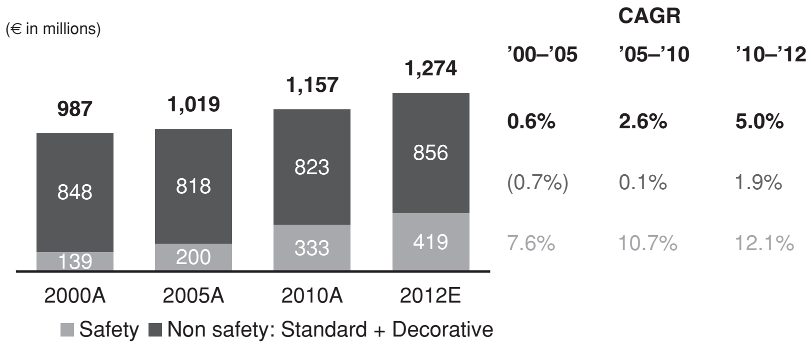
Branded spirits



Source: Industry reports, Company estimates.

The branded spirits segment is comprised of producers of internationally recognized global brands and local producers which operate on a regional level. We believe in 2010, global branded products represented approximately 30% of the closures market for spirits by volume of units sold, while local branded products represented approximately 70%. Local producers are particularly present in emerging markets and represent a commercial opportunity for us to the extent they convert to safety closures over time, as we anticipate. We believe that the demand for safety closures will continue to grow due to an increasing risk of counterfeiting worldwide and we expect to see a higher growth rate in emerging markets than in the worldwide market in the short term. This is due to the high occurrence of counterfeiting in emerging markets and the desire of local producers to follow Western standards and to develop sophisticated packaging solutions. We also believe that the demand for safety closures will grow if the consumption of branded spirits continues to grow as in recent years.

Closures market value growth



Source: Industry reports. Company estimates.

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

Our competitors in the safety closures market include Torrent, Global Closures Systems, Berry plastics, Bericap, Tokk, Indeplast, Plastamp and various small Chinese manufacturers. In the standard closures market, our competitors include Amcor, Alplast and DGS.

Winecap closures market

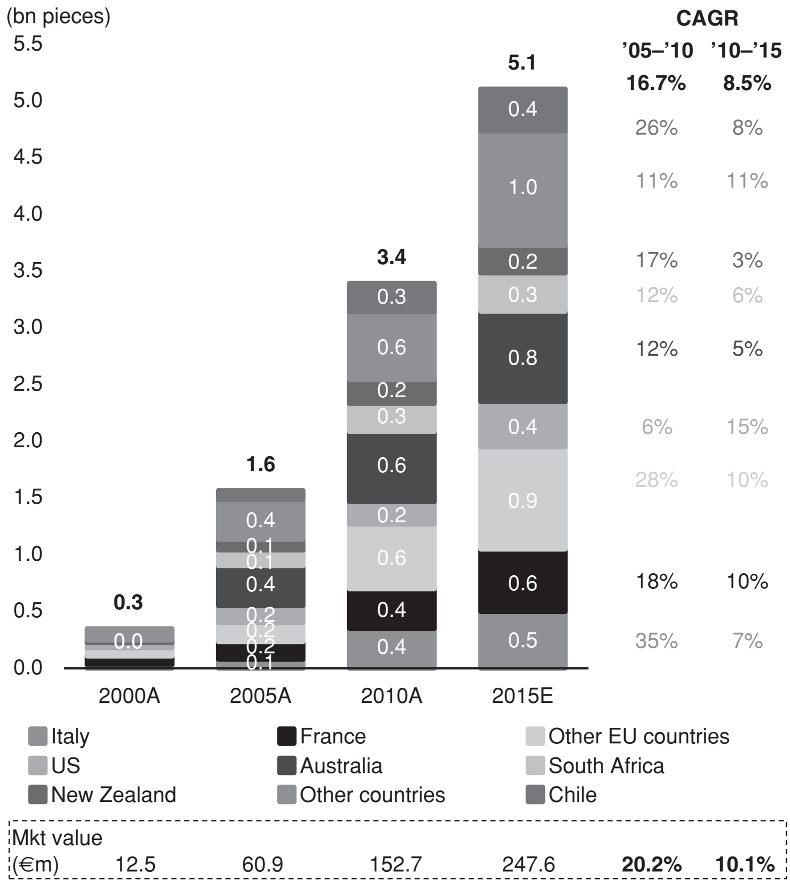
Outside of the spirits market, we are most active in the manufacturing of aluminum winecap closures for the global wine market, which was valued by sales at approximately $300 billion in 2009 according to management estimates. The global wine market is fragmented with the top 20 leading players representing approximately 23% of total market volumes, according to third party reports. The leading players in the global wine market are Kriter Patriarche, Constellation Brands, Inc. and E. & J. Gallo Winery. The wine market is very fragmented, and on a combined basis, the top 3 players control only 7% of the total global wine market by volume. On a regional basis, the largest producers of wine are Western Europe (in particular France and Italy) followed by North America and Eastern Europe which represent 56%, 14% and 12%, respectively, of the total market by volume. However, New World wine countries such as New Zealand, Australia, South Africa, Chile and Argentina have been increasing their share of global wine production, in recent years.

The wine closures market is composed of traditional corks, synthetic corks and aluminum winecaps, with corks traditionally being the most predominant type of wine closure. However, there has recently been increased adoption of aluminum winecaps, due to their various benefits, including improved preservation of the organoleptic properties of wine, consumer preference for ease of use and storage, and lower cost of packaging. Corks, which deteriorate over time, do not perform as well when travelling long distances over extended periods of time and often cause contamination of the wine, while winecaps are not susceptible to natural cork taint issues and therefore do not create a risk of spoiling the wine in the bottles. As a result, we have seen significant growth in the aluminum winecaps market in recent years as wine producers, wholesaler and retailers increasingly substitute aluminum for cork winecaps. We believe that aluminum winecaps today account for approximately 13% of all bottled wine worldwide and we believe that we are well positioned to capitalize on future growth in this industry, especially as large regions such as North America and Europe move towards greater usage of aluminum winecaps.

Our winecap closures products represent a significant portion of our core business. During 2010, our winecap closures division accounted for €50 million or 13% of our net revenues; and therefore, represented our second most important market after spirits closures. In 2010, we manufactured around 1 billion aluminum winecaps. We estimate that the size of the worldwide winecaps closures market as of December 31, 2010 was approximately 3.4 billion pieces or €150 million by sales. Based on the foregoing, we believe that for 2010, we held an approximately 30% market share of the winecaps closures market. According to industry reports, between 2005 and 2010, the global winecaps volume grew at a CAGR of 16.7%, from 1.6 billion pieces in 2005 to 3.4 billion pieces in 2010, driven primarily by increased usage in New Zealand, Chile and Australia.

Extrapolating from data regarding wine production and penetration of aluminum winecaps, we estimate that the global market for winecap closures will grow at a CAGR of approximately 10% between 2010 and 2015, primarily driven by increased penetration in the U.S, Europe, Latin America and other emerging markets.

Winecap market



Source: Global Wine Institute, Management.

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

Our competitors in the winecap closures market include Amcor, Metalclosures South Africa, Inesa and DGS.

Other closures markets

We are actively engaged in the European and Australian aluminum closures market for other beverages (such as mineral water, fruit juice, beer and carbonated soft drinks) and in the oil and vinegar market segments in both Spain and Italy. Some of our key customers include Nestlé, Cadbury-Schweppes, Carapelli and Unilever. During 2010, these products accounted for approximately €35 million of our net revenues.

We have recently entered into the market for pharmaceutical stoppers and closures (rubber stoppers, PET vials, child proof and tear-off devices) following the acquisition of PharmaTrade S.r.l. in2009. We believe that the market for pharmaceutical closures and stoppers has similar characteristics in terms of production processes to safety closures for spirits and customers look for a similar level of product quality and reliability. During 2010, our pharmaceutical product line accounted for €5 million, or 1% of our net revenues.

BUSINESS

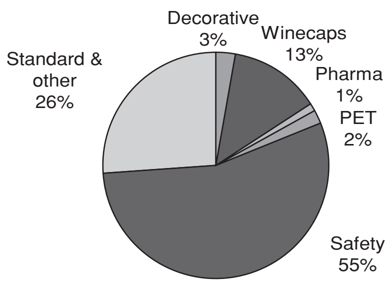
Overview

We believe that we are the world's leading producer of high value-added closures for spirits and that we have a particularly strong presence in the emerging markets. Through ongoing development and technological innovation, we believe we are the top producer of non-refillable safety closures for the spirits industry with at least a 60% market share by volume of units sold, one of the top two producers of aluminum winecap closures with at least a 30% market share by volume of units sold and Europe's largest producer of standard aluminum closures, in each case in 2010. In aggregate, we operate from 25 plants and 5 research centers across 4 continents and sold 10 billion closures in 100 countries in 2010.

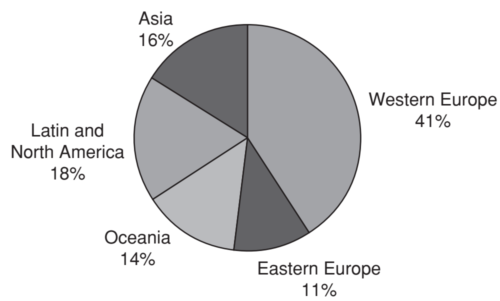
We operate in two divisions, the Closures division (which represents our core business) and PET. The Closures division consists of various product lines including: Safety and Decorative Closures, Standard Closures and Other, Winecap Closures, and Pharma. Our PET division, a non-core business, produces mainly standard and custom molds, PET bottles and miniatures.

We serve a number of end markets and geographies. The following charts illustrate the breakdown of our revenue for the year ended December 31, 2010 by product line and geography.

Revenue by product lines



Revenue by geography, based on the location from which the product is sold by us



We believe that our global footprint and state of the art facilities, blue-chip customer base, technology and innovation and effective cost control provide us with a competitive advantage over other closures producers and create high barriers to entry in the markets in which we sell our products. Our position is further consolidated by our extensive patent portfolio, with over 70 patents for the design and manufacture of closures, and continuous product innovation (over 20 new products have been launched over the last 3 years).

By geography, we are the leading producer of safety closures by volume of units sold in several emerging markets including Ukraine, China, India, Colombia and Mexico, the leading producer of aluminum winecap closures in Argentina, New Zealand and Australia and also the second largest producer of safety closures by volume of units sold in Brazil. Safety closures are primarily used in emerging markets where there is a high risk of counterfeiting of alcohol. Going forward, we believe we are well positioned to continue to maintain leading positions and benefit from the rapid growth expected in these regions.

Our customer portfolio includes blue-chip major international and regional brands with whom we have build long-term relationships and have developed customized processes. We are the supplier to 8 out of the top 10 premium spirits brands worldwide including brands such as Smirnoff, Bacardi, Ballantines, Absolut and Bailey's. The breadth and diversity of our customer base results in no brand accounting for more than 3% of net revenues during the last three years.

For the year ended December 31, 2010, Guala Closures generated net revenue of €371 million and Adjusted EBITDA of €82 million resulting in an Adjusted EBITDA margin of 22%. We believe that our high margins, which historically have been consistently above 20%, are assisted by our raw material cost management and our ability to absorb raw material price fluctuations, global diversity and exposure to growth markets, which have also enabled us to mitigate the impact of the global economic downturn, and ongoing management initiatives to improve production efficiencies.

In the last three years, we have experienced significant growth in our business, attributable partly to organic growth and partly to acquisitions. Guala Closures' net revenues and Adjusted EBITDA have each increased from €325 million and €67 million in 2008 to €371 million and €82 million in 2010, respectively. Our growth has been primarily driven by the increasing penetration of branded spirits in emerging markets, increasing preference on the part of spirits suppliers in those countries towards safety closures to prevent counterfeiting and through the acquisition of local producers in certain key markets. Going forward, we believe there is strong growth potential due to the greater use of safety closures in emerging markets and an increasing global trend in the wine industry towards the usage of aluminum winecaps.

Our divisions and product classes

Closures division—Safety and decorative closures

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

In 2010, our Safety and Decorative Closures product lines generated net revenues of approximately €214 million, representing 58% of our net revenues for the period.

Closures division—Standard closures and other

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

In 2010, our Standard and Other closures product lines generated net revenues of €97 million, representing 26% of our net revenues for the period.

Closures division—Winecap closures

We believe that we are one of the world's top two producers of aluminum winecap closures for the wine industry, with a market share by volume of units sold of 30% worldwide. The market for aluminum winecap closures continues to grow strongly as a result of the superior performance of aluminum closures compared to traditional cork closures. The market growth has been driven by the wine producers in New Zealand, Australia, Chile, Argentina and South Africa and is expected to be driven in the future by greater use of aluminum winecaps in Europe, USA and Latin America, where we perceive significant potential for further growth.

In 2010, our Winecap closures product line generated net revenues of €50 million, representing 13% of our net revenues for the period.

Closures division—Pharma

We introduced Pharma as a new product line following the acquisition of Pharma Trade S.r.l. in 2009. We view our entry into the pharmaceutical closures market as a strategic move into a complementary market segment, with similar characteristics in terms of production processes to safety closures for spirits. We aim to further strengthen our position in this segment through both organic growth and selective acquisitions.

In 2010, our Pharma division generated net revenues of €5 million, representing 1% of our net revenues for the period.

PET division

The PET division, which we view as a non-core division, specializes in the production of bottles, jars, miniature flasks for drinks, as well as containers for cosmetics, beauty products, pharmaceuticals and food products.

In 2010, our PET division generated €5 million in net revenues, representing just over 2% of our net revenues for the period. We recently shut down our PET facilities in Italy and in India and continue to rationalize production in Spain.

The following table shows the distribution of our 2008, 2009 and 2010 net revenues by product line for our Closures division and for our PET division.

	Year ended December 31,		
	2008	2009	2010
	(€ in thousands)		
Safety and Decorative	185,708	171,225	213,996
Standard Closures and Other	86,195	85,764	97,220
Winecap	42,154	42,700	49,848
Pharma	—	2,022	4,989
PET	11,209	9,359	5,301
Net Revenues	**325,266**	**311,070**	**371,354**

The following table shows the geographic distribution of our 2008, 2009 and 2010 net revenues, based on the geographical location from which the product is sold by us:

	Year ended December, 31		
	2008	2009	2010
	(€ in thousands)		
Europe	179,196	170,424	195,504
Asia	43,621	44,054	58,531
Latin and North America	54,660	49,068	66,980
Oceania	47,789	47,524	50,339
Net revenues	**325,266**	**311,070**	**371,354**

Competitive strengths

We believe we have the following competitive strengths:

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

We believe we are the market leader in the production of safety closures for spirits with a volume market share of 60% worldwide, and one of the top two producers of aluminum winecap closures for the wine industry with a market share of 30% worldwide by volume. We also believe that we are a leading producer of aluminum closures for spirits in Europe. We estimate that in 2010 our global revenues from sales of safety closures are six times greater than those of our nearest competitor. We believe that our market leadership positions are sustainable due to our commitment to quality, research and development efforts, proprietary production technologies, long-standing customer relationships, excellent customer service and brand recognition. For a spirits producer, packaging and brand are key elements in product identification and differentiation. We believe that our closures better enable our customers to differentiate and position their brands versus their competitors.

We believe that the market for safety closures, particularly in emerging markets, will continue to grow (see "Industry Overview"). Safety closures help global manufacturers of spirits to protect against counterfeiting, particularly in emerging markets where the risk of counterfeiting is highest. For example, we believe that we are the leading manufacturer of safety closures in Ukraine, China, India, Columbia and Mexico. Both global and local manufacturers of spirits also use safety and decorative closures to differentiate their brands.

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

Highly differentiated product portfolio

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

Focus on innovation, technology and product development

We commit significant resources to product research and development and we believe that we are a leading innovator in the closures industry, with a record of developing new and enhanced products with improved functionality and reliability. We protect our know-how by applying for patents for our products and processes. We currently have more than 70 active patents. We have a successful record of defending our patents with recent claims won in Colombia, Argentina and China.

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

Technologically advanced facilities across the world

As the only safety closures producer with a global production network, we operate 25 production facilities that incorporate advanced technologies, processing solutions, quality controls and state-of-the-art machinery. This production network allows us to provide high quality products while limiting our labor costs.

Over the years we have developed proprietary production technologies that are crucial for the manufacture of technologically advanced closures. As customers increasingly demand more product customization, we believe that our facilities position us to adapt to this market trend and meet our customers' increasingly complex specifications. All of our production facilities have received ISO-9001 certifications, except for the Magenta plant we acquired in 2010.

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

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

Our consistent product quality and customer service have allowed us to develop strong relationships with our customers, both in mature and emerging markets. We enhance customer loyalty through our research and development activities which are often driven by the specific business requirements of our customers. In particular, we have strong relationships with most of the large global producers of spirits including Bacardi-Martini, Brown-Forman, Diageo, Pernod Ricard and United Spirits and we work closely with individual brands owned by these producers. Due to the nature of bottle closures, we work in close partnership with spirits producers in the design and production of their end-products. For example, in the recent years, we have developed a safety closure named "Prima" for flavored Bacardi Rum, a "Thor" large open pourer closure for Korskenkorva Vodka, a complete smooth closure for Stolichnaya, a decorative closure for Crown Royal Whisky and a premium non-refillable closure for Windsor Whisky. No one brand accounted for more than 3% of our net revenues in 2010.

As a result of the time and resources invested in joint product development activities with customers, we often receive certain recognition. For example, we received the "Supplier Innovation Award" from Diageo in 2010. We maintain strong relationships with the majority of our key customers, in some cases in excess of 25 years.

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

Strong profitability and cash flow generation

Despite the economic crisis, over the last three years Guala Closures has demonstrated consistently strong performance in its levels of Adjusted EBITDA, which increased from €67 million in 2008 to €82 million in 2010, and cash flow from operations, which increased from €37.4 million in 2008 to €67.4 million in 2010. We have achieved this partly due to growth through acquisitions but also from organic growth and, despite increases in raw material prices, the ability to pass some of the price changes on to our customers and modify our designs to favor lower cost raw materials. See "Management's Discussion and Analysis of Financial Condition and Results of Operations".

Experienced and committed management team

We benefit from the experience of our key management who have an average of over 25 years of experience in the industry. Management has consistently demonstrated its ability to develop our business by penetrating new markets such as China, Russia, Mexico, Colombia, India and Eastern Europe, and by acquiring and successfully integrating companies already operating in our industry. Management also took swift action during the economic downturn during 2009 and 2010, including headcount reductions and scheduled temporary plant shutdowns in Italy and Mexico, to implement cost reduction measures and improve cash flow management whilst continuing to effect our long term strategy to enter new markets and continue to consolidate through strategic acquisitions.

Business strategy

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

Increase sales in emerging markets and focus on safety closures

We are the leading producer of safety closures by volume in each of Ukraine, China, India, Colombia and Mexico and the second largest producer of safety closures in Brazil. We intend to continue our geographical expansion by consolidating our presence in these and other emerging markets through organic growth and selective acquisitions. According to Datamonitor, the total value of the market for spirits in the Asia Pacific region was US$ 53.1 billion in 2004 and is expected to grow to US$ 92.3 billion in 2014. Over the same period, the total value of the market for spirits in Eastern Europe is expected to grow from US$ 35.7 billion to US$ 44.0 billion and the total value of the market for spirits in Latin America is expected to grow from US$ 13.4 billion to US$ 17.4 billion. See "Industry Overview."

According to our own estimates, the market for safety closures currently represents 15% of the global spirits closures market with standard closures accounting for the majority of the remaining market.

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

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

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

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

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

According to our estimation, the aluminum winecaps market grew from 0.4 billion pieces in 2000 to 1.6 billion pieces in 2005, up to 3.4 billion pieces in 2010. This growth was particularly marked in relation to wines from "New World" countries such as Australia, New Zealand, Chile, Argentina and the USA. See "Industry Overview". We estimate that during the period from 2005 to 2010, our market share increased from 12.5% to 30.0%. We expect growth in the winecaps market to continue due to increasing end-consumer preference for aluminum closures rather than cork and we believe that our leading position in this market means we are well placed to benefit from this growth. We aim to take advantage of this trend by sustaining or increasing our share of this market, by strengthening our relationships with wine producers, particularly those which are also active in the spirits market, by developing new and aesthetically attractive closures, including closures with safety elements, and by consolidating our operations in the countries and regions where winecaps are purchased in large volumes.

Further improve operational efficiency by optimizing manufacturing and the supply chain

In 2007, we moved into a new production plant in Alessandria, Italy, which significantly increased our production capacity and efficiency and allows for higher levels of automation. We are continuing to improve production efficiency, currently focusing primarily on aluminum producing facilities in Italy. To further improve the efficiency of our production processes we aim to (i) modernize and automate processes and product technologies, which we believe will enable us to respond promptly to evolving market needs, (ii) continually advance our production processes by implementing systems to monitor and improve our entire production cycles (the "continuous improvement" program) and (iii) hedge the risks of price fluctuation in the purchase price of almunium through forward purchases on the London Metal Exchange. See "Summary."

Carry out further selected acquisitions in certain key markets

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

We intend to continue to identify appropriate acquisitions where we consider it would help us consolidate our position in certain key geographical and product markets. We have recently entered into a sale and purchase agreement for the acquisition of a majority stake in DGS which is based in Poland and is one of the leading global manufacturers of aluminum closures for the spirits industry. If successful, the DGS Acquisition should be completed by June 2011, subject to anti-trust clearance.

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

We believe that the Group has benefited from prudent financial management throughout its history and particularly during the economic downturn of 2008 and 2009, when management implemented a thorough cost reduction and cash flow management program.

We intend to use our cash flow generation capacity, and our Revolving Credit Facility (see "Description of Other Indebtedness—Senior Facilities Agreement"), to maintain appropriate levels of liquidity and working capital at all times to enable us to respond to unexpected changes in economic conditions. We are also focused on deleveraging the Group's indebtedness over the medium to long term.

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

History

We started our operations in 1954 as a manufacturer of plastic closures for spirits. Early in our development we adopted an international focus, initially by licensing our products to local producers and later by establishing a direct presence in the markets we targeted. In 1998, we were acquired from our founders, the Guala family, by a private equity fund managed by B&S Electra S.p.A. Then, in 2000, we were acquired in a leveraged buyout by a group of financial investors led by funds advised by Investitori Associati S.p.A. and Banca Intesa S.p.A. for €156 million.

Following our leveraged buyout, we expanded our business both through organic growth and acquisitions of companies that we believed would improve our business by expanding our product lines or giving us access to new markets. In 2002, we diversified our product portfolio by acquiring a 70% interest in Supertap S.A., a company active in the aluminum closures sector.

With the aim of expanding our manufacturing capacity for safety closures in the region, we also acquired a 100% stake in Plasticos Dumex S.A. de C.V., a company active in the safety closures market in Mexico through our local subsidiary Guala Closures Mexico, in which at that time we held a 50.1% interest. In May 2009, we acquired the remaining 49.9% of the shares of that subsidiary.

In 2003, in order to complement our product offering with safety and standard closures, we acquired GlobalCap, a group with a significant presence in the European standard closures market and market leadership in the niche market of long decorated caps. The total consideration for this acquisition was €94.7 million.

In 2003, we also purchased the remaining 50% interest of a previously part-controlled subsidiary, Productos Auxiliares del Embotellado S.A., a Spanish company. The company had business operations in Spain, Colombia and Brazil. The acquisition helped our penetration of the South American safety closures market. The total purchase price of this acquisition was €15.6 million.

In 2005, we set up a production facility in New Zealand. The facility produces winecap closures.

In November 2005, we listed on the Milan Stock Exchange.

In 2007, we acquired Auscap, the leading Australian producer of winecap closures.

In June 2008, the DLJ Merchant Banking Funds and Intesa Sanpaolo S.p.A. announced a voluntary public tender offer for the acquisition of up to 100% of Guala Closures.

In September 2008, the tender offer process was successfully completed and Guala Closures was subsequently delisted. The Group's main shareholders now comprise investment funds and entities that are controlled, directly or indirectly, by an affiliate of the DLJ Merchant Banking Funds, Intesa Sanpaolo S.p.A., certain members of our management team and other investors. See "Principal Shareholders."

In October 2008, we acquired 70% of the Ukrainian company Technologia Closures LLC. Technologia Closures LLC is the leading producer of metal closures for spirits in Ukraine, with a notable presence in Russia, Kazakhstan and Poland. Its main customer is the well-known Ukrainian vodka producer Nemiroff.

In August 2009, we acquired Pharma Trade S.r.l., one of the three main manufacturers of pharmaceutical stoppers in Italy. This represented our first step into the pharmaceutical closures market and provides a platform for further development in this market segment.

In May 2010, we acquired 70% of the shares of two Bulgarian companies that in turn purchased part of the assets of Danik, a major Bulgarian producer of pourers for the spirits industry and of moulds and machinery. We are now the leading producer of plastic fitments in Eastern Europe, producing more than 50 types of pourers for the spirits industry as well as moulds and other special equipment used in the injection moulding process for plastic closures. Approximately 95% of the goods produced by are exported to European countries, including Ukraine, Russia, Belarus, Poland, Italy, and Germany. The acquisition of the Bulgarian assets provides us with a low-cost manufacturer of plastic closures in Eastern Europe (complementing the highly-skilled metal facility in the Ukraine) and we are developing the business into a key subsidiary for supplying the rest of the Group with low-cost plastic fitments and moulds.

In June 2010 (effective from July 2010), we acquired certain aluminum printing assets from Metalprint, a company based in Magenta, Italy. This acquisition improved the Group's technology in processes involving aluminum and increased production capacity and efficiency levels.

In November 2010, we decided to invest in an aluminum degreasing and cutting facilities, also located in Magenta, Italy. The Magenta facility will become the centre of operations of aluminum processing for all plants across the Group. With investment in two new production lines, the Magenta plant is expected to become the world's fastest and most modern printing and lithography centre by 2012, with technology expected to last at least 25 years. It will be among the first in Europe to use a green production line, with a chromium-free aluminum treatment process and an eco-painting system that does not use solvent-based paints. It is also expected to reduce waste and optimize production efficiency.

In January 2011, we acquired 100% of Plastivit, a Spanish and Mexican closures manufacturer (and former licensee of Guala Closures) with facilities in Barcelona and Veracruz, Mexico. The acquisition is part of the Group's strategic plan to consolidate our business in Europe, with the aim of optimizing the capacity of our European production facilities and, at the same time, increasing our presence in the Caribbean, the area served by the Veracruz facility.

Our products

Closures division

Our closures division comprises the following product lines: safety closures, standard/aluminum closures, decorative closures, winecap closures, pharmaceutical products and closures for other sectors and accessories.

Safety closures product line

We produce safety closures almost exclusively for spirits, which are fitted with special devices to limit counterfeiting of the end-product, such as non-refillable devices. We are the world's leading producer of safety closures for spirits, with a market share by volume of 60%. Safety closures have a complex structure that generally consists of anywhere from 5 to 13 components. Our safety closures are designed to prevent our competitors from imitating our closures and their unique components. The current product portfolio of our closures division comprises more than 27 models, all of which can be customized to meet the particular requirements of our customers.

Our most important products in this product line are: the non-refillable safety closure 1031, which we launched in 1978; the non-refillable safety closures 1331 and 1332, which we launched in 1998 and 2001, respectively; the Alusnap non-refillable safety closure (fitted with decoration on the sides of the closure), which we launched in 2003; and the Polka non-refillable safety closure ("snap" closure), which we launched in 2003. Our 1331 and 1332 closures, as well as our Alusnap and Polka closures, are patent-protected for 20 years from the date of filing of the relevant application. Our 1612 and 2610 respectively for Chivas and Martell have been customized for specific needs in the asian markets. Our Alba model represents the trend of a new generation of safety closures sold primarly in Latin america.

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

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

Model	Launch date	Component material	Number of components	Key end-products
1031	1978	Plastic	5	Bacardi Rum, William Lawson, Gordo Gin, Domecq Brandy, Amaro Averna
1031 TE	1995			
1331	1998			
1332	2001	Plastic	5	Fundador Brandy, Domecq Brandy
1600	1997	Plastic	9	Exclusively Chivas Regal
2500, 2600	1991	Plastic and aluminum	11	Cognac Martell, Tequila Cazadores and Chinese liquor products (Wulliangye)
500, 550, 552, 600	1966	Plastic and aluminum	5	Stolichnaya Vodka, Moskovskaya Vodka, Bell Whisky, Sambuca Palini
1228	1992	Plastic and aluminum	7/8	Jim Beam, Ballantines's Tequila Cuervo
1228 TE	1999			
1229	2001	Plastic and aluminum	7	Windsor Whisky, Imperial Whisky
1235	1993	Aluminum	8	Exclusively Absolut Vodka
2060	1994	Plastic	3	Liquori Coebergh, Metaxa Ouzo
Montecarlo	2000	Plastic and aluminum	9	Dewar's Whisky, Distillerie Seijong Ten
Sole, Luna	2000	Plastic and aluminum	4/7	Finlandia Vodka, Plymouth Gin
Alusnap	2001	Plastic and aluminum	6	J&B Whisky, Bols Nelden Vodka
M 500	1995	Plastic and aluminum	4/5	100 Pipers Whisky, Spey Royal Whisky, Black & White Whiskey
Mark 4	1983	Plastic and aluminum	10	Buchanan Whisky, Old Parr
POLKA	2003	Plastic and aluminum	5/6	Pilker Distilleries, Jeni Raki
633 (new aesthetic)	2003	Plastic	4/7	Finlandia Vodka
Kim	2003	Plastic	2	Skyy Vodka
2039	2004	Plastic	2	Ketel One Vodka
Royal salute Cork NRF	2008	Plastic, aluminum and cork		Royal Salute
1612	2008	Plastic and aluminum	11	Chivas Regal China
1612A	2008	Plastic	9	Chivas Regal Global
Alba	2010	Plastic and aluminum	6	Latin America
Siena	2010	Plastic and aluminum	5 or 7	
2610	2010	Plastic and aluminum	11	Martell
Deluxe	2010	Plastic	6	Eastern Europe

In 2010, we sold approximately 2.5 billon safety closures, representing approximately 55% of our net revenues.

The following diagram shows the unique features of the Alusnap closure, which, as with almost all of our recently designed safety closures, is designed to combine the flexibility of plastic with the glossy appearance of aluminum.

Decorative closures product line

Our decorative closures product line specializes in the production of customized plastic and aluminum closures, typically designed for high-end spirits that are produced in limited quantities. These closures are designed to give a more distinctive character to our customers' brands and to improve the aesthetic appeal of their end-products (for example, for premium brands such as Ciroc vodka, Tanqueray 10 gin, Royal Salute whisky. The decorative product line serves as an important promotional vehicle for both our safety and aluminum product lines.

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

Model	Launch date	Component material	Number of components	Key end-products
Royal Salute	pre-1990	Plastic	2	Chivas Regal Whisky
Crown Royal	1995	Plastic	2	Crown Royal Whisky
Ciroc Heavy	2002	Plastic	2	Ciroc Whisky
	2002	Plastic	7	Vodka bottle
Water Imperia	2003	Plastic	5	Roust
Xellent Vodka	2005	Plastic	3	Diwisa
Drambuie	2009	Plastic	2	Drambuie
Mamuth Vodka	2009	Plastic	2	Mamont
Windsor 21	2010	Plastic	8	Diageo
Chairman Reserve	2011	Plastic	3	Edrington
Gordon Highlanders	2011	Plastic	1	Grant's

Standard/Aluminum closures product line

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

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

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

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

	Component material	Number of components	Key end-products
Spring	Aluminum and plastic	3	San Pellegrino Mineral Water, Fonte Tavina
30×35	Aluminum	2	Ballantine's, J&B
31, 5×24	Aluminum	2	Vermouth Martini
31, 5×50	Aluminum	2	Amaro Ramazzotti
30×60	Aluminum and plastic	2	Wine, Bacardi rum
35×24	Aluminum and plastic	3	Olive oil products
31, 5×44	Aluminum and plastic	2/3	Spirit, vinegar producers and Campari

In 2010, we sold approximately 7 billion standard/aluminum closures, representing approximately 39% of our net revenues.

Winecap closures product line

Aluminum screwcap closures for wine are easy to open and convenient to store as well as lower cost than traditional cork closures. As a result, demand for aluminum winecap closures is growing, and such closures can currently be found on approximately 15% of all bottled wine worldwide. We offer one of the largest ranges of aluminum closures to the wine industry. Winecaps are becoming an increasingly popular alternative to natural and synthetic corks for bottled wine as winecaps are not susceptible to natural cork taint issues and, therefore, do not create a risk of spoiling the wine contained in the bottle.

Flat coated and printed aluminum sheets are pressed to produce the closure shell, which is then finished to meet the customer's needs through the use of printing machines. Our key winecap products include the classic "Divinum", a roll-on winecap closure, designed to prevent leakage and maintain the quality, freshness and full flavor of the wine. Decoration can be applied on the sides and/or on the top of the closure. Our "WAK" closure is a patented wine closure which conforms to the traditional shape of the wine overcap but, at the same time, offers the latest technologies: the thread is not visible from the outside but is inserted into a long aluminum shell, first screwed onto the bottle neck and then tucked under a standard winecap bottle neck offering a more "premium" look. The other patented innovative closure for wine is the Roll on Tamper Evident, where a plastic ring is inserted into an aluminium shell, and, once opened, a coloured Tamper Evident band appears—a first level of distinction and protection to the wine producer and consumer.

In 2010, we sold approximately 1 billion winecap wine closures, representing approximately 13% of our net revenues.

Pharmaceutical product line

Pharmaceutical products have been introduced as a new business line following the acquisition of Pharma Trade S.r.l. in August 2009. The entry into the pharmaceutical closures market represents a strategic move for us into a complementary market segment, with many of the same characteristics as the spirits market (e.g. complex production, safety and anti-counterfeit requirements, specialized customer base). Our clients in this sector require safety, quality and reliability, requirements similar to those of our spirits closures customers. We ensure that our pharmaceutical products are in line with Good Manufacturing Practice standards and ISO 9001 by producing them with technologically advanced equipment to provide a greater guarantee to our customers. Our key pharmaceutical products include aluminum and PET closures (tear off/flip-off/child proof), rubber stoppers, PET vials, and Bottle ring neck bottles.

In 2010, we sold approximately 450 million pieces of pharmaceutical closures, representing approximately 1% of our net revenues.

PET division

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

The PET division is a non-core business. We have recently closed down our operations in Italy and rationalized our activities in India and Spain.

In 2010, PET division sales represented approximately 2% of our net sales.

Principal customers

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

The customers of our standard aluminum closures product line include some of the key spirits producers, producers of mineral water such as Nestle (i.e. San Pellegrino), olive oil such as Carapelli Unilever and vinegar such as the Ponti Group. The major customers of our winecap closures are a number of major wine producers such as Constellations, Pernod, Casella wines, Castel, Concha y Toro, Antinori, Torres.

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

In certain cases, we participate in public bidding processes, for example, to supply state-owned distilleries in Colombia.

Our top five closures customers in 2010 were (in alphabetical order) Bacardi-Martini, Brown-Forman, Diageo, Pernod Ricard and United Spirits. Together, they represented about 30% of our net revenues in 2010. However, no one brand represents more than 3% of our 2010 net revenue.

Competition

We are active in the design and production of safety closures for spirits and standard closures for spirits, wine and pharmaceutical products on a worldwide basis. Our competition in the safety closures market is limited because of the bespoke nature of our products and our long-standing relationships with customers. We face more competition in the markets for standard and winecap closures because of the commoditization of these products. We are also actively engaged in the European aluminum closures market (for end products such as mineral water, fruit juice, beer and CSD) and in the oil and vinegar market segments in Spain and Italy. Since 2009 we have been active in the pharmaceutical closures market in Europe.

We believe that as of December 31, 2010, we held a 60% global market share by volume of the safety closures manufactured for spirits.

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

The following table lists the geographical area, type of product and our main competitors for each of the segments in which we operated for 2010.

Market sector	Location	Product	Main competitors
Spirits	World	Safety and aluminum closures	GCS, Amcor DGS Torrent, Alplast
Non-alcoholic beverages	Europe	Aluminum closures	C.S.I., DGS
Wine	World	Aluminum closures	Amcor
Oil and vinegar	Italy and Spain	Aluminum closures	Torrent S.A., Astro
Pharmaceuticals	World	Aluminium closures	West Pharma, Helvoet

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

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

Marketing and sales

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

Participation at annual trade fairs for spirits and wines industries is another important means of keeping in contact with customers, particularly in the earlier stages of our entrance into a market, when we have lower brand awareness and limited access to the market, for example, when we originally entered China, Russia, Mexico, New Zealand and the United States.

Raw materials and suppliers

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

The majority of our purchases of plastic resins are made on the basis of purchase orders from a number of leading European and world producers. Our raw materials are primarily sourced locally. Our key plastic resins suppliers for our European production facilities are located in Italy, France, Germany and Belgium. The majority of the plastics resins used in production are low and high density polyethelene, polystyrene, polypropylene and polycarbonate. Approximately 10% of our purchases of plastic resins are made on the basis of long-term supply requirements contracts. Our supply requirements contracts with our principal suppliers set out the terms of payment, delivery schedules and the criteria for determining any price and volume discounts (usually conditional upon us meeting specified purchase targets). Our supply contracts also provide for adjustments of prices depending on periodic increases or decreases in plastic resins prices which, in turn, change on a weekly basis, except in the case of polycarbonate, the price of which is generally set for periods of several months.

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

Since most of our closures division sales are made on the basis of contracts which fix our sales prices for the term of each contract (generally a year) or are otherwise made pursuant to purchase orders that do not link sales prices to increases in the cost of raw materials, our closures division margins are exposed to the risk of fluctuations of the prices of raw materials. In order to mitigate our exposure to such risks, we select our suppliers very carefully. We also continually seek to implement innovative product and process solutions aimed at reducing consumption of raw materials. Additionally, in respect of aluminum, we use hedging instruments to reduce our exposure to price fluctuations. We typically purchase aluminum based on contracts that set prices by reference to the aluminum quotations on the London Metal Exchange in U.S. dollars, which are converted into euros at the average exchange rate at the month of purchase. We seek to reduce our exposure to the risks associated with aluminum price fluctuations by entering into forward contracts with brokers operating on the London Metal Exchange, whereby we purchase aluminum at a fixed price to protect our operating margins from price volatility. Our forward hedging transactions currently cover approximately 40% of our estimated 2011 aluminum needs. We have not to date entered into similar hedging arrangements in respect of plastic price fluctuations, because such arrangements are not currently available in the market.

Manufacturing process

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

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

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

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

Quality control

All of our closures division production facilities have been ISO 9001-certified, which requires compliance with a set of shipping, trading and technology standards promulgated by the International Organization for Standardization ("ISO").

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

The closures division operates an advanced quality assurance process to improve the quality performance of all our facilities. Qualified staff at each production site carry out tests on raw materials, processes and end-products to improve quality and adopt corrective or preventive measures to ensure a high level of efficiency throughout our production chain. These processes include the use of statistical process control and we involve our employees in on-going monitoring activities. We believe that this approach to quality control increases employee participation and provides necessary training at all levels. The staff assigned to this task take an active part in the development and modernization of our production facilities. We monitor the quality of our finished products to ensure that our products fully meet our customers' requirements.

We believe that our quality assurance practices are critical to improving our internal processes and the service we provide to customers.

In addition to our internal quality control operations, customers are offered the opportunity to send their personnel to our closures division facilities periodically to verify the quality of our products and the production process. Those of our facilities that manufacture products for the mineral water and pharmaceuticals markets also meet stringent requirements regarding facility hygiene.

Research and development

We believe that continuous product innovation is very important to our success. We devote significant resources to our research and development activities. The main focus of our research and development activities is on the development and delivery of products that address the quality requirements and design preferences of our customers, as well as increasing demand by identifying and implementing technical solutions that are more likely to result in innovative products. We also concentrate on standardizing functional components and on developing processes that reduce our operating costs.

Our principal research and development center is located in Alessandria, Italy. It comprises workshops and dedicated laboratories, collaborates on a regular basis with specialized external research centers, such as universities and private laboratories, and coordinates the operations of our other research centers in Scotland, China, India and Mexico. Our research and development structure consists of engineers, product and mold designers, and product and project managers. As of December 31, 2010 our research and development centers employed a staff of 28 people.

The goals of our research and development activities are as follows:

- identifying innovative solutions that maximize the productivity and flexibility of our production facilities;
- researching innovative solutions for the treatment of plastic or aluminum to enhance their aesthetic features;
- designing and extending our product portfolio based on our customers' requirements. To facilitate this process and to increase the chances of market acceptance of our products, we encourage ongoing exchanges of ideas with customers, machinery manufacturers and sales and service personnel. Discussions with our customers have enabled us to identify new product opportunities and to develop improved models. We have also designed and manufactured components expressly requested by our customers such as the 1600 closure model created specifically for Chivas Regal Whisky, which includes a number of highly customized internal and external components; and
- modernizing our existing products by adding new internal and external components to improve their functional and aesthetic features.

The laboratory analysis and design of a new model usually takes between 4 and 7 months. The time required for industrialization and production is on average between 6 and 18 months, depending to a large extent on the technical complexity of the particular product.

During the last 3 years, we have launched over 20 new products. We currently have a pipeline of several new products which are due to be launched later in 2011.

Intellectual property

We rely on a combination of patents, utility models, trade secrets, trademarks, copyrights and other intellectual property rights, non-disclosure agreements and other protective measures to protect our proprietary rights. We do not believe that any individual item of our intellectual property portfolio is material to our current business. We employ various methods, including confidentiality and non-disclosure agreements with third parties, employees and consultants, to protect our trade secrets and know-how. At the present time we are the holder of, or have lodged applications for, over 70 patents. These patents have been registered predominantly in countries in which our production facilities are located, or in countries in which our major customers are based.

Our most important products are the following: non-refillable safety closures 1331 and 1332; the Alusnap non-refillable safety closure; and the Polka non-refillable safety closure ("snap" closure). Closures 1331 and 1332 were launched in 1998 and 2001, respectively, while the Alusnap and Polka closures were launched in 2001 and 2003, respectively. The non-refillable safety closure 1031, which is also one of our most important products, was launched in 1978.

Generally, our products benefit from 20 years of patent protection from the date on which our patent application is filed. We continually seek to introduce innovative technologies, which upon registration of new patents will minimize the negative impact of the expiry of our current patents. None of our patents protecting our key revenue-generating products will expire in the near future.

To date, no third party has brought legal or administrative proceedings challenging the validity of a patent held or in the process of registration by us. Only where we have brought counterfeiting actions have third parties contested the validity of any of our patents. See "Business—Legal Proceedings" for further information.

Employees

As of December 31, 2010, we had 2,954 employees. The following table lists the number of employees we had for the years 2008, 2009 and 2010.

	As of December 31,		
	2008	2009	2010
Blue Collar	1,738	1,839	2,243
White Collar	544	462	589
Managers	106	123	122
Total	**2,388**	**2,424**	**2,954**

We believe that our relations with employees are satisfactory and we have not experienced significant strikes or work stoppages in recent years.

Production facilities

We believe that all of our facilities are well-maintained, in good operating condition and strategically located. All of our production facilities have received ISO 9001 certifications apart from our facility in Magenta, Italy which we acquired in 2010.

Our production facilities are spread over 25 production facilities in 13 different countries. This wide distribution of production activity reflects our strategy to operate in close proximity to our clients' production facilities, which we believe enables us to reduce transport and shipping costs and be highly flexible in meeting our customers' demands.

Our production facilities were designed with the aim of ensuring safe assembly and high production speed. The assembly of the machinery used in production facilities abroad is performed for safety closures and pharmaceutical closures at our headquarters in Alessandria, Italy, and at our facility in Torre d'Isola, Italy for standard closures and winery closures. Both product lines perform maintenance and modernization work at the relevant production facilities.

The maintenance of our facilities is undertaken, both in Italy and abroad, by a team of specialized technicians. They are responsible for ordinary and extraordinary maintenance operations and also carry out modernization work which normally occurs every 2 or 3 years.

The following table sets out production facilities.

Location	Square meters	Owned/leased
Spinetta Marengo, Italy	20,315	Leased[(1)]
Termoli, Italy	6,200	Owned
Magenta, Italy	8,285	Owned
Torre d'lsola, Italy	8,300	Owned
Basaluzzo, Italy	3,312	Leased
Vasto, Italy	4,400	Leased
Jerez de la Frontera, Spain	5,184	Owned
Olerdola, Spain	4,850	Leased
Alcalá, Spain	8,000	Leased
Hospitalet de Llobregat, Spain	2,215	Leased
Kirkintilloch, Scotland, UK	6,472	Leased
Sumy, Ukraine	10,307	Owned
Kazanlak, Bulgaria	19,872	Leased
Beijing, China	4,602	Leased
Goa, India	15,208	Owned
Daman, India	3,085	Leased
Braybrook, Australia	9,180	Leased
Acacia Ridge, Australia	2,700	Leased
Auckland, New Zealand	3,000	Leased
San José Iturbide, Mexico	10,353	Owned
Veracrux, Mexico	4,340	Leased
São Paulo, Brazil	5,834	Owned
Chivilcoy, Argentina	5,000	Owned
Bogotá, Colombia	3,950	Leased

Note

(1) On expiry of the finance lease in 2020, we intend to exercise the right (*diritto di riscatto*) provided therein to become the owners of this facility by paying the relative purchase option installment.

Environmental matters

Our past and present operations and ownership and use of real property are subject to extensive environmental laws and regulations in a number of jurisdictions pertaining to the discharge of materials into the environment and the handling and disposal of waste or otherwise relating to the protection of the environment. We believe that we are currently, and have been, in substantial compliance with applicable environmental laws and regulations.

Legal proceedings

We are party to various legal proceedings involving routine claims that are incidental to our business. Although our legal and financial liability with respect to such proceedings cannot be estimated with certainty, we do not believe that the outcome of these legal proceedings, individually or in the aggregate, will be materially adverse to our financial condition.

MANAGEMENT

The Issuer

The Issuer is a partnership limited by shares, organized under the laws of Luxembourg. The Issuer is managed by a general partner, namely GCL Holdings GP S.à r.l. which, within the limits prescribed by Luxembourg law and the articles of incorporation of the Issuer is vested with the broadest powers to perform all acts of administration and disposition in the Issuer's interest which are not expressly reserved by law and the articles of incorporation of the Issuer to the meeting of shareholders or the supervisory boards. The general partner shall namely have the power, on behalf and in the name of the Issuer, to carry out and implement any and all of the purposes of the Issuer and to perform all acts and enter into and perform all contracts and other undertakings that it may deem necessary or advisable or incidental thereto. Except as otherwise expressly provided, the general partner has, and shall have full authority in its discretion to exercise, on behalf of and in the name of the Issuer, all rights and powers necessary or convenient to carry out the purposes of the Issuer.

The persons set forth below are the current managers of GCL Holdings GP S.à r.l.

Name	Age	Title and Address
Gianni Ferrari	66	Manager, 18, via Casale, 15100 Alessandria, Italy
Luciano Hassan	59	Manager, 6, Piazza della Scala, Milan, Italy
Seiji Amino	47	Manager, 19-21, Boulevard du Prince Henri, L-1724 Luxembourg—Ville
Valentina Dadda	27	Manager, 19-21, Boulevard du Prince Henri, L-1724 Luxembourg—Ville
Francisco Molaro	38	Manager, 19-21, Boulevard du Prince Henri, L-1724 Luxembourg—Ville
Kunal Pandit	31	Manager, 14 Clifford Street, London, UK

The business address for GCL Holdings GP S.à r.l. is 19-21, Boulevard du Prince Henri, L-1724 Luxembourg.

Gianni Ferrari. Mr. Ferrari became a manager of the Issuer in December 2008. Mr. Ferrari has a degree in Economics from the Università Cattolica of Milano. He has worked for the Group since 1967 and in a management capacity since 1978. During this period he has worked in various positions in administrative, financial, legal and tax roles.

Luciano Hassan. Mr. Hassan became a manager of the Issuer in July 2008. For further information about Mr. Hassan see "—Guala Closures S.p.A.—Board of directors".

Valentina Dadda. Ms Dadda became a manager of the Issuer in March 2011. Ms. Dadda has a degree in Economics and Finance from Università degli studi di Parma, Italy. Ms. Dadda joined Group Intesa Sanpaolo in 2006. Since joining Intesa Sanpaolo, Ms. Dadda has worked as a corporate officer dealing mainly with the administrative management of private equity structures.

Seiji Amino. Mr. Amino became a manager of the Issuer in March 2011. Mr. Amino has a degree in Business-Economics from Sophia University (Tokyo), Japan. He has worked for Banca Commerciale Italiana Group (now Intesa Sanpaolo) since 1987. He has held his management position since 1994. Since joining Intesa Sanpaolo, Mr. Amino has held various positions in Treasury, Credit and Customer Relationship Management.

Francesco Molaro. Mr. Molaro became a manager of the Issuer in March 2011. Mr. Molaro has a degree in Business-Economics from the LUISS University in Rome, Italy. He has held various management responsibilities for Group Intesa Sanpaolo. Since joining Intesa Sanpaolo Mr. Molaro has held various positions in Asset Management and Wealth Management.

Kunal Pandit. Mr. Pandit became a manager of the Issuer in July 2008. For further information about Mr. Pandit, see "—Guala Closures S.p.A.—Board of directors".

The members of the Supervisory Board of the Issuer are Kenneth Lohsen, John Cafasso and Dominique Audia.

Guala Closures S.p.A.

The following is a summary of certain information concerning the management of Guala Closures, certain provisions of the by-laws (*statuto*) of Guala Closures and of Italian law regarding corporate governance. This summary is qualified in its entirety by reference to such by-laws and/or Italian law, as the case may be, and it does not purport to be complete.

Guala Closures is managed by a board of directors (*Consiglio di Amministrazione*) which, within the limits prescribed by Italian law, has the power to delegate its general authority to an executive committee and/or one or more managing directors. The board of directors determines the powers of the chief executive officer. In addition, the Italian Civil Code requires Guala Closures to have a board of statutory auditors (*Collegio Sindacale*) which functions as a supervisory body (see below).

Board of directors

There are presently nine members on the board of directors, all of whom were elected at the general shareholders' meeting held on April 4, 2011. These directors will remain in office until the approval by the shareholders of the financial statements for the year ended December 31, 2013.

The following table lists individuals who are the current directors of the board of Guala Closures together with their age, title and other roles they hold within the Group.

Name	Age	Title
Marco Giovannini	55	Chairman and Managing Director
Francesco Bove	53	Director and Chief Operating Officer
Anibal Diaz	57	Director and Chief Financial Officer
Luciano Hassan	59	Director
Maximilian Hofert	33	Director
Kunal Pandit	31	Director
Colin Andrew Taylor	48	Director
Aguiar Newton Xavier	47	Director
Allen Michael Yurko	60	Director

The business address for the directors of Guala Closures is via Rana, 12, Spinetta Marengo AL 15122 Italy.

Marco Giovannini. Marco Giovannini holds degrees in nuclear engineering and mechanical engineering. Mr. Giovannini has more than 24 years experience in the packaging industry. Prior to joining Guala Closures in 1998, Mr. Giovannini worked for Carnaud Metalbox (Crown Cork & Seal Group), Bormioli Rocco Group, Alluminio Italia and Fiat T.T.G. S.p.A. Mr. Giovannini serves as Chief Executive Officer and is the Chairman and Managing Director of Guala Closures. He currently also serves as a director of several companies outside of the Group, including Proplast Consortium and Ducati Motor Holding S.p.A.

Anibal Diaz. Anibal Diaz holds a degree in economics and business. Mr. Diaz has 20 years of experience in the packaging industry. Prior to joining the Guala Closures team in 2000, he held various management positions, including as controller and later as Chief Financial Officer of Carnaud Metal Box, General Manager of Carnaud Aerosols' European division and as head of the Spanish and French division at Carnaud. Mr. Diaz serves as Chief Financial Officer of Guala Closures.

Luciano Hassan. Luciano Hassan holds a business degree from the University of Bocconi (Milan). Mr. Hassan also is a Director of Private Equity in Merchant Banking at Intesa Sanpaolo S.p.A . He has previously served as vice-director of Credit Lyonnais, Second Vice-President for The Chase Manhattan Bank, manager and Senior Director for Continental Bank N.A. and manager at National Westminster Bank.

Francesco Bove. Francesco Bove holds a business degree from Marquette University. He also earned a masters in business administration from Thunderbird Business School. Mr. Bove joined the Guala Closures team in 1999 and has 24 years of experience in the packaging industry. Prior to joining

Guala Closures, Mr. Bove was Vice President of European Operations at Pechiney/Nacanco's canned beverage division. Mr. Bove currently serves as Chief Operating Officer of Guala Closures.

Maximilian Hofert. Maximilian Hofert is a Vice President of DLJ Merchant Banking Partners. Prior to joining DLJ Merchant Banking Partners in 2005, Mr. Hofert worked within the Investment Banking Division of Credit Suisse. Mr. Hofert holds a Masters Degree in Business and Economics from the University of Mannheim and an M.B.A. from the Ecole Supérieure des Sciences Economiques et Commerciales (ESSEC) in Paris. Mr. Hofert serves as member of the board of directors of Guala Closures S.p.A. He also serves as a member of the supervisory boards of Grohe Beteiligungs GmbH, Grohe AG and Grohe Asia AG as well as on the boards of directors of Glacier G.P., Inc., Glacier Shareholders, Inc. and Education Travel Group.

Kunal Pandit. Kunal Pandit holds an economics degree from Cambridge University. He also earned a masters in business administration from the Wharton Business School. Mr. Pandit joined Avista Capital Partners in 2010. Prior to joining Avista Capital Partners, Mr. Pandit was at DLJ Merchant Banking Partners from 2007 through 2010 and at Lehman Brothers from 2001 through 2005.

Colin Taylor. Colin Taylor is a partner, Managing Director and co-head of DLJ Merchant Banking Partners. He is a member of DLJ Merchant Banking Partners' Investment and Operating Committees and is also a member of the Credit Suisse Asset Management EMEA Operating Committee. Mr. Taylor joined Credit Suisse/DLJ Merchant Banking Partners in 1990, starting in Credit Suisse's investment banking division and later joining the private equity group. Prior to joining Credit Suisse, Mr. Taylor worked for IBM as a systems engineer, marketing representative and financial controller. Mr. Taylor received a Bachelor of Commerce degree with honours from Queen's University in Canada in 1984 and an M.B.A. from Harvard Business School in 1990. Mr. Taylor serves as member of the board of Guala Closures SpA. Mr. Taylor is, or has been, a director of several other private companies, including, Nycomed Luxco S.A., Education Travel Group, Neuf Cegetel, Gala Group Limited and Safilo S.p.A.

Newton Xavier Aguiar. Newton Aguiar holds a BSc in Chemistry from McGill University in Canada and a masters in business administration from the Kellogg Graduate School of Management, Northwestern University. Mr. Aguiar joined Avista Capital Partners in 2010. Prior to joining Avista Capital Partners, Mr. Aguiar was a Partner of DLJ Merchant Banking Partners. He was previously a Partner at Triton. He has also worked at Advent International, Alex. Brown & Sons and Millipore Corporation. Mr. Aguiar currently also serves on the board of Nycomed.

Allen Michael Yurko. Allen Yurko holds a Bachelors of Business from Lehigh University and a masters in business administration from Baldwin-Wallace College. Mr. Yurko joined Avista Capital Partners in 2010. Prior to joining Avista Capital Partners, Mr. Yurko was the European Industrial Partner of DLJ Merchant Banking Partners. Prior to that, Mr. Yurko was an Operating Partner and Director at Compass Partners. Previously, Mr. Yurko served as CEO of Invensys Plc and has also worked at Siebe Plc, Eaton Corporation, Joy Manufacturing Company. Mr. Yurko currently also sits on the board of AAG.

Powers and responsibilities

Pursuant to the by-laws of Guala Closures, the management of the company's business is the exclusive responsibility of the directors, who may perform all acts that they consider necessary for the achievement of the company's corporate purpose, except for those actions reserved by law or the by-laws for the shareholders' meeting. In particular, the board of directors has the ability to take all actions it deems appropriate to achieve the objectives of the company. Subject to the limitations of applicable Italian law, the board may delegate its powers to an executive committee and/or one or more directors. Currently, the board has not exercised its right to appoint an executive committee.

Pursuant to the by-laws, meetings of the board of directors require a quorum of the majority of directors. Resolutions are adopted by a simple majority of directors present at the meeting.

The chairman of the board of directors, as well as the chief executive officer, within the limit of the powers granted to it, have the power to bind the company in dealings with third parties and to represent it in court proceedings.

Senior management

The following table lists the principal managers of the Group.

Name	Year of birth	Title
Marco Giovanini	1956	Chairman and Managing Director
Francesco Bove	1958	Chief Operations Officer
Anibal Diaz	1953	Chief Financial Officer
Paolo Ferrari	1956	Marketing Director

See also "—Guala Closures S.p.A.—Board of Directors" for biographies of Anibal Diaz, Marco Giovanini and Francesco Bove.

Paolo Ferrari. Paolo Ferrari holds a degree in mechanical engineering from the Polytechnical Institute of Milan. He joined Guala Closures in 1981 and has held various management positions prior to his appointment both as head of product development and as head of international development operations for Guala Closures. He currently serves as director of marketing and MFA.

Compensation

For the year ended December 31, 2010, Guala Closures paid its board of directors and senior management aggregate remuneration and other benefits of approximately €2.2 million. See "Principal Shareholders—Management Incentive Agreements."

Board of statutory auditors

General

Pursuant to applicable Italian law, Guala Closures has appointed a board of statutory auditors (*Collegio Sindacale*) whose objective is to oversee the company's compliance with the law and with its by-laws, verify its adherence to good principles of administration, and assess the adequacy of the internal controls and accounting reporting systems at the company, as well as the adequacy of provisions concerning the supply of information to its subsidiaries.

Members of the board of statutory auditors are appointed by the shareholders of the company at ordinary shareholders' meetings for a three-year term expiring on the date of the ordinary shareholders' meeting called to approve the financial statements for the third financial year of their term. At least one of the auditors and one of the alternate auditors must be selected among legal auditors registered with the relevant special registry. Members of the board of statutory auditors may be removed only for a valid reason and with the approval of an Italian court. The term of office of the present members of the board of statutory auditors is scheduled to expire upon the ordinary shareholders' meeting called to approve the company's financial statements for the year ended December 31, 2013.

There are presently three auditors and two alternate auditors on the board of statutory auditors for the company.

The following table lists individuals who are current members of the statutory board of auditors for Guala Closures elected on April 4, 2011, together with their age, title and other roles they hold within the Group. They will remain in office until approval by the shareholders of the financial statements for the year ended December 31, 2013.

Name	Age	Title
Maurizio Salom	57	Chairman
Roberto Zanfini	50	Auditor
Roberto Gianelli	53	Auditor
Mauro Messi	33	Alternate Auditor
Marco Baccani	66	Alternate Auditor

The business address for each of the members of Guala Closures board of statutory auditors is via Rana, 12, Spinetta Marengo AL, 15122, Italy.

For the year ended December 31, 2010, Guala Closures paid its board of statutory auditors €31,000.00 in aggregate.

PRINCIPAL SHAREHOLDERS

Issuer

As of April 11, 2011, the Issuer had outstanding share capital of €128,778.75, divided into 36,095 Class A shares, 5,116 Class B limited shares, 61,819 preferred shares and one management share. Class A shares and preferred shares entitle the holders to one vote per share. Class B shares are non-voting.

The table below sets forth the beneficial owners and the percentages held of the Issuer's Class A shares and preferred shares and Class B shares as of April 11, 2011.

Name of beneficial owner	Class A Shares and Preferred Shares Percentage	Class B Shares Percentage
DLJ Merchant Banking Funds(1)	58.0%	
Intesa Sanpaolo S.p.A.(2)	19.6%	
Management(3)	11.7%	100%
HVB Capital Partners AG(4)	10.8%	—
Total	**100%**	**100%**

(1) DLJ Merchant Banking Funds are investment funds and entities that are controlled, directly or indirectly, by DLJ MB, LLC, and are currently the beneficial owners of 58.0% of the Issuer via their indirect ownership of 35.0% of GCL Holdings L.P. S.à r.l. a limited liability company organized under the laws of Luxembourg. Certain other investors own minority investments in a partnership through which certain of the DLJ Merchant Banking Funds have made their investment in GCL Holdings L.P. S.à r.l., which company is controlled by the DLJ Merchant Banking Funds and thus DLJ MB, LLC. Voting and investment control over the indirect investments in the Issuer by all of the foregoing entities are exercised by an investment committee of DLJ MB, LLC. The composition of the investment committee may change from time to time, but is currently comprised of five individuals. The individuals serving on such investment committee from time to time disclaim beneficial ownership of the shares, except to the extent of their direct pecuniary interest therein.

(2) Intesa Sanpaolo S.p.A. ("Intesa") controls an ultimate beneficial voting interest of 19.6%, via participation in GCL Holdings L.P. S.à r.l.

(3) Management owners include Marco Giovannini, Francesco Bove, Anibal Diaz, Gianni Ferrari, Paolo Ferrari, other managers of the Issuer or its subsidiaries and their related parties who hold participations in GCL Holdings L.P. S.à r.l.

(4) HVB Capital Partners AG's right to vote its shares is subject to the shareholders agreement as described below.

DLJ Merchant Banking Partners is the private equity investment arm of Credit Suisse. Credit Suisse, through its Asset Management division, is a leading provider of alternative investment solutions and manages in excess of $29 billion of private equity assets. DLJ Merchant Banking Partners has been one of the most successful private equity funds having invested approximately $12 billion in over 170 investments across a broad range of industries.

Intesa Sanpaolo Merchant Banking is a part of the Corporate and Investment Banking Division of Intesa Sanpaolo and has been one of the most active participants in the Italian private equity industry since the 1990s. Intesa Sanpaolo Merchant Banking has invested approximately $3 billion in private equity, development capital and venture capital investments. In the last four years, Intesa Sanpaolo Merchant Banking has executed over 40 new investments.

GCL Holdings G.P. S.à r.l.

GCL Holdings G.P. S.à r.l. ("GP") is the vehicle that holds the management share of the Issuer. It is a wholly-owned subsidiary of GCL Holdings L.P. S.à r.l.

GCL Holdings L.P. S.à r.l.

GCL Holdings L.P. S.à r.l. ("LP") is the investment vehicle through which DLJ Merchant Banking Funds and their co-investors, Intesa and certain members of management have invested in the Issuer.

Guala Closures

Guala Closures S.p.A. is a wholly-owned subsidiary of GCL Special Closures S.r.l., which in turn is a wholly-owned subsidiary of the Issuer.

Shareholders Agreements

The principal shareholders have entered into several agreements to govern their commercial relations and matters related to control of the Issuer.

A memorandum of understanding ("MoU") among Intesa, DLJ MB LLC and the DLJ Merchant Banking Funds provides, among other things, that certain actions, including but not limited to, amendments to the articles of association of the Issuer, GCL Special Closures S.r.l. and Guala Closures, merger and demerger transactions, removal of directors and certain distributions of dividends by the Issuer, GCL Special S.r.l. or Guala Closures, shall require the favorable vote of both the DLJ Merchant Banking Funds and Intesa.

The shareholders' agreement among LP, HVB Capital Partners AG ("HVB"), DLJ MB, LLC, the Issuer and various subsidiaries of the Issuer include the following terms: (i) HVB has agreed to vote its Class A shares of the Issuer in accordance with the direction of with DLJ MB, LLC (except in certain limited circumstances), (ii) each shareholder of the Issuer is subject to certain restrictions on transferring any shares of the Issuer and (iii) preemptive rights allowing each shareholder the right to subscribe to any new shares issued by the Issuer *pro rata* to their respective shareholding proportion.

Management Incentive Plans

Class B shares of the Issuer are 100% owned by members of the management of the Issuer. They are currently non-voting, although upon the sale by LP of a controlling stake in the Issuer any holder of Class B shares shall have its Class B shares converted into Class A shares. Several of the key managers of the Issuer have entered into management incentive agreements and management loan agreements with LP, HVB and GP whereby they have obtained loans to purchase Class B shares of the Issuer in each of 2008, 2009, 2010 and 2011. These agreements provide for the pro quota waiver of repayment obligations of such loans under certain conditions.

RELATED PARTY TRANSACTIONS

We enter into transactions with certain related parties or our affiliates (as defined in the U.S. Securities Act) from time to time and in the ordinary course of our business. All such related party transactions to date have been approved or ratified by our Board of Directors. Set forth below is a list of certain of our material related party transactions.

Senior Credit Facilities and Mezzanine Credit Facility

UniCredit Bank AG, an affiliate of one our shareholders, and/or its affiliates is a lender under our Mezzanine Credit Facility and our Senior Credit Facility. The proceeds from the issuance of the Notes in this offering will be used by us to repay existing indebtedness, including the full outstanding amount of the Mezzanine Credit Facility and a portion of the Senior Credit Facility.

Information on Intesa Sanpaolo S.p.A.'s conflicts of interest

- Banca IMI S.p.A. ("Banca IMI"), one of the Joint Bookrunners, is a wholly-owned subsidiary of Intesa Sanpaolo S.p.A., the parent company of the Intesa Sanpaolo Group.
- Banca IMI receives fees, commissions and expenses reimbursement for the issue of the Notes.
- Intesa Sanpaolo S.p.A. has a beneficial ownership of 19.6% in the Issuer.
- Intesa Sanpaolo S.p.A. has elected one member of the Board of Managers of GCL Holdings LP S.à.r.l., a shareholder of the Issuer, one member of the Board of Managers of GCL Holdings GP S.à.r.l., one member of the Board of Directors and two members of the Board of Statutory Auditors of GCL Special Closures S.r.l., as well as one member of the Board of Directors and two members of the Board of Statutory Auditors of Guala Closures, which are affiliates and/or subsidiaries of GCL Holdings LP S.à.r.l.
- Intesa Sanpaolo S.p.A., also through its subsidiaries Banca IMI, Leasint S.p.A. and Mediofactoring S.p.A. are lenders of the Group. In particular, Banca IMI is lender under the Mezzanine Credit Facility and the Senior Credit Facilities. The proceeds from the issue of the Notes in this offering will be used to repay existing indebtedness, including the full outstanding amount of the Mezzanine Credit Facility and a portion of the Senior Credit Facilities. See also "Related Party Transactions".
- The Issuer and Guala Closures have entered into interest rate swaps with Intesa Sanpaolo S.p.A. to hedge the Mezzanine Credit Facility and the Senior Credit Facilities. The Group's intention to use part of the offering proceeds to reduce its credit exposure may imply the payment to Intesa Sanpaolo S.p.A. of the costs, if any, arising from the potential unwinding (partial or total) of such swaps.

The Intesa Sanpaolo Group have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer, the Guarantors and their affiliates in the ordinary course of business.

The DLJ Merchant Banking Funds

The DLJ Merchant Banking Funds are affiliated with Credit Suisse International, Credit Suisse Securities (Europe) Limited and Credit Suisse AG, London Branch. Credit Suisse Securities (Europe) Limited is acting as an Initial Purchaser for the Offering. This entity will be paid customary fees.

Both of DLJ Merchant Banking Funds and Credit Suisse Securities (Europe) Limited, or their respective affiliates, have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer, the Guarantors and their affiliates in the ordinary course of business.

Merrill Corporation, an affiliate of the DLJ Merchant Banking Funds, provided and provides us printing and other financial reporting services for which it has been and will be paid customary fees.

Tax Consolidation Agreement

Guala Closures, Creative GCL S.r.l. and Pharma Trade S.r.l. participate in the national tax consolidation scheme headed by the parent, GCL Special Closures S.r.l. The option has been exercised for the tax years ending December 31, 2009, 2010 and 2011.

Pension Fund

A pension fund for employees of the former Metal Closures Ltd (now Guala Closures UK Ltd) is managed by Metal Closures Group Trustees Ltd.

DESCRIPTION OF OTHER INDEBTEDNESS

The following is a summary of the material terms of our principal financing arrangements. The following summaries do not purport to describe all of the applicable terms and conditions of such arrangements and are qualified in their entirety by reference to the actual agreements. We recommend you refer to the actual agreements for further details, copies of which are available upon request.

Senior Credit Facilities

The Issuer entered as guarantor in a Senior Facilities Agreement originally dated October 10, 2008, as subsequently amended and restated on April 19, 2010 and amended on June 29, 2010 and on April 8, 2011 with Unicredit Bank AG, Milan Branch for the original purpose of acquiring Guala Closures. Guala Closures S.p.A. and GCL Special Closures S.r.l. are the original borrowers under the Senior Credit Facilities. In addition, certain members of the Group are guarantors under the Senior Credit Facilities, each guaranteeing, subject to certain limitations, the obligations of each borrower and guarantor thereto (all such borrowers and guarantors together the "Obligors").

Structure

The Amended Senior Credit Agreement provides for senior facilities of up to €343,200,000, comprising the following:

(a) three term loan facilities:

  (i) Term Loan A was able to be drawn in euro, U.S. dollars, GBP or Australian dollars and as at April 11, 2011 was drawn for a base currency amount of €83.9 million;

  (ii) Term Loan B was able to be drawn in euro, U.S. dollars, GBP or Australian dollars and as at April 11, 2011 was drawn for a base currency amount of €82.3 million;

  (iii) Term Loan C was able to be drawn in euro, U.S. dollars, GBP or Australian dollars and as at April 11, 2011 was drawn for a base currency amount of €82.3 million)

(b) an acquisition and capex facility of up to €60 million (which may be drawn in euro or any optional currency and as at the date on which the Amended Senior Credit Agreement is effective, is undrawn; and

(c) a Revolving Credit Facility of up to €40 million (which may be drawn in euro or any optional currency and as at and as at April 11, 2011 was drawn for a base currency amount of €10 million).

The amendment and restatement agreement dated April 8, 2011 provides that on and from the date on which the Senior Facilities Agreement is restated, the Acquisition/Capex Facility will be prepaid in full and the commitments reinstated in the amounts referred to above.

Purpose

The proceeds of all the amounts borrowed under Term Loan A, Term Loan B and Term Loan C were used to refinance directly or indirectly the existing financial indebtedness of Guala Closures, the costs and expenses incurred in connection with such refinancing, the implementation of the reorganization and debt pushdown and refinancing certain Australian local facilities.

The Revolving Credit Facility was available to refinance amounts outstanding under certain existing revolving and working capital facilities. The Amended Senior Credit Agreement provides that it is available for working capital and general corporate purposes and refinancing outstandings under any ancillary facility.

The Amended Senior Credit Agreement provides that the Acquisition/Capex Facility is available for certain permitted acquisitions (including the DGS Acquisition), permitted capital expenditure and the payment of properly incurred and duly documented fees, commissions, costs and expenses incurred in connection with such permitted acquisitions.

A commitment fee is payable on the available but unused amount of the Revolving Credit Facility, calculated as a percentage rate per annum equal to 0.75 per cent. per annum. A commitment fee is payable on the available but unused amount of the Acquisition/Capex Facility, calculated as a percentage rate per annum equal to 40% of the applicable margin. The commitment fee is payable quarterly in arrear.

Interest

The interest rate under the Senior Credit Facilities is LIBOR or EURIBOR, as appropriate, plus mandatory costs and a margin initially set at 3.00% per annum for the Term Loan A and the Revolving Credit Facility, 3.50% per annum for the Term Loan B, and 4.00% per annum for the Facility C Loans. The Amended Senior Credit Agreement provides the Acquisition/Capex Facility will be 4.50% per annum. The margins on the Term Loan A Loans, the Term Loan B Loans and the Revolving Credit Facility are reviewed quarterly and may be adjusted (but will never exceed the initial margin) if the Group (as defined in the Amended Senior Credit Agreement) attains a Leverage Ratio (ranging from less than 4.50 to 1 but greater than 4.00 to 1 to less than 3.50 to 1), to a minimum margin of 2.25% per annum for the Term Loan A and Revolving Credit Facility and 3.25% for the Term Loan B Loans.

The amendment and restatement agreement dated April 8, 2011, provides that the Revolving Credit Facility can be drawn to finance the DGS Acquisition. If this utilisation occurs, the margin applicable to the Revolving Credit Facility will increase to 3.75% per annum unless Revolving Credit Facility loans in an amount at least equal to such utilisations are prepaid in full on or prior to the date falling four months after the date of the DGS Acquisition. If the Revolving Credit Facility is used to finance the DGS Acquisition, a consent fee is payable in an amount equal to 3% of the amount of Revolving Credit Facility utilised for that purpose.

Repayment

The Amended Senior Credit Agreement provides that: (a) each Term Loan A matures on the September 26, 2015; (b) each Term Loan B matures on the September 26, 2016; (c) each Term Loan C Loan matures on the September 26, 2017; and (d) the Acquisition/Capex Facility matures on September 26, 2017.

Term Loan A is payable in semi-annual instalments starting on September 30, 2011 with the final instalment payable on September 26, 2015. The Acquisition/Capex Facility is payable in semi-annual instalments starting on September 30, 2014 and ending on September 26, 2017.

Loans under the Revolving Credit Facility must be repaid in full on the earlier of the September 26, 2015 and the date on which the Term Facilities are repaid in full. Amounts repaid by the borrowers in respect of loans made under the Revolving Credit Facility may be re-borrowed, subject to certain exceptions.

Guarantees and Security

The Senior Credit Facilities are secured by, (i) a Guala Closures S.p.A. guarantee of up to a maximum amount of approximately €700,000,000 (but limited in accordance with Italian Law) and an Issuer guarantee limited in accordance with Luxembourg law; (ii) a first priority share pledge given by GCL Special Closures S.r.l. over the shares of Guala Closures S.p.A.; (iii) a first-ranking pledge of Guala Closures intellectual property rights; (iv) an assignment of GCL Special Closures S.r.l.s intercompany loan receivables; (v) a special lien, or "*privilegio speciale*" granted by Guala Closures S.p.A.; (vi) a first ranking share pledge given by Guala Closures S.p.A. over the shares of Guala Closures International B.V.; (vii) a first ranking share pledge given by Guala Closures International B.V. over the shares of Guala Closures Ibérica S.A.U.; (viii) a first ranking share pledge given by Guala Closures International B.V. over the shares of Guala Closures UK Limited; (ix) a first ranking share pledge given by Guala Closures International B.V. over the shares of Guala Closures Patents B.V.; (x) a first ranking share pledge given by Guala Closures International B.V. over the shares of Guala Closures China B.V.; (xi) a first ranking share pledge given by Guala Closures International B.V. over the shares of Guala Closures Orient B.V.; (xii) a first ranking share pledge given by Guala Closures International B.V. over the shares of Guala Closures Australia Holdings Pty Ltd; (xiii) a first ranking share pledge given by Guala Closures International B.V. over the shares of Guala Closures New Zealand Limited; (xiv) a first ranking share pledge given by Guala Closures International B.V. over the shares of Guala Closures Ukraine LLC; (xv) a first ranking share pledge given by Guala Closures Australia Holdings Pty Ltd over the shares of Guala Closures Australia Pty Ltd; (xvi) a first ranking share pledge given by Guala Closures International B.V. over the shares of Guala Closures de Mexico S.A. de CV; (xvii) a first ranking share pledge given by Guala Closures

International B.V. over the shares of Guala Closures do Brasil Ltda; (xviii) a first ranking share pledge given by Guala Closures International B.V. over the shares of Guala Closures de Colombia Ltda; (xix) a first ranking share pledge given by Guala Closures China B.V. over the shares of Beijing Guala Closures Ltd; (xx) a first ranking share pledge given by Guala Closures Orient B.V. over the shares of Guala Closures India pvt Ltd (xxi) a fixed and floating security over the assets of Guala Closures Australia Pty Ltd; (xxii) a first ranking pledge granted by the Issuer over its rights in relation to the Funding Loan between the Issuer and Guala Closures International B.V. in respect of the Notes and (xxiii) a first-ranking pledge of certain intellectual property rights of Guala Closures Patents B.V.

In addition, further guarantees were provided by Guala Closures International B.V., Guala Closures Patents B.V., Guala Closures China B.V., Guala Closures Orient B.V., Guala Closures Ibérica S.A.U., Guala Closures UK Limited, Guala Closures Australia Holdings Pty Ltd, Guala Closures Australia Pty Ltd, Guala Closures New Zealand Limited and Guala Closures do Brasil Ltda.

In addition, (i) Guala Closures S.p.A. is required to ensure a guarantor coverage which provides that all times the Consolidated EBITDA represented by those subsidiaries giving guarantees under the Amended Senior Credit Agreement or who is not a guarantor but whose shares or ownership interests are subject to security in favor of the senior lender represents at least 60% of the Consolidated EBITDA of the Guala Closures Group (as defined in the Amended Senior Credit Agreement); and (ii) further guarantees are provided by any subsidiary (other than specifically designated excluded entities) of the Issuer if acquired by using the Acquisition/Capex Facility if its gross assets or pre-tax profits exceed 5.0% of the gross assets or Consolidated EBITDA of the Guala Closures Group provided that no subsidiary shall be required to provide such guarantees (and such subsidiary shall be excluded from the guarantor threshold calculations) if prevented by law or contractual restriction, subject to using all reasonable endeavors to avoid such restriction.

Prepayment

The Amended Senior Credit Agreement allows for voluntary prepayments, and requires mandatory prepayment in full or in part, in certain circumstances. These include (inter alia):

- subject to certain exceptions, 65% of excess cash flow as calculated under the Amended Senior Credit Agreement for each financial year, which percentage may reduce to 0% if certain levels of the Leverage Ratio are met;
- subject to certain exceptions, the disposal of certain assets equal to or greater than €2 million other than to the extent that such proceeds are not reinvested within 12 months (or committed to be so applied within 12 months and actually applied within 18 months) of such disposal;
- a change of control or a sale of all or substantially all of the assets of the Guala Closures Group; and
- subject to certain exceptions, an initial public offering of shares of Guala Closures S.p.A. or GCL Special Closures S.r.l.

In the case of the third bullet above, only 50% of the proceeds will be required to be prepaid to the extent that the Leverage Ratio is greater than on equal to 3.00:1.00 but less than 3.50:1.00 and no repayment will be required to the extent that the Leverage Ratio is less than 3.00:1.00.

Covenants, Representations and Warranties and Events of Default

The Amended Senior Credit Agreement contains representations and warranties and undertakings common to facilities of this type and includes customary operating and financial covenants, subject to certain agreed exceptions, including covenants that restrict Guala Closures S.p.A.'s ability and the ability of Guala Closures S.p.A.'s subsidiaries to:

- create or permit to subsist any encumbrances;
- sell or dispose of their assets;
- substantially change the nature or scope of their business;
- merge with other companies;
- permit to subsist any loans or grant credit;

- incur or have outstanding certain borrowings, guarantees, loans or hedges;
- make certain acquisitions or investments;
- declare or pay certain dividends or make certain other distributions to our shareholders;
- make variations to the transaction documentation or investment documentation; and
- make certain share redemptions.

In relation to the repayment of debt, the Amended Senior Credit Agreement prohibits payments of amounts outstanding under or relating to (i) Notes subject to certain exceptions as permitted by the Finance Documents.

In relation to distributions, the Amended Senior Credit Agreement contains restrictions, subject to certain exceptions, on Guala Closures S.p.A. declaring, making or paying any dividends, repaying or distributing any share premium reserve or paying any management or other advisory fees. Notwithstanding these restrictions, Guala Closures S.p.A. may make certain payments and distributions as further described in the Finance Documents.

Guala Closures S.p.A.'s financial and operating performance is monitored by a financial covenant package that requires it to maintain certain ratios of Consolidated EBITDA to Net Cash Interest Expenses (beginning at a ratio of 1.90:1.00 at March 31, 2011 to 3.95 to 1.00 at September 2017), Total Net Borrowings to Consolidated EBITDA (beginning at a ratio of 6.35:1.00 at 31 March 2011 to 2.80:1.00 at September 30, 2017), Consolidated Cash Flow to Net Debt Service of 1.00:1.00 and to observe limitations on capital expenditures each year (ranging from € 35 million for the year ending December 31, 2011 to € 37 million for the year ending December 31, 2016.

The Amended Senior Credit Agreement contains customary events of default, including, among other things, non-payment, breach of other obligations set forth in the Amended Senior Credit Agreement, misrepresentation of a representation or warranty, unlawfulness or repudiation of obligations, certain insolvency, winding-up or related events, and cross default in relation to certain indebtedness not being paid when due or becoming due and payable before its specified maturity, the occurrence of which would allow the lender under the Senior Credit Facilities to accelerate all outstanding loans and terminate their commitments under the Senior Credit Facilities.

Amended Senior Intercreditor Agreement

On October 10, 2008, the Issuer and certain of its subsidiaries, the Senior Creditors and the Security Agent, among others, entered into the Senior Intercreditor Agreement, which will be amended and restated on or about the Issue Date in connection with the amendment and restatement of the Senior Facilities Agreement.

The Amended Senior Intercreditor Agreement sets out, among other things:

- the relative ranking of certain debt (including debt incurred under the Senior Credit Facilities) of the Obligors;
- when payments can be made in respect of the subordinated debt of the Obligors;
- when enforcement action can be taken in respect of the subordinated debt;
- the terms pursuant to which the subordinated debt will be subordinated upon the occurrence of certain insolvency events;
- turnover provisions; and
- when guarantees and security will be released to permit an enforcement sale.

The following description is a summary of certain provisions contained in the Amended Senior Intercreditor Agreement. It does not restate the Amended Senior Intercreditor Agreement in its entirety and we urge you to read that document.

Ranking and Priority

The Amended Senior Intercreditor Agreement provides that:

(i) the Liabilities shall rank in right and priority of payment; and

(ii) any security interest created pursuant to any Senior Credit Facilities finance document (the "Transaction Security") shall rank and secure the Liabilities,

in each case in the following order:

- firstly, all liabilities of any Obligor to the lender (the "Senior Lender") under the Senior Credit Facilities (excluding any Hedging Agreements entered into by any Hedge Counterparty) (the "Senior Liabilities") and all liabilities (the "Hedging Liabilities") of any Obligor to any Hedge Counterparty (the "Hedge Counterparty") under any hedging agreements (the "Hedging Agreements") (the Senior Liabilities and the Hedging Liabilities collectively the "Priority Liabilities"); and
- secondly, all liabilities of Guala Closures or any of its subsidiaries to the Issuer or GCL Special Closures S.r.l. and all liabilities of GCL Special Closures S.r.l. to the Issuer, but excluding any liabilities in respect of the Funding Loan (the "Subordinated Liabilities").

"Liabilities" is defined in the Amended Senior Intercreditor Agreement as (subject to the terms of the Amended Senior Intercreditor Agreement) all present and future liabilities and obligations at any time of any Obligor to the senior lender, both actual and contingent and whether incurred solely or jointly or in any other capacity together with any of the following matters relating to or arising in respect of those liabilities and obligations:

(i) any refinancing, novation, deferral or extension;

(ii) any claim for damages or restitution; and

(iii) any claim as a result of any recovery by any Obligor of a payment or discharge on the grounds of preference,

and any amounts which would be included in any of the above but for any discharge, non-provability or unenforceability of those amounts in any insolvency or other proceedings.

Permitted Payments

So long as any of the Priority Liabilities are or may be outstanding and subject to the terms of the Amended Senior Intercreditor Agreement,

- no Obligor may pay, repay, redeem or acquire Subordinated Liabilities at any time unless that action is permitted under the Parallel Priority Agreement; and
- no Obligor will create or permit to subsist (and no person which is a lender or holder of Subordinated Liabilities will take, accept or receive the benefit of) any security, guarantee, indemnity or other assurance against loss in respect of the Subordianted Liabilities unless that action is permitted under the Parallel Priority Agreement.

No Obligor may pay, redeem or acquire the Hedging Liabilities at any time unless at the time of payment no scheduled payments due from the relevant Hedge Counterparty to any Obligor, under the Hedging Agreements to which both are a party, are unpaid.

Entitlement to Enforce

A Hedge Counterparty may not take any enforcement action at any time except that they may terminate or close out any hedging transaction under the Hedging Agreements prior to its stated maturity if:

(i) the Senior Lender has accelerated the Senior Liabilities or declared them prematurely due and payable;

(ii) an Obligor has defaulted on a payment due under the Hedging Agreements (after allowing any applicable notice or grace periods) and the default has continued unremedied or unwaived for more than 21 days after notice of that default has been given to the Senior Lender; or

(iii) an Illegality or Tax Event Upon Merger (as defined in the 1992 ISDA) as occurred; or

(iv) an Event of Default has occurred as a result of the insolvency or insovency proceeding events of default under the Senior Credit Facilities documentation; or

(v) as a result of cancellation or mandatory or voluntary prepayments made under the Senior Credit Facilities documentation, the principal amount of hedging is greater than the amount outstanding under the Senior Credit Facilities which is required to be hedged pursuant to the Senior Credit Facilities finance documents (the "Hedged Facilities"), provided that such termination or close out shall only be in respect of and to the extent that the principal amount of hedging exceeds the aggregate outstanding under the Hedged Facilities; or

(vi) any Hedging Agreement so terminated or closed out is simultaneously replaced with other hedging arrangements or novated in favour of any other member of the Group provided that the Company is at all times in compliance of the terms of the Senior Finance Documents; or

(vii) the prior consent of the Senior Lender is obtained.

The Hedge Counterparties shall promptly terminate or close out any hedging transaction under the Hedging Agreements prior to its stated maturity following a request by the Security Agent if the Senior Lender has accelerated the Senior Liabilities or declared them prematurely due and payable.

An ancillary lender may only take enforcement action in relation to any of the Senior Liabilities owed to it if:

(i) the Senior Lender has taken enforcement action;

(ii) the action is permitted under the Senior Credit Facilities documentation; and

(iii) the consent of the Majority Senior Creditors is obtained.

Subordination

If an insolvency event occurs to or in respect of any Obligor, then the Senior Lender, Ancillary Lender, Hedging Counterparty and Subordinated Lender (each a "Specified Creditor") is entitled to exercise any right it may otherwise have in respect of that Obligor to:

(i) accelerate any of its Liabilities or declare them prematurely due and payable or payable on demand or prematurely close out or terminate any Hedging Liabilities;

(ii) make a demand under any guarantee, indemnity or other assurance against loss in respect of any Liabilities of that Obligor;

(iii) exercise any right of set off or take or receive any payment in respect of any Liabilities; or

(iv) claim and prove in the liquidation of that Obligor for the Liabilities owing to it.

After the occurrence of an insolvency event in relation to any Obligor, the person responsible for the distribution of the assets of that Obligor shall be directed to pay (to the extent permitted by the applicable law) any distributions in respect of any of the Liabilities to the Security Agent until the Liabilities of the Senior Lender and Hedging Counterparties have been paid in full.

Turnover

If, at any time prior to the discharge in full of the Priority Liabilities any Specified Creditor receives or recovers:

(i) any payment or distribution of, or on account of or in relation to, any of the Liabilities which is not permitted by the Amended Senior Intercreditor Agreement;

(ii) any amount by way of set-off in respect of any of the Liabilities owed to them which does not give effect to a payment permitted by the Amended Senior Intercreditor Agreement;

(iii) the proceeds of any enforcement of any security for the Priority Liabilities except in accordance with the Amended Senior Intercreditor Agreement; or

(iv) any distribution in cash or in kind made as a result of the occurrence of an insolvency event in respect of any Obligor,

that Specified Creditor will hold that amount on trust for the Security Agent and promptly pay that amount to the Security Agent or, if this trust cannot be given effect to that Specified Creditor shall hold such sum as agent (*mandatario*) on behalf of the Security Agent and shall pay an amount equal to that receipt or recovery to the Security Agent, in each case to be held on trust by the Security Agent for application in accordance with the terms of the Amended Senior Intercreditor Agreement and the Parallel Priority Agreement.

Application of Proceeds

Subject to the rights of any creditor with prior security or preferential claims, the proceeds of enforcement of the Transaction Security shall be paid to the Security Agent. Those proceeds and all other amounts paid to the Security Agent under the Amended Senior Intercreditor Agreement shall be applied in the following order:

(i) firstly, in discharging any sums owing to the Security Agent (in its capacity as trustee), any receiver or any delegate pursuant to a Senior Credit Facilities finance document;

(ii) secondly, in payment of all costs and expenses reasonably incurred by the Senior Lender or any Senior Creditor in connection with any realisation or enforcement of the Senior Security taken in accordance with the terms of the Amended Senior Intercreditor Agreement or any action taken at the request of the Security Agent under the Amended Senior Intercreditor Agreement;

(iii) thirdly, in payment to the Security Agent application (in accordance with the terms of the Senior Finance Documents) towards the discharge of the Priority Liabilities, pro rata;

(iv) fourthly, in payment to any person to whom the Security Agent is obliged to pay in priority to any Obligor; and

(v) lastly, the balance, if any, in payment to the relevant Obligor.

Enforcement of Senior Security

The Security Agent may refrain from enforcing the Transaction Security unless instructed otherwise by the Senior Lender.

Amendment

Subject to certain exceptions, an amendment or waiver may be made in respect of the Amended Senior Intercreditor Agreement if it is made with the prior written agreement of the Senior Lender, Hedge Counterparties and the Security Agent.

A Subordinated Lender may not amend the terms of any agreement under which a Subordinated Liability arises if those terms relate to the subordination provisions of the Amended Senior Intercreditor Agreement.

A Hedge Counterparty may not amend the Hedging Agreements unless the prior consent of the Senior Lender is obtained or such amendments are of an administrative, techincal or procedural nature only.

The Amended Senior Intercreditor Agreement is governed by English law.

Parallel Priority Agreement

In connection with the issuance of the Notes, the Issuer and certain of its subsidiaries, UniCredit Bank AG, Milan Branch as the senior lender (the "Senior Lender"), the Trustee and the Security Agent, among others, will enter into the Parallel Priority Agreement.

By accepting a Note, holders of the Notes will be deemed to have agreed to, and accepted the terms and conditions of, the Parallel Priority Agreement.

The Parallel Priority Agreement sets out:

- the relative ranking of certain debt of the Obligors;
- when payments can be made in respect of debt of the Obligors;
- when enforcement action can be taken in respect of that debt;
- the terms pursuant to which certain of that debt will be subordinated upon the occurrence of
- certain insolvency events;

• turnover provisions; and

• when guarantees will be released to permit an enforcement sale.

The following description is a summary of certain provisions contained in the Parallel Priority Agreement. It does not restate the Parallel Priority Agreement in its entirety and we urge you to read that document because it, and not the discussion that follows, defines certain of the rights of the holders of the Notes.

Ranking and Priority

The Parallel Priority Agreement provides, subject to the provisions in respect of permitted payments, that the liabilities of the Obligors in respect of the Senior Liabilities, the Hedging Liabilities and the Group Note Liabilities (each as defined below), the Notes and certain other liabilities will rank in the following order:

• firstly, all liabilities of any Obligor to any finance party under the Senior Credit Facilities (each a "Senior Creditor") under or in connection with the Senior Credit Facilities finance documents (excluding any Hedging Agreements (as defined below) (the "Senior Liabilities") and all liabilities of any Obligor to any provider of hedging thereto (each a "Hedge Counterparty") under or in connection with the Hedging Agreements, the Senior Intercreditor Agreement or the Parallel Priority Agreement (the "Hedging Liabilities"); and

• secondly, all liabilities of GCL Special Closures S.r.l. and any of its subsidiaries which guarantee the Notes from time to time (the "Priority Group") to any Note Creditor (as defined below) under or in connection with the Note Documents (as defined below) and to Guala Closures International B.V. under or in connection with the Proceeds Loan Agreement (the "Group Note Liabilities").

The term "Note Creditor" is defined in the Parallel Priority Agreement as each of:

(a) the holders of the Notes; and

(b) the Trustee and any agent thereof under an Indenture; and

(c) in respect of the Group Note Liabilities and the liabilities of the Issuer under or in connection with the Note Documents (together with the Group Note Liabilities, the "Note Liabilities") under or in connection with a Proceeds Loan Agreement (as defined below), the Security Agent and/or any receiver, receiver and manager or other similar official appointed to enforce any Proceeds Loan Pledge,

and includes any person to whom any Note Liabilities may be payable or owing (whether or not matured) from time to time.

The term "Note Documents" is defined in the Parallel Priority Agreement as comprising each of the following:

(a) the Indenture (including any Guarantees contained therein);

(b) the Notes;

(c) the Guarantees;

(d) a pledge of rights and claims under or in respect of a Proceeds Loan Agreement granted or to be granted by the Issuer to the Security Agent for the benefit of the Note Creditors (other than the Issuer) (a "Proceeds Loan Pledge" or the "Note Security Documents");

(e) the Parallel Priority Agreement; and

(f) any other document evidencing liabilities to any Note Creditor in connection with the issue of the Notes.

The term "Proceeds Loan Agreement" is defined in the Parallel Priority Agreement as an inter-company loan agreement made by the Issuer as creditor and Guala Closures International B.V. as debtor under which the Issuer lends the proceeds of the issue of such Notes to Guala Closures International B.V. (and a "Proceeds Loan" for the purposes of the Parallel Priority Agreement means each loan made, or to be made, under a Proceeds Loan Agreement, and includes the Funding Loan).

The Parallel Priority Agreement will not regulate the ranking of the liabilities of the Issuer to the Note Creditors under the Note Documents.

Permitted Payments

The Parallel Priority Agreement will state that prior to the date on which the Senior Lender is satisfied that all of the Senior Liabilities and Hedging Liabilities has been irrevocably paid and discharged, all commitments of the Senior Creditors have been cancelled and all obligations of the hedging banks under the hedging documents have been terminated (the "Senior Discharge Date"), but subject to the relevant provisions of the Parallel Priority Agreement, unless the Majority Senior Creditors (as defined below) otherwise agree, no member of the Priority Group may pay and no Note Creditor may receive and retain payment from any member of the Priority Group of, whether in cash or kind, any amount of the Note Liabilities unless the payment is a "Permitted Note Payment" (as defined below) and the following paragraph below does not apply.

Other than any payment of fees, costs and expenses of the Trustee in respect of the ongoing day-to-day administration of the Notes pursuant to the Note Documents (the "Note Trustee Amounts"), no payment of, or in respect of, the Note Liabilities which is otherwise permitted may be made by any member of the Priority Group except with the prior consent in writing of the Senior Lender if:

(a) a Senior Non-Payment Event (as defined in the Parallel Priority Agreement) has occurred and is continuing; or

(b) an event of default under the Senior Credit Facilities (a "Senior Default") (other than a Senior Non-Payment Event) has occurred and is continuing and the Trustee on behalf of the holders of the Notes and Guala Closures S.p.A. have received a written notice (a "Payment Blockage Notice") from the Senior Lender specifying such Senior Default and suspending payments of, or in respect of, the Note Liabilities by any member of the Priority Group or a specified category of those payments, from the date of such Payment Blockage Notice until the earliest of:

(i) the date on which the Senior Default concerned is no longer continuing and, if the Senior Liabilities has been accelerated, such acceleration has been rescinded;

(ii) the date on which the Senior Lender, acting on the instructions of the Majority Senior Creditors, by notice in writing to Guala Closures and the Trustee, cancels the relevant Payment Blockage Notice;

(iii) the Senior Discharge Date;

(iv) the date falling 179 days after receipt by the Trustee of such Payment Blockage Notice;

(v) if a Standstill Period (as defined below) is in effect at the time of the service of such Payment Blockage Notice, the date on which that Standstill Period expires; and

(vi) the date on which the Note Creditors take any Enforcement Action which they are permitted to take under the Parallel Priority Agreement.

Any Permitted Note Payment made by any Guarantor of the Notes under any Note Document will extinguish, to the extent of the amount of the relevant Permitted Note Payment, the obligation of Guala Closures International B.V. to make the equivalent or related payment under the related Proceeds Loan Agreement.

The definition of "Majority Senior Creditors" in the Parallel Priority Agreement means, at any time, a Senior Creditor or Senior Creditors whose "Senior Credit Participations" (as defined below) at that time aggregate more than 66⅔% of the total Senior Credit Participations at that time.

The definition of "Senior Credit Participations" in the Parallel Priority Agreement means, in relation to a Senior Creditor, the aggregate of:

(a) its aggregate Commitments, if any or (in the case of the Senior Lender), taking into account the individual Participation Commitments of the Participants (in each case, as defined in the Senior Facilities Agreement); and

(b) after the termination or close out of any Hedging Liabilities, the Settlement Amounts or, if applicable, the Early Termination Amounts (each as defined below), if any, which would be payable to it under any master agreement, confirmation or other document evidencing any Hedging Liabilities provided by a Hedge Counterparty to an Obligor which complies with the terms of the Senior Intercreditor Agreement (a "Hedging Agreement") if the date on which the calculation is made was deemed to be an Early Termination Date for which the relevant Obligor is the Defaulting Party (and for this purpose "Early Termination Date", "Settlement Amount" and "Defaulting Party" shall, where the relevant Hedging Agreement is subject to the 1992 International Swaps and Derivatives Association ("ISDA") Master Agreement, have the meanings given to them in the 1992 ISDA Master Agreement and, where the relevant Hedging Agreement is subject to the 2002 ISDA Master Agreement, "Early Termination Date", "Early Termination Amount" and "Defaulting Party" shall have the meanings given to them in the 2002 ISDA Master Agreement) and that amount to be certified by the relevant Senior Creditor, as the case may be, in accordance with the 1992 ISDA Master Agreement or, as the case may require, the 2002 ISDA Master Agreement.

The definition of "Permitted Note Payments" in the Parallel Priority Agreement means a payment:

(a) of scheduled interest (including, in each case whether paid in cash or in kind, but excluding default interest or liquidated damages to the extent that they accrue at a rate of more than one per cent. per annum) arising on (i) the Notes, the payment of which is provided for in the Notes or the Indenture and which payment is made no earlier than 5 days before the date on which the relevant scheduled interest payment by the Issuer falls due under the terms of the Notes or the Indenture and (ii) the Proceeds Loan, the payment of which is provided for in the Proceeds Loan Agreement and which payment is made no earlier than 5 days before the date on which the related scheduled interest payment by the Issuer falls due under the terms of the Notes or the Indenture;

(b) of additional amounts payable under applicable gross up provisions of the Notes or the Indenture or Proceeds Loan Agreement, provided such provisions are in customary form;

(c) of costs, commissions, taxes, premiums and any expenses incurred in respect of (or reasonably incidental to) any refinancing of the Notes;

(d) of fees, costs (including any original issue discounts and any underwriting commissions and discounts), expenses and taxes incurred in respect of the issuance and offering of the Notes, the reporting or listing requirements under the Note Documents or in the ordinary course day-to-day administration of the Notes as provided for in the Note Documents (but not including principal (or any premium which must be paid together with principal) or interest);

(e) of the principal amount of or in respect of the Notes and the Proceeds Loans upon or after their originally scheduled maturity as set out in the Notes or the Indenture or (as applicable) the related Proceeds Loan Agreement;

(f) of any other amount not exceeding €2,000,000 (or its equivalent in other currencies) in aggregate in any twelve month period;

(g) of the Note Trustee Amounts;

(h) constituting a payment by the Issuer under the Notes and the Indenture made from any defeasance trust that was not funded by any member of the Priority Group;

(i) by the Issuer funded entirely from the proceeds of issue of "Permitted Junior A Securities" or "Permitted Junior B Securities" (each as defined in the Parallel Priority Agreement) in accordance with the terms of the Parallel Priority Agreement;

(j) any consent fee payment (and any indemnities and fees under any consent solicitation agent documentation) in connection with the amendment of the Note Documents which is reasonable and customary for that type of amendment;

(k) any other amounts permitted under the Senior Credit Facilities finance documents (excluding any Hedging Agreements) and the Indenture; and

(l) of any other amounts consented to by the Senior Lender.

Payment Blockage

The Parallel Priority Agreement provides that unless otherwise agreed by the Trustee:

(a) not more than one Payment Blockage Notice may be served in any period of 360 consecutive days;

(b) not more than one Payment Blockage Notice may be served in respect of the same event or set of circumstances; and

(c) a Payment Blockage Notice may not be served by the Senior Lender in reliance on a particular Senior Default (other than any Senior Non-Payment Event) more than 45 days after the date the Senior Lender has received a written notice from Guala Closures S.p.A. of the occurrence of such Senior Default (other than any Senior Non-Payment Event) and confirming that it is a Senior Default.

Entitlement to Enforce

Subject to the following paragraph, prior to the Senior Discharge Date, no Note Creditor may, without the prior written consent of the Majority Senior Creditors, take Enforcement Action (as defined below) with respect to any Proceeds Loan Agreement or against any member of the Priority Group with respect to any Note Document or direct the Trustee to take any action to enforce the pledge over the Issuer's interest in the Proceeds Loan.

The restrictions above will not apply to the Note Creditors if:

(a) an insolvency event (other than as a result solely of any action taken by any Note Creditor) has occurred with respect to a Guarantor in which case, unless the relevant insolvency event has occurred in respect of a Guarantor whose earnings before interest, tax, depreciation and amortization (calculated on an unconsolidated basis but otherwise on the same basis as Consolidated EBITDA (as defined in the Amended Senior Credit Agreement)) represent 10% or more of Consolidated EBITDA or whose gross assets (excluding intra-group items) represent 10% or more of the gross assets of the Priority Group (in which case, for the avoidance of doubt, a Note Creditor may take Enforcement Action against any member of the Priority Group), Enforcement Action may be taken against the Guarantor subject to that insolvency event only;

(b) any of Senior Creditors or counterparties to Hedging Agreements take Enforcement Action (including the enforcement of any security interest created, evidenced or conferred by or pursuant to any Senior Credit Facilities finance documents (excluding any Hedging Agreements) (together, with any security interests granted in favour of the Note Creditors (including the Proceeds Loan Pledge, the "Transaction Security"), provided that if they only demand payment under the Senior Credit Facilities finance documents (excluding any Hedging Agreements) or the Hedging Agreements or put amounts payable by a member of the Priority Group thereunder on demand then the Note Creditors may only demand payment of the Note Liabilities or put amounts payable thereunder on demand in respect of the same member of the Priority Group;

(c) an event of default as defined in the Indenture (a "Note Default") has occurred resulting from a failure to pay principal at maturity;

(d) a Note Default has occurred (otherwise than solely by reason of the occurrence of a Senior Default or an event of default (howsoever described) under any Hedging Agreement which, in either case is not a payment default) and is continuing and:

  (i) the Senior Lender has received written notice of that Note Default from the Trustee;

  (ii) a period of not less than 179 days has passed from the date of receipt by the Senior Lender of the written notice referred to above (a "Standstill Period"); and

  (iii) at the end of the relevant Standstill Period, the relevant Note Default is continuing; or

(e) the proposed Enforcement Action has been consented to by the Majority Senior Creditors.

The Note Creditors will have the right to take Enforcement Action in relation to a Note Default notwithstanding that at the time referred to in paragraph (d) above, or at any time thereafter, another Standstill Period has commenced as a result of a further Note Default.

An "Enforcement Action" means, in relation to any Senior Liabilities, Hedging Liabilities and Group Note Liabilities, any action to:

(a) demand payment, declare prematurely due and payable or otherwise seek to accelerate payment of or place on demand all or any part of such liabilities (and for the avoidance of doubt, any prepayment or close out obligations arising under the unlawfulness or mandatory prepayment provisions of the Senior Credit Facilities finance documents and the Hedging Agreements or any notice delivered pursuant thereto shall be deemed not to have arisen pursuant to a demand, declaration or acceleration or placement on demand of any liabilities for the purposes of this paragraph (a));

(b) recover all or any part of that liabilities (including by exercising any rights of attachment, execution, set-off or combination of accounts, other than (in the case of the Senior Creditors) in the ordinary course of operating any ancillary facilities);

(c) commence (or take any other steps in relation to the commencement of any) insolvency proceedings in relation to any member of the Priority Group; or

(d) commence any legal proceedings against any member of the Priority Group to recover any monies,

provided, however, that the following shall not constitute Enforcement Action (unless it results in an insolvency event):

(i) the taking of any action (not falling within any of clauses (a) to (c) above) necessary to preserve the validity and existence of claims, including the registration of such claims before any court or governmental authority;

(ii) to the extent entitled by law, the taking of action against any creditor (or any agent, trustee or receiver acting on behalf of such creditor) to challenge the basis on which any sale or disposal is to take place pursuant to powers granted to such persons under any security document;

(iii) the bringing of proceedings solely for injunctive relief to restrain any actual or putative breach of the Note Documents or for specific performance not claiming damages; or

(iv) legal proceedings or allegations against any person in connection with violations of securities laws or securities or listing regulations or fraud.

Subordination

If an insolvency event occurs in respect of any Obligor, then the Group Note Liabilities owed by the insolvent Obligor will be subordinate in right of payment to the Senior Liabilities and the Hedging Liabilities (together, the "Secured Obligations") owed by such insolvent Obligor.

Turnover

Subject to certain exceptions, if, at any time prior to the Senior Discharge Date, any Note Creditor receives or recovers a payment in cash or in kind (including by way of set-off or combination of accounts):

(a) of any of the Note Liabilities from any member of the Priority Group which is prohibited by the Parallel Priority Agreement;

(b) from (or on behalf of) any member of the Priority Group on account of the purchase, redemption or acquisition of any Note Liabilities which is prohibited by the Parallel Priority Agreement; and

(c) the proceeds from any enforcement except as permitted under the Parallel Priority Agreement subject to the provisions under "—Application of Proceeds"

(each such payment or distribution being a "Turnover Receipt") the receiving or recovering Note Creditor will promptly notify the Security Agent.

Subject to certain exceptions, each Note Creditor (and, in the case of the Trustee, subject to certain knowledge exceptions) shall:

(a) hold any Turnover Receipt received or recovered by it on trust for the secured creditors; and

(b) upon demand by the Security Agent or (after the Senior Discharge Date) the Trustee, pay to the Security Agent or the Trustee (as applicable) for application as provided for in the Parallel Priority Agreement an amount determined by the Security Agent or the Trustee to be equal to the lesser of:

  (i) the outstanding balance of the Senior Liabilities, the Hedging Liabilities and the Note Liabilities; and

  (ii) the amount of such Turnover Receipt,

  less the third party costs and expenses (if any) reasonably incurred by the Note Creditor concerned in receiving or recovering such Turnover Receipt.

Each Obligor shall indemnify each Note Creditor (to the extent of its liability for the Note Liabilities) for the amount of any Turnover Receipt paid by that Note Creditor to the Security Agent and such third party costs and expenses incurred by it, and the Note Liabilities will not be deemed to have been reduced or discharged in any way or to any extent by the receipt or recovery of the relevant Turnover Receipt.

Application of Proceeds

All amounts paid to the Security Agent under this Agreement or recovered or received by the Security Agent in connection with the realisation or enforcement of the Proceeds Loan Pledge shall be applied in the following order:

(a) Firstly, in payment pro rata of (i) the fees, costs, expenses and liabilities (and all interest thereon as provided in the Senior Credit Facilities finance documents (other than Hedging Agreements)) of the Security Agent and (ii) the Note Trustee Amounts;

(b) Secondly, in payment to the Senior Lender and the Hedge Counterparties for application pro rata towards the balance of the "Senior Liabilities" (as defined in the Senior Intercreditor Agreement);

(c) Thirdly, in payment to the Trustee for application towards the balance of the Note Liabilities in accordance with the provisions of the Notes and the Indenture *pari passu*; and

(d) Lastly, in payment of the surplus (if any) to the Obligor or other person entitled to it.

No such proceeds or amounts shall be applied in payment of any amounts specified in the paragraph above until all amounts specified in clauses (a) through (d) above have been paid in full.

Any proceeds of enforcement of the security interest created, evidence or conferred by or pursuant to any Note Security Document shall be paid directly to the Trustee, or its agent.

Release of the Guarantees

If a disposal to a person or persons outside the Priority Group of any shares in any member of the Priority Group is:

(a) permitted by the Amended Senior Credit Agreement and by each Indenture (in respect of which the Security Agent is entitled to rely on a certificate from Guala Closures S.p.A.);

(b) being effected at the request of the Majority Senior Creditors (or the Security Agent acting on their behalf) in circumstances where they are entitled to take Enforcement Action; or

(c) being effected pursuant to Enforcement Action taken by the Senior Creditors (or the Security Agent acting on their behalf),

the Security Agent is irrevocably authorized to execute on behalf of each Note Creditor and each Obligor a release of that member of the Priority Group and its subsidiaries from all present and future obligations and liabilities (both actual and contingent and including any liability under any guarantee (including, without limitation, the Guarantees) and/or to any other Obligor by way of contribution or indemnity) under the Note Documents and each Proceeds Loan Agreement (the "Junior Finance Documents"); provided that:

(i) in the case of clause (a) above the proceeds of that disposal are applied in accordance with the terms of the Amended Senior Credit Agreement and the relevant provisions of the Indenture; and

(ii) in the case of clauses (b) and (c) above, the proceeds of that disposal are applied as set out under "—Parallel Priority Agreement—Application of Proceeds" above.

In the case of any release of any obligation or liability under any Note Document in connection with a disposal falling within clauses (b) and (c) in the paragraph above, the Note Creditors shall only be obliged to release and only authorize the release above in respect of the relevant Note Document if:

(a) the Trustee confirms to the Security Agent that the release has been consented to by the requisite percentage of holders of Notes under the Indenture (to the extent such consent is required under the Indenture); or

(b) the relevant shares are disposed of in the circumstances referred to in clauses (b) and (c) in the paragraph above and:

   (i) the proceeds of such disposal received by the Security Agent are in the form of cash (or substantially all cash);

   (ii) either (I) such disposal is made pursuant to a public auction; or (II) in connection with such disposal, an internationally recognized investment bank selected by the Security Agent has delivered an opinion to the Trustee that the disposal price of such asset is fair from a financial point of view after taking into account all relevant circumstances (including the circumstances giving rise to the sale);

   (iii) the Trustee is notified in writing that, on completion of the sale of any shares in any member of the Priority Group which are the subject of a Transaction Security in favor of the Security Agent, such member of the Priority Group and each of its subsidiaries is simultaneously and unconditionally released from all present and future obligations and liabilities in respect of the Senior Liabilities and the Hedging Liabilities (or such Senior Liabilities and the Hedging Liabilities is sold or otherwise disposed of by the relevant creditors to the purchaser of such member of the Priority Group) and such obligations are not assumed by the purchaser of such member of the Priority Group or an affiliate of such purchaser; and

   (iv) the proceeds are applied in accordance with the Senior Intercreditor Agreement and as set out under "—Parallel Priority Agreement—Application of Proceeds" above.

No release of any member of the Priority Group will affect the obligations and liabilities of any other member of the Priority Group under the Secured Obligations Finance Documents (as defined below) or the Note Documents.

The term "Secured Obligations Finance Documents" is defined in the Parallel Priority Agreement as the senior finance documents (other than the Hedging Agreements) and the Hedging Agreements.

Amendments

To the extent that any amendment or waiver of the Parallel Priority Agreement (a "Relevant Change") only affects the rights and obligations of one or more parties to the Parallel Priority Agreement or a class of parties thereto and could not reasonably be expected to be adverse to the interests of other parties or another class of parties, only the parties affected by that Relevant Change must agree to that Relevant Change. To the extent that an amendment affects the rights and obligations of:

(a) the holders of the Notes, such amendment must be agreed to by the Trustee; and

(b) the Senior Lender and the Participants, such amendment must be agreed to by the Senior Lender (acting on the instructions of the required number of Participants and the Senior Lender under the Amended Senior Credit Agreement).

To the extent a Relevant Change relates to the requirements of any person proposing to act as Trustee (and who becomes the Trustee) which are customary for persons acting in such capacity, provided such Relevant Change could not reasonably be expected to be materially prejudicial to the interests of any other party to the Parallel Priority Agreement, it may be amended with the consent of the Senior Lender and Guala Closures.

To the extent a Relevant Change constitutes a minor or technical change, or is necessary to correct any manifest error, omission or default, the Parallel Priority Agreement may be amended with the consent of the Security Agent, the Trustee and Guala Closures.

After the Senior Discharge Date, the Senior Creditors and the Hedge Counterparties shall be deemed to have ceased to be parties to the Parallel Priority Agreement and any amendment of the Parallel Priority Agreement shall not require the consent of (and shall not be required to be executed by) any of the Senior Creditors or the Hedge Counterparties.

The Parallel Priority Agreement is governed by English law.

DESCRIPTION OF THE NOTES

GCL Holdings S.C.A. (the "Company") will issue the Notes under an indenture (the "Indenture") between, among others, the Company and Deutsche Trustee Company Limited, as the trustee (the "Trustee"), and UniCredit Bank AG, as the security trustee (the "Security Trustee"), in a private transaction that is not subject to the registration requirements of the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"). Unless the context requires otherwise, references in this "Description of the Notes" to the Notes include the Notes and any Additional Notes that are issued. The terms of the Notes include those set forth in the Indenture. The Indenture will not incorporate or include any of the provisions of the U.S. Trust Indenture Act of 1939, as amended. The Security Documents referred to below under the caption "—Security" define the terms of the security that will secure the Notes.

The following description is a summary of the material provisions of the Indenture, the Notes and the Security Documents. This does not restate those agreements in their entirety. We urge you to read the Indenture, the Notes, the Parallel Priority Agreement and the Security Documents because they, and not this description, define your rights as holders of the Notes. Copies of the Indenture, the form of Note, the Security Documents and the Parallel Priority Agreement are available as set forth below under "—Additional Information".

Certain defined terms used in this description but not defined below under "—Certain Definitions" have the meanings assigned to them in the Indenture. You can find the definitions of certain terms used in this description under the subheading "—Certain Definitions". In this description, the term "Company" refers only to GCL Holdings S.C.A. and not to any of its Subsidiaries.

The registered holder of a Note will be treated as the owner of it for all purposes. Only registered holders will have rights under the Indenture.

Brief Description of the Notes and the Note Guarantees

The Notes

The Notes:

- will be general obligations of the Company;
- will be *pari passu* in right of payment to any future Indebtedness of the Company that is not subordinated in right of payment to the Notes;
- will be senior to any future Indebtedness of the Company that is subordinated in right of payment to the Notes;
- will be guaranteed by the Guarantors;
- will be secured by a second-priority pledge of the Company's claim under the Proceeds Loan; and
- will be effectively subordinated to all obligations of any of the Company's subsidiaries that are not Guarantors.

The Note Guarantees

The Notes will initially be guaranteed by the Guarantors.

The Note Guarantee of each Guarantor:

- will be a general unsecured obligation of that Guarantor;
- will be subordinated in right of payment to all existing and future Senior Debt of that Guarantor; and
- will be *pari passu* in right of payment to any future subordinated Indebtedness of that Guarantor.

As indicated above and as discussed in detail below under the caption "—Subordination of the Note Guarantees", payments on the Notes and under these Guarantees will be subordinated to the payment of Senior Debt. The Indenture will permit us and the Guarantors to incur additional Senior Debt.

The operations of the Company are conducted through its Subsidiaries and, therefore, the Company depends on the cash flow of its Subsidiaries to meet its obligations, including its obligations under the Notes. The Notes will be effectively subordinated in right of payment to all Indebtedness and other liabilities and commitments (including trade payables and lease obligations) of any of the Company's non-guarantor Subsidiaries. Any right of the Company or any Guarantor to receive assets of any of its non-guarantor Subsidiaries upon that non-guarantor Subsidiary's liquidation or reorganization (and the consequent right of the holders of the Notes to participate in those assets) will be effectively subordinated to the claims of that non-guarantor Subsidiary's creditors, except to the extent that the Company or such Guarantor is itself recognized as a creditor of the non-guarantor Subsidiary, in which case the claims of the Company or such Guarantor, as the case may be, would still be subordinated in right of payment to any security in the assets of the non-guarantor Subsidiary and any Indebtedness of the non-guarantor Subsidiary senior to that held by the Company or such Guarantor. See "Risk Factors—Risks relating to the Notes and Our Capital Structure—The Notes will be structurally subordinated to the liabilities of non-guarantor subsidiaries." During the year ended December 31, 2010, the Guarantors represented 57% of the Company's consolidated net revenues and 32% of the Company's consolidated EBITDA net of consolidation adjustments. As of December 31, 2010, the Guarantors represented 57% of the Company's consolidated total assets. See "Risk Factors—Risks Relating to the Notes and Our Capital Structure—The Guarantees may be limited by applicable laws or subject to certain limitations or defenses that may adversely affect their validity and enforceability".

As of the Issue Date all of the Company's Subsidiaries will be "Restricted Subsidiaries" for purposes of the Indenture. However, under the circumstances described below under the caption "—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries", the Company will be permitted to designate Restricted Subsidiaries as "Unrestricted Subsidiaries". Most of the restrictive covenants in the Indenture do not apply to Unrestricted Subsidiaries. The Company's Unrestricted Subsidiaries will not guarantee the Notes.

Principal, Maturity and Interest

The Company will issue €200,000,000 in aggregate principal amount of Notes in this offering. The Company may issue additional Notes ("Additional Notes") under the Indenture from time to time after this offering. The Notes may be issued in one or more series under the Indenture. Any issuance of Additional Notes is subject to all of the covenants in the Indenture, including the covenant described below under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock". The Notes and any Additional Notes subsequently issued under the Indenture will be treated as a single class for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase, except as otherwise provided in the Indenture. The Company will issue Notes in denominations of €100,000 and integral multiples of €1,000 in excess thereof. The Notes will mature on , 2018.

Interest on the Notes will accrue at the rate of % per annum. Interest on the Notes will be payable semi-annually in arrears on and , commencing on , 2011. Interest on overdue principal and interest, including Additional Amounts (as defined herein), if any, will accrue at a rate that is 1% higher than the interest rate on the Notes. The Company will make each interest payment to the holders of record on the immediately preceding and .

Interest on the Notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Paying Agent and Registrar for the Notes

The Company will maintain one or more paying agents (each, a "Paying Agent") for the Notes in each of (i) the City of London (the "Principal Paying Agent") and (ii) Luxembourg for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF market. The Company will ensure that it maintains a Paying Agent in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to the European Union Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 on the taxation of savings income, or any law implementing, or complying with or introduced in order to conform to, such directive. The initial

Paying Agents will be Deutsche Bank AG, London Branch, in London and Deutsche Bank Luxembourg S.A. in Luxembourg.

The Company will also maintain one or more registrars (each, a "Registrar") with offices in Luxembourg. The Company will also maintain a transfer agent in each of London and Luxembourg. The initial Registrar will be Deutsche Bank Luxembourg S.A. in Luxembourg. The initial transfer agents will be Deutsche Bank AG, London Branch, in London and Deutsche Bank Luxembourg S.A. in Luxembourg. The Registrar and the transfer agent in Luxembourg will maintain a register reflecting ownership of Notes (as defined herein) outstanding from time to time and will make payments on and facilitate transfer of Notes on the behalf of the Company. See "Book-Entry, Delivery and Form".

A register of the Notes shall be kept at the registered office of the Issuer. In case of inconsistency between the register of Notes kept by the Registrar and the one kept by the Issuer at its registered office, the register kept by the Issuer shall prevail.

The Company may change the Paying Agents, the Registrars or the transfer agents without prior notice to the holders of Notes. For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF market and the rules of the Luxembourg Stock Exchange so require, the Company will publish a notice of any change of Paying Agent, Registrar or transfer agent in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*).

Transfer and Exchange

Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act will initially be represented by one or more global Notes in registered form without interest coupons attached (the "144A Global Notes"), and Notes sold outside the United States pursuant to Regulation S under the U.S. Securities Act will initially be represented by one or more global Notes in registered form without interest coupons attached (the "Reg S Global Notes" and together with the 144A Global Notes, the "Global Notes").

Ownership of interests in the Global Notes (the "Book-Entry Interests") will be limited to persons that have accounts with Euroclear or Clearstream or Persons that may hold interests through such participants. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "Transfer Restrictions". In addition, transfers of Book-Entry Interests between participants in Euroclear or Clearstream will be effected by Euroclear or Clearstream pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream and their respective participants.

Book-Entry Interests in the 144A Global Note, or the "Restricted Book-Entry Interest", may be transferred to a person who takes delivery in the form of Book-Entry Interests in the 144A Global Note, as applicable, or the "Reg S Book-Entry Interests", only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the U.S. Securities Act.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of €100,000 principal amount and integral multiples of €1,000 in excess thereof, upon receipt by the Registrar of instructions relating thereto and any certificates and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant that owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Company in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "Notice to Investors".

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 in principal amount and integral multiples of €1,000 in excess thereof, to persons who take delivery thereof in the form of Definitive Registered Notes. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging holder to, among other things, furnish appropriate endorsements and transfer documents, furnish information regarding the account of the transferee at Euroclear or Clearstream, where appropriate, furnish certain certificates and opinions and pay any Taxes in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the holder, other than any Taxes payable in connection with such transfer or exchange; *provided* that, if the Company or any Guarantor is a party to the transfer or exchange, the holder will not be required to pay such Taxes.

Notwithstanding the foregoing, the Company is not required to register the transfer of any Definitive Registered Notes:

(1) for a period of 15 days prior to any date fixed for the redemption of the Notes;

(2) for a period of 15 days immediately prior to the date fixed for selection of Notes to be redeemed in part;

(3) for a period of 15 days prior to the record date with respect to any interest payment date; or

(4) which the holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Sale Offer.

Additional Amounts

All payments made by or on behalf of the Company under or with respect to the Notes or any of the Guarantors with respect to any Note Guarantee will be made free and clear of and without withholding or deduction for, or on account of, any present or future Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of (1) any jurisdiction in which the Company or any Guarantor is then incorporated or organized, engaged in business for tax purposes or resident for tax purposes or any political subdivision thereof or therein or (2) any jurisdiction from or through which payment is made by or on behalf of the Company or any Guarantor (including the jurisdiction of any Paying Agent) or any political subdivision thereof or therein (each, a "Tax Jurisdiction") will at any time be required to be made from any payments made by or on behalf of the Company under or with respect to the Notes or any of the Guarantors with respect to any Note Guarantee, including payments of principal, redemption price, purchase price, interest or premium, the Company or the relevant Guarantor, as applicable, will pay such additional amounts (the "Additional Amounts") as may be necessary in order that the net amounts received in respect of such payments by each holder after such withholding, deduction or imposition (including any such withholding, deduction or imposition from such Additional Amounts) will equal the respective amounts that would have been received in respect of such payments in the absence of such withholding or deduction; *provided*, *however*, that no Additional Amounts will be payable with respect to:

(1) any Taxes, to the extent such Taxes would not have been imposed but for the existence of any present or former connection between the holder or the beneficial owner of the Notes (or between a fiduciary, settlor, beneficiary, partner of, member or shareholder of, or possessor of a power over, the relevant holder, if the relevant holder is an estate, trust, nominee, partnership, limited liability company or corporation) and the relevant Tax Jurisdiction (including being or having been a citizen, resident, or national thereof or being or having been present or engaged in a trade or business therein or having or having had a permanent establishment therein), but excluding any connection arising merely from the holding of such Note, the enforcement of rights under such Note or under a Note Guarantee or the receipt of any payments in respect of such Note or a Note Guarantee;

(2) any Taxes, to the extent such Taxes were imposed as a result of the presentation of a Note for payment (where presentation is required) more than 30 days after the relevant payment is first made available for payment to the holder (except to the extent that the holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30 day period);

(3) any estate, inheritance, gift, sales, excise, transfer, personal property or similar Taxes;

(4) any Taxes withheld, deducted or imposed on a payment to an individual that are required to be made pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of November 26 and 27, 2000 on the taxation of savings income, or any law implementing or complying with or introduced in order to conform to, such directive;

(5) Taxes imposed on or with respect to a payment made to a holder or beneficial owner of Notes who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a member state of the European Union;

(6) any Taxes payable other than by deduction or withholding from payments under, or with respect to, the Notes or with respect to any Note Guarantee;

(7) any Taxes to the extent such Taxes are imposed or withheld by reason of the failure of the holder or beneficial owner of Notes, following the Company's written request addressed to the holder or beneficial owner (and made at a time that would enable the holder or beneficial owner acting reasonably to comply with that request, and in all events, at least 30 days before any such withholding or deduction would be payable to the holder or beneficial owner), to comply with any certification, identification, information or other reporting requirements, whether required by statute, treaty, regulation or administrative practice of a Tax Jurisdiction, as a precondition to exemption from, or reduction in the rate of deduction or withholding of, Taxes imposed by the Tax Jurisdiction (including, without limitation, a certification that the holder or beneficial owner is not resident in the Tax Jurisdiction), but in each case, only to the extent the holder or beneficial owner is legally entitled to provide such certification or documentation;

(8) any Taxes imposed on or with respect to any payment by the Company or Guarantor to the holder if such holder is a fiduciary or partnership or any person other than the sole beneficial owner of such payment to the extent that Taxes would not have been imposed on such payment had such holder been the sole beneficial owner of such Note; or

(9) any combination of items (1) through (8) above.

In addition to the foregoing, the Company and the Guarantors will also pay and indemnify the holder for any present or future stamp, issue, registration, court or documentary taxes, or any other excise or property taxes, charges or similar levies (including penalties, interest and any other reasonable expenses related thereto) which are levied by any Tax Jurisdiction on the execution, delivery, issuance or registration of any of the Notes, the Indenture, any Note Guarantee or any other document referred to therein (other than a transfer of the Notes after this offering) or the receipt of any payments with respect thereto, or any such taxes, charges or similar levies imposed by any jurisdiction as a result of, or in connection with, the enforcement of any of the Notes or any Note Guarantee.

If the Company or any Guarantor, as the case may be, becomes aware that it will be obligated to pay Additional Amounts with respect to any payment under or with respect to the Notes or any Note Guarantee, each of the Company or the relevant Guarantor, as the case may be, will deliver to the Trustee on a date that is at least 30 days prior to the date of that payment (unless the obligation to pay Additional Amounts arises less than 45 days prior to that payment date, in which case the Company or the relevant Guarantor shall notify the Trustee promptly thereafter) an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable. The Officer's Certificates must also set forth any other information reasonably necessary to enable the Paying Agents to pay Additional Amounts to holders on the relevant payment date. The Trustee shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

The Company or the relevant Guarantor will make all withholdings and deductions required by law and will timely remit the full amount deducted or withheld to the relevant Tax authority in accordance with applicable law. The Company or the relevant Guarantor will use its reasonable efforts to obtain Tax receipts from each Tax authority evidencing the payment of any Taxes so deducted or withheld. The Company or the relevant Guarantor will furnish to the Trustee (or to a holder upon written request), within a reasonable time after the date the payment of any Taxes so deducted or withheld is made, certified copies of Tax receipts evidencing payment by the Company or a Guarantor, as the case may be, or if, notwithstanding such entity's efforts to obtain receipts, receipts are not obtained, other evidence of payments (reasonably satisfactory to the Trustee) by such entity.

Whenever in the Indenture or in this "Description of the Notes" there is mentioned, in any context, the payment of amounts based upon the principal amount of the Notes or of principal, interest or of any other amount payable under, or with respect to, any of the Notes or any Note Guarantee, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The above obligations will survive any termination, defeasance or discharge of the Indenture, any transfer by a holder or beneficial owner of its Notes, and will apply, *mutatis mutandis*, to any jurisdiction in which any successor Person to the Company or any Guarantor is incorporated, engaged in business for tax purposes or resident for tax purposes or any jurisdiction from or through which such Person makes any payment on the Notes (or any Note Guarantee) and any department or political subdivision thereof or therein.

Note Guarantees

The Notes will be guaranteed by each Guarantor. These Note Guarantees will be joint and several obligations of the Guarantors. Each Note Guarantee will be subordinated to the prior payment in full of all Senior Debt of the Guarantor that granted such Note Guarantee.

The obligations of the Guarantors will be contractually limited under the applicable Note Guarantees to reflect limitations under applicable law with respect to maintenance of share capital, corporate benefit, fraudulent conveyance and other legal restrictions applicable to the Guarantors and their respective shareholders, directors and general partners. The Guarantees of Guala Closures and GCL Special Closures S.r.l. are limited to a maximum aggregate amount of €120 million.

For a description of such limitations, see "Limitations on Validity and Enforceability of the Guarantees and Certain Insolvency Law Considerations."

Note Guarantees Release

The Note Guarantee of a Guarantor will be released:

(1) in connection with any sale or other disposition of all or substantially all of the assets of that Guarantor (including by way of merger, consolidation, amalgamation or combination) to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary, if the sale or other disposition does not violate the "Asset Sale" provisions of the Indenture;

(2) in connection with any sale or other disposition of Capital Stock of that Guarantor to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary, if the sale or other disposition does not violate the "Asset Sale" provisions of the Indenture and the Guarantor ceases to be a Restricted Subsidiary as a result of the sale or other disposition;

(3) if the Company designates any Restricted Subsidiary that is a Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture;

(4) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under the captions "—Legal Defeasance and Covenant Defeasance" and "—Satisfaction and Discharge;"

(5) upon the release of the guarantee of Indebtedness that resulted in the creation of the Guarantee under the covenant described below under "—Certain Covenants—Limitation on Issuances on Guarantees of Indebtedness";

(6) as described below under "—Amendment, Supplement and Waiver";

(7) as a result of a transaction permitted by the covenant described below under "Certain Covenants—Merger, Consolidation or Sale of Assets—The Guarantors";

(8) upon the sale of all the Capital Stock of, or all or substantially all of the assets of, such Guarantor or its parent entity pursuant to a security enforcement sale in compliance with the Parallel Priority Agreement; or

(9) upon the full and final payment and performance of all obligations of the Company under the Indenture and the Notes.

Upon any occurrence giving rise to a release of a Guarantee as specified above, the Trustee will execute any documents reasonably required in order to evidence or effect such release, discharge and termination in respect of such Guarantee. Neither the Company nor any Guarantor will be required to make a notation on the Notes to reflect any such release, termination or discharge.

Subordination of the Note Guarantees

General

Each Note Guarantee is a senior subordinated guarantee, which means that each such Note Guarantee ranks behind, and is expressly subordinated to, all the existing and future Senior Debt of each Guarantor, including any obligations owed by such Guarantor under the Senior Credit Agreement. The ability to take enforcement action against the Guarantors under their Note Guarantees is subject to significant restrictions imposed by the Parallel Priority Agreement and the terms of the Guarantees, and potentially any Additional Paralle Priority Agreements entered into after the Issue Date.

Subordination on the basis of Parallel Priority Agreement

In general:

(1) the lenders under the Senior Credit Agreement and the counterparties to certain of our Hedging Obligations will be entitled, as secured lenders and pursuant to the terms of the Parallel Priority Agreement, to payment in full of all amounts outstanding under the Senior Finance Documents (as defined in the Parallel Priority Agreement) before (i) the Trustee and the holders would be entitled to payments under a Note Guarantee of any Guarantor and (ii) the Company would be entitled to payments under the Proceeds Loan and, as a result, before holders would ultimately receive any payments on the Notes;

(2) the Trustee (subject to certain conditions) and the holders of the Notes will be required, pursuant to the terms of the Parallel Priority Agreement, to turn over any amounts they receive in respect of a Note Guarantee that was not a permitted note payment or that was received in contravention of the Parallel Priority Agreement to the security agent under the Senior Credit Agreement until all obligations outstanding under the Senior Credit Agreement and certain of our Hedging Obligations and certain other costs, expenses and claims (including those of the Trustee and Security Trustee and those incurred in connection with enforcement) are paid in full; and

(3) the Company will be required, pursuant to the terms of the Parallel Priority Agreement, to turn over any amounts it receives that was not a permitted note payment or that was received in contravention of the Parallel Priority Agreement under the Proceeds Loan to the security agent under the Senior Credit Agreement until all amounts outstanding under the Senior Credit Agreement and certain of our Hedging Obligations and certain other costs, expenses and claims are paid in full.

The security agent under the Senior Credit Agreement will be directed to apply such amounts in the manner described under "Description of Other Indebtedness—Parallel Priority Agreement—Turnover" and "Application of Proceeds".

Pursuant to the Parallel Priority Agreement, the Note Guarantees are subject to the payment blockage and standstill provisions described in more detail under "Description of Other Indebtedness—Parallel Priority Agreement".

In addition, to the extent that a Guarantor incurs additional Senior Debt, such Senior Debt will be entitled to similar seniority in right of payment to such Guarantor's Note Guarantee and will also have the benefit of an Additional Parallel Priority Agreement giving effect to such seniority. In such a case, the relevant representative of such Senior Debt would be able to require that amounts which would otherwise have been paid to the Trustee or the holders of the Notes be paid instead to such representative of or the lenders under such Senior Debt.

Because of the foregoing subordination provisions, holders of Senior Debt of a Guarantor may recover disproportionately more than the holders of the Notes recover in a bankruptcy or similar proceeding relating to such Guarantor. In such a case, there may be insufficient assets, or no assets, remaining to pay the principal of or interest on the Notes.

The Indenture will provide that the Company, each Guarantor and the Trustee will be authorized (without any further consent of the holders of the Notes) to enter into the Parallel Priority Agreement to give effect to the provisions described in the section entitled "Description of Other Indebtedness—Parallel Priority Agreement".

The Indenture will also provide that each holder of the Notes, by accepting such Note, will be deemed to have:

(1) appointed and authorized the Trustee to give effect to the provisions in the Parallel Priority Agreement;

(2) agreed to be bound by the provisions of the Parallel Priority Agreement; and

(3) irrevocably appointed the Trustee to act on its behalf to enter into and comply with the provisions of the Parallel Priority Agreement.

Please see the sections entitled "Risk factors—Risks Relating to the Notes and Our Capital Structure—Your right to receive payment under the guarantees and the Issuer's right to receive payment under the Funding Loan is contractually subordinated to senior debt" and "Description of Other Indebtedness—Parallel Priority Agreement".

Security

The Notes will be secured by a second-ranking pledge over the Proceeds Loan from the Company to Guala International (the "Proceeds Loan Pledge");

The Company, Guala International and the Security Trustee will enter into the Proceeds Loan Pledge to which it is a party, which define the terms of security interests that secure the Notes. The Proceeds Loan Pledge will secure the payment and performance when due of all of the obligations of the Company under the Indenture and the Notes as provided in the Security Documents.

The Indenture will provide that the Security Documents may be enforced only upon an acceleration of the amounts due under the Notes following an Event of Default. The Security Trustee will enter into the Security Documents in its own name for the benefit of the Trustee and the holders of the Notes. Neither the Trustee nor the holders of the Notes may, individually or collectively, take any direct action to enforce any rights in their favor under the Security Documents. The holders of the Notes may only take action through the Security Trustee.

The Collateral will be released:

(1) upon the full and final payment and performance of all obligations of the Company under the Indenture and the Notes;

(2) upon legal defeasance, covenant defeasance or satisfaction and discharge of the notes as provided below under the captions "—Legal Defeasance and Covenant Defeasance" and "—Satisfaction and Discharge".

(3) as provided for under the Parallel Priority Agreement, including in connection with an enforcement sale; or

(4) as described under "—Amendment, Supplement and Waiver".

Optional Redemption

At any time prior to , 2014, the Company may on any one or more occasions redeem up to 35% of the aggregate principal amount of Notes issued under the Indenture, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to % of the principal amount of the Notes redeemed, in each case, plus accrued and unpaid interest and Additional Amounts, if any, to the date of redemption (subject to the rights of holders of Notes on the relevant record date to receive interest on the relevant interest payment date), with the net cash proceeds of an Equity Offering of (i) the Company or (ii) any parent entity of the Company to the extent the proceeds from such Equity

Offering are contributed to the Company's common equity capital or are paid to the Company as consideration for the issuance of ordinary shares of the Company; *provided* that:

(1) at least 65% of the aggregate principal amount of the Notes originally issued under the Indenture (excluding Notes held by the Company and its Restricted Subsidiaries) remains outstanding immediately after the occurrence of such redemption; and

(2) the redemption occurs within 90 days of the date of the closing of such Equity Offering.

At any time prior to , 2014, the Company may on any one or more occasions redeem all or a part of the Notes upon not less than 30 nor more than 60 days' notice, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to the date of redemption, subject to the rights of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date.

Except pursuant to the preceding two paragraphs and except pursuant to "—Redemption for Changes in Taxes", the Notes will not be redeemable at the Company's option prior to , 2014.

On or after , 2014, the Company may on any one or more occasions redeem all or a part of Notes upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest and Additional Amounts, if any, on the Notes redeemed, to the applicable date of redemption, if redeemed during the twelve-month period beginning on of the years indicated below, subject to the rights of holders of Notes on the relevant record date to receive interest on the relevant interest payment date:

Year	Redemption Price
	%
2014	
2015	
2016 and thereafter	100.000

Unless the Company defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

Any redemption and notice may, in the Company's discretion, be subject to the satisfaction of one or more conditions precedent.

Redemption for Changes in Taxes

The Company may redeem the Notes, in whole but not in part, at its discretion at any time upon giving not less than 30 nor more than 60 days' prior notice to the holders of the Notes (which notice will be irrevocable and given in accordance with the procedures described in "—Selection and Notice"), at a redemption price equal to 100% of the aggregate principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Company for redemption (a "Tax Redemption Date") and all Additional Amounts (if any) then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise (subject to the right of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date and Additional Amounts (if any) in respect thereof), if on the next date on which any amount would be payable in respect of the Notes or any Note Guarantee, the Company or the relevant Guarantor is or would be required to pay Additional Amounts (but, in the case of the relevant Guarantor, only if such amount payable cannot be paid by the Company or another Guarantor who can pay such amount without the obligation to pay Additional Amounts), and the Company or the relevant Guarantor cannot avoid any such payment obligation by taking reasonable measures available, and the requirement arises as a result of:

(1) any amendment to, or change in, the laws or any regulations or rulings promulgated thereunder of a relevant Tax Jurisdiction which change or amendment is announced and becomes effective on or after the date of this offering memorandum (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the date of this offering memorandum, such later date); or

(2) any amendment to, or change in, an official written interpretation or application of such laws, regulations or rulings (including by virtue of a holding, judgment, order by a court of

competent jurisdiction or a change in published administrative practice) which amendment or change is announced and becomes effective on or after the date of this offering memorandum (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the date of this offering memorandum, such later date).

The Company will not give any such notice of redemption earlier than 60 days prior to the earliest date on which the Company or the relevant Guarantor would be obligated to make such payment or withholding if a payment in respect of the Notes were then due, and the obligation to pay Additional Amounts must be in effect at the time such notice is given. Prior to the publication or, where relevant, mailing of any notice of redemption of the Notes pursuant to the foregoing, the Company will deliver to the Trustee an opinion of independent tax counsel (the choice of such counsel to be subject to the prior written approval of the Trustee (such approval not to be unreasonably withheld)) to the effect that there has been such amendment or change which would entitle the Company to redeem the Notes hereunder. In addition, before the Company publishes or mails notice of redemption of the Notes as described above, it will deliver to the Trustee an Officer's Certificate to the effect that it cannot avoid its obligation to pay Additional Amounts by the Company taking reasonable measures available to it.

The Trustee will accept and shall be entitled to rely on such Officer's Certificate and opinion of counsel as sufficient evidence of the existence and satisfaction of the conditions precedent as described above, in which event it will be conclusive and binding on the holders.

Mandatory Redemption

The Company is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

Repurchase at the Option of Holders

Change of Control

If a Change of Control occurs, each holder of Notes will have the right to require the Company to repurchase all or any part (equal to €100,000 or integral multiples of €1,000 in excess thereof) of that holder's Notes pursuant to a Change of Control Offer on the terms set forth in the Indenture. In the Change of Control Offer, the Company will offer a payment in cash equal to 101% of the aggregate principal amount of Notes repurchased, plus accrued and unpaid interest and Additional Amounts, if any, on the Notes repurchased to the date of purchase (the "Change of Control Payment"), subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date. Within 30 days following any Change of Control, the Company will mail a notice to each holder of the Notes at such holder's registered address or otherwise deliver a notice in accordance with the procedures described under "—Selection and Notice", stating that a Change of Control Offer is being made and offering to repurchase Notes on the date (the "Change of Control Payment Date") specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed or delivered, pursuant to the procedures required by the Indenture and described in such notice. The Company will comply with the requirements of Rule 14e-1 under the U.S. Exchange Act and any other applicable securities laws and regulations to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the Indenture, the Company will comply with any applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance.

On the Change of Control Payment Date, the Company will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the paying agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(3) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Company.

The Paying Agent will promptly mail (or cause to be delivered) to each holder of Notes properly tendered the Change of Control Payment for such Notes, and the Trustee (or its authenticating agent) will promptly authenticate and mail (or cause to be transferred by book-entry) to each holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any. The Company will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The provisions described above that require the Company to make a Change of Control Offer following a Change of Control will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the holders of the Notes to require that the Company repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The Company will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer, or (2) a notice of redemption has been given pursuant to the Indenture as described above under the caption "—Optional Redemption", unless and until there is a default in payment of the applicable redemption price. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all", there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of Notes to require the Company to repurchase its Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Company and its Restricted Subsidiaries taken as a whole to another Person or group may be uncertain.

The provisions under the Indenture relating to the Company's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the consent of the holders of a majority in principal amount of the Notes prior to the occurrence of the Change of Control.

If and for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF market and the rules of the Luxembourg Stock Exchange so require, the Company will publish notices relating to the Change of Control Offer in a leading newspaper of general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, post such notices on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*).

Asset Sales

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, consummate an Asset Sale unless:

(1) the Company (or the Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the Fair Market Value of the assets or Equity Interests issued or sold or otherwise disposed of; and

(2) at least 75% of the consideration received in the Asset Sale by the Company or such Restricted Subsidiary is in the form of cash or Cash Equivalents. For purposes of this provision, each of the following will be deemed to be cash:

   (a) any liabilities, as recorded on the balance sheet of the Company or any Restricted Subsidiary (other than contingent liabilities), that are assumed by the transferee of any such assets and as a result of which the Company and its Restricted Subsidiaries are no longer obligated with respect to such liabilities or are indemnified against further liabilities;

(b) any securities, notes or other obligations received by the Company or any such Restricted Subsidiary from such transferee that are converted by the Company or such Restricted Subsidiary into cash or Cash Equivalents within 90 days following the closing of the Asset Sale, to the extent of the cash or Cash Equivalents received in that conversion;

(c) any Capital Stock or assets of the kind referred to in clauses (1)(b) or (d) of the next paragraph of this covenant;

(d) any Designated Non-Cash Consideration received by the Company or any Restricted Subsidiary in such Asset Sales having an aggregate Fair Market Value, taken together with all other Designated Non-Cash Consideration received pursuant to this clause (d) that is at that time outstanding, not to exceed 1.5% of Total Assets at the time of the receipt of such Designated Non-Cash Consideration (with the Fair Market Value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value);

(e) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Sale, to the extent that the Company and each other Restricted Subsidiary are released from any Guarantee of such Indebtedness in connection with such Asset Sale; and

(f) consideration consisting of Indebtedness of the Company or any Guarantor received from Persons who are not the Company or any Restricted Subsidiary.

Within 365 days after the receipt of any Net Proceeds from an Asset Sale, the Company (or the applicable Restricted Subsidiary, as the case may be) may:

(1) apply such Net Proceeds (at the option of the Company or Restricted Subsidiary):

(a) to repay, repurchase, prepay or redeem Senior Debt, obligations under the Notes or Indebtedness of a Restricted Subsidiary that is not a Guarantor and, if the Indebtedness repaid is not Indebtedness under a revolving credit facility, to correspondingly permanently reduce the commitments with respect thereto;

(b) to acquire all or substantially all of the assets of, or any Capital Stock of, another Permitted Business, if, after giving effect to any such acquisition of Capital Stock, the Permitted Business is or becomes a Restricted Subsidiary;

(c) to make a capital expenditure;

(d) to acquire other assets (other than Capital Stock) not classified as current assets under IFRS that are used or useful in a Permitted Business; or

(2) enter into a binding commitment to apply the Net Proceeds pursuant to clause (b), (c) or (d) of paragraph (1) above; *provided* that such binding commitment shall be treated as a permitted application of the Net Proceeds from the date of such commitment until the earlier of (x) the date on which such acquisition or expenditure is consummated, and (y) the 180th day following the expiration of the aforementioned 365 day period; or

(3) any combination of the foregoing.

Pending the final application of any Net Proceeds, the Company (or the applicable Restricted Subsidiary) may temporarily reduce revolving credit borrowings or otherwise invest the Net Proceeds in any manner that is not prohibited by the Indenture.

Any Net Proceeds from Asset Sales that are not applied or invested as provided in the second paragraph of this covenant will constitute "Excess Proceeds". When the aggregate amount of Excess Proceeds exceeds €20.0 million, within ten Business Days thereof, the Company will make an offer (an "Asset Sale Offer") to all holders of Notes and may make an offer to all holders of other Indebtedness that is *pari passu* with the Notes or any Note Guarantees to purchase, prepay or redeem with the proceeds of sales of assets to purchase, prepay or redeem the maximum principal amount of Notes and such other *pari passu* Indebtedness (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith) that may be purchased, prepaid or redeemed out of the Excess Proceeds. The offer price for the Notes in any Asset Sale Offer will be equal to 100% of the principal amount, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase, prepayment or redemption, subject to the rights of holders of

Notes on the relevant record date to receive interest due on the relevant interest payment date, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Company may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes and other *pari passu* Indebtedness tendered into (or to be prepaid or redeemed in connection with) such Asset Sale Offer exceeds the amount of Excess Proceeds or if the aggregate amount of Notes tendered pursuant to a Notes Offer exceeds the amount of the Net Proceeds so applied, the Issuer will select the Notes and such other *pari passu* Indebtedness, if applicable, to be purchased on a pro rata basis (or in the manner described under "—Selection and Notice"), based on the amounts tendered or required to be prepaid or redeemed. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

The Company will comply with the requirements of Rule 14e-1 under the U.S. Exchange Act and any other applicable securities laws and regulations to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to a Change of Control Offer or an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control or Asset Sale provisions of the Indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control or Asset Sale provisions of the Indenture by virtue of such compliance.

The agreements governing the Company's Senior Debt that will be outstanding as of the Issue Date will prohibit the Company from purchasing any Notes, and also will provide that certain Change of Control or Asset Sale events with respect to the Company will constitute a mandatory prepayment event under these agreements. Any future credit agreements or other agreements relating to Senior Debt to which the Company becomes a party may contain similar restrictions and provisions. In the event a Change of Control or Asset Sale occurs at a time when the Company is prohibited from purchasing Notes, the Company could seek the consent of its senior lenders to the purchase of the Notes or could attempt to refinance the borrowings that contain such prohibition. If the Company does not obtain such a consent or repay such borrowings, the Company will remain prohibited from purchasing the Notes. In such case, the Company's failure to purchase tendered Notes would constitute an Event of Default under the Indenture which would, in turn, constitute a default under such Senior Debt. In such circumstances, the subordination provisions in the Indenture would likely restrict payments to the holders of Notes.

Selection and Notice

If less than all of the Notes are to be redeemed at any time, the Trustee or the Registrar will select Notes for redemption on a pro rata basis or by using a pool factor (or, in the case of Notes issued in global form as discussed under "—Book-Entry, Delivery and Form", based on a method that most nearly approximates a pro rata selection as the Trustee or the Registrar deems fair and appropriate), unless otherwise required by law or applicable stock exchange or depository requirements. Neither the Trustee nor the Registrar shall be liable for selections made by it in accordance with this paragraph.

No Notes of €100,000 or less can be redeemed in part. Notices of redemption will be mailed by first class mail at least 30 but not more than 60 days before the redemption date to each holder of Notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount of that Note that is to be redeemed. A new Note in principal amount equal to the unredeemed portion of the original Note will be issued in the name of the holder of Notes upon cancellation of the original Note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of Notes called for redemption.

For Notes which are represented by global certificates held on behalf of Euroclear, notices may be given by delivery of the relevant notices to Euroclear for communication to entitled account holders in substitution for the aforesaid mailing. So long as any Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF market and the rules of the Luxembourg Stock Exchange so require, any such notice to the holders of the relevant Notes shall also be published in a newspaper having a general circulation in Luxembourg (which is expected to be the

Luxemburger Wort) or, to the extent and in the manner permitted by such rules, posted on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*) and, in connection with any redemption, the Company will notify the Luxembourg Stock Exchange of any change in the principal amount of Notes outstanding.

Certain Covenants

Incurrence of Indebtedness and Issuance of Preferred Stock

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "incur") any Indebtedness (including Acquired Debt), and the Company will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; *provided*, *however*, that the Company and the Guarantors may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock, and the other Restricted Subsidiaries may incur Indebtedness (including Acquired Debt) or issue preferred stock, if for the Company's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or preferred stock is issued, as the case may be, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the Disqualified Stock or preferred stock had been issued, as the case may be, at the beginning of such four quarter period:

(1) the Fixed Charge Coverage Ratio of the Company would have been at least 2.0 to 1.0; and

(2) to the extent such Indebtedness is Senior Secured Debt, the Senior Secured Leverage Ratio of the Company would have been less than 2.5 to 1.0.

The first paragraph of this covenant will not prohibit the incurrence of any of the following items of Indebtedness (collectively, "Permitted Debt"):

(1) the incurrence by the Company and any Guarantor of additional Indebtedness under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (1) not to exceed €350.0 million, *plus* in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such refinancing, *less* the aggregate amount of all Net Proceeds of Asset Sales applied by the Company or any of its Restricted Subsidiaries since the Issue Date to repay any Indebtedness under a Credit Facility (other than Indebtedness under a revolving credit facility) and effect a permanent corresponding commitment reduction thereunder to the extent required pursuant to the covenant described above under the caption "—Repurchase at the Option of the Holders—Asset Sales";

(2) Indebtedness of the Company or any Restricted Subsidiary outstanding on the Issue Date after giving effect to the use of proceeds of the Notes;

(3) the incurrence by the Company and the Guarantors of Indebtedness represented by the Notes issued on the Issue Date, any Note Guarantees and any Proceeds Loans;

(4) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of design, construction, installation or improvement of property, plant or equipment used in the business of the Company or any of its Restricted Subsidiaries, in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (4), not to exceed the greater of €25.0 million and 3.0% of Total Assets at any time outstanding;

(5) the incurrence by the Company or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge any Indebtedness (other than intercompany Indebtedness) that was permitted by the Indenture to be incurred under the first paragraph of this covenant or clauses (2), (3), (5) or (17) of this paragraph;

(6) the incurrence by the Company or any Restricted Subsidiary of intercompany Indebtedness between or among the Company or any Restricted Subsidiary; *provided* that:

(a) if the Company or any Guarantor is the obligor on such Indebtedness and the payee is not the Company or a Guarantor, such Indebtedness must be unsecured and ((i) except in respect of the intercompany current liabilities incurred in the ordinary course of business in connection with the cash management operations of the Company and its Restricted Subsidiaries and (ii) only to the extent legally permitted (the Company and its Restricted Subsidiaries having completed all procedures required in the reasonable judgment of directors of officers of the obligee or obligor to protect such Persons from any penalty or civil or criminal liability in connection with the subordination of such indebtedness)) expressly subordinated to the prior payment in full in cash of all Obligations then due with respect to the Notes, in the case of the Company, or the Note Guarantee, in the case of a Guarantor; and

(b) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Company or a Restricted Subsidiary and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Company or a Restricted Subsidiary, will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);

(7) the issuance by any Restricted Subsidiary to the Company or to any of its Restricted Subsidiaries of preferred stock; *provided* that:

(a) any subsequent issuance or transfer of Equity Interests that results in any such preferred stock being held by a Person other than the Company or a Restricted Subsidiary; and

(b) any sale or other transfer of any such preferred stock to a Person that is not either the Company or a Restricted Subsidiary,

will be deemed, in each case, to constitute an issuance of such preferred stock by such Restricted Subsidiary that was not permitted by this clause (7);

(8) the incurrence by the Company or any Restricted Subsidiary of Hedging Obligations for *bona fide* hedging purposes of the Company and its Restricted Subsidiaries and not for speculative purposes;

(9) the Guarantee by the Company or any Restricted Subsidiary of Indebtedness of the Company or any Restricted Subsidiary to the extent that the guaranteed Indebtedness was permitted to be incurred by another provision of this covenant; *provided* that if the Indebtedness being guaranteed is subordinated to the Notes or subordinated to or *pari passu* with a Note Guarantee, then the Guarantee must be subordinated, in the case of the Notes, or subordinated or *pari passu*, as applicable, in the case of a Note Guarantee, in each case to the same extent as the Indebtedness guaranteed;

(10) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness in respect of workers' compensation claims, self-insurance obligations, captive insurance companies, bankers' acceptances, performance and surety bonds in the ordinary course of business;

(11) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Indebtedness is covered within five Business Days;

(12) the incurrence by the Company and its Restricted Subsidiaries of Indebtedness arising from agreements of the Company or a Restricted Subsidiary providing for customary indemnification, obligations in respect of earnouts or other adjustments of purchase price or, in each case, similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Equity Interests of a Subsidiary, *provided* that the maximum liability of the Company and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the Fair Market Value of non-cash proceeds (measured at the time received and without giving

effect to any subsequent changes in value), actually received by the Company and its Restricted Subsidiaries in connection with such disposition;

(13) the incurrence by the Company and its Restricted Subsidiaries of Indebtedness in respect of (A) letters of credit, surety, performance or appeal bonds, completion guarantees, judgment, advance payment, customs, VAT or other tax guarantees or similar instruments issued in the ordinary course of business of such Person and not in connection with the borrowing of money, including letters of credit or similar instruments in respect of self-insurance and workers compensation obligations, and (B) any customary cash management, cash pooling or netting or setting off arrangements; *provided*, *however*, that upon the drawing of such letters of credit or other instrument, such obligations are reimbursed within 30 days following such drawing;

(14) Indebtedness of the Company or any of its Restricted Subsidiaries in respect of Management Advances;

(15) customer deposits and advance payments received in the ordinary course of business from customers for goods and services purchased in the ordinary course of business;

(16) Indebtedness of the Company and its Restricted Subsidiaries in connection with any Qualified Receivables Transaction;

(17) Indebtedness of any Person outstanding on the date on which such Person becomes a Restricted Subsidiary of the Company or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Company or any of its Restricted Subsidiaries (other than Indebtedness incurred to provide all or any portion of the funds used to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary of the Company or was otherwise acquired by the Company or any of its Restricted Subsidiaries); provided, however, with respect to this clause (17), that at the time of the acquisition or other transaction pursuant to which such Indebtedness was deemed to be incurred (x) the Company would have been able to incur €1.00 of additional Indebtedness pursuant to the first paragraph of this covenant after giving *pro forma* effect to the incurrence of such Indebtedness pursuant to this clause (17) or (y) the Consolidated Fixed Charge Coverage Ratio of the Company would not be less than it was immediately prior to giving pro forma effect to the incurrence of such Indebtedness pursuant to this clause (17);

(18) Indebtedness incurred by the Company or any of its Restricted Subsidiaries under local overdraft and other local working capital facilities in an aggregate principal amount not to exceed, at any one time outstanding, €10.0 million;

(19) Indebtedness incurred on behalf of, or representing Guarantees incurred by the Company or any of its Restricted Subsidiaries in respect of Indebtedness of joint ventures of the Company or any of its Restricted Subsidiaries not to exceed, at any one time outstanding, €10.0 million; and

(20) the incurrence by the Company or any of its Restricted Subsidiaries of additional Indebtedness in an aggregate principal amount (or accreted value, as applicable) at any time outstanding, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (20) not to exceed €25.0 million.

Notwithstanding the foregoing, Restricted Subsidiaries of the Company that are not Subsidiary Guarantors may not incur any Indebtedness under the first paragraph of this covenant, unless, immediately after giving effect to any such incurrence, the aggregate principal amount of all such Indebtedness originally incurred pursuant to the first paragraph by such Restricted Subsidiaries and any Permitted Refinancing Indebtedness in respect thereof shall not exceed €20.0 million at any one time outstanding (provided that, for the avoidance of doubt, no such amounts may be reclassified at any time in accordance with the next succeeding paragraph).

The Company will not incur any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of the Company unless such Indebtedness is also contractually subordinated in right of payment to the Notes on substantially identical terms; *provided*, *however*, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Company solely by virtue of being unsecured or by virtue of being secured with different collateral or by virtue of being secured on a junior priority basis or by virtue of the application of waterfall or other payment-ordering provisions affecting different tranches of Indebtedness.

For purposes of determining compliance with this "Incurrence of Indebtedness and Issuance of Preferred Stock" covenant, in the event that an item of Indebtedness meets the criteria of more than one of the categories of Debt described in this covenant, the Company, in its sole discretion, will be permitted to classify such item of Indebtedness on the date of its incurrence and only be required to include the amount and type of such Indebtedness in one of such clauses and will be permitted on the date of such incurrence to divide and classify an item of Indebtedness in more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, and from time to time to reclassify all or a portion of such item of Indebtedness, in any manner that complies with this covenant, provided that Indebtedness incurred pursuant to clause (1) of the definition of Permitted Debt may not be reclassified. Indebtedness under the Senior Credit Agreement outstanding on the Issue Date will be deemed to have been incurred on such date in reliance on the exception provided in clause (1) of the definition of Permitted Debt.

The accrual of interest or preferred stock dividends, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness, the reclassification of preferred stock as Indebtedness due to a change in accounting principles, the payment of dividends on preferred stock or Disqualified Stock in the form of additional shares of the same class of preferred stock or Disqualified Stock and the reclassification of commitments or obligations not treated as Indebtedness as of the Issue Date (including, without limitation operating leases) due to a change in IFRS will not be deemed to be an incurrence of Indebtedness or an issuance of preferred stock or Disqualified Stock for purposes of this covenant. For purposes of determining compliance with any euro-denominated restriction on the incurrence of Indebtedness, the euro-equivalent principal amount of Indebtedness denominated in a different currency shall be utilized, calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred; *provided*, *however*, that (i) if such Indebtedness denominated in non-euro currency is subject to a Currency Exchange Protection Agreement with respect to euro the amount of such Indebtedness expressed in euro will be calculated so as to take account of the effects of such Currency Exchange Protection Agreement; and (ii) the euro-equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date. The principal amount of any refinancing Indebtedness incurred in the same currency as the Indebtedness being refinanced will be the euro-equivalent of the Indebtedness refinanced determined on the date such Indebtedness was originally incurred, except that to the extent that:

(1) such euro-equivalent was determined based on a Currency Exchange Protection Agreement, in which case the Refinancing Indebtedness will be determined in accordance with the preceding sentence; and

(2) the principal amount of the refinancing Indebtedness exceeds the principal amount of the Indebtedness being refinanced, in which case the euro-equivalent of such excess will be determined on the date such refinancing Indebtedness is being incurred.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or any Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

For purposes of determining any particular amount of Indebtedness under this "—Incurrence of Indebtedness and Issuance of Preferred Stock" covenant:

(1) the amount of any Indebtedness outstanding as of any date will be:

    (a) in the case of any Indebtedness issued with original issue discount, the amount of the liability in respect thereof determined in accordance with IFRS;

    (b) the principal amount of the Indebtedness, in the case of any other Indebtedness; and

(c) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:

   (i) the Fair Market Value of such assets at the date of determination; and

   (ii) the amount of the Indebtedness of the other Person;

(2) guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(3) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to clause (1), (4), (18) or (20) of the second paragraph above or the first paragraph above and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included; and

(4) the principal amount of any Disqualified Stock of the Company or a Restricted Subsidiary, or preferred stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof.

Restricted Payments

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of the Company's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Company's or any of its Restricted Subsidiaries' Equity Interests in their capacity as holders (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Company and other than dividends or distributions payable to the Company or a Restricted Subsidiary);

(2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Company) any Equity Interests of the Company or any direct or indirect parent entity of the Company;

(3) make any principal payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness of the Company or any Guarantor that is contractually subordinated in right of payment to the Notes or to any Note Guarantee (excluding any intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries), except (i) a payment of interest or principal at the Stated Maturity thereof or (ii) the purchase, repurchase or other acquisition of Indebtedness purchased in anticipation of satisfying a scheduled sinking fund obligation, principal installment or scheduled maturity, in each case due within one year of the date of such purchase, repurchase, redemption, defeasance or other acquisition or retirement; or

(4) make any Restricted Investment,

(all such payments and other actions set forth in these clauses (1) through (4) above being collectively referred to as "Restricted Payments"), unless, at the time of any such Restricted Payment:

(a) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;

(b) the Company would, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least €1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described above under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock"; and

(c) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Company and its Restricted Subsidiaries since the Issue Date (excluding

Restricted Payments permitted by clauses (2) through (8) and (11), (12), (13) and (14) of the next succeeding paragraph), is less than the sum, without duplication, of:

(i) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) from the beginning of the fiscal quarter commencing immediately prior to the Issue Date to the end of the Company's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); *plus*

(ii) 100% of the aggregate net cash proceeds and the Fair Market Value of marketable securities received by the Company since the Issue Date as a contribution to its common equity capital or from the issue or sale of Equity Interests of the Company (other than Disqualified Stock and Excluded Contributions) or from the issue or sale of convertible or exchangeable Disqualified Stock of the Company or convertible or exchangeable debt securities of the Company, in each case that have been converted into or exchanged for Equity Interests of the Company (other than Equity Interests and convertible or exchangeable Disqualified Stock or debt securities sold to a Subsidiary of the Company) or from the issuance or sale of Subordinated Shareholder Debt (other than an issuance or sale to a Subsidiary of the Company); *plus*

(iii) to the extent that any Restricted Investment that was made after the Issue Date is (a) sold, disposed of or otherwise cancelled, liquidated or repaid, 100% of the aggregate amount received in cash and the Fair Market Value of the property and marketable securities received by the Company or any Restricted Subsidiary (other than from the Company or a Restricted Subsidiary), or (b) made in an entity that subsequently becomes a Restricted Subsidiary, 100% of the Fair Market Value of the Restricted Investment of the Company and its Restricted Subsidiaries as of the date such entity becomes a Restricted Subsidiary; *plus*

(iv) to the extent that any Unrestricted Subsidiary of the Company designated as such after the Issue Date is redesignated as a Restricted Subsidiary or is merged or consolidated into the Company or a Restricted Subsidiary, or all of the assets of such Unrestricted Subsidiary are transferred to the Company or a Restricted Subsidiary, the Fair Market Value of the property received by the Company or Restricted Subsidiary or the Company's Restricted Investment in such Subsidiary as of the date of such redesignation, merger, consolidation or transfer of assets, to the extent such Investments reduced the Restricted Payments capacity under this clause (c) and were not previously repaid or otherwise reduced; *plus*

(v) upon the full and unconditional release of a Restricted Investment that is a Guarantee made by the Company or one of its Restricted Subsidiaries to any Person, an amount equal to the amount of such Guarantee; *plus*

(vi) 100% of any cash dividends or distributions received by the Company or a Restricted Subsidiary after the Issue Date from an Unrestricted Subsidiary, to the extent that such dividends or distributions were not otherwise included in the Consolidated Net Income of the Company for such period.

The preceding provisions will not prohibit:

(1) the payment of any dividend or the consummation of any redemption within 60 days after the date of declaration of the dividend or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or redemption payment would have complied with the provisions of the Indenture;

(2) the making of any Restricted Payment in exchange for, or out of or with the net cash proceeds of the substantially concurrent sale or issuance (other than to a Subsidiary of the Company) of, Equity Interests of the Company (other than Disqualified Stock), Subordinated Shareholder Debt or from the substantially concurrent contribution of common equity capital to the Company; *provided* that the amount of any such net cash proceeds that are utilized for any such Restricted Payment will be excluded from the calculation of amounts under clause (c)(ii) of the preceding paragraph, shall not constitute Excluded Contributions and will

not be considered to be net cash proceeds from a Public Equity Offering for purposes of the "Optional Redemption" provisions of the Indenture;

(3) the repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Company or any Guarantor that is contractually subordinated to the Notes or to any Note Guarantee with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness;

(4) the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Company or any Restricted Subsidiary held by any current or former officer, director, employee or consultant of the Company or any of its Restricted Subsidiaries pursuant to any equity subscription agreement, stock option agreement, restricted stock grant, shareholders' agreement or similar agreement; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests may not exceed €2.0 million in any calendar year; and *provided*, *further*, that such amount in any calendar year may be increased by an amount not to exceed the cash proceeds from the sale of Equity Interests of the Company or a Restricted Subsidiary received by the Company or a Restricted Subsidiary during such calendar year, in each case to members of management, directors or consultants of the Company, any of its Restricted Subsidiaries or any of its direct or indirect parent companies to the extent the cash proceeds from the sale of Equity Interests have not otherwise been applied to the making of Restricted Payments pursuant to clause (c)(ii) of the preceding paragraph or clause (2) of this paragraph;

(5) the repurchase of Equity Interests deemed to occur upon the exercise of stock options to the extent such Equity Interests represent a portion of the exercise price of those stock options;

(6) the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of the Company or any preferred stock of any Restricted Subsidiary issued on or after the Issue Date in accordance with the covenant described above under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock";

(7) payments of cash, dividends, distributions, advances or other Restricted Payments by the Company or any of its Restricted Subsidiaries to allow the payment of cash in lieu of the issuance of fractional shares upon (x) the exercise of options or warrants or (y) the conversion or exchange of Capital Stock of any such Person;

(8) payments pursuant to any tax sharing agreement among the Company and its Restricted Subsidiaries and other Persons with which the Company or any of its Restricted Subsidiaries is required or permitted to file a consolidated tax return or with which the Company or any of its Restricted Subsidiaries is a part of a group for tax purposes; *provided, however,* that such payments will not exceed the amount of tax that the Company and its Restricted Subsidiaries would owe on a stand-alone basis and the related tax liabilities of the Company and its Restricted Subsidiaries are relieved thereby;

(9) so long as no Default has occurred and is continuing or would be caused thereby, following an Initial Public Offering of the Capital Stock of the Company or a Parent Entity, the declaration or payment of dividends or distributions, or the making of any cash payments, advances, loans or expense reimbursements on the Capital Stock of the Company or any Parent Entity in an aggregate amount not to exceed in any fiscal year the greater of (x) 6.0% of the net cash proceeds received by the Company from the Initial Public Offering or contributed to the equity (other than through the issuance of Disqualified Stock or through an Excluded Contribution) of the Company or contributed as Subordinated Shareholder Debt and (y) 5.0% of the Market Capitalization; *provided*, that after giving *pro forma* effect to the payments of such dividends, distributions, cash payments, advances, loans or reimbursements, the Company's Consolidated Leverage Ratio would have been less than 3.5 to 1.0;

(10) advances or loans to (a) any future, present or former officer, director, employee or consultant of the Company or a Restricted Subsidiary to pay for the purchase or other acquisition for value of Equity Interests of the Company (other than Disqualified Stock), or any obligation under a forward sale agreement, deferred purchase agreement or deferred payment arrangement pursuant to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or other agreement or arrangement or (b) any management equity plan or stock option plan or any other management or

employee benefit or incentive plan or unit trust or the trustees of any such plan or trust to pay for the purchase or other acquisition for value of Equity Interests of the Company (other than Disqualified Stock); *provided* that the total aggregate amount of Restricted Payments made under this clause (10) does not exceed €2.0 million in any calendar year;

(11) the payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution) by a Restricted Subsidiary to the holders of its Equity Interests (other than the Company or any Restricted Subsidiary) on no more than a pro rata basis;

(12) so long as no Default or Event of Default has occurred and is continuing, the payment of Management Fees;

(13) Permitted Parent Payments;

(14) Restricted Payments that are made with Excluded Contributions;

(15) any purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Company or any Guarantor that is subordinated in right of payment to the Notes or to any Note Guarantee (other than any Indebtedness so subordinated and held by Affiliates of the Company) upon a Change of Control to the extent required by the agreements governing such Indebtedness at a purchase price not greater than 101% of the principal amount of such Indebtedness, but only if the Company shall have complied with its obligations under the covenants described under "Repurchase at the option of holders—Change of control" and the Company repurchased all Notes tendered pursuant to the offer required by such covenants prior to offering to purchase, purchasing or repaying such Indebtedness;

(16) the payment of any fees and purchases of Receivables and related assets in connection with a Qualified Receivables Transaction;

(17) the distribution, as a dividend or otherwise, of shares of Capital Stock of, or Indebtedness owed to the Company or a Restricted Subsidiary of the Company by, Unrestricted Subsidiaries; or

(18) so long as no Default or Event of Default has occurred and is continuing, other Restricted Payments in an aggregate amount not to exceed €15.0 million since the Issue Date.

The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment.

Liens

The Company will not and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind securing Indebtedness upon any of their property or assets, now owned or hereafter acquired, except Permitted Liens, unless all payments due under the Indenture, the Notes and the Note Guarantees, as applicable, are secured on an equal and ratable basis with the obligations so secured until such time as such obligations are no longer secured by a Lien. Notwithstanding the foregoing, (x) no Indebtedness of the Company or any Restricted Subsidiary or Parent Entity, other than the Notes and the Note Guarantees, may be secured by a Lien over the Collateral other than Permitted Collateral Liens and (y) no Indebtedness which is subordinated in right of payment to the Notes or Note Guarantees may be secured by a Lien.

No Layering of Debt

No Guarantor will incur, create, issue, assume, guarantee or otherwise become liable for any Indebtedness that is contractually subordinated in right of payment to the Senior Debt of such Guarantor and senior in right of payment to such Guarantor's Note Guarantee. No such Indebtedness will be considered to be subordinated in right of payment to any Senior Debt of any Guarantor by virtue of being unsecured or by virtue of being secured on a junior priority basis or by virtue of the application of waterfall or other payment-ordering provisions affecting different tranches of Indebtedness.

Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock to the Company or any Restricted Subsidiary, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the Company or any Restricted Subsidiary;

(2) make loans or advances to the Company or any Restricted Subsidiary; or

(3) sell, lease or transfer any of its properties or assets to the Company or any Restricted Subsidiary,

provided that (x) the priority of any preferred stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill period to) loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness incurred by the Company or any Restricted Subsidiary, in each case, shall not be deemed to constitute such an encumbrance or restriction.

However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

(1) agreements governing Indebtedness and Credit Facilities as in effect on the Issue Date and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the Issue Date (as determined in good faith by the Company);

(2) the Indenture, the Notes, the Note Guarantees, the Parallel Priority Agreement and the Security Documents;

(3) any encumbrance or restriction arising pursuant to an agreement or instrument relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under "Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the holders of the Notes (i) than the encumbrances and restrictions contained in the Senior Credit Agreement and the Parallel Priority Agreement, in each case, as in effect on the Issue Date or (ii) than is customary in comparable financings (in each case, as determined in good faith by the Company);

(4) applicable law, rule, regulation or order or the terms of any license, authorization, concession or permit;

(5) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Company or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; *provided* that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the Indenture to be incurred;

(6) customary non-assignment and similar provisions in contracts, leases and licenses entered into in the ordinary course of business;

(7) purchase money obligations for property acquired in the ordinary course of business and Capital Lease Obligations that impose restrictions on the property purchased or leased of the nature described in clause (3) of the preceding paragraph;

(8) any agreement for the sale or other disposition of the Capital Stock or all or substantially all of the property and assets of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending its sale or other disposition;

(9) Permitted Refinancing Indebtedness; *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced (as determined in good faith by the Company);

(10) Liens permitted to be incurred under the provisions of the covenant described above under the caption "—Liens" that limit the right of the debtor to dispose of the assets subject to such Liens;

(11) customary provisions limiting the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements and other similar agreements in the ordinary course of business (including agreements entered into in connection with a Restricted Investment), which limitation is applicable only to the assets that are the subject of such agreements;

(12) restrictions on cash or other deposits or net worth imposed by customers or suppliers or required by insurance, surety or bonding companies, in each case, under contracts entered into in the ordinary course of business;

(13) any encumbrance or restriction effected in connection with a Qualified Receivables Transaction;

(14) any encumbrance or restriction contained in any agreement relating to, or pertaining to, Hedging Obligations; and

(15) any encumbrance or restriction existing under any agreement that extends, renews, refinances or replaces the agreements containing the encumbrances or restrictions in the foregoing clauses (1) through (14), or in this clause (15); *provided* that the terms and conditions of any such encumbrances or restrictions are no more restrictive in any material respect either than (i) those under or pursuant to the agreement so extended, renewed, refinanced or replaced or (ii) is customary in comparable financings (in each case, as determined by the Company in good faith).

Merger, Consolidation or Sale of Assets

The Company

The Company will not directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Company is the surviving corporation), or (2) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole in one or more related transactions, to another Person, unless:

(1) either: (a) the Company is the surviving corporation; or (b) the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made is an entity organized or existing under the laws of any member state of the Pre-Expansion European Union, Switzerland, Canada, any state of the United States or the District of Columbia;

(2) the Person formed by or surviving any such consolidation or merger with the Company (if other than the Company) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of the Company under the Notes and the Indenture;

(3) immediately after such transaction, no Default or Event of Default exists;

(4) the Company or the Person formed by or surviving any such consolidation or merger (if other than the Company), or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made would, on the date of such transaction after giving *pro forma* effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period (i) be permitted to incur at least €1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described above under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock" or (ii) have a Fixed Charge Coverage Ratio not less than it was immediately prior to giving effect to such transaction; and

(5) the Company delivers to the Trustee an officer's certificate and opinion of counsel, in each case, stating that such consolidation, merger or transfer and such supplemental indenture comply with this covenant and that all conditions precedent in the Indenture relating to such transaction have been satisfied and that the Indenture and the Notes constitute legal, valid and binding obligations of the Company or the Person formed by or surviving any such consolidation and merger (as applicable) enforceable in accordance with their terms (provided that any such opinion of counsel may assume matters of fact, including as a factual matter that one or more conditions precedent have occurred.

In addition, the Company will not, directly or indirectly, lease all or substantially all of the properties and assets of it and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to any other Person.

In the event of any transaction (other than a lease) described in and complying with the conditions listed in the immediately preceding paragraph in which the Company is not the continuing corporation, the successor Person formed or remaining or to which such transfer is made shall succeed to, and be substituted for, and may exercise every right and power of the Company, and the Company will be discharged from all obligations and covenants under the Indenture, the Notes and the Security Documents.

The Guarantors

A Guarantor (other than a Guarantor whose Note Guarantee is to be released in accordance with the terms of the Note Guarantee and the Indenture as described under "—Note Guarantees") will not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not such Guarantor is the surviving corporation), or (2) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of such Guarantor and its Subsidiaries which are Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

(1) immediately after giving effect to that transaction, no Default or Event of Default exists;

(2) either:

  (a) the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger assumes all the obligations of that Guarantor under its Note Guarantee, the Indenture and the Security Documents to which such Guarantor is a party pursuant to a supplemental indenture and appropriate Security Documents satisfactory to the Trustee; or

  (b) the Net Proceeds of such sale or other disposition are applied in accordance with the applicable provisions of the Indenture; and

(3) the Company delivers to the Trustee an officer's certificate and opinion of counsel, in each case, stating that such consolidation, merger or transfer and such supplemental indenture comply with this covenant and that all conditions precedent in the Indenture relating to such transaction have been satisfied and that the Indenture and the Note Guarantee constitute legal, valid and binding obligations of the Guarantor or the Person formed by or surviving any such consolidation and merger (as applicable) enforceable in accordance with their terms (provided that any such opinion of counsel may assume matters of fact including as a factual matter that one or more conditions precedent have occurred; and

In the event of any transaction described in and complying with the conditions listed in the immediately preceding paragraph in which the Guarantor is not the continuing corporation, the successor Person formed or remaining or to which such transfer is made shall succeed to, and be substituted for, and may exercise every right and power of the Guarantor, and the Guarantor will be discharged from all obligations and covenants under the Indenture, the Notes Guarantee and the Security Documents, if applicable.

This "Merger, Consolidation or Sale of Assets" covenant will not apply to (a) any consolidation or merger of any Restricted Subsidiary that is not a Guarantor into the Company or a Guarantor, (b) any consolidation or merger among Guarantors or any consolidation or merger among Restricted Subsidiaries that are not Guarantors, (c) any consolidation or merger among the Company and any Guarantor; provided that, if the Company is not the surviving entity of such merger or consolidation, the relevant Guarantor is an entity organized or existing under the laws of any member state of the

Pre-Expansion European Union, Switzerland, Canada, any state of the United States or the District of Columbia and such Guarantor shall assume all of the obligations of the Company under the Notes, the Parallel Priority Agreement and the Security Documents to which the Company is a party, or (d) any sale, assignment, transfer, conveyance or other disposition of assets among the Company and its Restricted Subsidiaries (including, without limitation, pursuant to an adoption of a plan relating to a liquidation or dissolution of a Restricted Subsidiary); provided that, to the extent applicable clauses (2) and (5) under the caption "—The Company" and clause (2) under the caption "—The Guarantors" of this covenant will be complied with. Clauses (3) and (4) under the captions "—The Company" and clause (1) under the caption "—The Guarantors" of this covenant will not apply to any merger or consolidation of the Company or any Guarantor with or into an Affiliate solely for the purpose of reincorporating the Company or such Guarantor in another jurisdiction, to change its domicile or to change its legal form.

Transactions with Affiliates

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, make any payment to or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Company (each, an "Affiliate Transaction") involving aggregate payments or consideration in excess of € 2.0 million, unless:

(1) the Affiliate Transaction is on terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with an unrelated Person; and

(2) the Company delivers to the Trustee:

(a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of €5.0 million, a resolution of the Board of Directors of the Company set forth in an Officer's Certificate certifying that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors of the Company (or, in the event that there is only one such disinterested member, by such disinterested member); and, in addition,

(b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of €20.0 million, an opinion of an accounting, appraisal or investment banking firm of international standing, or other recognized independent expert of international standing with experience appraising the terms and conditions of the type of transaction or series of related transactions for which an opinion is required, stating that the transaction or series of related transactions is (i) fair from a financial point of view taking into account all relevant circumstances or (ii) on terms not less favorable than might have been obtained in a comparable transaction at such time on an arm's length basis from a Person who is not an Affiliate.

The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

(1) any employment agreement, collective bargaining agreement, consultant, employee benefit arrangements with any employee, consultant, officer or director of the Company or any Restricted Subsidiary, including under any stock option, stock appreciation rights, stock incentive or similar plans, entered into in the ordinary course of business;

(2) transactions between or among the Company and/or its Restricted Subsidiaries;

(3) transactions in the ordinary course of business with a Person (other than an Unrestricted Subsidiary of the Company) that is an Affiliate of the Company solely because the Company owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;

(4) payment of reasonable and customary fees and reimbursements of expenses (pursuant to indemnity arrangements or otherwise) of Officers, directors, employees or consultants of the Company or any of its Restricted Subsidiaries;

(5) any issuance of Equity Interests (other than Disqualified Stock) of the Company to Affiliates of the Company;

(6) any Investment (other than a Permitted Investment) or other Restricted Payment, in either case, that does not violate the provisions of the Indenture described above under the caption "—Restricted Payments";

(7) the entering into any agreement to pay and the payment of Management Advances (including any waiver or transaction in respect thereof or thereto) and/or Management Fees;

(8) any Permitted Investments (other than Permitted Investments described in clauses (3), (12) and (17) of the definition thereof);

(9) the incurrence of any Subordinated Shareholder Debt and any amendment, waiver or other transaction with respect to any Subordinated Shareholder Debt in compliance with the other provisions of the Indenture;

(10) transactions pursuant to, or contemplated by any agreement in effect on the Issue Date and transactions pursuant to any amendment, modification or extension to such agreement, so long as such amendment, modification or extension, taken as a whole, is not more disadvantageous to the holders of the Notes than the original agreement as in effect on the Issue Date;

(11) transactions with customers, clients, suppliers, or purchasers or sellers of goods or services or providers of employees or other labor, in each case in the ordinary course of business and otherwise in compliance with the terms of this Indenture that are fair to the Company or the Restricted Subsidiaries, in the reasonable determination of the members of the Board of Directors of the Company or the senior management thereof, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated Person;

(12) any payments or other transactions pursuant to a tax sharing agreement between the Company and any other Person or a Restricted Subsidiary of the Company and any other Person with which the Company or any of its Restricted Subsidiaries files a consolidated tax return or with which the Company or any of its Restricted Subsidiaries is part of a group for tax purposes or any tax advantageous group contribution made pursuant to applicable legislation; *provided*, *however*, that any such tax sharing agreement does not permit or require payments in excess of the amounts of tax that would be payable by the Company and its Restricted Subsidiaries on a stand-alone basis; and

(13) any transaction effected as part of a Qualified Receivables Transaction.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors of the Company may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Company and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under the covenant described above under the caption "—Restricted Payments" or under one or more clauses of the definition of Permitted Investments, as determined by the Company. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. The Company may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if that redesignation would not cause a Default.

Any designation of a Subsidiary of the Company as an Unrestricted Subsidiary will be evidenced to the Trustee by filing with the Trustee a copy of a resolution of the Board of Directors giving effect to such designation and an Officer's Certificate certifying that such designation complied with the preceding conditions and was permitted by the covenant described above under the caption "—Restricted Payments". If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary as of such date and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock", the Company will be in default of such covenant. The Board of Directors of the

Company may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of any outstanding Indebtedness of such Unrestricted Subsidiary, and such designation will only be permitted if (1) such Indebtedness is permitted under the covenant described under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock", calculated on a pro forma basis as if such designation had occurred at the beginning of the applicable reference period; and (2) no Default or Event of Default would be in existence following such designation.

Maintenance of Listing

The Company will use its commercially reasonable efforts to maintain the listing of the Notes on the Euro MTF market for so long as such Notes are outstanding; *provided* that if at any time the Company determines that it will not maintain such listing, it will obtain prior to the delisting of the Notes from the Euro MTF market, and thereafter use its commercially reasonable efforts to maintain, a listing of such Notes on another "recognized stock exchange" as defined in §841 of the Income and Corporation Taxes Act 1988 of the United Kingdom.

Limitation on Issuances of Guarantees of Indebtedness

The Company will not permit any of its Restricted Subsidiaries that are not Guarantors, directly or indirectly, to guarantee the payment of any other Indebtedness under Credit Facilities or Public Debt of the Company or the Guarantors unless such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture providing for the Note Guarantee of the payment of the Notes by such Restricted Subsidiary, which Note Guarantee will be senior to such Restricted Subsidiary's guarantee of such other Indebtedness unless such other Indebtedness is Senior Debt, in which case the Guarantee of the Notes may be subordinated to the Guarantee of such Senior Debt to the same extent as the Notes Guarantees are subordinated to such Senior Debt.

The first paragraph of this covenant will not be applicable to any guarantees of any Restricted Subsidiary:

(1) that existed at the time such Person became a Restricted Subsidiary if the guarantee was not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary; or

(2) arising solely due to the granting of a Permitted Lien that would not otherwise constitute a guarantee of Indebtedness of the Company or any Guarantor.

In addition, notwithstanding anything to the contrary herein:

(1) no Note Guarantee shall be required if such Note Guarantee could reasonably be expected to give rise to or result in (A) personal liability for the officers, directors or shareholders of such Restricted Subsidiary, (B) any violation of applicable law that cannot be avoided or otherwise prevented through measures reasonably available to the Company or such Restricted Subsidiary or (C) any significant cost, expense, liability or obligation (including with respect of any Taxes but excluding any reasonable guarantee or similar fee payable to the Company or a Restricted Subsidiary) other than reasonable out of pocket expenses and other than reasonable expenses incurred in connection with any governmental or regulatory filings required as a result of, or any measures pursuant to clause (B) undertaken in connection with, such Note Guarantee, which cannot be avoided through measures reasonably available to the Company or the Restricted Subsidiary; and

(2) each such Note Guarantee will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, thin capitalization, distributable reserves, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Payments for Consent

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any holder of Notes for or as an inducement to any consent, waiver or amendment of any of the terms of the provisions of the

Indenture or the Notes unless such consideration is offered to be paid and is paid to all holders of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement. Notwithstanding the foregoing, the Company and its Restricted Subsidiaries shall be permitted, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture, to exclude holders of Notes in any jurisdiction where (A)(i) the solicitation of such consent, waiver or amendment, including in connection with an offer to purchase for cash, or (ii) the payment of the consideration therefor would require the Company or any of its Restricted Subsidiaries to file a registration statement, prospectus or similar document under any applicable securities laws (including, but not limited to, the United States federal securities laws and the laws of the European Union or its member states), which the Company in its sole discretion determines (acting in good faith) would be materially burdensome (it being understood that it would not be materially burdensome to file the consent document(s) used in other jurisdictions, any substantially similar documents or any summary thereof with the securities or financial services authorities in such jurisdiction); or (B) such solicitation would otherwise not be permitted under applicable law in such jurisdiction.

Lines of Business

The Company will not, and will not permit any Restricted Subsidiary to, engage in any business other than a Permitted Business, except to such extent as would not be material to the Company and its Restricted Subsidiaries, taken as a whole.

Impairment of Security Interest

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, take or knowingly or negligently omit to take, any action which action or omission might or would have the result of materially impairing the security interest with respect to the Collateral (it being understood that the incurrence of Liens on the Collateral permitted by the definition of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the security interest with respect to the Collateral) for the benefit of the Trustee and the holders of the Notes, and the Company will not, and will not cause or permit any of its Restricted Subsidiaries to, grant to any Person other than the Security Trustee, for the benefit of the Trustee and the holders of the Notes and the other beneficiaries described in the Security Documents and the Parallel Priority Agreement, any interest whatsoever in any of the Collateral; *provided* that (a) nothing in this provision shall restrict the discharge or release of the Collateral in accordance with the Indenture, the Security Documents and the Parallel Priority Agreement and (b) the Company and its Restricted Subsidiaries may incur Permitted Collateral Liens; and *provided further*, *however*, that no Security Document may be amended, extended, renewed, restated, supplemented or otherwise modified, replaced or released (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets), other than as provided in the previous clauses (a) and (b), unless contemporaneously with such amendment, extension, replacement, restatement, supplement, modification or renewal, the Company delivers to the Trustee either (1) a solvency opinion from an internationally recognized investment bank or accounting firm, in form and substance reasonably satisfactory to the Trustee confirming the solvency of the Company and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, supplement, modification or replacement, (2) a certificate from the board of directors or chief financial officer of the Company (acting in good faith), in the form set forth as an exhibit to the Indenture, that confirms the solvency of the Person granting such Lien after giving effect to any transaction related to such amendment, extension, renewal, restatement, replacement, supplement, modification or release (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets) or (3) an opinion of counsel, in form and substance reasonably satisfactory to the Trustee (subject to customary exceptions and qualifications), confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification, replacement or release (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets), the Lien or Liens securing the Notes created under the Security Documents so amended, extended, renewed, restated, supplemented, modified, replaced or released are valid and perfected Liens not otherwise subject to any limitation imperfection or new hardening period, in equity or at law, and that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification, replacement or release.

At the direction of the Company and without the consent of the holder of Notes, the Security Trustee may from time to time enter into one or more amendments to the Security Documents to: (i) cure any ambiguity, defect or inconsistency therein, (ii) subject to compliance with the first paragraph of this covenant, provide for Permitted Collateral Liens, (iii) comply with the terms of the Parallel Priority Agreement and any Additional Parallel Priority Agreement, (iv) add to the Collateral, (v) evidence the succession of another Person to the Company or any Guarantor and the assumption by such successor of the obligations under the Indenture, the Notes and the Security Documents, in each case, including in accordance with "—Certain Covenants—Consolidation, Merger and Sale of Assets", (vi) provide for the release of property and assets constituting Collateral from the Lien of the Security Documents and/or the release of the Note Guarantee of a Guarantor, in each case, in accordance with the terms of the Indenture, the Parallel Priority Agreement, any Additional Parallel Priority Agreement and the relevant Security Documents, in each case, as applicable, (vii) conform the Security Documents to this Description of Notes, (viii) to evidence and provide for the acceptance of the appointment of a successor Trustee or Security Trustee or (ix) make any other change thereto that does not adversely affect the rights of the holders of the Notes in any material respect.

In the event that the Company complies with this covenant, the Trustee and the Security Trustee shall (subject to customary protections and indemnifications) consent to such amendment, extension, renewal, restatement, supplement, modification or replacement with no need for instructions from holders of the Notes.

Additional or Amended Parallel Priority Agreements

At the request of the Company, without the consent of holders of the Notes, and at the time of, or prior to, the incurrence by the Company or a Restricted Subsidiary of Indebtedness permitted pursuant to (x) the first paragraph of the covenant described under "—Incurrence of Indebtedness and Issuance of Preferred Stock" or clause (1), (4) (other than with respect to Capitalized Lease Obligations), (8) and (20) of the second paragraph of the covenant described under "—Incurrence of Indebtedness and Issuance of Preferred Stock" and (y) any Permitted Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clause (x) (*provided* that, in the case of both (x) and (y), any such Indebtedness shall be Senior Debt), the Company or the relevant Restricted Subsidiary and the Trustee shall enter into with the holders of such Indebtedness (or their duly authorized representatives) an intercreditor or priority agreement (an "Additional Parallel Priority Agreement") on substantially the same terms as the Parallel Priority Agreement, including, in respect of Senior Debt, containing substantially the same terms with respect to the subordination, payment blockage, limitation on enforcement and release of guarantees and priority as set forth in the Parallel Priority Agreement (or on terms more favorable to the holders of the Notes) and including; *provided* that only one stop notice can be given by Designated Senior Debt in any 360-day period or in respect of the same event or circumstances regardless of the number of facilities or other instruments constituting "Designated Senior Debt" of a Restricted Subsidiary or the number of Parallel Priority agreements; *provided*, *further*, that in no event may the total number of days for which a stop notice is in effect exceed 179 days in the aggregate during any consecutive 360-day period; *provided*, *further*, that in no event may the total number of days for which any enforcement standstill exceed 179 days; *provided*, *further*, that such Additional Parallel Priority Agreement will not impose any personal obligations on the Trustee or adversely affect the rights, duties, liabilities or immunities of the Trustee under the Indenture or the Parallel Priority Agreement; *provided*, *further*, that only Designated Senior Debt shall be entitled to instruct the Security Trustee initiate a payment blockage. Any such Additional Parallel Priority Agreement shall provide for the release of any subordinated guarantee or junior security on the same terms as the Note Guarantees.

The Indenture also will provide that, at the direction of the Company and without the consent of holders of the Notes, the Trustee and the Security Trustee shall from time to time enter into one or more amendments to any Parallel Priority Agreement to: (1) cure any ambiguity, defect or inconsistency of any such agreement, (2) increase the amount or types of Indebtedness covered by any such agreement that may be Incurred by the Company or a Restricted Subsidiary that is subject to any such agreement (including with respect to any Parallel Priority Agreement or Additional Parallel Priority Agreement, the addition of provisions relating to new Indebtedness ranking junior in right of payment to the Notes) (provided that such amendment is consistent with the preceding paragraph), (3) add Restricted Subsidiaries to the Parallel Priority Agreement or an Additional Parallel Priority Agreement, (4) further secure the Notes (including Additional Notes), (5) make provision for equal and ratable pledges of the Collateral to secure Additional Notes, (6) implement any Permitted Collateral Liens, (7) amend the Parallel Priority Agreement or any Additional Parallel Priority Agreement in accordance with the terms thereof or (8) make any other change to any such agreement that does not adversely affect the holders of the Notes in any material respect.

The Company shall not otherwise direct the Trustee or the Security Trustee (if applicable) to enter into any amendment to any Parallel Priority Agreement without the consent of the holders of the Notes of the majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under "—Amendment, Supplement and Waivers," and the Company may only direct the Trustee and the Security Trustee to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or Security Trustee or, in the opinion of the Trustee or Security Trustee, adversely affect their respective rights, duties, liabilities or immunities under the Indenture or the Parallel Priority Agreement or any Additional Parallel Priority Agreement without the consent of the Trustee or Security Trustee, as applicable.

In relation to the Parallel Priority Agreement (and Security Trustee, if applicable) or to the extent applicable an Additional Parallel Priority Agreement, the Trustee shall be deemed to have consented on behalf of the holders of the Notes to any payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Notes thereby, *provided* that such transaction would comply with the covenant described under "—Restricted payments."

The Indenture will provide that each holder of a Note, by accepting such Note, will be deemed to have agreed to, accepted the terms and conditions of, and to have directed the Trustee and the Security Trustee to enter into, the Parallel Priority Agreement and any Additional Parallel Priority Agreement and any amendment, restatement or other modification referred to in the preceding paragraph (whether then entered into or entered into in the future pursuant to the provisions described herein) and the Trustee or the Security Trustee will not be required to seek the consent of any holders of Notes to perform its obligations under and in accordance with this covenant.

Suspension of Covenants when Notes Rated Investment Grade

If on any date following the Issue Date:

(1) the Notes have achieved Investment Grade Status; and

(2) no Default or Event of Default shall have occurred and be continuing on such date,

then, beginning on that day and continuing until such time, if any, at which the Notes cease to have Investment Grade Status (such period, the "Suspension Period"), the covenants specifically listed under the following captions in this offering memorandum will no longer be applicable to the Notes and any related default provisions of the Indenture will cease to be effective and will not be applicable to the Company and its Restricted Subsidiaries:

(1) "—Repurchase at the Option of Holders—Asset Sales";

(2) "—Incurrence of Indebtedness and Issuance of Preferred Stock";

(3) "—Restricted Payments";

(4) "—Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries";

(5) clause (4) of the first paragraph of the covenant described under "—Merger, Consolidation or Sale of Assets";

(6) "—Transactions with Affiliates"; and

(7) "—Designation of Restricted and Unrestricted Subsidiaries."

Such covenants will not, however, be of any effect with regard to the actions of Company and the Restricted Subsidiaries properly taken during the continuance of the Suspension Period; *provided* that (1) with respect to the Restricted Payments made after any such reinstatement, the amount of Restricted Payments will be calculated as though the covenant described under the caption "—Restricted Payments" had been in effect prior to, but not during, the Suspension Period (except that no Default will be deemed to have occurred by any Restricted Payment being made during the Suspension Period) and (2) all Indebtedness incurred, or Disqualified Stock or preferred stock issued, during the Suspension Period will be classified to have been incurred or issued pursuant to clause (2) of the second paragraph of the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock". Upon the occurrence of a Suspension Period, the amount of Excess Proceeds shall be reset at zero.

There can be no assurance that the Notes will ever achieve or maintain an Investment Grade Status.

Reports

So long as any Notes are outstanding, the Company will furnish to the Trustee:

(1) within 120 days after the end of the Company's fiscal year beginning with the fiscal year ending December 31, 2011, annual reports containing the following information with a level of detail that is substantially comparable and similar in scope to this offering memorandum: (a) audited consolidated balance sheet of the Company as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Company for the two most recent fiscal years, including complete footnotes to such financial statements and the report of the independent auditors on the financial statements; (b) *pro forma* income statement and balance sheet information of the Company, together with explanatory footnotes, for any material acquisitions or dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates; (c) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition and liquidity and capital resources, and a discussion of material commitments and contingencies and critical accounting policies; (d) a description of the business, management and shareholders of the Company, all material affiliate transactions, Indebtedness and material financing arrangements and a description of all material contractual arrangements, including material debt instruments; and (e) material risk factors and material recent developments;

(2) within 60 days following the end of each of the first three fiscal quarters in each fiscal year of the Company (except as provided below in relation to any Semi-Annual Report and 90 days in the case of each of the first two fiscal quarters in 2011), quarterly reports containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow for the quarterly and year to date periods ending on the unaudited condensed balance sheet date, and the comparable prior year periods for the Company, together with condensed footnote disclosure; (b) *pro forma* income statement and balance sheet information, together with explanatory footnotes, for any material acquisitions or dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal quarter as to which such quarterly report relates; (c) an operating and financial review of the unaudited financial statements, including a discussion of the consolidated financial condition and results of operations of the Company and any material change between the current quarterly period and the corresponding period of the prior year; and (d) material developments in the business of the Company and its Subsidiaries; and (e) any material changes to the risk factors disclosed in the most recent annual report with respect to the Company; *provided* that the report provided by the Company following the completion of the quarter of each fiscal year ending June 30 (the "Semi-Annual Report") shall include in addition a description of material changes to material contractual arrangements, including material debt instruments and material affiliate transactions and such Semi-Annual Report need not be provided by the Company until September 15 of each year; and

(3) promptly after the occurrence of (a) a material acquisition, disposition or restructuring; (b) any senior management change at Guala Closures; (c) any change in the auditors of the Company; (d) any resignation of a member of the Board of Directors of the Company or Guala Closures as a result of a disagreement with the Company or Guala Closures, as applicable; or (e) any material events that the Company or Guala Closures announces publicly, in each case, a report containing a description of such events;

provided, *however*, that the reports set forth in clauses (1), (2) and (3) above will not be required to (i) contain any reconciliation to U.S. generally accepted accounting principles or (ii) include separate financial statements for any Guarantors or non-guarantor Subsidiaries of the Company.

If the Company has designated any of its Subsidiaries as Unrestricted Subsidiaries and such Subsidiaries are Significant Subsidiaries, then the quarterly and annual financial information required by the preceding paragraph will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company.

All financial statements shall be prepared in accordance with IFRS. Except as provided for above, no report need include separate financial statements for the Company or Subsidiaries of the Company or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in this offering memorandum.

In addition, for so long as any Notes remain outstanding and during any period during which the Company is not subject to Section 13 or 15(d) of the U.S. Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b), the Company has agreed that it will, furnish to the holders of the Notes and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act.

The Company will also make available copies of all reports required by clauses (1) through (3) of the first paragraph of the covenant (i) on the Company's website and (ii) if and so long as the Notes are listed on the Euro MTF and the rules of the Luxembourg Stock Exchange so require, at the specified office of the paying agent in Luxembourg.

Events of Default and Remedies

Each of the following is an "Event of Default":

(1) default for 30 days in the payment when due of interest or Additional Amounts, if any, with respect to the Notes, whether or not prohibited by the subordination provisions of the Indenture;

(2) default in the payment when due (at maturity, upon redemption or otherwise) of the principal of, or premium, if any, on, the Notes, whether or not prohibited by the subordination provisions of the Indenture;

(3) failure by the Company or relevant Guarantor to comply with the provisions described under the caption "—Certain Covenants—Consolidation, Merger or Sale of Assets";

(4) failure by the Company or relevant Guarantor for 60 days after written notice to the Company by the Trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding voting as a single class to comply with any of the agreements in the Indenture (other than a default in performance, or breach, or a covenant or agreement which is specifically dealt with in clauses (1), (2) or (3) or the Notes, the Note Guarantees or the Security Documents);

(5) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries), whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, if that default:

    (a) is caused by a failure to pay principal of, or interest or premium, if any, on, such Indebtedness at the Stated Maturity thereof prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "Payment Default"); or

    (b) results in the acceleration of such Indebtedness prior to its express maturity,

    and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates €20.0 million or more;

(6) failure by the Company or any Restricted Subsidiary to pay final judgments entered by a court or courts of competent jurisdiction aggregating in excess of €20.0 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments shall not have been discharged or waived and there shall have been a period of 60 consecutive

days during which a stay of enforcement of such judgment or order, by reason of an appeal, waiver or otherwise, shall not have been in effect;

(7) any security interest created by the Security Documents ceases to be in full force and effect (except as permitted by the terms of the Indenture, the Parallel Priority Agreement or the Security Documents), or an assertion by the Company or any of its Restricted Subsidiaries that any Collateral is not subject to a valid, perfected security interest (except as permitted by the terms of the Indenture or the Security Documents); or (iii) the repudiation by the Company or any of its Restricted Subsidiaries of any of its material obligations under the Security Documents;

(8) except as permitted by the Indenture (including with respect to any limitations), any Note Guarantee is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or any Guarantor, or any Person acting on behalf of any Guarantor, denies or disaffirms its obligations under its Note Guarantee; and

(9) certain events of bankruptcy or insolvency described in the Indenture with respect to the Company or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of its Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary.

In the case of an Event of Default specified in clause (9), with respect to the Company, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the holders of at least 25% in aggregate principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately.

Subject to certain limitations, holders of a majority in aggregate principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from holders of the Notes notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, interest or Additional Amounts or premium, if any.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any holders of Notes unless such holders have offered to the Trustee indemnity or security satisfactory to it against any loss, liability or expense. Except (subject to the provisions described under "—Amendment, Supplement and Waiver") to enforce the right to receive payment of principal, premium, if any, or interest or Additional Amounts when due, no holder of a Note may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such holder has previously given the Trustee notice that an Event of Default is continuing;

(2) holders of at least 25% in aggregate principal amount of the then outstanding Notes have requested the Trustee to pursue the remedy;

(3) such holders have offered the Trustee security and/or indemnity satisfactory to it against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security and/or indemnity; and

(5) holders of a majority in aggregate principal amount of the then outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

The holders of not less than a majority in aggregate principal amount of the Notes outstanding may, on behalf of the holders of all outstanding Notes, waive any past default under the Indenture and its consequences, except a continuing default in the payment of the principal or premium, if any, any Additional Amounts or interest on any Note held by a non-consenting holder (which may only be waived with the consent of each holder of Notes affected).

The Company is required to deliver to the Trustee annually a statement regarding compliance with the Indenture.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator or stockholder of the Company or any Guarantor, as such, will have any liability for any obligations of the Company or the Guarantors under the Notes, the Indenture, the Note Guarantees, the Security Documents, the Parallel Priority Agreement or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under applicable securities laws.

Legal Defeasance and Covenant Defeasance

The Company may at any time, at the option of its Board of Directors evidenced by a resolution set forth in an Officer's Certificate, elect to have all of its obligations discharged with respect to the outstanding Notes and all obligations of the Guarantors discharged with respect to their Note Guarantees ("Legal Defeasance") except for:

(1) the rights of holders of outstanding Notes to receive payments in respect of the principal of, or interest (including Additional Amounts) or premium, if any, on, such Notes when such payments are due from the trust referred to below;

(2) the Company's obligations with respect to the Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(3) the rights, powers, trusts, duties and immunities of the Trustee, and the Company's and the Guarantors' obligations in connection therewith; and

(4) the Legal Defeasance and Covenant Defeasance provisions of the Indenture.

In addition, the Company may, at its option and at any time, elect to have the obligations of the Company and the Guarantors released with respect to certain covenants (including its obligation to make Change of Control Offers and Asset Sale Offers) that are described in the Indenture ("Covenant Defeasance") and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, all Events of Default described under "—Events of Default and Remedies" (except those relating to payments on the Notes or, solely with respect to the Company, bankruptcy or insolvency events) will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the holders of the Notes, cash in euros, non-callable European Government Obligations or a combination of cash in euros and non-callable European Government Obligations, in amounts as will be sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal of, or interest (including Additional Amounts and premium, if any) on the outstanding Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, and the Company must specify whether the Notes are being defeased to such stated date for payment or to a particular redemption date;

(2) in the case of Legal Defeasance, the Company must deliver to the Trustee an opinion reasonably acceptable to the Trustee of United States counsel confirming that (a) the Company has received from, or there has been published by, the U.S. Internal Revenue Service a ruling or (b) since the Issue Date, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such opinion of counsel will confirm that, the holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Company must deliver to the Trustee an opinion reasonably acceptable to the Trustee of United States counsel confirming that the holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax

purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) the Company must deliver to the Trustee an Officer's Certificate stating that the deposit was not made by the Company with the intent of preferring the holders of Notes over the other creditors of the Company with the intent of defeating, hindering, delaying or defrauding any creditors of the Company or others; and

(5) the Company must deliver to the Trustee an Officer's Certificate and an opinion of counsel, subject to customary assumptions and qualifications, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Amendment, Supplement and Waiver

Except as provided otherwise in the succeeding paragraphs, the Indenture, the Notes, the Note Guarantees, the Security Documents, the Parallel Priority Agreement or any Additional Parallel Priority Agreement may be amended or supplemented with the consent of the holders of at least a majority in aggregate principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and any existing Default or Event of Default or compliance with any provision of the Indenture, the Notes, the Note Guarantees, the Security Documents, the Parallel Priority Agreement or any Additional Parallel Priority Agreement may be waived with the consent of the holders of a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes).

Unless consented to by the holders of at least 90% of the aggregate principal amount of then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), without the consent of each holder of Notes affected, an amendment, supplement or waiver may not (with respect to any Notes held by a non-consenting holder):

(1) reduce the principal amount of Notes whose holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the fixed maturity of any Note or alter the provisions with respect to the redemption of the Notes (other than provisions relating to the covenants described above under the caption "—Repurchase at the Option of Holders");

(3) reduce the rate of or change the time for payment of interest, including default interest, on any Note;

(4) impair the right of any holder of Notes to receive payment of principal of and interest on such holder's Notes on or after the due dates therefore or to institute suit for the enforcement of any payment on or with respect to such holder's Notes or any Guarantee in respect thereof;

(5) waive a Default or Event of Default in the payment of principal of, or interest, Additional Amounts or premium, if any, on, the Notes (except a rescission of acceleration of the Notes by the holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the Payment Default that resulted from such acceleration);

(6) make any Note payable in money other than that stated in the Notes;

(7) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of holders of Notes to receive payments of principal of, or interest, Additional Amounts or premium, if any, on, the Notes;

(8) waive a redemption payment with respect to any Note (other than a payment required by one of the covenants described above under the caption "—Repurchase at the Option of Holders");

(9) release any Guarantor from any of its obligations under its Note Guarantee or the Indenture, except in accordance with the terms of the Indenture;

(10) release any Collateral granted for the benefit of the holders of the Notes, except in accordance with the terms of the Indenture or the Security Documents; or

(11) make any change in the preceding amendment and waiver provisions.

Notwithstanding the preceding paragraph, the Indenture will provide that certain Notes Guarantees may be released in connection with certain sales or other dispositions of property or assets (including Capital Stock) that does not violate the requirements of the covenants described under the caption "—Certain Covenants—Restricted Payments" or "—Repurchase at the Option of Holders—Asset Sales" of the Indenture as such provision or covenant may be amended from time to time with the consent of the holders of at least a majority in aggregate principal amount of the Notes then outstanding and in such case the consent of at least a majority in aggregate principal amount of the Notes then outstanding will suffice for such release.

Notwithstanding the preceding, without the consent of any holder of Notes, the Company, the Trustee and the Security Trustee (as applicable) may amend or supplement the Indenture, the Notes or the Note Guarantees:

(1) to cure any ambiguity, defect or inconsistency;

(2) to provide for uncertificated Notes in addition to or in place of certificated Notes;

(3) to provide for the assumption of the Company's or a Guarantor's obligations to holders of Notes and Note Guarantees in the case of a merger or consolidation or sale of all or substantially all of the Company's or such Guarantor's assets, as applicable;

(4) to make any change that would provide any additional rights or benefits to the holders of Notes or that does not adversely affect the legal rights under the Indenture of any such holder in any material respect;

(5) to conform the text of the Indenture, the Note Guarantees, the Security Documents, or the Notes to any provision of this Description of the Notes to the extent that such provision in this Description of the Notes was intended to be a verbatim recitation of a provision of the Indenture, the Note Guarantees, the Security Documents, or the Notes;

(6) to enter into additional or supplemental Security Documents;

(7) to release any Note Guarantee in accordance with the terms of the Indenture;

(8) to release the Collateral in accordance with the terms of the Indenture and the Security Documents;

(9) to provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture as of the Issue Date;

(10) to allow any Guarantor to execute a supplemental indenture and/or a Note Guarantee with respect to the Notes;

(11) to add additional parties to the Parallel Priority Agreement, any Additional Parallel Priority Agreement or any Security Document to the extent permitted hereunder or thereunder and to make changes contemplated under, or to enter into an Additional Parallel Priority Agreement pursuant to the provisions under, the caption "Certain Covenants—Additional or Amended Parallel Priority Agreement"; or

(12) to evidence and provide the acceptance of the appointment of a successor Trustee or the Security Agent under the Indenture or to evidence and provide the acceptance of the appointment of a Security Agent under the Parallel Priority Agreement, any Additional Parallel Priority Agreement or any Security Document.

The consent of the holders of Notes is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

In formulating its opinion on such matters, the Trustee shall be entitled to rely absolutely on such evidence as it deems appropriate, including an opinion of counsel and an Officer's Certificate.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to all Notes issued thereunder, when:

(1) either:

(a) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Company, have been delivered to the Trustee for cancellation; or

(b) all Notes that have not been delivered to the Trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and the Company or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the holders, cash in euros, non-callable European Government Obligations or a combination of cash in euros and non-callable European Government Obligations, in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Trustee for cancellation for principal, premium and Additional Amounts, if any, and accrued interest to the date of maturity or redemption;

(2) the Company or any Guarantor has paid or caused to be paid all sums payable by it under the Indenture; and

(3) the Company has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be.

In addition, the Company must deliver an Officer's Certificate and an opinion of counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied; *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)).

Judgment Currency

Any payment on account of an amount that is payable in euros which is made to or for the account of any holder or the Trustee in lawful currency of any other jurisdiction (the "Judgment Currency"), whether as a result of any judgment or order or the enforcement thereof or the liquidation of the Company or any Guarantor, shall constitute a discharge of the Company or the Guarantor's obligation under the Indenture and the Notes or Note Guarantee, as the case may be, only to the extent of the amount of euros with such holder or the Trustee, as the case may be, could purchase in the London foreign exchange markets with the amount of the Judgment Currency in accordance with normal banking procedures at the rate of exchange prevailing on the first Business Day following receipt of the payment in the Judgment Currency. If the amount of euros that could be so purchased is less than the amount of euros originally due to such holder or the Trustee, as the case may be, the Company and the Guarantors shall indemnify and hold harmless the holder or the Trustee, as the case may be, from and against all loss or damage arising out of, or as a result of, such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in the Indenture or the Notes, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any holder or the Trustee from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

Concerning the Trustee

The Company shall deliver written notice to the Trustee within thirty (30) days of becoming aware of the occurrence of a Default or an Event of Default. The Trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest it must eliminate such conflict within 90 days or resign as Trustee.

The holders of a majority in aggregate principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture provides that in case an Event of Default occurs and is continuing, the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of Notes, unless such holder has offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

The Company and (following the Completion Date) the Guarantors jointly and severally will indemnify the Trustee for certain claims, liabilities and expenses incurred without negligence, willful misconduct or bad faith on its part, arising out of or in connection with its duties.

Listing

Application will be made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF market.

Additional Information

So long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF market and the rules of the Luxembourg Stock Exchange shall so require, copies of the financial statements included in this offering memorandum may be obtained, free of charge, during normal business hours at the offices of the Paying Agent in Luxembourg.

Consent to Jurisdiction and Service of Process

The Indenture will provide that the Company and each Guarantor will appoint CT Corporation System, 111 Eighth Avenue, 13th Floor, New York, New York 10011, USA as its agent for service of process in any suit, action or proceeding with respect to the Indenture, the Notes and the Notes Guarantees brought in any U.S. federal or New York state court located in the City of New York and will submit to such jurisdiction.

Enforceability of Judgments

Substantially all of the assets of the Company and the Guarantors are outside the United States. As a result, any judgment obtained in the United States against the Company or any Guarantor may not be collectable within the United States. See "Enforcement of Judgments".

Prescription

Claims against the Company or any Guarantor for the payment of principal or Additional Amounts, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Company or any Guarantor for the payment of interest on the Notes will be prescribed five years after the applicable due date for payment of interest.

Certain Definitions

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all defined terms used therein, as well as any other capitalized terms used herein for which no definition is provided.

"*Acquired Debt*" means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"*Additional Proceeds Loan*" means any loan agreement entered into between the Company and Guala International (or another Guarantor) pursuant to which the lender thereunder lends, on terms substantially similar to those contained in the Proceeds Loan, the proceeds of an issuance of Additional Notes to the borrower thereunder, as amended from time to time.

"*Affiliate*" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control", as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms "controlling", "controlled by" and "under common control with" have correlative meanings.

"*Applicable Premium*" means, with respect to any Note on any redemption date, the greater of:

(1) 1.0% of the principal amount of the Note; or

(2) the excess of:

   (a) the present value at such redemption date of (i) the redemption price of the Note at , 2014, (such redemption price being set forth in the table appearing above under the caption "—Optional Redemption") plus (ii) all required interest payments due on the Note through , 2014 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Bund Rate as of such redemption date plus 50 basis points; over

   (b) the principal amount of the Note.

For the avoidance of doubt, calculation of the Applicable Premium shall not be an obligation or duty of the Trustee or any Paying Agent.

"*Asset Sale*" means:

(1) the sale, lease, conveyance or other disposition of any assets by the Company or any of its Restricted Subsidiaries; *provided* that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the Indenture described above under the caption "—Repurchase at the Option of Holders—Change of Control" and/or the provisions described above under the caption "—Certain Covenants—Merger, Consolidation or Sale of Assets" and not by the provisions described under the caption "—Repurchase at the Option of Holders—Asset Sales"; and

(2) the issuance of Equity Interests by any Restricted Subsidiary or the sale by the Company or any of its Restricted Subsidiaries of Equity Interests in any of the Company's Subsidiaries (in each case, other than directors' qualifying shares).

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

(1) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than €5.0 million;

(2) a transfer of assets or Equity Interests between or among the Company and any Restricted Subsidiary;

(3) an issuance of Equity Interests by a Restricted Subsidiary to the Company or to a Restricted Subsidiary;

(4) the sale, lease or other transfer of accounts receivable, inventory, trading stock and other assets in the ordinary course of business (including the abandonment or other disposition of intellectual property that is, in the reasonable judgment of the Company, no longer economically practicable to maintain or useful in the conduct of business of the Company and its Restricted Subsidiaries taken as a whole);

(5) the disposition of obsolete, surplus, redundant or worn-out property, equipment and other assets in the ordinary course of business;

(6) licenses and sublicenses by the Company or any of its Restricted Subsidiaries of software or intellectual property in the ordinary course of business;

(7) any surrender or waiver of contract rights or settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business;

(8) the granting of Liens not prohibited by the covenant described above under the caption "—Liens";

(9) the sale or other disposition of cash or Cash Equivalents;

(10) a Restricted Payment that does not violate the covenant described above under the caption "—Certain Covenants—Restricted Payments", a Permitted Investment or any transaction specifically excluded from the definition of Restricted Payment;

(11) the disposition of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(12) the foreclosure, condemnation or any similar action with respect to any property or other assets or a surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind; and

(13) the disposition of assets to a Person who is providing services (the provision of which have been or are to be outsourced by the Company or any Restricted Subsidiary to such Person) related to such assets.

"*Asset Sale Offer*" has the meaning assigned to that term in the Indenture governing the Notes.

"*Beneficial Owner*" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the U.S. Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the U.S. Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms "Beneficially Owns" and "Beneficially Owned" have a corresponding meaning.

"*Board of Directors*" means:

(1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board;

(2) with respect to a partnership, the board of directors of the general partner of the partnership;

(3) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and

(4) with respect to any other Person, the board or committee of such Person serving a similar function.

"*Bund Rate*" means, as of any redemption date, the rate per annum equal to the equivalent yield to maturity as of such redemption date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such relevant date, where:

(1) "*Comparable German Bund Issue*" means the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to , 2014, and that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of euro denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Notes and of a maturity most nearly equal to , 2014; *provided*, *however*, that, if the period from such redemption date to , 2014 is less than one year, a fixed maturity of one year shall be used;

(2) "*Comparable German Bund Price*" means, with respect to any relevant date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if the Company obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;

(3) "*Reference German Bund Dealer*" means any dealer of German Bundesanleihe securities appointed by the Company in good faith; and

(4) "*Reference German Bund Dealer Quotations*" means, with respect to each Reference German Bund Dealer and any relevant date, the average as determined by the Company of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Company by such Reference German Bund Dealer at 3:30 p.m. Frankfurt, Germany time on the third Business Day preceding the relevant date.

"*Business Day*" means a day other than a Saturday, Sunday or other day on which banking institutions in London, Luxembourg or New York or a place of payment under the Indenture are authorized or required by law to close.

"*Capital Lease Obligation*" means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet (excluding the footnotes thereto) prepared in accordance with IFRS, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty. For the avoidance of doubt, operating leases will not be deemed to be a Capital Lease Obligation.

"*Capital Stock*" means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"*Cash Equivalents*" means:

(1) direct obligations (or certificates representing an interest in such obligations) issued by, or unconditionally guaranteed by, the government of a member state of the Pre-Expansion European Union, the United States of America, Switzerland or Canada (including, in each case, any agency or instrumentality thereof), as the case may be, the payment of which is backed by the full faith and credit of the relevant member state of the European Union or the United States of America, Switzerland or Canada, as the case may be, and which are not callable or redeemable at the Company's option;

(2) overnight bank deposits, time deposit accounts, certificates of deposit, banker's acceptances and money market deposits with maturities (and similar instruments) of 12 months or less from the date of acquisition issued by a bank or trust company which is organized under, or authorized to operate as a bank or trust company under, the laws of a member state of the Pre-Expansion European Union or of the United States of America or any state thereof, Switzerland or Canada; *provided* that such bank or trust company has capital, surplus and undivided profits aggregating in excess of €250 million (or the foreign currency equivalent thereof as of the date of such investment) and whose long-term debt is rated "A-1" or higher by Moody's or A+ or higher by S&P or the equivalent rating category of another internationally recognized rating agency;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) above entered into with any financial institution meeting the qualifications specified in clause (2) above;

(4) commercial paper having one of the two highest ratings obtainable from Moody's or S&P and, in each case, maturing within one year after the date of acquisition; and

(5) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (4) of this definition.

"*Change of Control*" means the occurrence of any of the following:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Subsidiaries taken as a whole to any Person (including any "person" (as that term is used in Section 13(d)(3) of the U.S. Exchange Act)) other than one or more Permitted Holders;

(2) the adoption of a plan relating to the liquidation or dissolution of the Company; or

(3) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any Person (including any "person" as defined above) other than one or more Permitted Holders becomes the Beneficial Owner, directly or indirectly, of more than 50% of the issued and outstanding Voting Stock of the Company measured by voting power rather than number of shares.

"*Change of Control Offer*" has the meaning assigned to that term in the Indenture governing the Notes.

"*Collateral*" means the rights, property and assets of the Company over which a Lien has been granted to secure the obligations of the Company under the Notes and the Indenture pursuant to the Security Documents.

"*Consolidated EBITDA*" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus the following to the extent deducted in calculating such Consolidated Net Income, without duplication:

(1) provision for taxes based on income or profits or taxation on activities of such Person and its Subsidiaries which are Restricted Subsidiaries for such period; *plus*

(2) the Fixed Charges of such Person and its Subsidiaries which are Restricted Subsidiaries for such period; *plus*

(3) depreciation, amortization (including, without limitation, amortization of intangibles and deferred financing fees) and other non-cash charges and expenses (including without limitation write-downs and impairment of property, plant, equipment and intangibles and other assets and the impact of purchase accounting on the Company and its Restricted Subsidiaries for such period) of the Company and its Restricted Subsidiaries (excluding any such non-cash charge or expense to the extent that it represents an accrual of or reserve for cash charges or expenses in any future period) for such period; *plus*

(4) any expenses, charges or other costs related to the issuance of any Capital Stock, or any Permitted Investment, acquisition, disposition, recapitalization or listing or the incurrence of Indebtedness permitted to be incurred under the covenant described above under the caption "—Certain Covenants—Limitation on Indebtedness" whether or not successful; *plus*

(5) any foreign currency transaction losses of the Company and its Restricted Subsidiaries; *plus*

(6) the amount of any minority interest expense consisting of subsidiary income attributable to minority equity interests of third parties in any non-wholly owned Restricted Subsidiary in such period or any prior period, except to the extent of dividends declared or paid on, or other cash payments in respect of, Equity Interests held by such parties; *plus*

(7) (a) any unusual loss or charge, or (b) any non-cash charges or reserves in respect of any integration; *plus*

(8) all expenses incurred directly in connection with any early extinguishment of Indebtedness; *minus*

(9) any unusual gain; *minus*

(10) any foreign currency transaction gains of the Company and its Restricted Subsidiaries; *minus*

(11) non-cash items increasing such Consolidated Net Income for such period (other than any non-cash items increasing such Consolidated Net Income pursuant to clauses (1) through (11) of the definition of Consolidated Net Income), other than the reversal of a reserve for cash charges in a future period in the ordinary course of business,

in each case, on a consolidated basis and determined in accordance with IFRS.

"*Consolidated Leverage*" means, with respect to any Person as of any date of determination, the sum without duplication of (a) the total amount of Indebtedness of such Person and its Restricted Subsidiaries on a consolidated basis, *plus* (b) an amount equal to the greater of the liquidation preference or the maximum fixed redemption or repurchase price of all Disqualified Stock of such Person and all preferred stock of Restricted Subsidiaries of such Person (but not giving effect to any additional Indebtedness to be incurred on the date of determination as part of the same transaction or series of transactions pursuant to the second paragraph under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock").

"*Consolidated Leverage Ratio*" means, with respect to any specified Person as of any date of determination, the ratio of (a) the Consolidated Leverage of such Person on such date to (b) the Consolidated EBITDA of such Person for such Person's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding such date. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems Disqualified Stock or preferred stock subsequent to the commencement of the period for which the Consolidated Leverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Consolidated Leverage Ratio is made (the "Calculation Date"), then the Consolidated Leverage Ratio will be calculated giving *pro forma* effect to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period; *provided, however*, that the pro forma calculation of Consolidated EBITDA shall not give effect to (i) any Indebtedness incurred on the Calculation Date pursuant to the provisions described in the second paragraph under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to the provisions described in the second paragraph under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock."

In addition, for purposes of calculating the Consolidated EBITDA for such period:

(1) acquisitions of any Person, business or group of assets that constitutes an operating unit or division of a business that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers, consolidations, amalgamations or otherwise, or by any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Restricted Subsidiaries, and including any related financing transactions and including increases in ownership of Restricted Subsidiaries (including Persons who become Restricted Subsidiaries as a result of such increase), during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date (including transactions giving rise to the need to calculate such Consolidated Leverage Ratio) will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Company and may include anticipated expense and cost reductions and synergies) as if they had occurred on the first day of the four-quarter reference period;

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of on or prior to the Calculation Date (including transactions giving rise to the need to calculate such Consolidated Leverage Ratio), will be excluded;

(3) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period; and

(4) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period.

For purposes of this definition and the definitions of Consolidated EBITDA and Consolidated Net Income, whenever *pro forma* effect is to be given to an Asset Sale, Investment or acquisition, the amount of income or earnings relating thereto or the amount of Consolidated EBITDA associated therewith (including in respect of anticipated expense and cost reductions and synergies), the *pro forma* calculation shall be determined in good faith by a responsible financial or accounting Officer of the

Company. In determining the amount of Indebtedness outstanding on any date of determination, *pro forma* effect will be given to any incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge or Indebtedness on such date.

"*Consolidated Net Income*" means, with respect to any specified Person for any period, the aggregate of the net income (loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis (excluding the net income (loss) of any Unrestricted Subsidiaries), determined in accordance with IFRS and without any reduction in respect of preferred stock dividends; *provided* that:

(1) the net income or loss of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or similar distributions paid in cash to the specified Person or a Restricted Subsidiary which is a Subsidiary of the Person;

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph under the caption "—Certain Covenants—Restricted Payments", any net income or loss of any Restricted Subsidiary (other than any Guarantor) will be excluded if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Company (or any Guarantor that holds the Equity Interests of such Restricted Subsidiary, as applicable) by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes or the Indenture and (c) contractual restrictions in effect on the Issue Date with respect to such Restricted Subsidiary and other restrictions with respect to such Restricted Subsidiary that, taken as a whole, are not materially less favorable to the Holders of the Notes than such restrictions in effect on the Issue Date, except that the Company's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Company or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary (other than any Guarantor), to the limitation contained in this clause);

(3) any net gain or loss realized upon the sale or other disposition of any asset or disposed operations of the Company or any Restricted Subsidiaries (including pursuant to any sale leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Company) will be excluded;

(4) any one time non-cash charges or any amortization or depreciation resulting from purchase accounting, in each case, in relation to any acquisition of, or merger or consolidation with, another Person or business or resulting from any reorganization or restructuring involving the Company or its Subsidiaries will be excluded;

(5) the cumulative effect of a change in accounting principles will be excluded;

(6) any extraordinary, exceptional or nonrecurring gains or losses or any charges in respect of any restructuring, redundancy or severance (in each case as determined in good faith by the Company) will be excluded;

(7) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value or changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations will be excluded;

(8) any non-cash compensation charge or expenses arising from any grant of stock, stock options or other equity-based awards and any non-cash charges in respect of any pension liabilities or other post-employment benefit plan will be excluded;

(9) any goodwill or other intangible asset impairment charges will be excluded;

(10) all deferred financing costs written off and premium paid in connection with any early extinguishment of Indebtedness and any net gain or loss from any write-off or forgiveness of Indebtedness will be excluded; and

(11) any capitalized interest on any Subordinated Shareholder Debt will be excluded.

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that, in each case, does not constitute Indebtedness ("primary obligations") of any other Person (the "primary obligor"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

(a) for the purchase or payment of any such primary obligation; or

(b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"*continuing*" means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

"*Credit Facilities*" means, one or more debt facilities, instruments or arrangements (including the Senior Credit Agreement or commercial paper facilities and overdraft facilities) or commercial paper facilities or indentures or trust deeds or note purchase agreements, in each case, with banks, other institutions, funds or investors, providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit, bonds, notes debentures or other corporate debt instruments or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or trustees or other banks or institutions and whether provided under the Senior Credit Agreement or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facilities" shall include any agreement or instrument (1) changing the maturity of any Indebtedness incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Company as additional borrowers, issuers or guarantors thereunder (provided that such Subsidiaries are or become Guarantors of the Notes) (3) increasing the amount of Indebtedness incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"*Currency Exchange Protection Agreement*" means, in respect of any Person, any foreign exchange contract, currency swap agreement, currency option, cap, floor, ceiling or collar or agreement or other similar agreement or arrangement designed to protect such Person against fluctuations in currency exchange rates as to which such Person is a party.

"*Default*" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"*Designated Non-cash Consideration*" means the Fair Market Value of non-cash consideration received by the Company or one of its Restricted Subsidiaries in connection with an Asset Sale that is so designated as "Designated Non-cash Consideration" pursuant to an Officers' Certificate, setting forth the basis of such valuation, less the amount of cash or Cash Equivalents received in connection with a subsequent sale of such Designated Non-cash Consideration.

"*Designated Senior Debt*" means:

(1) any Indebtedness outstanding under the Senior Credit Agreement; and

(2) after payment in full of all Obligations under the Senior Credit Agreement, any other Senior Debt permitted under the Indenture the principal amount of which is €50.0 million or more and that has been designated by the Company as "Designated Senior Debt".

"*Disqualified Stock*" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the six-month anniversary of the date that the Notes mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a Change of Control or an Asset Sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under the caption "—Certain Covenants—Restricted Payments". For purposes hereof, the amount of Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the Fair Market Value of such Disqualified Stock, such Fair Market Value to be determined as set forth herein.

"*Equity Interests*" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"*Equity Investors*" means (i) DLJ Merchant Banking Funds and/or any of its Affiliates or any trust, fund, company or partnership owned, managed or advised by DLJ Merchant Banking Funds or any limited partner of any such trust, fund, company or partnership, (ii) Intesa Sanpaolo S.p.A.—Direzione Merchant Banking and its Affiliates or any trust, fund, company or partnership owned, managed or advised by Intesa Sanpaolo S.p.A—Direzione Merchant Banking or any limited partner of any such trust, fund, company or partnership and (iii) Marco Giovannini, Francesco Bove, Anibal Diaz, Gianni Ferrari and Paolo Ferrari.

"*Equity Offering*" means a sale of Capital Stock (x) that is a sale of Capital Stock of the Company (other than Disqualified Stock) other than offerings registered on Form S-8 (or any successor form) under the U.S. Securities Act or any similar offering in other jurisdictions, or (y) the proceeds of which are contributed as Subordinated Shareholder Debt or to the equity (other than through the issuance of Disqualified Stock) of the Company or any of its Restricted Subsidiaries.

"*European Government Obligations*" means direct obligations of, or obligations guaranteed by, a member state of the European Union, and the payment for which such member state of the European Union pledges its full faith and credit.

"*Excluded Contributions*" means the net cash proceeds received by the Company after the Issue Date from:

(1) contributions to its common equity capital; and

(2) the sale (other than to a Subsidiary of the Company) of Capital Stock (other than Disqualified Stock) of the Company,

in each case designated as "Excluded Contributions" pursuant to an Officers' Certificate of the Company (which shall be designated no later than the date on which such Excluded Contribution has been received by the Company), the net cash proceeds of which are excluded from the calculation set forth in the clause (c)(ii) of the covenant described under "—Restricted payments" hereof.

"*Fair Market Value*" means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress of either party, determined in good faith by the Company's Chief Executive Officer, Chief Financial Officer or responsible accounting or financial officer of the Company.

"*Finance Subsidiary*" means a wholly owned subsidiary that is formed for the purpose of borrowing funds or issuing securities and lending the proceeds to the Company or a Guarantor and that conducts no business other than as may be reasonably incidental to, or related to, the foregoing.

"*Fixed Charge Coverage Ratio*" means, with respect to any specified Person for any period, the ratio of the Consolidated EBITDA of such Person for such period to the Fixed Charges of such Person for such period. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "Calculation Date"), then the Fixed Charge Coverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Company) to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period; *provided, however*, that the pro forma calculation of Fixed Charges shall not give effect to (i) any Indebtedness incurred on the Calculation Date pursuant to the provisions described in the second paragraph under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to the provisions described in the second paragraph under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock."

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations, or by any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given pro forma effect (as determined in good faith by a responsible accounting or financial officer of the Company and may include anticipated expense and cost reductions and synergies) as if they had occurred on the first day of the four-quarter reference period;

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period; and

(6) if any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months, or, if shorter, at least equal to the remaining term of such Indebtedness).

"*Fixed Charges*" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense (net of interest income) of such Person and its Subsidiaries which are Restricted Subsidiaries for such period, whether or not paid, received or accrued,

including, without limitation, amortization of debt discount (but not debt issuance costs, commissions, fees and expenses), non-cash interest expense (but excluding any non-cash interest expense attributable to the movement in the mark to market valuation of Hedging Obligations or other derivative instruments), the interest component of deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings; *plus*

(2) the consolidated interest expense (but excluding such interest on Subordinated Shareholder Debt) of such Person and its Subsidiaries which are Restricted Subsidiaries that was capitalized during such period; *plus*

(3) any interest on Indebtedness of another Person that is guaranteed by such Person or one of its Subsidiaries which are Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Subsidiaries which are Restricted Subsidiaries; *plus*

(4) net payments and receipts (if any) pursuant to interest rate Hedging Obligations (excluding amortization of fees) with respect to Indebtedness; *plus*

(5) the product of (a) all dividends, whether paid or accrued and whether or not in cash, on any series of preferred stock of any Restricted Subsidiary, other than dividends on Equity Interests payable to the Company or a Restricted Subsidiary, *times* (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined national, state and local statutory tax rate of such Person, expressed as a decimal, as estimated in good faith by a responsible accounting or financial officer of the Company.

"*Guarantee*" means a guarantee other than by endorsement of negotiable instruments for collection or deposit in the ordinary course of business, of all or any part of any Indebtedness (whether arising by agreements to keep-well, to take or pay or to maintain financial statement conditions, pledges of assets or otherwise).

"*Guarantors*" means, collectively, Guala Closures Australia Holdings Pty Limited, Guala Closures Australia Pty Limited, Guala Closures do Brasil Ltda, GCL Special Closures S.r.l., Guala Closures S.p.A., Guala Closures Orient B.V., Guala Closures China B.V., Guala Closures Patents B.V., Guala Closures International B.V., Guala Closures New Zealand Limited, Guala Closures UK Limited and Guala Closures Ibérica S.A.U., and any Subsidiary of the Company that executes a Note Guarantee in accordance with the provisions of the Indenture, and their respective successors and assigns, in each case, until the Note Guarantee of such Person has been released in accordance with the provisions of the Indenture.

"*Hedging Obligations*" means, with respect to any specified Person, the obligations of such Person under:

(1) interest rate swap agreements, (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;

(2) other agreements or arrangements designed to manage interest rates or interest rate risk; and

(3) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates, including Currency Exchange Protection Agreements, or commodity prices.

"*IFRS*" means International Financial Reporting Standards as endorsed by the European Union and in effect on the date of any calculation or determination required hereunder, consistently applied, as in effect on the Issue Date; provided that for purposes of the covenant described under the caption "—Reports", as in effect from time to time.

"*Indebtedness*" means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables):

(1) in respect of borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments for which such Person is responsible or liable;

(3) representing reimbursement obligations in respect of letters of credit, bankers' acceptances or similar instruments (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of incurrence);

(4) representing Capital Lease Obligations;

(5) representing the balance deferred and unpaid of the purchase price of any property or services due more than one year after such property is acquired or such services are completed; and

(6) representing any Hedging Obligations (the amount of any such Indebtedness to be equal at any time to either (a) zero if such Hedging Obligation is incurred pursuant to clause (8) of the second paragraph of the covenant described under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" or (b) the mark-to-market value of such Hedging Obligation if not incurred pursuant to such clause or, if the mark-to-market value is not available at such time, the close-out amount that would be payable by such specified Person (or if no amount would be payable, zero) pursuant to such Hedging Obligation as a result of early liquidation or termination),

all without double-counting and if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of the specified Person prepared in accordance with IFRS. In addition, the term "Indebtedness" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person.

The term "Indebtedness" shall not include:

(1) Subordinated Shareholder Debt;

(2) anything accounted for as an operating lease under IFRS and any guarantee given by the Company or any of its Restricted Subsidiaries in the ordinary course of business solely in connection with, and in respect of, the obligations of the Company or any of its Restricted Subsidiaries under any operating lease;

(3) Contingent Obligations in the ordinary course of business;

(4) in connection with the purchase by the Company or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided, however*, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined and payable, the amount is paid within 30 days thereafter; or

(5) the avoidance of doubt, any contingent obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes.

"*Initial Public Offering*" means the first Public Equity Offering of common stock or common equity interests of the Company or any Parent Entity (the "IPO Entity") following which there is a Public Market.

"*Investment Grade Status*" shall occur when the Notes are rated Baa3 or better by Moody's and BBB− or better by S&P (or, if either such entity ceases to rate the Notes, the equivalent investment grade credit rating from any other Rating Agency).

"*Investments*" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees or other obligations, but excluding advances or extensions of credit to customers or suppliers made in the ordinary course of business), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as Investments on a balance sheet (excluding the footnotes) prepared in accordance with IFRS. If the Company or any Restricted Subsidiary sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary, the Company will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Company's Investments in such Restricted Subsidiary that were not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described above under the caption "—Certain Covenants—Restricted Payments". The acquisition by the Company or any Restricted Subsidiary of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Company or such Restricted Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person in an amount determined as provided in the final paragraph of the covenant described above under the caption "—Certain Covenants—Restricted Payments". Except as otherwise provided in the Indenture, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value and, to the extent applicable, shall be determined based on the equity value of such Investment.

"*Issue Date*" means , 2011.

"*Lien*" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement or any lease in the nature thereof.

"*Management Advances*" means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers, employees, managers or consultants of the Company or any Restricted Subsidiary:

(1) in respect of travel, entertainment or moving related expenses incurred in the ordinary course of business;

(2) in respect of moving related expenses incurred in connection with any closing or consolidation of any facility or office; or

(3) (in the case of this clause (3)) not exceeding €5.0 million in the aggregate outstanding at any time.

"*Management Fees*" means:

(a) customary annual fees for the performance of monitoring services by the Equity Investors or any of their respective Affiliates for the Company or any Restricted Subsidiary; *provided* that such fees will not, in the aggregate, exceed €2.0 million per annum (inclusive of out of pocket expenses); and

(b) customary fees and related expenses for the performance of transaction, management, consulting, financial or other advisory services or underwriting, placement or other investment banking activities, including in connection with mergers, acquisitions, dispositions or joint ventures, by the Equity Investors or any of their respective Affiliates for the Company or any of its Restricted Subsidiaries, which payments in respect of this clause (b) have been approved by a majority of the disinterested members of the Board of Directors of the Company.

"*Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity on the date of the declaration of the relevant dividend *multiplied by* (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

"*Moody's*" means Moody's Investors Service, Inc.

"*Net Proceeds*" means the aggregate cash proceeds received by the Company or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any Designated Non-cash Consideration or other consideration received in non-cash form or Cash Equivalents substantially concurrently received in any Asset Sale), net of the direct costs relating to such Asset Sale and the sale of such Designated Non-cash Consideration or other consideration received in non-cash form, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Asset Sale, taxes paid or payable as a result of the Asset Sale, and all distributions and other payments required to be made to minority interest holders (other than the Company or any

Subsidiary) in Subsidiaries or joint ventures as a result of such Asset Sale, and any reserve for adjustment or indemnification obligations in respect of the sale price of such asset or assets established in accordance with IFRS.

"*Non-Recourse Debt*" means Indebtedness as to which neither the Company nor any of its Restricted Subsidiaries (1) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness) or (2) is directly or indirectly liable as a guarantor or otherwise.

"*Note Guarantee*" means the Guarantee by each Guarantor of the Company's obligations under the Indenture and the Notes, executed pursuant to the provisions of the Indenture.

"*Obligations*" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"*Officer*" means, with respect to any Person, the Chief Executive Officer and the Chief Financial Officer of the Company or a responsible accounting or financial officer of the Company.

"*Officer's Certificate*" means a certificate signed by an Officer.

"*Parallel Priority Agreement*" means the parallel priority agreement dated on or about the Issue Date made between, among others, the Company, the Guarantors, the Trustee, UniCredit Bank AG as senior agent and security agent under the Senior Credit Agreement, as amended, restated or otherwise modified or varied from time to time.

"*Parent Entity*" means any direct or indirect parent company or entity of the Company.

"*Permitted Business*" means (i) any business, services or activities engaged in by the Company on the Issue Date, and (ii) any businesses, services and activities that are related, complementary, incidental, ancillary or similar to any of the foregoing, or are extensions or developments of any thereof.

"*Permitted Collateral Liens*" means (x) Liens on the Collateral arising by operation of law that are described in one or more clauses of (7), (8) and (9) of the definition of "Permitted Liens" and (y) Liens on the Collateral to secure (1) the Notes (and any Additional Notes), (2) Indebtedness of the Company or a Restricted Subsidiary that is permitted to be incurred under the first paragraph of the covenant described under "Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock"or clauses (1), (8), (9) (to the extent such Guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Collateral Liens) or (20) of the second paragraph of such covenant, and (3) any refinancing debt in respect of Indebtedness referred to in the foregoing clause (1) or (2); *provided, however*, that such Lien ranks (a) equal to all other Liens on such Collateral securing Senior Debt, if such Indebtedness is Senior Debt of the Company or a Guarantor (except that (i) a Lien in favor of Senior Debt ("Refinancing Senior Debt") need not rank equally with Liens in favor of other Senior Debt of a Guarantor if such Refinancing Senior Debt was incurred to refinance Indebtedness in this clause (a) and (ii) lenders under any Credit Facility or other Indebtedness may provide for an ordering of payments under the various tranches of that Credit Facility or other Indebtedness that constitutes Senior Debt), or (b) equal to or junior to the Liens securing the Notes; *provided* that any Permitted Collateral Liens on the Proceeds Loan to secure any Additional Notes may only be implemented if and to the extent that, upon completion of the offering of such Additional Notes:

(1) the Company will have loaned cash in the amount of the net proceeds of such Additional Notes to Guala International or another Guarantor pursuant to an Additional Proceeds Loan; and

(2) such Additional Proceeds Loan will have been pledged in favor of the holders of the Notes on substantially the same terms (including with respect to priority) as the Proceeds Loan Pledge.

"*Permitted Holders*" means the Equity Investors and Related Parties. Any person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"*Permitted Investments*" means:

(1) any Investment in the Company or in a Restricted Subsidiary (other than a Receivable Entity);

(2) any Investment in cash and Cash Equivalents;

(3) any Investment by the Company or any Restricted Subsidiary in a Person, if as a result of such Investment:

  (a) such Person becomes a Restricted Subsidiary; or

  (b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or a Restricted Subsidiary (other than a Receivable Entity);

(4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with the covenant described above under the caption "—Repurchase at the Option of Holders—Asset Sales";

(5) any Investments received in compromise or resolution of (a) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Company or any of its Restricted Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (b) litigation, arbitration or other disputes;

(6) Investments in receivables owing to the Company or any Restricted Subsidiary created or acquired in the ordinary course of business;

(7) Investments represented by Hedging Obligations, which obligations are permitted by clause (8) of the second paragraph of the covenant entitled "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock";

(8) Investments in the Notes (including any Additional Notes) and any other Indebtedness of the Company or any Restricted Subsidiary;

(9) any Guarantee of Indebtedness permitted to be incurred by the covenant described above under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock";

(10) any Investment existing on, or made pursuant to binding commitments existing on, the Issue Date and any Investment consisting of an extension, modification or renewal of any Investment existing on, or made pursuant to a binding commitment existing on, the Issue Date; *provided* that the amount of any such Investment may be increased (a) as required by the terms of such Investment as in existence on the Issue Date or (b) as otherwise permitted under the Indenture;

(11) Investments acquired after the Issue Date as a result of the acquisition by the Company or any Restricted Subsidiary of another Person, including by way of a merger, amalgamation or consolidation with or into the Company or any of its Restricted Subsidiaries in a transaction that is not prohibited by the covenant described above under the caption "—Merger, Consolidation or Sale of Assets" after the Issue Date to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation; and

(12) Investments by the Company or a Restricted Subsidiary in a Receivables Entity or any Investment by a Receivables Entity in any other Person, in each case, in connection with a Qualified Receivables Transaction, *provided, however,* that any Investment in any such Person is in the form of a Purchase Money Note, or any equity interest or interests in Receivables and related assets generated by the Company or a Restricted Subsidiary and transferred to any Person in connection with a Qualified Receivables Transaction or any such Person owning such Receivables;

(13) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock;

(14) any Investment to the extent made using as consideration Capital Stock of the Company (other than Disqualified Stock), Subordinated Shareholder Debt or Capital Stock of any Parent Entity;

(15) Management Advances;

(16) any Investment in connection with a Qualified Receivables Transaction, including Investments of funds held in accounts permitted or required by the arrangements governing such Qualified Receivables Transaction or any related Indebtedness; and

(17) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (16) that are at the time outstanding not to exceed the greater of €25.0 million and 3.0% of Total Assets; *provided* that if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described above under the caption "—Certain Covenants—Restricted Payments", such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (3) of the definition of "Permitted Investments" and not this clause.

"*Permitted Liens*" means:

(1) Liens securing Indebtedness permitted to be incurred (a) in accordance with first paragraph of the covenant described under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock", and (b) pursuant to clause (1), (18) and (20) of the second paragraph of the covenant described under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock";

(2) Liens in favor of the Company or any of the Restricted Subsidiaries;

(3) Liens on property (including Capital Stock) of a Person existing at the time such Person becomes a Restricted Subsidiary or is merged with or into or consolidated with the Company or any Restricted Subsidiary; *provided* that such Liens were in existence prior to the contemplation of such Person becoming a Restricted Subsidiary or such merger or consolidation, were not incurred in contemplation thereof and do not extend to any assets other than those of the Person that becomes a Restricted Subsidiary or is merged with or into or consolidated with the Company or any Restricted Subsidiary;

(4) Liens to secure the performance of statutory obligations, trade contracts, insurance, surety or appeal bonds, workers compensation obligations, leases, performance bonds or other obligations of a like nature incurred in the ordinary course of business (including Liens to secure letters of credit issued to assure payment of such obligations);

(5) Liens to secure Indebtedness permitted by clause (4) of the second paragraph of the covenant entitled "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" covering only the assets acquired with or financed by such Indebtedness;

(6) Liens existing on the Issue Date;

(7) Liens for taxes, assessments or governmental charges or claims that (x) are not yet due and payable or (y) are being contested in good faith by appropriate proceedings and for which a reserve or other appropriate provision, if any, as will be required in conformity with IFRS will have been made;

(8) Liens imposed by law, such as carriers', warehousemen's, landlord's and mechanics' Liens, in each case, incurred in the ordinary course of business;

(9) survey exceptions, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(10) Liens created for the benefit of (or to secure) the Notes (or the Note Guarantees);

(11) Liens securing Indebtedness under Hedging Obligations, which obligations are permitted by clause (8) of the second paragraph of the covenant described above under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock";

(12) Liens to secure any Permitted Refinancing Indebtedness permitted to be incurred under the Indenture; *provided*, *however*, that:

  (a) the new Lien is limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to, such property or proceeds or distributions thereof); and

  (b) the Indebtedness secured by the new Lien is not increased to any amount greater than the sum of (x) the outstanding principal amount, or, if greater, committed amount, of the Indebtedness renewed, refunded, refinanced, replaced, defeased or discharged with such Permitted Refinancing Indebtedness and (y) an amount necessary to pay any fees and expenses, including premiums, related to such renewal, refunding, refinancing, replacement, defeasance or discharge;

(13) Liens on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings;

(14) filing of Uniform Commercial Code financing statements under U.S. state law (or similar filings under applicable jurisdiction) in connection with operating leases in the ordinary course of business;

(15) bankers' Liens, rights of setoff or similar rights and remedies as to deposit accounts, Liens arising out of judgments or awards not constituting an Event of Default and notices of lis pendens and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;

(16) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness;

(17) Liens on specific items of inventory or other goods (and the proceeds thereof) of any Person securing such Person's obligations in respect of bankers' acceptances issued or created in the ordinary course of business for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(18) leases, licenses, subleases and sublicenses of assets in the ordinary course of business;

(19) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of assets entered into in the ordinary course of business;

(20) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any developer, landlord or other third party on property over which the Company or any Restricted Subsidiary has easement rights or on any real property leased by the Company or any Restricted Subsidiary and subordination or similar agreements relating thereto and (b) any condemnation or eminent domain proceedings or compulsory purchase order affecting real property;

(21) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(22) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities;

(23) Liens (including put and call arrangements) on Capital Stock or other securities of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

(24) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligations of such joint ventures;

(25) Liens on any proceeds loan made by the Company or any Restricted Subsidiary in connection with any future incurrence of Indebtedness permitted under the Indenture and securing that Indebtedness; and

(26) Liens on Receivables and related assets of the type described in the definition of "Qualified Receivables Transaction" incurred in connection with a Qualified Receivables Transaction;

(27) Liens on property at the time the Company or a Restricted Subsidiary acquired the property, including any acquisition by means of a merger or consolidation with or into the Company or any Restricted subsidiary; *provided* that such Liens are not created, incurred or assumed in connection with, or in contemplation of, such acquisition and do not extend to any other property owned by the Company or any Restricted Subsidiary;

(28) Liens incurred in the ordinary course of business of the Company and its Restricted Subsidiaries with respect to obligations (other than Indebtedness) that do not exceed €10.0 million at any one time outstanding; and

(29) Permitted Collateral Liens.

"*Permitted Parent Payments*" means, the declaration and payment of dividends or other distributions, or the making of loans, by the Company or any of its Restricted Subsidiaries to any Parent Entity in amounts and at times required to pay:

(1) franchise fees and other fees, taxes and expenses required to maintain the corporate existence of any parent entity of the Company;

(2) general corporate overhead expenses of any parent entity to the extent such expenses are attributable to the ownership or operation of the Company and its Restricted Subsidiaries or related to the proper administration of such parent entity (including fees and expenses properly incurred in the ordinary course of business to auditors and legal advisors and payments in respect of services provided by directors, officers or employees of any such parent entity) not to exceed €1.0 million in any 12 month period;

(3) any income taxes, to the extent such income taxes are attributable to the income of the Company and any of its Restricted Subsidiaries, taking into account any net operating loss carryovers and other tax attributes, and, to the extent of the amount actually received in cash from its Unrestricted Subsidiaries, in amounts required to pay such taxes to the extent attributable to the income of such Unrestricted Subsidiaries; *provided*, such Parent Entity shall promptly pay such taxes or refund such amount to the Company;

(4) costs (including all professional fees and expenses) incurred by any parent entity in connection with reporting obligations under or otherwise incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of the Company or any of its Restricted Subsidiaries, including in respect of any reports filed with respect to the U.S. Securities Act, U.S. Exchange Act or the respective rules and regulations promulgated thereunder; and

(5) fees and expenses of any parent entity incurred in relation to any public offering or other sale of Capital Stock or Indebtedness (a) where the net proceeds of such offering or sale are intended to be received by or contributed to the Company or any of its Restricted Subsidiaries; (b) in a prorated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; or (c) otherwise on an interim basis prior to completion of such offering so long as any parent entity will cause the amount of such expenses to be repaid to the Company or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed.

"*Permitted Refinancing Indebtedness*" means any Indebtedness of the Company or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, exchange, defease or discharge other Indebtedness of the Company or any of its Restricted Subsidiaries (other than intercompany Indebtedness (other than any proceeds loan)); *provided* that:

(1) the aggregate principal amount (or accreted value, if applicable), or if issued with original issue discount, aggregate issue price) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable, or if issued with original issue discount, aggregate issue price) of the Indebtedness renewed, refunded, refinanced, replaced, exchanged, defeased or discharged (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has (a) a final maturity date that is either (i) no earlier than the final maturity date of the Indebtedness being renewed, refunded, refinanced, replaced, exchanged, defeased or discharged or (ii) after the final maturity date of the Notes and (b) has a Weighted Average Life to Maturity that is equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged;

(3) if the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged is expressly, contractually, subordinated in right of payment to the Notes or the Note Guarantees, as the case may be, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes or the Note Guarantees, as the case may be, on terms at least as favorable to the holders of Notes or the Note Guarantees, as the case may be, as those contained in the documentation governing the Indebtedness being renewed, refunded, refinanced, replaced, exchanged, defeased or discharged; and

(4) if the Company or any Guarantor was the obligor on the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged, such Indebtedness is incurred either by the Company, a Finance Subsidiary or by a Guarantor.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

"*Pre-Expansion European Union*" means the European Union as of January 1, 2004, including the countries of Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom, but not including any country which became or becomes a member of the European Union after January 1, 2004.

"*Public Debt*" means any Indebtedness constituting of bonds, debentures, notes or other similar debt securities issued in 1) a public offering registered under the US Securities Act or (2) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S under the US Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

"*Public Equity Offering*" means, with respect to any Person, a bona fide underwritten primary public offering of the shares of common stock or common equity interests of such Person, either:

(1) pursuant to a flotation on any nationally recognized regulated stock exchange or listing authority in a member state of the Pre-Expansion European Union; or

(2) pursuant to an effective registration statement under the U.S. Securities Act (other than a registration statement on Form S-8 or otherwise relating to Equity Interests issued or issuable under any employee benefit plan).

"*Public Market*" means any time after:

(1) a Public Equity Offering of the IPO Entity has been consummated; and

(2) at least 20% of the total issued and outstanding shares of common stock or common equity interests of the IPO Entity has been distributed to investors other than the Permitted Holders or their Related Parties or any other direct or indirect shareholders of the Company as of the Issue Date.

"*Purchase Money Note*" means a promissory note of a Receivables Entity evidencing the deferred purchase price of Receivables (and related assets) and/or a line of credit, which may be irrevocable, from the Company or any Restricted Subsidiary in connection with a Qualified Receivables Transaction with a Receivables Entity, which deferred purchase price or line is repayable from cash available to the Receivables Entity, other than amounts required to be established as reserves pursuant to agreements, amounts paid to investors in respect of interest, principal and other amounts owing to such investors and amounts owing to such investors and amounts paid in connection with the purchase of newly generated Receivables.

"*Qualified Receivables Transaction*" means any transaction or series of transactions that may be entered into by the Company or any of its Restricted Subsidiaries pursuant to which the Company or any of its Restricted Subsidiaries may sell, convey or otherwise transfer to (1) a Receivables Entity (in the case of a transfer by the Company or any of its Restricted Subsidiaries) and (2) any other Person (in the case of a transfer by a Receivables Entity), or may grant a security interest in, any Receivables (whether now existing or arising in the future) of the Company or any of its Restricted Subsidiaries, and any assets related thereto including, without limitation, all collateral securing such Receivables, all contracts and all guarantees or other obligations in respect of such accounts receivable, the proceeds of such Receivables and other assets which are customarily transferred, or in respect of which security interests are customarily granted, in connection with asset securitizations involving Receivables.

"*Rating Agencies*" means Moody's and S&P or, in the event Moody's or S&P no longer assigns a rating to the Notes, any other "nationally recognized statistical rating organization" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the U.S. Exchange Act selected by the Company as a replacement agency.

"*Receivable*" means a right to receive payment arising from a sale or lease of goods or the performance of services by a Person pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay for goods and services under terms that permit the purchase of such goods and services on credit and shall include, in any event, any items of property that would be classified as an "account", "chattel paper", "payment intangible", or "instrument" under the Uniform Commercial Code as in effect in the State of New York and any "supporting obligations" as so defined.

"*Receivables Entity*" means a Wholly Owned Subsidiary (or another Person formed for the purpose of engaging in a Qualified Receivables Transaction in which the Company or any Subsidiary of the Company makes an Investment and to which the Company or any Subsidiary of the Company transfers Receivables and related assets) in which the Company or any Restricted Subsidiary makes an Investment and to which the Company or any Restricted Subsidiary transfers Receivables and related assets) which engages in no activities other than in connection with the financing of Receivables and which is designated by the Board of Directors of the Company (as provided below) as a Receivables Entity:

(1) no portion of the Indebtedness or any other obligations (contingent or otherwise) or which:

   (a) is guaranteed by the Company or any Restricted Subsidiary (excluding guarantees of Obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings);

   (b) is recourse to or obligates the Company or any Restricted Subsidiary of the Company in any way other than pursuant to Standard Securitization Undertakings; or

   (c) subjects any property or asset of the Company or any Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(2) with which neither the Company nor any Restricted Subsidiary has any material contract, agreement, arrangement or understanding (except in connection with a Purchase Money Note or Qualified Receivables Transaction) other than on terms no less favorable to the Company of such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Company, other than fees payable in the ordinary course of business in connection with servicing Receivables; and

(3) to which neither the Company nor any Restricted Subsidiary has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels or operating results.

Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by promptly filing with the Trustee a certified copy of the resolution of the Board of Directors of the Company giving effect to such designation and an Officers' Certificate certifying that such designation complied with the foregoing conditions.

"*Related Party*" means:

(1) any controlling stockholder, partner or member, or any 50% (or more) owned Subsidiary, or immediate family member (in the case of an individual), of any Equity Investor; or

(2) any trust, corporation, partnership or other entity, the beneficiaries, stockholders, partners, owners or Persons beneficially holding a 50% or more controlling interest of which consist of

any one or more Equity Investors and/or such other Persons referred to in the immediately preceding clause.

"*Restricted Investment*" means an Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Company that is not an Unrestricted Subsidiary.

"*S&P*" means Standard & Poor's Ratings Group.

"*Security Documents*" means the Proceeds Loan Pledge and other instruments and documents executed and delivered pursuant to the Indenture or any of the foregoing, as the same may be amended, supplemented or otherwise modified from time to time and pursuant to which the Collateral is pledged, assigned or granted to or on behalf of the Security Trustee for the ratable benefit of the holders of the Notes and the Trustee or notice of such pledge, assignment or grant is given.

"*Senior Credit Agreement*" means the senior facilities agreement originally dated October 10, 2008, between, among others, Guala Closures S.p.A., as borrower, the Company, Guala Special Closures S.r.l., as original guarantors, and UniCredit Bank AG, as lender, as amended, restated, supplemented, waived, replaced (whether or not upon termination, and whether with the original lenders or otherwise), restructured, repaid, refunded, refinanced or otherwise modified from time to time, including any agreement or indenture extending the maturity thereof, refinancing, replacing or otherwise restructuring all or any portion of the Indebtedness under such agreement or agreement or any successor or replacement agreement or agreements or increasing the amount loaned thereunder (subject to compliance with the covenant described under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock") or altering the maturity thereof.

"*Senior Debt*" means:

(1) all Indebtedness of the Company or any Guarantor outstanding under the Senior Credit Agreement, all Hedging Obligations and all Obligations with respect to any of the foregoing; and

(2) any other Indebtedness of the Company or any Guarantor permitted to be incurred under the terms of the Indenture, unless the instrument under which such Indebtedness is incurred expressly provides, in the case of the Company, that it is subordinated in right of payment to the Notes, or in the case of any Guarantor, that it is on a parity with or subordinated in right of payment to the Note Guarantee of such Guarantor and all Obligations with respect to any of the foregoing.

Notwithstanding anything to the contrary in the preceding, Senior Debt will not include:

(1) any liability for national, state, local or other taxes owed or owing by the Company or any of its Subsidiaries;

(2) any intercompany Indebtedness of the Company or any of its Subsidiaries to the Company or any of its Affiliates;

(3) any trade payables; or

(4) the portion of any Indebtedness that is incurred in violation of the Indenture; provided that Indebtedness under a Credit Facility will not cease to be "Senior Debt" by virtue of this clause (4) if it was advanced on the basis of an Officers' Certificate to the effect that it was permitted to be incurred under the Indenture.

"*Senior Secured Debt*" means, with respect to any Person as of any date of determination, any Indebtedness of such Person and its Restricted Subsidiaries that is secured by a Permitted Lien pursuant to clause (1) of the definition thereof as determined on a consolidated basis in accordance with IFRS.

"*Senior Secured Leverage*" means, with respect to any Person as of any date of determination, the sum without duplication of the total amount of Senior Secured Debt of such Person and its Restricted Subsidiaries on a consolidated basis determined in accordance with IFRS.

"*Senior Secured Leverage Ratio*" means, with respect to any specified Person as of any date of determination, the ratio of (a) the Senior Secured Leverage of such Person on such date less the amount of cash and Cash Equivalents that would be stated on the balance sheet of such Person and its

Restricted Subsidiaries on such date to (b) the Consolidated EBITDA of such Person for such Person's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding such date. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems Disqualified Stock or preferred stock subsequent to the commencement of the period for which the Senior Secured Leverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Senior Secured Leverage Ratio is made (the "Calculation Date"), then the Senior Secured Leverage Ratio will be calculated giving pro forma effect to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period; provided, however, that the pro forma calculation of Consolidated EBITDA shall not give effect to (i) any Indebtedness incurred on the Calculation Date pursuant to the provisions described in the second paragraph under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to the provisions described in the second paragraph under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock."

In addition, for purposes of calculating the Consolidated EBITDA for such period:

(1) acquisitions of any Person, business or group of assets that constitutes an operating unit or division of a business that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers, consolidations, amalgamations or otherwise, or by any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Restricted Subsidiaries, and including any related financing transactions and including increases in ownership of Restricted Subsidiaries (including Persons who become Restricted Subsidiaries as a result of such increase), during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date (including transactions giving rise to the need to calculate such Consolidated Leverage Ratio) will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Company and may include anticipated expense and cost reductions and synergies) as if they had occurred on the first day of the four-quarter reference period;

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of on or prior to the Calculation Date (including transactions giving rise to the need to calculate such Senior Secured Leverage Ratio), will be excluded;

(3) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period; and

(4) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period.

For purposes of this definition and the definitions of Consolidated EBITDA and Consolidated Net Income, whenever *pro forma* effect is to be given to an Asset Sale, Investment or acquisition, the amount of income or earnings relating thereto or the amount of Consolidated EBITDA associated therewith (including in respect of anticipated expense and cost reductions and synergies), the pro forma calculation shall be determined in good faith by a responsible financial or accounting Officer of the Company. In determining the amount of Indebtedness outstanding on any date of determination, *pro forma* effect will be given to any incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge or Indebtedness on such date.

"*Significant Subsidiary*" means, at the date of determination, any Restricted Subsidiary that together with its Subsidiaries which are Restricted Subsidiaries (i) for the most recent fiscal year, accounted for more than 10% of the consolidated revenues of the Company or (ii) as of the end of the most recent fiscal year, was the owner of more than 10% of the consolidated assets of the Company.

"*Standard Securitization Undertakings*" means representations, warranties, covenants and indemnities entered into by the Company or any Restricted Subsidiary of the Company which are reasonably customary in securitization of Receivables transactions.

"*Stated Maturity*" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the Issue Date, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"*Subordinated Shareholder Debt*" means, collectively, any debt provided to the Company by any direct or indirect parent of the Company or any Permitted Holder or Related Party, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Debt; *provided* that such Subordinated Shareholder Debt:

(1) does not (including upon the happening of any event) mature or require any amortization or other payment of principal prior to the first anniversary of the maturity of the Notes (other than through conversion or exchange of any such security or instrument for Equity Interests of the Company (other than Disqualified Stock) or for any other security or instrument meeting the requirements of the definition);

(2) does not (including upon the happening of any event) require the payment of cash interest prior to the first anniversary of the maturity of the Notes;

(3) does not (including upon the happening of any event) provide for the acceleration of its maturity nor confers on its shareholders any right (including upon the happening of any event) to declare a default or event of default or take any enforcement action, in each case, prior to the first anniversary of the maturity of the Notes;

(4) is not secured by a lien on any assets of the Company or a Restricted Subsidiary and is not guaranteed by any Subsidiary of the Company;

(5) is subordinated in right of payment to the prior payment in full in cash of the Notes in the event of any default, bankruptcy, reorganization, liquidation, winding up or other disposition of assets of the Company at least to the same extent as the Notes are subordinated to Senior Debt under the Indenture and the Parallel Priority Agreement;

(6) does not (including upon the happening of any event) restrict the payment of amounts due in respect of the Notes or compliance by the Company with its obligations under the Notes and the Indenture;

(7) does not (including upon the happening of an event) constitute Voting Stock; and

(8) is not (including upon the happening of any event) mandatorily convertible or exchangeable, or convertible or exchangeable at the option of the holder, in whole or in part, prior to the date on which the Notes mature other than into or for Capital Stock (other than Disqualified Stock) of the Company,

provided, however, that any event or circumstance that results in such Indebtedness ceasing to qualify as Subordinated Shareholder Debt, such Indebtedness shall constitute an incurrence of such Indebtedness by the Company, and any and all Restricted Payments made through the use of the net proceeds from the incurrence of such Indebtedness since the date of the original issuance of such Subordinated Shareholder Debt shall constitute new Restricted Payments that are deemed to have been made after the date of the original issuance of such Subordinated Shareholder Debt.

"*Subsidiary*" means, with respect to any specified Person:

(1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership or limited liability company of which (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited

partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, and (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"*Tax*" means any tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and any other additions thereto, and, for the avoidance of doubt, including any withholding or deduction for or on account of Tax).

"*Taxes*" and "*Taxation*" shall be construed to have corresponding meanings.

"*Total Assets*" means the consolidated total assets of the Company and its Restricted Subsidiaries, as shown on the most recent balance sheet (excluding the footnotes thereto) of the Company.

"*Unrestricted Subsidiary*" means any Subsidiary of the Company (other than the Company or any successor to the Company) that is designated by the Board of Directors of the Company as an Unrestricted Subsidiary pursuant to a resolution of the Board of Directors but only to the extent that such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) except as permitted by the covenant described above under the caption "—Certain Covenants—Transactions with Affiliates", is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company; and

(3) is a Person with respect to which neither the Company nor any Restricted Subsidiary has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results.

"*Voting Stock*" of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amounts of such Indebtedness.

"*Wholly Owned Subsidiary*" means a Restricted Subsidiary of the Company, all of the Capital Stock of which (other than director's qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Company or another Wholly Owned Subsidiary) is owned by the Company or another Wholly Owned Subsidiary.

BOOK-ENTRY, DELIVERY AND FORM

General

Notes sold to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act will initially be represented by a global note in registered form without interest coupons attached (the "Rule 144A Global Note"). Notes sold to non-U.S. persons outside the United States in reliance on Regulation S under the U.S. Securities Act will initially be represented by a global note in registered form without interest coupons attached (the "Regulation S Global Note" and, together with the Rule 144A Global Note, the "Global Notes"). The Global Notes will be deposited, on the closing date, with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream, Luxembourg.

Ownership of interests in the Rule 144A Global Note ("Rule 144A Book-Entry Interests") and in the Regulation S Global Note (the "Regulation S Book-Entry Interests" and, together with the Rule 144A Book-Entry Interests, the "Book-Entry Interests") will be limited to persons that have accounts with Euroclear and/or Clearstream, Luxembourg or persons that hold interests through such participants. Euroclear and Clearstream, Luxembourg will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries. Except under the limited circumstances described below, Book-Entry Interests will not be issued in definitive form.

Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg and their participants. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not be considered the owners or "holders" of Notes for any purpose.

So long as the Notes are held in global form, Euroclear and/or Clearstream, Luxembourg, as applicable (or their respective nominees), will be considered the sole holders of the Global Notes for all purposes under the Indenture. In addition, participants must rely on the procedures of Euroclear and/or Clearstream, Luxembourg, and indirect participants must rely on the procedures of Euroclear, Clearstream, Luxembourg and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders of Notes under the Indenture.

Neither we nor the Trustee will have any responsibility, or be liable, for any aspect of the records relating to the Book-Entry Interests.

Definitive Registered Notes

Under the terms of the Indenture, owners of the Book-Entry Interests will receive Definitive Registered Notes:

(a) if Euroclear or Clearstream, Luxembourg notifies the Issuer that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by the Issuer within 120 days; or

(b) if the owner of a Book-Entry Interest requests such exchange in writing delivered through Euroclear or Clearstream, Luxembourg following an "Event of Default" under the Indenture and enforcement action is being taken in respect thereof under the Indenture.

Euroclear and Clearstream, Luxembourg have advised us that upon request by an owner of a Book-Entry Interest described in clause (b) above, their current procedure is to request that we issue or cause to be issued Notes in definitive registered form to all owners of Book-Entry Interests.

In such an event, the Issuer will, with the assistance of the Registrar, issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear, Clearstream, Luxembourg or us, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend as provided in the Indenture, unless that legend is not required by the Indenture or applicable law.

To the extent permitted by law, we, the Trustee, the Paying Agents and the Registrar shall be entitled to treat the registered holder of any Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the Global Notes will be evidenced through registration from time to time at the registered office of the Issuer, and such registration is a means of evidencing title to the Notes.

We will not impose any fees or other charges in respect of the Notes; however, owners of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and Clearstream, Luxembourg.

Redemption of the Global Notes

In the event that any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream, Luxembourg, as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and/or Clearstream, Luxembourg, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that, under the existing practices of Euroclear and Clearstream, Luxembourg, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream, Luxembourg will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) pro rata, by use of a pooling factor, by lot or on such other basis as they deem fair and appropriate, provided, however, that no Book-Entry Interest of less than €100,000 principal amount may be redeemed in part.

Payments on Global Notes

The Issuer will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, and interest and additional amounts, if any to the common depositary or its nominee for Euroclear and Clearstream, Luxembourg, which will distribute such payments to participants in accordance with their customary procedures. We will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "Description of the Notes—Additional Amounts." If any such deduction or withholding is required to be made, then, to the extent described under "Description of the Notes—Additional Amounts" above, we will pay additional amounts as may be necessary in order for the net amounts received by any holder of the Global Notes or owner of Book-Entry Interests after such deduction or withholding will equal the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book-Entry Interest, as the case may be, absent such withholding or deduction. The Issuer expects that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, the Issuer, the Registrar, the Paying Agents and the Trustee will treat the registered holder of the Global Notes (e.g., Euroclear or Clearstream, Luxembourg (or their respective nominees)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Trustee, the Registrar, the Paying Agents or any of its or their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream, Luxembourg or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest or for maintaining, supervising or reviewing the records of Euroclear, Clearstream, Luxembourg or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest; or
- Euroclear, Clearstream, Luxembourg or any participant or indirect participant; or
- the records of the common depository.

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to the holders of interests in such Notes through Euroclear or Clearstream, Luxembourg in euro.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream, Luxembourg have advised the Issuer that they will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described above) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream, Luxembourg will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes, Euroclear and Clearstream, Luxembourg, at the request of the holder of the Notes, reserve the right to exchange the Global Notes for definitive registered Notes in certificated form ("Definitive Registered Notes"), and to distribute Definitive Registered Notes to their respective participants.

Transfers

Transfers between participants in Euroclear and Clearstream, Luxembourg will be effected in accordance with Euroclear and Clearstream, Luxembourg rules and will be settled in immediately available funds. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in states which require physical delivery of securities or to pledge such securities, such holder must transfer its interests in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream, Luxembourg and in accordance with the procedures set forth in the Indenture governing the Notes.

The Global Notes will bear a legend to the effect set forth under "Transfer Restrictions." Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under "Transfer Restrictions."

Transfers of Rule 144A Book-Entry Interests to persons wishing to take delivery of Rule 144A Book-Entry Interests will at all times be subject to such transfer restrictions.

Rule 144A Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the U.S. Securities Act or any other exemption (if available under the US Securities Act).

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of a Rule 144A Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "Transfer Restrictions" and in accordance with any applicable securities laws of any other jurisdiction.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Rule 144A Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under "Description of the Notes—Transfer and Exchange" and, if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See "Transfer Restrictions."

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Global Note and become a Book-Entry Interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Information Concerning Euroclear and Clearstream, Luxembourg

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, Luxembourg, as applicable. The Issuer provides the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither we nor the Initial Purchasers are responsible for those operations or procedures.

The Issuer understands as follows with respect to Euroclear and Clearstream, Luxembourg. Euroclear and Clearstream, Luxembourg hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream, Luxembourg provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream, Luxembourg interface with domestic securities markets. Euroclear and Clearstream, Luxembourg participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream, Luxembourg is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

Because Euroclear and Clearstream, Luxembourg can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear or Clearstream, Luxembourg systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream, Luxembourg systems will receive distributions attributable to the Rule 144A Global Notes only through Euroclear or Clearstream, Luxembourg participants.

Global Clearance and Settlement Under the Book-Entry System

The Notes represented by the Global Notes are expected to be listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market. Transfers of interests in the Global Notes between participants in Euroclear and Clearstream, Luxembourg will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Although Euroclear and Clearstream, Luxembourg currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, Luxembourg, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, the Guarantors, the Trustee or the paying agent will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the Notes will be made in euro. Book-Entry Interests owned through Euroclear or Clearstream, Luxembourg accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream, Luxembourg holders on the business day following the settlement date against payment for value of the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of Euroclear or Clearstream, Luxembourg and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

TAX CONSIDERATIONS

Luxembourg Tax Considerations

The following general summary is of a general nature and is included herein solely for information purposes and does not purport to be a comprehensive description of all tax considerations that may be relevant to a decision to purchase or sell of the Notes. It is based on the laws, regulations and administrative and judicial interpretations presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. This summary does not take into account the specific circumstances of particular investors. Prospective investors should consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used in the sub-headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature refers only to Luxembourg tax law and/or concepts. Also, please note that a reference to Luxembourg income tax generally encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*) as well as personal income tax (*impôt sur le revenu*). Investors may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

Taxation of the Holders of Notes

Withholding Tax

All payments of interest and principal by the Issuers in the context of the holding, disposal, redemption or repurchase of the Notes can be made free of withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by Luxembourg or any political subdivision or taxing authority thereof or therein in accordance with applicable law, subject however to:

(i) the application of the Luxembourg laws of June 21, 2005 (the "Laws") implementing the European Union Savings Directive (please refer to the paragraph below entitled "E.U. Savings Directive") and several agreements (the "Agreements") concluded with certain dependent or associated territories and providing for the possible application of a withholding tax on interest paid to certain non-Luxembourg resident investors (individuals and certain types of entities called "residual entities") in the event of the relevant Issuer appoint a paying agent in Luxembourg within the meaning of the above-mentioned directive (for more information, please refer to the paragraph below entitled "E.U. Savings Directive") or Agreements; and

(ii) the application of the Luxembourg law of December 23, 2005 as amended by the law of July 17, 2008 introducing a tax on certain payments of interest made to certain Luxembourg resident individuals (the "Law").

Payment of interest or similar income on debt instruments made or deemed made by a paying agent (within the meaning of the Law) established in Luxembourg to or for the benefit of an individual Luxembourg resident for tax purposes who is the beneficial owner of such payment or to certain residual entities (as defined in article 4.2 of the E.U. Savings Directive, "Residual Entities") may be subject to a tax at a rate of 10%. Such tax will be in full discharge of income tax if the individual beneficial owner acts in the course of the management of his/her private wealth. Responsibility for the withholding and payment of the tax lies with the Luxembourg paying agent.

An individual beneficial owner of interest or similar income who is a resident of Luxembourg and acts in the course of the management of his private wealth may opt in accordance with the Law for a final tax of 10% when he receives or is deemed to receive such interest or similar income from a paying agent established in another E.U. Member State, in a Member State of the EEA which is not an E.U. Member State, or in a State which has concluded a treaty directly in connection with the

E.U. Savings Directive. The individual resident that is the beneficial owner of interest is responsible for the declaration and the payment of the 10% final tax.

Under the E.U. Savings Directive and the Laws, a Luxembourg based paying agent (within the meaning of the E.U. Savings Directive) may be required to withhold tax on interest and other similar income (within the meaning of the Laws) paid by it to (or under certain circumstances, for the benefit of) an individual resident in another Member State of the European Union or a Residual Entity established in another Member State of the European Union, unless the beneficiary of the interest payments or the Residual Entity (where applicable) elects for an exchange of information or provides a specific tax certificate to the Luxembourg paying agent. The same regime applies to payments by a Luxembourg based paying agent to individuals or Residual Entities resident in any of the following territories: Aruba, Curaçao, St. Maarten, Guernsey, Jersey, the Isle of Man, Montserrat and the British Virgin Islands.

The current tax rate is 20%, increasing to 35% from July 1, 2011. The tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain other countries.

Investors should note that the European Commission announced proposals to amend the Directive. If implemented, the proposed amendments would, inter alia, extend the scope of the Directive to (i) payments made through certain intermediate structures (whether or not established in a Member State) for the ultimate benefit of an E.U. resident individual, and (ii) a wider range of income similar to interest.

Income Taxation

Non-Resident holders of Notes

Non-resident holders of Notes, not having a permanent establishment, a permanent representative, or a fixed place of business in Luxembourg to which the Notes or income therefrom are attributable, are not subject to Luxembourg income taxes on income accrued or received, redemption premiums or issue discounts, under the Notes nor on capital gains realized on the disposal or redemption of the Notes. Non-residents holders who have a permanent establishment, a permanent representative, or a fixed place of business in Luxembourg to which the Notes or income therefrom are attributable are subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Notes and on any gains realized upon the sale or disposal of the Notes.

Resident holders of Notes

A resident holder of Notes (which is not exempt from income taxation) must include any interest accrued or received, any redemption premium or issue discount, as well as any gain realized on the sale or disposal, in any form whatsoever, of the Notes, in its taxable income for Luxembourg income tax assessment purposes. The same inclusion applies to an individual holder of Notes, acting in the course of the management of a professional or business undertaking.

A resident holder of Notes, acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax in respect of interest received, redemption premiums or issue discounts, under the Notes, except if tax has been levied on such payments in accordance with the Law. A gain realized by an individual holder of Notes, acting in the course of the management of his/her private wealth, upon the sale or disposal, in any form whatsoever, of Notes is not subject to Luxembourg income tax, provided this sale or disposal took place more than six months after the Notes were acquired. However, any portion of such gain corresponding to accrued but unpaid interest income is subject to Luxembourg income tax, except if tax has been levied on such interest in accordance with the Law.

Net Wealth Taxation

An individual holder of Notes, whether he/she is resident of Luxembourg or not, is not subject to Luxembourg wealth tax on such Notes.

A resident corporate holder of Notes or non-resident corporate holder of Notes that maintain a permanent establishment, permanent representative or a fixed place of business in Luxembourg to which such Notes are attributable, is subject to Luxembourg wealth tax on such Notes, except if such holder is a Private Family Asset Holding Company ("Société de gestion de patrimoine familial") introduced by the law of 11 May 2007 , an undertaking for collective investment governed by the law of December 20, 2002 (as amended), an undertaking for collective investment governed by the law of December 17, 2010, a securitization vehicle governed by and compliant with the law of March 22, 2004 on securitization, a company governed by and compliant with the law of June 15, 2004 (as amended) on venture capital vehicles, or a specialized investment fund governed by the law of 13 February, 2007.

VAT

There is no Luxembourg value added tax payable in respect of payments in consideration for the issue of the Notes or in respect of the payment of interest or principal under the Notes or a transfer of the Notes.

Other Taxes

Neither the issuance nor the transfer of Notes will give rise to any Luxembourg stamp duty, issuance tax, registration tax, transfer tax or similar taxes or duties, *provided that* the relevant issue or transfer agreement is not registered in Luxembourg, which is not mandatory.

Where a holder of Notes is a resident of Luxembourg for tax purposes at the time of his/her death, the Notes are included in his/her taxable estate for inheritance tax assessment purposes.

Gift tax may be due on a gift or donation of Notes if embodied in a Luxembourg deed or registered in Luxembourg.

EU Directive on the Taxation of Savings Income

On June 3, 2003, the EU Council of Economic and Finance Ministers adopted the European Union Savings Directive effective from July 1, 2005. Under the directive, each Member State is required to provide to the tax authorities of another Member State details of payments of interest within the meaning of the European Union Savings Directive or other similar income paid by a paying agent within the meaning of the European Union Savings Directive, to an individual resident or certain types of entities called "residual entities," within the meaning of the European Union Savings Directive (the "Residual Entities"), established in that other Member State (or certain dependent or associated territories). For a transitional period, however, Austria, Belgium and Luxembourg are permitted to apply a withholding tax system whereby if a beneficial owner, within the meaning of the European Union Savings Directive, does not opt for exchange of information or does not provide a specific tax certificate reporting, the relevant Member State will levy a withholding tax on payments to such beneficial owner. The tax rate of the withholding is of 20% from July 1, 2008 to June 30, 2011 and 35% as of July 1, 2011. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. As from January 1, 2010, Belgium applies for the regime of exchange of information described above. See "European Union Directive on Taxation of Savings Income in the Form of Interest Payments" (Council Directive 2003/48/EC).

Also with effect from July 1, 2005, a number of non-EU countries (Switzerland, Andorra, Liechtenstein, Monaco and San Marino) and certain dependant or associated territories (including Jersey, Guernsey, Isle of Man, Montserrat, British Virgin Islands, Curaçao, St. Maarten, Aruba, Cayman Islands, Turks and Caicos Islands and Anguilla) have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent (within the meaning of the European Union Savings Directive) within its jurisdiction to, or collected by such a paying agent for, an individual resident or a Residual Entity established in a Member State. In addition, Luxembourg has entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a paying agent (within the meaning of the European Union Savings Directive) in Luxembourg to, or collected by such a paying agent for, an individual resident or a Residual Entity established in one of those territories.

The European Commission has announced on November 13, 2008 proposals to amend the European Union Savings Directive. If implemented, the proposed amendments would, inter alia, (i) extend the scope of the European Union Savings Directive to payments made through certain intermediate structures (whether or not established in a EU Member State) for the ultimate benefit of

EU resident individuals and (ii) provide for a wider definition of interest subject to the European Union Savings Directive. The European Parliament approved an amended version of this proposal on April 24, 2009. Discussions are still ongoing at Council level, building on unanimous conclusions adopted on December 2, 2008 and on June 9, 2009. Investors who are in any doubt as to their position should consult their professional advisers.

Italian Tax Considerations

The statements herein regarding Italian taxation are based on the laws and published practice of the Italian tax authorities in effect in Italy as of the date of this offering memorandum and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following is a summary only of the material Italian tax consequences of the purchase, ownership and disposition of Notes for Italian resident and non-Italian resident beneficial owners. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Notes are advised to consult their own tax advisors concerning the overall tax consequences of their acquiring, holding and disposing of Notes and receiving payments on interest, principal and/or other amounts under the Notes, including in particular the effect of any state, regional and local tax laws.

Tax Treatment of the Notes

Interest and other proceeds—Notes that qualify as "*obbligazioni o titoli similari alle obbligazioni*"

Pursuant to Legislative Decree No. 239 of April 1, 1996 ("Decree No. 239"), as amended and restated, and pursuant to Art. 44 paragraph 2(c) of Decree No. 917, in general, interest and other proceeds (including the difference between the redemption amount and the issue price) in respect of notes that qualify as bonds or debentures similar to bonds (*obbligazioni o titoli similari alle obbligazioni*) and that are issued by a non-Italian resident issuer, such as the Notes, may be subject to final Italian substitute tax if owed to beneficial owners resident in Italy for tax purposes, depending on the legal status of the beneficial owners. For these purposes, debentures similar to bonds are defined as securities that incorporate an unconditional obligation to pay, at maturity, an amount not less than their nominal value and that do not give any right to directly or indirectly participate in the management of the relevant issuer or of the business in relation to which they are issued.

Italian Resident Noteholders—Applicability of *Imposta Sostitutiva*

In particular, pursuant to Decree No. 239, as amended and restated, payments of interest and other proceeds (including any original issue discount) in respect of notes that qualify as "*obbligazioni o titoli similari alle obbligazioni*" and have an original maturity of not less than eighteen months, such as the Notes, to Italian resident beneficial owners (either when interest and other proceeds are paid or when payment thereof is obtained by a beneficial owner on a transfer of Notes) (such income, the "Interest"), will be subject to final *imposta sostitutiva* (substitute tax) at a rate of 12.5% in Italy if made to Italian resident beneficial owners that are: (i) private individuals holding Notes not in connection with an entrepreneurial activity (unless they have entrusted the management of their financial assets, including the Notes, to an Italian authorized financial intermediary and have opted for the *Risparmio Gestito* regime provided for by Article 7 of Legislative Decree No. 461 of November 21, 1997—the "Asset Management Option", in which case, see below and under "—Capital Gains Tax—Capital Gains Realized by Italian Resident Noteholders"); (ii) partnerships (other than *societa in nome collettivo*, *societa in accomandita semplice* or similar partnerships), *de facto* partnerships not carrying out commercial activities and professional associations; (iii) public and private entities, other than companies, and trusts not carrying out commercial activities as their exclusive or principal activity; or (iv) entities exempt from Italian corporate income tax.

In the event that the Notes are held by an individual or by an entity indicated in the paragraph above under clause (iii), in each case, in connection with an entrepreneurial activity, the Interest will be subject to the *imposta sostitutiva* but at the same time included in the relevant beneficial owner's Italian income tax return. As a consequence, any interest and other proceeds received will be subject to the Italian ordinary income tax and the *imposta sostitutiva* may be recovered as a deduction from the Italian income tax due as a tax credit.

The 12.5% *imposta sostitutiva* will be applied by the Italian resident qualified financial intermediaries provided by law (including banks, *societa di intermediazione mobiliare* (or "SIMs"), fiduciary companies, *societa di gestione del risparmio* (or "SGRs"), stock brokers and other qualified entities expressly indicated in Ministerial Decrees, as well as permanent establishments in Italy of banks or intermediaries resident outside Italy—collectively referred to as "Intermediaries" and each as an "Intermediary") that will intervene, in any way, in the collection of Interest.

If Interest is not collected through an Italian resident qualified Intermediary and as such no *imposta sostitutiva* is levied, the Italian resident beneficial owners who qualify under clauses (i) to (iv) in the first paragraph under the heading "—Italian Resident Noteholders—Applicability of *Imposta Sostitutiva*" above will be required to include the Interest in their annual income tax return and subject it to final substitute tax at a rate of 12.5%. Alternatively, Italian resident individuals indicated above under (i) in the first paragraph under the heading "—Italian Resident Noteholders—Applicability of *Imposta Sostitutiva*" above may elect to pay ordinary personal income taxes at progressive rates in respect of Interest; if so, the beneficial owners should generally benefit from a tax credit for foreign withholding taxes, if any.

Italian Resident Noteholders—*Imposta Sostitutiva* Not Applicable

The *imposta sostitutiva* is not applicable to Interest paid to beneficial owners that are: (i) Italian resident individuals holding Notes not in connection with entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an Italian authorized financial intermediary and have opted for the Asset Management Option (see below and under "—Capital Gains Tax—Capital Gains Realized by Italian Resident Noteholders"); (ii) Italian resident collective investment funds or "*Societa di Investimento a Capitale Variabile*" ("SICAV") and pension funds referred to in Legislative Decree No. 252 of December 5, 2005; (iii) Italian resident real estate investment funds; (iv) Italian resident corporations or permanent establishments in the Republic of Italy of non-resident corporations to which the Notes are effectively connected; (v) Italian resident partnerships qualified as *societa in nome collettivo* or *societa in accomandita semplice* and other similar partnerships, even *de facto*, carrying out a commercial activity; or (vi) public and private entities, other than companies, and trusts carrying out commercial activities and holding Notes in connection with the same commercial activities.

In particular, if the Notes are part of an investment portfolio managed on a discretionary basis by an Italian authorized intermediary and the beneficial owner of the Notes has opted for the Asset Management Option, the interest paid is not subject to the *imposta sostitutiva*, but an annual substitute tax at a rate of 12.5% (the "Asset Management Tax") applies on the increase in value of the managed assets accrued, even if not realized, at the end of each tax year (which increase includes the Interest). The Asset Management Tax is applied on behalf of the taxpayer by the managing authorized intermediary.

Interest paid to Italian resident collective investment funds and SICAVs are not subject to the *imposta sostitutiva,* but these entities are subject to a 12.5% annual substitute tax (the "Collective Investment Fund Tax") on the increase in value of the managed assets accrued at the end of each tax year (which increase includes the Interest). Starting from July 1, 2011, Italian resident collective investment funds and SICAVs will no longer be subject to the above mentioned substitute tax, however, the Interest paid will continue to not be subject to the *imposta sostitutiva.* The taxation will occur in the hands of the investors only when they realize a gain from the disposal of the units of these entities or if income is paid to them by these entities.

Italian resident pension funds subject to the regime provided by Art. 17, of Italian Legislative Decree No. 252 of December 5, 2005, are subject to an 11% annual substitute tax (the "Pension Fund Tax") on the increase in value of the managed assets accrued at the end of each tax year (which increase includes interest and other proceeds accrued on the Notes).

Pursuant to Law Decree No. 351 of September 25, 2001, converted into law with amendments by Law No. 410 of November 23, 2001 ("Decree No. 351"), Italian resident real estate investment funds established from September 26, 2001 pursuant to Art. 37 of Legislative Decree No. 58 of February 24, 1998, and Art. 14-*bis* of Law No. 86 of January 25, 1994, or in any case subject to the tax treatment provided for by Decree No. 351 as a consequence of opting for application of such treatment having been promptly made by the managing company, are not subject to any taxation at the fund level.

Interest accrued to Italian resident corporations or to permanent establishments in Italy of foreign companies to which the Notes are effectively connected, to Italian resident partnerships qualified as *societa in nome collettivo* or *societa in accomandita semplice* or similar partnerships carrying out a commercial activity and to Italian resident public and private entities, other than companies, and trusts, carrying out commercial activities, and holding Notes in connection with the same commercial activities, generally, will be included in taxable business income for income tax purposes (and, in certain cases, depending on the status of the holders of the Notes, may also be included in the taxable net value of production for purposes of regional tax on productive activities—"IRAP") of such beneficial owners, subject to tax in Italy in accordance with ordinary tax rules. In these cases, a tax credit for withholding taxes applied outside Italy, if any, should be generally available.

To ensure payment of interest and other proceeds in respect of the Notes without application of the *imposta sostitutiva*, where allowed, investors indicated herein under (i) to (vi) above must be the beneficial owners of payments of interest and other proceeds on the Notes and must timely deposit the Notes, together with the coupons relating to such Notes, directly or indirectly, with an Intermediary.

Non-Italian Resident holders of the Notes

Interest and other proceeds paid on Notes by the non-Italian resident Issuer to a beneficial owner who is not resident in Italy for tax purposes, without a permanent establishment in Italy to which the Notes are effectively connected, should not be subject to any Italian taxation. If the Notes are deposited with an Italian bank or other resident intermediary or are sold through an Italian bank or other resident intermediary or in any case an Italian resident intermediary (or permanent establishment in Italy of foreign intermediary) intervenes in the payment of the Interest on the Notes, to ensure payment of interest and other proceeds without application of Italian taxation, a non-Italian resident holder of Notes may be required to produce to the Italian bank or other intermediary (or permanent establishment in Italy of foreign intermediary) a self-declaration certifying to be the beneficial owner of payments of interest and other proceeds on the Notes and not to be resident in Italy for tax purposes.

Early Redemption

Without prejudice to the above provisions, in the event that Notes are redeemed, in full or in part, prior to eighteen months from their date of issue, Italian resident beneficial owners will be required to pay an amount equal to 20% of the interest, premium and other proceeds accrued up to the date of redemption. If Italian withholding agents intervene in the collection of the Interest or in the redemption of the Notes, this amount will be levied by such withholding agents by way of withholding. In accordance with one interpretation of Italian fiscal law, the above 20% amount may be due also in the event of purchase of Notes by the Issuer with subsequent cancellation thereof prior to eighteen months from the date of issue.

Payments Made by a Guarantor

With respect to payments made by an Italian resident Guarantor under a Guarantee, any such payments should not be subject to Italian withholding tax. However, there is no authority directly regarding the Italian tax regime of payments on Notes made by an Italian resident Guarantor. Accordingly, there can be no assurance that the Italian tax authorities will not assert an alternative treatment of such payments or that the Italian courts would not support such an alternative treatment.

In particular, according to a different interpretation, such payments may be subject to Italian withholding tax at the rate of 12.5% levied as a final tax or a provisional tax ("*a titolo d'imposta o a titolo di acconto*") depending on the legal status and tax residence of the beneficial owner of the Notes, pursuant to Presidential Decree September 29, 1973 No. 600. In the case of payments to non-Italian residents, the withholding tax should be final and should be applied at the rate of 27% if payments are made to non-Italian residents who are resident in a country or territory not included in the Ministerial Decree to be issued pursuant to art. 168-*bis* of Decree No. 917 (as of the date of this offering memorandum, such Ministerial Decree has not been issued and, accordingly, one has to refer to the countries and territories identified by a Decree of the Treasury Ministry of January 23, 2002, as amended from time to time). Double taxation treaties entered into by Italy may apply allowing for a lower (or in certain cases, no) applicable rate of withholding tax for payments made to non-Italian residents.

In accordance with another interpretation, any such payments made by an Italian resident Guarantor should be treated as payments by the guaranteed Issuer and made subject to the tax treatment described above under the caption "—Interest and other proceeds—Notes that qualify as "*obbligazioni o titoli similari alle obbligazioni*".

Capital Gains Tax

Capital Gains Realized by Italian Resident Holders of Notes

Any capital gain realized upon the sale for consideration or redemption of the Notes would be treated as part of the taxable business income (and, in certain cases, may also be included in the taxable net value of production for IRAP purposes), subject to tax in Italy according to the ordinary tax regime, if realized by holders of the Notes that are:

1. Italian resident corporations;

2. Italian resident partnerships qualified as *societa in nome collettivo* or *societa in accomandita semplice* and other similar partnerships, even de facto, carrying on a commercial activity;

3. permanent establishments in Italy of foreign corporations to which the Notes are effectively connected;

4. Italian resident individuals carrying out a commercial activity, as to any capital gains realized within the scope of the commercial activity carried out; or

5. public or private entities, other than companies, and trusts carrying out commercial activities, holding Notes in connection with the same commercial activities.

Pursuant to Legislative Decree No. 461 of November 21, 1997, any capital gain realized by Italian resident individuals holding Notes not in connection with an entrepreneurial activity and certain other persons upon sale for consideration or redemption of the Notes would be subject to an *imposta sostitutiva* at the current rate of 12.5%. Under the Italian tax return regime, which is the standard regime for taxation of capital gains realized by Italian resident individuals not engaged in an entrepreneurial activity, *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any relevant incurred capital loss, realized by Italian resident individual holders of Notes holding Notes not in connection with an entrepreneurial activity, pursuant to all disposals of Notes carried out during any given fiscal year. Italian resident individuals holding Notes not in connection with entrepreneurial activity must report overall capital gains realized in any tax year, net of any relevant incurred capital loss, in the annual tax return to be filed for such year and pay *imposta sostitutiva* on such gains together with any income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains of the same kind realized in any of the four succeeding tax years.

As an alternative to the Italian tax return regime, Italian resident individual holders of Notes holding the Notes not in connection with entrepreneurial activity may elect to pay a 12.5% *imposta sostitutiva* separately on capital gains realized on each sale or redemption of the Notes (the "*Risparmio Amministrato*" regime). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with an intermediary; and (ii) an express election for the *Risparmio Amministrato* regime being timely made in writing by the relevant noteholder. Under the "*Risparmio Amministrato*" regime, the financial intermediary is responsible for accounting for the *imposta sostitutiva* in respect of capital gains realized on each sale or redemption of the Notes (as well as in respect of capital gains realized at revocation of its mandate), net of any relevant incurred capital loss, and is required to pay the relevant amount to the Italian fiscal authorities on behalf of the taxpayer, by deducting a corresponding amount from proceeds to be credited to the noteholder. Under the *Risparmio Amministrato* regime, where a sale or redemption of the Notes results in capital loss, such loss may be deducted from capital gains of the same kind subsequently realized within the same relationship of deposit in the same tax year or in the following tax years up to the fourth. Under the *Risparmio Amministrato* regime, the noteholder is not required to report capital gains in its annual tax declaration.

Any capital gains accrued on Notes held not in connection with entrepreneurial activity by Italian resident individuals who have elected for the Asset Management Option (the "Risparmio Gestito" regime) will be included in the computation of the annual increase in value of the managed assets accrued, even if not realized, at year end, subject to the Asset Management Tax to be applied on behalf of the taxpayer by the managing authorized intermediary. Under the Asset Management Option, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the Asset Management Option, the noteholder is not required to report capital gains realized in its annual tax declaration.

In the case of Notes held by Italian resident collective investment funds or SICAVs, capital gains on Notes will be included in the computation of the taxable basis of the Collective Investment Fund Tax, to be subject to the 12.5% annual substitute tax. Commencing July 1, 2011, Italian resident collective investment funds or SICAVs will no longer be subject to this substitute tax and, therefore, capital gains on Notes will be no more subject to taxation in the hands of these entities. The taxation will occur in the hands of the investors only when they realize a gain from the disposal of the units of these entities or when income is paid to them by these entities.

In the case of Notes held by Italian resident pension funds subject to the regime provided by articles 17 of Legislative Decree No. 252 of December 5, 2005, capital gains on Notes will be included in the computation of the taxable basis of the Pension Fund Tax, to be subject to the 11% annual substitute tax.

Capital Gains Realized by Non-Italian Resident Noteholders

Capital gains realized by beneficial owners who are not resident in Italy for tax purposes from the sale or redemption of the Notes are not subject to Italian taxation, insofar as the Notes will be listed on a regulated market. Otherwise, they will not be subject to Italian taxation *provided that* the Notes are held outside Italy. If the Notes are deposited with an Italian bank or other resident intermediary, capital gains tax may become applicable.

Italian Inheritance and Gift Tax

The transfer of Notes by reason of gift, donation or succession proceedings is subject to Italian gift and inheritance tax as follows:

(a) 4% for transfers in favor of the spouse or direct relatives exceeding, for each beneficiary, a threshold of €1 million;

(b) 6% for transfers in favor of siblings exceeding, for each beneficiary, a threshold of €0.1 million;

(c) 6% for transfers in favor of relatives up to the fourth degree and to all relatives in law in direct line and to other relatives in law up to the third degree, on the entire value of the inheritance or the gift; and

(d) 8% for transfers in favor of any other person or entity, on the entire value of the inheritance or the gift.

If the heir/heiress and/or the donee is a person with a severe disability pursuant to Law n. 104 of February 5, 1992, inheritance or gift tax is applied to the extent that the value of the inheritance or gift exceeds €1.5 million.

Implementation in Italy of the E.U. Savings Directive

Italy has implemented the E.U. Savings Directive through Legislative Decree No. 84 of April 18, 2005 ("Decree No. 84"). Under Decree No. 84, subject to a number of important conditions being met, in the case of interest paid on the Notes (including interest accrued on the Notes at the time of their disposal) to individuals who qualify as beneficial owners of the interest payment and are resident for tax purposes in another E.U. member state, Italian qualified paying agents shall not apply the withholding tax and shall report to the Italian tax authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian tax authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

Certain U.S. Federal Income Tax Considerations

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, HOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS OFFERING MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY HOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON HOLDERS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE ISSUER IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE ISSUER OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

* * * * *

The following is a summary of certain material U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below). This summary deals only with initial purchasers of Notes at the issue price that are U.S. Holders that will hold the Notes as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors, and does not address state, local, foreign or other tax laws. This summary also does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, investors liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes or investors whose functional currency is not the U.S. dollar).

As used herein, the term "U.S. Holder" means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States or any State thereof, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in a partnership that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are partnerships should consult their tax advisers concerning the U.S. federal income tax consequences to their partners of the acquisition, ownership and disposition of Notes by the partnership.

The summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Payments of Interest

General.

Interest on a Note (including any Additional Amounts) will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on the holder's method of accounting for tax purposes. Interest paid by the Issuer on the Notes and original issue discount ("OID"), if any, accrued with respect to the Notes (as described below under "Original Issue Discount") constitutes income from sources outside the United States. Prospective purchasers should consult their tax advisers concerning the applicability of the foreign tax credit and source of income rules to income attributable to the Notes.

Foreign Currency Denominated Interest.

The amount of income recognised by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

An accrual basis U.S. Holder may determine the amount of income recognised with respect to an interest payment denominated in Euros in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year).

Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder and will be irrevocable without the consent of the Internal Revenue Service (the "IRS").

Upon receipt of the interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Note) denominated in Euros, the accrual basis U.S. Holder will generally recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference, if any, between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

Original Issue Discount

General.

It is expected that the Notes will be considered to be issued with OID. Accordingly, a U.S. Holder must include a portion of the OID in gross income as interest in each taxable year or portion thereof in which the U.S. Holder holds the Notes even if the U.S. Holder has not received a cash payment in respect of the OID.

The amount of a Note's OID is the excess of the Note's stated redemption price at maturity over its issue price. Generally, the issue price of a Note will be the first price at which a substantial amount of Notes included in the issue of which the Note is a part is sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers.

U.S. Holders of Notes must include OID in income calculated on a constant-yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Notes. The amount of OID includible in income by a U.S. Holder of a Note is the sum of the daily portions of OID with respect to the Note for each day during the taxable year or portion of the taxable year on which the U.S. Holder holds the Note ("accrued OID"). The daily portion is determined by allocating to each day in any "accrual period" a pro rata portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Note as long as (i) no accrual period is longer than one year; and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Note's adjusted issue price at the beginning of the accrual period and the Note's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of stated interest on the Note allocable to the accrual period. The "adjusted issue price" of a Note at the beginning of any accrual period is the issue price of the Note increased by the amount of accrued OID for each prior accrual period.

OID for each accrual period will be determined in Euros and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above under "Payments of Interest". Upon receipt of an amount attributable to OID (whether in connection with a payment of interest or the sale or retirement of a Note), a U.S. Holder will generally recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference, if any, between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

Acquisition Premium.

A U.S. Holder that purchases a Note for an amount less than or equal to the Note's principal amount but in excess of its adjusted issue price (this excess being "acquisition premium") and that does not make the election described below under "Election to Treat All Interest as Original Issue Discount" is permitted to reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder's adjusted basis in the Note immediately after its purchase over the Note's adjusted issue price, and the denominator of which is the excess of the Note's principal amount over the Note's adjusted issue price. No OID will accrue on a Note purchased for more than its principal amount. Acquisition premium will be computed in units of Euros, and acquisition premium that is taken into account currently will reduce interest income in units of Euros. On the date acquisition premium offsets interest income, a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) measured by the difference between the spot rate in effect on that date, and on the date the Notes were acquired by the U.S. Holder.

Market Discount.

A Note generally will be treated as purchased at a market discount (a "Market Discount Note") if the Note's "revised issue price" exceeds the amount for which the U.S. Holder purchased the Note by at least 0.25 per cent. of the Note's revised issue price multiplied by the number of complete years from the date acquired by the U.S. Holder to the Note's maturity. If this excess is not sufficient to cause the Note to be a Market Discount Note, then the excess constitutes "*de minimis* market discount". For this purpose, the "revised issue price" of a Note generally equals its issue price, increased by the amount of any OID that has accrued on the Note.

Any gain recognised on the maturity or disposition of a Market Discount Note will be treated as ordinary income to the extent that the gain does not exceed the accrued market discount on the Note. Alternatively, a U.S. Holder of a Market Discount Note may elect to include market discount in income currently over the life of the Note. This election applies to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year for which the election is made. This election may not be revoked without the consent of the IRS. A U.S. Holder of a Market Discount Note that does not elect to include market discount in income currently generally will be required to defer deductions for interest on borrowings incurred to purchase or carry a Market Discount Note that is in excess of the interest and OID on the Note includible in the U.S. Holder's income, to the extent that this excess interest expense does not exceed the portion of the market discount allocable to the days on which the Market Discount Note was held by the U.S. Holder.

Market discount on a Market Discount Note will accrue on a straight-line basis unless the U.S. Holder elects to accrue the market discount on a constant-yield method. This election applies only to the Note with respect to which it is made and is irrevocable.

Market Discount that is accrued by a U.S. Holder will be accrued in Euros. If the U.S. Holder elects to include market discount in income currently, the accrued market discount will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) determined in the same manner as for accrued interest or OID. A U.S. Holder that does not elect to include market discount in income currently will recognise, upon the disposition or maturity of the Note, the U.S. dollar value of the amount accrued, calculated at the spot rate on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

Election to Treat All Interest as Original Issue Discount.

A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant-yield method described above under "Original Issue Discount—General", with certain modifications. For purposes of this election, interest includes stated interest, OID, market discount and *de minimis* market discount, as adjusted by any amortisable bond premium or acquisition premium. This election generally applies only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. If the election to apply the constant yield method to all interest on a Note is made with respect to a Market Discount Note, the electing U.S. Holder will be treated as having made the election described above under "Market Discount" to include market discount in income currently over the life of all debt instruments held or thereafter acquired by the U.S. Holder. U.S. Holders should consult their tax advisers concerning the propriety and consequences of this election.

Notes Purchased at a Premium

A U.S. Holder that purchases a Note for an amount in excess of its stated redemption price at maturity may elect to treat the excess as "amortisable bond premium", in which case the amount required to be included in the U.S. Holder's income each year with respect to interest on the Note will be reduced by the amount of amortisable bond premium allocable (based on the Note's yield to maturity) to that year. Bond premium will be computed in units of Euros, and amortisable bond premium that is taken into account currently will reduce interest income in units of Euros. On the date amortised bond premium offsets interest income, a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) measured by the difference between the spot rate in effect on that date, and on the date the Notes were acquired by the U.S. Holder. A U.S. Holder that does not elect to take amortisable bond premium into account currently will recognise a market loss when the Note matures. Any election to amortise bond premium applies to all bonds (other than bonds the interest on which is excludible from gross income for U.S. federal income tax purposes) held by the U.S. Holder and is irrevocable without the consent of the IRS. See also "Original Issue Discount—Election to Treat All Interest as Original Issue Discount".

Fungible Issue.

The Issuer may, without the consent of the holders of outstanding Notes, issue additional Notes with identical terms. These additional Notes, even if they are treated for non-tax purposes as part of the same series as the original Notes, in some cases may be treated as a separate series for U.S. federal income tax purposes. In such a case, the additional Notes may be considered to have been issued with different amounts of OID than the original Notes. These differences may affect the market value of the original Notes if the additional Notes are not otherwise distinguishable from the original Notes. This discussion does not address the tax consequences of the acquisition, ownership or disposition of any such additional Notes.

Sale and Retirement of the Notes

A U.S. Holder will generally recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and the tax basis of the Note. A U.S. Holder's tax basis in a Note will generally be its U.S. dollar cost (as defined below) increased by the amount of any OID or market discount included in the U.S. Holder's income with respect to the Note and reduced by (i) the amount of any principal paid on the Note, and (ii) the amount of any amortisable bond premium applied to reduce interest on the Note. The U.S. dollar cost of a Note purchased with Euros will generally be the U.S. dollar value of the purchase price on the date of purchase, or the settlement date for the purchase, in the case of Notes traded on an established securities market, within the meaning of the applicable Treasury Regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects). The amount realised does not include the amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income. The amount realised on a sale or retirement for an amount in Euros will be the U.S. dollar value of this amount on the date of sale or retirement, or the settlement date for the sale, in the case of Notes traded on an established securities market, within the meaning of the applicable Treasury Regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects). The election available to accrual basis U.S. Holders in regards to the purchase and sale of Notes traded on an established securities market must be applied consistently from year to year and cannot be changed without the consent of the IRS.

A U.S. Holder will recognise U.S. source exchange rate gain or loss (taxable as ordinary income or loss) on the sale or retirement of a Note equal to the difference, if any, between the U.S. dollar values of the U.S. Holder's purchase price for the Note (or, if less, the principal amount of the Note) (i) on the date of sale or retirement and (ii) the date on which the U.S. Holder acquired the Note. Any such exchange rate gain or loss (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest) will be realised only to the extent of total gain or loss realised on the sale or retirement. Except to the extent described under "Market Discount" above or changes in exchange rates, gain or loss recognised by a U.S. Holder on the sale or retirement of a Note will be capital gain or loss and will be long-term capital gain or loss if the Note was held by the U.S. Holder for more than one year.

Gain or loss realised by a U.S. Holder on the sale or retirement of a Note generally will be U.S. source. Prospective purchasers should consult their tax advisers as to the foreign tax credit implications of the sale or retirement of Notes.

Disposition of Foreign Currency

Foreign currency received as interest on a Note or on the sale or retirement of a Note will generally have a tax basis equal to its U.S. dollar value at the time the foreign currency is received. Foreign currency that is purchased will generally have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase Notes or upon exchange for U.S. dollars) will be U.S. source ordinary income or loss.

Backup Withholding and Information Reporting

Payments of principal, interest and accruals of OID on, and the proceeds of a sale or other disposition of Notes by a U.S. paying agent or other U.S. intermediary, will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding may apply to these payments, including payments of accrued OID, if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and dividends required to be shown on its U.S. federal income tax returns. Certain U.S. Holders are not subject to backup withholding. U.S. Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

Reportable Transactions

A U.S. taxpayer that participates in a "reportable transaction" will be required to disclose its participation to the IRS. Under the relevant rules, a U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if this loss exceeds the relevant threshold in the regulations (U.S.$50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amounts for other non-individual U.S. Holders), and to disclose its investment by filing Form 8886 with the IRS. A penalty in the amount of U.S.$10,000 in the case of a natural person and U.S.$50,000 in all other cases is generally imposed on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. Prospective purchasers are urged to consult their tax advisers regarding the application of these rules.

Foreign Financial Asset Reporting

Recently enacted legislation imposes new reporting requirements on the holding by individuals and certain entities of certain foreign financial assets, including debt of foreign entities, if the aggregate value of all of these assets exceeds $50,000. The Notes are expected to constitute foreign financial assets subject to these requirements unless the Notes are held in an account at a financial institution (as defined in the Internal Revenue Code). U.S. Holders should consult their tax advisors regarding the application of this legislation.

CERTAIN ERISA CONSIDERATIONS

General

ERISA imposes certain requirements on "employee benefit plans" (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")) subject to Title I of ERISA and on entities that are deemed to hold the assets of such plans ("ERISA Plans"), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including, but not limited to, the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the plan.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, "Plans")) and certain persons (referred to as "parties in interest" or "disqualified persons") having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

Any Plan fiduciary which proposes to cause a Plan to purchase the Notes should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment, and to confirm that such purchase and holding will not constitute or result in a non-exempt prohibited transaction or any other violation of an applicable requirement of ERISA.

Non-U.S. plans, governmental plans and certain church plans, while not subject to the fiduciary responsibility provisions of ERISA or the prohibited transaction provisions of ERISA and Section 4975 of the Code, may nevertheless be subject to non-U.S., state, local or other federal laws or regulations that are substantially similar to the foregoing provisions of ERISA and the Code ("Similar Law"). Fiduciaries of any such plans should consult with their counsel before purchasing the Notes to determine the need for, and the availability, if necessary, of any exemptive relief under any such law or regulations.

Prohibited Transaction Exemptions

The fiduciary of a Plan that proposes to purchase and hold any Notes should consider, among other things, whether such purchase and holding may involve (i) the direct or indirect extension of credit to a party in interest or a disqualified person, (ii) the sale or exchange of any property between a Plan and a party in interest or a disqualified person, or (iii) the transfer to, or use by or for the benefit of, a party in interest or disqualified person, of any Plan assets. Such parties in interest or disqualified persons could include, without limitation, the Issuer, the Initial Purchasers, the Trustee, the transfer agent or any of their respective affiliates. Depending on the satisfaction of certain conditions which may include the identity of the Plan fiduciary making the decision to acquire or hold the Notes on behalf of a Plan, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code or Prohibited Transaction Class Exemption ("PTCE") 84-14 (relating to transactions effected by a "qualified professional asset manager"), PTCE 90-1 (relating to investments by insurance company pooled separate accounts), PTCE 91-38 (relating to investments by bank collective investment funds), PTCE 95-60 (relating to investments by insurance company general accounts) or PTCE 96-23 (relating to transactions directed by an in-house asset manager) (collectively, the "Class Exemptions") could provide an exemption from the prohibited transaction provisions of ERISA and Section 4975 of the Code. However, there can be no assurance that any of these Class Exemptions or any other exemption will be available with respect to any particular transaction involving the Notes.

By its purchase of any Note, the purchaser and any subsequent transferee thereof will be deemed to have represented and warranted that either: (i) no portion of the assets used by such purchaser or transferee to acquire and hold the Notes constitutes assets of any Plan or non-U.S., governmental or church plan subject to Similar Law or any entity whose underlying assets are considered to include "plan assets" (within the meaning of Section 2510.3-101 of Title 29 of the United States Code of Federal Regulations, as modified by Section 3(42) of ERISA) of any such plan, account or arrangement or (ii) the purchase and holding of the Notes by such purchaser or transferee does not and will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation under any applicable Similar Law.

Each Plan fiduciary (and each fiduciary for non-U.S., governmental or church plans subject to Similar Law) should consult with its legal advisor concerning the potential consequences to the plan under ERISA, the Code or such Similar Laws of an investment in the Notes.

LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF THE GUARANTEES AND CERTAIN INSOLVENCY LAW CONSIDERATIONS

The following is a summary of certain limitations on the validity and enforceability of the Guarantees for the Notes, and a summary of certain insolvency law considerations in each of the jurisdictions in which the Issuer and the Guarantors are incorporated or organized. The description is only a summary, and does not purport to be complete or to discuss all of the limitations or considerations that may affect the validity and enforceability of the Notes or the Guarantees for the Notes. Prospective investors in the Notes should consult their own legal advisors with respect to such limitations and considerations.

European Union

The Issuer and several of the Guarantors are incorporated or organized under the laws of the Member States of the European Union.

Pursuant to Council Regulation (EC) no. 1346/2000 on insolvency proceedings (the "E.U. Insolvency Regulation"), the court which shall have jurisdiction to open insolvency proceedings in relation to a company is the court of the Member State (other than Denmark) where the company concerned has its "center of main interests" (as that term is used in Article 3(1) of the E.U. Insolvency Regulation). The determination of where any such company has its "center of main interests" is a question of fact on which the courts of the different Member States may have differing and conflicting views. The term "center of main interests" is not a static concept and may change from time to time. Although there is a rebuttable presumption under Article 3(1) of the E.U. Insolvency Regulation that any such company has its "center of main interests" in the Member State in which it has its registered office, Preamble 13 of the E.U. Insolvency Regulation states that the "center of main interests" of a debtor should correspond to the place where the debtor conducts the administration of its interests on a regular basis and is therefore ascertainable by third parties. In that respect, factors such as where board meetings are held, the location where the company conducts the majority of its business and the location where the large majority of the company's creditors are established may all be relevant in the determination of the place where the company has its "center of main interests".

If the "center of main interests" of a company is and will remain located in the state in which it has its registered office, the main insolvency proceedings in respect of the company under the E.U. Insolvency Regulation would be commenced in such jurisdiction and, accordingly, a court in such jurisdiction would be entitled to commence the types of insolvency proceedings referred to in Annex A to the E.U. Insolvency Regulation. Insolvency proceedings opened in one Member State under the E.U. Insolvency Regulation are to be recognized in the other Member States (other than Denmark), although secondary proceedings may be opened in another Member State. If the "center of main interests" of a debtor is in one Member State (other than Denmark), under Article 3(2) of the E.U. Insolvency Regulation, the courts of another Member State (other than Denmark) have jurisdiction to open "territorial proceedings" only in the event that such debtor has an "establishment" (in the meaning of the E.U. Insolvency Regulation) in the territory of such other Member State. The effects of those territorial proceedings are restricted to the assets of the debtor situated in the territory of such other Member State. If the company does not have an establishment in any other Member State, no court of any other Member State has jurisdiction to open territorial proceedings in respect of such company under the E.U. Insolvency Regulation.

In the event that any one or more of the Issuer, the Guarantors or any of the Issuer's subsidiaries experience financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Applicable insolvency laws may affect the enforceability of the obligations of the Issuer and the Guarantors.

Australia

The Notes will be guaranteed by Guala Closures Australia Holdings Pty Limited and Guala Closures Australia Pty Limited, each being companies incorporated under the laws of Australia (together, the "Australian Guarantors"). The guarantees granted by the Australian Guarantors are unsecured guarantees.

The validity, enforceability and efficacy of the guarantee to be granted by each of the Australian Guarantors will be affected in various circumstances under Australian law, notwithstanding that the Guarantees are to be governed by the laws of the State of New York, including, without limitation, if:

- in granting the guarantee, the directors of the Australian Guarantors did not exercise their powers in good faith in the best interests of the relevant Guarantor; and
- the granting of the guarantee breaches section 260A of the Corporations Act 2001 (Cth) (the "Corporations Act"), which prohibits the giving of financial assistance in connection with the acquisition of shares in an Australian company or one of its holding companies subject to a limited number of statutory exceptions including where shareholder approval for the financial assistance transaction has been obtained. When a company giving financial assistance will have an ultimate Australian registered holding company, whether listed or not, immediately after the relevant acquisition occurs, shareholder approval will also be required from that company;
- any payment or proposed payment under the guarantee would breach laws and regulations in Australia which prohibit or restrict transactions with persons and entities considered to be associated with terrorism and payments to, or transactions in relation to, a person or entity against whom the Commonwealth of Australia has imposed economic, political or other international sanctions; and
- the guarantee can be overturned, or payments made under the guarantee can be recovered by a liquidator of the company (see below).

A liquidator is able to challenge certain transactions into which the company has entered. In particular, the Corporations Act empowers a liquidator to:

(a) overturn an uncommercial transaction entered into at a time when the company was insolvent, or an uncommercial transaction which causes (whether wholly or in connection with other factors) the company to become insolvent, which uncommercial transaction was entered into:

(i) within the previous two years;

(ii) within the previous four years if the transaction involved a related entity of the company; and

(iii) within the previous ten years if the purpose of the transaction was to defeat, delay or interfere with the rights of creditors on a winding-up of the company.

Uncommercial transactions are those which a reasonable person in the company's position would not have entered into having regard to any relevant matter including the benefits (if any) to the company of entering into the transaction, the detriment to the company of doing so and the benefits to other parties of entering into the transaction;

(b) In addition, a liquidator is able to challenge a transaction (including payments made under a guarantee) which results in a creditor receiving from the company in respect of an unsecured debt more than the creditor would receive from the company if the transaction was set aside and the creditor was to prove for the debt in the winding-up of the company, and the transaction was entered into:

(i) within the previous six months;

(ii) within the previous four years if the transaction involved a related entity of the company; and

(iii) within the previous ten years if the purpose of the transaction was to defeat, delay or interfere with the rights of creditors on a winding-up of the company.

Insolvency Proceedings

There are four principal corporate insolvency processes in Australia: administration (sometimes referred to as voluntary administration); deed of company arrangement; liquidation (winding-up); and receivership. In addition, there is a fifth, lesser-used regime: schemes of arrangement.

According to section 435A of the Corporations Act, the object of administration is to maximize the chances of the company or its business continuing in existence or, if it is not possible for the company or its business to continue in existence is to result in a better return for the company's creditors and members than would result from an immediate winding-up of the company.

Administration is only intended to last for a short period. During this period, the administrator takes control of the company, assesses its situation and the options available to it, and reports to creditors his or her opinion on which of those options should be followed. The options in question are either liquidation, deed of company arrangement or for the administration (and moratorium) to end.

To permit the administrator the opportunity to do this, there is a moratorium on the enforcement of creditors' claims and actions against the company and its property (subject to certain exceptions, such as where a lender which holds a charge over the whole or substantially the whole of the company's assets has enforced the charge before the administration begins or enforces the charge during the first 13 days of commencement of the administration, as noted above).

A deed of company arrangement is an agreement binding on the company and its creditors (and sometimes others) in the nature of a compromise. By force of the Corporations Act, the agreement is one which will bind even those unsecured creditors who do not vote in favor of it, provided a simple majority (by number and value of claims) votes in favor.

The purpose of a liquidation is to enable the realization of all of a company's assets and the distribution of the proceeds of sale of those assets among the company's creditors and (if there is a surplus after paying creditors) members. Generally speaking, to the extent that their security is sufficient, secured creditors stand outside the liquidation and therefore do not have to prove for their debts. They are generally entitled to sell the assets subject to their security or have them sold and to receive the proceeds (subject to the rights of any prior security holders).

Receivers are typically appointed by a person to whom the company has granted a charge. Their appointment and powers are usually governed by the terms of the charge under which they are appointed. The receiver's principal task is to realize the assets subject to the charge(s) and pay the proceeds to the chargee. Receivership is a regime implemented for the benefit of the secured creditor which appoints the receiver; whereas both administration and liquidation are regimes aimed at securing the best outcome for all the company's unsecured creditors as a body. Where a company grants security over an asset, the proceeds of enforcement must generally be remitted to the chargee because they represent property which belonged to the chargee.

One exception to this is that where assets are subject to a floating charge, the receiver must pay priority payments from their proceeds before accounting to the chargee. Priority payments are those listed in section 433(3) of the Corporations Act and include liabilities in respect of certain insurance policies, auditors fees and employees' wages and superannuation and certain other employee entitlements, and the amount owing to the administrator on account of his or her fees, costs and expenses.

A scheme of arrangement is a court sanctioned arrangement or compromise, proposed by the relevant company and voted on by the creditors and members of the relevant company, which binds the company and its creditors or members even though a dissentient minority of those creditors or members may oppose it.

Brazil

The Brazilian Insolvency Law

One of the Guarantors of the Notes, Guala Closures do Brasil Ltda, is organized under the laws of Brazil (the "Brazilian Guarantor"). Accordingly, insolvency proceedings with respect to the Brazilian Guarantor will proceed under, and be governed by, Brazilian insolvency law.

Brazilian Federal Law 11,101, dated February 9, 2005, as amended, (the "Brazilian Insolvency Law") provides the legal regime applicable to recoveries (both *in* and *out of court*) and bankruptcy in Brazil. The Brazilian insolvency Law is significantly different from, and may be less favourable to creditors than, those of certain other jurisdictions such as the United States or Luxembourg.

In Court Recoveries under Brazilian Insolvency Law

Among the various key provisions of Brazilian Insolvency Law relating to *in court recoveries*, the most significant are those providing more control over the recovery process to creditors, who are represented by a creditors' committee. All existing creditors prior to the *in court recovery* request are subject to the proceeding, even if their debts are not due at the date of filing of the in court recovery request (pursuant to Section 49 of Brazilian Insolvency Law). Tax debts are not subject to the *in court recovery* proceeding.

The in court recovery request must be filed by the debtor together with an analysis of its financial and economic condition and the feasibility of its business. After the in court recovery request is accepted by the court, the debtor must present a recovery plan to creditors within 60 days (according to Section 53 of Brazilian Insolvency Law).

Under Brazilian Insolvency Law, the acceptance by the court of the in court recovery request suspends the course of all lawsuits filed against the debtor for a maximum period of 180 days (the "Stand Still Period") (pursuant to § 4 of Section 6 of Brazilian Insolvency Law). During the Stand Still Period, foreclosure of collateral may be subject to certain restrictions. For instance, (a) Section 49, § 3 restricts the foreclosure of assets that are deemed to be essential to carry out debtor's activities and (b) Section 49, § 5 establishes that any credit rights and receivables pledged on behalf of creditors shall be deposited into a judicial account and shall not be withdrawn during the Stand Still Period.

The recovery plan for in court recoveries must be approved by the following classes of creditors during a Creditors' Meeting: (i) labour creditors (including a majority of voting creditors); (ii) secured creditors (including a majority of both credits value and voting creditors); and (iii) unsecured, subordinated (as defined in Section 83, VIII "a)" and "b)" of Brazilian Insolvency Law, which includes the subordinated credits as determined by law or contract or the credits held by the stakeholders and managers of the debtor) and special and general privilege creditors (including a majority of both credits' value and voting creditors). However, the plan may be approved in a "cramdown" proceeding (pursuant to Section 58 of Brazilian Insolvency Law) even though it was rejected by one class of creditors if it: (i) was approved by the vote of creditors that represent more than 50% of the total claims presented at the Creditors' Meeting by all classes of creditors; (ii) was approved by two classes of creditors; and (iii) received a favourable vote of more than one-third of the creditors in the class in which it was rejected.

The approval of a recovery plan is considered a novation and it is mandatory for the debtor and all creditors subject to it. The parties are free to negotiate how in court recovery is implemented, including, for instance, the reduction of liability and priority of repayment. Debtors may carry out corporate actions to facilitate recovery. Examples include spin-offs, mergers, transfers or leases, conclusion of collective labour agreements, sale of assets, issue of debentures, replacement of guarantees and other analogous measures (according to Section 50 of Brazilian Insolvency Law). An important change brought by the Brazilian Insolvency Law is that the acquirer of assets of the debtor will not be held liable for any liabilities (including tax and labour liabilities) of the debtor selling the assets. This rule is only applicable in a case of the sale of branches or isolated production units and does not apply to the sale of the whole business (according to Section 60, sole paragraph of Brazilian Insolvency Law).

Out of Court Recovery under Brazilian Insolvency Law

The out of court recovery may affect participating or non-participating creditors if the claims of the non-participating creditors are dealt with in the recovery plan and the recovery plan is duly signed by creditors representing three-fifths (3/5) of each class of claims treated therein. Claims arising from labour and tax matters cannot be governed by out of court recovery *plans*. Once approved, the plan will apply to all creditors who adhered to it and will be binding on all creditors included within its scope, whether or not such creditors executed the out of court recovery plan.

Bankruptcy under Brazilian Insolvency Law

Finally, the bankruptcy is a procedure carried out in the collective interest of the creditors of a certain debtor and culminates with a court liquidation, in which the main purpose is to wind up and sell the assets of the debtor in order to satisfy the credits held by each creditor.

In the event of bankruptcy of the Brazilian Guarantor, all of its debt obligations, including the Guarantee for the Notes, which are denominated in foreign currency, will be converted into Brazilian reais at the prevailing exchange rate on the date of declaration of the bankruptcy by the court. We cannot assure investors that such rate of exchange will afford full compensation of the amount invested in the Notes plus accrued interest. In addition, companies in Brazil may only remit funds out of Brazil and/or convert such funds into hard currency in strict compliance with foreign exchange rules, and there can be no assurance that such companies would have the ability to convert Brazilian real into dollars or euro, nor that such companies would be able to remit such funds out of Brazil.

In addition, if the value of the Brazilian Guarantor's assets is insufficient to pay creditors, no interest accrues on claims, except interest on debentures and secured claims, which can be paid with the proceeds resulting from the sale of the underlying security.

Moreover, if the Brazilian Guarantor is declared bankrupt, its obligations under the Notes will be subordinated to the statutory preferences established by the Brazilian Insolvency Law. According to Brazilian Insolvency Law, in case of bankruptcy, payments of any amounts due by the debtor shall follow the following priority ranking:

(i) costs of proceedings (including trustee fees, costs of running the debtor's business during the proceedings and claims by creditors that granted credit to the debtor after the judicial recovery petition was filed);

(ii) labour-related claims up to 150 minimum monthly wages (as determined by the Federal Government of Brazil) per creditor plus claims for damages arising from labour-related accidents;

(iii) secured credits (up to the value of the collateral), such as credits secured by pledges and mortgages;

(iv) tax claims (except for fines);

(v) special privileged claims;

(vi) general privileged claims;

(vii) unsecured credits (including labour-related claims in excess of the amount mentioned in item (i) above and claims of secured creditors with a value exceeding that of the collateral);

(viii) contractual penalties and fines for breach of criminal or administrative law (including tax-related fines); and

(ix) subordinated credits, as defined by law or pursuant to the relevant agreement. The foregoing priority is established by law and may not be modified by a court.

There are certain credits that are senior to or excluded from the priority order above, such as (a) credits secured by fiduciary assignment/transfer (*cessão/aliencão fiduciária*) up to the value of the asset contemplated by such lien, pursuant to Section 49, § 3 of Brazilian Insolvency Law; (b) credits arising from Advance against Exchange Contracts (*ACC*) pursuant to Section 86, II; and (c) credits and obligations assumed before any clearings systems pursuant to Section 193, amongst other specific cases established in Brazilian Insolvency Law.

Enforceability of the Guarantee

Under Brazilian law, the Guarantees of the Notes are considered supplementary to the underlying or principal obligation and the nullity of the principal obligation results in the invalidity of the accessory obligation. Therefore, should the obligation of the Issuer under the Notes or the Indenture be rendered invalid, the Guarantees would, under Brazilian law, also be deemed invalid.

Hardening Period / Clawback and Fraudulent Transfer

The validity and enforceability of the Guarantee granted by the Brazilian Guarantor to the Notes depends upon the best interests of such Brazilian Guarantor and whether the Brazilian Guarantor receives fair and adequate consideration for the granting of the Guarantee. In the event the Brazilian Guarantor becomes subject to a recovery proceeding or to bankruptcy under Brazilian Insolvency Law, the relevant Guarantee, if granted up to two (2) years before the declaration of bankruptcy, may be deemed to have been fraudulent and declared void, under the argument that the Brazilian Guarantor has not received fair consideration in exchange for such Guarantee pursuant to Section 129, § IV of Brazilian Insolvency Law.

Italy

The Notes will be guaranteed by GCL Special Closures S.r.l. and Guala Closures S.p.A., each being entities organized under the laws of Italy (together, the "Italian Guarantors").

The Italian Guarantors have their "center of main interests" (as defined in the E.U. Insolvency Regulation) in Italy. As a result, in the event of the insolvency or financial distress of any of the Italian Guarantors, insolvency, reorganization and debt restructuring proceedings will be initiated in Italy.

Insolvency Laws

The insolvency laws of Italy may not be as favorable to your interests as creditors in other jurisdictions with which you may be familiar. In general, Italian creditors' rights and insolvency laws are generally considered to be more favorable to debtors and to the trustee in bankruptcy than the regimes of certain other jurisdictions. In Italy, the courts play a central role in the insolvency process. Moreover, the enforcement of security interests by creditors in Italy can be time consuming.

The following is a brief description of certain aspects of insolvency law in Italy.

The two primary aims of Royal Decree No. 267 of March 16, 1942 (the main Italian bankruptcy legislation), as reformed and currently in force (the "Italian Bankruptcy Law") are to maintain employment and to liquidate the debtor's assets for the satisfaction of creditors. These competing aims often have been balanced by the sale of businesses as going concerns and ensuring that employees are transferred along with the businesses being sold.

Under the Italian Bankruptcy Law, bankruptcy must be declared by a court, based on the insolvency (insolvenza) of a company. Insolvency occurs when a debtor is no longer able to regularly meet its obligations as they come due. This must be a permanent, and not a temporary, status, in order for a court to hold that a company is insolvent.

The following debt restructuring and bankruptcy alternatives are currently available under Italian law for companies facing financial difficulties or in a state of temporary crisis, and for insolvent companies.

Restructuring outside of a judicial process (concordati stragiudiziali).

Restructuring generally takes place through a formal judicial process because it is more favorable for the debtor and because informal arrangements put in place as a result of an out of court restructuring are vulnerable to being reviewed by a court in the event of a subsequent insolvency, and possibly challenged as voidable transactions. However, in cases where a company is solvent, but facing financial difficulties, it may be possible to enter into an out of court arrangement with its creditors, which may safeguard the existence of the company.

Out of court reorganisation plans (Piani di risanamento) pursuant to Article 67, Paragraph 3(d) of the Italian Bankruptcy Law.

Out of court debt restructuring agreements are based upon restructuring plans ("piani di risanamento attestati") and are prepared by companies for the restructuring of their indebtedness and to ensure the recovery of their financial condition, the reasonableness of which must be assessed by an independent expert.

Debt restructuring agreements with creditors (accordi di ristrutturazione dei debiti).

Out of court agreements for the restructuring of indebtedness entered into with creditors representing at least 60% of the outstanding company's debts can be ratified by the court. An expert must assess that the agreement is feasible and, particularly, that it ensures that the non-participating creditors can be fully satisfied in a timely manner. Only a debtor who is insolvent or in a situation of "financial distress" (i.e., facing financial distress which does not yet amount to insolvency) can initiate this process and request the court's ratification (*omologazione*) of the debt restructuring agreement entered into with its creditors.

The agreement is published in the companies' register and is effective as of the day of its publication. Starting from the date of such publication and for sixty days thereafter creditors cannot start or continue any interim relief or enforcement actions over the assets of the debtor in relation to pre-existing receivables. Pursuant to Law Decree No. 78 of May 31, 2010, as converted into Law No. 122 of July 30, 2010 (effective as of July 31, 2010), such moratorium of any interim relief and enforcement actions can be requested by the debtor to the court also prior to the above mentioned publication of the agreement, subject to the fulfillment of certain conditions set forth under the new paragraphs of Article 182-bis of the Italian Bankruptcy Law introduced by the above mentioned Law Decree No. 78 of May 31, 2010 (as converted into Law No. 122 of July 30, 2010). The debt restructuring agreement may also contain a proposed tax settlement for the partial or deferred payment of certain taxes.

Creditors may oppose the agreement within thirty days from the publication of the agreement in the companies' register. The court will, after having settled the oppositions (if any), validate the agreement by issuing a decree, which may be appealed within 15 days of its publication.

Court-supervised pre-bankruptcy composition with creditors (concordato preventivo).

A company, which is insolvent or in a situation of "financial distress" that has not been declared insolvent by the court, has the option to seek an arrangement with its creditors, under court supervision, in order to compose its overall indebtedness and/or reorganize its business, thereby avoiding a declaration of insolvency and the initiation of bankruptcy proceedings. Such arrangement with creditors can be sought by a company which exceeds certain thresholds (i.e., assets (*attivo patrimoniale*) in an aggregate amount exceeding €0.3 million in each of the three proceeding fiscal years, gross revenues (*ricavi lordi*) in an aggregate amount exceeding €0.2 million for each of the three proceeding fiscal years and total indebtedness in excess of €0.5 million). Only the debtor company can file a petition at court for a *concordato preventivo* (together with, *inter alia*, the proposed agreement and independent expert report assessing, *inter alia*, the feasibility of the composition proposal). Between the filing of the *concordato preventivo* proposal with the court and its confirmation by the court, all enforcement actions by the creditors (whose title arose before filing with the court) are stayed. The composition proposal may provide for: (i) the restructuring of debts and the satisfaction of creditors' claims, in any manner, including by way of example, through extraordinary transactions such as the granting to creditors and their subsidiaries or affiliated companies of shares, bonds (also convertible into shares), or other financial instruments and debt securities; (ii) the transfer to a receiver (*assuntore*) of the operations of the business involved in the proposed composition agreement; (iii) the division of creditors into classes; and (iv) different treatments for creditors belonging to different classes. The composition agreement may also contain a proposed tax settlement for the partial or deferred payment of certain taxes.

The court determines whether the proposal for the composition is admissible, in which case the court, *inter alia*, delegates a judge (*giudice delegato*) to follow the procedure, appoints one or more judicial officers (*commissari giudiziali*) and calls a creditor meeting. During the implementation of the arrangement, the company is managed by its corporate bodies (generally its board of directors) under the surveillance of such judicial officer(s) and under the supervision of such judge delegated by the court.

The *concordato preventivo* is voted on at a creditors' meeting and must be approved by creditors representing a majority of the unsecured creditors entitled to vote or, where different classes of creditors are formed, by the majority of creditors within each class. Secured creditors do not generally vote on the proposal of *concordato preventivo* unless they waive their security or the *concordato preventivo* provides that they will not receive full satisfaction (in which case they can vote only in respect of the part of the debt affected by the proposal). The court may also approve the *concordato preventivo* (notwithstanding the circumstance that one or more classes did not consent) if (i) the majority of the classes has approved the *concordato preventivo* and (ii) the court deems that the interests of the dissenting creditors would be adequately safeguarded through the *concordato preventivo* compared to other solutions.

After the creditors' approval, the court (after having settled possible objections raised by the dissenting creditors, if any) must confirm the *concordato preventivo* proposal by issuing a confirmation order.

If the approval of the *concordato preventivo* fails, the court may, upon request of the public prosecutor or a creditor and after having ascertained the condition for declaration of bankruptcy, declare the company bankrupt.

Bankruptcy (fallimento).

A request to declare a debtor bankrupt and to commence a bankruptcy proceeding (*fallimento*) for the judicial liquidation of its assets can be filed by the same debtor, any number of creditors and, in certain cases, by the public prosecutor. The bankruptcy is declared by the competent bankruptcy court. The Italian Bankruptcy Law is applicable only if certain thresholds are met (i.e., assets (*attivo patrimoniale*) in an aggregate amount exceeding €0.3 million in each of the three proceeding fiscal years, gross revenues (*ricavi lordi*) in an aggregate amount exceeding €0.2 million for each of the three proceeding fiscal years and total indebtedness in excess of €0.5 million).

Upon the commencement of a bankruptcy proceedings:

- subject to certain exceptions, all actions of creditors are stayed and creditors must file claims within a defined period. In particular, under certain circumstances secured creditors may execute against the secured property as soon as their claims are admitted as preferred claims. Secured claims are paid out of the proceeds of the secured assets, together with interest and expenses. Any outstanding balance will be considered unsecured and rank *pari passu* with all of the bankrupt's other unsecured debt. The secured creditor may sell the secured asset only after it has obtained authorisation from the designated judge (*giudice delegato*). After hearing the bankruptcy trustee and the creditors' committee, the designated judge decides whether to authorise the sale, and sets forth the timing in its decision;
- the administration of the debtor and the management of its assets pass from the debtor to the bankruptcy receiver (*curatore fallimentare*); and
- any act (including payments) made by the debtor, other than those made through the receiver, after a declaration of bankruptcy with respect to a creditor become ineffective. Although the general rule is that the bankruptcy receiver is allowed to terminate contracts where some or all of the obligations have not been performed, certain contracts are subject to specific rules expressly provided for by Italian Bankruptcy Law.

The bankruptcy proceedings are carried out and supervised by a court-appointed bankruptcy receiver, a deputy judge (*giudice delegato*) and a creditors' committee. The bankruptcy receiver is not a representative of the creditors, and is responsible for the liquidation of the assets of the debtor for the satisfaction of creditors. The proceeds from the liquidation are distributed in accordance with statutory priority. The liquidation of a debtor can take a considerable amount of time, particularly in cases where the debtor's assets include real property. The Italian Bankruptcy Law provides for priority of payment to certain preferential creditors, including employees, the Italian treasury and judicial and social authorities. The following features are also to be mentioned:

(1) *Bankruptcy composition with creditors (concordato fallimentare*). A bankruptcy proceeding can terminate prior to liquidation through a bankruptcy composition proposal with creditors. The relevant petition can be filed by one or more creditors, third parties or the receiver starting from the declaration of bankruptcy, whereas the debtor or its subsidiaries are admitted to file such a proposal only after one year following such declaration but before two years from the decree giving effectiveness to the bankruptcy's estate. The petition may provide for the division of creditors into classes (thereby proposing different treatments among the classes), the restructuring of debts and the satisfaction of creditors' claims in any manner. The petition may provide the possibility that secured claims are paid only in part. The *concordato fallimentare* proposal must be approved by the creditors' committee and the creditors holding the majority of claims (and, if classes are formed, by a majority of the claims in a majority of the classes). Final court confirmation is also required.

(2) *Statutory priorities*. The statutory priority assigned to creditors under the Italian Bankruptcy Law may be different from the priorities in the United States, the United Kingdom and certain other European Union jurisdictions. Under Italian law, the highest priority claims (after the costs of the proceedings are paid) are the claims of preferential creditors including the claims of the Italian tax authorities and social security administrators, and claims for employee wages. The remaining priorities of claims are, in order of priority, to the claims of as related to secured creditors (*creditori privilegiati*; a preference in payment in most circumstances, but not exclusively, provided for by law), mortgages (*creditori ipotecari*), pledges (*creditori prignoratizi*) and unsecured creditors (*crediti chirografari*). Under Italian law, the proceeds from the sale of the bankrupt's estate are distributed according to legal rules of

priority. Neither the debtor nor the court can deviate from these priority rules by proposing their own priorities of claims or by subordinating one claim to another based on equitable subordination principles. The law creates a hierarchy of claims that must be strictly adhered to when distributing the proceeds derived from the sale of the entire bankrupt's estate a part thereof, or from a single asset.

(3) *Avoidance powers in insolvency*. Similar to other jurisdictions, there are so-called "claw-back" or avoidance provisions under Italian law that may give rise, *inter alia*, to the revocation of payments or to the granting of security interests made by the debtor prior to the declaration of bankruptcy. The key avoidance provisions address transactions made below market value, preferential transactions and transactions made with a view to defraud creditors. Claw-back rules under Italian law are normally considered to be particularly favorable to the receiver in bankruptcy compared to the rules applicable in other jurisdictions, which you may be familiar with

In a bankruptcy proceeding, the Italian Bankruptcy Law provides for a claw-back period of up to one year (six-months in certain circumstances) and a two year ineffectiveness period for certain other transactions.

In particular, the Italian Bankruptcy Law distinguishes between acts or transactions which are ineffective by operation of law and acts or transactions which are voidable at the request of the bankruptcy receiver/court commissioner:

(a) Acts ineffective by operation of law. (i) under article 64 of the Italian Bankruptcy Law, all transactions entered into for no consideration are ineffective vis-a-vis creditors if entered into by the bankrupt entity in the two-year period prior to the insolvency declaration, and (ii) under article 65 of the Italian Bankruptcy Law, payments of receivables falling due on the day of the insolvency declaration or thereafter are deemed ineffective vis-a-vis creditors, if made by the bankrupt entity in the two-year period prior to the insolvency declaration.

(b) Acts that may be avoided at the bankruptcy receiver's request. These can include the following:

   (i) The following acts and transactions, if made during the vulnerability period or such other period specified below, may be avoided and declared ineffective, unless the other party proves that it had no actual or constructive knowledge of the debtor's insolvency:

   - transactions entered into in the year before the insolvency declaration, when the value of the debt or the obligations undertaken by the bankrupt entity exceeds 25% of the value of the consideration received by and/or promised to the debtor;
   - payments of debts, due and payable, made by the bankrupt entity which were not paid in cash or by other customary means of payment in the year before the insolvency declaration;
   - pledges and mortgages granted by the bankrupt entity in the year before the insolvency declaration in order to secure pre-existing debts which have not yet fallen due; and
   - pledges and mortgages granted by the bankrupt entity in the six months before the insolvency declaration in order to secure mature debts.

   (ii) The following acts and transactions, if made during the vulnerability period or such other period specified below, may be avoided and declared ineffective if the bankruptcy receiver proves that the other party knew that the bankrupt entity was insolvent:

      (a) the payments of debts that are immediately due and payable and any onerous transactions entered into or made within six months before the insolvency declaration; and

      (b) deeds granting pre-emptive rights in favour of debts (even those of third parties) which are simultaneously created and made within six months before the insolvency declaration.

   (iii) The following transactions are exempt from claw-back actions:

      (a) a payment for goods or services made in the ordinary course of business according to market practice;

(b) a remittance on a bank account, provided that it does not materially and permanently reduce the bankrupt entity's debt towards the bank;

(c) the sale, including an agreement for sale registered pursuant to Article 2645-bis of the Italian Civil Code, currently in force, made for a fair value and concerning a residential property that is intended as the main residence of the purchaser or the purchaser's family (within three degrees of kinship);

(d) transactions entered into, payments made and guarantees issued with respect to the bankrupt entity's goods, provided that they concern the implementation of a plan (*piano attestato*) which permits for the restructuring of the debt and for the improvement of its financial position, provided that such plan reasonable according to an expert registered in the accounting auditors' register and eligible to be appointed as a bankruptcy receiver, as provided for by Art.2501-bis, para.4 of Article 2501-*bis* of the Italian Civil Code;

(e) a transaction entered into, payment made or guarantee issued to implement a "*concordato preventivo*" or an "'*accordo di ristrutturazione dei debiti*' under Art. 182-*bis* of the Italian Bankruptcy Law;

(f) remuneration payments to the bankrupt entity's employees and consultants concerning work carried out by them; and

(g) payments of a debt that is immediately due, payable and made on the due date, with respect to services necessary for access to *concordato preventivo* procedures.

In addition, in certain cases, the bankruptcy receiver can request that certain transactions of the bankrupt entity be declared void within the Italian Civil Code ordinary claw-back period of five years (*revocatoria ordinaria*). Under Article 2901 of the Italian Civil Code, a creditor may demand that transactions whereby the bankrupt entity disposed of its assets prejudicially to such creditor's rights be declared ineffective with respect to such creditor, provided that the bankrupt entity was aware of such prejudice (or, if the transaction was entered into prior to the date on which the claim was originated, that such transaction was fraudulently entered into by the bankruptcy entity for the purpose of prejudicing the bankrupt entity) and that, in the case of a transaction entered into for consideration with a third person, the third person was aware of such prejudice (and, if the transaction was entered into prior to the date on which the claim was originated, such third person participated in the fraudulent design).

Extraordinary administration for large insolvent companies (amministrazione straordinaria delle grandi imprese in stato di insolvenza).

This is an extraordinary administration procedure available under Italian law for large industrial and commercial enterprises (commonly referred to as the "Prodi-bis" procedure). Companies must be insolvent although able to demonstrate serious recovery prospects. To qualify for this procedure, the company must have employed at least 200 employees in the previous year. In addition, it must have debts equal to at least two-thirds of its assets as shown in its financial statements and two-thirds of its income from sales and services during its last financial year. The procedure may be commenced by petition of the creditors, the debtor, a court or the public prosecutor. The same rules set forth for bankruptcy proceedings with respect to existing contracts and creditors' claims largely apply to an extraordinary administration proceeding. There are two main phases—an administrative phase and a judicial phase.

In the administrative phase, the court determines whether the company meets the admission criteria and whether it is insolvent. It then issues a decision to that effect and appoints a judicial receiver (or up to three) (*commissiario giudiziale*) to investigate whether there are serious prospects for recovery via a business sale or reorganisation. The judicial receiver submits a report to the court (within 30 days) together with an opinion from the Italian Productive Activities Minister (*the "Ministry"*). The court has 30 days to decide whether to admit the company to the procedure or place it into bankruptcy.

Assuming that the company is admitted to the extraordinary administration procedure, the judicial phase begins and the extraordinary commissioner(s), appointed by the Ministry, prepare a restructuring plan. The plan can provide for either the sale of the business as a going concern within 1 year (unless extended by the Ministry) (*the "Disposal Plan"*) or a reorganisation leading to the company's economic and financial recovery within 2 years (unless extended by the Ministry) (the "*Recovery Plan*"). It may also include an arrangement with creditors (e.g. debt for equity swap, issue of shares in a new company to whom the assets of the Company have been transferred, etc) (*concordato*). The plan must be approved by the Ministry. The procedure ends upon successful completion of either a Disposal Plan or Recovery Plan, however should either Plan fail, the company will be declared bankrupt, failing which the company is declared bankrupt.

Insutrial restructuring of large insolvent companies (ristrutturazione industriale di grandi imprese in stato di insolvenza)

This is a new extraordinary administration procedure introduced in 2003, known as the "Marzano procedure". It is complementary to the Prodi procedure and, except as otherwise provided, the same provisions apply. The Marzano procedure is intended to be faster than the Prodi procedure. For example, although a company must be insolvent, the application to the Ministry can be made before the court commences the administrative phase.

The Marzano procedure only applies to large insolvent companies which, on a consolidated basis, have at least 500 employees in the year before the procedure is commenced and at least €300 million of debt. The decision whether to open a Marzano procedure is taken by the Ministry following the debtor's request (who must also file an application for the declaration of insolvency). The Ministry assesses whether the relevant requirements are met and then appoints the extraordinary commissioner(s) who will manage the company. The court also decides on the company's insolvency.

The extraordinary commissioner(s) has 180 days (or 270 days if the Ministry so agrees) to submit a Disposal Plan or Recovery Plan. The restructuring through the Disposal Plan or the Recovery Plan must be completed within, respectively, one year (extendable to two years) and two years. If no Disposal or Recovery Plan is approved by the Ministry, the Court will declare the company bankrupt and open bankruptcy proceedings.

Compulsory administrative winding-up (liquidazione coatta amministrativa)

A compulsory administrative winding-up (*liquidazione coatta amministrativa*) is only available for public interest entities such as state-controlled companies, insurance companies, credit institutions and other financial institutions none of which can be made subject to bankruptcy proceedings. It is irrelevant whether these companies belong to the public or the private sector. It is a special sort of insolvency proceeding in that the entity is liquidated not by the bankruptcy court but by the relevant administrative authority that oversees the industry in which the entity is active. The procedure may be triggered not only by the insolvency of the relevant entity but also by other grounds expressly provided for by the relevant legal provisions (e.g., in respect of Italian banks, serious irregularities concerning the management of the bank or serious violations of the applicable legal, administrative or statutory provisions).

Unlike bankruptcy proceedings, the primary purpose of this proceeding is to withdraw the entity from the market in which it is active. The sale and distribution of the entity's assets to satisfy creditors' claims is secondary to this purpose. The effect of this procedure is that the entity loses control over its assets and a liquidator (commissario liquidatore) is appointed to wind up the company. The liquidator's actions will be monitored by a steering committee (comitato di sorveglianza). The powers assigned to the designated judge and the bankruptcy court under the other insolvency proceedings are assumed by the relevant administrative authority under this procedure. The effect of the forced administrative winding-up on creditors is largely the same as under bankruptcy proceedings and includes, for example, a ban on enforcement measures. The same rules set forth for bankruptcy proceedings with respect to existing contracts and creditors' claims largely apply to a compulsory administrative winding-up.

General provisions on granting guarantees under Italian law

Under Italian law, in the event that the relevant guarantor becomes subject to insolvency proceedings, the guarantees could be subject to potential challenges by the appointed insolvency administrator or by the creditors of such guarantor under the rules of avoidance or clawback of Italian insolvency laws and the relevant law on the non-insolvency avoidance or clawback of transactions made by the bankrupt entity during certain legally specified periods (the "suspect period").

The avoidance may relate to (i) undervalued transactions made by the bankrupt entity within a suspect period of one year prior to the insolvency declaration (i.e., to the extent the asset or obligation disposed or undertaken exceeds, by one quarter, the value of the consideration received), or transactions involving unusual means of payment (e.g., payment in kind) or security interests granted after the creation of the relevant secured obligations, whereby the creditor must prove its lack of knowledge of the state of insolvency of the bankrupt entity in order to oppose to any clawback action, (ii) security interests granted in order to secure a debt due and payable, whereby the creditor must prove its lack of knowledge of the state of insolvency of the bankrupt entity in order to rebut any claw back action during a suspect period of six months prior to the insolvency declaration, and (iii) payments of due and payable obligations, transactions at arm's length or security interests granted simultaneously to the creation of the relevant secured obligations during suspect period of six months prior to the insolvency declaration, whereby the bankruptcy officer must prove that the creditor was aware of the state of insolvency of the bankrupt entity in order to enforce any claw back action. For a more detailed explanation of the terms, conditions and consequences of claw-back actions in an insolvency scenario please refer to the paragraph headed "—Italy—Insolvency Laws" above. The transactions potentially subject to avoidance include the Guarantees to be granted by the Italian Guarantors with respect to the Notes. If they are challenged successfully, the rights granted under such guarantees may become unenforceable and any amounts received must be refunded to the insolvent estate.

Furthermore, under fraudulent conveyance and other provisions of Italian law, a court could void or invalidate all or a portion of the obligations of an Italian Guarantor under the relevant Guarantees and, if payment had already been made under the Guarantee, require the holders of the Notes (as recipients of that payment) to return the payment to the relevant Italian Guarantor, if the court found that, *inter alia*:

(i) the relevant Italian Guarantor issued such Guarantee with actual intent to hinder, delay or defraud its current or future creditors or with a desire to prefer some creditors over others, or when the holder of a Note was aware that the relevant Italian Guarantor was insolvent when it granted the relevant Guarantee;

(ii) the relevant Italian Guarantor did not receive fair consideration or reasonably equivalent value for the relevant Guarantee or the relevant Italian Guarantor was insolvent at the time the Guarantee was given;

(iii) the relevant Guarantees were held to exceed the corporate objects of the relevant Italian Guarantor or not to be in the best interest or for the corporate benefit of the relevant Italian Guarantor; or

(iv) the Italian Guarantor granting such Guarantee knows, or should have known, that the transaction was to the detriment of the creditors.

If a court decided either that the Guarantee granted by an Italian Guarantor was a fraudulent conveyance and voided such Guarantee, or held it unenforceable for any other reason, holders of the Notes may cease to have any claim with respect to the relevant Italian Guarantor and would be a creditor solely of the Issuer and, if applicable, of the other Guarantors.

Corporate benefit and financial assistance issues affecting Italian Guarantors' ability to grant Guarantees

Under Italian Law the guarantee obligations under the Indenture of an Italian Guarantor are subject to compliance with the rules on corporate benefit and corporate authorisation. If the guarantee is being provided in the context of an acquisition, group reorganisation or restructuring, financial assistance issues may also be triggered.

An Italian company granting a guarantee must receive a real and adequate benefit in exchange for the guarantee. Whilst corporate benefit for a downstream guarantee is usually self-evident, the validity and effectiveness of an up-stream or cross-stream guarantee granted by an entity organized under the laws of Italy (such as the Guarantees to be granted by the Italian Guarantors with respect to the Notes) depends on the existence of a real and adequate benefit in exchange for the guarantee. The concept of real and adequate benefit is not defined in the applicable legislation and is determined on a case by case basis. In particular, in the case of upstream and cross-stream guarantees for the financial obligations of group companies, examples of real and adequate benefits include financial consideration in the form of a guarantee fee or access to cash flows in the form of intercompany loans from other members of the group.

The general rule is that the risk assumed by the Italian Guarantor must not be disproportionate to the direct or indirect economic benefit to the guarantor. To this extent, customary "limitation language" is usually inserted in indentures, credit agreements and guarantees for the purpose of limiting the amount guaranteed by the guarantor to an amount that is proportionate to the direct or indirect economic benefit that the guarantor derives from a transaction.

Absence of a real and adequate benefit could render the Guarantees to be provided by the Italian Guarantor ultra vires and potentially affected by conflict of interest. Thus, civil liabilities may be imposed on the directors of the relevant Italian Guarantor if it is determined that they did not act in the best interest of that Italian Guarantor and that the acts they carried out do not fall within the corporate purpose of that Italian Guarantor. Any lack of corporate benefit might also result in the imposition of civil liabilities on those companies or persons ultimately exercising control over the relevant Italian Guarantor or having knowingly received an advantage or profit from such improper control. Moreover, the Guarantee to be provided by the Italian Guarantors could be declared null and void if the lack of corporate benefit was known or is presumed to be known by the third party and such third party acted intentionally against the interest of the relevant Italian Guarantor.

The rules on corporate benefit apply equally to security instruments provided by subsidiaries in relation to the financial obligations of their parent or sister companies.

As to corporate authorisations and financial assistance, the granting of a guarantee (such as the Guarantee to be granted by the Italian Guarantors with respect to the Notes) or security by an Italian company must be permitted by the by-laws (*statuto*) of the Italian company and cannot include any liability which would result in unlawful financial assistance within the meaning of article 2358 and article 2474 (as the case may be) of the Italian Civil Code pursuant to which, subject to specific exceptions, it is unlawful for a company (including those set forth in the form of an *S.r.l.*) to give financial assistance (whether by means of loans, security, guarantees or otherwise) for the acquisition of its own shares by a third party. Financial assistance for the refinancing of indebtedness originally incurred for the purchase or subscription of its own shares or those of its direct or indirect holding company might also be construed as a violation. In addition, directors may be personally liable for failure to act in the best interests of the company.

In light of the Italian law corporate benefit and financial assistance provisions described above, each Guarantee granted by the Italian Guarantors is subject to the limitations set forth below.

(A) The aggregate principal amount of the Notes guaranteed by the Italian Guarantors will be equal to the original principal amount of the Funding Loan and will be reduced from time to time by:

  (i) an amount equal to any repayment or prepayment of principal under the Funding Loan;

  (ii) an amount equal to any payment made by an Italian Guarantor under the Guarantee;

  (iii) (unless to the extent the principal amount of the Notes is repaid, prepaid or redeemed with the proceeds of the repayment or prepayment of principal under the Funding Loan or with the proceeds of a payment made by an Italian Guarantor under the Guarantee) an amount equal to any repayment, prepayment or redemption of the principal amount of the Notes multiplied by the ratio of (a) the original principal amount of the Funding Loan to (b) the original principal amount of the Notes.

(B) The aggregate amount of interest in respect of the Notes guaranteed by the Italian Guarantors will be at any time equal to the interest then outstanding in respect of a principal amount of the Notes equal to the principal amount of the Notes guaranteed by the Italian Guarantors at that time.

(C) In order to comply with the provisions of Article 1938 of the Italian Civil Code, the Indenture will also provide that the maximum aggregate amount of the Guarantees granted by the Italian Guarantors will not exceed at any time approximately €120 million.

(D) In accordance with Article 2358 or 2474 (as the case may be) of the Italian civil code, any guarantee, indemnity, obligations and liability granted or assumed pursuant to each Guarantee by any Italian Guarantor for amounts lent to acquire directly or indirectly the shares or quotas of such Italian Guarantor and/or shares of its direct or indirect holding company shall be expressly excluded from such Italian Guarantors' undertaking hereunder.

Luxembourg

Luxembourg insolvency laws.

The Issuer is organized under the laws of Luxembourg and has its center of main interest in Luxembourg. Accordingly, insolvency proceedings with respect to the Issuer may proceed under, and be governed by, Luxembourg insolvency laws. The insolvency laws of Luxembourg may not be as favorable to investors' interests as those of other jurisdictions with which investors may be familiar and may limit the ability of holders of the Notes to enforce the terms of the Notes. Insolvency proceedings may have a material adverse effect on the Issuer's business, assets and obligations as issuer. The following is a brief description of certain aspects of insolvency laws in Luxembourg.

Under Luxembourg insolvency laws, the following types of proceedings (together referred to as "insolvency proceedings") may be opened against the Issuer:

- bankruptcy proceedings (*faillite*), the opening of which may be requested by the relevant Luxembourg company or by any of its creditors. Following such a request, the courts having jurisdiction may open bankruptcy proceedings, if that Luxembourg company (a) is in default of payment (*cessation des paiements*) and (b) has lost its commercial creditworthiness (*ébranlement de crédit*). If a court finds that these conditions are satisfied, it may also open bankruptcy proceedings, absent a request made by such Luxembourg company or a creditor. The main effect of such proceedings is the suspension of all measures of enforcement against the Luxembourg company, except, subject to certain limited exceptions, for secured creditors and the payment of creditors in accordance with their rank upon the realization of assets;
- controlled management proceedings (*gestion contrôlée*), the opening of which may only be requested by the relevant Luxembourg company and not by its creditors; and
- composition proceedings (*concordat préventif de faillite*), which may be requested only by the relevant Luxembourg company (having received prior consent of a majority of its creditors) and not by its creditors. The court's decision to admit a company to the composition proceedings triggers a provisional stay on enforcement of claims by creditors.

In addition to these proceedings, the ability of the holders of Notes to receive payment under the Notes from the Issuer may be affected by a decision of a court to grant a reprieve from payments (*sursis de paiements*) or to put the relevant Luxembourg company into judicial liquidation (*liquidation judiciaire*).

Judicial liquidation proceedings may be opened at the request of the public prosecutor against companies pursuing an activity in violation of criminal laws or in serious violation of the commercial code or of the Companies Act 1915. The conduct of such liquidation proceedings will generally follow the same rules as those applicable to bankruptcy proceedings. The relevant Luxembourg company's liabilities in respect of the Notes will, in the event of a liquidation of the relevant Luxembourg company following bankruptcy or judicial liquidation proceedings, rank after the cost of liquidation (including any debt incurred for the purpose of such liquidation) and those of the concerned Luxembourg company's debts that are entitled to priority under Luxembourg law. Preferential claims under Luxembourg law for instance include, among others:

- certain amounts owed to the Luxembourg Revenue;
- value-added tax and other taxes and duties owed to the Luxembourg Customs and Excise;
- social security contributions; and
- remuneration owed to employees.

During insolvency proceedings, all enforcement measures by unsecured creditors are suspended. The ability of secured creditors to enforce their security interest may also be limited in the event of controlled management proceedings automatically causing the rights of secured creditors to be frozen until a final decision has been taken by the court as to the petition for controlled management, and may be affected thereafter by a reorganization order given by the court. A reorganization order requires the prior approval by more than 50% of the creditors representing more than 50% of the Issuer's liabilities in order to take effect.

Transactions that may be challenged or set aside.

Luxembourg insolvency laws may also affect transactions entered into or payments made by the Issuer during the period before bankruptcy, the so-called "suspect period" (*période suspecte*) which is a maximum of six months (and ten days, depending on the transaction in question) preceding the judgment declaring bankruptcy, except that in certain specific situations the court may set the start of the suspect period at an earlier date, if the bankruptcy judgment was preceded by another insolvency bankruptcy judgment under Luxembourg law, the court may set the maximum up to six months prior to the filing for such controlled management. In particular:

- pursuant to article 445 of the Luxembourg code of commerce (code de commerce), specified transactions (such as, in particular, the payment of debts which have not fallen due, whether payment is made in cash or by way of assignment, sale, set-off or by any other means; the payment of debts which have fallen due by any means other than in cash or by bill of exchange; the sale of assets without consideration or with substantially inadequate consideration) entered into during the suspect period (or the ten days preceding it) must be set aside or declared null and void, if so requested by the insolvency receiver;
- pursuant to article 446 of the Luxembourg code of commerce payments made for matured debts as well as other transactions concluded for consideration during the suspect period are subject to cancellation by the court upon proceedings instituted by the insolvency receiver if they were concluded with the knowledge of the bankrupt party's cessation of payments;
- in the case of bankruptcy, article 448 of the Luxembourg code of commerce and article 1167 of the civil code (*action paulienne* or *actio pauliana*) gives the insolvency receiver (acting on behalf of the creditors) the right to challenge any fraudulent payments and transactions, including the granting of security with an intent to defraud, made prior to the bankruptcy, without any time limit. The conditions governing the *actio pauliana* are the following: (i) the creditor must prove that the act he challenges actually caused him some harm, (ii) the creditor must prove the fraudulent intent of his debtor, which may be inferred and (iii) the creditor's claim must precede the transaction challenged for fraud.

In principle, a bankruptcy order rendered by a Luxembourg court does not result in automatic termination of contracts except for *intuitu personae* contracts, that is, contracts for which the identity of the company or its solvency were crucial. The contracts, therefore, subsist after the bankruptcy order.

However, the insolvency receiver may choose to terminate certain contracts. As of the date of adjudication of bankruptcy, no interest on any unsecured claim will accrue vis-à-vis the bankruptcy estate.

Insolvency proceedings may hence have a material adverse effect on the Issuer's business and assets and respective obligations under the Notes as issuer.

The Netherlands

Limitation on Enforcement

If a company incorporated under the laws of The Netherlands (a "Dutch company") grants a guarantee and such guarantee is not in the company's corporate interest, the guarantee may be nullified by the Dutch company, its receiver in bankruptcy and its administrator (*bewindvoerder*) and, as a consequence, not be valid, binding and enforceable against it. In determining whether the granting of such guarantee is in the interest of the relevant company, Dutch courts would not only consider the text of the objects clause in the articles of association of the company but also all relevant circumstances, including whether the company derives certain commercial benefits from the transaction with respect to which the guarantee was granted. In addition, if it is determined that there are no, or insufficient, commercial benefits from the transactions for the company that grants the guarantee, then such company (and any bankruptcy receiver) may contest the enforcement of the guarantee, and it is possible that such challenge would be successful. Such benefit may, according to Dutch case law, consist of an indirect benefit derived by the company as a consequence of the interdependence of such company with the group of companies to which it belongs. In addition, it is relevant whether, as a consequence of the granting of the guarantee, the continuity of such company would foreseeably be endangered by the granting of such guarantee. It remains possible that even if such strong financial and commercial interdependence exists, the transaction may be declared void if it appears that the granting of the guarantee cannot serve the realization of the relevant company's objects. The foregoing applies *mutatis mutandis* to the acceptance of joint and several liability for, or providing or agreeing to provide security for, obligations of a third party, whether or not affiliated, and any other legal act having similar effect.

If Dutch law applies, a guarantee governed by Dutch law may be voided by a court if the document was executed through undue influence (*misbruik van omstandigheden*), fraud (*bedrog*), duress (*bedreiging*) or mistake (*dwaling*) of a party to the agreement contained in that document.

In addition, a guarantee issued by a Dutch company and security provided by a Dutch company may be suspended or avoided by the Enterprise Chamber of the Court of Appeal in Amsterdam (*Ondernemingskamer van het Gerechtshof te Amsterdam*) on the motion of the holder or holders of 10% or more of the shares in such company, as well as on the motion of a trade union and of other entities entitled thereto in the articles of association (*statuten*) of the relevant Dutch company. Likewise, the guarantee or security itself may be upheld by the Enterprise Chamber, yet actual payment under it may be suspended or avoided.

In order to enable Dutch subsidiaries to grant guarantees or other collateral to secure liabilities of a direct or indirect parent or sister company without the risk of violating Dutch rules on financial assistance, it is standard market practice for indentures, credit agreements, guarantees and security documents to contain so-called "limitation language" in relation to subsidiaries incorporated or established in The Netherlands. Pursuant to such limitation language it is agreed between the relevant parties that such guarantee or collateral is deemed not to be given to the extent the same would constitute a violation of the Dutch rules on financial assistance. Accordingly, the Indenture will contain such limitation language and the guarantees of the Guarantors incorporated under Dutch law and the security will be so limited.

Parallel Debt

Under Dutch law, certain "accessory security interests such as pledges require that the pledge and the creditor be the same person. Such security interests cannot be held on behalf of third parties who do not hold the secured claim. The beneficial holders of the Notes from time to time will not be party to the Security Document. In order to permit the holders of the Notes from time to time to have a secured claim, the Security Document will provide for the creation of a "parallel debt". Pursuant to the parallel debt, the Security Agent becomes the holder of a claim equal to each amount payable by an obligor under the Notes. The right of pledge over the Funding Loan, which is governed by Dutch law, will directly secure the parallel debt. The parallel debt procedure has not been tested under Dutch law, and there is no certainty that it will eliminate or mitigate the risk of unenforceability posed by Dutch law.

Hardening Periods and Fraudulent Transfer

To the extent that Dutch law applies, a guarantee granted by a legal entity may, under certain circumstances, be nullified by any of its creditors, if (i) the guarantee was granted without an obligation to do so (*onverplicht*), (ii) the creditor concerned was prejudiced as a consequence of the guarantee and (iii) at the time the guarantee was granted both the legal entity and, unless the guarantee was granted for no consideration (*om niet*), the beneficiary of the guarantee knew or should have known that one or more of the entities' creditors (existing or future) would be prejudiced. Also, to the extent that Dutch insolvency law applies, a guarantee may be nullified by the receiver (*curator*) on behalf of and for the benefit of all creditors of the insolvent debtor. The foregoing requirements apply mutatis mutandis for security rights. Consequently, the validity of any Dutch guarantees and any security rights may be challenged and it is possible that such challenge would be successful.

Insolvency

Guala Closures Orient B.V., Guala Closures China B.V., Guala Closures Patents B.V. and Guala Closures International B.V. are each incorporated in The Netherlands. Any insolvency proceedings relating to any of such Guarantors' Guarantees would likely be based on Dutch insolvency law. Under certain circumstances, bankruptcy proceedings may also be opened in The Netherlands in accordance with Dutch law over the assets of companies that are not established under Dutch law.

The following is a brief description of certain aspects of Dutch insolvency law.

There are two primary insolvency regimes under Dutch law: the first, moratorium of payments (*surseance van betaling*), is intended to facilitate the reorganization of a debtor's indebtedness and enable the debtor to continue as a going concern. The second, bankruptcy (*faillissement*), is primarily designed to liquidate and distribute the proceeds of the assets of a debtor to its creditors. Both insolvency regimes are set forth in the Dutch Bankruptcy Act. A general description of the principles of both insolvency regimes is set forth below.

An application for a moratorium of payments can only be made by the debtor itself. Once the request for a moratorium of payments is filed, a court will immediately (*dadelijk*) grant a provisional moratorium and appoint an administrator (*bewindvoerder*). A meeting of creditors is required to decide on the definitive moratorium. If a draft composition (*ontwerp akkoord*) is filed simultaneously with the application for moratorium of payments, the court can order that the composition will be processed before a decision about a definitive moratorium. If the composition is accepted and subsequently confirmed by the court (*gehomologeerd*), the provisional moratorium ends. The definitive moratorium will generally be granted unless a qualified minority (more than one-quarter in amount of claims held by creditors represented at the creditors' meeting or more than one-third in number of creditors represented at such creditors' meeting) of the unsecured non-preferential creditors withholds its consent. The moratorium of payments is only effective with regard to unsecured non-preferential creditors. Unlike Chapter 11 proceedings under U.S. bankruptcy law, during which both secured and unsecured creditors are generally barred from seeking to recover on their claims during a moratorium of payments, under Dutch law, secured and preferential creditors (including tax and social security authorities) may enforce their rights against assets of the company in moratorium of payments to satisfy their claims as if there were no moratorium of payments. A recovery under Dutch law could, therefore, involve a sale of assets that does not reflect the going concern value of the debtor. However, the court may order a "cooling down period" for a maximum period of four months during which enforcement actions by secured or preferential creditors are barred. Also in a definitive moratorium of payments, a composition (*akkoord*) may be offered to creditors. A composition will be binding on all unsecured and non-preferential creditors if it is approved by (i) a majority in number of the creditors represented at the creditors' meeting, representing at least 50% in amount of the claims that are admitted for voting purposes and (ii) subsequently confirmed (*gehomologeerd*) by the court. Consequently, Dutch insolvency laws could preclude or inhibit the ability of the holders of the Notes to effect a restructuring and could reduce the recovery of a holder of Notes in Dutch moratorium of payments proceedings. Interest payments that fall due after the date on which a moratorium of payments is granted cannot be claimed in a composition.

Under Dutch law, a debtor can be declared bankrupt when it is no longer able to pay its debts when due. The bankruptcy can be requested by a creditor of a claim that is due and payable but left unpaid when there is at least one other creditor.

Under Dutch bankruptcy proceedings, the assets of a debtor are generally liquidated and the proceeds distributed to the debtor's creditors in accordance with the respective rank and priority of their claims. The general principle of Dutch bankruptcy law is the so-called *paritas creditorum* (principle of equal treatment) which means that all creditors have an equal right to payment and that the proceeds of bankruptcy proceedings shall be distributed in proportion to the size of their claims. However, certain creditors (such as secured creditors and tax and social security authorities) will have special rights that take priority over the rights of other creditors. Consequently, Dutch insolvency laws could reduce your potential recovery in Dutch bankruptcy proceedings.

The claim of a creditor may be limited depending on the date the claim becomes due and payable in accordance with its terms. Generally, claims of the holders of Notes that were not due and payable by their terms on the date of a bankruptcy of the relevant Guarantor will be accelerated and become due and payable as of that date. Each of these claims will have to be submitted to the receiver to be verified. "Verification" under Dutch law means that the receiver determines the value of the claim and whether and to what extent it will be admitted in the bankruptcy proceedings to the purpose of the distribution of the proceeds. The valuation of claims that otherwise would not have been payable at the time of the bankruptcy proceedings may be based on a net present value analysis. Interest payments that fall due after the date of the bankruptcy cannot be verified. The existence, value and ranking of any claims submitted by the holders of the Notes may be challenged in the Dutch bankruptcy proceedings. Generally, in a creditors' meeting (*verificatievergadering*), the receiver, the insolvent debtor and all verified creditors may dispute the verification of claims of other creditors. Creditors whose claims or value thereof are disputed in the creditors' meeting may be referred to separate court proceedings (*renvooiprocedure*). These renvooi procedures could cause holders of Notes to recover less than the principal amount of their Notes or less than they could recover in a U.S. liquidation. Such renvooi procedures could also cause payments to the holders of Notes to be delayed compared with holders of undisputed claims. As in moratorium of payments proceedings, in a bankruptcy a composition may be offered to creditors, which shall be binding on unsecured non-preferential creditors if it is approved by (i) a majority in number of the creditors represented at the creditors' meeting, representing at least 50% in amount of the claims that are admitted for voting purposes and (ii) subsequently ratified (*gehomologeerd*) by the court. The Dutch Bankruptcy Act does not in itself recognize the concept of classes of creditors. Remaining amounts, if any, after satisfaction of the secured and the preferential creditors are distributed among the unsecured non-preferential creditors, who will be satisfied on a pro rata basis. Contractual subordination may to a certain extent be given effect in Dutch insolvency proceedings. The actual effect depends largely on the way such subordination is construed.

Secured creditors may enforce their rights against assets of the debtor to satisfy their claims under a Dutch bankruptcy as if there is no bankruptcy. As in moratorium of payments proceedings, the court may order a "cooling down period" for a maximum of four months during which enforcement actions by secured creditors are barred unless such creditors have obtained leave for enforcement from the supervisory judge. Further, a receiver in bankruptcy can force a secured creditor to enforce its security interest within a reasonable period of time, failing which the receiver will be entitled to sell the secured assets, if any, and the secured creditor will have to share in the bankruptcy costs. Excess proceeds of enforcement must be returned to the bankrupt estate; they may not be set-off against an unsecured claim of the secured creditor in the bankruptcy. Such set-off is allowed prior to the bankruptcy, although a set-off prior to bankruptcy may be subject to clawback in the case of fraudulent conveyance or bad faith in obtaining the claim used for set-off.

Moreover, to the extent that Dutch law applies, a legal act performed by a debtor (including, without limitation, an agreement pursuant to which it guarantees the performance of the obligations of a third party or agrees to provide or provides security for any of its or a third party's obligations, enters into additional agreements benefiting from existing security and any other legal act having a similar effect) can be challenged in an insolvency proceeding or otherwise and may be nullified by any of its creditors or its trustee in bankruptcy, if (i) it performed such acts without an obligation to do so (*onverplicht*), (ii) generally the creditor concerned or, in the case of its bankruptcy, any creditor was prejudiced as a consequence of the act, and (iii) at the time the act was performed both it and (unless the act was for no consideration (*om niet*)) the party with or towards which it acted, knew or should have known that one or more of its creditors (existing or future) would be prejudiced. In addition, in the case of such a bankruptcy, their trustee may nullify its performance of any due and payable obligation (including (without limitation) an obligation to provide security for any of its or a third party's obligations) if (i) the payee (*hij die betaling ontving*) knew that a request for bankruptcy had been filed at the moment of payment, or (ii) the performance of the obligation was the result of a consultation between the debtor and the payee with a view to give preference to the latter over the debtor's other creditors.

Whether or not a Guarantor is insolvent in The Netherlands, pursuant to Dutch law, payment under a guarantee or a security document may be withheld under the doctrines of reasonableness and fairness (*redelijkheid en billijkheid*), force majeure and unforeseen circumstances (*onvoorziene omstandigheden*).

Under Dutch law, as soon as a debtor is declared bankrupt, all pending executions of judgments against such debtor, as well as all attachments on the debtor's assets (other than with respect to secured creditors and certain other creditors, as described above), will be terminated by operation of law. Simultaneously with the opening of the bankruptcy, a Dutch receiver will be appointed. The proceeds resulting from the liquidation of the bankrupt estate may not be sufficient to satisfy unsecured creditors under the guarantees granted by a bankrupt guarantor after the secured and the preferential creditors have been satisfied. Litigation pending on the date of the bankruptcy order is automatically stayed.

New Zealand

Enforcement of Guarantee

The Notes will be guaranteed by Guala Closures New Zealand Limited, a company incorporated under the laws of New Zealand (the "Kiwi Guarantor").

New Zealand law requires that the directors of the Kiwi Guarantor are satisfied that (among other things) granting the guarantee is in the best interests of the company, or (if permitted by an express term in its constitution) the best interests of its holding company. The law also requires that shareholder approval is obtainedwhere the contingent liability under the guarantee is greater than half the value of the company's assets.

Financial assistance laws in New Zealand also prohibit companies incorporated in New Zealand from providing guarantees (or other financial assistance) in connection with an acquisition of shares in it, or in its holding company, unless the company has complied with one of the financial assistance approval procedures, and satisfies the solvency test, prescribed by the Companies Act 1993 (NZ). The solvency test requires that the company is able to pay its debts as they become due in the normal course of business and that the value of the company's assets is greater than the value of its liabilities, including contingent liabilities (but with account being taken of the likelihood of the contingency occurring and any claim the company is entitled to make and can reasonably expect to be met to reduce or extinguish the contingent liability).

In addition, a liquidator of a company which has given a guarantee may recover from the beneficiary of the guarantee any amount by which the value that the beneficiary received from the company pursuant to the guarantee exceeded the value that the company obtained from the beneficiary. Such amount may only be recovered by the liquidator if the company made a payment under the guarantee within two years of its liquidation and, at the time it made the payment, the company was either unable to pay its due debts or became unable to do so as a result of granting the guarantee. A company is presumed to be 'unable to pay its due debts' if it has failed to comply with a statutory demand, execution against the company in respect of a judgment debt is unsatisfied in whole or in part, a receiver has been appointed or a creditors' compromise under the Companies Act 1993 (NZ) (the "1993 Act") has been put to a vote.

Section 269 of the 1993 Act confers power on a liquidator to disclaim any property of the New Zealand company being liquidated which consists of, among other things, (i) unprofitable contracts or (ii) any property which is unsalable or not readily salable or that may give rise to a liability to pay money or perform an onerous act. The liquidator's hand may be forced, in that any person interested in the property may give the liquidator notice requiring him or her to decide whether or not he or she will disclaim and, if the liquidator wishes to disclaim in such circumstances, he or she must elect to do so by the date specified in the notice (being at least 20 working days after the date the notice is received by the liquidator).

A disclaimer terminates as and from the date of the disclaimer the rights, interests and liabilities of the company in the contract or the property, but, the disclaimer does not affect the rights or liabilities of any other person, except so far as necessary for the purpose of releasing the company from liability. Any person damaged by the operation of a disclaimer may claim as a creditor of the company to the amount of the damages, and may prove that amount as a debt in the liquidation.

Insolvency Proceedings

The formal corporate insolvency processes available in New Zealand are broadly the same as those available in Australia, and include: administration under Part 15A of the 1993 Act; receivership; liquidation; compromises and arrangements under Parts 14 and 15 of the 1993 Act; and statutory management.

New Zealand's administration regime (also known as "voluntary administration") is based very closely on, and has similar objectives to, the Australian administration regime. The principal differences relate to time periods, voting requirements and the relevance of statutorily preferred creditors. Administration in New Zealand can also lead to a deed of company arrangement, along the lines of the equivalent in Australia, although the creditors' voting thresholds are higher.

As with liquidations in Australia, the purpose of a liquidation is to enable the realization of all of a company's assets and the distribution of the proceeds of sale of those assets among the company's creditors and (if there is a surplus after paying creditors) shareholders. Generally speaking, to the extent that their security is sufficient, secured creditors stand outside the liquidation and therefore do not have to prove for their debts. They are generally entitled to sell the assets subject to their security or have them sold and to receive the proceeds (subject to the rights of any prior security holders). Liquidators have various statutory powers, including power to attack certain pre-liquidation transactions.

Again, as in Australia, receivers are typically appointed by a person to whom the company has granted a security interest. Their appointment and powers are usually governed by the terms of the security document under which they are appointed and by the Receiverships Act 1993 (New Zealand). The receiver's principal task is to realize the assets subject to the security interest and pay the proceeds to the security holder. Receivership is a regime implemented for the benefit of the secured creditor which appoints the receiver, whereas both administration and liquidation are regimes aimed at securing the best outcome for all the company's unsecured creditors as a whole. Where a company grants security over an asset, the proceeds of enforcement must generally be remitted to the security holder towards satisfaction of the security interest.

In liquidations, the proceeds of certain classes of assets (basically accounts receivable and inventory) are payable in priority to certain classes of statutorily preferred creditors, as set out in the Seventh Schedule to the 1993 Act. A receiver must also apply the proceeds of accounts receivable and inventory to preferential creditors if the security interest under which they were appointed extends to those assets and is not a "purchase money security interest" under the Personal Property Securities Act 1999. Compromises under Part 14 of the 1993 Act essentially involve a "proponent," which is usually the board of directors of the company, giving to (among others) each creditor of the company a notice of meeting and a "statement" which includes details of the compromise to be proposed and voted on at the meeting. A compromise which is approved by the requisite majority of creditors binds the company and all creditors to whom the notice was given.

Whereas a compromise under Part 14 of the 1993 Act can be achieved without necessarily involving the court, an arrangement or compromise under Part 15 of the 1993 Act can only be achieved through the court. Part 15 is extraordinarily wide, and allows a court to order that a compromise is binding on such "persons or class of persons as the court may specify and any such order may be made on such terms and conditions as the court thinks fit." If the compromise is intended to bind third parties, the Court may order that the third parties be served with the proposed compromise and have the opportunity to be heard on it.

Statutory management is not a process which is available to creditors generally, as it can only occur pursuant to a declaration by the New Zealand Governor-General by Order in Council on the advice of the Minister of Commerce given in accordance with a recommendation of the New Zealand Securities Commission. Its features include an automatic and comprehensive moratorium regime, including as regards rights of set off and the rights of secured creditors, and the vesting of management rights and wide statutory powers in a "statutory manager."

Scotland

One of the Guarantors of the Notes, Guala Closures UK Limited, is a company incorporated under the laws of Scotland (the "Scottish Guarantor"). Therefore, any insolvency proceedings by or against the Scottish Guarantor would likely be based on Scottish insolvency laws. However, pursuant to the E.U. Insolvency Regulation, where a company incorporated under Scots law has its "centre of main interest" in a member state of the European Union other than Scotland, then the main insolvency proceedings for that company may be opened in the Member State in which its centre of main interest is located and be subject to the laws of that Member State (Please see "—European Union" above). Similarly, the U.K. Cross Border Insolvency Regulations 2006, which implement the UNCITRAL Model Law on Cross Border Insolvency in the United Kingdom, provide that a foreign (i.e., non-European) court may have jurisdiction where any Scottish company has a centre of its main interests in such foreign jurisdiction, or where it has an "establishment" (being a place of operations in such foreign jurisdiction, where it carries out non transitory economic activities with human means and assets or services).

Challenges to Guarantees

There are circumstances under Scottish insolvency law in which the granting by a company organized under the laws of Scotland (a "Scottish company") of a guarantee can be challenged. In most cases this will only arise if the company is placed into administration or liquidation within a specified period of the granting of the guarantee or security. Therefore, if during the specified period an administrator or liquidator is appointed to a Scottish company, he may challenge the validity of the guarantee or security given by such company.

The following potential grounds for challenge may apply to the Guarantee to be granted by the Scottish Guarantor:

Gratuitous Alienations

Under Scottish insolvency law, a liquidator, administrator or creditor of a Scottish Company could apply to the Scottish courts for an order to set aside a security interest or a guarantee granted by the company (or give other relief) on the grounds that the creation of such security interest or guarantee constituted a gratuitous alienation. The grant of a security interest or guarantee will only be a gratuitous alienation if at the time of the transaction or as a result of the transaction, the Scottish company is insolvent. The transaction can be challenged if the Scottish company enters into liquidation or administration proceedings within a period of two years from the date the Scottish company grants the security interest or the guarantee or five years in the case of a 'connected person' of the Scottish company. A transaction might be subject to being set aside as a gratuitous alienation (the English equivalent is a transaction at undervalue) if the company makes a gift to a person (save in certain specified circumstances), if the company receives no consideration or if the company receives consideration of significantly less value, in money or money's worth, than the consideration given by such company. However, a court generally will not intervene if the person seeking to uphold the alienation establishes (i) that immediately or at any other time or after the alienation the company's assets were greater than its liabilities, (ii) the alienation was made for adequate consideration; or (iii) the alienation was a birthday, Christmas or other gift for a charitable purpose to a person not an associate of the company, which in all circumstances it was reasonable for the company (without prejudice to any right or interest acquired in good faith and for value from the recipient of the alienation) to make. If the court determines that the transaction was a gratuitous alienation, the court can grant a reduction or for restoration of the property or assets or such other redress as may be appropriate. In any proceedings, it is for the administrator or liquidator to demonstrate that the Scottish company was insolvent (the test for which is set out in (i) above).

A transaction made at a time when a company is insolvent may also constitute a gratuitous alienation at common law. In there circumstances, no time limits apply in relation to challenging it. A gratuitous alienation may constitute wrongful (or indeed fraudulent) trading, or a breach of duty, and lead to action being raised against directors personally.

Unfair Preferences

Under Scottish insolvency law, a liquidator, administrator or creditor of a Scottish company could apply to the court for an order to set aside a security interest or a guarantee (or give other relief) on the grounds that the security interest or such guarantee constituted an unfair preference. It will only be an unfair preference if at the time of the transaction or as a result of the transaction the Scottish company is insolvent (the test for which is the same as for gratuitous alienations). The transaction can be challenged if the Scottish company enters into liquidation or administration proceedings within a period of six months from the date the Scottish company grants the security interest or the guarantee. A transaction may constitute an unfair preference if it has the effect of putting a creditor of the Scottish company (or a surety or guarantor for any of the company's debts or liabilities) in a better position (in the event of the company going into insolvent liquidation) than such creditor, guarantor or surety would otherwise have been in had that transaction not been entered into. If the court determines that the transaction was an unfair preference, the court may grant a reduction or restoration of the property or assets or such other redress as may be appropriate (although there is protection for a third party who enters into one of the transactions in good faith, for value and without notice). An unfair preference may also constitute wrongful (or indeed fraudulent) trading or a breach of duty and lead to actions being raised against directors personally.

The following will not constitute unfair preferences:

- transactions in the ordinary course of business;
- payment in cash for a debt that, when paid, has become payable, unless the transaction was collusive for the purpose of prejudicing the general body of creditors;
- transactions where the parties take on reciprocal obligations, unless the transaction was collusive; and
- payments made on the basis of court decree in certain prescribed circumstances.

Considerations on the Enforceability of Guarantees

A pure guarantee is an accessory obligation by a guarantor relating to the primary obligation of the party whose obligations are guaranteed. If the primary obligation is altered, discharged or fails the guarantee may not be enforceable. However, the document containing the guarantee will almost invariably contain an indemnity, i.e. a direct obligation from the guarantor to the third party as an independent primary obligation. The indemnity should survive even if the guarantee is unenforceable in the circumstances described above. No limitation language is required to be included in the Indenture relating to the Guarantee by the Scottish Guarantor.

Corporate benefit must be established if a company is granting a guarantee. If there is doubt about whether there is corporate benefit, shareholders' approval for the act may be obtained although the act could still be challenged by other parties such as creditors. In addition, if no corporate benefit is established and a liquidator or administrator is appointed to the company, the transaction is more susceptible to an attack by the liquidator or an administrator as an "unfair preference" or a "gratuitous alienation" and may be rendered unenforceable. However, it is possible to establish defences against such attacks. For instance, a transaction may not be a gratuitous alienation if it was entered into in good faith for the purposes of the business and there were thus reasonable grounds to believe it would benefit the company. Such defences are normally considered at the board meeting of the company granting the guarantee and are documented in the relevant board minutes.

Directors' Authority

If no corporate benefit is established, it may not be possible to enforce a guarantee granted where the directors of the company giving the guarantee exceeded their authority. Directors will exceed their authority if a transaction is beyond the objects or powers in the company's articles of association (i.e. its constitution). A third party dealing in good faith with a company can still enforce the transaction. However, a third party will not be acting in good faith if it knows the transaction is beyond the power of the directors and is not for the benefit of the company (e.g. a guarantee has no corporate benefit for the company but benefits the directors or another person). In a transaction of this nature it is therefore market practice for the legal advisers to confirm that there are no such restrictions in the articles of association.

Spain

Insolvency and Bankruptcy

One of the Guarantors of the Notes, Guala Closures Ibérica S.A.U., is organized under the laws of Spain and is headquartered there (the "Spanish Guarantor"). Accordingly, insolvency proceedings with respect to the Spanish Guarantor may proceed under, and be governed by, Spanish insolvency law.

The following is a brief description of certain aspects of the insolvency laws of Spain.

In Spain, bankruptcy proceedings are only triggered in the event of a debtor's insolvency. A debtor is deemed insolvent when it becomes unable to meet regularly its obligations as they become due. The bankruptcy proceedings may be initiated either by the debtor ("voluntary bankruptcy") or by any of its creditors ("compulsory bankruptcy"). Whether bankruptcy proceedings are voluntary or compulsory will affect the basis for the bankruptcy, as well as impact upon the debtor's capacity.

Voluntary Bankruptcy

If the debtor requests the bankruptcy, it must prove its current or imminent insolvency: a situation in which the debtor cannot meet its financial obligations consistently and on time, including obligations not yet due. The debtor is obligated to file a petition for a declaration of bankruptcy within two months after it becomes aware, or should have become aware, of its state of insolvency. It is presumed that the debtor becomes aware of its state of insolvency, unless otherwise proved, if any of the circumstances that qualify as the basis for a petition for compulsory bankruptcy occur. In the event of the debtor failing to file a petition for bankruptcy within the time period established by law, it may be unable to exercise certain courses of action (including, inter alia, the possibility of submitting a proposed settlement in advance) and the personal liability of the members of the management body is increased.

Compulsory Bankruptcy

If a creditor requests the bankruptcy, it must provide evidence of the debtor's insolvency in the terms and by the means stated under Section 2.4 of the Spanish Insolvency Act (Ley 22/2003, de 9 de Julio, concursal): (the "Spanish Insolvency Act") such as (i) generalized default on payments by the debtor, (ii) the occurrence of generalized attachments on the debtor's assets, (iii) hasty or loss-making liquidation of assets, or (iv) generalized default on certain tax, social security and employment obligations during the applicable statutory period (three (3) months).

Effects of the Bankruptcy for the Debtor

If the bankruptcy is voluntary, the debtor usually retains its powers to manage and dispose of its business, albeit under supervision by the bankruptcy authorities (administración concursal). If the bankruptcy is compulsory, then the debtor is removed from its power over its assets, which become subject to management by the bankruptcy authorities.

These situations may be modified at any time by the competent court.

Actions carried out by the debtor that breach any required supervision of the bankruptcy authorities may be declared null and void.

Effects of the Bankruptcy on Contracts

Under Section 61 of the Spanish Insolvency Act, all clauses that entitle any party to terminate an agreement based solely on the other party's declaration of bankruptcy are deemed void. The declaration of bankruptcy does not affect agreements with reciprocal obligations pending performance by either the insolvent or the other party. However, the bankruptcy authorities (together with the bankrupt or by their sole discretion if the bankrupt is not allowed to carry on its business) may request the court to terminate the relevant contract (on the grounds of convenience in the bankruptcy proceedings). There are cases in which the Spanish law expressly allows to establish an agreement for termination in the event of bankruptcy (e.g., agency contracts).

Rules on Priority of Credits

Under the Spanish Insolvency Act, the claims of the creditors of any debtor are divided into privileged, ordinary and subordinated. Privileged credits can have a special or general privilege, depending on whether the security was created over a specific asset (special privilege) or over all of the insolvency estate (general privilege). However, notwithstanding the three categories for credits mentioned above, there is a special and prioritized category of credits, the credits against the insolvency estate (créditos contra la masa), which are not subject to ranking or acknowledgement and, in principle, must be paid by the bankruptcy authority when they fall due.

As for in rem security interests, the Spanish Insolvency Act gives them the status of credits with special privilege, because the law includes in such category those in which the collateral is comprised of specific property or rights (mortgage, pledge or antichresis) or equivalent rights (financial lease agreement for the leased property).

The ranking of claims determines the order of payment of credits and their mandatory subjection to any composition with creditors that may be achieved. Privileged creditors are only bound by the composition if they accept it voluntarily.

Limitations to Enforcement by a Secured Creditor

Notwithstanding the rules on priority mentioned in "—Rules on Priority of Credits" above, in the event of the debtor's insolvency and in accordance with the provisions of the Spanish Insolvency Act, the ability of a secured creditor to enforce the collateral is limited if such collateral is allocated to the debtor's professional or business activity or to a productive unit owned by the debtor.

In such instances, the enforcement or realization of security may not be commenced until (a) either (i) a composition is approved (the content of which does not affect this right) or (ii) one year elapses from the insolvency declaration without liquidation taking place, and (b) unless at the time of the insolvency declaration, the announcements to auction the collateral had been published.

Settlement

Once the debtor's assets and liabilities have been identified, the Spanish Insolvency Act encourages creditors to reach an agreement regarding payment of the bankrupt's debts. This agreement may be proposed either by the debtor or by the creditors, and it shall set forth how, when and up to what amount creditors are to be paid. Once executed, this agreement must be honored by the debtor and respected by the creditors.

The settlement should contain proposals for write-off and grace period. With regard to ordinary credits, the write-off may not be in excess of 50% and the grace period may not exceed five years. It may contain alternative proposals for all creditors or for certain classes, including conversion of the credit into shares or into profit-sharing credits. It may also include proposals for allocation of all assets or of certain assets to a specific person with a commitment from the acquirer to continue the activity and to pay off the debt as determined in the settlement.

The proposals in the settlement shall include a payment schedule.

The settlement must be approved by creditors representing at least one-half of the bankrupt's ordinary debts. If the settlement proposes payment in full of ordinary credits within a maximum term of three years, or a write-off of less than 20%, the favorable vote of a simple majority will be sufficient (privileged creditors voting in favor of the settlement will also be counted).

The holders of subordinated credits and those who have acquired their credits by means of inter vivos transactions subsequent to the declaration of bankruptcy are not entitled to vote.

A special case arises with an advance proposal for settlement. This has two main advantages: (i) in terms of time—it may be submitted along with the petition for voluntary bankruptcy or until conclusion of the term for giving notice of credits, allowing for it to be accepted prior to the settlement phase, and it may be approved by the court upon conclusion of the common phase; and (ii) in terms of contents— if the proposed settlement requires a write-off or grace period in excess of those allowed by Spanish law, the court may allow such legal limits to be exceeded. There is a condition, however, whereby the proposal must be submitted with the prior support of at least 20% of the total debt and it may only be submitted by diligent debtors (i.e., not those affected by legal prohibitions).

Liquidation

Liquidation is conceived as an outcome subsidiary to settlement. It operates where a composition is not reached or when it is decided upon by the instigator. The debtor is also obligated to file a petition for liquidation if, during the period while the settlement is in force, it becomes aware of no longer being able to meet the payment commitments and obligations undertaken after the approval of such settlement. If the debtor is a company, its dissolution will be declared, as well as the removal of its administrators and liquidators. Deferred credits will compulsorily fall due and credits consisting of other benefits are converted into cash credits.

The bankruptcy authority is required to prepare a liquidation plan that must be approved by the court. The aim of the Spanish Insolvency Act is to preserve companies or production units through their allocation as a block, except where it is more protective for the interests of the bankruptcy proceedings to divide them up or sell some or all the elements separately, with preference given to the alternatives allowing the continuity of the business.

The bankruptcy authority is required to report quarterly on the liquidation and has one year to complete it. If the liquidation is not completed within one year, the court may appoint a different bankruptcy authority.

Limitations on Enforcement

Under Spanish law, the Guarantees to be granted pursuant to the Indenture may only be granted by those Guarantors which are incorporated as stock companies under the laws of Spain (*sociedades anónimas*). This is due to the fact that all other subsidiaries which are incorporated as limited liability companies under the laws of Spain (*sociedades limitadas*) are subject to the prohibition contained in Section 402 of the Spanish Royal Decree 1/2010 dated July 2 on Spanish Corporations (Ley de Sociedades de Capital), which states that a limited liability company cannot execute nor secure a bond issuance or other debt securities.

Spanish law prohibits financial assistance (i) for stock companies (*sociedades anónimas*) in relation to the acquisition of their own shares or the shares of any direct or indirect parent company, and (ii) for limited liability companies (*sociedades de responsabilidad limitada*), in relation to the acquisition of their own shares and the shares of any member of their corporate group. Therefore, any guarantee or indemnity granted or assumed pursuant to the Indenture by any Guarantor incorporated under the laws of Spain shall not extend to any payment obligation incurred by the Issuer for the purpose of acquiring the shares of such Guarantor or the shares of its direct or indirect parent company, to the extent that such guarantee or indemnity would constitute unlawful financial assistance within the meaning of Article 150 of Spanish Decree 1/2010 dated July 2 on Spanish Corporations (*Ley de Sociedades de Capital*). Furthermore, any guarantee or indemnity granted or assumed pursuant to the Indenture by any Spanish Guarantor shall not apply to the extent the proceeds are used to repay existing indebtedness of the Issuer if such existing indebtedness was used for the purposes described above. No whitewash procedures are available.

Spanish law is based, inter alia, on the principle of specialty (*principio de especialidad*), by virtue of which a security interest can secure only a main obligation and its ancillary obligations, such as interest, costs, etc. As a general principle, where two different main obligations are to be secured, two different security interests must be created. However, such general principle is mitigated in certain regional laws (such as the Catalonian law).

Under Spanish law, while there is no express legal recognition of the grant of two or more pledges over the same asset or right, its permissibility has been based on the acceptance of the application of mortgage principles by analogy. Nevertheless, granting second-ranking or simultaneous first-ranking pledges over the same asset has become market practice in Spain and is generally considered acceptable in Spanish academic literature.

Hardening Periods and Fraudulent Transfer

The Spanish Insolvency Act provides that the Spanish insolvency court may only declare null and void acts and challenge actions that took place before the declaration of bankruptcy that are detrimental to the insolvency estate, as follows:

- Actions carried out in the two years preceding the declaration of insolvency may be challenged, even in the absence of fraudulent intent.
- Such actions must be "to the detriment of the insolvency estate", which is presumed:
  - (i) without admission of proof to the contrary: (x) in actions of disposal for no consideration, except for ordinary largesse (*liberalidades de uso*); or (y) regarding payments or other actions cancelling obligations with a due date after the declaration of bankruptcy;
  - (ii) with admission of proof to the contrary: (x) in actions for valuable consideration carried out for any party especially related to the bankrupt (as defined by the Spanish Insolvency Act); or (y) in granting of in rem security covering preexisting debts or new debts incurred to cancel preexisting debts.

Otherwise, the damage must be proved by the person seeking rescission.

- Under no circumstances can actions carried out in the debtor's ordinary course of professional or entrepreneurial business and under market conditions be rescinded.

- Neither refinancing agreements, nor any transactions, acts and payments accomplished or any guarantees instituted in the performance of such agreements, will be subject to an action for rescission (save in the case of fraud), provided that: (i) the agreement has been entered into with creditors whose credits represent at least three fifths of the debtor's liabilities as of the date of the agreement; (ii) such agreement is accompanied by a report submitted by an independent expert appointed by the Spanish Commercial Registry of the place where the debtor has its registered office, on the sufficiency of the information provided by the debtor, the reasonability of the viability plan and the proportionality of the guarantees undertaken in keeping with market conditions; and (iii) the refinancing agreement and the documents substantiating performance of conditions (i) and (ii) above are executed by way of a Spanish public deed.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in the purchase agreement (the "Purchase Agreement") dated April , 2011, the Issuer has agreed to sell to each Initial Purchaser, and, subject to certain conditions contained therein, each Initial Purchaser has agreed, severally and not jointly, to purchase the Notes from the Issuer.

The following table sets forth the amount of Notes to be purchased by each Initial Purchaser in the Offering:

Initial Purchasers[1]	Principal Amount of the Notes
Banca IMI S.p.A,	
Credit Suisse Securities (Europe) Limited	
Natixis	
UniCredit Bank AG	
Total	€200,000,000

(1) Sales may be made through affiliates of the Initial Purchasers listed above.

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by counsel.

The Initial Purchasers propose to offer the Notes initially at the price indicated on the cover page hereof. After the initial offering of the Notes, the offering price and other selling terms of the Notes may, from time to time, be varied by the Initial Purchasers without notice.

The Purchase Agreement provides that we will indemnify and hold harmless the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, and will contribute to payments that the Initial Purchasers may be required to make in respect thereof.

The Issuer has agreed to pay the initial purchasers certain customary fees for their services in connection with the Offering and to reimburse them for certain out-of-pocket expenses.

Persons who purchase Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page hereof.

United States

The Notes (and the Guarantees) have not been registered under the U.S. Securities Act and may not be offered or sold in the United States unless the Notes (and the Guarantees) are registered under the U.S. Securities Act, or an exemption from the registration requirements of the U.S. Securities Act is available. Accordingly, each of the Initial Purchasers, severally and not jointly, has agreed that it will not offer or sell the Notes (and the Guarantees) except (i) to "qualified institutional buyers" (as defined in Rule 144A) ("QIBs") in reliance on Rule 144A and (ii) to persons outside the United States in offshore transactions (as defined in Regulation S) in reliance on Regulation S.

In addition, until the expiration of 40 days after the later of the commencement of the Offering and the closing date, an offer or sale of Notes (and the Guarantees) within the United States by a broker/dealer (whether or not participating in this Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the U.S. Securities Act or pursuant to another exemption from registration under the U.S. Securities Act. For a description of certain further restrictions on resale or transfer of the Notes see "Transfer Restrictions".

United Kingdom

In the Purchase Agreement, each Initial Purchaser, severally and not jointly, has also represented and warranted to us that:

(a) it have only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 ("FSMA")) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to us or to the Guarantors; and

(b) it has complied with and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Other Jurisdictions

Each Initial Purchaser has also agreed in the Purchase Agreement that it will comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this offering memorandum, and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force.

General

No Sale of Similar Securities

We have agreed, subject to certain limited exceptions, that we will not offer, sell, contract to sell or otherwise dispose of, except as provided under the Purchase Agreement, directly or indirectly, any securities of, or guarantees by, the Issuer, the Guarantors or any of the subsidiaries of the Issuer or the Guarantors that are substantially similar to the Notes without the prior written consent of Credit Suisse Securities (Europe) Limited, as representative of the initial purchasers, for a period of 90 days from the date of the pricing of the Offering.

New Issue of Notes

The Notes are a new issue of securities for which there currently is no market. We have applied, through our listing agent, to list the Notes on the Official List of the Luxembourg Stock Exchange and trade the Notes on the Luxembourg Stock Exchange's MTF Market, however, we cannot assure you that the Notes will be approved for listing or that such listing will be maintained.

The Initial Purchasers have advised us that they intend to make a market in the Notes as permitted by applicable law. The Initial Purchasers are not obligated, however, to make a market in the Notes, and any market making activity may be discontinued at any time at the sole discretion of the Initial Purchasers without notice. In addition, any such market making activity will be subject to the limits imposed by the U.S. Securities Act and the U.S. Securities Exchange Act of 1934, as amended (the "U.S. Exchange Act"). Accordingly, we cannot assure you that any market for the Notes will develop, that it will be liquid if it does develop, or that you will be able to sell any Notes at a particular time or at a price which will be favorable to you. See "Risk Factors—"Risks Related to the Notes and our Capital Structure—There may not be an active trading market for the Notes, in which case your ability to sell the Notes will be limited."

Stamp Tax

You should be aware that the laws and practices of certain countries require investors to pay stamp taxes and other charges in connection with purchases of securities.

Price Stabilization and Short Positions

In connection with the Offering, Credit Suisse Securities (Europe) Limited (the "Stabilizing Manager"), or persons acting on its behalf, may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the Stabilizing Manager, or persons acting on its behalf, may bid for and purchase Notes in the open markets to stabilize the price of the Notes. The Stabilizing Manager, or persons acting on its behalf, may also over-allot the offering, creating a syndicate short position, and may bid for and purchase Notes in the open market to cover the syndicate short position. In addition, the Stabilizing Manager, or persons acting on its behalf, may bid for and purchase Notes in market making transactions as permitted by applicable laws and regulations and impose penalty bids. These activities may stabilize or maintain the respective market price of the Notes above market levels that may otherwise prevail. The Stabilizing Manager is not required to engage in these activities, and may end these activities at any time. Accordingly, no assurances can be given as to the liquidity of, or trading markets for, the Notes. See “Risk Factors—Risks Related to the Notes and our Capital Structure—There may not be an active trading market for the Notes, in which case your ability to sell the Notes will be limited.”

The Initial Purchasers may engage in over-allotment, stabilizing transactions, covering transactions and penalty bids in accordance with Regulation M under the U.S. Exchange Act.

Over-allotment involves sales in excess of the offering size, which creates a short position for the Initial Purchasers. Stabilizing transactions permit bidders to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Covering transactions involve purchase of the Notes in the open market after the distribution has been completed in order to cover short positions. Penalty bids permit the Initial Purchasers to reclaim a selling concession from a broker or dealer when the Notes originally sold by that broker or dealer are purchased in a stabilizing or covering transaction to cover short positions.

These stabilizing transactions, covering transactions and penalty bids, may cause the price of the Notes to be higher than it would otherwise be in the absence of these transactions. These transactions, if commenced, may be discontinued at any time.

Other Relationships

The Initial Purchasers and/or their affiliates from time to time have provided in the past and may provide in the future investment banking, financial advisory and commercial banking services to us and our affiliates in the ordinary course of business, for which they have received or may receive customary fees and commissions.

Intesa Sanpaolo, the parent company of Banca IMI, Natixis, UniCredit Bank AG and/or their respective affiliates are the mandated lead arrangers and bookrunners under our Senior Credit Facilities. Each will receive customary fees for their services in such capacities. UniCredit Bank AG, Milan Branch, is the lender under our Senior Credit Facilities. The DLJ Merchant Banking Funds, affiliates of Credit Suisse Securities (Europe) Limited, are indirect shareholders of the Issuer.

UniCredit Bank AG, an affiliate of one our shareholders, and/or its affiliates is a lender under our Mezzanine Credit Facility and our Senior Credit Facilities. The proceeds from the issuance of the Notes in this offering will be used by us to repay existing indebtedness, including the full outstanding amount of the Mezzanine Credit Facility and a portion of the Senior Credit Facilities.

TRANSFER RESTRICTIONS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes (or the Guarantees) offered hereby.

General

The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act, or any state securities laws, and, unless so registered, may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Notes (and the Guarantees) offered hereby are being offered and sold only to (i) qualified institutional buyers as defined in Rule 144A under the U.S. Securities Act ("QIBs") in reliance on Rule 144A under the U.S. Securities Act ("Rule 144A") and (ii) non-U.S. persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act ("Regulation S").

Each purchaser of the Notes (and the Guarantees) hereunder (other than each of the Initial Purchasers) will be deemed to have acknowledged, represented and agreed with us and the Initial Purchasers as follows (terms used in this paragraph that are defined in Rule 144A and Regulation S under the U.S. Securities Act are used herein as defined therein):

(1) It understands and acknowledges that the Notes (and the Guarantees) have not been registered under the U.S. Securities Act or any other applicable securities laws and that the Notes (and the Guarantees) are being offered for resale in transactions not requiring registration under the U.S. Securities Act or any other securities laws, including sales pursuant to Rule 144A under the U.S. Securities Act, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the U.S. Securities Act or any other applicable securities laws, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set forth in paragraphs (4) and (5) below.

(2) It is not an "affiliate" (as defined in Rule 144 under the U.S. Securities Act) of the Issuer or acting on the Issuer's behalf and it is either:

   (a) a QIB and is aware that any sale of these Notes (and the Guarantees) to it will be made in reliance on Rule 144A under the U.S. Securities Act, and such acquisition will be for its own account or for the account of another QIB; or

   (b) it is purchasing the Notes (and the Guarantees) outside the United States in an offshore transaction in accordance with Regulation S under the U.S. Securities Act.

(3) It acknowledges that neither we nor the Initial Purchasers, nor any person representing us or the Initial Purchasers, has made any representation to it with respect to us or the offer or sale of any of the Notes (and the Guarantees), other than the information contained in this offering memorandum, which offering memorandum has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes (and the Guarantees). It acknowledges that neither the Initial Purchasers nor any person representing the Initial Purchasers make any representation or warranty as to the accuracy or completeness of this offering memorandum. It has had access to such financial and other information concerning us and the Notes (and the Guarantees) as it has deemed necessary in connection with its decision to purchase any of the Notes (and the Guarantees), including an opportunity to ask questions of, and request information from, us and the Initial Purchasers.

(4) It is purchasing the Notes (and the Guarantees) for its own account, or for an account with respect to which it exercises sole investment discretion and for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the U.S. Securities Act or any state securities laws, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell such Notes (and the Guarantees) pursuant to Rule 144A, Regulation S or any other exemption from registration available under the U.S. Securities Act or pursuant to an effective registration statement under the U.S. Securities Act.

(5) It understands and agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes (and the Guarantees), and each subsequent holder of the Notes (and the Guarantees) by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such notes prior to the date (the "Resale Restriction Termination Date") that is one year (in the case of Notes issued in reliance on Rule 144A ("Rule 144A Notes")) or 40 days (in the case of Notes issued in reliance on Regulation S ("Regulation S Notes")) after the later of the Issue Date and the last date on which the Issuer or any of its affiliates was the owner of such Notes (or any predecessor thereto) only (i) to the Issuer, the Guarantors or any subsidiary thereof, (ii) pursuant to a registration statement that has been declared effective under the U.S. Securities Act, (iii) for so long as the notes are eligible pursuant to Rule 144A, to a person it reasonably believes is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A, (iv) pursuant to offers and sales that occur outside the United States in compliance with Regulation S or (v) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and to compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to the Issuer's and the Trustee's rights prior to any such offer, sale or transfer (I) pursuant to clauses (iv) and (v) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them and (II) in each of the foregoing cases, to require that a certificate of transfer in the form appearing on the reverse of the security is completed and delivered by the transferor to the Trustee. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date.

It understands and acknowledges that each Note (and each Guarantee) will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT ("RULE 144A")) OR (B) IT IS ACQUIRING THIS SECURITY IN AN "OFFSHORE TRANSACTION" (AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT), (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") WHICH IS [IN THE CASE OF RULE 144A NOTES: ONE YEAR] [IN THE CASE OF REGULATION S NOTES: 40 DAYS] (OR SUCH SHORTER PERIOD OF TIME AS PERMITTED BY [RULE 144] [REGULATION S] UNDER THE U.S. SECURITIES ACT OR ANY SUCCESSOR PROVISION THEREUNDER) AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY) ONLY (A) TO THE ISSUER, A GUARANTOR OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) TO NON-U.S. PERSONS IN AN OFFSHORE

TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND TO COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSES (D) AND (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

If it purchases Notes, it will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes (and the Guarantees) as well as to holders of these Notes.

(6) It agrees that it will give to each person to whom it transfers the Notes (and the Guarantees) notice of any restrictions on the transfer of such Notes (and the Guarantees).

(7) It acknowledges that until the expiration of 40 days after the later of the commencement of the Offering and the closing date, any offer or sale of the Notes (and the Guarantees) within the United States by a broker/dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the U.S. Securities Act or pursuant to another exemption from registration under the U.S. Securities Act.

(8) It acknowledges that the Registrar will not be required to accept for registration or transfer any Notes (and the Guarantees) acquired by it except upon presentation of evidence satisfactory to us and the Registrar that the restrictions set forth therein have been complied with.

(9) it represents and covenants that:

   (a) either: (A) it is not a Plan (which term includes (i) employee benefit plans that are subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), (ii) plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), or to provisions under applicable Federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Internal Revenue Code ("Similar Laws") and (iii) entities the underlying assets of which are considered to include "plan assets" of such plans, accounts and arrangements) and it is not purchasing the Notes on behalf of, or with the "plan assets" of, any Plan; or (B) its purchase, holding and subsequent disposition of the Notes either (i) are not a prohibited transaction under ERISA or the Internal Revenue Code and are otherwise permissible under all applicable Similar Laws or (ii) are entitled to exemptive relief from the prohibited transaction provisions of ERISA and the Internal Revenue Code in accordance with one or more available statutory, class or individual prohibited transaction exemptions and are otherwise permissible under all applicable Similar Laws; and

   (b) it will not transfer the Notes to any person or entity, unless such person or entity could itself truthfully make the foregoing representations and covenants;

(10) It acknowledges that we, the Initial Purchasers and others will rely upon the truth and accuracy of its acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by its purchase of the Notes (and the Guarantees) are no longer accurate, it shall

promptly notify us and the Initial Purchasers. If it is acquiring any Notes (and the Guarantees) as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

(11) It understands that no action has been taken in any jurisdiction (including the United States) by us or the Initial Purchasers that would result in a public offering of the Notes (and the Guarantees) or the possession, circulation or distribution of this offering memorandum or any other material relating to us or the Notes (and the Guarantees) in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes (and the Guarantees) will be subject to the selling restrictions set forth under the section of this offering memorandum entitled "Plan of Distribution."

United Kingdom

This offering memorandum has been sent only to persons who (i) are outside the United Kingdom, (ii) are investment professionals, as set out in Article 19 of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) fall within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). This offering memorandum is confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to persons who are not relevant persons. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this offering memorandum or any of its contents.

Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("CONSOB") pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this offering memorandum or of any other document relating to the Notes be distributed in the Republic of Italy, except: (a) to qualified investors (*investitori qualificati*) as defined pursuant to Article 100, paragraph 1(a) of Legislative Decree No 58, February 24, 1998 (the "Financial Services Act") and Article 34-ter paragraph 1(b) of CONSOB Regulation 11971, May 14, 1999 (the "Issuers Regulation"), all as amended and restated from time to time, provided that such qualified investors act in their capacity as such and not as depositaries or nominees for other shareholders; or (b) in any other circumstances where an express exemption from compliance with offer restrictions applies, as provided under the Financial Services Act and its implementing CONSOB regulations, including the Issuer Regulation. For the purposes of this provision, the expression "offer of notes to the public" in Italy means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, including the placement through authorized intermediaries. Any investor purchasing the Notes is solely responsible for ensuring that any offer or resale of the Notes by such investor occurs in compliance with applicable Italian laws and regulations. The Notes and the information contained in this offering memorandum are intended only for the use of its recipient. No person resident or located in Italy other than the original recipients of this offering memorandum may rely on it or its content. Moreover, and subject to the foregoing, each Initial Purchaser has acknowledged that any offer, sale or delivery of the Notes or distribution of copies of this document or any other document relating to the Notes in Italy under (a) or (b) above must be: (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of September 1, 1993 and CONSOB regulation No. 16190 of October 29, 2007 all as amended; and (ii) in compliance with any other applicable notifications, requirements or limitations which may be imposed by CONSOB, the Bank of Italy and any other Italian authorities.

Please note that in connection with the subsequent distribution of the Notes (with a minimum denomination lower than €50,000.00) in Italy, in accordance with Article 100 *bis* of the Financial Services Act where no exemption from the rules on solicitation applies under (a) or (b) above, the subsequent distribution of the Notes in the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Financial Services Act and the Issuer Regulation. Failure to comply with such rules may result in the sale of such Notes being declared null and void and in the intermediaries transferring the Notes being liable for any damages suffered by potential purchasers in connection with such sales.

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon for the Issuer by Linklaters LLP, as to matters of United States federal, New York State and Luxembourg law, by Studio Legale Associato in association with Linklaters LLP, as to matters of English law and Italian law, and by K Studio Associato, as to matters of Italian taxation law. Certain legal matters in connection with the Offering will be passed upon for the Initial Purchasers by Latham & Watkins LLP, as to matters of United States federal, New York State, English and Italian law, and by NautaDutilh Avocats Luxembourg, as to matters of Luxembourg law.

INDEPENDENT AUDITORS

The consolidated financial information of the Issuer as of December 31, 2008 and for the period from July 7, 2008 to December 31, 2008 and for the years ended December 31, 2009 and 2010, which were prepared in accordance with IFRS as adopted by the E.U., included in this offering memorandum, have been audited by KPMG Audit S.à r.l., independent accountants, as stated in their reports appearing herein.

The consolidated financial information of Guala Closures S.p.A. as of and for the years ended December 31, 2008, 2009 and 2010, which were prepared in accordance with IFRS as adopted by the E.U., included in this offering memorandum, have been audited by KPMG S.p.A, independent accountants, as stated in their reports appearing herein.

ENFORCEMENT OF CIVIL LIABILITIES

The Issuer was organized as a *société en commandite par actions* under the laws of the Grand Duchy of Luxembourg. The Guarantors are organized or incorporated under the laws of Australia, Brazil, Italy, The Netherlands, New Zealand, Scotland and Spain. Substantially all of the directors and executive officers of the Issuer and each of the Guarantors are non-residents of the United States. Substantially all of the assets of the Issuer and each of the Guarantors, and its and their directors and executive officers, are located outside the United States. As a result, any judgment obtained in the United States against the Issuer or a Guarantor or any such other person, including judgments with respect to the payment of principal, premium (if any) and interest on the Notes or any judgment of a U.S. court predicated upon civil liabilities under U.S. federal or state securities laws, may not be collectible in the United States. Furthermore, although the Issuer and each of the Guarantors will appoint an agent for service of process in the United States and will submit to the jurisdiction of New York courts, in each case, in connection with any action in relation to the Notes, the Guarantees and the Indenture or under U.S. securities laws, it may not be possible for investors to effect service of process on us or on such other persons as mentioned above within the United States in any action, including actions predicated upon the civil liability provisions of U.S. federal securities laws. If a judgment is obtained in a U.S. court against the Issuer, any Guarantor, or any of their respective directors or executive officers, investors will need to enforce such judgment in jurisdictions where the relevant company or individual has assets. Even though the enforceability of U.S. court judgments outside the United States is described below for Luxembourg, you should consult with your own advisors in any pertinent jurisdictions as needed to enforce a judgment in those countries or elsewhere outside the United States.

We have been advised by our Luxembourg counsel that the United States and Luxembourg are not currently bound by a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards rendered in civil and commercial matters. According to such counsel, an enforceable judgment for the payment of monies rendered by any U.S. federal or state court based on civil liability, whether or not predicated solely upon the U.S. securities laws, would not directly be enforceable in Luxembourg. However, a party who received such favorable judgment in a U.S. court may initiate enforcement proceedings in Luxembourg (*exequatur*) by requesting enforcement of the U.S. judgment by the Luxembourg District Court (*Tribunal d'Arrondissement*) pursuant to Section 678 of the New Luxembourg Code of Civil Procedure. The Luxembourg District Court will authorize the enforcement in Luxembourg of the U.S. judgment if it is satisfied that all of the following conditions are met:

- the U.S. court awarding the judgment has jurisdiction to adjudicate the respective matter under its applicable laws, and such jurisdiction is recognized by Luxembourg private international and local law;
- the judgment is final and enforceable (*exécutoire*) in the jurisdiction where the decision is rendered;
- the U.S. court has applied the substantive law as designated by the Luxembourg conflict of laws rules;
- the U.S. court has acted in accordance with its own procedural laws;
- the judgment must not have been obtained by fraud (*fraude à la loi*) subsequent to an evasion of Luxembourg law and must have been granted in compliance with the rights of the defendant to appear, and if appeared, to present a defence; and
- the judgment does not contravene public policy as understood under the laws of Luxembourg or has been given in proceedings of a criminal or tax nature.

If an original action is brought in Luxembourg, Luxembourg courts may refuse to apply the designated law amongst others and notably if its application contravenes Luxembourg public policy. In an action brought in Luxembourg on the basis of U.S. Federal or state securities laws, Luxembourg courts may not have the requisite power to grant the remedies sought.

Subject to the foregoing, purchasers of the Notes may be able to enforce judgments in civil and commercial matters obtained from U.S. federal or state courts in Luxembourg. We cannot, however, assure you that attempts to enforce judgments in Luxembourg will be successful.

We have also been advised by our Italian, Australian, Brazilian, Dutch, New Zealand, Scottish and Spanish counsel that similar risks related to enforcing judgments from a U.S. federal or state court exist in such jurisdictions and we cannot assure you that such risks do not and will not exist in other jurisdictions, including those in which the assets of some or all of our subsidiaries that may guarantee the Notes in the future are located.

AVAILABLE INFORMATION

We are not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act. However, pursuant to the Indenture and so long as the Notes are outstanding, we will furnish periodic information to the holders of the Notes. See "Description of the Notes—Reports."

Each purchaser of the Notes from an Initial Purchaser will be furnished with a copy of this offering memorandum and, to the extent provided to the Initial Purchasers by us for such purpose, any related amendments or supplements to this offering memorandum. Each person receiving this offering memorandum and any related amendments or supplements to this offering memorandum acknowledges that:

(1) such person has been afforded an opportunity to request from us and to review, and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;

(2) such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and

(3) except as provided pursuant to clause (1) above, no person has been authorized to give any information or to make any representation concerning the Notes or the Guarantees offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers.

For so long as any of the Notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, we will, during any period in which we are neither subject to the reporting requirements of Section 13 or 15(d) of the U.S. Exchange Act, nor exempt from the reporting requirements under Rule 12g3-2(b) of the U.S. Exchange Act, provide to the holder or beneficial owner of a Note or to any prospective purchaser of a Note designated by such holder or beneficial owner, in each case upon the written request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the U.S. Securities Act.

LISTING AND GENERAL INFORMATION

Listing Information

The Issuer intends to apply to list the Notes on the Official List of the Luxembourg Stock Exchange and for the admission of the Notes to trading on the Euro MTF market of the Luxembourg Stock Exchange. Prior to the listing, the certified organizational documents of the Issuer will be deposited with the *Registre de Commerce et des Sociétés à Luxembourg* in Luxembourg, where such documents may be examined and copies obtained.

So long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and are admitted to trading on the Euro MTF and the rules and regulations of the Luxembourg Stock Exchange so require, the Issuer will publish notices (including financial notices) in a leading newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*).

So long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and are admitted to trading on the Euro MTF Market and the rules and regulations of the Luxembourg Stock Exchange require, copies of the following documents may be inspected and obtained free of charge at the specified office of the Luxembourg listing agent (Deutsche Bank Luxembourg S.A.) during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted):

(a) the organizational documents of the Issuer and each of the Guarantors;

(b) the financial statements included in this offering memorandum;

(c) the Indenture relating to the Notes (which includes the form of the Notes);

(d) the Parallel Priority Agreement;

(e) the Security Documents; and

(f) other material agreements described in this offering memorandum as to which we specify that copies thereof will be made available.

The Issuer has appointed Deutsche Bank Luxembourg S.A. as Luxembourg listing agent, paying agent, transfer agent and registrar and to make payments on, when applicable, and transfers of the Notes. The Issuer reserves the right to vary such appointments in accordance with the terms of the Indenture and will publish a notice of such change of appointment in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by the rules and regulations of the Luxembourg Stock Exchange, on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*).

The Issuer accepts responsibility for the information contained in this offering memorandum. The Issuer declares that, to the best of its knowledge, except as otherwise noted, the information contained in this offering memorandum is in accordance with the facts and does not omit anything likely to affect the import of this offering memorandum. This offering memorandum may only be used for the purposes for which it has been published.

Clearing Information

The Notes sold pursuant to Regulation S and Rule 144A have been accepted for clearance through the facilities of Clearstream, Luxembourg and Euroclear under common codes and, respectively. The international securities identification number ("ISIN") for the Notes sold pursuant to Regulation S is and the ISIN for the Notes sold pursuant to Rule 144A is .

Legal Information

The Issuer

The Issuer was organized as a *société en commandite par actions* under the laws of the Grand Duchy of Luxembourg on July 4, 2008. The Issuer has an issued share capital of €128,788.25 comprised of 36,095 Class A limited shares, 5,116 Class B limited shares, 68,819 preferred shares and one management share, each with a par value of €1.25, each being fully paid up. The Issuer's corporate seat and principal executive office is at 19-21 Boulevard du Prince Henri, L-1724, Luxembourg, Grand Duchy of Luxembourg. The Issuer is registered with the Luxembourg Register of Commerce and Companies under registration number B141684.

Pursuant to article 3 of its articles of incorporation, the corporate purpose of the Issuer is the holding of stakes in domestic and international companies and the purchase and sale of shares, bonds and other securities and the management and administration thereof.

The Issuer has obtained all necessary consents, approvals and authorizations in the jurisdiction of its incorporation in connection with the issuance and performance of the Notes. The creation and issuance of the Notes was authorized by the Issuer's board of directors on April 8, 2011.

Financial Year

The Issuer's financial year is from January 1 to December 31. Since the date of its incorporation and for each year thereafter, the Issuer has prepared and published annual audited consolidated financial statements. Any future published financial statements prepared by the Issuer will be available, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted), at the offices of the Luxembourg listing agent.

Annual General Meeting

The annual general meeting of the shareholders of the Issuer takes place in the commune of the registered office at the place specified in the convening notices on the third Friday of the month of April (or on the first following business day, if this date is a public holiday), at 11 A.M. of each year.

Guala Closures S.p.A.

Guala Closures S.p.A. was incorporated as a *società per azioni* under the laws of the Republic of Italy on July 26, 2000. Guala Closures S.p.A. has a total share capital of €76,291,157.00, of which €74,624,481 has been subscribed and paid up, comprising 74,624,481 shares of nominal value €1 each. Its corporate seat and its principal executive offices are located at Via Rana 12, cap 15122, Alessandria, Frazione Spinetta Marengo, Italy. Guala Closures S.p.A. is registered with the *Registro delle Imprese of Alessandria* with registered number and *codice fiscale* 13201120154.

Pursuant to Article 3 of its articles of incorporation, the corporate purpose of Guala Closures S.p.A. is, among other things, to manufacture, produce and sell goods and equipment for packaging.

Guala Closures S.p.A.'s financial year is from January 1 to December 31. It prepares and publishes annual audited consolidated financial statements.

Guala Closures S.p.A. has obtained all necessary consents, approvals and authorizations in the jurisdiction of its incorporation in connection with the issuance and performance of its Guarantee of The Notes. The creation and issuance of its Guarantee were authorized by Guala Closures' board of directors on April 7, 2011.

Guarantors' Legal Information

The Group companies that are also expected to become Guarantors have the following corporate information:

(a) Guala Closures Australia Holdings Pty Ltd was registered as a proprietary company under the laws of Australia on 5 December 2006 (registration number: ACN 122 994 763). Guala Closures Australia Holdings Pty Ltd is a wholly owned subsidiary of Guala Closures International B.V.. Its registered office is located at Blake Dawson, Level 26, 181 William Street, Melbourne, VIC 3000, Australia.

(b) Guala Closures Australia Pty Ltd was registered as a proprietary company under the laws of Australia on 29 March 2005 (registration number: ACN 113 553 263). Guala Closures Australia Pty Ltd is a wholly owned subsidiary of Guala Closures Australia Holdings Pty Ltd. Its registered office is located at Blake Dawson, Level 26, 181 William Street, Melbourne, VIC 3000, Australia.

(c) Guala Closures U.K. Limited was organized as a private limited company under the laws of Scotland on 8 February 1966 (registration number: SC043087). Guala Closures U.K. Limited is a wholly owned subsidiary of Guala Closures International B.V. Its registered office is located at Old Mill Park Estate, Kirkintilloch, Glasgow G66 1ST.

(d) Guala Closures Ibérica, S.A.U. is a company duly incorporated as a *Sociedad Anónima* under the laws of Spain, registered with the Commercial Register of Cádiz, under Volume 1717, Sheet 57, Section 8, Page CA28550, and registered with Spanish tax number (CIF) A-28187672. Guala Closures Ibèrica, S.A.U. is a wholly owned subsidiary of Guala Closures International B.V. Its registered office is located at Polígono Industrial El Portal, Avenida Cantos Ropero S/N, Jerez de la Frontera, Cádiz (Spain).

(e) Guala Closures do Brasil Ltda. is a limited liability company which was originally organized as a corporation on March 13, 1984 under the laws of the Federative Republic of Brazil and on February 13, 2007 was transformed into a "*societada limitada*". It is registered with the Taxpayers' Registry of the Brazilian Ministry of Finance (CNPJ/MF) under No. 46.664.330/0001-82 and with the Commercial Registry of the State of São Paulo (JUCESP) under NIRE No. 35221244106. Guala Closures do Brasisl Ltda. is headquartered in the City of Barueri, State of São Paulo, at Alameda Araguaia, n° 3938, CEP 06455-000.

(f) Guala Closures Orient B.V. is a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands on January 20, 1988 (trade register registration number: 33248437). Its corporate seat is at Amsterdam, The Netherlands, and its registered office is at Jan Luijkenstraat 12, 1071 CM Amsterdam, The Netherlands. Its telephone number is +31 20 521 4777. The address of Guala Closures Orient B.V.'s management board is the same as its registered office address.

(g) Guala Closures China B.V. is a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands on October 12, 2004 (trade register registration number: 27271132). Its corporate seat is at Amsterdam, The Netherlands, and its registered office is at Jan Luijkenstraat 12, 1071 CM Amsterdam, The Netherlands. Its telephone number is +31 20 521 4777. The address of Guala Closures China B.V.'s management board is the same as its registered office address.

(h) Guala Closures Patents B.V. is a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands on July 14, 1994 (trade register registration number: 33261451). Its corporate seat is at Amsterdam, The Netherlands, and its registered office is at Jan Luijkenstraat 12, 1071 CM Amsterdam, The Netherlands. Its telephone number is +31 20 521 4777. The address of Guala Closures Patents B.V.'s management board is the same as its registered office address.

(i) Guala Closures International B.V. is a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands on April 27, 1989 (trade register registration number: 33211123). Its corporate seat is at Amsterdam, The Netherlands, and its registered office is at Jan Luijkenstraat 12, 1071 CM Amsterdam, The Netherlands. Its telephone number is +31 20 521 4777. The address of Guala Closures International B.V.'s management board is the same as its registered office address.

(j) Guala Special Closures s.r.l. is a limited liability company (*società a responsabilità limitata con unico socio*) organized under the laws of the Republic of Italy on April 30, 2008. Its corporate seat is Zona Industriale Ind. D/6, via Rana, 12, 15122 Spinetta Marengo (AL), Italy and it is a wholly-owned subsidiary of GCL Holdings S.C.A.

(k) Guala Closures New Zealand Limited was incorporated as a limited liability company under the laws of New Zealand on 5 November 2004 (company number: 1570706). Guala Closures New Zealand Limited is a wholly owned subsidiary of Guala Closures International B.V. Its registered office is c/- Bell Gully, Level 22, Vero Centre, 48 Shortland Street, Auckland, New Zealand.

General

Except as otherwise disclosed in this offering memorandum:

(1) there has been no material adverse change in the Issuer's consolidated financial and trading position since December 31, 2010; and

(2) neither the Issuer nor any of the Guarantors nor any of their subsidiaries is involved, or has been involved during the twelve months preceding the date of this offering memorandum, in any litigation, administrative proceeding or arbitration relating to claims or amounts which are material in the context of the issuance of the Notes, and, so far as the Issuer and each of the Guarantors are aware, no such litigation, administrative proceeding or arbitration is pending or threatened.

INDEX TO FINANCIAL STATEMENTS

GCL HOLDINGS S.C.A.

CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2010

KPMG Audit
9, Allée Scheffer
L-2520 Luxembourg

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To the Shareholders of
GCL Holdings S.C.A.
35 Bvd Prince Henri
L-1724 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

We have audited the accompanying consolidated financial statements of GCL Holdings S.C.A., which comprise the consolidated statement of financial position as at December 31, 2010 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

General Partner's responsibility for the consolidated financial statements

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

Responsibility of the Réviseur d'Entreprises agréé

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the Réviseur d'Entreprises agréé, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the General Partner, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of GCL Holdings S.C.A. as of December 31, 2010, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Luxembourg, March 31, 2011

KPMG Audit S.à r.l.

KPMG Audit S.à r.l.

GCL HOLDINGS S.C.A.

STATEMENT OF FINANCIAL POSITION

(Thousands of Euros)	December 31, 2009	December 31, 2010	Note
ASSETS			
Current assets			
Cash and cash equivalents	32,782	39,170	5
Current financial assets	110	114	6
Trade receivables	78,377	77,450	7
Inventories	42,650	48,845	8
Current direct tax assets	3,886	4,148	9
Current indirect tax assets	5,904	6,756	10
Financial derivative assets	259	517	11
Other current assets	3,369	2,423	12
Assets classified as held for sale	1,548	143	13
Total current assets	**168,887**	**179,567**	
Non-current assets			
Non-current financial assets	321	576	14
Property, plant and equipment	152,162	177,274	16
Intangible assets	380,762	379,508	17
Deferred tax assets	9,976	12,824	18
Other non-current assets	2,949	1,795	19
Total non-current assets	**546,171**	**571,976**	
TOTAL ASSETS	**715,058**	**751,543**	
LIABILITIES AND EQUITY			
Current liabilities			
Current financial liabilities	13,172	21,225	20
Trade payables	48,088	51,774	23
Current direct tax liabilities	2,960	4,174	24
Current indirect tax liabilities	2,818	3,118	25
Current provisions for risks and charges	944	406	26
Financial derivative liabilities	14,770	9,944	27
Other current liabilities	10,647	23,838	28
Total current liabilities	**93,399**	**114,479**	
Non-current liabilities			
Non-current financial liabilities	396,531	404,387	20
Employee benefits	6,292	6,990	29
Deferred tax liabilities	27,554	26,575	18
Non-current provisions for risks and charges	264	217	26
Other non-current liabilities	52	54	30
Total non-current liabilities	**430,694**	**438,222**	
Total liabilities	**524,093**	**552,701**	
Share capital and reserves attributable to non-controlling interests	7,420	8,066	
Profit for the year attributable to non-controlling interests	4,387	3,471	
Equity attributable to non-controlling interests	**11,807**	**11,537**	32
Equity attributable to the owners of the parent			
Share capital	114	122	
Share premium reserve	239,252	254,247	
Translation reserve	(13,890)	(6,718)	
Hedging reserve	(3,960)	(3,035)	
Retained earnings	(28,594)	(44,275)	
Loss for the year	(13,764)	(13,035)	
Equity attributable to the owners of the parent	**179,158**	**187,305**	31
Total equity	**190,965**	**198,842**	
TOTAL LIABILITIES AND EQUITY	**715,058**	**751,543**	

Note:

Payables for capex as at December 31, 2009 have been reclassified from Trade payables to Other assets/liabilities in order to be consistent with the 2010 classification.

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

GCL HOLDINGS S.C.A.

STATEMENT OF COMPREHENSIVE INCOME

(Thousands of Euros)	2009	2010	Note
Net revenue	**311,070**	**371,354**	3
Change in inventories of finished goods and semi-finished products	(501)	(1,024)	8
Other operating income	9,256	6,041	33
Costs for raw materials	(123,855)	(146,532)	34
Costs for services	(60,731)	(75,511)	35
Personnel expense	(53,876)	(67,084)	36
Other operating expense	(7,602)	(7,560)	37
Amortization, depreciation and impairment losses	(31,743)	(38,704)	16 - 17
Operating profit	**42,018**	**40,981**	
Financial income	29,515	26,311	38
Financial expense	(64,729)	(60,989)	39
Net finance costs	**(35,214)**	**(34,678)**	
Profit before taxation	**6,805**	**6,302**	
Income taxes	(16,182)	(14,730)	41
Profit for the year	**(9,378)**	**(8,428)**	

OTHER COMPREHENSIVE INCOME

(Thousands of Euros)	2009	2010
Profit for the year	**(9,378)**	**(8,428)**
Foreign currency translation differences for foreign operations	(4,838)	7,040
Effective portion of fair value gains (losses) of cash flow hedges	(471)	2,909
Net change in fair value of cash flow hedges reclassified to profit or loss	(684)	(2,021)
Income taxes on other comprehensive income	225	37
Other	**(5,768)**	**7,965**
Total comprehensive income/(expense) for the year	**(15,146)**	**(463)**
Profit (loss) attributable to:		
owners of the parent	(13,764)	(13,035)
non-controlling interests	4,387	4,607
total comprehensive income (expenses) attributable to		
owners of the parent	(19,508)	(6,152)
non-controlling interests	4,362	5,689

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

GCL HOLDINGS S.C.A.

STATEMENT OF CASH FLOWS

(Thousands of Euros)	2009	2010	
Opening cash and cash equivalents	**26,213**	**32,782**	
A) Cash flows generated by operating activities			
Profit (loss) before taxation	6,805	6,302	
Amortization, depreciation and impairment	31,743	38,704	16 - 17
Profit from purchase of non-controlling interests in Mexican company	(4,570)	—	
Net finance costs	35,214	34,678	38 - 39
Change in:	—	—	
Receivables, payables and inventory	(2,071)	(536)	7 - 8
Other	(1,285)	3,086	
VAT and indirect tax assets/liabilities	924	(351)	9 - 25
Income taxes paid	(13,267)	(15,522)	
TOTAL	**53,493**	**66,362**	
B) Cash flows used in investing activities			
Acquisitions of property, plant and equipment and intangible assets	(15,816)	(30,171)	16 - 17
Disposals of property, plant and equipment and intangible assets	660	194	16 - 17
Change in non-current assets classified as held for sale	154	1,597	13
Acquisition of non-controlling interest in Mexican company	(2,200)	—	
Acquisition of Pharma Trade	(3,690)	—	
Acquisition of Metalprint and Bulgarian Companies	—	(12,890)	
TOTAL	**(20,891)**	**(41,269)**	
C) Cash flows generated by/used in financing activities			
Financial income and expense	(25,138)	(29,771)	38 - 39
Derivatives and other financial items	(2,734)	758	11 - 27
Dividends paid	(1,870)	(4,070)	
Proceeds from issue of share capital	1,532	16,948	
Proceeds from new loan	29,144	15,200	
Repayment of borrowings	(28,252)	(18,473)	
Change in financial assets	2,820	(259)	
TOTAL	**(24,498)**	**(19,666)**	
D) Net cash flow for the year (A+B+C)	**8,104**	**5,427**	
FX impact	(1,534)	960	
Closing cash and cash equivalents	**32,783**	**39,169**	

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

GCL HOLDINGS S.C.A.

STATEMENTS OF CHANGES IN EQUITY

(Thousands of €)	Share capital	Share premium reserve	Translation reserve	Hedging reserve	Retained earnings/(losses) carried forward	Profit/(loss) for the year	Equity attributable to the owners of the parent	Share capital and reserves attributable to non-controlling interests	Profit for the year attributable to non-controlling interests	Equity attributable to non-controlling interests	Total equity
31 December 2008	**114**	**237,911**	**(9,075)**	**(3,030)**	**(4,711)**	**(23,890)**	**197,318**	**15,447**	**446**	**15,893**	**213,211**
Allocation of 2008 result					(23,890)	23,890	—	446	(446)	—	**—**
Dividends to non-controlling interests							—	(1,870)		(1,870)	**(1,870)**
Share capital increase		1,341					1,341	192		192	**1,533**
Acquisition of non-controlling interest in Mexican Company							—	(6,770)		(6,770)	**(6,770)**
Other changes					7		7			—	**7**
Profit (loss) for the year ended December 31, 2009						(13,764)	(13,764)		4,387	4,387	**(9,378)**
Other comprehensive income			(4,814)	(930)			(5,744)	(24)		(24)	**(5,768)**
31 December 2009	**114**	**239,252**	**(13,890)**	**(3,960)**	**(28,594)**	**(13,764)**	**179,158**	**7,420**	**4,387**	**11,807**	**190,965**
Allocation of 2009 result					(13,764)	13,764	—	4,387	(4,387)	—	**—**
Dividends to non-controlling interests							—	(4,070)		(4,070)	**(4,070)**
Share capital increase	8	14,995					15,003	1,945		1,945	**16,948**
Changes in ownership interests in subsidiaries					(405)		(405)	(2,804)	(1,136)	(3,940)	**(4,346)**
Other changes			1,215		(1,354)		(139)	106		106	**(33)**
Profit (loss) for the year ended December 31, 2010						(13,035)	(13,035)		4,607	4,607	**(8,428)**
Other comprehensive income			5,957	925	(158)		6,723	1,082		1,082	**7,805**
31 December 2010	**122**	**254,247**	**(6,718)**	**(3,035)**	**(44,275)**	**(13,035)**	**187,305**	**8,066**	**3,471**	**11,536**	**198,842**

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

GCL HOLDINGS S.C.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT DECEMBER 31, 2010

GENERAL INFORMATION

(1) The group's activities and key changes in its structure during the year

Group's main activities involve the design and production of bottle closures for spirits and non-alcoholic drinks, wine, water, oil and vinegar, as well as for hygiene products to be sold on the domestic and international markets.

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

The group's activities are separated into two divisions:

- the Closures division, representing the group's core business, specialized in the production of safety closures (safety product line), standard aluminum closures, customized plastic and aluminum closures (decorative product line) and closures for other sectors and accessories; the division now also produces aluminum, plastic and rubber closures for the pharmaceutical sector following its acquisition of Pharma Trade S.r.l. in 2009;
- the PET division, which produces preforms and bottles for carbonated soft drinks (CSD product line) and preforms, bottles, molds, jars, flasks and miniature drinks bottles and containers for cosmetics, beauty products and pharmaceuticals and foodstuffs (custom molding product line).

Currently, the Group is the European and international leader in the production of plastic safety closures for spirits bottles, with over 40 years' experience in the sector.

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

In 2010 the following changes were made to simplify the Group structure:

- in March 2010, Millstreet Holding B.V. was merged into Guala Closures International B.V.;
- in the same month, Guala Closures UK Holdings Ltd transferred its investment in Guala Closures UK Ltd to Guala Closures International B.V.;
- in October 2010, the shareholders' meeting of Guala Closures UK Holdings Ltd decided the strike off of the company.

In the second quarter of 2010, Technologia Closures LLC changed its name to Guala Closures Ukraine LLC.

During the year, the Indian plant operating in the PET division was shut down as it is no longer considered strategic to the Group.

During 2010, the following acquisitions were finalized:

- On May 5, 2010, Guala Closures International B.V. acquired 70% of Guala Closures Bulgaria A.D. and Guala Closures Tools A.D. These two companies, incorporated on March 12, 2010, bought certain identified assets from a Bulgarian company (Danik), whose shareholders, acquired non-controlling interests in the new companies.
- On June 29, 2010, Guala Closures S.p.A. signed an agreement to buy certain assets from an Italian supplier (Metalprint); such agreement became effective on July 1, 2010.

On November 18, 2010, the group acquired a non-controlling interest (13.15%) in Guala Closures Orient B.V. (which owns 95% of Guala Closures India Pvt Ltd, 60% of Creative Moulds (India) Pvt Ltd and 30% of OMSO Orient Printing Machines Pvt Ltd) through the international holding company Guala Closures International B.V.

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

In 2010, the Group also started to expand the plant in Sumy (Ukraine) and to construct a new plant in Ahmenabad (India).

(2) Accounting policies

The consolidated financial statements at December 31, 2010 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and endorsed by the European Union, and related interpretations. They include the separate financial statements of the parent and all subsidiaries shown in the Group structure at December 31, 2010.

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

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

- captions of the statement of financial position are classified by current and non-current assets and liabilities;
- statement of comprehensive income 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.

Certain statement of cash flow captions have been reclassified and aggregated, compared to last year and comparative amounts have been reclassified accordingly to conform with the current year's presentation.

Payables for capex as at December 31, 2009 have been reclassified from Trade payables to Other assets/liabilities in order to be consistent with 2010 classification.

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

The parent's board of directors approved the publication of the consolidated financial statements on March 31, 2011.

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

The most important accounting policies used by the group to draw up its consolidated financial statements are consistent with those used for the consolidated financial statements as at and for the year ended December 31, 2009 apart from that stated in paragraph (c) Changes in accounting policies. They are described below.

The accounting policies have been applied consistently across all group companies.

(a) Basis of consolidation

Subsidiaries

The consolidation scope includes the parent, GCL Holdings S.C.A., and the entities over which it directly or indirectly has control, i.e., the power to govern, directly or indirectly, the financial and operating policies of an entity so as to obtain benefits from its activities, which in the case of the Guala Closures group entities currently takes place through possession of the majority of the voting rights. The subsidiaries are consolidated from the date control is actually transferred to the group. They cease to be consolidated from the date control is transferred outside the group.

(2) Accounting policies (Continued)

The entities included in the consolidation scope, in addition to GCL Holding S.C.A., are listed in the following table:

List of investments in subsidiaries at December 31, 2010

Company name	Registered office	Currency	Share/quota capital	Investment percentage	Type of investment	Method of consolidation
EUROPE						
GCL Special Closures S.r.l.	Italy	EUR	21,327,273	100%	Direct	Line-by-line
Guala Closures S.p.A.	Italy	EUR	69,624,491	100%	Indirect(*)	Line-by-line
Guala Closures International B.V.	The Netherlands	EUR	92,000	100%	Indirect(*)	Line-by-line
Creative GCL S.r.l.	Italy	EUR	100,000	100%	Indirect(*)	Line-by-line
Pharma Trade S.r.l.	Italy	EUR	100,000	100%	Indirect(*)	Line-by-line
Guala Closures Patents B.V.	The Netherlands	EUR	18,400	100%	Indirect(*)	Line-by-line
Guala Closures Orient B.V.	The Netherlands	EUR	20,000	100%	Indirect(*)	Line-by-line
Guala Closures China B.V.	The Netherlands	EUR	20,000	96.50%	Indirect(*)	Line-by-line
Guala Closures UK Holdings Ltd	Great Britain	GBP	7,590,000	100%	Indirect(*)	Line-by-line
Guala Closures UK Ltd	Great Britain	GBP	134,000	100%	Indirect(*)	Line-by-line
Guala Closures Iberica, S.A.	Spain	EUR	2,500,160	100%	Indirect(*)	Line-by-line
Guala Closures Ukraine LLC	Ukraine	UAH	90,000,000	70%	Indirect(*)	Line-by-line
Guala Closures Bulgaria AD	Bulgaria	BGN	10,420,200	70%	Indirect(*)	Line-by-line
Guala Closures Tools AD	Bulgaria	BGN	2,375,700	70%	Indirect(*)	Line-by-line
ASIA						
Guala Closures India pvt Ltd	India	INR	170,000,000	95%	Indirect(*)	Line-by-line
Creative Moulds (India) Pvt Ltd	India	INR	16,100,000	60%	Indirect(*)	Line-by-line
Beijing Guala Closures Co. Ltd	Cina	CNY	20,278,800	96.5%	Indirect(*)	Line-by-line
LATIN AMERICA						
Guala Closures de Mexico, S.A. de C.V.	Mexico	MXN	94,630,010	100%	Indirect(*)	Line-by-line
Guala Closures Servicios Mexico, S.A. de C.V.	Mexico	MXN	50,000	100%	Indirect(*)	Line-by-line
Guala Closures Argentina S.A.	Argentina	ARS	17,702,910	82.38%	Indirect(*)	Line-by-line
Guala Closures do Brasil LTDA	Brazil	BRL	10,736,287	100%	Indirect(*)	Line-by-line
Guala Closures de Colombia LTDA	Colombia	COP	8,691,219,554	93.20%	Indirect(*)	Line-by-line
OCEANIA						
Guala Closures New Zealand Ltd	New Zealand	NZD	5,700,000	100%	Indirect(*)	Line-by-line
Guala Closures Australia Holdings Pty Ltd	Australia	AUD	34,450,501	100%	Indirect(*)	Line-by-line
Guala Closures Australia Pty Ltd	Australia	AUD	810	100%	Indirect(*)	Line-by-line
REST OF THE WORLD						
Guala Closures North America, Inc.	United States	USD	60,000	100%	Indirect(*)	Line-by-line

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

The table does not include the figures for the investments in the Indian company Omso Orient Printing Machines Pvt Ltd and Metal Closures Group Trustee Ltd (the Company that manages the Metal Closures pension schemes—see note 29) Employee benefits) as they are not consolidated due to their immaterial size.

Consolidation procedures

The financial statements of the subsidiaries are prepared for each reporting period using the same accounting policies as those of the parent. Consolidation adjustments are recognized to make those captions impacted by the application of different accounting policies consistent. All intragroup balances and transactions, including any unrealized profits on transactions within the group, are completely eliminated. Unrealized losses, other than impairment losses, are eliminated. The related tax effects are measured on all consolidation adjustments.

(2) Accounting policies (Continued)

(b) Use of estimates and judgements

Following the adoption of IFRS, management has to make judgments, estimates and assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, costs and revenue. Estimates and the related assumptions are based on past experience and other factors considered to be reasonable in the circumstances. They are adopted to estimate the carrying amount of assets and liabilities that cannot easily be assumed from other sources. However, as they are estimates, the actual figure may not match the result of the estimate. Estimates are used to make allowances for impairment and inventory write-down, amortization and depreciation, impairment of non-current assets, employee benefits, taxes, provisions for risks and charges, and to measure financial derivatives, insurance compensation and effects of business combinations.

Such estimates and assumptions are reviewed regularly. Any changes arising therefrom are recognized in the year in which the review takes place if this only affects that year. If the review relates to both current and future years, the change is recognized in the year in which the review takes place and in the related future year.

(c) Changes in accounting policies

Accounting for business combinations

Since January 1, 2010, the Group has applied IFRS 3 Business Combinations (2008) in accounting for business combinations. The change in accounting policy has been applied prospectively. Business combinations are accounted for using the acquisition method at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Acquisitions on or after January 1, 2010

For acquisitions on or after January 1, 2010, the Group measures goodwill at the acquisition date as:

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

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of preexisting relationships. Such amounts are generally recognised in profit or loss.

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

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

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration

(2) Accounting policies (Continued)

transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Acquisitions between January 1, 2008 and January 1, 2010

For acquisitions between January 1, 2008 and January 1, 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations, were capitalised as part of the cost of the acquisition.

Accounting for acquisitions of non-controlling interests

Since January 1, 2010 the Group has applied IAS 27 Consolidated and Separate Financial Statements (2008) in accounting for acquisitions of non-controlling interests. The change in accounting policy has been applied prospectively.

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

Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the acquisition-date carrying amount of the net assets acquired.

(d) Foreign currency

Functional currency and presentation currency

The figures stated in the financial statements of each group company are measured using their functional currency, being the currency of the primary economic environment in which the company operates. The consolidated financial statements are drawn up in Euros, the parent's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions, including the effects of fair value adjustments arising from business combinations and goodwill from acquisitions of entities whose functional currency is not the Euro, are translated into the functional currency applying the exchange rate ruling on the date of the transaction. Monetary captions in foreign currency existing at the reporting date are translated into Euros using the closing rate. Exchange rate gains and losses are taken to profit or loss. Non-monetary captions measured at their historical cost in foreign currency are translated using the exchange rate ruling on the transaction date. Non-monetary captions measured at fair value in foreign currency are translated into Euros using the exchange rates ruling on the date their fair value was determined.

Financial statements of the foreign companies

The financial statements of foreign companies in functional currencies other than the Euro are translated into Euros using the following procedures:

- assets and liabilities, including goodwill and adjustments to fair value arising on consolidation, are translated using the closing rate;

(2) Accounting policies (Continued)

- revenue and costs are translated using the average exchange rate of the year.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

The following exchange rates are applied to translate those financial statements presented in others than Euro:

December 31, 2010

1 Euro = × foreign currency	Statement of financial position	Statement of comprehensive income
Pound sterling	0.86075	0.85824
US dollar	1.33620	1.32680
Indian rupee	59.75800	60.63183
Mexican peso	16.54750	16.75316
Colombian peso	2,571.38000	2,519.22833
Brazilian real	2.21770	2.33445
Chinese renmimbi	8.82200	8.98051
Argentinean peso	5.30994	5.18775
New Zealand dollar	1.72000	1.83982
Australian dollar	1.31360	1.44418
Ukrainian hryvnia	10.62540	10.54847
Bulgarian lev	1.9558	1.9558

December 31, 2009

1 Euro = × foreign currency	Statement of financial position	Statement of comprehensive income
Pound sterling	0.88810	0.89105
US dollar	1.44060	1.39327
Indian rupee	67.04000	67.30804
Mexican peso	18.92230	18.78411
Colombian peso	2,943.76000	2,991.15750
Brazilian real	2.51130	2.77057
Chinese renmimbi	9.83500	9.51736
Argentinean peso	5.46185	5.20186
Polish zloty	4.15900	4.44978
New Zealand dollar	1.98030	2.21520
Uruguay peso	32.35460	31.80865
Australian dollar	1.60080	1.77487
Ukrainian hryvnia	11.5642	11.11902

(2) Accounting policies (Continued)

(e) Cash and cash equivalents

Cash and cash equivalents include cash balances and on-demand deposits as well as all highly-liquid investments with an original expiry date equal to or of less than three months.

Cash and cash equivalents are calculated in the same way for both the statement of financial position and statement of cash flows.

(f) Derivatives

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

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

Derivative financial assets and liabilities are initially measured at fair value which is then remeasured at each reporting date.

The fair value of interest rate swaps is the present value of the difference between the rate to pay/receive and the interest rate based on market trends at the same date as the swap.

The fair value of currency swaps, currency options and derivatives related to the price of raw materials is calculated by leading financial institutions on the basis of market conditions.

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

Cash flow hedges

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

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

(g) Trade and other receivables

Trade and other receivables with due dates in line with generally accepted current trade terms are initially recognized at fair value, which generally equals nominal value. They are subsequently measured at amortized cost, net of identified impairment losses. The estimate of the amounts considered unrecoverable is based on the present value of estimated future cash flows.

Impairment losses are recognized in profit and loss under amortization, depreciation and impairment losses.

(h) Inventories

Inventories are measured at the lower of purchase or production cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

The production cost of finished goods includes the portions of the costs of raw materials and external materials and processing, as well as all other direct and indirect production costs reasonably attributable to the products, excluding financial expense.

(2) Accounting policies (Continued)

Purchase or production cost is calculated on a weighted average cost basis.

Obsolete and/or slow-moving inventories are written down on the basis of their estimated possibility of use or future realizable value, through an accrual to the specific allowance adjusting the value of inventories. The amount is reinstated if, in subsequent years, the reasons for the write-down no longer exist.

(i) Assets classified as held for sale and discontinued operations

Assets classified as held for sale are recognized at the lower of their carrying amount when they were classified as Assets held for sale and their fair value less costs to sell. Any impairment losses are recognized in profit or loss, whether they relate to fair value adjustments or gains and losses arising from subsequent fluctuations in fair value. Operations are classified as discontinued when they are discontinued or when they meet the requirements to be classified as held for sale, if this occurs first.

(j) Property, plant and equipment

Property, plant and equipment are recognized at historical cost, including directly related ancillary costs necessary for the use of the asset. Borrowing costs related to loans taken out specifically for investments in property, plant and equipment are considered part of the carrying amount of the related assets and, as such, capitalized.

Where significant components of the asset have different useful lives, they are recognized separately.

Property, plant and equipment are shown net of accumulated depreciation and any impairment losses determined as set out later on.

Depreciation is calculated on a straight-line basis over the item's estimated useful life for the company, which is checked annually. Where necessary, any changes are reflected on a prospective basis. The depreciation periods are as follows:

	Depreciation period (years)
Buildings	30 - 35
Light constructions	8 - 10
Specific plant, machinery, presses and molds	4 - 12
Generic plant	10 - 13
Laboratory equipment	2 - 3
Canteen equipment, office furniture and equipment and fittings for exhibitions and trade fairs	8 - 10
Vehicles, canteen facilities	4 - 6
Internal means of transport, electronic equipment and mobile phones	5 - 8

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

(2) Accounting policies (Continued)

At the time of disposal or when there are no expected future economic benefits from an asset's use, the caption is derecognized. Any gain or loss (calculated as the difference between the sales amount and carrying amount) is taken to profit or loss in the year of derecognition.

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

(k) Leases

Finance leases

Leases for property, plant and equipment where the group substantially takes on all risks and rewards incidental to ownership are classified as finance leases. Plant and machinery acquired under finance leases are recognized at the lower of fair value and the present value of the minimum lease payments due at the inception of the lease, net of accumulated depreciation and any impairment losses. The related assets, liabilities, revenue and expense deriving from the lease are recognized under the financial method at the inception of the lease, i.e., when the lessee is authorized to exercise its right to use the leased asset.

Property, plant and equipment acquired under finance leases are depreciated over the related asset's useful life.

Interest expense on finance lease payments is recognized in profit or loss using the effective interest method.

Operating leases

Those leases where the group does not substantially take on all risks and rewards incidental to ownership are recognized as operating leases. Operating lease payments are taken to profit or loss on a straight-line basis over the lease term.

(l) Intangible assets

Goodwill

Goodwill arising from the acquisition of subsidiaries is initially recognized at cost. After initial recognition, goodwill is adjusted for any accumulated impairment losses, determined using the criteria described later on.

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

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

Other intangible assets

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

(2) Accounting policies (Continued)

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

Useful life is checked annually and, where necessary, any changes are reflected on a prospective basis.

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

Research expenditure

Expenditure on research undertaken to gain scientific and technical knowledge and information is recognized as an expense when incurred.

Development expenditure

Development expenditure, which also relates to the application of research findings to a plan or design for the production of new or substantially improved products or processes, is capitalized when the product or process is feasible in technical and commercial terms and the group has adequate resources to complete the development stage.

Capitalized development expenditure is measured at cost, net of accumulated amortization and impairment losses.

Amortization periods for other intangible assets are as follows:

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

(m) Income taxes

Income taxes of the year include current and deferred taxation. They are recognized in profit or loss.

Current income taxes on the tax base of the year correspond to the amount expected to be paid to (recovered from) the taxation authorities. They are calculated using the tax rates enacted at the reporting date.

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

A deferred tax liability is recognized for all taxable temporary differences, unless the deferred tax liability arises from:

- the initial recognition of goodwill;
- goodwill for which the amortization is not tax deductible;
- the initial recognition of an asset or liability in a transaction which
  - (i) is not a business combination; and

(2) Accounting policies (Continued)

(ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss);

A deferred tax asset is recognized in the financial statements:

- for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:
  - (i) is not a business combination; and
  - (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss);
- for the carry forward of unused tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.

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

The income tax consequences of dividends are recognized when the dividend is approved.

(n) Non derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets in the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held to maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available for sale, and prevent the Group from classifying investment securities as held to maturity for the current and the following two financial years.

(2) Accounting policies (Continued)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt securities.

(o) Non derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Group classifies non-derivative financial liabilities in the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a decrease in equity, net of any tax effects.

(2) Accounting policies (Continued)

Business combinations

When as a result of a takeover/acquisition of control not involving the entire stake in the acquire, the group has the potential obligation to acquire the residual investment in the acquiree should the non-controlling investors exercise a put option and the non-controlling investor still have present access to the economic benefit associated with the underlying ownership interests, it recognizes a liability calculated by discounting the estimated value at the exercise date using the present access method whereby a liability is recognized decreasing the equity caption "Retained earnings (losses) carried forward" in the first year, with subsequent remeasurement recognized in profit or loss as financial expense.

(p) Trade payables

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

(q) Employee benefits

Employee benefits paid on leaving or after ceasing employment with a company through defined benefit plans, such as post-employment benefits and other pension funds, are recognized over the period in which the benefit vests. Liabilities related to defined benefit plans, net of any plan assets, are determined using actuarial assumptions and are recognized on an accruals basis in line with the service required to obtain such benefits. These appraisals are performed by independent actuaries.

Actuarial gains and losses deriving from actuarial calculations at the reporting date are recognized in profit or loss as revenue or expense.

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

(r) Provisions for risks and charges

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

(s) Revenue

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

- revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have been transferred to the buyer;

(2) Accounting policies (Continued)

- revenue for services is recognized in relation to the stage of completion of the transaction at the reporting date.

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

(t) Grants

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

(u) Financial income and expense

Financial income and expense are recognized on an accruals basis and calculated on the carrying amount of the related financial assets and liabilities using the effective interest method. Borrowing costs related to loans taken out specifically for investments in property, plant and equipment are considered part of the carrying amount of the related assets and, as such, capitalized.

(v) New standards and interpretations not adopted early

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2011, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the Group's consolidated financial statements.

(w) Standards, amendments and interpretations not yet applicable

The following standards, amendments and interpretations, which have been revised following the annual 2010 improvement process made by the IASB are applicable starting from January 1, 2011.

On October 8, 2009, the IASB issued an amendment to IAS 32—Financial Instruments: presentation, classification of rights issues in order to address the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously such rights issues were accounted for as derivative liabilities. However, the amendment requires that, provided certain conditions are met, such rights issues are classified as equity regardless of the currency in which the exercise price is denominated. The amendment is applicable retrospectively from January 1, 2011; company is yet to assess this amendment's full impact.

On November 4, 2009, the IASB issued a revised version of IAS 24—Related Party Disclosures that simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party. When applied this amendment is not expected to have a significant effect on the Company's financial statements. The revised standard is effective for annual periods beginning on or after January 1, 2011.

On November 12, 2009, the IASB issued IFRS 9—Financial Instruments, which was amended on October 28, 2010. The new standard, effective from January 1, 2013, represents completion of the first phase of a project to replace IAS 39 and introduces new requirements for classifying and measuring financial assets and liabilities and derecognition of financial assets. For financial assets, the standard uses a single approach to determine whether a financial asset is measured at amortized cost or fair value—replacing the many different rules in IAS 39—which is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets. For financial liabilities, on the other hand, the principal change relates to the recognition of changes in fair value of financial liabilities measured at fair value through profit or loss, when such changes are due to changes

(2) Accounting policies (Continued)

in the credit risk of the liability. According to the new standard, these changes must be recognized in other comprehensive income rather than through profit or loss. At the date of these financial statements, the new standard had not yet been endorsed by the European Union. The company is yet to assess IFRS 9's full impact. On November 26, 2009, the IASB issued a minor amendment to IFRIC 14—Prepayments of a Minimum Funding Requirement. The amendment applies when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendment permits such an entity to treat the benefit of such an early payment as an asset. The company is yet to assess this amendment's full impact.

The amendment has an effective date for mandatory adoption of January 1, 2011.

On November 26, 2009, the IFRIC issued the interpretation IFRIC 19—Extinguishing Financial Liabilities with Equity Instruments that provides guidance on how to account for the extinguishment of a financial liability by the issue of equity instruments. The interpretation clarifies that when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially, then the entity's equity instruments issued to a creditor are part of the consideration paid to extinguish the financial liability and are measured at their fair value. The difference between the carrying amount of the financial liability extinguished and the initial measurement amount of the equity instruments issued is included in the profit or loss for the period. The company is yet to assess this amendment's full impact. The interpretation has an effective date for mandatory adoption of January 1, 2011.

On May 6, 2010, the IASB issued a set of amendments to IFRSs ("Improvements to IFRSs") that are applicable from January 1, 2011. Set out below are those that may lead to changes in the presentation, recognition or measurement of items in the financial statements, excluding those that only relate to changes in terminology or editorial changes having a limited accounting effect and those that affect standards or interpretations that are not applicable to the Company.

- IFRS 1—First-time Adoption of International Financial Reporting Standards: this amendment clarifies that if an entity has to measure its assets at fair value due to a special event such as an IPO or a privatization in accordance with local law, the revalued amount may also be used in preparation of the IFRS financial statements even if the company had already determined the fair value of assets and liabilities existing at the date of transition to IFRSs.
- IFRS 7—Financial Instruments: Disclosures: this amendment emphasizes the interaction between the qualitative and quantitative disclosures required by the standard concerning the nature and extent of risks arising from financial instruments. This should help users of financial statements to link related disclosures and hence form an overall picture of the nature and extent of risks arising from financial instruments. In addition, the disclosure requirement relating to financial assets that are past due or impaired, but whose term has been renegotiated, and to the fair value of collateral has been removed.

The company is yet to assess this amendment's full impact.

On October 7, 2010, the IASB issued amendments to IFRS 7—Financial Instruments: Disclosures, applicable for reporting periods commencing on or after July 1, 2011. The amendments allow users of financial statements to improve their understanding of transfers of financial assets, including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfers are undertaken around the end of a reporting period. At the date of these financial statements, application of these amendments had not yet been endorsed by the European Union and the company is yet to assess this amendment's full impact.

On December 20, 2010, the IASB issued a minor amendment to IAS 12—Income taxes, requiring an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. As a result of this amendment, SIC 21—

(2) Accounting policies (Continued)

Income Taxes—Recovery of Revalued Non- Depreciable Assets will no longer apply. Adoption of the amendment is mandatory from January 1, 2012. At the date of these financial statements, the amendment had not yet been endorsed by the European Union and the company is yet to assess this amendment's full impact.

(x) Determination of fair value

Several standards and disclosure requirements require the determination of fair value of financial and non-financial assets and liabilities.

IFRS 7 requires that fair value measurements in the statement of financial position be classified using a fair value hierarchy that reflects the significance of the inputs used to determine fair value. There are three different levels:

- Level 1—Fair values measured using quoted prices in active markets;
- Level 2—Fair values measured using valuation techniques for which inputs significant to the fair value measurement are based on observable market data
- Level 3—Fair values measured using valuation techniques for which inputs significant to the fair value measurement are based on unobservable market data.

The fair value measurements in the consolidated financial statements are classified as level 1, 2 and 3, as shown below. There were no movements from one level to another in 2010.

Property, plant and equipment

The fair value of property, plant and machinery recognized after a business combination is based on market data. The fair value of property is the estimated consideration for which a property could be exchanged at the measurement date in an arm's length transaction between knowledgeable, willing parties. The fair value of an item of property, plant and equipment is determined at market value or cost using the market prices of similar assets, if available, or replacement cost, if appropriate.

Intangible assets

The fair value of patents and trademarks acquired as part of a business combination is based on an estimate of the discounted amount of royalties that the group expects to receive from ownership of such patents or trademarks (ideal royalty method), or replacement cost, if appropriate.

Inventories

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

Derivatives

The fair value of commodities purchase forwards is based on the quoted price on an active market, where available.

Broker prices, based on quoted market prices, where available, are used for interest rate swaps.

Non-derivative financial liabilities

Fair value, calculated for disclosure purposes, is determined considering the expected future cash flows of the principal and interest, discounted at the closing market interest rate.

(3) Operating segment

The Group has only one reportable segment, as described below. Reportable segments are the Group's strategic divisions with the quantitative and qualitative requirements of IFRS 8.

The Closures segment, representing the Group's core business, is specialized in the production of safety closures (safety product line), standard aluminum closures, customized plastic and aluminum closures (decorative product line) and closures for other sectors (e.g. the pharmaceutical one) and accessories.

Other operations include the PET division that does not meets any of the quantitative thresholds for determining reportable segments in 2010 or 2009 under IFRS 8.

The PET division, produces preforms and bottles for carbonated soft drinks (CSD product line) and preforms, bottles, molds, jars, flasks, miniature drinks bottles and containers for cosmetics, beauty and pharmaceuticals products and foodstuffs (custom molding product line).

The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the board of directors reviews internal management reports on at least a quarterly basis.

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

The management considers the above information as the the most relevant in evaluating the results of the segment relative to other entities that operate within these industries.

All others assets and liabilities figures are non reportable by segment as the management believes that the availability of such information by segment is not relevant.

We do not disclose such information by region as it does not meet the materiality requested by IFRS 8.

	Closures		Other Operation (PET division)		Total	
Euro /000	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**
External Revenues	302,428	366,671	8,642	4,683	311,070	371,354
Reportable Gross operating profit	72,371	79,558	1,390	126	73,761	79,684
Depreciation and Amortization	(29,386)	(32,490)	(433)	(339)	(29,819)	(32,828)
Reportable Trade receivables	75,567	76,488	2,811	962	78,377	77,450
Reportable Inventories	41,973	48,211	677	634	42,650	48,845
Reportable Property, plant and equipment	150,741	176,218	1,422	1,056	152,162	177,274
Reportable Trade payables	47,376	51,117	712	657	48,088	51,774
Capital expenditure	15,358	31,890	88	273	15,446	32,163

Geographical information

The Closures segment is managed on a worldwide basis from the central headquarter in Italy, but operate manufacturing facilities primarily in India, the United Kingdom, Ukraine, Australia, Spain and Mexico.

(3) Operating segment (Continued)

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

Euro /000	External Revenues 2009	External Revenues 2010
Guala Closures S.p.A.	66,890	73,797
Guala Closures India	30,026	46,114
Guala Closures UK	36,399	41,502
Guala Closures Ukraine	32,628	37,185
Guala Closures Australia	39,787	40,422
Guala Closures Iberica	26,803	28,689
Guala Closures Mexico	12,329	19,522
Other countries	66,208	84,121
Consolidated Revenues	**311,070**	**371,354**

Euro / 000	Non-current assets other than financial instruments : Property Plant and Equipments and Intangible assets 2009	2010
Guala Closures S.p.A.	356,489	361,437
Guala Closures Australia	70,054	85,120
Guala Closures India	19,298	21,064
Guala Closures Mexico	12,452	12,956
Guala Closures Iberica	18,401	17,877
Other countries	56,229	58,328
Consolidated of : Property Plant and Equipments and Intangible assets	**532,924**	**556,781**

Euro / 000	Deferred Tax Assets 2009	Deferred Tax Assets 2010
Guala Closures S.p.A.	3,629	6,439
Guala Closures UK	1,463	1,510
Guala Closures Mexico	1,152	953
Guala Closures Australia	1,369	1,770
Guala Closures Iberica	250	79
Guala Closures Argentina	150	216
Other countries	1,962	1,858
Consolidated Deferred Tax Assets	**9,976**	**12,824**

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

Information about major customers

In the Closures segment there is only one customer with a percentage of revenues (on total revenues) over than 10%.

(4) Acquisition of subsidiaries business units and Non controlling interests

(4.1) Acquisition of subsidiaries and business unit

On May 5, 2010, Guala Closures International B.V. acquired 70% of Guala Closures Bulgaria AD and Guala Closures Tools AD.

(4) Acquisition of subsidiaries business units and Non controlling interests (Continued)

They were incorporated on March 12, 2010, and subsequently bought certain identified assets from a Bulgarian company (Danik), whose shareholders, acquired non-controlling interests in the new companies.

The impact of the acquisition of Guala Closures Bulgaria AD on the group's assets and liabilities is as follows:

(Thousands of Euros)	Carrying amounts before acquisition	Adjustments for fair value measurement	Restated amounts recognized at acquisition
Property, plant and equipment	2,979		2,979
Intangible assets	11		11
Inventories	1,003		1,003
Trade receivables	903		903
Other current assets	925		925
Cash and cash equivalents	181		181
Trade payables	(5,902)		(5,902)
Other current liabilities	(6)		(6)
Other non-current liabilities	(20)		(20)
Net Equity	3,712	—	3,712
Net identifiable assets and liabilities	**3,785**	**—**	**3,785**
Goodwill arising from the acquisition			**3,203**
Consideration paid at the acquisition			**6,988**

(Thousands of Euros)	
Consideration paid at the acquisition	6,988
Cash and cash equivalents acquired	(181)
Net cash flow used	**6,807**

(4) Acquisition of subsidiaries business units and Non controlling interests (Continued)

The impact of the acquisition of Guala Closures Tools AD on the group's assets and liabilities is as follows:

(Thousands of Euros)	Carrying amounts before acquisition	Adjustments for fair value measurement	Restated amounts recognized at acquisition
Property, plant and equipment	394		394
Intangible assets	6		6
Inventories	582		582
Trade receivables	9		9
Other current assets	192		192
Cash and cash equivalents	22		22
Trade payables	(1,160)		(1,160)
Other current liabilities	(31)		(31)
Net Equity	832		832
Net identifiable assets and liabilities	**845**	**—**	**845**
Goodwill arising from the acquisition			**722**
Consideration paid at the acquisition			**1,567**

(Thousands of Euros)	
Consideration paid at the acquisition	1,567
Cash and cash equivalents acquired	(22)
Net cash flow used	**1,544**

The new incorporated Companies acquired the above mentioned assets at a price representative of market values, as supported by an external appraisal; consequently the acquisition-date carrying amounts are representative of the assets' fair value.

Goodwill arising from the above mentioned acquisitions relates to the technical skills and know-how of the personnel of the entity acquired and the synergies which are expected to be obtained from the inclusion of the Bulgarian companies in the Group and to the acquisition of important trade relationships in the Eastern European markets.

Net identifiable assets and liabilities for both companies represent the quota referred to the owners of the company. Non-controlling interest were measured at their proportionate interest in the identifiable net assets of the subsidiary and no goodwill was attributed to non-controlling interest.

As required by IFRS 3.B64(q), we state that it is not possible to disclose the information about the pro forma results as though the business combination had taken place at the beginning of the period as the new companies were incorporated and started their activities during 2010. The subsidiaries Guala Closures Bulgaria AD and Guala Closures Tools AD recognized, respectively, a profit of € 862 thousand and a loss of € 20 thousand from their acquisition to December 31, 2010.

The Group incurred acquisition-related costs of € 168 thousand related to external legal fees and due diligence costs. The legal fees and due diligence costs have been included in administrative expenses in the Group's statement of comprehensive income.

On June 29, 2010, Guala Closures S.p.A. signed an agreement to buy the aluminium printing and cutting facility assets of a previous Italian supplier (Metalprint); such agreement was effective on July 1, 2010.

(4) Acquisition of subsidiaries business units and Non controlling interests (Continued)

The impact of such acquisition on the group's assets and liabilities is as follows:

(Thousands of Euros)	Carrying amounts before acquisition	Adjustments for fair value measurement	Restated amounts recognized at acquisition
Property, plant and equipment	5,400		5,400
Employee benefits	(1,044)		(1,044)
Current financial liabilities	(568)		(568)
Non-current financial liabilities	(2,559)	—	(2,559)
Net identifiable assets and liabilities	**1,228**	**—**	**1,228**
Goodwill arising from the acquisition			**182**
Consideration paid at the acquisition			**1,410**

(Thousands of Euros)	
Consideration paid at the acquisition	1,410
Cash and cash equivalents acquired	0
Net cash flow used	**1,410**

The value of the assets at the acquisition was assessed at the acquisition date and contractually agreed between the parties. The carrying amounts of the assets at the acquisition are considered as representative of their fair values.

The goodwill arising from the above-mentioned business combinations was allocated in full to the Closures operating division, which is the smallest level at which goodwill is monitored for internal management purposes.

The Group incurred acquisition-related costs of € 45 thousand related to external legal fees and due diligence costs. The legal fees and due diligence costs have been included in administrative expenses in the Group's consolidated statement of comprehensive income.

(4.2) Acquisition of minority interest

On November 18, 2010, the Group acquired a residual non-controlling interest (13.15%) in Guala Closures Orient B.V. through the international holding company Guala Closures International B.V. As at December 31, 2010, the group control 100% of interest in Guala Closures Orient B.V.

The consideration that will be paid in 2011, amounting to € 4,346 thousand, was higher than the portion of equity attributable by the group to the minority interest (€ 3,940 thousand).

The Group recognised a decrease in non-controlling interests of € 3,940 thousand (€ 2,804 thousand from Share capital and reserves attributable to non-controlling interests and € 1,136 thousand in relation to the 10 months result of Guala Closures Orient B.V. in 2010) and a decrease in retained earnings of € 405 thousand. As this company was already consolidated, pursuant to IFRS 3.B64(q), its results have been consolidated on a line-by-line basis.

The group acquired full control of the Italian Pharma Trade S.r.l. in August 2009. This company has its registered office in Alessandria and a site in Vasto (CH). It is active in the pharmaceutical sector. The accounting treatment for this transaction, which was provisional in 2009, was finalized during 2010, with no effects on the provisional amounts recognized at acquisition since no restatement of provisional adjustments for fair value measurement have been identified.

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(5) Cash and cash equivalents

This caption represents the balance of the bank and postal accounts considering the nominal amount of the current accounts held with banks.

Thousands of Euros	December 31, 2009	December 31, 2010
Bank and postal accounts	30,078	36,078
Cash and cash equivalents	2,705	3,092
Total	**32,782**	**39,170**

(6) Current financial assets

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2009	December 31, 2010
Current financial assets	110	114
Total	**110**	**114**

The carrying amount of Current financial assets matches their fair value at the reporting date.

(7) Trade receivables

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2009	December 31, 2010
Trade receivables	80,414	84,701
Allowance for impairment	(2,037)	(7,251)
Total	**78,377**	**77,450**

The allowance for impairment varied as follows:

Thousands of Euros	December 31, 2010
Opening allowance for impairment	2,037
Exchange rate gain	84
Accrual	5,592
Utilization	(462)
Closing allowance for impairment	**7,251**

The accrual at December 31, 2010 includes about € 4.8 million (mostly more than 90 days overdue) for big foreign customers and the residual part to other customers that have indicated that they do not expect to be able to pay their outstanding balances, mainly due to economic circumstances.

At December 31, 2010, trade receivables may be analyzed by geographical segment as follows:

Thousands of Euros	December 31, 2009	December 31, 2010
Europe	41,336	32,226
Asia	14,215	15,585
Latin America	12,868	16,847
Oceania	7,569	6,865
Rest of the world	2,389	5,928
Total	**78,377**	**77,450**

(7) Trade receivables (Continued)

At December 31, 2010, trade receivables may be analyzed by due date as follows:

Thousands of Euros	Gross amount December 31, 2010	Impairment losses December 31, 2010	Net amount December 31, 2010
Not yet due	59,434	(328)	59,106
0-30 days overdue	11,097	(94)	11,004
31-90 days overdue	3,369	(15)	3,355
More than 90 days overdue	10,801	(6,815)	3,986
Total	**84,701**	**(7,251)**	**77,450**

The Group believes that the unimpaired amounts that are overdue by more than 30 days are still collectible, based on historic payment behavior and extensive analyses of the underlying customers' credit ratings. Based on historic default rates, the Group believes that, apart from the above, no impairment allowance is necessary in respect of trade receivables not yet due or overdue by up to 30 days.

At December 31, 2010 trade receivables may be analyzed by original currency as follows:

Thousands of Euros	EUR	USD	GBP	Other currencies	Total
Trade receivables	26,712	8,987	3,217	38,534	**77,450**

Other includes trade receivables in the local currencies of the group companies, including € 12.3 million in Indian rupees, € 5.5 million in Australian dollars, € 5.7 million in Ukrainian hryvnies, € 4.0 million in Columbian pesos, € 1.3 million in New Zealand dollars, € 1.8 million in Chinese renmimbi, € 2.1 million in Mexican pesos, € 1.4 million in Brazilian reals, € 1.6 million in Argentinean pesos and other small exposures in other currencies.

(8) Inventories

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2009	December 31, 2010
Raw materials. consumables and supplies	25,162	29,896
(Allowance for inventory write-down)	(1,406)	(1,002)
Work in progress and semi-finished products	6,148	6,715
(Allowance for inventory write-down)	(168)	(304)
Finished products and goods	13,543	14,137
(Allowance for inventory write-down)	(1,106)	(912)
Payments on account	477	314
Total	**42,650**	**48,845**

The changes in the caption are as follows:

Thousands of Euros	
Balance at January 1. 2010	42,650
Business combinations	1,585
Exchange rate gain	2,744
Change in raw materials. consumables and supplies	3,056
Change in finished goods and semi-finished products	(1,023)
Change in payments on account	(165)
Balance at December 31, 2010	**48,845**

(8) Inventories (Continued)

Business combinations relate to the acquisitions of the subsidiaries Guala Closures Bulgaria AD and Guala Closures Tools AD.

The allowance for inventory write-down varied as follows:

Thousands of Euros	December 31, 2010
Opening allowance for inventory write-down	2,681
Exchange rate gain	96
Accrual	1,217
Utilization	(1,777)
Closing allowance for inventory write-down	**2,218**

(9) Current direct tax assets

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2009	December 31, 2010
Income tax advance	3,886	4,148
Total	**3,886**	**4,148**

(10) Current indirect tax assets

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2009	December 31, 2010
VAT and other indirect taxes	5,904	6,756
Total	**5,904**	**6,756**

(11) Financial derivative assets

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2009	December 31, 2010
Fair value of forward aluminum purchases	259	355
Fair value of currency swaps	—	162
Total	**259**	**517**

(12) Other current assets—third parties

This caption is made up as follows:

Thousands of Euros	December 31, 2009	December 31, 2010
Receivables for insurance compensation in Australia	1,046	0
Other receivables	2,322	2,423
Total	**3,369**	**2,423**

Receivables for insurance compensation in Australia were collected during 2010.

(12) Other current assets—third parties (Continued)

Other receivables at December 31, 2010 include, inter alia, advances to suppliers of € 0.5 million and receivables of € 0.4 million due to Guala Closures Argentina S.A. from the Argentinean government for repayments in respect of exports.

(13) Assets classified as held for sale

These assets relate to the following companies:

Thousands of Euros	December 31, 2009	December 31, 2010
Guala Closures UK Ltd	1,548	—
Guala Closures India (pvt) Ltd	—	143
Total	**1,548**	**143**

Guala Closures UK Ltd's assets, classified as held for sale at December 31, 2009, were sold in November 2010 and a small gain of about € 30 thousand was realized in respect of the carrying amount recognized at Dec 31, 2009. The related receivable had already been collected at December 31, 2010.

(14) Non-current financial assets

This caption is made up as follows:

Thousands of Euros	December 31, 2009	December 31, 2010
Investments in other companies	158	314
Guarantee deposits—Guala Closures S.p.A.	54	77
Other securities	35	0
Other financial assets	74	185
Total	**321**	**576**

The carrying amount of Non-current financial assets is consistent with their fair value at the reporting date.

(15) Financial assets by type

Current and non-current financial assets due from third parties are shown below by type.

Thousands of Euros	December 31, 2009	December 31, 2010
Held-to maturity investments	110	114
Current financial assets—third parties	**110**	**114**
Held-to maturity investments	321	576
Non-current financial assets—third parties	**321**	**576**
Trading derivatives	**259**	**517**

(16) Property, plant and equipment

The following table shows the changes in this caption:

Thousands of Euros	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Asset under construction and payments on account	Total
Historical cost at December 31, 2009	53,462	231,177	43,629	6,305	3,486	**338,060**
Accumulated depreciation at December 31, 2009	(6,876)	(141,259)	(32,972)	(4,790)	—	**(185,897)**
Carrying amount at December 31, 2009	**46,586**	**89,918**	**10,656**	**1,516**	**3,486**	**152,162**
Carrying amount at January 1, 2010	**46,586**	**89,918**	**10,656**	**1,516**	**3,486**	**152,162**
Exchange rate gain	2,468	7,372	162	89	135	**10,226**
Business combinations	5	8,427	21	31	289	**8,773**
Change in consolidation area	—	—	—	—	673	**673**
Increases	379	5,674	572	364	24,390	**31,380**
Decreases	(5)	(51)	—	(31)	(85)	**(173)**
Impairment losses	(1)	(483)	—	—	—	**(485)**
Reclassifications	4,640	14,099	3,171	149	(22,064)	**(6)**
Depreciation	(1,263)	(19,988)	(3,570)	(458)	—	**(25,278)**
Historical cost at December 31, 2010	61,246	268,363	47,320	7,165	6,825	**390,918**
Accumulated depreciation at December 31, 2010	(8,437)	(163,395)	(36,309)	(5,504)	—	**(213,645)**
Carrying amount at December 31, 2010	**52,809**	**104,968**	**11,012**	**1,660**	**6,825**	**177,273**

Property, plant and equipment include the amounts arising from internal work capitalized (reference should be made to note 33) Other operating income to these consolidated financial statements for further information).

Business combinations relate to the acquisitions of the subsidiaries Guala Closures Bulgaria AD and Guala Closures Tools AD and the assets of Metalprint. For further details, please refer to note n. 4) Acquisition of subsidiaries and business units and non controlling interest.

The caption includes the carrying amount of leased assets (€ 27,683 thousand) against which the group has recognized current financial liabilities (€ 2,523 thousand) and non-current financial liabilities (€ 21,366 thousand).

None of the group's property, plant and equipment had been pledged as collateral at year end.

During 2010, significant investments have been made for new buildings and for the new production lines in Italy, Ukraine and Bulgaria and for new production lines to enhance production capacity in order satisfy the demand from the Group's longstanding historical and new customers.

(17) Intangible assets

The following table shows the changes in intangible assets:

Thousands of Euros	Development expenditure	Licences and patents	Goodwill	Other	Assets under construction and payments on account	Total
Historical cost at December 31, 2009	4,776	61,803	373,519	1,483	856	**442,437**
Accumulated amortization at December 31, 2009	(3,859)	(15,777)	(40,633)	(1,403)	—	**(61,673)**
Carrying amount at December 31, 2009	**917**	**46,026**	**332,886**	**80**	**856**	**380,764**
Carrying amount at January 1, 2010	**917**	**46,026**	**332,886**	**80**	**856**	**380,764**
Exchange rate gain	9	18	1,162	8	—	**1,196**
Business combinations	—	—	4,107	16	—	**4,123**
Increases	44	595	—	18	320	**977**
Decreases	—	(9)	—	—	(13)	**(22)**
Reclassifications	401	98	—	—	(494)	**6**
Amortization	(547)	(6,967)	—	(20)	—	**(7,535)**
Historical cost at December 31, 2010	4,982	62,541	378,794	1,504	669	**448,490**
Accumulated amortization at December 31, 2010	(4,158)	(22,783)	(40,640)	(1,402)	—	**(68,983)**
Carrying amount at December 31, 2010	**824**	**39,758**	**338,154**	**102**	**669**	**379,507**

Business combinations relate to the acquisitions of the subsidiaries Guala Closures Bulgaria AD and Guala Closures Tools AD and the assets of Metalprint.

Goodwill may be analyzed as follows:

(Thousands of Euros)	December 31, 2009	December 31, 2010
Goodwill—Guala Closures Group	317,227	317,227
Goodwill—Guala Closures Ukraine LLC (formerly Technologia Closures LLC)	13,147	14,309
Acquisition of Pharma Trade	2,512	2,512
Acquisition of GC Bulgaria AD	—	3,203
Acquisition of GC Tools AD	—	722
Acquisition of Metalprint assets	—	182
Total	**332,886**	**338,154**

Reference should be made to note 4) Acquisitions of subsidiaries and business units of these consolidated financial statements for additional information on goodwill arising from the acquisitions of the companies Guala Closures Bulgaria AD and Guala Closures Tools AD and the assets of Metalprint.

Goodwill is tested for impairment annually.

For impairment testing purposes, goodwill generated on the group's acquisitions relates to the Closures division.

(17) Intangible assets (Continued)

The recoverable amount of cash-generating units is based on a calculation of their value in use. This calculation uses projected cash flows based on the actual operating profit and five-year business plan. This business plan is put together considering the group's approved budget figures for the first year and projecting the revenue and costs for the following four years using the historic trend adjusted for any new elements. The cash flows for the period after the forecast period are extrapolated using a 2.1% growth rate (2009: 2%), which takes into account both the group's historical growth rate and forecast future market developments. The projected cash flows are discounted using a rate of 8.8% (2009: 8.8%) .

The resulting recoverable amount is thus greater than the carrying amount of goodwill.

The recoverable amount continues to be greater than the carrying amount despite changes made to the underlying assumptions of the sensitivity analysis carried out.

Goodwill has never been impaired.

(18) Deferred tax assets and liabilities

The following table gives a breakdown of the caption at December 31, 2009 and 2010:

	Assets		Liabilities		Net balance	
Thousands of Euros	**December 31, 2009**	**December 31, 2010**	**December 31, 2009**	**December 31, 2010**	**December 31, 2009**	**December 31, 2010**
Entertainment expenses	25	9	—	—	25	9
Agents' termination indemnity	29	30	—	—	29	30
Allowance for inventory write-down	654	542	(76)	(87)	578	455
Taxed allowance for impairment	381	378	—	—	381	378
Provision for damages and penalties	402	1,550	—	—	402	1,550
Amortization and depreciation	26	36	(20,923)	(19,730)	(20,898)	(19,694)
Other(*)	2,269	4,143	(6,441)	(6,636)	(4,171)	(2,493)
Provision for risks on derivatives	24	27	—	—	24	27
Losses carried forward	2,941	2,593	—	—	2,941	2,593
Derecognition of intragroup profit on inventories	192	200	—	—	192	200
Intragroup gains	1,071	1,104	—	—	1,071	1,104
Leases	163	153	—	—	163	153
Intangible assets	—	—	(18)	(29)	(18)	(29)
Property, plant and equipment	900	950	—	—	900	950
Employee benefits	674	658	(96)	(92)	578	566
Derivatives	225	449	—	—	225	449
TOTAL	**9,976**	**12,824**	**(27,554)**	**(26,575)**	**(17,579)**	**(13,751)**

(*) Line other is mainly due to unrealised exchange rate differences in Guala Closures S.p.A. and Guala Closures Australia Pty Ltd.

(18) Deferred tax assets and liabilities (Continued)

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

Thousands of Euros	December 31, 2009	Changes in profit and loss	Changes in equity	Exchange rate gain/loss	December 31, 2010
Entertainment expenses	25	(15)	—	—	9
Agents' termination indemnity	29	2	—	—	30
Allowance for inventory write-down	578	(140)	—	17	455
Taxed allowance for impairment	381	(26)	—	23	378
Provision for damages and penalties	402	1,148	—	—	1,550
Amortization and depreciation	(20,898)	1,779	—	(581)	(19,699)
Other	(4,171)	2,427	0	(742)	(2,486)
Provision for risks on derivatives	24	—	—	3	27
Losses carried forward	2,941	(584)	—	236	2,593
Derecognition of intragroup profit on inventories	192	8	—	—	200
Intragroup gains	1,071	33	—	—	1,104
Leases	163	(10)	—	—	153
Intangible assets	(18)	(11)	—	—	(29)
Property, plant and equipment	900	(114)	—	164	950
Employee benefits	578	(125)	—	113	567
Derivatives	225	187	37	—	449
TOTAL	**(17,579)**	**4,559**	**37**	**(767)**	**(13,750)**

Tax losses that can be carried forward at year end but that the group has not considered in its calculation of the deferred tax assets in the statement of financial position total € 39,077 thousand. They may be used in accordance with the legislation of the different countries in which the companies to which they relate are based. Carryforward tax losses that can be carried forward indefinitely amount to € 1,246 thousand. If recognized, potential deferred tax assets on total tax losses that can be carried forward would amount to € 10,605 thousand at December 31, 2010 (including € 342 thousand related to losses that can be carried forward indefinitely).

(19) Other non-current assets

This caption is made up as follows:

Thousands of Euros	December 31, 2009	December 31, 2010
Tax assets	2,881	1,700
Other	68	95
Total	**2,949**	**1,795**

(20) Financial liabilities—third parties

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

Reference should be made to note 43) Derivatives to these consolidated financial statements for further information on the group's exposure to the risks of fluctuations in interest and exchange rates.

The group's main outstanding financing agreements are the parent GCL Holding S.C.A.'s Mezzanine Facility Agreement and the subsidiary Guala Closures S.p.A.'s Senior Facilities Agreement.

(20) Financial liabilities—third parties (Continued)

The Mezzanine Facility Agreement is dated September 16, 2008 and was agreed with Unicredit Bank AG (formerly Bayerische Hypo- und Vereinsbank AG) for a nominal amount of € 85,500 thousand, repayable in one installment on March 29, 2018. The Mezzanive Facility Agreement, dated September 16, 2008, has been amended and restated on April 19, 2010.

The Senior Facilities Agreement was agreed with Unicredit Bank AG (formerly Bayerische Hypo- und Vereinsbank AG) as lender. The Senior Facilities Agreement, dated October 10, 2008, has been amended and restated on April 19, 2010.

The agreement provides for the following credit lines:

Credit lines	Total in thousands of Euros at original rates	Available amount (thousands of Euros)	Available amount (thousands of US dollars)	Available amount (thousands of pounds sterling)	Available amount (thousands of Australian dollars)	Amount used at December 31, 2010	Residual available amount at December 31, 2010	Number of repayments	Repayment date
									final repayment
Facility A	84,400	36,300	22,800	17,100	8,200	84,400	—	12	15/10/2015
Facility B	79,400	34,150	21,500	16,100	7,650	79,400	—	1	15/10/2016
Facility C	79,400	34,150	21,500	16,100	7,650	79,400	—	1	15/10/2017
									final repayment
Acquisition/Capex facility	60,000	60,000	—	—	—	47,600	12,400	7	21/10/2015
Revolving facility	40,000	40,000	—	—	—	—	40,000	n.a.	n.a.
Mezzanine facility	85,500	85,500	—	—	—	85,500	—	1	29/03/2018
Total	**428,700**	**290,100**	**65,800**	**49,300**	**23,500**	**376,300**	**52,400**		

The above facility agreement includes binding conditions whereby the parent is required to comply with four covenants. Non-compliance may entail repayment of the existing financing. These covenants apply to Guala Closures S.p.A. as the borrower, even though their calculation is based on consolidated group-level parameters whereby the group considered is GCL Holdings S.C.A. and its subsidiaries.

Specifically, the ratios that must be complied with are: “Interest Cover”, i.e., the gross operating profit/interest expense ratio; the “Leverage Ratio”, i.e., the net debt/gross operating profit ratio; the “Cash Flow Cover”, i.e., the cash flow/debt servicing ratio and “Capex”, i.e., a limit to the annual investment expenditure.

At year end, the group was compliant with the covenants.

Reference should be made to note 46) Commitments and guarantees to these consolidated financial statements for information on the relevant guarantees given.

Financial liabilities at December 31, 2009 and 2010 are shown below:

Thousands of Euros	December 31, 2009	December 31, 2010
Bank overdrafts and current loans		
Bank loans and borrowings	11,532	18,053
Other financial liabilities	1,640	3,172
	13,172	21,225
Non-current loans		
Bank loans and borrowings	370,776	377,127
Other financial liabilities	25,755	27,260
	396,531	404,388
Total	**409,703**	**425,612**

(20) Financial liabilities—third parties (Continued)

The terms and expiry dates of the financial liabilities at December 31, 2009 and 2010 are shown below:

	Nominal amount					
Thousands of Euros	Total December 31, 2009	Within one year	From one to five years	After five years	Current	Non-current
Bank loans and borrowings:						
Mezzanine Facility	94,767	4,137	—	90,630	4,137	90,630
Transaction costs	(2,338)	(402)	(992)	(944)	(402)	(1,936)
TOT. MEZZANINEDEBT 16/09/08	**92,429**	**3,735**	**(992)**	**89,686**	**3,735**	**88,694**
Facility A EUR	36,191	1,398	26,218	8,576	1,398	34,794
Facility B EUR	34,150	—	—	34,150	—	34,150
Facility C EUR	34,150	—	—	34,150	—	34,150
Facility A USD	21,540	832	15,604	5,104	832	20,708
Facility B USD	20,373	—	—	20,373	—	20,373
Facility C USD	20,373	—	—	20,373	—	20,373
Facility A GBP	15,273	590	11,064	3,619	590	14,683
Facility B GBP	14,423	—	—	14,423	—	14,423
Facility C GBP	14,423	—	—	14,423	—	14,423
Facility A AUD	9,923	383	7,188	2,351	383	9,540
Facility B AUD	9,285	—	—	9,285	—	9,285
Facility C AUD	9,285	—	—	9,285	—	9,285
Revolving Facility	13,000	—	—	13,000	—	13,000
CAPEX Facility	38,600	—	27,572	11,028	—	38,600
Transaction costs	(8,948)	(1,513)	(5,597)	(1,838)	(1,513)	(7,435)
TOT. SENIOR DEBT 10/10/2008	**282,042**	**1,689**	**82,049**	**198,304**	**1,689**	**280,353**
Accrued expenses and deferred income—Guala Closures S.p.A.	4,900	4,900	—	—	4,900	—
Advances on receivables—Guala Closures Argentina	873	873	—	—	873	—
Guala Closures Mexico loan	2,064	335	1,729	—	335	1,729
Total bank loans and borrowings	**382,309**	**11,532**	**82,787**	**287,989**	**11,532**	**370,776**
Other financial liabilities:						
Financing as per Law no. 46/82	733	265	468	—	265	468
Guala Closures S.p.A. finance leases	21,397	1,355	6,345	13,696	1,355	20,042
Liability to the Ukrainian non-controlling investors	5,100	—	—	5,100	—	5,100
Other liabilities	165	20	146	—	20	146
Total other financial liabilities	**27,395**	**1,640**	**6,959**	**18,796**	**1,640**	**25,755**
TOTAL	**409,703**	**13,172**	**89,745**	**306,786**	**13,172**	**396,531**

(20) Financial liabilities—third parties (Continued)

Thousands of Euros	Nominal amount Total December 31, 2010	Within one year	From one to five years	After five years	Current	Non-current
Bank loans and borrowings:						
Mezzanine Facility	99,502	4,456	—	95,046	4,456	95,046
Transaction costs	(2,338)	(650)	(744)	(944)	(650)	(1,688)
TOT. MEZZANINEDEBT 16/09/08	**97,164**	**3,806**	**(744)**	**94,102**	**3,806**	**93,358**
Facility A EUR	34,794	4,029	30,764	—	4,029	30,764
Facility B EUR	34,150	—	—	34,150	—	34,150
Facility C EUR	34,150	—	—	34,150	—	34,150
Facility A USD	22,326	2,586	19,741	—	2,586	19,741
Facility B USD	21,965	—	—	21,965	—	21,965
Facility C USD	21,965	—	—	21,965	—	21,965
Facility A GBP	15,150	1,754	13,395	—	1,754	13,395
Facility B GBP	14,881	—	—	14,881	—	14,881
Facility C GBP	14,881	—	—	14,881	—	14,881
Facility A AUD	11,626	1,346	10,279	—	1,346	10,279
Facility B AUD	11,315	—	—	11,315	—	11,315
Facility C AUD	11,315	—	—	11,315	—	11,315
Revolving Facility	0	—	—	—	—	—
CAPEX Facility	47,600	—	47,600	—	—	47,600
Transaction costs	(9,167)	(2,795)	(5,346)	(1,026)	(2,795)	(6,372)
TOT. SENIOR DEBT 10/10/2008	**286,952**	**6,921**	**116,434**	**163,598**	**6,921**	**280,032**
Loan Cassa di Rispannio di Alessandria	2,718	575	2,143	—	575	2,143
Other bank loans Guala Closures S.p.A.	0	0	—	—	0	0
Accrued expenses and deferred income—Guala Closures S.p.A.	5,616	5,616	—	—	5,616	0
Advances on receivables—Guala Closures Argentina	752	752	—	—	752	0
Guala Closures Mexico loan	1,977	383	1,595	—	383	1,595
Other bank loans	0	0	—	—	0	0
Total bank loans and borrowings	**395,180**	**18,053**	**119,428**	**257,700**	**18,053**	**377,127**
Other financial liabilities:						
Financing as per Law no. 46/82	468	200	268	—	200	268
Guala Closures S.p.A. finance leases	22,829	1,959	8,778	12,092	1,959	20,870
Bulgarian companies finance leases	1,003	549	454	0	549	454
Liability to the Ukrainian non-controlling investors	5,100	—	—	5,100	0	5,100
Other liabilities	1,033	465	568	—	465	568
Total other financial liabilities	**30,433**	**3,172**	**10,069**	**17,192**	**3,172**	**27,260**
TOTAL	**425,612**	**21,225**	**129,496**	**274,891**	**21,225**	**404,388**

The liability to the Ukrainian non-controlling investors relates to recognition of these investors' right to exercise a put option if certain conditions are met. It represents the discounted estimated value of the put option at its estimated time of exercise. Pursuant to IAS 27, this caption has been recognized using the present access method since 2008, whereby the financial liability is recognized as a

(20) Financial liabilities—third parties (Continued)

reduction in equity, Retained earnings, in the first year. The increase in the year, if any, is recognized under financial 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.

The liabilities at December 31, 2010 is unchanged compared to previous year.

The interest rates and expiry dates of the financial liabilities at December 31, 2009 and December 31, 2010 are shown below:

Thousands of Euros	Currency	Nominal interest rate	Expiry date	Total December 31, 2009
Bank loans and borrowings:				
Mezzanine Facility 16/09/08	EUR	Cash interest euribor + 4.5% PIK interest 6.0%	2017	**92,429**
Facility A EUR	EUR	euribor + 3.0%	2015	36,191
Facility B EUR	EUR	euribor + 3.5%	2016	34,150
Facility C EUR	EUR	euribor + 4.0%	2017	34,150
Facility A USD	USD	Libor USD + 3.0%	2015	21,540
Facility B USD	USD	Libor USD + 3.5%	2016	20,373
Facility C USD	USD	Libor USD + 4.0%	2017	20,373
Facility A GBP	GBP	Libor GBP + 3.0%	2015	15,273
Facility B GBP	GBP	Libor GBP + 3.5%	2016	14,423
Facility C GBP	GBP	Libor GBP + 4.0%	2017	14,423
Facility A AUD	AUD	Libor AUD + 3.0%	2015	9,923
Facility B AUD	AUD	Libor AUD + 3.5%	2016	9,285
Facility C AUD	AUD	Libor AUD + 4.0%	2017	9,285
Revolving Facility	EUR	euribor + 3.0%	2015	13,000
CAPEX Facility	EUR	euribor + 3.0%	2015	38,600
Transaction costs	EUR	n.a.	n.a.	(8,948)
TOT. SENIOR DEBT 10/10/2008				**282,042**
Accrued expenses and deferred income—Guala Closures S.p.A.	EUR	n.a.	n.a.	4,900
Guala Closures Mexico loan	MXP	TIIE30 + 5.25%(*)		2,064
Other bank loans and borrowings		n.a.	n.a.	873
Total bank loans and borrowings				**382,309**
Other financial liabilities:				
Financing as per Law no. 46/82	EUR	2%	2013	733
Guala Closures S.p.A. finance leases	EUR	euribor + 1.5% (**)	2020	21,397
Other liabilities		n.a.	n.a.	5,265
Total other financial liabilities				**27,395**
TOTAL				**409,703**

(*) TIIE30 stands for "Tasa de Interés Interbancaria de Equilibrio a 30 dias".

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

(20) Financial liabilities—third parties (Continued)

Thousands of Euros	Currency	Nominal interest rate	Expiry date	Total December 31, 2010
Bank loans and borrowings:				
Mezzanine Facility 16/09/08	EUR	Cash interest euribor + 4.5% PIK interest 6.0%	2017	**97,164**
Facility A EUR	EUR	euribor + 3.0%	2015	34,794
Facility B EUR	EUR	euribor + 3.5%	2016	34,150
Facility C EUR	EUR	euribor + 4.0%	2017	34,150
Facility A USD	USD	Libor USD + 3.0%	2015	22,326
Facility B USD	USD	Libor USD + 3.5%	2016	21,965
Facility C USD	USD	Libor USD + 4.0%	2017	21,965
Facility A GBP	GBP	Libor GBP + 3.0%	2015	15,150
Facility B GBP	GBP	Libor GBP + 3.5%	2016	14,881
Facility C GBP	GBP	Libor GBP + 4.0%	2017	14,881
Facility A AUD	AUD	Libor AUD + 3.0%	2015	11,626
Facility B AUD	AUD	Libor AUD + 3.5%	2016	11,315
Facility C AUD	AUD	Libor AUD + 4.0%	2017	11,315
Revolving facility	EUR	euribor + 3.0%	2015	0
Capex facility	EUR	euribor + 3.0%	2015	47,600
Transaction costs	EUR	n.a.	n.a.	(9,167)
TOT. SENIOR DEBT 10/10/2008				**286,952**
Loan Cassa di Risparmio di Alessandria	EUR	euribor 3M + 2.0%	2015	2,718
Other bank loans Guala Closures S.p.A.	EUR	n.a.	n.a.	0
Accrued expenses and deferred income—Guala Closures S.p.A.	EUR	n.a.	n.a.	5,616
Advances on receivables—Guala Closures Argentina	AR$	n.a.	n.a.	752
Guala Closures Mexico loan	MXP	TIIE30 + 3.25%(*)	n.a.	1,977
Financing as per Law no. 46/82				**395,180**
Other financial liabilities:				
Financing as per Law no. 46/82	EUR	2%	2013	468
Guala Closures S.p.A. finance leases	EUR	euribor + 1.5% (**)	2020	22,829
Bulgarian companies finance leases	BGN	n.a.	n.a.	1,003
Liability to the Ukrainian non-controlling investors	EUR	n.a.	n.a.	5,100
Other liabilities		n.a.	n.a.	1,033
Total other financial liabilities				**30,433**
TOTAL				**425,612**

(*) TIIE30 stands for "Tasa de Interés Interbancaria de Equilibrio a 30 dias".

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

(21) Fair value of financial liabilities and sensitivity analysis

The following table shows the fair value of the group's main financial liabilities.

	December 31, 2010	
Thousands of Euros	**Carrying amount**	**Fair value**
Mezzanine Facility agreement (16.09.08)	97,164	122,823
Senior facilities agreement (10.10.08)	286,952	299,078
Finance leases	23,832	24,173

The fair values shown in the previous table were calculated using the following methodology:

- the cash flows generated by the outstanding payables are identified both in terms of interest and principal. These cash flows are calculated with reference to the interest rates and the repayment plan;
- the individual cash flows are discounted using risk-free rates ruling on the measurement date. The bootstrap method is applied to the swap rates for each expiry date of the corresponding cash flow based on the resulting time curve.
- furthermore the individual cash flows are discounted using an additional rate, based on the company's credit standing, calculated as the weighted average of the spreads applied to the different financing agreements. The spreads applied to the financing agreements is deemed to objectively represent the company's credit standing and subsequent significant changes should not arise given its current financial position.

The following table shows the sensitivity analysis for the cash flows from these financial liabilities and the related hedging derivatives at December 31, 2010.

Thousands of Euros	Increase of 100bp	Decrease of 100bp
Mezzanine Facility agreement (16.09.08)	(5,129)	5,129
Related interest rate swaps	359	(359)
Sensitivity of cash flows (net)	**(4,770)**	**4,770**
Senior facilities agreement (10.10.08)	(12,645)	12,645
Sensitivity of cash flows (net)	**(12,645)**	**12,645**
Finance leases	(962)	962
Related interest rate swaps	638	(638)
Sensitivity of cash flows (net)	**(324)**	**324**

The following methodology is used to perform the sensitivity analyses: a change is assumed in the interest rate used to calculate the interest (+/- 100 basis points), which indicates the change in the overall liability. Accordingly, negative amounts indicate an increase in the fair value of the liability and vice versa for positive amounts.

Exchange rate sensitivity analysis

A strengthening of the Euro, as indicated below, against the USD, GBP, AUD, INR and UAH at December 31, would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases. The analysis is

(21) Fair value of financial liabilities and sensitivity analysis (Continued)

performed on the same basis, despite the reasonably possible exchange rate variances were different, as indicated below.

	Strengthening		Weakening	
2009	Equity	Profit or loss	Equity	Profit or loss
USD (10 percent movement)	(6,226)	(6,226)	5,094	5,094
GBP (10 percent movement)	(4,632)	(4,632)	3,790	3,790
AUD (10 percent movement)	(2,729)	(2,729)	2,233	2,233
INR (10 percent movement)	1,439	1,439	(1,177)	(1,177)
UAH (10 percent movement)	859	859	(703)	(703)

	Strengthening		Weakening	
2010	Equity	Profit or loss	Equity	Profit or loss
USD (10 percent movement)	(6,921)	(6,921)	5,663	5,663
GBP (10 percent movement)	(4,776)	(4,776)	3,907	3,907
AUD (10 percent movement)	(3,401)	(3,401)	2,783	2,783
INR (10 percent movement)	2,111	2,111	(1,727)	(1,727)
UAH (10 percent movement)	636	636	(520)	(520)

(22) Financial liabilities by type

Current and non-current financial liabilities from third parties are shown below, by type.

Thousands of Euros	December 31, 2009	December 31, 2010
Current portion of secured bank loans	5,759	11,109
Unsecured bank loans	5,773	6,943
Current portion of finance lease liabilities	1,355	2,508
Other financial liabilities	285	665
Current financial liabilities—third parties	**13,172**	**21,225**
Secured bank loans	370,776	374,984
Finance lease liabilities	20,042	21,324
Other financial liabilities	5,713	8,079
Non-current financial liabilities—third parties	**396,531**	**404,388**
Hedging derivatives	**3,522**	**2,874**
Non-hedging derivatives	**11,247**	**7,070**

Financial liabilities are measured at amortized cost.

(23) Trade payables

This caption is made up as follows:

Thousands of Euros	December 31, 2009	December 31, 2010
Suppliers	47,801	51,423
Payments on account	287	351
Total	**48,088**	**51,774**

(23) Trade payables (Continued)

At December 31, 2010 trade payables may be analyzed by original currency as follows:

Thousands of Euros	EUR	USD	GBP	Other currencies	Total
Trade payables	35,474	3,973	1,394	10,933	**51,774**

Other currencies include trade payables in the local currencies of the group companies, including € 5.5 million in Australian dollars, € 1.2 million in Argentinean pesos, € 0.6 million in Indian rupees, € 0.5 million in Chinese renmimbi, € 0.7 million in Mexican pesos, € 0.5 million in New Zealand dollars, € 0.6 million in Colombian pesos, € 0.6 million in Ukrainian hryvnies, € 0.2 million in Brazilian reals and other small exposures in other currencies.

(24) Current direct tax liabilities

This caption is made up as follows:

Thousands of Euros	December 31, 2009	December 31, 2010
Current direct tax liabilities	2,960	4,174
Total	**2,960**	**4,174**

(25) Current indirect tax liabilities

This caption is made up as follows:

Thousands of Euros	December 31, 2009	December 31, 2010
VAT and other indirect taxes	2,818	3,118
Total	**2,818**	**3,118**

(26) Provisions for risks and charges

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2009	December 31, 2010
Provision for returns	879	384
Other current provisions for risks and charges	65	22
Total current provisions for risks and charges	**944**	**406**

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

Thousands of Euros	December 31, 2009	December 31, 2010
Provision for restructuring	35	40
Provision for legal disputes	85	35
Provision for tax risks	43	42
Provision for agents' leaving indemnity	101	100
Total non-current provisions for risks and charges	**264**	**217**

(26) Provisions for risks and charges (Continued)

Changes in the provisions are as follows:

Thousands of Euros	December 31, 2010
Opening current provisions for risks and charges	944
Exchange rate loss	22
Accrual	251
Utilization	(811)
Closing current provisions for risks and charges	**406**

Thousands of Euros	December 31, 2010
Opening non-current provisions for risks and charges	264
Exchange rate gain	9
Accrual	6
Utilization	(62)
Closing non-current provisions for risks and charges	**217**

The provision for legal disputes was set up specifically for ongoing disputes. Pending disputes are not expected to be resolved within the next twelve months.

(27) Financial derivative liabilities

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2009	December 31, 2010
Fair value of IRSs	14,737	9,672
Fair value of currency swaps	32	273
Fair value of aluminum derivatives	—	—
Total	**14,770**	**9,944**

(28) Other current liabilities

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2009	December 31, 2010
Payables to employees	3,913	5,712
Social security charges payable	2,560	3,088
Payables for capex	1,394	4,275
Payables vs previous owner of third party Guala Closures Orient	—	4,346
Other payables	2,780	6,417
Total	**10,647**	**23,838**

(29) Employee benefits

This caption is made up as follows:

Thousands of Euros	December 31, 2009	December 31, 2010
Post-employment benefits—Guala Closures S.p.A.	4,765	5,233
Other	1,527	1,757
Total	**6,292**	**6,990**

Changes in Employee benefits are as follows:

Thousands of Euros	
Balance at January 1, 2010	6,292
Exchange rate gain	109
Business combinations	884
Change recognized in profit or loss	213
Benefits paid	(508)
Balance at December 31, 2010	**6,990**

The change recognized in profit or loss is detailed below:

Thousands of Euros	
Post-employment benefits—Guala Closures S.p.A.	(17)
Other	230
Change recognized in profit or loss	**213**

Changes in Guala Closures S.p.A.'s post-employment benefits and the main assumptions used in their measurement are detailed below:

Thousands of Euros	
Balance at January 1, 2010	4,765
Actuarial losses	(228)
Interest expense	210
Business combination	884
Benefits paid	(399)
Balance at December 31, 2010	**5,233**

Actuarial parameter baseline:

	December 31, 2009	December 31, 2010
Average inflation rate	2.00% p.a.	2.00% p.a.
Discount rate	4.20% p.a.	4.60% p.a.
Annual rate of increase in post-employment benefits	3.00% p.a.	3.00% p.a.

Guala Closures UK has a defined benefit pension plan under which the employees of the former Metalclosures Ltd have the right to a pension. This plan has a surplus at both December 31, 2009 and 2010 (i.e., the fair value of the plan assets is higher than the present value of the defined benefit obligation). As required by IAS 19 and IFRIC 14, the surplus that can be recognized must be less than the benefits available in the form of reimbursements or the contribution holiday: following completion of the West Bromwich site restructuring plan in 2008, the amount of the contribution holiday is zero and, therefore, the English company has not recognized the fund surplus. In addition, the group did

(29) Employee benefits (Continued)

not have contingent liabilities at the reporting date as the fund covers the present value of its future obligations with its plan assets.

For disclosure purposes, the amounts of the fund obligations and plan assets, as well as the baseline actuarial parameters used for their calculation, are shown below:

Thousands of Euros	December 31, 2009	December 31, 2010
Present value of the obligations	(53,479)	(51,839)
Fair value of plan assets	60,850	62,887
Total	**7,371**	**11,049**

Changes in the net amount of the fund:

Thousands of Euros	
Balance at January 1, 2010	7,371
Exchange rate gain	224
Current service cost	(26)
Interest expense	(3,007)
Expected return on plan assets	3,250
Actuarial losses	3,237
Balance at December 31, 2010	**11,049**

Changes in the present value of the obligations:

Thousands of Euros	
Balance at January 1, 2010	(53,479)
Exchange rate loss	(1,699)
Current service cost	(26)
Interest expense	(3,007)
Contribution to the fund	(7)
Benefits paid	3,348
Actuarial losses	3,032
Balance at December 31, 2010	**(51,839)**

Changes in the fair value of plan assets:

Thousands of Euros	
Balance at January 1, 2010	60,850
Exchange rate gain	1,923
Expected return on plan assets	3,250
Contribution to the fund	7
Benefits paid	(3,348)
Actuarial gains	205
Balance at December 31, 2010	**62,887**

(29) Employee benefits (Continued)

Actuarial parameter baseline:

	December 31, 2009	December 31, 2010
Salary growth rate	4.00% p.a.	4.00% p.a.
Rate of increase in pensions provided (average)	3.10% p.a.	3.10% p.a.
Average inflation rate	3.30% p.a.	3.30% p.a.
Discount rate	5.60% p.a.	5.60% p.a.

(30) Other non-current liabilities

This caption is made up as follows:

Thousands of Euros	December 31, 2009	December 31, 2010
Other non-current liabilities	52	54
Total	**52**	**54**

(31) Equity attributable to the owners of the parent

On May 3, 2010, the Extraordinary General Meeting resolved to increase the capital of the company by a contribution in cash of a total EUR 15,002,255 by issuing 5,737 new shares with a par value of EUR 1.25 (EUR 7,171) and allocating to Share premium account an amount of EUR 14,995,084. As of December 31, 2010, the share capital amounts to EUR 121,619 represented by 97,295 units with a nominal value of EUR 1.25 each.

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

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

The Senior Facilities Agreement and Mezzanine Facility Agreement in place with banks provide for certain limitations on the transfer of funds between Guala Closures S.p.A. and its subsidiaries, as well as between Guala Closures S.p.A. and the holding companies GCL Special Closures S.r.l. and 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 group development.

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

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

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

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

The capital management policies of the group have not changed during the year.

(32) Equity attributable to non-controlling interests

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

	Non-controlling interests % December 31, 2009	Non-controlling interests % December 31, 2010	Balance at December 31, 2009	Balance at December 31, 2010
Guala Closures Ukraine LLC	30.00%	30.00%	4,976	5,684
Guala Closures Orient B.V.	13.15%	—	3,627	—
Guala Closures India pvt Ltd	5.00%	5.00%	1,606	1,882
Guala Closures Argentina S.A.	17.62%	17.62%	758	861
Guala Closures de Colombia LTDA	6.80%	6.80%	649	754
Guala Closures China B.V.	3.50%	3.50%	191	214
Creative Moulds India pvt Ltd	n.a.	40.00%	—	(94)
Guala Closures Bulgaria AD	n.a.	30.00%	—	1,879
Guala Closures Tools AD	n.a.	30.00%	—	356
Total			**11,807**	**11,537**

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

Note:

In year 2009, Creative Moulds India pvt Ltd, was not consolidated as of immaterial size.

STATEMENT OF COMPREHENSIVE INCOME

(33) Other operating income

This caption includes:

Thousands of Euros	2009	2010
Acquisition of non-controlling interest in Mexican company	4,570	—
Internal production	1,974	2,713
Sundry recoveries/repayments	952	1,329
Insurance compensation—Australia	479	1,179
Gains	262	394
Royalty income	43	57
Other	976	369
Total	**9,256**	**6,041**

Internal production includes € 449 thousand of capitalized development expenditure related to new closures and € 2,263 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 € 498 thousand and foreign companies amounting to € 1,766 thousand.

In addition to development expenditure capitalized during the year, research expenditure of about € 200 thousand was expensed.

Insurance compensation—Australia relates to the insurance compensation for the fire which occurred in February 2008. It includes an amount for the replacement of damaged equipment and an amount to compensate for the business interruption and direct costs sustained by the Company.

(34) Costs for raw materials

This caption includes:

Thousands of Euros	2009	2010
Raw materials and supplies	108,548	134,999
Packaging	5,271	6,969
Consumables and maintenance	3,937	5,532
Fuels	750	297
Other purchases	2,190	1,791
Change in inventories	3,158	(3,055)
Total	**123,855**	**146,533**

(35) Costs for services

This caption includes:

Thousands of Euros	2009	2010
External processing	11,274	12,698
Electricity / Heating	10,936	14,347
Transport	10,698	13,478
External labor / porterage	3,208	5,459
Legal and consulting fees	3,649	3,143
Maintenance	3,235	3,725
Travel	2,952	3,843
Sundry industrial services	3,363	3,824
Administrative services	1,749	2,665
Directors' fees	1,292	2,742
Insurance	1,980	2,133
Technical assistance	1,026	945
Telephone costs	820	878
Commissions	791	768
Cleaning service	854	1,081
Security	233	358
Commercial services	401	511
Entertainment expenses	409	440
Advertising services	136	176
Expos and trade fairs	67	128
Other	1,657	2,170
Total	**60,731**	**75,511**

Details of fees paid to the parent's directors, statutory auditors, CEO and key managers are provided in notes 44) Related party transactions and 47) Compensation to Statutory Auditors to these consolidated financial statements.

(36) Personnel expense

This caption includes:

Thousands of Euros	2009	2010
Wages and salaries	43,923	54,408
Social security contributions	8,166	10,454
Expense/(Income) from defined benefit plans	328	213
Other costs	1,459	2,008
Total	**53,876**	**67,084**

Reference should be made to note 29) Employee benefits to these consolidated financial statements for details on Expense/(income) from defined benefit plans.

At December 31, 2009 and 2010, the group had the following number of employees:

Number	December 31, 2009	December 31, 2010
Blue collars	1,839	2,243
White collars	462	589
Managers	123	122
Total	**2,424**	**2,954**

(36) Personnel expense (Continued)

The acquisition of the companies Guala Closures Bulgaria AD and Guala Closures Tools AD and the Metalprint assets generated an increase of 348 employees.

(37) Other operating expense

This caption includes:

Thousands of Euros	2009	2010
Rent and leases	3,472	4,228
Other costs for the use of third party assets	1,141	1,146
Taxes and duties	1,392	1,487
Provisions for risks and charges	818	257
Other charges	780	443
Total	**7,602**	**7,560**

(38) Financial income

This caption includes:

Thousands of Euros	2009	2010
Exchange rate gains	26,780	17,858
Change in fair value of IRS	476	4,570
Change in fair value of currency derivatives	454	162
Interest income	332	349
Change in fair value of aluminium derivatives	272	694
Other financial income	1,201	2,677
Total	**29,515**	**26,311**

(39) Financial expense

This caption includes:

Thousands of Euros	2009	2010
Interest expense	34,532	34,469
Exchange rate losses	21,349	21,294
Financial expense—non-controlling investors in the Ukrainian company	3,000	—
P&L impact on IRSs	1,854	70
P&L impact on aluminum derivatives	287	25
Other financial expense	3,707	5,132
Total	**64,729**	**60,989**

The increase in interest expense is due to the greater use of the credit facilities in 2010, mainly as a result of the investments made during the year.

Financial expense—non-controlling investors in the Ukrainian company relates to recognition of the increase in the financial liability for these investors' right to exercise a put option if certain conditions are met. The liability was determined by discounting the estimated value of the put option at its estimated time of exercise. At December 31, 2010, the estimated liabilities showed no change compared to December 31, 2009.

(40) Income and expense on financial assets/liabilities

The following table shows income and expense on financial assets/liabilities, specifying which are recognized in profit or loss and which directly in equity.

Thousands of Euros	2009	2010
REVENUES		
Exchange rate gains	26,780	17,858
Interest income	332	349
Change in fair value of aluminium derivatives	272	694
Change in fair value of IRS	476	4,570
Change in fair value of currency derivatives	454	162
Other financial income	1,201	2,677
Total	**29,515**	**26,311**
COSTS		
Interest expense	(34,532)	(34,469)
Exchange rate losses	(21,349)	(21,294)
Financial expense—non-controlling investors in the Ukrainian company	3,000	—
P&L impact on IRSs	(1,854)	(70)
P&L impact on aluminum derivatives	(287)	(25)
Other financial expense	(3,707)	(5,132)
Total	**(64,729)**	**(60,990)**
Net financial expenses	**(35,214)**	**(34,679)**

(41) Income taxes

This caption includes:

Thousands of Euros	2009	2010
Current taxes	(14,168)	(19,290)
Deferred tax income	(2,830)	2,226
Deferred tax expense	816	2,333
Total	**(16,182)**	**(14,730)**

Deferred tax income and expense in profit or loss do not reflect the change in the corresponding captions of the statement of financial position due to the effect of transactions recognized directly in equity (€ 37 thousand), as described in the following table.

Deferred tax liabilities recognized directly in equity

Thousands of Euros	December 31, 2009	December 31, 2010
Change in deferred tax liabilities on fair value adjustments on cash flow hedges	225	37
Total	**225**	**37**

(41) Income taxes (Continued)

Reconciliation between the theoretical and effective tax charge

The difference between the theoretical and effective tax charge is mainly related to the impact of the different tax rates in foreign countries, non-taxable revenue and non-deductible costs.

Thousands of Euros	2009		2010	
Profit before taxation	**6,805**		**6,302**	
Income tax using luxembourg tax rate	**2,041**	30.0%	**1,802**	28.59%
Effect of tax rates in foreign jurisdictions	(1,946)	(28.6%)	(1,005)	(15.9%)
Tax exempt revenue and other decreases	(3,394)	(49.9%)	(2,428)	(38.5%)
Non-deductible expense and other increases	11,364	167.0%	19,428	308.3%
(Increase) / decrease in deferred tax assets	2,827	41.5%	(2,513)	(39.9%)
Increase / (decrease) in deferred tax liabilities	(815)	(12.0%)	(4,059)	(64.4%)
Unaccrued deferred tax assets on loss for the year	5,207	76.5%	2,950	46.8%
Other changes	(889)	(13.1%)	(804)	(12.8%)
Total increase / (decrease)	**12,354**	**181.6%**	**11,569**	**183.6%**
Effective tax	**14,396**	**211.6%**	**13,371**	**212.2%**
Other taxes	1,787	26.3%	1,360	21.6%
Total taxes for the year	**16,182**	**237.8%**	**14,730**	**233.7%**

Guala Closures S.p.A. is participating in its parent's national tax consolidation scheme pursuant to articles 117-128 of Presidential decree no, 917 of 22 December 2086. The subsidiary Creative GCL S.r.l. also participates in the national tax consolidation scheme and the subsidiary Pharmatrade, acquired in 2009, joined the tax consolidation scheme, in 2010.

The option has been exercised for the tax years ending December 31, 2009, 2010 and 2011.

OTHER INFORMATION

(42) 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,

The board of directors has overall responsibility for establishing and monitoring a risk management system for the group.

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

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

Credit risk

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

The group's exposure to credit risk depends largely on each customer's specific characteristics. The demographics of the group's customer portfolio, including the segment insolvency risk and the country risk, have an impact on the credit risk.

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

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

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

Liquidity risk

This risk regards the group's ability to meet its obligations arising from financial liabilities.

The group's approach to liquidity management is to ensure adequate funds are always available to cover its obligations at the expiry dates, both in normal conditions and at times of financial difficulty, without incurring borrowing expense at terms higher than market conditions.

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

Historically, the group has always met its obligations on time.

(42) Financial risk management (Continued)

Reference should be made to the tables under note 20) Financial liabilities—third parties to these consolidated financial statements for information on the group's loans, credit lines and facilities at the reporting date.

Interest rate risk

This risk relates to volatility of the market rates which determine the interest expense paid on outstanding loans.

The group is exposed to interest rate risk as almost the full amount of its financial liabilities provide for the payment of interest at variable rates subject to short-term repricing.

The group's policy is to hedge a significant portion of the payable amount subject to interest rate risk. Interest rate swaps are used to hedge the risk which enable the interest rate to be set at fixed amounts.

Currency risk

This risk relates to the effect of fluctuations in exchange rates on sales, purchases and loans in currencies other than the functional currencies of the various group entities.

The group is exposed to currency risk, particularly in relation to fluctuations of the pound sterling and US dollar.

Interest on loans is denominated in the currency of the cash flows generated by the group's underlying transactions. These are mainly in Euros but may also be in pounds sterling, US dollars and Australian dollars, so that there is adequate hedging and the group does not have to avail of other derivatives.

The risk of exchange rate fluctuations is managed using exchange rate hedges when significant differences are noted between cost and revenue in foreign currency.

If that is the case, such differences are hedged through currency swaps. These provide for the purchase/sale of agreed amounts in foreign currency at a set exchange rate against the Euro.

Other price risk

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

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

The risk of fluctuations in the purchase price of aluminum is partly hedged through derivatives which set the forward purchase price.

(43) Derivatives

The main features of the contracts in place at December 31, 2010 are summarized below:

—interest rate swaps

The parent, GCL Holdings S.C.A. has two interest rate swaps in place at year end to hedge floating interest rates on bank loans. They are detailed below:

1. Euro interest rate swap of October 28, 2008 with Intesa Sanpaolo S.p.A., expiring on September 24, 2011. It has a fixed swap rate of 5.319% against a floating six-month Euribor on a notional amount of € 28,500 thousand at December 31, 2010.
2. Euro interest rate swap of February 13, 2009 with Intesa Sanpaolo S.p.A., expiring on September 24, 2011. It has a fixed swap rate of 2.35% against a floating six-month Euribor on a notional amount of € 39,000 thousand at December 31, 2010.

Guala Closures S.p.A. has six interest rate swaps in place at December 31, 2010 to hedge floating interest rates on bank loans.

In addition, at year end, Guala Closures S.p.A. has two interest rate swaps in place to hedge floating interest rates on property finance leases.

Interest rate swaps hedging floating interest rates on Guala Closures S.p.A.'s bank loans are analyzed below, listed in chronological order by the date they were agreed:

1. Euro interest rate swap agreed with Intesa San Paolo S.p.A. on February 21, 2007, expiring January 31, 2012. It has a fixed swap rate of 4.15% against the floating six-month Euribor for a notional amount of € 8,750 thousand at December 31, 2010.
2. Euro interest rate swap agreed with Intesa San Paolo S.p.A. on September 5, 2007, expiring January 31, 2012. It has a fixed swap rate of 4.50% against the floating six-month Euribor for a notional amount of € 4,350 thousand at December 31, 2010.
3. Euro interest rate swap agreed with Natixis SA on October 10, 2008, expiring September 30, 2011, It has a fixed swap rate of 5.201% against the floating six-month Euribor, for a notional amount of € 75,400 thousand at December 31, 2010.
4. Pound sterling interest rate swap agreed with Intesa San Paolo S.p.A. (Banca IMI S.p.A.) on October 10, 2008, expiring September 30, 2011. It has a fixed swap rate of 6.219% against the floating six-month GB£ Libor, for a notional amount of £ 23,600 thousand at December 31, 2010.
5. US dollar interest rate swap agreed with Intesa San Paolo S.p.A. (Banca IMI S.p.A.) on October 10, 2008, expiring September 30, 2011. It has a fixed swap rate of 4.51% against the floating six-month US$ Libor, for a notional amount of US$ 62,400 thousand at December 31, 2010.
6. US dollar interest rate swap agreed with Bayerische Hypo und Vereinsbank AG on December 18, 2008, expiring September 30, 2011. It has a fixed swap rate of 1.848% against the floating six-month US$ Libor, for a notional amount of US$ 21,705 thousand at December 31, 2010.

Although the interest rate swaps have been entered into for hedging purposes, they do not meet the formal requirements of IAS 39 and should, therefore, be recognized as trading instruments.

(43) Derivatives (Continued)

Interest rate swaps hedging floating interest rates on property finance leases are analyzed below, listed in chronological order by the date they were agreed:

1. Euro interest rate swap agreed with Intesa San Paolo S.p.A. on March 7, 2006, expiring July 1, 2019. It has a fixed swap rate of 3.945% against the floating one-month Euribor for a notional amount of € 6,870 thousand at December 31, 2010.
2. Euro interest rate swap agreed with Unicredit Banca d'Impresa S.p.A. on March 7, 2006, expiring July 1, 2019. It has a fixed swap rate of 3.960% against the floating one-month Euribor for a notional amount of € 6,870 thousand at December 31, 2010.

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

—Forward purchase of aluminum

At December 31, 2010, the group has four contracts for the forward purchase of aluminum, for a total of 1,100 tons, spread over various expiry dates based on forecast monthly requirements.

The hedge accounting requirements of IAS 39 were not met and these derivatives are therefore recognized as trading instruments.

The following table shows the forward aluminum purchase contracts in place at December 31, 2010:

Expiry date	Hedged amount (tons)	Strike price ($US/ton)	December 31, 2010 Positive/(negative) fair value (Thousands of Euros)
January 2011	300	2,000	79
January 2011	200	1,900	67
February 2011	300	2,000	104
March 2011	300	2,000	105
Totale	**1,100**		**355**

—Currency swaps

At December 31, 2010, there are eight currency swaps for the forward purchase of US dollars, for a total of USD 3,700 thousand, and one currency swap for the forward sale of US dollars, for a total of USD 300 thousand. All swaps mature by the end of 2011.

The formal requirements of IAS 39 for hedge accounting were not met and these derivatives are, therefore, recognized as trading instruments.

(43) Derivatives (Continued)

The following table shows the forward currency swaps in place at December 31, 2010:

Expiry date	Currency	Transaction	Hedged amount (thousands of $US)	Forward rate (Eur/$US)	December 31, 2010 Positive/(negative) fair value (thousands of Euros)
January 2011	USD	Purchase	350	1,4082	13
February 2011	USD	Purchase	1,200	1,4076	46
March 2011	USD	Purchase	350	1,4070	14
April 2011	USD	Purchase	500	1,4064	19
May 2011	USD	Purchase	300	1,4057	12
July 2011	USD	Purchase	350	1,4047	14
September 2011	USD	Purchase	350	1,4034	14
November 2011	USD	Purchase	300	1,4022	12
Total forward $US purchases			**3,700**		**144**
January 2011	USD	Sale	300	1,2365	18
Total forward $US sales			**300**		**18**
Total					**162**

The following table shows the fair value of the derivatives held at the reporting date:

Contract (Thousands of Euros)	Recognition at December 31, 2010	December 31, 2009 Positive/(negative) fair value	December 31, 2010 Positive/(negative) fair value
Interest rate swap on Mezzanino	Hedge Accounting	(2,673)	(1,652)
Interest rate swap on leases	Hedge Accounting	(817)	(950)
Interest rate swap on loan	Recognized at fair value through profit or loss	(11,247)	(7,070)
Currency swap	Recognized at fair value through profit or loss	—	162
Forward aluminum purchase	Recognized at fair value through profit or loss	259	355
Currency swap	Recognized at fair value through profit or loss	—	(273)

(43) Derivatives (Continued)

Effective interest rate and repricing analysis

The following table shows the effective interest rate at the reporting date and for the period in which the related rate may be reviewed for interest-bearing financial assets and liabilities,

Thousands of Euros	Effective interest rate— December 2009	Total 12/31/09	Repricing date: Up to 6 months	6 - 12 months	1 - 2 years	2 - 5 years	After 5 years
Bank loans and borrowings:							
Mezzanine facility agreement 09/16/2008	12.04%	**92,429**	**92,429**				
Facility A EUR	4.02%	36,191	36,191	—	—	—	—
Facility B EUR	4.52%	34,150	34,150	—	—	—	—
Facility C EUR	5.02%	34,150	34,150	—	—	—	—
Facility A USD	3.64%	21,540	21,540	—	—	—	—
Facility B USD	4.14%	20,373	20,373	—	—	—	—
Facility C USD	4.64%	20,373	20,373	—	—	—	—
Facility A GBP	3.74%	15,273	15,273	—	—	—	—
Facility B GBP	4.24%	14,423	14,423	—	—	—	—
Facility C GBP	4.74%	14,423	14,423	—	—	—	—
Facility A AUD	6.85%	9,923	9,923	—	—	—	—
Facility B AUD	7.35%	9,285	9,285	—	—	—	—
Facility C AUD	7.85%	9,285	9,285	—	—	—	—
Revolving facility	3.48%	13,000	13,000	—	—	—	—
Capex facility	4.02%	38,600	38,600	—	—	—	—
Transaction costs	n.a.	(8,948)	(8,948)	—	—	—	—
TOTAL SENIOR DEBT 10/10/2008		**282,042**	**282,042**	**—**	**—**	**—**	**—**
Accrued expenses and deferred income—Guala Closures S.p.A.	n.a.	4,900	4,900	—	—	—	—
Advances on receivables—Guala Closures Argentina		873	873	—	—	—	—
Guala Closures Mexico loan		2,064	2,064	—	—	—	—
Total bank loans and borrowings		**382,309**	**382,309**	**—**	**—**	**—**	**—**
Other financial liabilities:							
Financing as per Law no. 46/82		733	70	195	200	268	—
Guala Closures S.p.A. finance leases		21,397	21,397	—	—	—	—
Liability to the Ukrainian non-controlling investors		5,100	—	—	—	—	5,100
Other liabilities		165	165	—	—	—	—
Total other financial liabilities		**27,395**	**21,632**	**195**	**200**	**268**	**5,100**

(43) Derivatives (Continued)

Thousands of Euros	Effective interest rate—December 2010	Total 12/31/10	Repricing date Up to 6 months	6 - 12 months	1 - 2 years	2 - 5 years	After 5 years
Bank loans and borrowings:							
Mezzanine Facility agreement 16/09/08	12.22%	**97,164**	**97,164**				
Facility A EUR	4.14%	34,794	34,794	—	—	—	—
Facility B EUR	4.64%	34,150	34,150	—	—	—	—
Facility C EUR	5.14%	34,150	34,150	—	—	—	—
Facility A USD	3.46%	22,326	22,326	—	—	—	—
Facility B USD	3.96%	21,965	21,965	—	—	—	—
Facility C USD	4.46%	21,965	21,965	—	—	—	—
Facility A GBP	4.03%	15,150	15,150	—	—	—	—
Facility B GBP	4.53%	14,881	14,881	—	—	—	—
Facility C GBP	5.03%	14,881	14,881	—	—	—	—
Facility A AUD	8.08%	11,626	11,626	—	—	—	—
Facility B AUD	8.58%	11,315	11,315	—	—	—	—
Facility C AUD	9.08%	11,315	11,315	—	—	—	—
Revolving facility	n.a.	0	—	—	—	—	—
CAPEX facility	4.14%	47,600	47,600	—	—	—	—
Transaction costs	n.a.	(9,167)	(9,167)	—	—	—	—
TOT. SENIOR DEBT 10/10/2008		**286,952**	**286,952**	**—**	**—**	**—**	**—**
Cassa di Risparmio di Alessandria loan	3.02%	2,718	2,718	—	—	—	—
Other bank loans Guala Closures S.p.A.	n.a.	0	0	—	—	—	—
Accrued expenses and deferred income—Guala Closures S.p.A.	n.a.	5,616	5,616	—	—	—	—
Advances on receivables—Guala Closures Argentina	n.a.	752	752	—	—	—	—
Guala Closures Mexico loan	9.26%	1,977	1,977	—	—	—	—
Total bank loans and borrowings		**395,180**	**395,180**	**—**	**—**	**—**	**—**
Other financial liabilities:							
Financing as per Law no. 46/82	n.a.	468	71	128	132	136	—
Guala Closures S.p.A. finance leases	n.a.	22,829	22,829	—	—	—	—
Bulgarian companies' finance leases	n.a.	1,003	1,003	—	—	—	—
Payable due to the Ukrainian non-controlling investors	n.a.	5,100	—	—	—	—	5,100
Other liabilities	n.a.	1,033	1,033	—	—	—	—
Total other financial liabilities		**30,433**	**24,936**	**128**	**132**	**136**	**5,100**

(44) Related party transactions

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

Intesa Sanpaolo S.p.A. is considered a related party of GCL Holdings Group.

(44) Related party transactions (Continued)

The transactions and relationships between these two companies at December 31, 2010 are summarized below:

- Intesa Sanpaolo is, together with Unicredit Bank AG (formerly Bayerische Hypo und Vereinsbank AG) and Natixis SA, the Mandated Lead Arranger and Bookrunner of the Senior Facilities Agreement dated October 10, 2008;
- at December 31, 2010, Intesa Sanpaolo has a representative on the board of directors of Guala Closures S.p.A.;
- Intesa Sanpaolo has an indirect investment of 17% in GCL Holdings S.C.A. is ordinary shares and 20% of its preference shares;
- transactions with Intesa Sanpaolo S.p.A. take place on an arm's length basis.

In addition, DLJ Merchant Banking Inc. is considered a related party of GCL Holdings group.

The transactions and relationships between DLJ Merchant Banking Inc. and the group at December 31, 2010 are summarized below:

- DLJ Merchant Banking Inc. indirectly holds 27% of GCL Holdings S.C.A.'s ordinary shares and 31% of its preference shares;
- transactions with DLJ Merchant Banking Inc. take place on an arm's length basis.

Related parties also include a pension fund for employees of the former Metal Closures Ltd (now Guala Closures UK Ltd) managed by Metal Closures Group Trustees Ltd. Considering the performance of the pension fund, the company was not required to transfer funds thereto. Employees have paid their contributions. Reference should be made to note 29) Employee benefits to the consolidated financial statements for additional information.

(45) Contingent liabilities

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

(46) Commitments and guarantees

The group's commitments and guarantees at December 31, 2010 can be grouped into those guarantees given in relation to the Senior Facilities Agreement and other guarantees given by other group companies.

The guarantees given in relation to the Senior Facilities Agreement are detailed as follows:

GCL Holdings S.C.A.

GCL Holdings S.C.A. has pledged its 100% investment in GCL Special Closures S.r.l. to its creditors Bayerische Hypo und Vereinsbank, Intesa Sanpaolo S.p.A. and Natixis S.A..

GCL Special Closures S.r.l.

GCL Special Closures S.r.l. has pledged its 100% investment in Guala Closures S.p.A. to its creditors Bayerische Hypo und Vereinsbank and GCL Holdings S.C.A..

Guala Closures S.p.A.

- Pledge of the shares held by Guala Closures S.p.A. in Guala Closures International B.V.

(46) Commitments and guarantees (Continued)

- Special lien on the following assets of Guala Closures S.p.A.:
  - existing and future chattels not listed in public registers which Guala Closures S.p.A. uses in its operations or as plant and machinery;
  - raw materials, work in progress, stock, finished goods held at any time at Guala Closures S.p.A.'s warehouses (or with third parties or holders of any kind);
  - goods that Guala Closures S.p.A. purchases with income from the financing secured by the special lien;
  - receivables arising after the warranty deed is signed following the sale of some of the above assets,
- Pledge of Guala Closures S.p.A.'s intellectual property

Guala Closures UK Ltd,

- Special lien on all the assets of Guala Closures UK Ltd.

Guala Closures International B.V.

- Pledge of the Guala Closures Patents B.V. shares held by Guala Closures International B.V.
- Pledge of the Guala Closures Orient B.V. shares held by Guala Closures International B.V.
- Pledge of the Guala Closures China B.V. shares held by Guala Closures International B.V.
- Pledge of the Guala Closures Australia Holdings Pty Ltd shares held by Guala Closures International B.V.
- Pledge of the Guala Closures Ukraine LLC shares held by Guala Closures International B.V.
- Pledge of the Guala Closures Mexico S.A. de C.V. shares held by Guala Closures International B.V.
- Pledge of the Guala Closures Iberica S.A. shares held by Guala Closures International B.V.
- Pledge of the Guala Closures New Zealand Ltd shares held by Guala Closures International B.V.
- Pledge of the Guala Closures do Brasil Ltda shares held by Guala Closures International B.V.
- Pledge of Guala Closures UK Ltd shares held by Guala Closures International B.V.
- Pledge of the Guala Closures de Colombia Ltda shares held by Guala Closures International B.V.

Guala Closures Patents B.V.

- Pledge of the intellectual property of Guala Closures Patents B.V.

Guala Closures Orient B.V.

- Pledge of the Guala Closures India Pvt Ltd shares held by Guala Closures Orient B.V.

Guala Closures China B.V.

- Pledge of the Beijing Guala Closures Ltd shares held by Guala Closures China B.V.

(46) Commitments and guarantees (Continued)

Guala Closures Australia Holdings Pty Ltd

- Pledge of the Guala Closures Australia Pty Ltd shares held by Guala Closures Australia Holdings Pty Ltd

The other guarantees given by group companies at December 31, 2010 are as follows:

Thousands of Euros	December 31, 2010
Guala Closures S.p.A.	
Securities given to third parties	2,595
Third party assets held by the company	1,535

(47) Subsequent events

On January 11, 2011 the Group acquired through Guala Closures Iberica S.A. and Guala Closures International B.V. some operations from Plastivit Group; more in particular:

- Guala Closures Iberica S.A. acquired some identified assets located in Spain;
- Guala Closures Iberica S.A. and Guala Closures International B.V. acquired, respectively, a 95% and a 5% shareholding in both Plastivit America, S.A. de C.V. and Plastivit Servicios, S.A. de C.V., located in Mexico

The provisional price for the acquisition calculated on figures at the end of October 2010 was € 9.6 million, while the final price will be calculated when 2010 Financial statements will be approved and audited and in any case not later than April 30, 2011.

The Extraordinary Shareholders' Meeting held March 24, 2011 decided to increase the share capital by € 7,170 from € 121,618.75 to € 128,788.75, issuing 5,736 new shares with a par value of € 1.25, and the relative share premium account by € 14,992,470.

In March 2011 the strike off of Guala Closures UK Holdings Ltd becames effective.

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

Luxembourg, March 31, 2011

GCL HOLDINGS S.C.A.

CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2009

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To the Shareholders of
GCL Holdings S.C.A.
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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

We have audited the accompanying consolidated financial statements of GCL Holdings S.C.A., which comprise the consolidated statement of financial position as at December 31, 2009 and the consolidated statements of comprehensive income and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

General Partner's responsibility for the consolidated financial statements

The General Partner is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the Reviseur d'Entreprises agréé

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the Reviseur d'Entreprises agréé, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the Reviseur d'Entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the General Partner, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of GCl Holdings S.C.A. as of December 31, 2009. and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Luxembourg, May 7, 2010

KPMG Audit S. à r.l.

KPMG Audit S.à r.l.

GCL HOLDINGS S.C.A.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Thousands of Euros)	December 31, 2008(*)	December 31, 2009	Note
ASSETS			
Current assets			
Cash and cash equivalents	26,213	32,782	5
Current financial assets	3,036	110	6
Trade receivables	71,772	78,377	7
Inventories	43,824	42,650	8
Current direct tax assets	3,394	3,886	9
Current indirect tax assets	6,649	5,904	10
Financial derivative assets	302	259	11
Other current assets	5,950	3,369	12
Assets classified as held for sale	1,594	1,548	13
Total current assets	**162,733**	**168,887**	
Non-current assets			
Non-current financial assets	216	321	14
Property, plant and equipment	153,497	152,162	16
Intangible assets	385,478	380,762	17
Deferred tax assets	11,877	9,976	18
Other non-current assets	3,820	2,949	19
Total non-current assets	**554,888**	**546,171**	
TOTAL ASSETS	**717,621**	**715,058**	
LIABILITIES AND EQUITY			
Current liabilities			
Current financial liabilities	29,546	13,172	20
Trade payables	47,091	49,482	23
Current direct tax liabilities	2,297	2,960	24
Current indirect tax liabilities	2,704	2,818	25
Current provisions for risks and charges	1,281	944	26
Financial derivative liabilities	15,579	14,770	27
Other current liabilities	11,324	9,253	28
Total current liabilities	**109,823**	**93,399**	
Non-current liabilities			
Non-current financial liabilities	358,946	396,531	20
Employee benefits	6,395	6,292	29
Deferred tax liabilities	27,527	27,554	18
Non-current provisions for risks and charges	1,658	264	26
Other non-current liabilities	61	52	30
Total non-current liabilities	**394,586**	**430,694**	
Total liabilities	**504,409**	**524,093**	
Share capital and reserves attributable to non-controlling interests	15,447	7,420	
Profit for the year attributable to non-controlling interests	446	4,387	
Equity attributable to non-controlling interests	**15,893**	**11,807**	32
Equity attributable to the equity holders of the Company			
Share capital	114	114	
Share premium reserve	237,911	239,252	
Translation reserve	(9,075)	(13,890)	
Hedging reserve	(3,030)	(3,960)	
Losses carried forward	(4,711)	(28,594)	
Loss for the year	(23,890)	(13,764)	
Equity attributable to the equity holders of the Company	**197,318**	**179,158**	31
Total equity	**213,212**	**190,965**	
TOTAL LIABILITIES AND EQUITY	**717,621**	**715,058**	

(*) The figures as at December 31, 2008 have been restated following the finalization of the purchase price allocation procedure for Guala Closures group and Technologia Closures LLC. (Note 4)

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

GCL HOLDINGS S.C.A.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Thousands of Euros)	Financial period 2008(*)	12 months 2009	Note
Net revenue	88,848	311,070	3
Change in finished goods and semi-finished products	(10,473)	(501)	8
Other operating income	3,100	9,256	33
Consumption of raw materials	(34,005)	(123,855)	34
Services	(16,104)	(60,731)	35
Personnel expense	(15,610)	(53,876)	36
Personnel (expense)/income relating to the pension fund managed by related parties	(2,385)	—	37
Other operating expense	(4,246)	(7,602)	38
Amortization, depreciation and impairment losses	(8,181)	(31,743)	16 - 17
Operating profit	944	42,018	
Financial income	15,554	29,515	39
Financial expense	(40,070)	(64,729)	40
Profit (loss) before taxation	(23,572)	6,805	
Income taxes	127	(16,182)	42
Loss for the year	(23,445)	(9,378)	
Attributable to:			
Owners of the Company	(23,890)	(13,764)	
Non-controlling interests	446	4,387	

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(Thousands of Euros)	Financial period 2008(*)	12 months 2009
Loss for the year (owners of the parent and non-controlling interests)	(23,445)	(9,378)
Foreign currency translation differences for foreign operations	(12,004)	(4,838)
Effective portion of change in fair value of cash flow hedge	(3,230)	(1,155)
Income taxes on other comprehensive income	200	225
Other	(15,034)	(5,768)
Total comprehensive expense for the year	(38,479)	(15,146)
Attributable to:		
Owners of the Company	(35,996)	(19,508)
Non-controlling interests	(2,483)	4,362

(*) The 2008 figures have been restated following the finalization of the purchase price allocation procedure for Guala Closures group and Technologia Closures LLC.

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

GCL HOLDINGS S.C.A.

CONSOLIDATED STATEMENT OF CASH FLOWS

(Thousands of Euros)	Financial period 2008(*)	12 months 2009	Note
Opening cash and cash equivalents	**—**	**26,213**	
A) Cash flows generated by operating activities			
Profit (loss) before taxation	(23,572)	6,805	
Amortization and depreciation	7,655	30,157	16 - 17
Reclassification of financial income/(expense) (excluding exchange rate gains/losses)	23,368	40,645	39 - 40
Exchange rate gains/(losses) on foreign currency financial assets/liabilities	(694)	(5,180)	
Change in working capital	15,399	(2,550)	
Acquisition of Technologia Closures (payment of suppliers)	(12,439)	—	
Change in employee benefits	2,612	(419)	29
Change in other provisions	1,794	(1,731)	26
Change in other current assets/liabilities	(1,128)	390	12 - 28
Change in other non-current assets/liabilities	180	(47)	19 - 30
Current taxes recognized in profit or loss	(3,800)	(14,168)	42
Current income tax paid	(1,297)	988	9 - 24
Deferred taxes recognized in profit or loss	3,388	(2,014)	42
Change in deferred tax assets/liabilities	20,429	1,927	18
Change in VAT and indirect tax assets/liabilities	2,010	924	10 - 25
TOTAL	**33,906**	**55,728**	
B) Cash flows used in investing activities			
Acquisition of property, plan and equipment	(4,598)	(16,103)	16 - 17
Disposals	252	660	16 - 17
Acquisition of Guala Closures group	(302,456)	—	4
Change in non-current assets classified as held for sale	—	154	13
Acquisition of Technologia Closures	(24,394)	—	4
Acquisition of non-controlling interest in Mexican company	—	(2,200)	
Acquisition of Pharma Trade	—	(3,690)	
Lease advances	—	26	
Exchange rate gain (loss)	15,401	(5,090)	
TOTAL	**(315,795)**	**(26,243)**	
C) Cash flows generated by/used in financing activities			
Increase/(decrease) in financial liabilities	91,081	21,212	
Financial income	332	2,735	39
Financial expense	(10,781)	(42,405)	40
Exchange rate gains on foreign currency financial assets/liabilities	694	5,180	
Change in financial assets	1,442	2,820	6 - 14
Change in financial derivatives	2,653	(1,742)	11 - 27
Dividends	(543)	(1,870)	
Share capital increases by non-controlling investors	241,756	1,532	
Impact of IFRS directly in equity	(7,739)	(930)	
Change in equity attributable to non-controlling interests due to PPA procedure	1,212	—	
Purchase of non-controlling interests in Mexican company	—	(4,570)	
Change in translation reserve	(12,003)	(4,838)	
Other changes		(37)	
TOTAL	**308,102**	**(22,914)**	
D) Net cash flows for the year (A+B+C)	**26,213**	**6,571**	
Closing cash and cash equivalents	**26,213**	**32,783**	

(*) The 2008 figures have been restated following the finalization of the purchase price allocation procedure for Guala Closures group and Technologia Closures LLC.

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

GCL HOLDINGS S.C.A.

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(Thousands of Euros)	Share capital	Share premium reserve	Legal reserve	Translation reserve	Hedging reserve	Losses carried forward	Loss for the year attributable to the owners of the parent	Equity attributable to the owners of the parent	Share capital and reserves attributable to non-controlling interests	Loss for the year attributable to non-controlling interests	Equity attributable to non-controlling interests	Total equity
July 4, 2008	**31**	**—**	**—**	**—**	**—**	**—**	**—**	**31**	**—**	**—**	**—**	**31**
Issue of shares following the acquisition of Guala Closures group (*)	83	237,911	—	—	—	—	—	237,994	13,990	—	13,990	**251,984**
Share capital increase attributable to non-controlling interests	—	—	—	—	—	—	—	—	3,732	—	3,732	**3,732**
Impact of IFRS directly in equity	—	—	—	—		(2,610)	—	(2,610)	—	—	—	**(2,610)**
Dividends to non-controlling interests		—	—	—	—	—	—	—	(543)	—	(543)	**(543)**
Acquisition of Guala Closures group								—	1,197		1,197	**1,197**
Ukraine acquisition (**)		—	—	—	—	(2,100)	—	(2,100)	—	—	—	**(2,100)**
Loss for the period ended December 31, 2008	—	—	—	—	—	—	(23,890)	(23,890)	—	446	446	**(23,445)**
Other comprehensive expense				(9,075)	(3,030)			(12,105)	(2,928)		(2,928)	**(15,034)**
December 31, 2008 (***)	**114**	**237,911**	**—**	**(9,075)**	**(3,030)**	**(4,711)**	**(23,890)**	**197,318**	**15,447**	**446**	**15,893**	**213,211**
January 1, 2009	**114**	**237,911**	**—**	**(9,075)**	**(3,030)**	**(4,711)**	**(23,890)**	**197,318**	**15,447**	**446**	**15,893**	**213,211**
Allocation of 2008 loss						(23,890)	23,890	—	446	(446)	—	**—**
Dividends to non-controlling interests								—	(1,870)		(1,870)	**(1,870)**
Share capital increase		1,341						1,341	192		192	**1,533**
Acquisition of non-controlling interest in Mexican company								—	(6,770)		(6,770)	**(6,770)**
Other changes						7		7			—	**7**
Loss for the year ended December 31, 2009							(13,764)	(13,764)		4,387	4,387	**(9,378)**
Other comprehensive expense				(4,814)	(930)			(5,744)	(24)		(24)	**(5,768)**
December 31, 2009	**114**	**239,252**	**—**	**(13,890)**	**(3,960)**	**(28,594)**	**(13,764)**	**179,158**	**7,420**	**4,387**	**11,807**	**190,965**

(*) The balance shown under "Share capital increases" in the consolidated statement of cash flows includes share capital as at July 4, 2008 (€ 31 thousand), the share capital increase (€ 83 thousand), the increase in the share premium reserve (€ 237,911 thousand) and the increase in share capital attributable to non-controlling interests (€ 3,732 thousand).

(**) See note (20) Financial liabilities.

(***) The figures as at December 31, 2008 have been restated following finalization of the purchase price allocation procedure relating to the acquisition of Guala Closures group.

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

GENERAL INFORMATION

(1) The group's activities and key changes in its structure during the year

The group's main activities involve the design and production of bottle closures for spirits and non-alcoholic drinks, wine, water, oil and vinegar, as well as for hygiene products to be sold on the domestic and international markets.

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

The group's activities are separated into two divisions:

- the Closures division, representing the group's core business, specialized in the production of safety closures (safety product line), standard aluminum closures, customized plastic and aluminum closures (decorative product line) and closures for other sectors and accessories; the group now also produces aluminum, plastic and rubber closures for the pharmaceutical sector following its acquisition of Pharma Trade S.r.l. in 2009;
- the PET division, which produces preforms and bottles for carbonated soft drinks (CSD product line) and preforms, bottles, molds, jars, flasks and miniature drinks bottles and containers for cosmetics, beauty products and pharmaceuticals and foodstuffs (custom molding product line).

Currently, the group is the European and international leader in the production of plastic safety closures for spirits bottles, with over 40 years' experience in the sector.

It is also the leading European producer of aluminum closures for spirits bottles and an important player in Italy and India in the field of preform PET bottles for the CSD sector.

During 2008:

- the GCL Holdings group, headed by GCL Holdings S.C.A. with registered office in Luxembourg, completed the acquisition of the Italian company Guala Closures S.p.A., parent of Guala Closures group. The accounting treatment for this transaction, which was provisionally determined in 2008, has been finalized. Note 4) Acquisitions of subsidiaries and business units to these consolidated financial statements provides additional details on the transaction. In 2009, GCL Holdings S.r.l., the parent of Guala Closure S.p.A. merged into Guala Closures S.p.A., as described further on;
- Guala Closures group acquired 70% of the Ukrainian Technologia Closures LLC. The related accounting treatment, determined on a provisional basis in 2008, has been finalized (see note 4) Acquisitions of subsidiaries and business units to the consolidated financial statements);

The 2008 figures have been restated to consider the effects of these transactions.

The 2008 financial statements included the results of the parent GCL Holdings S.C.A. and the investment holding companies GCL Special Closures S.r.l. and GCL Holdings S.r.l. from the date when they were set up to December 31, 2008, while Guala Closures S.p.A. and its subsidiaries were consolidated as from the acquisition date, i.e., September 30, 2008, and, accordingly, the results of Guala Closures group were included in the consolidated financial statements for only the last three months of 2008.

The group undertook other transactions during the year, modifying its structure, partly to reduce its operating costs, as described below.

On February 12, 2009, GCL Holdings S.r.l., a single member company, registered office in Via Ceresio 1, Milan tax and Milan company registration no. 06197790964, approved quota capital of € 300 million, of which € 20 million subscribed and paid-up, was merged into Guala Closures S.p.A., leading to the cancelling of the merged company's quotas held by its sole quotaholder, the concurrent maintenance of the merging company's share capital and allocation of all its shares making up its share capital to the merged company's quotaholder.

(1) The group's activities and key changes in its structure during the year (Continued)

As GCL Holdings S.r.l. wholly owned Guala Closures S.p.A. at the merger date, the merger is a reverse merger whereby a subsidiary incorporates its parent. Given that mergers and reverse mergers are two of the same types of merger, the effects are the same and the company resulting from the merger has the same value regardless of the merger type adopted.

As this transaction is similar to a parent-subsidiary merger, which, by its very nature, does not entail exchanges with third parties or an actual acquisition, it has not had any effect on these consolidated financial statements.

During 2009, the restructuring of the Spanish companies was completed; specifically:

- Guala Closures Espana S.L. transferred total control of Guala Closures do Brasil Ltda to Millstreet Holding B.V. in July;
- Guala Closures Espana S.L. transferred total control of Millstreet Holding B.V. to Guala Closures International B.V. in July;
- Guala Closures Espana S.L. was merged into Guala Closures Iberica S.A. in December. This transaction had retroactive effect from 1 January 2009 and is a reverse merger as the investee merged its sole shareholder.

During the year, the winding up process of Guala Closures France Sas (February 2009), Guala Closures del Uruguay S.A. (June 2009), Guala Closures Russia B.V. (June 2009) and Guala Closures Polska Sp z.oo (July 2009) were completed and the dormant companies Metal Closures Ltd and Metal Closures Properties Ltd were struck off in September 2009.

In May 2009, the group acquired a non-controlling interest of 49.9% in Guala Closures de Mexico S.A. de C.V. through the international holding company Guala Closures International B.V.. As a result, it now wholly owns the company (see note 4) Acquisitions of subsidiaries and business units to the consolidated financial statements for details on the accounting treatment and effects of this transaction).

The group acquired Pharma Trade S.r.l., active in the pharmaceutical sector to which it supplies aluminum, rubber and plastic closures, in August 2009. This transaction is of fundamental importance to the group for diversification purposes, as it allows use of the group's cutting edge technologies and expertise in the pharmaceutical sector.

(2) Accounting policies

The consolidated financial statements at December 31, 2009 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and endorsed by the European Union, and related interpretations. They include the separate financial statements of the parent and all subsidiaries shown in the group structure at December 31, 2009.

The separate financial statements have been prepared on a historical cost basis, adjusted as required for the measurement of certain financial instruments, and on a going concern basis. Business risks and/or any identified uncertainties related to the company's reference markets are not significant and do not cast doubts on its ability to continue as a going concern.

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

- captions of the consolidated statement of financial position are classified by current and non-current assets and liabilities;
- consolidated statement of comprehensive income captions are classified by nature;
- the statement of consolidated cash flows has been prepared using the indirect method;

(2) Accounting policies (Continued)

- the statement of changes in consolidated equity has been prepared in accordance with the structure of changes in equity.

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

The parent's board of directors approved the publication of the consolidated financial statements on May 7, 2010.

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

The most important accounting policies used by the group to draw up its consolidated financial statements are consistent with those used for the consolidated financial statements as at and for the year ended December 31, 2008. They are described below.

The accounting policies have been applied consistently across all group companies.

(a) Basis of consolidation

Subsidiaries

The consolidation scope includes the parent, GCL Holdings S.C.A., and the companies over which it directly or indirectly has control, i.e., the power to govern, directly or indirectly, the financial and operating policies of an entity so as to obtain benefits from its activities, which in the case of the group companies currently takes place through possession of the majority of the voting rights. The subsidiaries are consolidated from the date control is actually transferred to the group. They cease to be consolidated from the date control is transferred outside the group.

(2) Accounting policies (Continued)

The companies included in the consolidation scope are listed in the following table:

Company name	Registered office	Currency	Share/quota capital	Percentage of investment	Type of investment	Type of consolidation
EUROPE						
GCL Special Closures S.r.l.	Italy	EUR	20,000,000	100%	Direct	Line-by-line
Guala Closures S.p.A.	Italy	EUR	67,624,491	100%	Indirect(*)	Line-by-line
Guala Closures International B.V.	Netherlands	EUR	92,000	100%	Indirect(*)	Line-by-line
Creative GCL S.r.l.	Italy	EUR	100,000	100%	Indirect(*)	Line-by-line
Pharma Trade S.r.l.	Italy	EUR	100,000	100%	Indirect(*)	Line-by-line
Guala Closures Patents B.V.	Netherlands	EUR	18,400	100%	Indirect(*)	Line-by-line
Guala Closures Orient B.V.	Netherlands	EUR	20,000	86.85%	Indirect(*)	Line-by-line
Guala Closures China B.V.	Netherlands	EUR	20,000	96.50%	Indirect(*)	Line-by-line
Millstreet Holding B.V.	Netherlands	EUR	18,045	100%	Indirect(*)	Line-by-line
Guala Closures UK Holdings Ltd.	Great Britain	GBP	7,590,000	100%	Indirect(*)	Line-by-line
Guala Closures UK Ltd.	Great Britain	GBP	134,000	100%	Indirect(*)	Line-by-line
Guala Closures Iberica, S.A.	Spain	EUR	2,500,160	100%	Indirect(*)	Line-by-line
Technologia Closures LLC	Ukraine	UAH	90,000,000	70%	Indirect(*)	Line-by-line
ASIA						
Guala Closures India pvt Ltd.	India	INR	170,000,000	82.5%	Indirect(*)	Line-by-line
Beijing Guala Closures Co. Ltd	China	CNY	20,278,800	96.5%	Indirect(*)	Line-by-line
LATIN AMERICA						
Guala Closures de Mexico, S.A. de C.V.	Mexico	MXP	94,630,010	100%	Indirect(*)	Line-by-line
Guala Closures Servicios Mexico, S.A. de C.V.	Mexico	MXP	50,000	100%	Indirect(*)	Line-by-line
Guala Closures Argentina S.A.	Argentina	ARS	17,702,910	82.38%	Indirect(*)	Line-by-line
Guala Closures do Brasil LTDA	Brazil	BRL	10,736,287	100%	Indirect(*)	Line-by-line
Guala Closures de Colombia LTDA	Colombia	COP	8,691,219,554	93.20%	Indirect(*)	Line-by-line
OCEANIA						
Guala Closures New Zealand Ltd	New Zealand	NZ$	5,700,000	100%	Indirect(*)	Line-by-line
Guala Closures Australia Holdings Pty Ltd	Australia	AU$	34,450,501	100%	Indirect(*)	Line-by-line
Guala Closures Australia Pty Ltd	Australia	AU$	810	100%	Indirect(*)	Line-by-line
REST OF THE WORLD						
Guala Closures North America, Inc.	United States	USD	60,000	100%	Indirect(*)	Line-by-line

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

The table does not include the figures for the investments in the Indian companies Omso Orient Printing Machines Pvt. Ltd and Creative (Moulds) India Pvt. Ltd as they are not consolidated due to their immaterial size.

Consolidation procedures

The financial statements of the subsidiaries are prepared for each reporting period using the same accounting policies as those of the parent. Consolidation adjustments are recognized to make those captions impacted by the application of different accounting policies consistent. All intragroup balances and transactions, including any unrealized profits on transactions within the group, are completely eliminated. Unrealized losses, other than impairment losses, are eliminated. The related tax effects are measured on all consolidation adjustments.

(b) Basis of preparation

These consolidated financial statements are prepared in Euros and rounded to the nearest thousand. The historical cost criterion has been applied, except for derivatives which are measured at fair value.

(2) Accounting policies (Continued)

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Following the adoption of IFRS, management has to make judgments, estimates and assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, costs and revenue. Estimates and the related assumptions are based on past experience and other factors considered to be reasonable in the circumstances. They are adopted to estimate the carrying amount of assets and liabilities that cannot easily be assumed from other sources. However, as they are estimates, the actual figure may not match the result of the estimate. Estimates are used to make allowances for impairment and inventory write-down, amortization and depreciation, impairment of non-current assets, employee benefits, taxes, provisions for risks and charges, and to measure financial derivatives, insurance compensation and effects of business combinations.

Such estimates and assumptions are reviewed regularly. Any changes arising therefrom are recognized in the year in which the review takes place if this only affects that year. If the review relates to both current and future years, the change is recognized in the year in which the review takes place and in the related future year.

(c) Foreign currency

Functional currency and presentation currency

The figures stated in the financial statements of each group entity are measured using their functional currency, being the currency of the primary economic environment in which the entity operates. The consolidated financial statements are drawn up in Euros, the parent's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions, including the effects of fair value adjustments arising from business combinations and goodwill from acquisitions of companies whose functional currency is not the Euro, are translated into the functional currency applying the exchange rate ruling on the date of the transaction. Monetary captions in foreign currency existing at the reporting date are translated into Euros using the closing rate. Exchange rate gains and losses are taken to profit or loss. Non-monetary captions measured at their historical cost in foreign currency are translated using the exchange rate ruling on the transaction date. Non-monetary captions measured at fair value in foreign currency are translated into Euros using the exchange rates ruling on the date their fair value was determined.

Financial statements of the foreign companies

The financial statements of foreign companies in functional currencies other than the Euro are translated into Euros using the following procedures:

- assets and liabilities, including goodwill and adjustments to fair value arising on consolidation, are translated using the closing rate;
- revenue and costs are translated using the average exchange rate of the year;
- the resulting exchange rate gains or losses are recognized in a separate caption under equity.

Upon the disposal of a foreign company, the total related accumulated exchange rate gains and losses are recognized in profit or loss.

(2) Accounting policies (Continued)

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

December 31, 2009

1 Euro = × foreign currency	Consolidated statement of financial position	Consolidated statement of comprehensive income
Pound sterling	0.88810	0.89105
US dollar	1.44060	1.39327
Indian rupee	67.04000	67.30804
Mexican peso	18.92230	18.78411
Colombian peso	2,943.76000	2,991.15750
Brazilian real	2.51130	2.77057
Chinese renmimbi	9.83500	9.51736
Argentinean peso	5.46185	5.20186
Polish zloty	4.15900	4.44978
New Zealand dollar	1.98030	2.21520
Uruguay peso	32.35460	31.80865
Australian dollar	1.60080	1.77487

December 31, 2008

1 Euro = × foreign currency	Consolidated statement of financial position	Consolidated statement of comprehensive income
Pound sterling	0.9525	0.79654
US dollar	1.3917	1.47060
Indian rupee	67.636	63.70117
Mexican peso	19.2333	16.29666
Colombian peso	3,124.48	2,869.94000
Brazilian real	3.2436	2.67450
Russian ruble	34.5256	36.43809
Chinese renmimbi	9.4956	10.22471
Argentinean peso	4.80444	4.64094
Polish zloty	4.1535	3.51510
New Zealand dollar	2.4191	2.07633
Uruguay peso	33.9046	30.62052
Australian dollar	2.0274	1.74160
Ukrainian hryvnia	10.9596	8.49399

(d) Cash and cash equivalents

Cash and cash equivalents include cash balances and on-demand deposits as well as all highly-liquid investments with an original expiry date equal to or of less than three months.

Cash and cash equivalents are calculated in the same way for both the statement of financial position and statement of cash flows.

(e) Derivatives

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

(2) Accounting policies (Continued)

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

Derivative financial assets and liabilities are initially measured at fair value which is then remeasured at each reporting date.

The fair value of interest rate swaps is the present value of the difference between the rate to pay/ receive and the interest rate based on market trends at the same date as the swap.

The fair value of currency swaps, currency options and derivatives related to the price of raw materials is calculated by leading financial institutions on the basis of market conditions.

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

Cash flow hedges

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

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

(f) Trade and other receivables

Trade and other receivables with due dates in line with generally accepted current trade terms are initially recognized at fair value, which generally equals nominal value. They are subsequently measured at amortized cost, net of identified impairment losses. The estimate of the amounts considered unrecoverable is based on the present value of estimated future cash flows.

(g) Inventories

Inventories are measured at the lower of purchase or production cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

The production cost of finished goods includes the portions of the costs of raw materials and external materials and processing, as well as all other direct and indirect production costs reasonably attributable to the products, excluding financial expense.

Purchase or production cost is calculated on a weighted average cost basis.

Obsolete and/or slow-moving inventories are written down on the basis of their estimated possibility of use or future realizable value, through an accrual to the specific allowance adjusting the value of inventories. The amount is reinstated if, in subsequent years, the reasons for the write-down no longer exist.

(h) Assets classified as held for sale and discontinued operations

Assets classified as held for sale are recognized at the lower of their carrying amount when they were classified as Assets held for sale and their fair value less costs to sell. Any impairment losses are recognized in profit or loss, whether they relate to fair value adjustments or gains and losses arising from subsequent fluctuations in fair value. Operations are classified as discontinued when they are discontinued or when they meet the requirements to be classified as held for sale, if this occurs first.

(2) Accounting policies (Continued)

(i) Property, plant and equipment

Property, plant and equipment are recognized at historical cost, including directly related ancillary costs necessary for the use of the asset. Borrowing costs related to loans taken out specifically for investments in property, plant and equipment are considered part of the carrying amount of the related assets and, as such, capitalized.

Where significant components of the asset have different useful lives, they are recognized separately.

Property, plant and equipment are shown net of accumulated depreciation and any impairment losses determined as set out later on.

Depreciation is calculated on a straight-line basis over the item's estimated useful life for the group, which is checked annually. Where necessary, any changes are reflected on a prospective basis. The depreciation periods are as follows:

	Depreciation period (years)
Buildings	30 - 35
Light constructions	8 - 10
Specific plant, machinery, presses and molds	4 - 12
Generic plant	10 - 13
Laboratory equipment	2 - 3
Canteen equipment, office furniture and equipment and fittings for exhibitions and trade fairs	8 - 10
Vehicles, canteen facilities	4 - 6
Internal means of transport, electronic equipment and mobile phones	5 - 8

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

At the time of disposal or when there are no expected future economic benefits from an asset's use, the caption is derecognized. Any gain or loss (calculated as the difference between the sales amount and carrying amount) is taken to profit or loss in the year of derecognition.

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

When management decides to designate an asset as available for sale, it is recognized under Assets classified as held for sale.

(j) Leases

Finance leases

Leases for property, plant and equipment where the group substantially takes on all risks and rewards incidental to ownership are classified as finance leases. Plant and machinery acquired under

(2) Accounting policies (Continued)

finance leases are recognized at the lower of fair value and the present value of the minimum lease payments due at the inception of the lease, net of accumulated depreciation and any impairment losses. The related assets, liabilities, revenue and expense deriving from the lease are recognized under the financial method at the inception of the lease, i.e., when the lessee is authorized to exercise its right to use the leased asset.

Property, plant and equipment acquired under finance leases are depreciated over the related asset's useful life.

Interest expense on finance lease payments is recognized in profit or loss using the effective interest method.

Operating leases

Those leases where the group does not substantially take on all risks and rewards incidental to ownership are recognized as operating leases. Operating lease payments are taken to profit or loss on a straight-line basis over the lease term.

(k) Intangible assets

Goodwill

Goodwill arising from the acquisition of subsidiaries is initially recognized at cost and represents the difference between the consideration transferred and the portion of the net fair value attributable to the acquirer of the identifiable assets acquired and liabilities and contingent liabilities assumed. After initial recognition, goodwill is adjusted for any accumulated impairment losses, determined using the criteria described later on.

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

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

Acquisitions of non-controlling interests

When, in an acquisition of an additional investment in a subsidiary, the difference between the cost of the additional investment and the acquisition-date carrying amount of the net assets acquired is negative, if the investee is not impaired, such difference is recognized as negative goodwill, and therefore, in profit or loss as a non-financial caption.

When the difference between the cost of the additional investment and the acquisition-date carrying amount of the net assets acquired is positive, it is recognized as goodwill.

Other intangible assets

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

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

(2) Accounting policies (Continued)

Useful life is checked annually and, where necessary, any changes are reflected on a prospective basis.

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

Research expenditure

Expenditure on research undertaken to gain scientific and technical knowledge and information is recognized as an expense when incurred.

Development expenditure

Development expenditure, which also relates to the application of research findings to a plan or design for the production of new or substantially improved products or processes, is capitalized when the product or process is feasible in technical and commercial terms and the group has adequate resources to complete the development stage.

Capitalized development expenditure is measured at cost, net of accumulated amortization and impairment losses.

Amortization periods for other intangible assets are as follows:

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

(l) Income taxes

Income taxes of the year include current and deferred taxation. They are recognized in profit or loss.

Current income taxes on the tax base of the year correspond to the amount expected to be paid to the taxation authorities. They are calculated using the tax rates enacted at the reporting date.

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

A deferred tax liability is recognized for all taxable temporary differences, unless the deferred tax liability arises from:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which
  - (i) is not a business combination; and
  - (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss);

(2) Accounting policies (Continued)

A deferred tax asset is recognized in the financial statements:

- for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:
  - (i) is not a business combination; and
  - (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss);
- for the carry forward of unused tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.

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

The income tax consequences of dividends are recognized when the dividend is approved.

(m) Financial liabilities

Bank overdrafts are recognized at fair value. Loans are initially recognized at the fair value of the amount received, net of related charges. They are subsequently measured at amortized cost using the effective interest method.

They are classified under current and non-current liabilities on the basis of the respective expiry date.

Business combinations

When as a result of a takeover/acquisition of control not involving the entire stake in the acquiree, the group has the potential obligation to acquire the residual investment in the acquiree should the non-controlling investors exercise a put option, it recognizes a liability calculated by discounting the estimated value at the exercise date using the present access method whereby a liability is recognized decreasing the equity caption "Retained earnings (losses carried forward)" in the first year, with subsequent remeasurement recognized in profit or loss as financial expense.

(n) Trade payables

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

(o) Employee benefits

Employee benefits paid on leaving or after ceasing employment through defined benefit plans, such as post-employment benefits and other pension funds, are recognized over the period in which the benefit vests. Liabilities related to defined benefit plans, net of any plan assets, are determined using actuarial assumptions and are recognized on an accruals basis in line with the service required to obtain such benefits. These appraisals are performed by independent actuaries.

Actuarial gains and losses deriving from actuarial calculations at the reporting date are recognized in profit or loss as revenue or expense.

IFRIC 14 clarifies the provisions of IAS 19 "Employee benefits" as relates to the measurement of defined benefit plan assets when there is a minimum funding requirement. A defined benefit plan is in surplus when the fair value of the plan assets exceeds the present value of the defined benefit obligation. IFRIC 14/IAS 19 only permits the recognition of this surplus at the present value of the

(2) Accounting policies (Continued)

financial benefits available through refunds or reductions in future contributions. Moreover, disclosure is required when the plan requires a minimum contribution that could give rise to a liability.

(p) Provisions for risks and charges

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

(q) Share capital

Ordinary shares

Ordinary shares are recognized in equity. Costs directly related to the issue of ordinary shares and options on shares are offset against equity, net of the related tax effect.

(r) Revenue

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

- revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have been transferred to the buyer;
- revenue for services is recognized in relation to the stage of completion of the transaction at the reporting date.

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

(s) Grants

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

(t) Financial income and expense

Financial income and expense are recognized on an accruals basis and calculated on the carrying amount of the related financial assets and liabilities using the effective interest method. Borrowing costs related to loans taken out specifically for investments in property, plant and equipment are considered part of the carrying amount of the related assets and, as such, capitalized.

(u) New standards applied early

The group has not adopted standards, amendments or interpretations before their application date.

(2) Accounting policies (Continued)

(v) Standards, amendments and interpretations applicable from January 1, 2009

The following standards, amendments and interpretations, which have also been revised following the annual 2008 improvement process made by the IASB have been applied by the group for the first time starting from January 1, 2009.

- Revised IAS 1—Presentation of financial statements. This standard, revised in 2007, introduces new names for the financial statements schedules and the obligation to present a single statement of comprehensive income or two separate statements (the income statement and the statement of comprehensive income). These statements show the profit (loss) components for the year and income and expense recognized directly in equity for non-owner transactions. Transactions with owners and the profit or loss for the year are shown in the statement of changes in equity. The group has opted to present just one statement.
- Revised IAS 23—Borrowing costs. The revised standard no longer includes the option, adopted by the Group up until December 31, 2008, to immediately expense borrowing costs incurred to invest in qualifying assets (assets for which a certain period of time is necessary to make them ready for use or sale). The standard was also revised as part of the 2008 Improvements with respect to borrowing costs which qualify for capitalization. As provided for in the guidelines for transition to the revised standard, the group has applied the new standard retrospectively from January 1, 2009, capitalizing borrowing costs directly related to the acquisition, construction or production of qualifying assets for which the group has started the investment, has incurred borrowing costs or has started the activities necessary to prepare the asset for its specific use or sale since January 1, 2009. No significant accounting effects arose during the year as a result of adoption of this standard.
- Amendment to IFRS 7—Financial instruments: disclosures. The amendment is applicable from January 1, 2009 and was issued to increase the level of disclosure about fair value measurement and to strengthen the existing standards about liquidity risk on financial instruments. Specifically, the amendment requires that disclosure about the determination of fair value of the financial statements be given by measurement hierarchy. Adoption of this amendment has not affected the recognition and measurement of the financial statements captions but solely the type of disclosure given in the notes.
- Improvement to IAS 20—Accounting for government grants and disclosure of government assistance

  This improvement clarifies that loans from government entities given at below-market interest rates are to be recognized as government grants in accordance with IAS 20. Significant accounting effects deriving from application of the improvement were not seen at the reporting date.

On March 12, 2009, the IASB issued amendments to IFRIC 9—Reassessment of embedded derivatives and IAS 39—Financial instruments: recognition and measurement. The reclassification amendment allows companies to reclassify particular financial instruments out of the "fair value through profit or loss" category in specific circumstances. These amendments to IFRIC 9 and IAS 39 clarify that on reclassification of a financial asset out of the "fair value through profit or loss" category, all embedded derivatives have to be assessed and, if necessary, accounted for separately in financial statements. The amendments apply retrospectively and are required to be applied for annual periods ending on or after December 31, 2009. Their adoption has not affected the group.

The group deems that it is not obliged to provide segment reporting, required by IFRS 8 for listed companies or issuers of instruments traded on regulated markets, as it is not applicable.

(2) Accounting policies (Continued)

(w) Standards, amendments and interpretations that are not yet applicable

The following amendments and interpretations, applicable from January 1, 2009, regulate issues and cases that are not relevant for the group at the reporting date:

- Amendment to IFRS 2—Vesting conditions and cancellations
- Improvements to IFRSs (2008)
  - Improvement to IAS 16—Property, plant and equipment
  - Amendments to IFRS 1 and IAS 27—Cost of an investment in subsidiaries, jointly controlled entities and associates
  - Improvement to IAS 28—Investments in associates
  - Improvement to IAS 29—Financial reporting in hyperinflationary economies
  - Improvement to IAS 36—Impairment of assets
  - Improvement to IAS 38—Intangible assets
  - Improvement to IAS 39—Financial instruments: recognition and measurement
  - Improvement to IAS 40—Investment property
  - Improvement to IAS 41—Agriculture
- Amendment to IAS 32—Financial instruments: presentation and IAS 1—Presentation of financial statements—financial instruments.
- Amendments to IFRIC 9—Reassessment of embedded derivatives and IAS 39—Financial instruments: recognition and measurement
- IFRIC 13—Customer loyalty programmes

(x) New standards

The following standards, amendments and interpretations were endorsed in 2009 and will be applicable in 2010. The group opted not to apply them in advance.

Revised IFRS 1 relates to first-time adopters that have to prepare a First-time adoption report.

Revised IFRS 3 introduces changes to the measurement of goodwill arising from a business combination achieved in stages, to be recognized at the transaction date and recognition of any remaining gain or loss after the remeasurement of the identified assets, liabilities and contingent liabilities at acquisition-date fair value in profit or loss.

Revised IAS 27 requires a company to attribute its share of total comprehensive income to the NCI even if this results in the NCI having a deficit balance. Any retained interest in the former subsidiary is recognized at its fair value at the date control is lost.

IFRIC 12—*Service concession arrangements* introduces changes to the recognition of assets regulated by the concession.

IFRIC 15—*Agreements for the construction of real estate*

IFRIC 16—*Hedges of a net investment in a foreign operation* includes an interpretation to be applied when a company intends to hedge the currency risk deriving from an investment in a foreign operation and intends to qualify this transaction as a hedging transaction under IAS 39.

(2) Accounting policies (Continued)

IFRIC 17—*Distributions of non-cash assets* clarifies how to recognize dividends, how they are to be measured and how the difference between the carrying amount of the net assets distributed and the carrying amount of the dividend paid is to be recognized when the dividend is paid.

IFRIC 18—*Transfers of assets from customers*: the interpretation covers how assets transferred from customers are to be recognized.

The following standards, amendments and interpretations are applicable from 2011:

- an amendment to IAS 32, which clarifies how to classify rights issues when the instruments issued are denominated in a foreign currency;
- amendments to IFRIC 9 and IAS 39 which clarify the treatment of derivatives embedded in other contracts when a hybrid financial asset is reclassified out of the “fair value through profit or loss” category into another category.

Such standards have been assessed as not relevant for the Group, excluding the revised IFRS 3 which will be applicable on each acquisition from January 1, 2010 on.

(y) Determination of fair value

Several standards and disclosure requirements require the determination of fair value of financial and non-financial assets and liabilities.

IFRS 7 requires that fair value measurements in the statement of financial position be classified using a fair value hierarchy that reflects the significance of the inputs used to determine fair value. There are three different levels:

- Level 1—Fair values measured using quoted prices in active markets;
- Level 2—Fair values measured using valuation techniques for which inputs significant to the fair value measurement are based on observable market data;
- Level 3—Fair values measured using valuation techniques for which inputs significant to the fair value measurement are based on unobservable market data.

The fair value measurements in the consolidated financial statements are classified as level 1 and 2, as shown below. There were no movements from one level to another in 2009.

Property, plant and equipment

The fair value of property, plant and machinery recognized after a business combination is based on market data. The fair value of property is the estimated consideration for which a property could be exchanged at the measurement date in an arm’s length transaction between knowledgeable, willing parties. The fair value of an item of property, plant and equipment is determined at market value or cost using the market prices of similar assets, if available, or replacement cost, if appropriate.

Intangible assets

The fair value of patents and trademarks acquired as part of a business combination is based on an estimate of the discounted amount of royalties that the group expects to receive from ownership of such patents or trademarks (ideal royalty method), or replacement cost, if appropriate.

Inventories

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

(2) Accounting policies (Continued)

Derivatives

The fair value of commodities purchase forwards is based on the quoted price on an active market, where available.

Broker prices, based on quoted market prices, where available, are used for interest rate swaps.

Non-derivative financial liabilities

Fair value, calculated for disclosure purposes, is determined considering the expected future cash flows of the principal and interest, discounted at the closing market interest rate.

(3) Business of the Group

At December 31, 2009, the international-level group organization is based on the following two main segments:

- the Closures division;
- the PET Division.

As the PET division is not of a significant size, disclosure by business segment is not provided as it is not significant.

Net revenue, segment assets and investments are grouped geographically based on the location of the group companies that generated them.

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

	2008(*)			2009		
Thousands of Euros	**Net revenue**	**Segment assets**	**Operating investments**	**Net revenue**	**Segment assets**	**Operating investments**
Europe	48,743	539,289	2,639	170,424	509,820	7,709
Asia	12,566	38,236	2,001	44,054	44,769	3,960
Latin America	15,398	59,593	211	48,133	63,717	1,760
Oceania	11,796	79,997	298	47,524	96,229	2,673
ROW	345	506	0	935	523	5
Total	**88,848**	**717,621**	**5,149**	**311,070**	**715,058**	**16,106**

(*) The segment assets as at December 31, 2008 have been restated following the finalization of the purchase price allocation procedure for Guala Closures group.

(4) Acquisition of subsidiaries and business units

On September 30, 2008, the group acquired Guala Closures S.p.A., parent of Guala Closures group. The transaction was executed through GCL Special Closures S.r.l. and GCL Holdings S.r.l.. The parent GLC Holdings S.r.l. subsequently merged into Guala Closures S.p.A. in a reverse merger with effect from January 1, 2009. Note 1) The group's activities and key changes in its structure during the year to the consolidated financial statements gives more information about this transaction.

(4) Acquisition of subsidiaries and business units (Continued)

The accounting treatment for this transaction, which was provisional in 2008, was finalized during the year, with the following impact on group assets and liabilities:

(Thousands of Euros)	Carrying amounts before acquisition	Provisional adjustments for fair value measurement	Provisional amounts recognized at acquisition	Restatement of provisional adjustments for fair value measurement	Restated amounts recognized at acquisition
Cash and cash equivalents	18,122	—	18,122		18,122
Current financial assets	4,377	—	4,377		4,377
Trade receivables	77,291	(282)	77,009		77,009
Inventories	56,263	3,739	60,002		60,002
Current direct tax assets	3,463	—	3,463		3,463
Current indirect tax assets	5,328	—	5,328		5,328
Financial derivative assets	1,035	—	1,035		1,035
Other current assets	3,072	—	3,072		3,072
Assets classified as held for sale	1,916	—	1,916		1,916
Non-current financial assets	316	—	316		316
Land, property, plant and equipment	131,959	—	131,959	20,254	152,213
Intangible assets	3,883	—	3,883	52,713	56,596
Net deferred tax assets/(liabilities)	7,081	(2,858)	4,223	(22,871)	(18,648)
Employee benefits managed by related parties	8,731	(6,327)	2,404		2,404
Other non-current assets	3,992	—	3,992		3,992
Current financial liabilities	(137,383)	—	(137,383)		(137,383)
Trade payables	(53,930)	(163)	(54,093)		(54,093)
Current direct tax liabilities	(3,670)		(3,670)		(3,670)
Current indirect tax liabilities	(1,839)		(1,839)		(1,839)
Current provisions for risks and charges	(717)	(32)	(749)		(749)
Financial derivative liabilities	(740)	—	(740)		(740)
Other current liabilities	(9,570)	(20)	(9,590)		(9,590)
Non-current financial liabilities	(160,026)	—	(160,026)		(160,026)
Employee benefits	(6,186)		(6,186)		(6,186)
Non-current provisions for risks and charges	(397)	—	(397)		(397)
Other non-current liabilities	(75)	—	(75)		(75)
Non-controlling interests	(13,990)	—	(13,990)	(427)	(14,418)
Net identifiable assets and liabilities	**(61,697)**	**(5,943)**	**(67,640)**	**49,670**	**(17,970)**
Goodwill arising from the acquisition			**366,897**		**317,227**
Cost of the combination			**299,257**		**299,257**

(Thousands of Euros)	
Consideration paid at acquisition	290,785
Other costs of the combination	8,472
Cash and cash equivalents acquired	(18,122)
Net cash flow used	**281,135**

(4) Acquisition of subsidiaries and business units (Continued)

The following table shows the combination's main cost components:

(Thousands of Euros)	
Consideration paid at acquisition	290,785
Other costs of the combination	8,472
Cost of the combination	**299,257**

Goodwill arising from acquisition relates to the future economic benefits arising from the acquired assets, which are not individually identifiable and separately recognizable. They relate to the technical skills and know-how of the personnel of the entity acquired, in addition to the entity's market position.

Changes in goodwill recognized on a provisional basis include fair value adjustments to land, buildings, plant and machinery, intangible assets and deferred taxes at the acquisition date. As permitted by IFRS 3, the change in net identifiable assets and liabilities was recognized within one year of the acquisition date as an adjustment to goodwill arising on the transaction.

Remeasured net identifiable liabilities at the acquisition date total € 17,970 thousand, while goodwill amounts to € 317,227 thousand.

The Ukrainian company, Technologia Closures LLC, was purchased in October 2008.

Technologia Closures LLC was incorporated in June 2008 following a significant collaboration (a license contract dated September 21, 2007) with a closures manufacturer with a plant in Sumy (Ukraine). The plant's operating activities were transferred to the new company and Guala Closures International B.V. subsequently purchased 70% of such company on October 22, 2008. This acquisition represents an important cornerstone for development in the Eastern European markets, particularly for vodka bottle closures.

The purchase contract included an unconditional put option giving the non-controlling investors the right to sell its shares to Guala Closures group if certain events occur.

The accounting treatment for this transaction, which was provisional in 2008, was finalized during the year, with the following impact on group assets and liabilities:

(Thousands of Euros)	Carrying amounts before acquisition	Provisional adjustments for fair value measurement	Provisional amounts recognized at acquisition	Restatement of provisional adjustments for fair value measurement	Restated amounts recognized at acquisition
Cash and cash equivalents	12		12		12
Trade receivables	2,495		2,495		2,495
Inventories	3,655		3,655		3,655
Current indirect tax assets	2,497		2,497		2,497
Other current assets	29		29		29
Land, property, plant and equipment	8,924		8,924	5,527	14,451
Net deferred tax liabilities				(1,383)	(1,383)
Trade payables	(17,603)		(17,603)		(17,603)
Net identifiable assets and liabilities	**9**	**—**	**9**	**4,144**	**4,153**
Net assets and liabilities—owners of the parent			**6**	**2,901**	**2,907**
Goodwill arising from the acquisition			**24,400**		**21,499**
Cost of the combination			**24,406**		**24,406**

(4) Acquisition of subsidiaries and business units (Continued)

(Thousands of Euros)	
Consideration paid at acquisition	23,832
Other costs of the combination	574
Cash and cash equivalents acquired	(12)
Net cash flow used	**24,394**

The following table shows the combination's main cost components:

(Thousands of Euros)	
Consideration paid at acquisition	23,832
Other costs of the combination	574
Cost of the combination	**24,406**

Goodwill arising from acquisition relates to the technical skills and know-how of the personnel of the entity acquired and the synergies which are expected to be obtained from the inclusion of the company in Guala Closures group, and to the acquisition of important trade relationships in the Eastern European markets.

The transaction had only been recognized provisionally as the net assets and liabilities acquired were restated considering the fair value of the identifiable net assets acquired and liabilities assumed.

Following completion of the procedure to recognize the business combination, the loss for the previous year attributable to the owners of the parent was recalculated and amounts to € 23,890 thousand.

The group acquired full control of the Italian Pharma Trade S.r.l. in August 2009. This company has its registered office in Alessandria and a site in Vasto (CH). It is active in the pharmaceutical sector.

This transaction is of fundamental importance to the group for diversification purposes, as it allows use of the group's cutting edge technologies and expertise in the pharmaceutical sector.

The impact of the acquisition on the group's assets and liabilities is as follows:

(Thousands of Euros)	Carrying amounts before acquisition	Provisional adjustments for fair value measurement	Provisional amounts recognized at acquisition
Inventories	492		492
Land, property, plant and equipment	1,238		1,238
Intangible assets	2,396		2,396
Other current liabilities	(120)		(120)
Employee benefits	(316)		(316)
Net identifiable assets and liabilities	**3,690**	**—**	**3,690**
Goodwill arising from the acquisition			**155**
Cost of the combination			**3,845**

(Thousands of Euros)	
Consideration paid at acquisition	3,690
Other costs of the combination	155
Cost of the combination	**3,845**

(4) Acquisition of subsidiaries and business units (Continued)

The following table shows the combination's main cost components:

(Thousands of Euros)	
Consideration paid at acquisition	3,690
Other costs of the combination	155
Cash and cash equivalents acquired	—
Net cash flow used	**3,845**

The goodwill relates to the growth potential in new markets.

The amounts recognized for the above business combinations are provisional. The net assets and liabilities included in the acquisition could be subject to additional adjustments which will be finalized in the next few months.

As required by IFRS 3.70, we state that it is not possible to disclose the information about the pro forma results as though the business combination had taken place at the beginning of the year as the transaction consisted of the acquisition of a newly set up company. The subsidiary Pharma Trade S.r.l. recognized a profit of € 16 thousand from its acquisition to December 31, 2009.

During 2009, the group acquired the non-controlling interest (49.9%) in Guala Closures de Mexico, S.A. through the international holding company Guala Closures International B.V.

The related contract was agreed on May 28, 2009.

The impact of the acquisition is as follows:

(Thousands of Euros)	Amounts recognized at acquisition
Portion of equity acquired by the group	6,770
Income on the acquisition	4,570
Cost of the combination	**2,200**

The cost of the combination fully consists of the consideration paid.

The income on the transaction was recognized as revenue in accordance with group accounting policies (see note 2 (k)).

As this company was already consolidated, pursuant to IFRS 3.70, its results have been consolidated on a line-by-line basis.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(5) Cash and cash equivalents

This caption represents the balance of the bank and postal accounts considering the nominal amount of the current accounts held with banks.

Thousands of Euros	December 31, 2008	December 31, 2009
Bank and postal accounts	22,838	30,078
Cash and cash equivalents	3,375	2,705
Total	**26,213**	**32,782**

(6) Current financial assets

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2008	December 31, 2009
Receivable for the sale of the building in Alcalà de Henares (Spain)	2,650	—
Lease advances (Italy)	213	—
Receivable for the sale of the building in Basaluzzo (Alessandria—Italy)	67	—
Other	106	110
Total	**3,036**	**110**

The carrying amount of Current financial assets matches their fair value at the reporting date.

(7) Trade receivables

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2008	December 31, 2009
Trade receivables	73,780	80,414
Allowance for impairment	(2,009)	(2,037)
Total	**71,772**	**78,377**

The allowance for impairment varied as follows:

Thousands of Euros	December 31, 2009
Opening allowance for impairment	2,009
Exchange rate gains	19
Additions	1,222
Utilization	(1,213)
Closing allowance for impairment	**2,037**

At December 31, 2009, trade receivables may be analyzed by geographical segment as follows:

Thousands of Euros	December 31, 2008	December 31, 2009
Europe	32,584	41,336
Asia	10,598	14,215
Latin America	13,887	12,868
Oceania	7,496	7,569
Rest of the world	7,207	2,389
Total	**71,772**	**78,377**

(7) Trade receivables (Continued)

At December 31, 2009, trade receivables may be analyzed by due date as follows:

Thousands of Euros	Gross amount December 31, 2009	Impairment losses December 31, 2009	Net amount December 31, 2009
Not yet due	50,758	(15)	50,743
0-30 days overdue	12,585	(202)	12,383
31-90 days overdue	6,669	(72)	6,597
More than 90 days overdue	10,402	(1,748)	8,654
Total	**80,414**	**(2,037)**	**78,377**

At December 31, 2009, trade receivables may be analyzed by original currency as follows:

Thousands of Euros	€	USD	GBP	Other	Total
Trade receivables	32,404	9,142	3,072	33,759	**78,377**

Other includes trade receivables in the local currencies of the group companies, including € 11.3 million in Indian rupees, € 6.2 million in Australian dollars, € 6.1 million in Ukrainian hryvnies, € 2.5 million in Columbian pesos, € 1.3 million in New Zealand dollars, € 1.3 million in Chinese renmimbi, € 1.2 million in Mexican pesos, € 1.0 million in Brazilian reals and € 0.8 million in Argentinean pesos.

(8) Inventories

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2008	December 31, 2009
Raw materials, consumables and supplies	27,593	25,162
(Allowance for inventory write-down)	(1,634)	(1,406)
Work in progress and semi-finished products	6,675	6,148
(Allowance for inventory write-down)	(40)	(168)
Finished products and goods	11,657	13,543
(Allowance for inventory write-down)	(668)	(1,106)
Payments on account	241	477
Total	**43,824**	**42,650**

The changes in the caption are as follows:

Thousands of Euros	
Balance at January 1, 2009	43,824
Business combinations	492
Exchange rate gains	1,757
Change in raw materials, consumables and supplies	(3,158)
Change in finished goods and semi-finished products	(501)
Change in payments on account	236
Balance at December 31, 2009	**42,650**

Business combinations relate to the acquisition of the subsidiary Pharma Trade S.r.l..

(9) Current direct tax assets

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2008	December 31, 2009
Current income tax assets	3,394	3,886
Total	**3,394**	**3,886**

(10) Current indirect tax assets

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2008	December 31, 2009
VAT and other indirect taxes	6,649	5,904
Total	**6,649**	**5,904**

(11) Financial derivative assets

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2008	December 31, 2009
Fair value of forward aluminum purchases	—	259
Fair value of currency swaps	302	—
Total	**302**	**259**

(12) Other current assets

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2008	December 31, 2009
Receivables for insurance compensation in Australia	1,443	1,046
Receivables due from employees	85	91
RBS Sempra deposits	2,967	—
Other	1,455	2,231
Total	**5,950**	**3,369**

Receivables for insurance compensation in Australia relate to the compensation to be collected for the fire which occurred in February 2008. Collection is expected within the next year.

At December 31, 2008, the RBS Sempra deposit represented the amount paid to the Sempra bank, which is part of the RBS group, to cover the exposure of derivatives used to hedge aluminum prices, as exposure to the supplier exceeded the overdraft facility granted, as a result of the rising price of aluminum. In 2009, as aluminum prices fell, the exposure fell back within the limits of the overdraft facility and, accordingly, the deposit was returned.

Other receivables at December 31, 2009 mainly include advances to suppliers of € 1.6 million and receivables of € 282 thousand due to Guala Closures Argentina S.A. from the Argentinean government for repayments in respect of exports.

(13) Assets classified as held for sale

These assets relate to the following companies:

Thousands of Euros	December 31, 2008	December 31, 2009
Guala Closures UK Ltd.	1,555	1,548
Guala Closures Argentina S.A.	40	—
Total	**1,594**	**1,548**

Guala Closures UK Ltd's assets have been classified as held for sale since June 30, 2007. These assets were originally expected to be sold within one year but their sale has been postponed due to changes to the production reorganization. However, they continue to be classified as held for sale, as they are expected to be sold in the short term.

(14) Non-current financial assets

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2008	December 31, 2009
Investments in other companies	37	158
Guarantee deposits—Guala Closures S.p.A.	44	54
Other securities	43	35
Other financial assets	92	74
Total	**216**	**321**

The carrying amount of Non-current financial assets is consistent with their fair value at the reporting date.

(15) Financial assets by type

Current and non-current financial assets due from third parties are shown below by type.

Thousands of Euros	December 31, 2008	December 31, 2009
Held-to maturity investments	3,036	110
Current financial assets—third parties	**3,036**	**110**
Held-to maturity investments	216	128
Available for sale instruments	—	193
Non-current financial assets—third parties	**216**	**321**
Non-hedging derivatives	**302**	**259**

(16) Property, plant and equipment

The following table shows the changes in this caption:

Thousands of Euros	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
Carrying amount at December 31, 2008	**25,138**	**88,186**	**12,389**	**1,701**	**4,142**	**131,555**
Effects of PPA—restatement for fair value measurement	**19,970**	**1,971**	**—**	**—**	**—**	**21,941**
Carrying amount at December 31, 2008(*)	**45,108**	**90,157**	**12,389**	**1,701**	**4,142**	**153,497**
Exchange rate gains	1,965	3,505	13	67	163	**5,713**
Business combinations	—	585	639	14	—	**1,237**
Increases	713	2,486	242	132	11,539	**15,112**
Decreases	(0)	(264)	(11)	5	(384)	**(655)**
Impairment losses	(56)	(276)	(1)	(4)	—	**(338)**
Reclassifications	51	10,983	906	42	(11,973)	**9**
Depreciation	(1,195)	(17,257)	(3,521)	(440)	—	**(22,413)**
Carrying amount at December 31, 2009	**46,586**	**89,918**	**10,656**	**1,516**	**3,486**	**152,162**

(*) The figures as at December 31, 2008 have been restated following the finalization of the purchase price allocation procedure for Guala Closures group.

Property, plant and equipment include the amounts arising from internal work capitalized (reference should be made to note 33) Other operating income to these consolidated financial statements for further information).

Business combinations relate to the acquisition of the subsidiary Pharma Trade S.r.l..

The caption includes the carrying amount of leased assets at December 31, 2009 (€ 23,208 thousand) against which the group has recognized current financial liabilities (€ 1,374 thousand) and non-current financial liabilities (€ 20,097 thousand).

None of the group's property, plant and equipment had been pledged as collateral at year end.

During 2008, the group pursued its growth objectives and strategies, focusing mainly on Technologia Closures LLC in Ukraine. This company produces aluminum capsules and the group has invested heavily therein.

Production capacity of the Nip Cap lines was increased in India to meet market demand.

The group started an investment project at Torre d'Isola, Italy, to design a production line which will produce large volumes of 30x60 aluminum capsules starting from 2010.

It approved a large investment in China to produce the 1332 closure.

(17) Intangible assets

The following table shows the changes in intangible assets:

Thousands of Euros	Development expenditure	Licenses and patents	Goodwill	Other	Assets under development and payments on account	Total
Carrying amount at December 31, 2008	**1,016**	**1,239**	**384,632**	**67**	**930**	**387,884**
Effects of PPA—restatement for fair value measurement	**—**	**51,119**	**(53,524)**	**—**	**—**	**(2,405)**
Carrying amount at December 31, 2008(*)	**1,016**	**52,358**	**331,108**	**67**	**930**	**385,478**
Exchange rate gains (losses)	4	37	(734)	9	(2)	**(686)**
Business combinations	18	5	2,357	16	—	**2,396**
Increases	115	310	155	3	412	**994**
Decreases	—	—	—	—	(5)	**(5)**
Reclassifications	289	181	—	—	(478)	**(9)**
Amortization	(526)	(6,865)	—	(15)	—	**(7,406)**
Carrying amount at December 31, 2009	**917**	**46,025**	**332,886**	**79**	**856**	**380,762**

(*) The figures as at December 31, 2008 have been restated following the finalization of the purchase price allocation procedure for Guala Closures group.

The business combinations relate to Pharma Trade S.r.l..

Goodwill may be analyzed as follows:

Thousands of Euros	December 31, 2008	December 31, 2009
Goodwill—Guala Closures group	317,227	317,227
Goodwill—Ukrainian Technologia Closure LLC	13,880	13,147
Acquisition of Pharma Trade	—	2,512
Total	**331,108**	**332,886**

Note 4) Acquisitions of subsidiaries and business units to these consolidated financial statements provides additional details on the transaction provides additional information on goodwill arising from the finalization of the purchase price allocation procedure for Guala Closures group and the Ukrainian company Technologia Closure LLC and goodwill arising from the acquisition of Pharma Trade.

Goodwill is tested for impairment annually.

For impairment testing purposes, goodwill generated on the group's acquisition relates to the Closures division.

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

This calculation uses projected cash flows based on the actual operating profit and five-year business plan. This business plan is put together considering the group's approved budget figures for the first year and projecting the revenue and costs for the following four years using the historic trend adjusted for any new elements.

The cash flows for the period after the forecast period are extrapolated using a 2% growth rate, which takes into account both the group's historical growth rate and forecast future market developments. The projected cash flows are discounted using a rate of 8.8%.

(17) Intangible assets (Continued)

The resulting recoverable amount is thus greater than the carrying amount of goodwill.

The recoverable amount continues to be greater than the carrying amount despite changes made to the underlying assumptions of the sensitivity analysis carried out.

Goodwill of the previous year has never been impaired.

(18) Deferred tax assets and liabilities

The following table gives a breakdown of the caption at December 31, 2008 and 2009:

	Assets		Liabilities		Net balance	
Thousands of Euros	**December 31, 2008**	**December 31, 2009**	**December 31, 2008(*)**	**December 31, 2009**	**December 31, 2008(*)**	**December 31, 2009**
Entertainment expenses	44	25	—	—	44	25
Agents' termination indemnity	27	29	—	—	27	29
Allowance for inventory write-down	733	654	(96)	(76)	637	578
Taxed allowance for impairment	337	381	—	—	337	381
Provision for damages and penalties	289	402	—	—	289	402
Amortization and depreciation	28	26	(23,939)	(20,923)	(23,911)	(20,898)
Other	4,209	2,270	(3,299)	(6,441)	910	(4,170)
Provision for risks on derivatives	65	24	—	—	65	24
Losses carried forward	2,590	2,941	—	—	2,590	2,941
Derecognition of intragroup profit on inventories	139	192	—	—	139	192
Intragroup gains	1,466	1,071	—	—	1,466	1,071
Leases	174	163	(20)	—	153	163
Intangible assets	—	—	(16)	(18)	(16)	(18)
Property, plant and equipment	1,293	900	—	—	1,293	900
Employee benefits	481	673	(103)	(96)	377	578
Derivatives	—	225	(53)	—	(53)	225
TOTAL	**11,877**	**9,976**	**(27,527)**	**(27,554)**	**(15,651)**	**(17,578)**

(*) The figures as at December 31, 2008 have been restated following the finalization of the purchase price allocation procedure for Guala Closures group.

(18) Deferred tax assets and liabilities (Continued)

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

Thousands of Euros	December 31, 2008(*)	Changes in profit or loss	Changes in equity	Exchange rate gains (losses)	December 31, 2009
Entertainment expenses	44	(21)	—	2	25
Agents' termination indemnity	27	2	—	—	29
Allowance for inventory write-down	637	(79)	—	20	578
Taxed allowance for impairment	337	10	—	34	381
Provision for damages and penalties	289	113	—	—	402
Amortization and depreciation	(23,911)	2,341		(716)	(22,286)
Other	910	(3,764)	(17)	89	(2,782)
Provision for risks on derivatives	65	(43)	—	1	24
Losses carried forward	2,590	152	—	200	2,941
Derecognition of intragroup profit on inventories	139	53	—	—	192
Intragroup gains	1,466	(301)	(94)	—	1,071
Leases	153	10	—	—	163
Intangible assets	(16)	0	—	(3)	(18)
Property, plant and equipment	1,293	(596)	—	202	900
Employee benefits	377	53	114	32	577
Derivatives	(53)	57	222	—	226
TOTAL	**(15,651)**	**(2,013)**	**225**	**(139)**	**(17,578)**

(*) The figures as at December 31, 2008 have been restated following the finalization of the purchase price allocation procedure for Guala Closures group.

Tax losses that can be carried forward at year end but that the group has not considered in its calculation of the deferred tax assets in the consolidated statement of financial position total € 41,327 thousand. They may be used in accordance with the legislation of the different countries in which the companies to which they relate are based. If recognized, potential deferred tax assets on total tax losses that can be carried forward would amount to € 11,453 thousand at December 31, 2009.

(19) Other non-current assets

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2008	December 31, 2009
Tax assets	3,768	2,881
Other	52	68
Total	**3,820**	**2,949**

(20) Financial liabilities

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

Reference should be made to note 44) Derivatives to these consolidated financial statements for further information on the group's exposure to the risks of fluctuations in interest and exchange rates.

The group's main outstanding financing agreements are the parent GCL Holding S.C.A.'s Mezzanine Facility Agreement and the subsidiary Guala Closures S.p.A.'s Senior Facilities Agreement.

(20) Financial liabilities (Continued)

The Mezzanine Facility Agreement is dated September 16, 2008 and was agreed with Bayerische Hypo- und Vereinsbank AG for a nominal amount of € 85,500 thousand, repayable in one installment on September 24, 2017.

The Senior Facilities Agreement is dated October 10, 2008 and was agreed with Bayerische Hypo- und Vereinsbank AG to completely replace the previous Multicurrency Term and Revolving Facilities Agreement of November 17, 2005 with Intesa Sanpaolo S.p.A..

The agreement provides for the following credit lines:

Credit lines	Total in thousands of Euros at original rates	Available amount (thousands of Euros)	Available of amount (thousands of US dollars)	Available of amount (thousands of pound sterling)	(Available amount (thousands of Australian dollars)	Number of repayments	Repayment date
Facility A	84,400	36,300	22,800	17,100	8,200	12	final repayment 10/15/2015
Facility B	79,400	34,150	21,500	16,100	7,650	1	10/15/2016
Facility C	79,400	34,150	21,500	16,100	7,650	1	10/15/2017
Acquisition/Capex facility	60,000	60,000				7	final repayment 10/21/2015
Revolving facility	40,000					n.a.	n.a.
Total	**343,200**	**164,600**	**65,800**	**49,300**	**23,500**		

The above facility agreement includes binding conditions whereby the parent is required to comply with four covenants. Non-compliance may entail repayment of the existing financing. These covenants apply to Guala Closures S.p.A. as the borrower, even though their calculation is based on consolidated group-level parameters whereby the group considered is GCL Holdings SCA and its subsidiaries.

Specifically, the ratios that must be complied with are: "Interest Cover", i.e., the gross operating profit/interest expense ratio; the "Leverage Ratio", i.e., the net debt/gross operating profit ratio; the "Cash Flow Cover", i.e., the cash flow/debt servicing ratio and "Capex", i.e., a limit to the annual investment expenditure.

In 2009 the group was compliant with the covenants.

Reference should be made to note 47) Commitments and guarantees to these consolidated financial statements for information on the relevant guarantees.

Financial liabilities at December 31, 2008 and 2009 are shown below:

Thousands of Euros	December 31, 2008	December 31, 2009
Bank overdrafts and current loans		
Bank loans and borrowings	26,492	11,532
Other financial liabilities	3,054	1,640
	29,546	13,172
Non-current loans		
Bank loans and borrowings	334,466	370,776
Other financial liabilities	24,479	25,755
	358,946	396,531
Total	**388,491**	**409,703**

(20) Financial liabilities (Continued)

The terms and expiry dates of the financial liabilities at December 31, 2008 and 2009 are shown below:

	Nominal amount					
Thousands of Euros	Total December 31, 2008	Due within one year	Due from one to five years	Due after five years	Current	Non-current
Bank loans and borrowings:						
Mezzanine facility	89,176	2,807	—	86,369	2,807	86,369
Transaction costs	(2,338)	(154)	(1,240)	(944)	(154)	(2,184)
TOT. MEZZANINE DEBT 09/16/2008	**86,838**	**2,653**	**(1,240)**	**85,425**	**2,653**	**84,185**
Facility A EUR	36,300	109	18,994	17,197	109	36,191
Facility B EUR	34,150	—	—	34,150	—	34,150
Facility C EUR	34,150	—	—	34,150	—	34,150
Facility A USD	22,364	67	11,702	10,595	67	22,297
Facility B USD	21,089	—	—	21,089	—	21,089
Facility C USD	21,089	—	—	21,089	—	21,089
Facility A GBP	14,283	43	7,474	6,767	43	14,240
Facility B GBP	13,448	—	—	13,448	—	13,448
Facility C GBP	13,448	—	—	13,448	—	13,448
Revolving facility	15,000	—	—	15,000	—	15,000
Capex facility	32,600	—	13,972	18,628	—	32,600
Transaction costs	(9,761)	(1,513)	(5,563)	(2,685)	(1,513)	(8,248)
TOTAL SENIOR DEBT 10/10/2008	**248,160**	**(1,294)**	**46,579**	**202,876**	**(1,294)**	**249,455**
Other bank loans and borrowings—Guala Closures S.p.A.	873	873	—	—	873	—
Accrued expenses and deferred income—Guala Closures S.p.A.	77	77	—	—	77	—
Advances on receivables—Guala Closures Argentina	1,174	1,174	—	—	1,174	—
Guala Closures Australia Holdings loan	19,730	19,730	—	—	19,730	—
Guala Closures Mexico loan	4,106	3,279	827	—	3,279	827
Total bank loans and borrowings	**360,958**	**26,492**	**46,166**	**288,301**	**26,492**	**334,466**
Other financial liabilities:						
Guala Closures S.p.A. financing as per Law no. 46/82	992	259	733	—	259	733
Guala Closures S.p.A. finance leases	22,731	1,314	6,051	15,366	1,314	21,418
Liability to the Ukrainian non-controlling investors	2,100	—	—	2,100	—	2,100
Other liabilities	1,710	1,481	229	—	1,481	229
Total other financial liabilities	**27,533**	**3,054**	**7,013**	**17,466**	**3,054**	**24,479**
TOTAL	**388,491**	**29,546**	**53,179**	**305,767**	**29,546**	**358,946**

(20) Financial liabilities (Continued)

	Nominal amount					
Thousands of Euros	Total December 31, 2009	Due within one year	Due from one to five years	Due after five years	Current	Non-current
Bank loans and borrowings:						
Mezzanine facility	94,767	4,137	—	90,630	4,137	90,630
Transaction costs	(2,338)	(402)	(992)	(944)	(402)	(1,936)
TOT. MEZZANINE DEBT 09/16/2008	**92,429**	**3,735**	**(992)**	**89,686**	**3,735**	**88,694**
Facility A EUR	36,191	1,398	26,218	8,576	1,398	34,794
Facility B EUR	34,150	—	—	34,150	—	34,150
Facility C EUR	34,150	—	—	34,150	—	34,150
Facility A USD	21,540	832	15,604	5,104	832	20,708
Facility B USD	20,373	—	—	20,373	—	20,373
Facility C USD	20,373	—	—	20,373	—	20,373
Facility A GBP	15,273	590	11,064	3,619	590	14,683
Facility B GBP	14,423	—	—	14,423	—	14,423
Facility C GBP	14,423	—	—	14,423	—	14,423
Facility A AUD	9,923	383	7,188	2,351	383	9,540
Facility B AUD	9,285	—	—	9,285	—	9,285
Facility C AUD	9,285	—	—	9,285	—	9,285
Revolving facility	13,000	—	—	13,000	—	13,000
Capex facility	38,600	—	27,572	11,028	—	38,600
Transaction costs	(8,948)	(1,513)	(5,597)	(1,838)	(1,513)	(7,435)
TOTAL SENIOR DEBT 10/10/2008	**282,042**	**1,689**	**82,049**	**198,304**	**1,689**	**280,353**
Accrued expenses and deferred income—Guala Closures S.p.A.	4,900	4,900	—	—	4,900	—
Advances on receivables—Guala Closures Argentina	873	873	—	—	873	—
Guala Closures Mexico loan	2,064	335	1,729	—	335	1,729
Total bank loans and borrowings	**382,309**	**11,532**	**82,787**	**287,989**	**11,532**	**370,776**
Other financial liabilities:						
Financing as per Law no. 46/82	733	265	468	—	265	468
Guala Closures S.p.A. finance leases	21,397	1,355	6,345	13,696	1,355	20,042
Liability to the Ukrainian non-controlling investors	5,100	—	—	5,100	—	5,100
Other liabilities	165	20	146	—	20	146
Total other financial liabilities	**27,395**	**1,640**	**6,959**	**18,796**	**1,640**	**25,755**
TOTAL	**409,703**	**13,172**	**89,745**	**306,786**	**13,172**	**396,531**

The liability to the Ukrainian non-controlling investors relates to recognition of these investors' right to exercise a put option if certain conditions are met. It represents the discounted estimated value of the put option at its estimated time of exercise.

Pursuant to IAS 27, this caption has been recognized using the present access method since 2008, whereby the financial liability is recognized as a reduction in equity, Retained earnings, in the first year. The increase in the current year is recognized under financial 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.

(20) Financial liabilities (Continued)

The interest rates and expiry dates of the financing at December 31, 2008 and 2009 are shown below:

Thousands of Euros	Currency	Nominal interest rate	Expiry date	Total December 31, 2008
Bank loans and borrowings:				
Mezzanine facility 09/16/2008	EUR	Cash interest Euribor + 4.5% PIK interest 5.5%	2017	**86,838**
Facility A EUR	EUR	Euribor + 3.0%	2015	36,300
Facility B EUR	USD	Euribor + 3.5%	2016	34,150
Facility C EUR	EUR	Euribor + 4.0%	2017	34,150
Facility A USD	USD	USD Libor + 3.0%	2015	22,364
Facility B USD	USD	USD Libor + 3.5%	2016	21,089
Facility C USD	USD	USD Libor + 4.0%	2017	21,089
Facility A GBP	GBP	GBP Libor + 3.0%	2015	14,283
Facility B GBP	GBP	GBP Libor + 3.5%	2016	13,448
Facility C GBP	GBP	GBP Libor + 4.0%	2017	13,448
Revolving facility	EUR	Euribor + 3.0%	2015	15,000
Capex facility	EUR	Euribor + 3.0%	2015	32,600
Transaction costs	EUR	n.a.	n.a.	(9,761)
TOTAL SENIOR DEBT 10/10/2008				**248,160**
Other bank loans and borrowings—Guala Closures S.p.A.	EUR	Euribor + 0.4%	2009	873
Accrued expenses and deferred income—Guala Closures S.p.A.	EUR	n.a.		77
Guala Closures Australia Holdings loan	AUD	BBR-BBSY +1.25%	2011	19,730
Guala Closures Mexico loan	MXP	TIIE28 + 2%		4,106
Other bank loans and borrowings		n.a.	n.a.	1,174
Total bank loans and borrowings				**360,958**
Other financial liabilities:				
Guala Closures S.p.A. financing as per Law no. 46/82	EUR	2%	2013	992
Guala Closures S.p.A. finance leases	EUR	Euribor + 1.5% (**)	2020	22,731
Other liabilities		n.a.	n.a.	3,810
Total other financial liabilities				**27,533**
TOTAL				**388,491**

(*) TIIE28 stands for "Tasa de Interés Interbancaria de Equilibrio a 28 dias".

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

(20) Financial liabilities (Continued)

Thousands of Euros	Currency	Nominal interest rate	Expiry date	Total December 31, 2009
Bank loans and borrowings:				
Mezzanine facility 09/16/2008	€	Cash interest Euribor + 4.5% PIK interest 6.0%	2017	**92,429**
Facility A EUR	€	Euribor + 3.0%	2015	36,191
Facility B EUR	€	Euribor + 3.5%	2016	34,150
Facility C EUR	€	Euribor + 4.0%	2017	34,150
Facility A USD	USD	USD Libor + 3.0%	2015	21,540
Facility B USD	USD	USD Libor + 3.5%	2016	20,373
Facility C USD	USD	USD Libor + 4.0%	2017	20,373
Facility A GBP	GBP	GBP Libor + 3.0%	2015	15,273
Facility B GBP	GBP	GBP Libor + 3.5%	2016	14,423
Facility C GBP	GBP	GBP Libor + 4.0%	2017	14,423
Facility A AUD	AUD	AUD Libor + 3.0%	2015	9,923
Facility B AUD	AUD	Libor AUD + 3.5%	2016	9,285
Facility C AUD	AUD	Libor AUD + 4.0%	2017	9,285
Revolving facility	EUR	Euribor + 3.0%	2015	13,000
Capex facility	EUR	Euribor + 3.0%	2015	38,600
Transaction costs	EUR	n.a.	n.a.	(8,948)
TOTAL SENIOR DEBT 10/10/2008				**282,042**
Accrued expenses and deferred income—Guala Closures S.p.A.	€	n.a.	n.a.	4,900
Guala Closures Mexico loan	MXP	TIIE30 + 5.25% (*)		2,064
Other bank loans and borrowings		n.a.	n.a.	873
Total bank loans and borrowings				**382,309**
Other financial liabilities:				
Financing as per Law no. 46/82	EUR	2%	2013	733
Guala Closures S.p.A. finance leases	EUR	Euribor + 1.5% (**)	2020	21,397
Other liabilities		n.a.	n.a.	5,265
Total other financial liabilities				**27,395**
TOTAL				**409,703**

(*) TIIE28 stands for "Tasa de Interés Interbancaria de Equilibrio a 30 dias".

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

(21) Fair value of financial liabilities and sensitivity analysis

The following table shows the fair value of the group's main financial liabilities.

Thousands of Euros	December 31, 2009 Carrying amount	December 31, 2009 Fair value
Mezzanine facility agreement (09/16/2008)	92,429	119,040
Senior facilities agreement (10/10/2008)	282,042	294,555
Finance leases	21,397	21,527

(21) Fair value of financial liabilities and sensitivity analysis (Continued)

The fair values shown in the previous table were calculated using the following methodology:

- the cash flows generated by the outstanding payables are identified both in terms of interest and principal. These cash flows are calculated with reference to the interest rates and the repayment plan;
- the individual cash flows are discounted using risk-free rates ruling on the measurement date and a spread representing the risk premium linked to the Group. The bootstrap method is applied to the swap rates for each expiry date of the corresponding cash flow based on the resulting time curve.

The following table shows the sensitivity analysis for the cash flows from these financial liabilities and the related hedging derivatives at December 31, 2009.

Thousands of Euros	Increase of 100bp	Decrease of 100bp
Mezzanine facility agreement (09/16/2008)	(5,556)	5,556
Related interest rate swaps	1,011	(1,011)
Sensitivity of cash flows (net)	**(4,545)**	**4,545**
Senior facilities agreement (10/10/2008)	(14,518)	14,518
Sensitivity of cash flows (net)	**(14,518)**	**14,518**
Finance leases	(1,027)	1,027
Related interest rate swaps	752	(752)
Sensitivity of cash flows (net)	**(275)**	**275**

The following methodology is used to perform the sensitivity analyses: a change is assumed in the interest rate used to calculate the interest (+/− 100 basis points), which indicates the change in the overall liability. Accordingly, negative amounts indicate an increase in the fair value of the liability and vice versa for positive amounts.

(22) Financial liabilities by type

Current and non-current financial liabilities from third parties are shown below, by type.

Thousands of Euros	December 31, 2008	December 31, 2009
Current portion of secured bank loans	24,368	5,759
Unsecured bank loans	2,124	5,773
Current portion of finance lease liabilities	1,314	1,355
Other financial liabilities	1,740	285
Current financial liabilities—third parties	**29,546**	**13,172**
Secured bank loans	334,466	370,776
Finance lease liabilities	21,418	20,042
Other financial liabilities	3,062	5,713
Non-current financial liabilities—third parties	**358,946**	**396,531**
Hedging derivatives	**2,546**	**3,522**
Non-hedging derivatives	**13,033**	**11,247**

Financial liabilities are recognized at amortized cost.

(23) Trade payables

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2008	December 31, 2009
Suppliers	46,667	49,195
Payments on account	424	287
Total	**47,091**	**49,482**

At December 31, 2009, trade payables may be analyzed by original currency as follows:

Thousands of Euros	EUR	USD	GBP	Other	Total
Trade payables	37,273	1,844	1,071	9,294	**49,482**

Other includes trade payables in the local currencies of the group companies, including € 5.4 million in Australian dollars, € 0.8 million in Argentinean pesos, € 0.6 million in Indian rupees, € 0.6 million in Chinese renmimbi, € 0.5 million in Mexican pesos, € 0.3 million in New Zealand dollars, € 0.2 million in Colombian pesos, € 0.2 million in Ukrainian hryvnies and € 0.2 million in Brazilian reals and other small exposures in other currencies.

(24) Current direct tax liabilities

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2008	December 31, 2009
Current income tax liabilities	2,297	2,960
Total	**2,297**	**2,960**

(25) Current indirect tax liabilities

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2008	December 31, 2009
VAT and other indirect taxes	2,704	2,818
Total	**2,704**	**2,818**

(26) Provisions for risks and charges

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2008	December 31, 2009
Provision for returns	689	879
Provision for restructuring	592	—
Other current provisions for risks and charges	—	65
Total current provisions for risks and charges	**1,281**	**944**

(26) Provisions for risks and charges (Continued)

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

Thousands of Euros	December 31, 2008	December 31, 2009
Provision for restructuring	1,304	35
Provision for legal disputes	206	85
Provision for tax risks	62	43
Provision for agents' leaving indemnity	86	101
Total non-current provisions for risks and charges	**1,658**	**264**

The provision for restructuring recognized at December 31, 2008 was nearly entirely used in 2009. The remaining balance relates to Guala Closures Serviçios Mexico SA de CV.

Changes in the provisions are as follows:

Thousands of Euros	December 31, 2009
Opening current provisions for risks and charges	1,281
Exchange rate losses	(1)
Accrual	670
Utilization	(1,006)
Closing current provisions for risks and charges	**944**

Thousands of Euros	December 31, 2009
Opening non-current provisions for risks and charges	1,658
Exchange rate gains	96
Accrual	154
Utilization	(1,644)
Closing non-current provisions for risks and charges	**264**

The provision for legal disputes was set up specifically for ongoing disputes. Pending disputes are not expected to be resolved within the next twelve months.

(27) Financial derivative liabilities

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2008	December 31, 2009
Fair value of interest rate swaps	12,378	14,737
Fair value of currency swaps	—	32
Fair value of aluminum derivatives	3,201	—
Total	**15,579**	**14,770**

(28) Other current liabilities

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2008	December 31, 2009
Payables to employees	4,281	3,913
Social security charges payable	2,768	2,560
Other payables	4,275	2,780
Total	**11,324**	**9,253**

(28) Other current liabilities (Continued)

At December 31, 2008, "Other payables" included € 1.4 million in relation to the acquisition of Guala Closures group.

(29) Employee benefits

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2008	December 31, 2009
Post-employment benefits—Guala Closures S.p.A.	5,396	4,765
Other	999	1,527
Total	**6,395**	**6,292**

Changes in Employee benefits are as follows:

Thousands of Euros	
Balance at January 1, 2009	6,395
Exchange rate gains	105
Business combinations	316
Change recognized in profit or loss	328
Benefits paid	(852)
Balance at December 31, 2009	**6,292**

The change recognized in profit or loss is detailed below:

Thousands of Euros	
Post-employment benefits—Guala Closures S.p.A.	74
Other	254
Change recognized in profit or loss	**328**

Changes in Guala Closures S.p.A.'s post-employment benefits and the main assumptions used in their measurement are detailed below:

Thousands of Euros	
Balance at January 1, 2009	5,396
Actuarial losses	(164)
Interest expense	238
Benefits paid	(705)
Balance at December 31, 2009	**4,765**

Actuarial parameter baseline:

	December 31, 2008	December 31, 2009
Average inflation rate	3.20% p.a.	2.00% p.a.
Discount rate	4.80% p.a.	4.20% p.a.
Annual rate of increase in post-employment benefits	3.90% p.a.	3.00% p.a.

Guala Closures UK has a defined benefit pension plan under which the employees of the former Metalclosures Ltd have the right to a pension. This plan has a surplus at both December 31, 2008 and 2009 (i.e., the fair value of the plan assets is higher than the present value of the defined benefit obligation). As required by IAS 19 and IFRIC 14, the surplus that can be recognized must be less than the benefits available in the form of reimbursements or the contribution holiday: following completion

(29) Employee benefits (Continued)

of the West Bromwich site restructuring plan in 2008, the amount of the contribution holiday is zero and, therefore, the English company has not recognized the fund surplus. In addition, the group did not have contingent liabilities at the reporting date as the fund covers the present value of its future obligations with its plan assets.

For disclosure purposes, the amounts of the fund obligations and plan assets, as well as the baseline actuarial parameters used for their calculation, are shown below.

Thousands of Euros	December 31, 2008	December 31, 2009
Present value of the obligations	(41,843)	(53,479)
Fair value of plan assets	50,608	60,850
Total	**8,765**	**7,371**

Changes in the net amount of the fund:

Thousands of Euros	
Balance at January 1, 2009	8,765
Exchange rate gains	629
Current service cost	(39)
Interest expense	(2,808)
Expected return on plan assets	2,897
Actuarial losses	(2,073)
Balance at December 31, 2009	**7,371**

Changes in the present value of the obligations:

Thousands of Euros	
Balance at January 1, 2009	(41,843)
Exchange rate losses	(3,073)
Current service cost	(39)
Interest expense	(2,808)
Contribution to the fund	(12)
Benefits paid	3,075
Actuarial losses	(8,780)
Balance at December 31, 2009	**(53,479)**

Changes in the fair value of plan assets:

Thousands of Euros	
Balance at January 1, 2009	50,608
Exchange rate gains	3,702
Expected return on plan assets	2,897
Contribution to the fund	12
Benefits paid	(3,075)
Actuarial gains	6,707
Balance at December 31, 2009	**60,850**

(29) Employee benefits (Continued)

Actuarial parameter baseline:

	December 31, 2008	December 31, 2009
Salary growth rate	4.00% p.a.	4.00% p.a.
Rate of increase in pensions provided (average)	3.10% p.a.	3.10% p.a.
Average inflation rate	3.00% p.a.	3.30% p.a.
Discount rate	6.50% p.a.	5.60% p.a.

(30) Other non-current liabilities

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2008	December 31, 2009
Other non-current liabilities	61	52
Total	**61**	**52**

(31) Equity attributable to the owners of the parent

On June 30, 2009, the Shareholders resolved to increase the capital of the Company by a contribution in kind of a total of €1,341,600, by issuing 513 new shares with a par value of EUR 1.25 (EUR 641.25) and allocating to the share premium accounts an amount of EUR 1,340,958.75)

At December 31, 2009, the parent's subscribed and paid-up share capital equals € 114,448 thousand and is comprised of 91,558 shares with a nominal value of € 1.25 each. No changes took place with respect to December 31, 2008.

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.

The group's objectives in capital management are to create value for shareholders, safeguard the group's future and support group development.

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

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

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

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

The capital management policies of the group have not changed during the year.

(32) Equity attributable to non-controlling interests

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

	Non-controlling interests % December 31, 2008	Non-controlling interests % December 31, 2009	Balance at December 31, 2008(*)	Balance at December 31, 2009
Technologia Closures LLC	30.00%	30.00%	3,631	4,976
Guala Closures Orient B.V.	13.15%	13.15%	2,594	3,627
Guala Closures India pvt Ltd.	5.00%	5.00%	1,440	1,606
Guala Closures Argentina S.A.	17.62%	17.62%	653	758
Guala Closures de Colombia LTDA	6.80%	6.80%	576	649
Guala Closures China B.V.	3.50%	3.50%	200	191
Guala Closures de Mexico S.A. de C.V.	49.90%	0%	6,769	—
Guala Closures Russia B.V.	30.00%	0%	18	—
Guala Closures del Uruguay S.A.	10.00%	0%	13	—
Total			**15,893**	**11,807**

(*) The figures as at December 31, 2008 have been restated following the finalization of the purchase price allocation procedure for Guala Closures group.

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

As disclosed in note 4) Acquisitions of subsidiaries and business units to these consolidated financial statements, the group acquired the non-controlling interest in Guala Closures Mexico S.A. de C.V. (49.9%) on May 28, 2009.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(33) Other operating income

This caption includes:

Thousands of Euros	Financial period 2008	12 months 2009
Acquisition of non-controlling interest in Mexican company	—	4,570
Internal production	832	1,974
Sundry recoveries/repayments	1,200	952
Insurance compensation—Australia	970	479
Gains	39	262
Royalty income	29	43
Other	32	976
Total	**3,100**	**9,256**

The gain on the acquisition of the non-controlling interest in the Mexican subsidiary relates to the difference between the acquisition-date carrying amount of the net assets acquired (€ 6,770 thousand) and the consideration paid (€ 2,200 thousand).

Internal production includes € 401 thousand of capitalized development expenditure related to new closures, € 1,573 thousand of extraordinary maintenance carried out on property, plant and equipment and extraordinary maintenance and upgrading of the production capacity of Guala Closures S.p.A. (€ 548 thousand) and foreign companies (€ 1,025 thousand).

In addition to development expenditure capitalized during the year, research expenditure of roughly € 300 thousand was expensed.

Insurance compensation—Australia relates to the insurance compensation for the fire which occurred in February 2008. It includes an amount for the replacement of damaged equipment and an amount to compensate for the business interruption.

(34) Consumpion of raw materials

This caption includes:

Thousands of Euros	Financial period 2008	12 months 2009
Raw materials and supplies	25,952	108,548
Packaging	1,264	5,271
Consumables and maintenance	752	3,937
Fuels	237	750
Other purchases	816	2,190
Change in inventories	4,984	3,158
Total	**34,005**	**123,855**

(35) Services

This caption includes:

Thousands of Euros	Financial period 2008	12 months 2009
External processing	2,958	11,274
Electricity / Heating	3,023	10,936
Transport	2,566	10,698
External labor / porterage	896	3,208
Legal and consulting fees	1,019	3,649
Maintenance	634	3,235
Travel	668	2,952
Sundry industrial services	998	3,363
Administrative services	652	1,749
Directors' fees	444	1,292
Insurance	399	1,980
Technical assistance	341	1,026
Telephone costs	245	820
Commissions	273	791
Cleaning service	213	854
Security	127	233
Commercial services	82	401
Entertainment expenses	88	409
Advertising services	14	136
Expos and trade fairs	53	67
Other	409	1,657
Total	**16,104**	**60,731**

Directors' fees represent the cost borne by all the Group entities in relation to Directors' remuneration.

Costs for services for 2008 included € 1,267 thousand accrued for the long-term cash incentive plan approved by Guala Closure S.p.A.'s board of directors on December 20, 2006, of which € 1,187 thousand relates to its directors.

GCL Holdings S.C.A. directors received no remuneration for their role during the year.

(36) Personnel expense

This caption includes:

Thousands of Euros	Financial period 2008	12 months 2009
Wages and salaries	12,269	43,923
Social security contributions	2,612	8,166
Expense/(Income) from defined benefit plans	454	328
Other costs	275	1,459
Total	**15,610**	**53,876**

Reference should be made to note 29) Employee benefits to these consolidated financial statements for details on Expense/(income) from defined benefit plans.

(36) Personnel expense (Continued)

At December 31, 2008 and 2009, the group had the following number of employees:

Number	December 31, 2008	December 31, 2009
Blue collars	1,738	1,839
White collars	544	462
Managers	106	123
Total	**2,388**	**2,424**

The acquisition of Pharma Trade S.r.l. generated an increase of 36 employees.

(37) Personnel (expense)/income relating to the pension fund managed by related parties

This caption, which has a zero balance in 2009, showed an expense of € 2,385 thousand for 2008 related to the change in the Guala Closures UK Ltd pension fund with respect to December 31, 2007.

(38) Other operating expense

This caption includes:

Thousands of Euros	Financial period 2008	12 months 2009
Rent and leases	832	3,472
Other costs for the use of third party assets	361	1,141
Taxes and duties	414	1,392
Provisions for risks and charges	2,452	824
Other charges	188	774
Total	**4,246**	**7,602**

(39) Financial income

This caption includes:

Thousands of Euros	Financial period 2008	12 months 2009
Exchange rate gains	14,919	26,780
P&L impact on IRSs	—	476
P&L impact on currency derivatives	—	454
Interest income	25	332
P&L impact on aluminum derivatives	302	272
Other financial income	308	1,201
Total	**15,554**	**29,515**

(40) Financial expense

This caption includes:

Thousands of Euros	Financial period 2008	12 months 2009
Interest expense	10,047	34,532
Exchange rate losses	16,068	21,349
Financial expense—Change in present value of non-controlling investors in the Ukrainian company	—	3,000
P&L impact on IRSs	10,025	1,854
P&L impact on aluminum derivatives	3,201	287
Other financial expense	728	3,707
Total	**40,070**	**64,729**

Financial expense—non-controlling investors in the Ukrainian company relates to recognition of the increase in the financial liability for these investors' right to exercise a put option if certain conditions are met. The liability was determined by discounting the estimated value of the put option at its estimated time of exercise.

(41) Income and expense on financial assets/liabilities

The following table shows income and expense on financial assets/liabilities, specifying which are recognized in profit or loss and which directly in equity.

Thousands of Euros	Financial period 2008	12 months 2009
Recognized in profit or loss		
Bank interest income	25	332
Fair value gains on derivatives	302	1,202
Exchange rate gains	14,919	26,780
Other financial income	308	1,201
Total financial income	**15,554**	**29,515**
Interest expense on financial liabilities measured at amortized cost	10,047	34,532
Exchange rate losses	16,068	21,349
Fair value losses on derivatives	13,227	2,141
Other financial expense	728	6,707
Total financial expense	**40,070**	**64,729**
Net financial expense	**(24,516)**	**(35,214)**
Recognized directly in equity		
Effective portion of fair value losses on cash flow hedges	(3,030)	(930)
of which, to the hedging reserve	**(3,030)**	**(930)**

(42) Income taxes

This caption includes:

Thousands of Euros	Financial period 2008(*)	12 months 2009
Current taxes	(3,800)	(14,168)
Deferred tax income	3,894	(2,830)
Deferred tax expense	33	816
Total	**127**	**(16,182)**

(*) The figures for 2008 have been restated following the finalization of the purchase price allocation procedure for Guala Closures group.

Deferred tax income and expense in profit or loss do not reflect the change in the corresponding captions of the consolidated statement of financial position due to the effect of the net exchange rate losses (€ 139 thousand) and gains recognized directly in equity (€ 225 thousand), as described in the following table.

Deferred tax liabilities recognized directly in equity

Thousands of Euros	December 31, 2009
Change in deferred tax liabilities on fair value adjustments on cash flow hedges	225
Total	**225**

Reconciliation between the theoretical and effective tax charge

The difference between the theoretical and effective tax charge is mainly related to the impact of the different tax rates in foreign countries, non-taxable revenue and non-deductible costs.

Thousands of Euros	Financial period 2008(*)	12 months 2009
Profit before taxation	**(23,572)**	**6,805**
Italian tax rate	30.0%	30.0%
Theoretical tax	**(7,072)**	**2,041**
Effect of foreign tax rates	706	(1,946)
Non-taxable revenue and other decreases	(796)	(3,394)
Non-deductible expense and other increases	1,282	11,364
(Increase) / decrease in deferred tax assets	(3,894)	2,827
Increase / (decrease) in deferred tax liabilities	507	(815)
Elimination of deferred tax income on profit (loss) for the year(**)	2,966	—
Unaccrued deferred tax assets on loss for the year	5,584	5,207
Other changes	174	(889)
Total increase / (decrease)	**6,529**	**12,354**
Effective tax (income)/expense	**(543)**	**14,396**
Other taxes	415	1,787
Total taxes for the year	**(127)**	**16,182**

(*) The figures for 2008 have been restated following the finalization of the purchase price allocation procedure for Guala Closures group.

(**) Changes in deferred tax income/expense recognized in profit or loss include those arising following the elimination of taxable income/loss for the year as the changes are already included in the calculation of theoretical taxation adjusted by the effect of Non-taxable revenue and other decreases and Non-deductible expense and other increases.

(42) Income taxes (Continued)

Guala Closures S.p.A. has joined its parent, GCL Special Closures S.r.l.'s national tax consolidation scheme pursuant to articles 117-128 of Presidential decree no. 917 of 22 December 2086. The subsidiary Creative GCL S.r.l. also participates in the national tax consolidation scheme.

This option has been exercised for the tax years ending December 31, 2009, 2010 and 2011. Guala Closures S.p.A. is domiciled with the tax consolidator GCL Special Closures S.r.l..

OTHER INFORMATION

(43) 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.

The General Partner has overall responsibility for establishing and monitoring a risk management system for the group.

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

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

Credit risk

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

The group's exposure to credit risk depends largely on each customer's specific characteristics. The demographics of the group's customer portfolio, including the segment insolvency risk and the country risk, have an impact on the credit risk.

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

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

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

Liquidity risk

This risk regards the group's ability to meet its obligations arising from financial liabilities.

The group's approach to liquidity management is to ensure adequate funds are always available to cover its obligations at the expiry dates, both in normal conditions and at times of financial difficulty, without incurring borrowing expense at terms higher than market conditions.

The group generally ensures there is sufficient cash and cash equivalents to cover forecast short-term operating costs, including those related to financial liabilities. Contingent effects following extreme situations that cannot reasonably be forecast, such as natural disasters, are excluded from the above.

Historically, the group has always met its obligations on time.

(43) Financial risk management (Continued)

Reference should be made to the tables under note 20) Financial liabilities—third parties to these consolidated financial statements for information on the group's loans, credit lines and facilities at the reporting date.

Interest rate risk

This risk relates to volatility of the market rates which determine the interest expense paid on outstanding loans.

The group is exposed to interest rate risk as almost the full amount of its financial liabilities provide for the payment of interest at variable rates subject to short-term repricing.

The group's policy is to hedge a significant portion of the payable amount subject to interest rate risk. Interest rate swaps are used to hedge the risk, enabling the interest rate to be set at fixed amounts.

Currency risk

This risk relates to the effect of fluctuations in exchange rates on sales, purchases and loans in currencies other than the functional currencies of the various group entities.

The group is exposed to currency risk, particularly in relation to fluctuations of the pound sterling and US dollar.

Interest on loans is denominated in the currency of the cash flows generated by the group's underlying transactions. These are mainly in Euro but may also be in British pound sterling, US dollars and Australian dollars, so that there is adequate hedging and the group does not have to avail of other derivatives.

The risk of exchange rate fluctuations is managed using exchange rate hedges when significant differences are noted between costs and revenue in foreign currency.

If that is the case, such differences are hedged through currency swaps. These provide for the purchase/sale of agreed amounts in foreign currency at a set exchange rate against the Euro.

Other price risk

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

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

The risk of fluctuations in the purchase price of aluminum is partly hedged through derivatives which set the forward purchase price.

(44) Derivatives

The main features of the contracts in place at December 31, 2009 are summarized below:

—interest rate swaps

The parent, GCL Holdings S.C.A. has two interest rate swaps in place at year end to hedge floating interest rates on bank loans. They are detailed below:

1. Euro interest rate swap of October 28, 2008 with Intesa Sanpaolo S.p.A., expiring on September 24, 2011. It has a fixed swap rate of 5.319% against a floating six-month Euribor on a notional amount of € 28,500 thousand at December 31, 2009.
2. Euro interest rate swap of February 13, 2009 with Intesa Sanpaolo S.p.A., expiring on September 24, 2011. It has a fixed swap rate of 2.35% against a floating six-month Euribor on a notional amount of € 32,900 thousand at December 31, 2009.

Guala Closures S.p.A. has eight interest rate swaps in place at December 31, 2009 to hedge floating interest rates on bank loans.

In addition, at year end, Guala Closures S.p.A. has two interest rate swaps in place to hedge floating interest rates on property finance leases.

Interest rate swaps hedging floating interest rates on Guala Closures S.p.A.'s bank loans are analyzed below, listed in chronological order by the date they were agreed:

1. US dollar interest rate swap agreed with the Royal Bank of Scotland on June 16, 2006, expiring on November 30, 2010. It has a fixed swap rate of 5.525% against the floating six-month US dollar Libor for a notional amount of US$ 9,460 thousand at December 31, 2009.
2. Euro interest rate swap agreed with Banco Bilbao Vizcaya Argentaria SA on June 16, 2006, expiring on November 30, 2010. It has a fixed swap rate of 3.68% against the floating six-month Euribor for a notional amount of € 30,992.5 thousand at December 31, 2009.
3. Euro interest rate swap agreed with Intesa Sanpaolo S.p.A. on February 21, 2007, expiring on January 31, 2012. It has a fixed swap rate of 4.15% against the floating six-month Euribor for a notional amount of € 13,250 thousand at December 31, 2009.
4. Euro interest rate swap agreed with Intesa Sanpaolo S.p.A. on September 5, 2007, expiring on January 31, 2012. It has a fixed swap rate of 4.50% against the floating six-month Euribor for a notional amount of € 6,610 thousand at December 31, 2009.
5. Euro interest rate swap agreed with Natixis SA on October 10, 2008, expiring on September 30, 2011. It has a fixed swap rate of 5.201% against the floating six-month Euribor, for a notional amount of € 36,300 thousand at December 31, 2009.
6. Sterling interest rate swap agreed with Intesa Sanpaolo S.p.A. on October 10, 2008, expiring on September 30, 2011. It has a fixed swap rate of 6.219% against the floating six-month sterling Libor, for a notional amount of £ 23,900 thousand at December 31, 2009.
7. US dollar interest rate swap agreed with Intesa Sanpaolo S.p.A. on October 10, 2008, expiring on September 30, 2011. It has a fixed swap rate of 4.51% against the floating six-month US dollar Libor, for a notional amount of US$ 53,800 thousand at December 31, 2009.
8. US dollar interest rate swap agreed with Bayerische Hypo und Vereinsbank AG on December 18, 2008, expiring on September 30, 2011. It has a fixed swap rate of 1.848% against the floating six-month US dollar Libor, for a notional amount of US$ 21,984 thousand at December 31, 2009.

(44) Derivatives (Continued)

Although the interest rate swaps have been entered into for hedging purposes, they do not meet the formal requirements of IAS 39 for hedge accounting and have been recognized as trading instruments.

Interest rate swaps hedging floating interest rates on property finance leases are analyzed below, listed in chronological order by the date they were agreed:

1. Euro interest rate swap agreed with Intesa Sanpaolo S.p.A. on March 7, 2006, expiring on July 1, 2019. It has a fixed swap rate of 3.945% against the floating one-month Euribor for a notional amount of € 7,452 thousand at December 31, 2009.
2. Euro interest rate swap agreed with Unicredit Banca d'Impresa S.p.A. on March 7, 2006, expiring on July 1, 2019. It has a fixed swap rate of 3.960% against the floating one-month Euribor for a notional amount of € 7,452 thousand at December 31, 2009.

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

—Forward purchase of aluminum

At December 31, 2009, there are five contracts for the forward purchase of aluminum, for a total of 800 tons, spread over various expiry dates based on forecast monthly requirements.

The hedge accounting requirements of IAS 39 were not met and these derivatives are therefore recognized as trading instruments.

The following table shows the forward aluminum purchase contracts in place at December 31, 2009:

Expiry date	Hedged amount (tons)	Strike price (US$/ton)	December 31, 2009 Positive/(negative) fair value (Thousands of Euros)
March 2010	100	750	46
April 2010	100	755	46
May 2010	200	888	55
June 2010	200	888	56
July 2010	200	888	57
Total	**800**		**259**

—Currency swaps

The group did not have any currency swaps at the reporting date.

(44) Derivatives (Continued)

The following table shows the fair value of the derivatives held at the reporting date:

Contract (Thousands of Euros)	Recognition at December 31, 2009	December 31, 2008 Positive/(negative) fair value	December 31, 2009 Positive/(negative) fair value
Interest rate swap on mezzanine debt	Hedge accounting	(2,024)	(2,673)
Interest rate swap on leases	Hedge accounting	(522)	(817)
Interest rate swap on financing	Recognized at fair value through profit or loss	(9,832)	(11,247)
Currency swap	Recognized at fair value through profit or loss	302	32
Forward aluminum purchase	Recognized at fair value through profit or loss	(3,201)	259

(44) Derivatives (Continued)

Effective interest rate and repricing analysis

The following table shows the effective interest rate at the reporting date and for the period in which the related rate may be reviewed for interest-bearing financial assets and liabilities.

Thousands of Euros	Effective interest rate—December 2009	Total 12/31/09	Repricing date: Up to 6 months	6 - 12 months	1 - 2 years	2 - 5 years	After 5 years
Bank loans and borrowings:							
Mezzanine facility agreement 09/16/2008	12.04%	**92,429**	**92,429**				
Facility A EUR	4.02%	36,191	36,191	—	—	—	—
Facility B EUR	4.52%	34,150	34,150	—	—	—	—
Facility C EUR	5.02%	34,150	34,150	—	—	—	—
Facility A USD	3.64%	21,540	21,540	—	—	—	—
Facility B USD	4.14%	20,373	20,373	—	—	—	—
Facility C USD	4.64%	20,373	20,373	—	—	—	—
Facility A GBP	3.74%	15,273	15,273	—	—	—	—
Facility B GBP	4.24%	14,423	14,423	—	—	—	—
Facility C GBP	4.74%	14,423	14,423	—	—	—	—
Facility A AUD	6.85%	9,923	9,923	—	—	—	—
Facility B AUD	7.35%	9,285	9,285	—	—	—	—
Facility C AUD	7.85%	9,285	9,285	—	—	—	—
Revolving facility	3.48%	13,000	13,000	—	—	—	—
Capex facility	4.02%	38,600	38,600	—	—	—	—
Transaction costs	n.a.	(8,948)	(8,948)	—	—	—	—
TOTAL SENIOR DEBT 10/10/2008		**282,042**	**282,042**	**—**	**—**	**—**	**—**
Accrued expenses and deferred income—Guala Closures S.p.A.	n.a.	4,900	4,900	—	—	—	—
Advances on receivables—Guala Closures Argentina		873	873	—	—	—	—
Guala Closures Mexico loan		2,064	2,064	—	—	—	—
Total bank loans and borrowings		**382,309**	**382,309**	**—**	**—**	**—**	**—**
Other financial liabilities:							
Financing as per Law no. 46/82		733	70	195	200	268	—
Guala Closures S.p.A. finance leases		21,397	21,397	—	—	—	—
Liability to the Ukrainian non-controlling investors		5,100	—	—	—	—	5,100
Other liabilities		165	165	—	—	—	—
Total other financial liabilities		**27,395**	**21,632**	**195**	**200**	**268**	**5,100**

(45) Related party transactions

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

Intesa Sanpaolo S.p.A. is considered a related party of GCL Holdings group.

(45) Related party transactions (Continued)

The transactions and relationships between Intesa Sanpaolo S.p.A. and the group at December 31, 2009 are summarized below:

- together with Bayerische Hypo und Vereinsbank Ag and Natixis S.A., Intesa Sanpaolo S.p.A. acts as Mandated Lead Arranger and Bookrunner for Guala Closures S.p.A.'s Senior Facilities Agreement of October 10, 2008;
- together with Bayerische Hypo und Vereinsbank Ag and Natixis S.A., Intesa Sanpaolo S.p.A. acts as Mandated Lead Arranger and Bookrunner for GCL Holdings S.C.A.'s Mezzanine Facility Agreement of September 16, 2008;
- Intesa Sanpaolo S.p.A. has a representative on the board of directors of Guala Closures S.p.A. at December 31, 2009;
- through GCL Holdings S.à r.l., Intesa Sanpaolo S.p.A. holds an indirect investment of 19% in GCL Holdings S.C.A.;
- transactions with Intesa Sanpaolo S.p.A. take place on an arm's length basis.

In addition, DLJ Merchant Banking Inc. is considered a related party of GCL Holdings group.

The transactions and relationships between Intesa Sanpaolo S.p.A. and the group at December 31, 2009 are summarized below:

- DLJ Merchant Banking Inc. indirectly holds 51% of GCL Holdings S.C.A.'s ordinary shares and 58% of its preference shares;
- transactions with DLJ Merchant Banking Inc. take place on an arm's length basis.

Related parties also include a pension fund for employees of the former Metal Closures Ltd (now Guala Closures UK Ltd) managed by Metal Closures Group Trustees Ltd.. Considering the performance of the pension fund, funds did not need to be transferred thereto. Employees have paid their contributions. Reference should be made to note 29) Employee benefits to the consolidated financial statements for additional information on the Guala Closures UK Ltd pension fund.

(46) Contingent liabilities

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

(47) Commitments and guarantees

The group's commitments and guarantees at December 31, 2009 can be grouped into those guarantees given in relation to the Senior Facility Agreement and other guarantees given by other group companies.

The guarantees given in relation to the Senior Facility Agreement are detailed as follows:

GCL Holdings S.C.A.

GCL Holdings S.C.A. has pledged its 100% investment in GCL Special Closures S.r.l. to its creditors Bayerische Hypo und Vereinsbank, Intesa Sanpaolo S.p.A. and Natixis S.A..

GCL Special Closures S.r.l.

GCL Special Closures S.r.l. has pledged its 100% investment in Guala Closures S.p.A. to its creditors Bayerische Hypo und Vereinsbank and GCL Holdings S.C.A..

(47) Commitments and guarantees (Continued)

Guala Closures S.p.A.

- Pledge of the shares held by Guala Closures S.p.A. in Guala Closures International B.V.
- Special lien on the following assets of Guala Closures S.p.A.:
  - existing and future chattels not listed in public registers which Guala Closures S.p.A. uses in its operations or as plant and machinery;
  - raw materials, work in progress, inventories, finished goods held at any time at Guala Closures S.p.A.'s warehouses (or with third parties or holders of any kind);
  - goods that Guala Closures S.p.A. purchases with income from the financing secured by the special lien;
  - receivables arising after the warranty deed is signed following the sale of some of the above assets.
- Pledge of Guala Closures S.p.A.'s intellectual property

Guala Closures UK Holdings Ltd.

- Pledge of Guala Closures UK Ltd. shares held by Guala Closures UK Holdings Ltd.

Guala Closures UK Ltd.

- Special lien on all the assets of Guala Closures UK Ltd.

Guala Closures International B.V.

- Pledge of the Guala Closures UK Holdings Ltd. shares held by Guala Closures International B.V.
- Pledge of the Guala Closures Patents B.V. shares held by Guala Closures International B.V.
- Pledge of the Guala Closures Orient B.V. shares held by Guala Closures International B.V.
- Pledge of the Guala Closures China B.V. shares held by Guala Closures International B.V.
- Pledge of the Guala Closures Australia Holdings Pty Ltd shares held by Guala Closures International B.V.
- Pledge of the Technologia Closures LLC shares held by Guala Closures International B.V.
- Pledge of the Guala Closures Mexico S.A. de C.V. shares held by Guala Closures International B.V.
- Pledge of the Guala Closures Iberica S.A. shares held by Guala Closures International B.V.
- Pledge of the Millstreet Holding B.V. shares held by Guala Closures International B.V.
- Pledge of the Guala Closures New Zealand Ltd shares held by Guala Closures International B.V.

Guala Closures Patents B.V.

- Pledge of the intellectual property of Guala Closures Patents B.V.

Guala Closures China B.V.

- Pledge of the Beijing Guala Closures Ltd. shares held by Guala Closures China B.V.

(47) Commitments and guarantees (Continued)

Millstreet Holding B.V.

- Pledge of the Guala Closures de Colombia Ltda shares held by Millstreet Holding B.V.
- Pledge of the Guala Closures do Brasil Ltda shares held by Millstreet Holding B.V.

The other guarantees given by group companies at December 31, 2009 are as follows:

Thousands of Euros	December 31, 2009
Guala Closures S.p.A.	
Sureties given to third parties	2,401
Third party assets held by the company	1,739

(48) Subsequent events

On March 1, 2010, the merger of Millstreet Holding B.V. and Guala Closures International B.V. was formalized in a specific deed.

On March 12, 2010, transfer of the investment in Guala Closures UK Ltd by Guala Closures UK Holdings Ltd to the group holding company Guala Closures International B.V. was approved with the related transfer of the shares.

On April 2, 2010 Guala Closures International B.V. undersigned the agreements for the acquisition of two companies in Bulgaria, Guala Closures Bulgaria A.D. and Guala Closures Tools A.D., spin-off of the company Danik A.D., specialized in the production of closures and components and manufacturing of moulds for plastic materials, respectively. On May 5, 2010 the closing of the operation has been completed with relevant payment.

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

Luxembourg, May 7, 2010

GCL HOLDINGS S.C.A.

CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR PERIOD ENDED DECEMBER 31, 2008

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To the Shareholders of
GCL Holdings S.C.A.
Société en Commandite par Actions
19-21 boulevard du Prince Henri
L-1724 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of GCL Holdings S.C.A., which comprise the consolidated balance sheet as at December 31, 2008 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the period from July 7 (date of incorporation) to December 31, 2008, and a summary of significant accounting policies and other explanatory notes.

General Partner's responsibility for the consolidated financial statements

The General Partner is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the Réviseur d'Entreprises

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the Institut des Réviseurs d'Entreprises. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the Réviseur d'Entreprises, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the General Partner, as well as evaluating the overall presentation of the consolidated financial statements.

KPMG

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of GCL Holdings S.C.A. as of December 31, 2008, and of its consolidated financial performance and its consolidated cash flows for the period from July 7, 2008 to December 31, 2008 in accordance with International Financial Reporting Standards, as adopted by the European Union.

Report on other legal and regulatory requirements

The consolidated management report, which is the responsibility of the General Partner, is consistent with the consolidated financial statements.

Luxembourg, May 18, 2009

KPMG Audit S.à r.l.

KPMG Audit S.à r.l.

GCL HOLDINGS S.C.A.

CONSOLIDATED BALANCE SHEET

(Thousands of Euros)	December 31, 2008	Note
ASSETS		
Current assets		
Cash and cash equivalents	26,213	5
Current financial assets	3,036	6
Trade receivables	71,772	7
Inventories	43,824	8
Current direct tax assets	3,394	9
Current indirect tax assets	6,649	10
Financial derivative assets	302	11
Other current assets	5,950	12
Assets classified as held for sale	1,594	13
Total current assets	**162,733**	
Non-current assets		
Non-current financial assets	216	14
Property, plant and equipment	131,555	16
Intangible assets	387,884	17
Deferred tax assets	11,877	18
Other non-current assets	3,820	19
Total non-current assets	**535,351**	
TOTAL ASSETS	**698,084**	
LIABILITIES AND EQUITY		
Current liabilities		
Current financial payables	29,546	20
Trade payables	47,091	23
Current direct tax liabilities	2,297	24
Current indirect tax liabilities	2,704	25
Current provisions for risks and charges	1,281	26
Financial derivative liabilities	15,579	27
Other current liabilities	11,324	28
Total current liabilities	**109,823**	
Non-current liabilities		
Non-current financial payables	358,946	20
Employee benefits	6,395	29
Deferred tax liabilities	4,878	18
Non-current provisions for risks and charges	1,658	26
Other non-current liabilities	61	30
Total non-current liabilities	**371,937**	
Total liabilities	**481,760**	
Share capital and reserves attributable to minority interests	14,251	
Profit for the period attributable to minority interests	473	
Equity attributable to minority interests	**14,724**	32
Equity attributable to the shareholders of the parent		
Share capital	114	
Share premium reserve	237,911	
Legal reserve	—	
Translation reserve	(5,976)	
Hedging reserve	(3,030)	
Losses carried forward	(4,711)	
Loss for the period	(22,708)	
Equity attributable to the shareholders of the parent	**201,600**	31
Total equity	**216,324**	
TOTAL LIABILITIES AND EQUITY	**698,084**	

GCL HOLDINGS S.C.A.

CONSOLIDATED INCOME STATEMENT

(Thousands of Euros)	2008	Note
Net revenue	**88,848**	3
Change in inventories of finished goods and semi-finished products	(10,473)	8
Other operating income	3,100	33
Costs for raw materials	(34,005)	34
Costs for services	(16,104)	35
Personnel expense	(15,610)	36
Personnel (expense)/income relating to the pension fund managed by related parties	(2,385)	37
Other operating costs	(4,246)	38
Amortization, depreciation and impairment losses	(6,431)	16 - 17
Operating profit	**2,694**	
Financial income	15,554	39
Financial expense	(40,070)	40
Loss before taxation	**(21,822)**	
Income taxes	(413)	42
Loss for the period	**(22,235)**	
Attributable to:		
Shareholders of the parent	(22,708)	
Minority interests	473	

GCL HOLDINGS S.C.A.

CONSOLIDATED CASH FLOW STATEMENT

(Thousands of Euros)	2008	Note
Opening cash and cash equivalents	**—**	
A) Cash flows from (used in) operating activities		
Loss before taxation	(21,822)	
Amortization and depreciation(*)	5,892	16 - 17
Reclassification of financial income/(expense) (excluding exchange rate gains/ (losses))	23,368	39 - 40
Exchange rate losses on foreign currency financial receivables/payables	(694)	
Change in working capital	15,399	
Acquisition of Technologia Closures (payment of suppliers)	(12,439)	4
Change in employee benefits	2,612	29
Change in other provisions	1,794	26
Change in other current assets/liabilities	(1,113)	12 - 28
Change in other non-current assets/liabilities	180	19 - 30
Current taxes recognized in the income statement	(3,800)	42
Change in current tax assets/liabilities	(1,297)	
Deferred tax income recognized in the income statement	3,388	42
Change in deferred tax assets/liabilities	(2,776)	18
Change in VAT and indirect tax assets/liabilities	2,010	10 - 25
TOTAL	**10,701**	
B) Cash flows from (used in) investing activities		
Investments	(4,598)	16 - 17
Disposals	252	16 - 17
Acquisition of Guala Closures group—September 30, 2008	(281,135)	4
Acquisition of Technologia Closures	(24,394)	4
Exchange rate effect	15,401	
TOTAL	**(294,475)**	
C) Cash flows from (used in) financing activities		
Increase in financial liabilities	91,081	
Financial income	332	39
Financial expense	(10,781)	40
Exchange rate gains on foreign currency financial receivables/payables	694	
Change in financial assets	1,442	
Change in financial derivatives	2,653	
Dividends	(543)	
Share capital increases	241,756	
Impact of IFRS directly in equity	(7,739)	
Change in translation reserve	(8,908)	
TOTAL	**309,986**	
D) Net cash flows for the period (A+B+C)	**26,213**	
Closing cash and cash equivalents	**26,213**	

(*) The row Amortization and depreciation includes Depreciation of Tangible assets (€ 5,556 thousand), Impairment losses of Tangible assets (€ 39 thousand) and Amortization of Intangible assets (€ 297 thousand).

GCL HOLDINGS S.C.A.

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(Thousands of Euros)	Share capital	Share premium reserve	Legal reserve	Translation reserve	Hedging reserve	Losses carried forward	Loss for the period attributable to the shareholders of the parent	Equity attributable to the shareholders of the parent	Share capital and reserves attributable to minority interests	Profit for the period attributable to minority interests	Equity attributable to minority interests	Total equity
July 4, 2008	31	—	—	—	—	—	—	31	—	—	**—**	**31**
Issuance of shares linked to acquisition of Guala Closures Group(*)	83	237,911	—	—	—		—	237,994	13,990	—	**13,990**	**251,984**
Minority share capital increase	—	—	—	—	—	—	—	—	3,732	—	**3,732**	**3,732**
Impact of IFRS directly in equity	—	—	—	—	(3,030)	(2,610)	—	(5,640)	—	—	**—**	**(5,640)**
Dividends to minority interests	—	—	—	—	—	—	—	—	(543)	—	**(543)**	**(543)**
Exchange rate losses	—	—	—	(5,976)	—	—	—	(5,976)	(2,928)	—	**(2,928)**	**(8,904)**
Acquisition of Ukraine(**)	—	—	—	—	—	(2,100)	—	(2,100)	—	—	**—**	**(2,100)**
Loss for the period ended December 31, 2008	—	—	—	—	—	—	(22,708)	(22,708)	—	473	**473**	**(22,235)**
December 31, 2008	**114**	**237,911**	**—**	**(5,976)**	**(3,030)**	**(4,711)**	**(22,708)**	**201,600**	**14,251**	**473**	**14,724**	**216,324**

(*) The amount indicated in the row "Share capital increases" of consolidated cash flow statements includes the share capital as at July 4, 2008 (€ 31 thousand), the share capital increase (€ 83 thousand), the share premium increase (€ 237,911 thousand) and the minority share capital increase (€ 3,732 thousand)

(**) reference should be made to note 20) Financial payables

GCL HOLDINGS S.C.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT DECEMBER 31, 2008

GENERAL INFORMATION

(1) The group's activities

GCL Holdings group, headed by GCL Holdings S.C.A., has its registered office in Luxembourg and controls the holding companies GCL Special Closures S.r.l. and GCL Holdings S.r.l., which have their registered offices in Italy and through which it acquired Guala Closures S.p.A., the parent of the Italian group of the same name.

GCL Holdings S.r.l. submitted a voluntary takeover bid on June 16, 2008, pursuant to the Consolidated Finance Act (Italian Legislative decree no. 58 of February 24, 1998, as amended by Legislative decree no. 164 of September 17, 2007, Legislative decree no. 195 of November 6, 2007 and Legislative decree no. 229 of November 19, 2007) to purchase all the ordinary shares of Guala Closures S.p.A..

On July 25, 2008, the board of directors of Guala Closures S.p.A. assessed the terms, manner and conditions of the Bid, taking into consideration the fairness opinion prepared by Lazard & Co. S.r.l., which acted as the Issuer's financial advisor, and approved the Issuer's statement to be attached to the Offer document pursuant to article 103.3 of Legislative decree no. 58 of February 24, 1998 and article 39 of the Regulation approved by Consob (the Italian Commission for Listed Companies and the Stock Exchange) with its resolution no. 11971 dated May 14, 1999.

Pursuant to article 102 of the Consolidated Finance Act, Consob approved the publication of the Offer document on July 31, 2008, including the Issuer's statement approved by the board of directors on July 25, 2008 as amended on July 30, 2008. The Offer document, including the Issuer's statement, was published on August 5, 2008 and the acceptance period commenced on August 6, 2008 and closed on September 19, 2008. The consideration per share was € 4.30.

The takeover bid concluded with a subscription percentage of approximately 97%. On October 2, 2008, GCL Holdings S.r.l. exercised its squeeze-out right to purchase the remaining shares of Guala Closures S.p.A., taking its investment in the company's share capital to 100% and simultaneously delisting the shares of Guala Closures S.p.A..

These financial statements therefore consolidate the results of the ultimate parent GCL Holdings S.C.A. and the holding companies GCL Special Closures S.r.l. and GCL Holdings S.r.l. from the date of their incorporation until December 31, 2008. Guala Closures S.p.A. and its subsidiaries are consolidated from their date of acquisition, being September 30, 2008. Accordingly, these consolidated financial statements only include Guala Closures group's results for the last three months of 2008.

The group's main activities involve the design and production of bottle closures for spirits and non-alcoholic drinks, wine, water, oil and vinegar, as well as for hygiene 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.

(2) Accounting policies

The consolidated financial statements at December 31, 2008 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and endorsed by the European Union, and related interpretations. They include the separate financial statements of the ultimate parent and all subsidiaries shown in the group structure at December 31, 2008.

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

- balance sheet captions are classified by current and non-current assets and liabilities;
- income statement captions are classified by nature;
- the cash flow statement has been prepared using the indirect method;

(2) Accounting policies (Continued)

- the statement of changes in consolidated equity has been prepared in accordance with the structure of changes in consolidated equity.

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

The ultimate parent's board of directors approved the publication of the consolidated financial statements on April 16, 2009.

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

The accounting policies have been applied consistently across all group companies.

(a) Basis of consolidation

Subsidiaries

The consolidation scope includes the ultimate parent GCL Holdings S.C.A. and the entities over which it directly or indirectly has control, i.e., the power to govern, directly or indirectly, the financial and operating policies of an entity so as to obtain benefits from its activities, which in the case of group entities currently takes place through possession of the majority of the voting rights. The subsidiaries are consolidated from the date control is actually transferred to the group. They cease to be consolidated from the date control is transferred outside the group.

(2) Accounting policies (Continued)

The entities included in the consolidation scope are listed in the following table:

Company name	Registered office	Currency	Share/quota capital	Investment percentage	Type of investment	Method of consolidation
EUROPE						
GCL Special Closures S.r.l.	Italy	EUR	20,000,000	100%	Direct	Line-by-line
GCL Holdings S.r.l.	Italy	EUR	20,000,000	100%	Indirect(*)	Line-by-line
Guala Closures S.p.A.	Italy	EUR	67,624,491	100%	Indirect(*)	Line-by-line
Guala Closures International B.V.	The Netherlands	EUR	92,000	100%	Indirect(*)	Line-by-line
Creative GCL S.r.l.	Italy	EUR	100,000	100%	Indirect(*)	Line-by-line
Guala Closures Patents B.V.	The Netherlands	EUR	18,400	100%	Indirect(*)	Line-by-line
Guala Closures Russia B.V.	The Netherlands	EUR	18,000	70%	Indirect(*)	Line-by-line
Guala Closures Orient B.V.	The Netherlands	EUR	20,000	86.85%	Indirect(*)	Line-by-line
Guala Closures China B.V.	The Netherlands	EUR	20,000	96.50%	Indirect(*)	Line-by-line
Millstreet Holding B.V.	The Netherlands	EUR	18,045	100%	Indirect(*)	Line-by-line
Guala Closures UK Holdings Ltd	Great Britain	GBP	7,590,000	100%	Indirect(*)	Line-by-line
Guala Closures UK Ltd	Great Britain	GBP	134,000	100%	Indirect(*)	Line-by-line
Metal Closures Limited	Great Britain	GBP	1	100%	Indirect(*)	Line-by-line
Metal Closures Properties Ltd	Great Britain	GBP	1	100%	Indirect(*)	Line-by-line
Guala Closures de Espana, S.L.	Spain	EUR	22,653,100	100%	Indirect(*)	Line-by-line
Guala Closures Iberica, S.A.	Spain	EUR	2,500,160	100%	Indirect(*)	Line-by-line
Guala Closures Polska Sp. Z.o.o.	Poland	PLN	7,874,000	100%	Indirect(*)	Line-by-line
Guala Closures France S.a.s.	France	EUR	77,300	100%	Indirect(*)	Line-by-line
Technologia Closures LLC	Ukraine	UAH	90,000,000	70%	Indirect(*)	Line-by-line
ASIA						
Guala Closures India pvt Ltd	India	INR	170,000,000	82.5%	Indirect(*)	Line-by-line
Beijing Guala Closures Co. Ltd	China	CNY	20,278,800	96.5%	Indirect(*)	Line-by-line
LATIN AMERICA						
Guala Closures de Mexico S.A. de C.V.	Mexico	MXN	94,630,010	50.10%	Indirect(*)	Line-by-line
Guala Closures Servicios Mexico S.A. de C.V.	Mexico	MXN	50,000	50.10%	Indirect(*)	Line-by-line
Guala Closures Argentina S.A. (formerly Supertap S.A.)	Argentina	ARS	11,509,472	82.38%	Indirect(*)	Line-by-line
Guala Closures do Brasil LTDA	Brazil	BRL	10,736,287	100%	Indirect(*)	Line-by-line
Guala Closures de Colombia LTDA (formerly Tapas Albert Ltda)	Colombia	COP	8,691,219,554	93.20%	Indirect(*)	Line-by-line
Guala Closures del Uruguay S.A.	Uruguay	UYU	900,000	90%	Indirect(*)	Line-by-line
OCEANIA						
Guala Closures New Zealand Ltd (formerly Global Cap 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 (formerly Auscap Pty Ltd)	Australia	AUD	810	100%	Indirect(*)	Line-by-line
REST OF THE WORLD						
Guala Closures North America, Inc.	United States	USD	60,000	100%	Indirect(*)	Line-by-line

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

The table does not include the figures for the investments in the Indian companies Omso Orient Printing Machines Pvt Ltd and Creative (Moulds) India Pvt. Ltd as they are not consolidated due to their immaterial size.

Consolidation procedures

The financial statements of the subsidiaries are prepared for each reporting period using the same accounting policies as those of the ultimate parent. Consolidation adjustments are recognized to make those captions impacted by the application of different accounting policies consistent. All intragroup balances and transactions, including any unrealized profit on transactions within the group, are

(2) Accounting policies (Continued)

completely eliminated. Unrealized losses, other than impairment losses, are eliminated. The related tax effects are measured on all consolidation adjustments.

(b) Basis of preparation

These consolidated financial statements are prepared in Euros and rounded to the nearest thousand. The historic cost criterion has been applied, except for derivatives which are measured at fair value.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Following the application of IFRS, management has to prepare judgments, estimates and assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, costs and revenue. Estimates and the related assumptions are based on past experience and other factors considered to be reasonable in the circumstances. They are adopted to estimate the carrying amount of assets and liabilities that cannot easily be assumed from other sources. However, as they are estimates, the actual figure may not match the result of the estimate. Estimates are used to make provisions for bad debts, inventory obsolescence, amortization and depreciation, asset impairment losses, employee benefits, taxes, provisions for risks and charges, and to measure financial derivatives, insurance compensation and effects of business combinations.

Such estimates and assumptions are reviewed regularly. Any changes arising therefrom are recognized in the year in which the review takes place if this only affects that year. If the review relates to both current and future years, the change is recognized in the year in which the review takes place and in the related future years.

(c) Foreign currency

Functional currency and presentation currency

The figures stated in the financial statements of each group entity are measured using their functional currency, being the currency of the primary economic environment in which the entity operates. The consolidated financial statements are drawn up in Euros, the parent's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency applying the exchange rate ruling on the date of the transaction. Monetary items in foreign currency existing at the balance sheet date are translated into Euros using the closing rate. Exchange rate gains and losses are taken to the income statement. Non-monetary items measured at their historic cost in foreign currency are translated using the exchange rate ruling on the date of the transaction. Non-monetary items measured at fair value in foreign currency are translated into Euros using the exchange rates ruling on the date their fair value was determined.

Financial statements of the foreign companies

The financial statements of foreign companies in functional currencies other than the Euro are translated into Euros using the following procedures:

- assets and liabilities, including goodwill and adjustments to fair value arising on consolidation, are translated using the closing rate;
- revenue and costs are translated using the average exchange rate of the period;
- the resulting exchange rate gains or losses are recognized in a separate item under equity.

(2) Accounting policies (Continued)

On the disposal of a foreign company, the total related accumulated exchange rate gains and losses are recognized in the income statement.

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

December 31, 2008

1 Euro = × foreign currency	Balance sheet	Income statement
Pound sterling	0.9525	0.79654
US dollar	1.3917	1.47060
Indian rupee	67.636	63.70117
Mexican peso	19.2333	16.29666
Colombian peso	3,124.48	2869.94000
Brazilian real	3.2436	2.67450
Russian ruble	34.5256	36.43809
Chinese renmimbi	9.4956	10.22471
Argentinean peso	4.80444	4.64094
Polish zloty	4.1535	3.51510
New Zealand dollar	2.4191	2.07633
Uruguay peso	33.9046	30.62052
Australian Dollar	2.0274	1.74160
Ukrainian hryvnia	10.9596	8.49399

(d) Cash and cash equivalents

Cash and cash equivalents include cash balances and on-demand deposits as well as all highly-liquid investments with an original expiry date equal to or of less than three months.

Cash and cash equivalents are calculated in the same way for both balance sheet and cash flow statement purposes.

(e) Derivatives

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

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

Derivative financial assets and liabilities are initially recognized at fair value and then adjusted to fair value at the balance sheet date.

The market value of interest rate swaps is the present value of the difference between the rate to pay/receive and the interest rate based on market trends at the same date as the swap.

The fair value of currency swaps, currency options and derivatives related to the price of raw materials is calculated by leading financial institutions on the basis of market conditions.

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

(2) Accounting policies (Continued)

Cash flow hedges

The effective part of changes in the fair value of those derivatives that qualify as cash flow hedges and which are highly effective is recognized under the Hedging reserve in equity. The amounts included in this reserve and subsequent changes in the fair value of the derivatives are recognized in the income statement in the period in which the flows generated by the hedged items are recognized and classified in the same income statement caption.

Changes in the fair value of those derivatives that do not qualify as cash flow hedges and the ineffective portion of those which do qualify are taken to the income statement.

(f) Trade and other receivables

Trade and other receivables with due dates in line with generally accepted current trade terms are initially recognized at fair value, which generally equals nominal value. They are subsequently measured at amortized cost, net of identified impairment losses. The estimate of the amounts considered unrecoverable is based on the present value of estimated future cash flows.

(g) Inventories

Inventories are measured at the lower of purchase or production cost and net realizable value. Net realizable value is the estimated sales price under normal operating conditions, net of estimated completion and sales-related costs.

The production cost of finished goods includes the portions of the costs of raw materials and external materials and processing, as well as all other direct and indirect production costs reasonably attributable to the products, excluding financial expense.

Purchase or production cost is calculated on a weighted average cost basis.

Obsolete and/or slow-moving inventories are written down on the basis of their estimated possibility of use or future realizable value, through an accrual to the specific provision adjusting the carrying amount of inventories. The amount is reinstated if, in subsequent periods, the reasons for the write-down no longer exist.

(h) Assets classified as held for sale and discontinued operations

Assets classified as held for sale are recognized at the lower of their carrying amount when they were classified as Assets held for sale and their fair value less costs to sell. Any impairment losses recognized under this principle are taken to profit or loss, whether they relate to fair value adjustments or gains and losses arising from subsequent fluctuations in fair value. Operations are classified as discontinued when they are discontinued or when they meet the requirements to be classified as held for sale, if this occurs first.

(i) Property, plant and equipment

Property, plant and equipment are recognized at historic cost, including directly related ancillary costs necessary for the use of the asset. Financial expense related to loans taken out specifically for investments in property, plant and equipment is considered part of the carrying amount of the related assets and, as such, capitalized.

Where significant components of the asset have different useful lives, they are recognized separately.

Property, plant and equipment are shown net of accumulated depreciation and any impairment losses determined as set out below.

(2) Accounting policies (Continued)

Depreciation is calculated on a straight-line basis over the item's estimated useful life for the entity, which is checked annually. Where necessary, any changes are reflected on a prospective basis. The depreciation periods are as follows:

	Depreciation period (years)
Buildings	30 - 35
Light constructions	8 - 10
Specific plant, machinery, presses and molds	4 - 12
Generic plant	10 - 13
Laboratory equipment	2 - 3
Canteen equipment, office furniture and machinery and fittings for exhibitions and trade fairs	8 - 10
Vehicles, canteen facilities	4 - 6
Internal means of transport, electronic machinery and mobile phones	5 - 8

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

At the time of disposal or when there are no expected future economic benefits from an asset's use, the item is derecognized. Any gain or loss (calculated as the difference between the sale amount and carrying amount) is taken to the income statement in the period of derecognition.

Costs incurred after the initial recognition are included in an asset's carrying amount when it is probable that the future economic benefits exceeding those determined originally will flow to the group. These costs are depreciated over the related asset's residual useful life. All other costs are expensed in the period in which they are incurred.

When management decides to designate an asset as available for sale, it is recognized under Assets classified as held for sale.

(l) Leases

Finance leases

Leases for property, plant and equipment where the group substantially takes on all risks and rewards incidental to ownership are classified as finance leases. Plant and machinery acquired under finance leases are recognized at the lower of fair value and the present value of the minimum lease payments due at the inception of the lease, net of accumulated depreciation and any impairment losses. The related assets, liabilities, revenue and expense deriving from the lease are recognized under the financial method at the inception of the lease, i.e., when the lessee is authorized to exercise its right to use the leased asset.

Property, plant and equipment acquired under finance leases are depreciated over the related asset's useful life.

Interest expense on finance lease payments is expensed using the effective interest method.

(2) Accounting policies (Continued)

Operating leases

Those leases where the group does not substantially take on all risks and rewards incidental to ownership are recognized as operating leases. Operating lease payments are taken to the income statement on a straight-line basis over the term of the lease.

(m) Intangible assets

Goodwill

Goodwill arising from acquisition of subsidiaries is initially recognized at cost and represents the difference between the acquisition cost and the portion of the net fair value attributable to the purchaser of the identifiable current and contingent assets and liabilities. After initial recognition, goodwill is adjusted for any accumulated impairment losses, determined using the criteria described later on in this document.

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

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

Other intangible assets

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

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

Useful life is checked annually and, where necessary, any changes are reflected on a prospective basis.

Gains and losses arising from the disposal of an intangible asset are determined as the difference between the sales amount and carrying amount. They are recognized in the income statement at the time of disposal.

Research expenditure

Expenditure related to research undertaken to gain scientific and technical knowledge and information is taken to the income statement in the period in which it is incurred.

Development expenditure

Development expenditure, which also relates to the application of the results of research to a plan or project for the production of new or improved products or processes, is capitalized when the product or process is feasible in technical and commercial terms and the group has the necessary resources to complete the development stage.

Capitalized development expenditure is measured at cost, net of accumulated amortization and impairment losses.

(2) Accounting policies (Continued)

Amortization periods for other intangible assets are as follows:

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

(n) Income taxes

Income taxes of the period include current and deferred taxation. They are taken to the income statement.

Current income taxes on the tax base of the period correspond to the tax charges to be settled. They are calculated using the tax rates ruling at period end.

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

Deferred tax liabilities are recognized for all taxable temporary differences, except for those arising from:

- the initial recognition of goodwill;
- goodwill where the amortization is not tax deductible;
- the initial recognition of an asset or liability in a transaction which
  - (i) is not a business combination; and
  - (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets are recognized in the financial statements:

- for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:
  - (i) is not a business combination; and
  - (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss);
- for the carry forward of unused tax losses and tax credits, if it is probable that the entity will recognize taxable income of an amount permitting the use of the tax loss or tax credit.

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

Taxes payable following the distribution of dividends are recognized at the time the dividend distribution is approved.

(2) Accounting policies (Continued)

(o) Financial payables

Bank overdrafts are recognized at fair value. Loans are initially recognized at the fair value of the amount received, net of related charges. They are subsequently measured at amortized cost using the effective interest method.

They are classified under current and non-current liabilities on the basis of the respective expiry date.

(p) Trade payables

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

(q) Employee benefits

Employee benefits paid on leaving or after ceasing employment with an entity through defined benefit plans, such as post-employment benefits and other pension funds, are recognized over the period in which the benefit vests. Liabilities related to defined benefit plans, net of any plan assets, are determined using actuarial assumptions and are recognized on an accruals basis in line with the service required to obtain such benefits. These appraisals are performed by independent actuaries.

Actuarial gains and losses deriving from actuarial calculations at the balance sheet date are recognized in the income statement.

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

(r) Provisions for risks and charges

Provisions for risks and charges include certain or probable costs and charges, the amount or due date of which are unknown at period end. Accruals are recognized when there is a present (legal or constructive) obligation as a result of a past event, if the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits and a reliable estimate can be made of the obligation. The accruals are stated as the best estimate of the amount the entity would have to pay to settle the obligation or to transfer it to third parties at period end. If the impact of discounting the time value of money is significant, the accruals are determined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money. The effect of such discounting is recognized as a financial expense.

(s) Revenue

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

- revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have been transferred;
- revenue for services is recognized in relation to the stage of completion of the transaction.

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

(2) Accounting policies (Continued)

(t) Grants

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

(u) Financial income and expense

Financial income and expense are recognized on an accruals basis and calculated on the carrying amount of the related financial assets and liabilities using the effective interest method. Financial expense related to loans taken out specifically for investments in property, plant and equipment is considered part of the carrying amount of the related assets and, as such, capitalized.

(v) New standards

The new standards issued by IASB endorsed by the European Union and published in the Official Journal of the European Union in 2008 are as follows:

Amendments to IAS 1—"Presentation of financial statements"

Amendments to IAS 23—"Borrowing Costs"

Amendments to IAS 39—"Financial Instruments: recognition and measurement"

Amendments to IFRS 2—"Share-based Payments: vesting conditions and cancellations"

IFRS 8—"Operating Segments"

IFRIC 13—"Customer Loyalty Programmes"

IFRIC 14 / IAS 19—"The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"

The amendments to IAS 1—"Presentation of Financial Statements" amends certain financial statements presentation requirements and requires supplementary information in certain situations.

These amendments will take effect for financial statements of the years commencing after January 1, 2009.

The amendments to IAS 23—"Borrowing Costs" removes the option of expensing borrowing costs to the extent that they may be directly allocated to the purchase, construction or production of an asset and should therefore be capitalized. Such borrowing costs shall be capitalized as part of the cost of the asset if it is likely they will generate future economic benefits and they may be reliably estimated. Other borrowing costs shall be expensed in the year in which they are incurred.

These amendments will take effect for financial statements for years commencing after January 1, 2009.

Amendments to IAS 39—"Financial instruments: recognition and measurement" allows entities to reclassify certain financial assets included under "assets at fair value through profit or loss", except for derivatives and financial instruments designated as such at their initial recognition and not held for trading, if they are no longer held for trading or to repurchase them in the short term.

The entity may apply these amendments with effect from July 1, 2008 if the reclassifications are made within October 31, 2008. After such date, retrospective application is not allowed and the reclassification takes effect only from the date on which the reclassification takes place.

(2) Accounting policies (Continued)

Amendments to IFRS 2—"Share-based Payments: vesting conditions and cancellations" clarified the vesting conditions and how to recognize non-vesting conditions and cancellations of share-based payment agreements.

The amendments to IFRS 2 are applied retrospectively to the financial statements of the years commencing after January 1, 2009.

IFRS 8—"Operating Segments" lays down the required disclosures of segment information, and in relation to the entity's products and services, the geographical segments in which it operates and key customers.

IFRS 8 will become effective starting from January 1, 2009 and will replace IAS 14 "Segment reporting".

IFRIC 13—"Customer Loyalty Programmes" eliminates inconsistencies in the accounting treatment of free goods and services ("bonuses" or "bonus points") allocated within customer loyalty programs on the sale of a good or service.

The EU regulation endorsing the above document provides for the application of IFRIC 13 in financial statements for years commencing after January 1, 2009.

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

The EU regulation endorsing the above document provides for the application of IFRIC 14/IAS 19 in financial statements for years commencing after January 1, 2009. However, entities may opt for its early application.

(3) Segment reporting

Primary reporting format—business segment

At December 31, 2008, the international-level group organization is based on the following two main segments:

- the Closures division;
- the PET division.

The business segments used for presentation purposes are those considered relevant under IAS 14.

A sector is relevant when the majority of its revenue is obtained through sales to third party customers and if:

- revenue from sales to third party customers and from transactions with other segments represents at least 10% of total internal and external revenue from all segments;

or

- the segment profit or loss represents at least 10% of the overall profit or loss of all segments, regardless of which is the highest amount;

or

- its volumes represent at least 10% of the total of all segment volumes.

(3) Segment reporting (Continued)

Disclosure by business segment is not provided as one of the group's two business segments, the PET division, does not meet the requirements of IAS 14.

Secondary reporting format—geographical segments

Net revenue, segment assets and tangible and intangible fixed assets investments are grouped geographically based on the location of the group companies that generated them.

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

Thousands of Euros	December 31, 2008		
	Net revenue	Segment assets	Operating investments
Europe	48,743	531,215	2,639
Asia	12,566	36,506	2,001
Latin America	15,398	49,860	211
Oceania	11,796	79,997	298
ROW	345	506	—
Total	**88,848**	**698,084**	**5,149**

(4) Acquisition of subsidiaries and business units

GCL Holdings group, headed by GCL Holdings S.C.A., has its registered office in Luxembourg and controls the holding companies GCL Special Closures S.r.l. and GCL Holdings S.r.l., through which it acquired Guala Closures S.p.A., the parent of the group of the same name on September 30, 2008.

(4) Acquisition of subsidiaries and business units (Continued)

The impact of the acquisition on GCL Holdings group's assets and liabilities is as follows:

(Thousands of Euros)	Note	Carrying amounts before acquisition	Adjustments: fair value measurement	Amounts recognized at acquisition
Cash and cash equivalents		18,122	—	18,122
Current financial assets		4,377	—	4,377
Trade receivables		77,291	(282)	77,009
Inventories	8	56,263	3,739	60,002
Current direct tax assets		3,463	—	3,463
Current indirect tax assets		5,328	—	5,328
Financial derivative assets		1,035	—	1,035
Other current assets		3,072	—	3,072
Assets classified as held for sale		1,916	—	1,916
Non-current financial assets		316	—	316
Property, plant and equipment	16	131,959	—	131,959
Intangible assets	17	3,883	—	3,883
Deferred tax assets/(liabilities)	18	7,081	(2,858)	4,223
Employee benefits managed by related parties		8,731	(6,327)	2,404
Other non-current assets		3,992	—	3,992
Current financial payables		(137,383)	—	(137,383)
Trade payables		(53,930)	(163)	(54,093)
Current direct tax liabilities		(3,670)		(3,670)
Current indirect tax liabilities		(1,839)		(1,839)
Current provisions for risks and charges	26	(717)	(32)	(749)
Financial derivative liabilities		(740)	—	(740)
Other current liabilities		(9,570)	(20)	(9,590)
Non-current financial payables		(160,026)	—	(160,026)
Employee benefits		(6,186)		(6,186)
Non-current provisions for risks and charges	26	(397)	—	(397)
Other non-current liabilities		(75)	—	(75)
Minority interests		(13,990)	—	(13,990)
Net identifiable assets and liabilities		**(61,697)**	**(5,943)**	**(67,640)**
Goodwill arising from the acquisition	17			**366,897**
Cost of the combination				**299,257**

(Thousands of Euros)	
Consideration paid at acquisition	290,785
Other costs of the combination	8,472
Cash and cash equivalents acquired	(18,122)
Net cash flow used	**281,135**

The following table shows the combination's main cost components:

(Thousands of Euros)	
Consideration paid at acquisition	290,785
Other costs of the combination	8,472
Cost of the combination	**299,257**

(4) Acquisition of subsidiaries and business units (Continued)

Goodwill arising from the acquisition relates to the future economic benefits of the acquired businesses. They cannot be individually identified and recognized separately and arise from the technical skills and know-how of the personnel of the entity acquired, as well as its market share.

As required by IFRS 3.70, the following information about the pro forma results is disclosed as though the business combination had taken place at the beginning of the period. In particular, Net revenue and Loss for the period would have amounted to approximately € 325.3 million and € 22.1 million, respectively.

The Ukranian company, Technologia Closures LLC, was purchased in October 2008.

Technologia Closures LLC was incorporated in June 2008 following a significant collaboration (a license contract dated September 21, 2007) with a closures manufacturer with a plant in Sumy (Ukraine). The plant's operating activities were transferred to the new company and Guala Closures International subsequently purchased 70% of such company on October 22, 2008. This acquisition represents an important cornerstone for development in the Eastern European markets, particularly for vodka bottle closures.

The purchase contract included an unconditional put option giving the minority shareholder the right to sell its shares to Guala Closures group if certain events occur.

The impact of the acquisition on the group's assets and liabilities is as follows:

(Thousands of Euros)	Note	Carrying amounts before acquisition	Adjustments: fair value measurement	Amounts recognized at acquisition
Cash and cash equivalents		12		12
Trade receivables		2,495		2,495
Inventories	8	3,655		3,655
Current indirect tax assets		2,497		2,497
Other current assets		29		29
Property, plant and equipment	16	8,924		8,924
Trade payables		(17,603)		(17,603)
Net identifiable assets and liabilities		**9**	**—**	**9**
Net assets and liabilities—group portion				**6**
Goodwill arising from the acquisition				**24,400**
Cost of the combination				**24,406**

(Thousands of Euros)	
Consideration paid at acquisition	23,832
Other costs of the combination	574
Cash and cash equivalents acquired	(12)
Net cash flow used	**24,394**

The following table shows the combination's main cost components:

(Thousands of Euros)	
Consideration paid at acquisition	23,832
Other costs of the combination	574
Cost of the combination	**24,406**

(4) Acquisition of subsidiaries and business units (Continued)

Goodwill arising from acquisition relates to the technical skills and know-how of the personnel of the entity acquired and the synergies which are expected to be obtained from the inclusion of the company in the group, and to the acquisition of important trade relationships in the Eastern European markets.

As required by IFRS 3.70, we state that it is not possible to disclose the information about the pro forma results as though the business combination had taken place at the beginning of the period as the figures for this business unit cannot be separated from the overall figures of the pre-existing company. The subsidiary Technologia Closures LLC recognized a profit of € 1,732 thousand from its acquisition to December 31, 2008.

The amounts recognized for the above business combinations are provisional. The net assets and liabilities included in the acquisition could be subject to additional adjustments whose amounts will be finalized in the next few months.

The goodwill arising from the above-mentioned business combinations was allocated in full to the Closures operating division, which is the smallest level at which goodwill is monitored for internal management purposes.

BALANCE SHEET

(5) Cash and cash equivalents

This caption represents the balance of the bank and postal accounts considering the nominal amount of the current accounts held with banks.

Thousands of Euros	December 31, 2008
Bank and postal accounts	22,838
Cash and cash equivalents	3,375
Total	**26,213**

(6) Current financial assets

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2008
Receivable from the sale of the building in Alcalà de Henares (Spain)	2,650
Receivable due from lease companies for advances (Italy)	213
Receivable due from the Alessandria municipality for the sale of a building (Italy)	75
Receivable for the sale of the building in Basaluzzo (Alessandria—Italy)	67
Other receivables	31
Total	**3,036**

The carrying amount of Current financial assets corresponds to their fair value at the balance sheet date.

(7) Trade receivables

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2008
Trade receivables	73,780
Provision for bad debts	(2,009)
Total	**71,772**

The provision for bad debts varied as follows:

Thousands of Euros	December 31, 2008
Business combinations(*)	2,083
Exchange rate effect	(93)
Accrual	597
Utilization	(578)
Closing provision for bad debts	**2,009**

(*) Business combinations relate to the acquisition of Guala Closures group.

(7) Trade receivables (Continued)

At December 31, 2008, trade receivables may be analyzed by geographical area as follows:

Thousands of Euros	December 31, 2008
Europe	32,584
Asia	10,598
Latin America	13,887
Oceania	7,496
Rest of the world	7,207
Total	**71,772**

At December 31, 2008, trade receivables may be analyzed by due date as follows:

Thousands of Euros	Gross amount December 31, 2008	Impairment losses December 31, 2008	Net amount December 31, 2008
Not yet due	53,331	(332)	52,999
0-30 days overdue	9,702	—	9,702
31-90 days overdue	7,086	(99)	6,987
More than 90 days overdue	3,661	(1,578)	2,083
Total	**73,780**	**(2,009)**	**71,772**

At December 31, 2008, trade receivables may be analyzed by original currency as follows:

Thousands of Euros	EUR	USD	GBP	Other	Total
Trade receivables	30,836	8,012	5,234	27,689	**71,772**

Other includes mainly trade receivables in the local currencies of the group companies, including € 8.4 million in Indian rupees, € 5.5 million in Australian dollars, € 3.4 million Ukrainian hryvnies, € 3.0 million in Columbian pesos, € 2.6 million in Mexican pesos, € 1.4 million in New Zealand dollars, € 1.0 million in Chinese renmimbi, € 0.8 million in Argentinean pesos and € 0.7 million in Brazilian reals.

(8) Inventories

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2008
Raw materials, consumables and supplies	27,593
(Provision for the write-down of raw materials, consumables and supplies)	(1,634)
Work in progress and semi-finished products	6,675
(Provision for the write-down of work in progress and semi-finished products)	(40)
Finished products and goods	11,657
(Provision for the write-down of finished products and goods)	(668)
Payments on account	241
Total	**43,824**

(8) Inventories (Continued)

The changes in the caption are as follows:

Thousands of Euros	
Business combinations	63,657
Exchange rate effect	(3,963)
Change in inventories of raw materials, consumables and supplies	(4,984)
Change in inventories of finished goods and semi-finished products	(10,473)
Change in payments on account	(413)
Balance at December 31, 2008	**43,824**

Business combinations relate to the acquisition of Guala Closures group for € 60,002 thousand and the Ukrainian-based Technologia Closures LLC for € 3,655 thousand.

(9) Current direct tax assets

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2008
Current direct tax assets	3,394
Total	**3,394**

(10) Current indirect tax assets

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2008
VAT and other indirect taxes	6,649
Total	**6,649**

(11) Financial derivative assets

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2008
Fair value of currency swaps	302
Total	**302**

(12) Other current assets

This caption is made up as follows:

Thousands of Euros	December 31, 2008
RBS Sempra deposits	2,967
Receivables for insurance compensation in Australia	1,443
Receivables due from employees	85
Other receivables	1,455
Total	**5,950**

RBS Sempra deposits reflect the amount paid to Sempra bank (of the RBS group) against derivatives hedging aluminum prices.

(12) Other current assets (Continued)

Receivables for insurance compensation in Australia relate to the compensation yet to be collected for the fire which occurred in February 2008. It includes an amount to replace damaged equipment, an amount to cover ancillary costs and an amount to cover the business interruption (calculated by applying a 40% likelihood to the total estimated amount of lost profits due to the business interruption, net of the related excess).

Other receivables at December 31, 2008 include advances to suppliers of € 480 thousand and receivables of € 273 thousand due to Guala Closures Argentina S.A. from the Argentinean government for repayments in respect of exports.

(13) Assets classified as held for sale

These assets relate to the following companies:

Thousands of Euros	December 31, 2008
Guala Closures UK Ltd	1,555
Guala Closures Argentina S.A. (formerly Supertap S.A.)	40
Total	**1,594**

Guala Closures UK Ltd's assets classified as held for sale are related to the restructuring of West Bromwich plant and they are expected to be sold in the short term.

(14) Non-current financial assets

This caption is made up as follows:

Thousands of Euros	December 31, 2008
Guarantee deposits—Guala Closures S.p.A.	44
Other securities	43
Investments in other companies	37
Other financial assets	92
Total	**216**

The carrying amount of Non-current financial assets corresponds to their fair value at the balance sheet date.

(15) Financial assets by type

Current and non-current financial assets due from third parties are shown below, by type.

Thousands of Euros	December 31, 2008
Held-to-maturity investments	3,036
Current financial assets—third parties	**3,036**
Held-to-maturity investments	216
Non-current financial assets—third parties	**216**
Non-hedging derivatives	**302**

(16) Property, plant and equipment

The following table shows the changes in this caption:

Thousands of Euros	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
Business combinations	23,712	94,294	10,568	1,790	10,519	140,883
Exchange rate effect	(790)	(6,744)	(140)	(52)	(834)	(8,561)
Increases	2,107	2,675	241	66	—	5,090
Decreases	2	9	(5)	—	(268)	(262)
Impairment losses	(0)	(38)	(1)	—	—	(39)
Reclassifications	345	2,128	2,775	26	(5,274)	—
Depreciation	(239)	(4,138)	(1,050)	(129)	—	(5,556)
Carrying amount at December 31, 2008	**25,138**	**88,186**	**12,389**	**1,701**	**4,142**	**131,555**

Business combinations relate to the acquisition of Guala Closures group for € 131,959 thousand and the subsidiary Technologia Closures LLC for € 8,924 thousand.

Property, plant and equipment includes the amounts arising from internal capitalizations (reference should be made to note 33) Other operating income for further information.

At December 31, 2008, Property, plant and machinery includes leased assets with a carrying amount of € 24,521 thousand. The balance comprises € 68 thousand of leases which have been settled in full and € 24,453 thousand of existing leases for which Current financial payables of € 1,314 thousand and Non-current financial payables of € 21,418 thousand have been recognized in the consolidated financial statements.

None of the group's property, plant and equipment assets had been pledged as collateral at period end.

The insurance compensation for the damages caused by the fire which occurred in the Australian plant were partly collected in 2008.

During 2008, the group pursued its strategy for internal growth by focusing mainly on the Closures division.

Key investments related to the expansion of the Nip Cap model production lines in India. The Nip Cap closure has experienced a significant increase in customer demand.

A new line was started up in the Mexican plant for the production of the 1331 tamper evident closure.

In the subsidiary Guala Closures S.p.A.'s Italian plant of Termoli, a new line commenced for the production of the Alba closure, which represents an important development in the integrated application of plastic and aluminum technologies.

Investments in plant and machinery for the subsidiary Guala Closures S.p.A.'s new Alessandria plant were also completed during 2008.

(17) Intangible assets

The following table shows the changes in intangible assets:

Thousands of Euros	Development expenditure	Licenses and patents	Goodwill	Other	Assets under development and payments on account	Total
Business combinations	968	1,338	391,298	74	1,502	**395,180**
Exchange rate effect	(25)	(12)	(6,665)	(6)	(4)	**(6,712)**
Increases	—	55	—	4	—	**59**
Decreases	—	—	—	—	(347)	**(347)**
Reclassifications	237	(15)	—	—	(221)	**—**
Amortization	(164)	(127)	—	(6)	—	**(297)**
Carrying amount at December 31, 2008	**1,016**	**1,239**	**384,632**	**67**	**930**	**387,884**

Business combinations (€ 395,180 thousand) relate to the acquisition of Guala Closures group for € 370,780 thousand and the subsidiary Technologia Closures LLC for € 24,400 thousand.

Goodwill may be analyzed as follows:

Thousands of Euros	December 31, 2008
Acquisition of Guala Closures group	360,232
Acquisition of Technologia Closures LLC	24,400
Total	**384,632**

Reference should be made to note 4) Acquisitions of subsidiaries and business units for additional information on goodwill arising from the acquisition of Guala Closures group, Technologia Closures LLC and a minority interest in Guala Closures New Zealand Ltd.

Goodwill is tested for impairment annually.

After being tested for impairment, goodwill was allocated to the group's operating divisions, Closures and PET, which are the smallest levels at which goodwill is monitored for internal management purposes. Specifically, goodwill was allocated to the Closures division for € 381,371 thousand and to the PET division for € 3,261 thousand.

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

This calculation uses projected cash flows based on the actual operating profit and five-year business plan. This business plan is put together considering the group's approved budget figures for the first year and projecting the revenue and costs for the following four years using the historic trend adjusted for any new elements.

The cash flows for the period after the reporting period are extrapolated using a 4% growth rate, which considers both the group's historic growth rate and forecast market developments. The projected cash flows are discounted using a rate of 9.3%.

The resulting recoverable amount is thus greater than the goodwill's carrying amount.

This margin continues to have a recoverable amount greater than the carrying amount despite changes made to the underlying assumptions of the sensitivity test carried out.

Goodwill has never been impaired.

(18) Deferred tax assets and liabilities

The following table gives a breakdown of the caption at December 31, 2008:

Thousands of Euros	Assets December 31, 2008	Liabilities December 31, 2008	Net December 31, 2008
Entertainment expenses	44	—	44
Agents' termination indemnity	27	—	27
Provision for the write-down of inventories	733	(96)	637
Taxed provision for bad debts	337	—	337
Provision for damages and penalties	289	—	289
Amortization and depreciation	28	(1,290)	(1,262)
Other	4,211	(3,353)	858
Provision for risks on derivatives	65	—	65
Losses carried forward	2,590	—	2,590
Derecognition of intragroup profit on inventories	139	—	139
Intragroup gains	1,466	—	1,466
Leases	174	(20)	154
Realized gains	495		495
Intangible assets	—	(16)	(16)
Property, plant and equipment	798		798
Employee benefits	481	(103)	378
TOTAL	**11,877**	**(4,878)**	**6,999**

Deferred tax assets calculated on losses carried forward include € 1,512 thousand related to the subsidiary Guala Closures UK Ltd, € 482 thousand to the subsidiary Guala Closures de Mexico S.A. de C.V., € 385 thousand to the subsidiary Guala Closures New Zealand Ltd, € 165 thousand to the subsidiary Guala Closures UK Holdings Ltd and € 46 thousand to the subsidiary Creative GCL S.r.l..

They do not have a time limit.

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

Thousands of Euros	Business combinations	Changes in the income statement	Exchange rate effect	December 31, 2008
Entertainment expenses	52	(9)	0	44
Agents' termination indemnity	27	0	—	27
Provision for the write-down of inventories	438	208	(9)	637
Taxed provision for the write-down of bad debts	214	129	(6)	337
Provision for damages and penalties	171	118	—	289
Amortization and depreciation	(1,414)	16	136	(1,262)
Other	(267)	1,193	(68)	858
Provision for risks on derivatives	41	38	(13)	65
Losses carried forward	1,595	1,459	(464)	2,590
Derecognition of intragroup profit on inventories	267	(128)	—	139
Intragroup gains	1,561	(95)	—	1,466
Leases	388	(234)	—	154
Realized gains	501	(7)	0	495
Intangible assets	(24)	1	8	(16)
Property, plant and equipment	1,015	(85)	(132)	798
Employee benefits	(342)	783	(63)	378
TOTAL	**4,223**	**3,387**	**(611)**	**6,999**

(19) Other non-current assets

This caption is made up as follows:

Thousands of Euros	December 31, 2008
Tax credits	3,768
Other receivables	52
Total	**3,820**

(20) Financial payables

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

Reference should be made to note 44) Derivatives to these consolidated financial statements for further information on the group's exposure to the risks of fluctuations in interest and exchange rates.

The group's current main financing agreements are the ultimate parent GCL Holdings S.C.A.'s Mezzanine Facility Agreement and the subsidiary Guala Closures S.p.A.'s Senior Facilities Agreement.

The Mezzanine Facility Agreement was agreed with Bayerische Hypo- und Vereinsbank AG on September 16, 2008 for a nominal amount of € 85,500 thousand. It is to be repaid in a single installment on September 24, 2017.

The above financing agreement includes binding conditions whereby the company is required to comply with four covenants. Non-compliance may entail the repayment of the facilities. Specifically, the ratios that must be complied with are: "Interest Cover", i.e., the gross operating profit/borrowing expense ratio; the "Leverage Ratio", i.e., the net debt/gross operating profit ratio; the "Cash Flow Cover", i.e., the cash flow/debt servicing ratio; "Capex", i.e., a limit to the annual investment expenditure. Considering the nature of these covenants and the way in which they are calculated, March 31, 2009 has been fixed as the date for the first check, as a calculation over a shorter period is not feasible.

The Senior Facilities Agreement of October 10, 2008 was agreed with Bayerische Hypo- und Vereinsbank AG and has fully replaced the Multicurrency Term and Revolving Facilities Agreement of November 17, 2005 with Intesa Sanpaolo S.p.A..

The agreement provides for the following credit lines:

Credit lines	Total in thousands of Euros at original rates	Available amount (thousands of Euros)	Available amount (thousands of US dollars)	Available amount (thousands of pounds sterling)	Available amount (thousands of Australian dollars)	Number of repayments	Repayment date
							final repayment
Facility A	84,400	36,300	22,800	17,100	8,200	13	10/15/2015
Facility B	79,400	34,150	21,500	16,100	7,650	1	10/15/2016
Facility C	79,400	34,150	21,500	16,100	7,650	1	10/15/2017
Acquisition/Capex							final repayment
Facility	60,000	60,000	—	—	—	7	10/21/2015
Revolving Facility	40,000	—	—	—	—	n.a.	n.a.
Total	**343,200**	**164,600**	**65,800**	**49,300**	**23,500**		

The company was refinanced on October 15, 2008. The new facility paid off the previous bank loan in full and replaced it.

The above financing agreement includes binding conditions whereby the company is required to comply with four covenants. Non-compliance may entail the repayment of the facilities. These

(20) Financial payables (Continued)

covenants apply to Guala Closures S.p.A. as the borrower, even though their calculation is based on consolidated group-level parameters whereby the group is considered GCL Holdings S.C.A. and its subsidiaries.

Specifically, the ratios that must be complied with are: "Interest Cover", i.e., the gross operating profit/borrowing expense ratio; the "Leverage Ratio", i.e., the net debt/gross operating profit ratio; the "Cash Flow Cover", i.e., the cash flow/debt servicing ratio; "Capex", i.e., a limit to the annual investment expenditure. Considering the nature of these covenants and the way in which they are calculated, March 31, 2009 has been fixed as the date for the first check, as a calculation over a shorter period is not feasible.

Reference should be made to note 47) Commitments and guarantees for information on the guarantees given for these loans.

The loan agreement between Guala Closures Australia Holdings Pty Ltd and the Commonwealth Bank of Australia requires the company to comply with certain covenants. Non-compliance may entail the repayment of the facilities.

Specifically, the ratios that must be complied with are: the "Interest Cover Ratio", i.e., the operating profit/interest ratio; the "Financial Indebtedness/EBITDA Ratio", i.e., the ratio between net financial indebtedness and gross operating profit; the "Net Worth Ratio", i.e., the ratio of equity to total assets. As the "Interest Cover Ratio" was not within the required ceiling at December 31, 2008, the related liabilities (€ 19,730 thousand) were reclassified as current pursuant to IAS 1.65.

Financial payables at December 31, 2008 are shown below:

Thousands of Euros	December 31, 2008
Bank overdrafts and short-term loans	
Bank loans and borrowings	26,492
Other financial payables	3,054
	29,546
Medium- to long-term loans	
Bank loans and borrowings	334,466
Other financial payables	24,479
	358,946
Total	**388,491**

(20) Financial payables (Continued)

The terms and expiry dates of the loans at December 31, 2008, are shown below:

	Nominal amount					
Thousands of Euros	**Total December 31, 2008**	**Within one year**	**From one to five years**	**After five years**	**Current**	**Non-current**
Bank loans:						
Mezzanine Facility	89,176	2,807	—	86,369	2,807	86,369
Transaction costs	(2,338)	(154)	(1,240)	(944)	(154)	(2,184)
TOT. MEZZANINE DEBT 09/16/2008	**86,838**	**2,653**	**(1,240)**	**85,425**	**2,653**	**84,185**
Facility A EUR	36,300	109	18,994	17,197	109	36,191
Facility B EUR	34,150	—	—	34,150	—	34,150
Facility C EUR	34,150	—	—	34,150	—	34,150
Facility A USD	22,364	67	11,702	10,595	67	22,297
Facility B USD	21,089	—	—	21,089	—	21,089
Facility C USD	21,089	—	—	21,089	—	21,089
Facility A GBP	14,283	43	7,474	6,767	43	14,240
Facility B GBP	13,448	—	—	13,448	—	13,448
Facility C GBP	13,448	—	—	13,448	—	13,448
Revolving Facility	15,000	—	—	15,000	—	15,000
CAPEX Facility	32,600	—	13,972	18,628	—	32,600
Transaction costs	(9,761)	(1,513)	(5,563)	(2,685)	(1,513)	(8,248)
TOT. SENIOR DEBT 10/10/2008	**248,160**	**(1,294)**	**46,579**	**202,876**	**(1,294)**	**249,455**
Other amounts due to banks—Guala Closures S.p.A.	873	873	—	—	873	—
Accrued expenses and deferred income—Guala Closures S.p.A.	77	77	—	—	77	—
Advances on receivables—Guala Closures Argentina	1,174	1,174	—	—	1,174	—
Guala Closures Australia Holdings loan	19,730	19,730	—	—	19,730	—
Guala Closures Mexico loan	4,106	3,279	827	—	3,279	827
Total Bank loans	**360,958**	**26,492**	**46,166**	**288,301**	**26,492**	**334,466**
Other financial payables:						
Guala Closures S.p.A. financing as per Law no. 46/82	992	259	733	—	259	733
Guala Closures S.p.A. lease	22,731	1,314	6,051	15,366	1,314	21,418
Payable due to the Ukrainian minority shareholder	2,100	—	—	2,100	—	2,100
Other payables	1,710	1,481	229	—	1,481	229
Total Other financial payables	**27,533**	**3,054**	**7,013**	**17,466**	**3,054**	**24,479**
TOTAL	**388,491**	**29,546**	**53,179**	**305,767**	**29,546**	**358,946**

The item Payable due to the Ukrainian minority shareholder relates to the recognition of minority shareholders' rights to exercise a put option if certain events occur. It represents the discounted estimated amount of the put option at its estimated time of exercise.

Pursuant to IAS 27, this item was recognized using the present access method, whereby the financial liability is recognized as a reduction of the equity reserve, Losses carried forward. Minority

(20) Financial payables (Continued)

interests, consequently, continue to be presented separately as, to all effects, they hold the right to access the profit or loss pertaining to their shareholding.

The following table shows the interest rate and expiry date for the loans at December 31, 2008:

Thousands of Euros	Currency	Nominal interest rate	Expiry date	Total December 31, 2008
Bank loans:				
Mezzanine Facility 09/16/08	EUR	Cash interest Euribor + 4.5% PIK interest 5.5%	2017	**86,838**
Facility A EUR	EUR	Euribor + 3.0%	2015	36,300
Facility B EUR	USD	Euribor + 3.5%	2016	34,150
Facility C EUR	EUR	Euribor + 4.0%	2017	34,150
Facility A USD	USD	USD Libor + 3.0%	2015	22,364
Facility B USD	USD	USD Libor + 3.5%	2016	21,089
Facility C USD	USD	USD Libor + 4.0%	2017	21,089
Facility A GBP	GBP	GBP Libor + 3.0%	2015	14,283
Facility B GBP	GBP	GBP Libor + 3.5%	2016	13,448
Facility C GBP	GBP	GBP Libor + 4.0%	2017	13,448
Revolving Facility	EUR	Euribor + 3.0%	2015	15,000
CAPEX Facility	EUR	Euribor + 3.0%	2015	32,600
Transaction costs	EUR	n.a.	n.a.	(9,761)
TOT. SENIOR DEBT 10/10/2008				**248,160**
Other amounts due to banks—Guala Closures S.p.A.	EUR	Euribor + 0.4%	2009	873
Accrued expenses and deferred income—Guala Closures S.p.A.	EUR	n.a.		77
Guala Closures Australia Holdings loan	AUD	BBR-BBSY+1.25%	2011	19,730
Guala Closures Mexico loan	MXN	TIIE28(*) + 2%		4,106
Other amounts due to banks		n.a.	n.a.	1,174
Total Bank loans				**360,958**
Other financial payables:				
Guala Closures S.p.A. financing as per Law no. 46/82	EUR	2%	2013	992
Guala Closures S.p.A. lease	EUR	Euribor + 1.5%(**)	2020	22,731
Other payables		n.a.	n.a.	3,810
Total Other financial payables				**27,533**
TOTAL				**388,491**

(*) TIIE28 stands for "Tasa de Interés Interbancaria de Equilibrio a 28 dias".

(**) Nominal interest rate on the real estate finance lease

(21) Fair value of financial liabilities and sensitivity analysis

The following table shows the fair value of the group's main financial liabilities.

Thousands of Euros	December 31, 2008 Carrying amount	December 31, 2008 Fair value
Mezzanine Facility agreement (dated September 16, 2008)	86,838	155,556
Senior facilities agreement (dated October 10, 2008)	248,160	292,223
Finance leases	22,731	23,433

The fair values shown in the previous table were calculated using the following methodology:

- the cash flows generated by the dismantling of the residual payables both in terms of interest and principal. These cash flows are calculated with reference to the interest rates and dismantling times related to the repayment plan;
- the individual cash flows are discounted using risk-free rates ruling on the measurement date. The bootstrap method is applied to the swap rates for each expiry date of the corresponding cash flow based on the resulting time curve.

The following table shows the sensitivity analysis for the cash flows from these financial liabilities and the related hedging derivatives at December 31, 2008.

Thousands of Euros	Increase of 100bp	Decrease of 100bp
Mezzanine Facility agreement (dated September 16, 2008)	(7,652)	7,652
Related interest rate swaps	744	(744)
Sensitivity of cash flows (net)	**(6,908)**	**6,908**
Senior facilities agreement (dated October 10, 2008)	(15,856)	15,856
Sensitivity of cash flows (net)	**(15,856)**	**15,856**
Finance leases	(1,360)	1,360
Related interest rate swaps	877	(877)
Sensitivity of cash flows (net)	**(483)**	**483**

The following methodology is used to perform the sensitivity analyses: a change is assumed in the interest rate used to calculate the interest (+/- 100 basis points), which indicates the change in the overall payable. Accordingly, negative amounts indicate an increase in the fair value of the liability and vice versa for positive amounts.

(22) Financial liabilities by type

Current and non-current financial liabilities due from third parties are shown below, by type.

Thousands of Euros	December 31, 2008
Current portion of secured bank loans	24,368
Unsecured bank loans	2,124
Current portion of finance lease payables	1,314
Other financial liabilities	1,740
Current financial liabilities—third parties	**29,546**
Secured bank loans	334,466
Finance lease payables	21,418
Other financial liabilities	3,062
Non-current financial liabilities—third parties	**358,946**
Hedging derivatives	**2,546**
Non-hedging derivatives	**13,033**

Financial liabilities are recognized at amortized cost.

(23) Trade payables

This caption is made up as follows:

Thousands of Euros	December 31, 2008
Suppliers	46,667
Payments on account	424
Total	**47,091**

At December 31, 2008, trade payables may be analyzed by original currency as follows:

Thousands of Euros	EUR	USD	GBP	Other	Total
Trade payables	33,991	1,313	1,431	10,356	**47,091**

Other includes trade payables in the local currencies of the group companies, including € 5.6 million in Australian dollars, € 1.1 million in New Zealand dollars, € 1.1 million in Argentinean pesos, € 0.7 million in Indian rupees, € 0.6 million in Chinese renmimbi, € 0.5 million in Colombian pesos, € 0.3 million in Brazilian reals, € 0.2 million in Ukrainian hryvnie and € 0.2 million in Mexican pesos.

(24) Current direct tax liabilities

This caption is made up as follows:

Thousands of Euros	December 31, 2008
Current direct tax liabilities	2,297
Total	**2,297**

(25) Current indirect tax liabilities

This caption is made up as follows:

Thousands of Euros	December 31, 2008
VAT and other indirect taxes	2,704
Total	**2,704**

(26) Provisions for risks and charges

This caption is made up as follows:

Thousands of Euros	December 31, 2008
Provision for returns	689
Provision for restructuring	592
Total Current provisions for risks and charges	**1,281**

The provision for returns represents an assessment of customer claims received.

The current Provision for restructuring includes € 402 thousand related to the subsidiary Guala Closures Polska Sp. z.o.o. and € 190 thousand related to the subsidiary Guala Closures S.p.A..

Thousands of Euros	December 31, 2008
Provision for restructuring	1,304
Provision for legal disputes	206
Provision for tax risks	62
Provision for agents' termination indemnity	86
Total Non-current provisions for risks and charges	**1,658**

The non-current Provision for restructuring includes € 1,221 thousand related to the subsidiary Guala Closures UK Ltd and € 83 thousand related to the subsidiary Guala Closures Serviçios Mexico S.A. de C.V.

Changes in the provisions are as follows:

Thousands of Euros	December 31, 2008
Business combinations	749
Exchange rate effect	(75)
Accrual	986
Utilization	(378)
Closing Current provisions for risks and charges	**1,281**

Thousands of Euros	December 31, 2008
Business combinations	397
Exchange rate effect	(287)
Accrual	1,466
Utilization	82
Closing Non-current provisions for risks and charges	**1,658**

Business combinations relate to the acquisition of Guala Closures group.

(26) Provisions for risks and charges (Continued)

The provision for legal disputes was set up specifically for ongoing disputes. At December 31, 2008, it includes an accrual of € 119 thousand made to cover an ongoing dispute between a subsidiary and a former distributor. The remaining balance relates to other disputes. Pending disputes are not expected to be resolved within the next twelve months.

At December 31, 2008, the provision for tax risks mainly relates to the subsidiary Guala Closures S.p.A. (€ 60 thousand).

(27) Financial derivative liabilities

This caption is made up as follows:

Thousands of Euros	December 31, 2008
Fair value of IRSs	12,378
Fair value of aluminum derivatives	3,201
Total	**15,579**

(28) Other current liabilities

This caption is made up as follows:

Thousands of Euros	December 31, 2008
Sums payable to employees	4,281
Social security charges payable	2,768
Other payables	4,275
Total	**11,324**

(29) Employee benefits

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2008
Pension fund—Guala Closures UK Ltd	—
Employee benefits managed by related parties	**—**
Post-employment benefits—Guala Closures S.p.A.	(5,396)
Other	(999)
Employee benefits	**(6,395)**
Total Employee benefits	**(6,395)**

In particular, the defined benefit plan of Guala Closures S.p.A. reflects the post-employment benefits which are paid to employees in one installment upon termination of employment. The Guala Closures UK Ltd plan is the former Metalclosures Ltd pension fund. Under such plan, employees are entitled to a life annuity following termination of employment. It has a nil balance at December 31, 2008 following the adoption of IFRIC 14.

The group has opted for the early application of IFRIC 14, which only permits the surplus, i.e., when the fair value of the plan assets exceeds the present value of the defined benefit obligation, to be recognized at the present value of the financial benefits available through refunds or reductions in future contributions. At December 31, 2008, the amount of the contribution holiday was nil following the completion of the restructuring of the West Bromwich site and the fact that the fund consequently has no beneficiaries.

(29) Employee benefits (Continued)

The change in the Guala Closures UK Ltd pension fund, being a cost of € 2,385 thousand, is recognized under "Personnel (expense)/income relating to the pension fund managed by related parties".

Thousands of Euros	Business combinations	Exchange rate effect	Change recognized in the income statement	Benefits paid	Balance at December 31, 2008
Post-employment benefits—Guala Closures S.p.A.	(5,234)	—	(342)	180	(5,396)
Other	(952)	66	(113)	—	(999)
Total Employee benefits	**(6,186)**	**66**	**(454)**	**180**	**(6,395)**

The carrying amount of the Guala Closures UK Ltd pension fund, equal to zero, represents the surplus, i.e., when the fair value of the plan assets exceeds the present value of the defined benefit obligation, deemed recoverable under IFRIC 14 criteria. For complete disclosure, the amounts of the fund obligations and plan assets, as well as the baseline actuarial parameters used for their calculation are shown below.

Thousands of Euros	December 31, 2008
Present value of the obligations	(41,843)
Fair value of plan assets	50,608
Total	**8,765**

Actuarial parameter baseline:

	December 31, 2008
Salary growth rate	4.00% p.a.
Rate of increase in pensions provided (average)	3.10% p.a.
Average inflation rate	3.00% p.a.
Discount rate	6.50% p.a.

The amount of obligations for post-employment benefits of Guala Closures S.p.A. and the main assumptions used in its measurement are detailed below:

Thousands of Euros	December 31, 2008
Present value of the obligations	(5,396)

Actuarial parameter baseline:

	December 31, 2008
Average inflation rate	3.20% p.a.
Discount rate	4.80% p.a.
Annual rate of increase in post-employment benefits	3.90% p.a.

(30) Other non-current liabilities

This caption is made up as follows:

Thousands of Euros	December 31, 2008
Other non-current liabilities	61
Total	**61**

(31) Equity attributable to the shareholders of the parent and Statement of recognized income and expense

At December 31, 2008, the subscribed and paid-up share capital equals € 113,806.25 and is comprised of 91,045 ordinary shares with a nominal value of € 1.25 each.

Neither the ultimate parent or its subsidiaries hold treasury shares either directly or indirectly through trustees or nominees.

Reference should be made to the relevant schedule for changes in, and details of, the components of consolidated equity attributable to the shareholders of the parent.

The subsidiaries are not subject to significant restrictions deriving from loan agreements or regulatory instructions which would limit their ability to transfer funds to the parent as dividends or reimbursement of loans or advances.

The group's objectives in equity management are to create value for shareholders, safeguard the group's future and support group development.

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

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

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

Statement of recognized income and expense

(Thousands of Euros)	2008
Effective portion of changes in fair value of cash flow hedges	(3,030)
Expense related to the share capital increase	(2,610)
Income and expense recognized directly in equity	**(5,640)**
Loss for the period	**(22,235)**
Total recognized income and expense	**(27,875)**
Attributable to:	
Shareholders of the parent	(28,348)
Minority interests	473

The effective portion of changes in fair value of cash flow hedges is comprised as follows:

€ 1,006 thousand negative fair value of the interest rate swap on finance leases (equivalent to the fair value variation between a negative fair value of € 484 thousand as at September 30, 2008 and a positive fair value of € 522 thousand as at December 31, 2008) and € 2,024 thousand negative fair value of the interest rate swaps on the Mezzanine Facility.

Expense related to the share capital increase comprises administrative and notary expenses incurred by GCL Holdings S.C.A. in relation to the share capital increases of the period.

(32) Equity attributable to minority interests

Equity attributable to minority interests relates to the following consolidated companies:

	Investment % of minority interests	Balance at December 31, 2008
Guala Closures de Colombia LTDA (formerly Tapas Albert Ltda)	6.80%	576
Guala Closures Orient B.V.	13.15%	2,594
Guala Closures India pvt Ltd	5.00%	1,208
Guala Closures de Mexico S.A. de C.V.	49.90%	6,769
Guala Closures Russia B.V.	30.00%	18
Guala Closures China B.V.	3.50%	200
Guala Closures Argentina S.A. (formerly Supertap S.A.)	17.62%	478
Guala Closures del Uruguay S.A.	10.00%	13
Technologia Closures LLC	30.00%	2,867
Total		**14,724**

Reference should be made to the relevant schedule for changes in, and details of, the components of equity attributable to minority interests.

INCOME STATEMENT

(33) Other operating income

This caption includes:

Thousands of Euros	2008
Sundry recoveries/repayments	1,200
Insurance compensation—Australia	970
Internal production	832
Gains	39
Income from royalties	29
Other	32
Total	**3,100**

Internal production included € 104 thousand of capitalized development expenditure related to new closures, € 73 thousand of capitalized acquisition costs and € 655 thousand of extraordinary maintenance carried out on property, plant and equipment and extraordinary maintenance and upgrading of the production capacity of Guala Closures S.p.A. (€ 307 thousand) and foreign companies (€ 348 thousand).

Insurance compensation—Australia relates to the insurance compensation recognized in the last quarter of 2008 for the fire which occurred in February 2008. It includes an amount for the replacement of damaged equipment and an amount to compensate for the business interruption.

(34) Costs for raw materials

This caption includes:

Thousands of Euros	2008
Raw materials and supplies	25,952
Packaging	1,264
Consumables and maintenance	752
Fuels	237
Other purchases	816
Change in inventories	4,984
Total	**34,005**

(35) Costs for services

This caption includes:

Thousands of Euros	2008
External processing	2,958
Electricity / Heating	3,023
Transport	2,566
External labor / porterage	896
Legal and consulting fees	1,019
Maintenance	634
Travel	668
Sundry industrial services	998
Administrative services	652
Directors' fees	444
Insurance	399
Technical assistance	341
Telephone costs	245
Commissions	273
Cleaning service	213
Security	127
Commercial services	82
Entertainment expenses	88
Advertising services	14
Expos and trade fairs	53
Other	409
Total	**16,104**

Details of fees paid to Guala Closures S.p.A.'s directors, CEO and managers in key positions are provided in note 45) Related party transactions.

(36) Personnel expense

This caption includes:

Thousands of Euros	2008
Wages and salaries	12,269
Social security contributions	2,612
Expense/(income) from defined benefit plans	454
Other costs	275
Total	**15,610**

Reference should be made to note 29) Employee benefits for details on Expense/(income) from defined benefit plans.

At December 31, 2008, the group had the following number of employees:

Number	December 31, 2008
Blue collars	1,738
White collars	544
Managers	106
Total	**2,388**

(37) Personnel (expense)/income relating to the pension fund managed by related parties

This caption shows the change in the amount of the Guala Closures UK Ltd pension fund with respect to September 30, 2008, being an expense of € 2,385 thousand.

Reference should be made to note 29) Employee benefits for additional information.

(38) Other operating costs

This caption includes:

Thousands of Euros	2008
Rent and leases	832
Other costs for the use of third party assets	361
Taxes and duties	414
Provisions for risks and charges	2,452
Other charges	188
Total	**4,246**

The increase in Provisions for risks and charges is mainly due to accruals to the restructuring provision made by certain group companies (Guala Closures UK Ltd for € 1,427 thousand, Guala Closures Polska Sp. z.o.o. for € 475 thousand and Guala Closures S.p.A. for € 190 thousand) and the accrual to the provision for damages and penalties of € 355 thousand.

(39) Financial income

This caption includes:

Thousands of Euros	2008
Exchange rate gains	14,919
Interest income	25
Change in the fair value of aluminum derivatives	302
Other financial income	308
Total	**15,554**

(40) Financial expense

This caption includes:

Thousands of Euros	2008
Interest expense	10,047
Exchange rate losses	16,068
Change in the fair value of IRSs	10,025
Change in the fair value of aluminum derivatives	3,201
Other financial expense	728
Total	**40,070**

(41) Income and expense on financial assets/liabilities

The following table shows income and expense on financial assets/liabilities, specifying which are recognized in profit or loss and which directly in equity.

Thousands of Euros	2008
Recognized in profit or loss	
Bank interest income	25
Derivatives recognized at fair value in the income statement	302
Exchange rate gains	14,919
Other financial income	308
Total Financial income	**15,554**
Interest expense on financial liabilities measured at amortized cost	10,047
Exchange rate losses	16,068
Derivatives recognized at fair value in the income statement	13,227
Other financial expense	728
Total financial expense	**40,070**
Net financial expense	**(24,516)**
Recognized directly in equity	
Effective portion of changes in fair value of cash flow hedges	(3,030)
of which, to the Hedging reserve	**(3,030)**

(42) Income taxes

This caption includes:

Thousands of Euros	2008
Current taxes	(3,800)
Deferred tax income	3,894
Deferred tax expense	(507)
Total	**(413)**

Deferred tax income and expense in the income statement do not reflect the same change in the corresponding captions of the balance sheet due to the effect of the exchange rate losses of € 611 thousand (there aren't deferred taxes recognized directly in equity).

(42) Income taxes (Continued)

Reconciliation between the theoretical and effective tax charge

The difference between the theoretical and effective tax charge is mainly related to the impact of the different tax rates in foreign countries, non-taxable revenue, non-deductible costs and other temporary differences.

(Thousands of Euros)	2008
Loss before taxation	**(21,822)**
Luxembourg tax rate	30%
Theoretical tax payable	**(6,547)**
Effect of foreign tax rates	722
Non-taxable revenue and other decreases	(796)
Non-deductible expense and other increases	1,282
(Increase) / decrease in deferred tax assets	(3,894)
Increase / (decrease) in deferred tax liabilities	507
Elimination of deferred tax income on profit (loss) for the period(*)	2,966
Unaccrued deferred tax income on loss for the period	5,584
Other changes	174
Total increase / (decrease)	**6,545**
Effective tax rate	**(2)**
Other taxes	415
Total taxes for the period	**413**

(*) Changes in deferred tax income/expense recognized in profit or loss include those arising following the elimination of taxable income/loss for the year as the changes are already included in the calculation of theoretical taxation adjusted by the effect of Non-taxable revenue and other decreases and Non-deductible expense and other increases.

OTHER INFORMATION

(43) 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.

The board of directors has overall responsibility for establishing and monitoring a risk management system for the group.

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

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

Credit risk

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

The group's exposure to credit risk depends largely on each customer's specific characteristics. The demographics of the group's customer portfolio, including the segment insolvency risk and the country risk, have an impact on the credit risk.

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

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

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

Liquidity risk

This risk regards the group's ability to meet its obligations arising from financial liabilities.

The group's approach to liquidity management is to ensure adequate funds are always available to cover its obligations at the expiry dates, both in normal conditions and at times of financial difficulty, without incurring borrowing expense at terms higher than market conditions.

The group generally ensures there is sufficient cash and cash equivalents to cover forecast short-term operating costs, including those related to financial liabilities. Contingent effects following extreme situations that cannot reasonably be forecast, such as natural disasters, are excluded from the above.

Historically, the group has always met its obligations on time.

(43) Financial risk management (Continued)

Reference should be made to the tables under note 20) Financial payables for information on the group's loans, credit lines and facilities at the closing date.

Interest rate risk

This risk relates to volatility of the market rates which determine the interest expense paid on outstanding loans.

The group is exposed to interest rate risk as almost the full amount of its financial payables provide for the payment of interest at variable rates subject to short-term repricing.

The group's policy is to hedge a significant portion of the payable amount subject to interest rate risk. Interest rate swaps are used to hedge the risk enabling the group to maintain interest rates within a set range.

Currency risk

This risk relates to the effect of fluctuations in exchange rates on sales, purchases and loans in currencies other than the functional currencies of the various group entities.

The group is exposed to currency risk, particularly in relation to fluctuations of the pound sterling and US dollar.

Interest on loans is denominated in the currency of the cash flows generated by the group's underlying transactions. These are mainly in Euros but may also be in pounds sterling, US dollars and Australian dollars, so that there is adequate hedging and the group does not have to avail of other derivatives.

The risk of exchange rate fluctuations is managed using exchange rate hedges when significant differences are noted between cost and revenue in foreign currency.

If that is the case, such differences are hedged through currency swaps. These provide for the purchase/sale of agreed amounts in foreign currency at a set exchange rate against the Euro.

Other price risk

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

The risk of fluctuations in the purchase price of plastics has not been hedged as these raw materials were not listed on the international market (the London Metal Exchange). However, this risk could be hedged in the near future given the current developments in the listing of plastics on the international market and corresponding hedging instruments.

Meanwhile, the risk of fluctuations in the purchase price of aluminum is partly hedged through derivatives which set the forward purchase price.

(44) Derivatives

The main features of the contracts in place at December 31, 2008 are summarized below:

—interest rate swaps

The ultimate parent GCL Holdings S.C.A. has one interest rate swap in place at December 31, 2008 to hedge variable interest rates on bank loans, as follows:

- The Euro interest rate swap agreed with Intesa Sanpaolo S.p.A. on October 28, 2008, expiring September 24, 2011. It has a fixed swap rate of 5.319% against the floating one-month Euribor

(44) Derivatives (Continued)

until March 24, 2009 and, subsequently, the floating six-month Euribor, for a notional amount of € 28,200 thousand at December 31, 2008.

The subsidiary Guala Closures S.p.A. has eight interest rate swaps in place at December 31, 2008 to hedge variable interest rates on bank loans.

It also has two interest rate swaps in place at December 31, 2008 to hedge the variable interest rates on the real estate finance lease.

The interest rate swaps taken on to hedge the variable interest rates on bank loans are listed below in their order of agreement:

1. The US-dollar interest rate swap agreed with the Royal Bank of Scotland on June 16, 2006, expiring November 30, 2010. It has a fixed swap rate of 5.525% against the floating six-month US dollar Libor for a notional amount of US$ 14,497 thousand at December 31, 2008.
2. The Euro interest rate swap agreed with Banco Bilbao Vizcaya Argentaria Sa on June 16, 2006, expiring November 30, 2010. It has a fixed swap rate of 3.68% against the floating six-month Euribor for a notional amount of € 47,495 thousand at December 31, 2008.
3. The Euro interest rate swap agreed with Intesa San Paolo S.p.A. on February 21, 2007, expiring January 31, 2012. It has a fixed swap rate of 4.15% against the floating six-month Euribor for a notional amount of € 17,750 thousand at December 31, 2008.
4. The Euro interest rate swap agreed with Intesa San Paolo S.p.A. on September 5, 2007, expiring January 31, 2012. It has a fixed swap rate of 4.50% against the floating six-month Euribor for a notional amount of € 8,870 thousand at December 31, 2008.
5. The Euro interest rate swap agreed with Natixis Sa on October 10, 2008, expiring September 30, 2011. It has a fixed swap rate of 5.201% against the floating one-month Euribor until March 31, 2009 and, subsequently, the floating six-month Euribor, for a notional amount of € 8,000 thousand at December 31, 2008. This contract was initially agreed by GCL Special Closures S.r.l. with different terms and a different banking counterparty. It was transferred to Guala Closures S.p.A. on October 10, 2008.
6. The sterling interest rate swap agreed with Intesa San Paolo S.p.A. on October 10, 2008, expiring September 30, 2011. It has a fixed swap rate of 6.219% against the floating one-month sterling Libor until March 31, 2009 and, subsequently, the floating six-month sterling Libor, for a notional amount of £ 23,900 thousand at December 31, 2008. This contract was initially agreed by GCL Special Closures S.r.l. with different terms and a different banking counterparty. It was transferred to Guala Closures S.p.A. on October 10, 2008.
7. The US dollar interest rate swap agreed with Intesa San Paolo S.p.A. on October 10, 2008, expiring September 30, 2011. It has a fixed swap rate of 4.51% against the floating one-month US dollar Libor until March 31, 2009 and, subsequently, the floating six-month US dollar Libor, for a notional amount of US$ 48,800 thousand at December 31, 2008. This contract was initially agreed by GCL Special Closures S.r.l. with different terms and a different banking counterparty. It was transferred to Guala Closures S.p.A. on October 10, 2008.
8. The US dollar interest rate swap agreed with Bayerische Hypo and Vereinsbank Ag on December 18, 2007, expiring September 30, 2011. It has a fixed swap rate of 1.848% against the floating one-month US dollar Libor until March 31, 2009 and, subsequently, the floating six-month US dollar Libor, for a notional amount of US$ 22,035 thousand at December 31, 2008.

All existing hedging transactions were reassessed during the business combination.

(44) Derivatives (Continued)

Specifically, the IRSs agreed by Guala Closures group before the acquisition and which met the requirements for classification as cash flow hedges in relation to the previous loan, were reassessed in the light of the new financing structure. The analysis indicated that, although these derivatives are substantially of a hedging nature, they do not meet the formal requirements of IAS 39 and should therefore be recognized as trading instruments.

GCL Special Closures S.r.l. transferred three IRSs to Guala Closures S.p.A. on October 10, 2008. Analysis of the features of these contracts in relation to the hedged item indicated that, although these derivatives are substantially of a hedging nature, they do not meet the formal requirements of IAS 39 and should therefore be recognized as trading instruments.

Guala Closures S.p.A. agreed a new IRS contract on December 12, 2008. Also in this case the formal requirements of IAS 39 for hedge accounting were not met and this derivative is therefore recognized as a trading instrument.

The IRS agreed by the ultimate parent GCL Holdings S.C.A. on October 28, 2008 meets the formal requirements of IAS 39 for hedge accounting and is therefore recognized as a hedging instrument.

The interest rate swaps taken on to hedge the variable interest rates on real estate finance leases held by Guala Closures S.p.A. at the time of the acquisition are listed below in their order of agreement:

1. The Euro interest rate swap agreed with Intesa San Paolo S.p.A. on March 7, 2006, expiring July 1, 2019. It has a fixed swap rate of 3.945% against the floating one-month Euribor for a notional amount of € 8,014 thousand at December 31, 2008.
2. The Euro interest rate swap agreed with Intesa San Paolo S.p.A. on March 7, 2006, expiring July 1, 2019. It has a fixed swap rate of 3.960% against the floating one-month Euribor for a notional amount of € 8,014 thousand at December 31, 2008.

All existing hedging transactions were reassessed during the business combination.

Specifically, in relation to the above contracts, a new hedging relationship was set up between the derivative and the flows from the underlying finance lease. It was recognized as a hedge as it meets the formal requirements of IAS 39 for hedge accounting.

—Forward purchase of aluminum

At December 31, 2008, the subsidiary Guala Closures S.p.A. has 18 contracts for the forward purchase of aluminum, for a total of 3,800 tons, spread over various maturity dates based on forecast monthly requirements.

The formal requirements of IAS 39 for hedge accounting were not met and these derivatives are therefore recognized as trading instruments.

(44) Derivatives (Continued)

The following table shows the forward aluminum purchase contracts in place at December 31, 2008:

Expiry date	Hedged amount (tons)	Strike price (US dollars)	December 31, 2008 Positive/(negative) fair value (Thousands of Euros)
January 2009	300	2,700	(261)
January 2009	400	2,600	(320)
February 2009	200	2,800	(185)
February 2009	300	2,900	(300)
February 2009	100	2,700	(86)
February 2009	100	2,236	(52)
March 2009	300	2,900	(297)
March 2009	200	2,800	(184)
March 2009	100	2,700	(85)
March 2009	100	2,251	(52)
April 2009	300	2,900	(295)
April 2009	200	2,700	(168)
May 2009	300	2,900	(292)
June 2009	300	2,900	(289)
June 2009	100	2,450	(64)
July 2009	100	2,450	(63)
July 2009	200	2,300	(105)
August 2009	200	2,300	(103)
Total	**3,800**		**(3,201)**

—Currency swaps

At December 31, 2008, the subsidiary Guala Closures S.p.A. has six currency swaps for the forward purchase of US dollars, for a total of US$ 9,000 thousand, and three currency swaps for the forward sale of US dollars, for a total of US$ 300 thousand. They all mature within the first half of 2009.

The formal requirements of IAS 39 for hedge accounting were not met and these derivatives are therefore recognized as trading instruments.

(44) Derivatives (Continued)

The following table shows the forward currency swaps in place at December 31, 2008:

Expiry date	Currency	Transaction	Hedged amount (thousands of US dollars)	Forward rate (US$/Euro)	December 31, 2008 Positive/(negative) fair value (thousands of Euros)
January 2009	USD	Purchase	1,850	1.4594	62
February 2009	USD	Purchase	1,900	1.4585	63
March 2009	USD	Purchase	1,900	1.4577	62
April 2009	USD	Purchase	1,400	1.4565	45
May 2009	USD	Purchase	850	1.4556	27
June 2009	USD	Purchase	1,100	1.4546	34
Total forward US$ purchases			**9,000**		**292**
April 2009	USD	Sale	100	1.3272	3
May 2009	USD	Sale	100	1.3267	3
June 2009	USD	Sale	100	1.3265	4
Total forward US$ sales			**300**		**11**
Total					**302**

The following table shows the fair value of the derivatives held at the balance sheet date:

Contract (Thousands of Euros)	Recognition at December 31, 2008	December 31, 2008 Positive/(negative) fair value
Interest rate swap on the Mezzanine Facility	Hedge accounting	(2,024)
Interest rate swap on leases	Hedge accounting	(522)
Interest rate swap on loan	Recognized at fair value in the income statement	(9,832)
Currency swap	Recognized at fair value in the income statement	302
Forward aluminum purchase	Recognized at fair value in the income statement	(3,201)

Reference should be made to note 31) Equity attributable to the shareholders of the parent and Statement of recognized income and expense in relation to the hedge accounted derivatives.

The following table shows the forecast cash flows for hedging derivatives at December 31, 2008:

			Forecast cash flows				
Thousands of Euros	Carrying amount at December 31, 2008	Total cash flows	Up to 6 months	6 - 12 months	1 - 2 years	2 - 5 years	After five years
Interest rate swap on the Mezzanine Facility	(2,024)	(2,024)	(180)	(419)	(709)	(716)	—
Interest rate swap on leases	(522)	(522)	(47)	(44)	(82)	(192)	(157)

(44) Derivatives (Continued)

Effective interest rate and repricing analysis

The following table shows the effective interest rate at the balance sheet date and for the period in which the related rate may be reviewed for interest-bearing financial assets and liabilities.

Thousands of Euros	Effective interest rate—December 2008	TOTAL 12/31/08	Repricing date: Up to 6 months	6 - 12 months	1 - 2 years	2 - 5 years	After 5 years
Bank loans:							
Mezzanine Facility 09/16/08	15.99%	**86,838**	**86,838**	**—**	**—**	**—**	**—**
Facility A EUR	5.50%	36,300	36,300	—	—	—	—
Facility B EUR	6.00%	34,150	34,150	—	—	—	—
Facility C EUR	6.50%	34,150	34,150	—	—	—	—
Facility A USD	3.45%	22,364	22,364	—	—	—	—
Facility B USD	3.95%	21,089	21,089	—	—	—	—
Facility C USD	4.45%	21,089	21,089	—	—	—	—
Facility A GBP	5.20%	14,283	14,283	—	—	—	—
Facility B GBP	5.70%	13,448	13,448	—	—	—	—
Facility C GBP	6.20%	13,448	13,448	—	—	—	—
Revolving Facility	5.50%	15,000	15,000	—	—	—	—
CAPEX Facility	5.50%	32,600	32,600	—	—	—	—
Transaction costs	n.a.	(9,761)	(9,761)	—	—	—	—
TOT. SENIOR DEBT 10/10/2008		**248,160**	**248,160**	**—**	**—**	**—**	**—**
Other amounts due to banks—Guala Closures S.p.A.	n.a.	873	873	—	—	—	—
Accrued expenses and deferred income—Guala Closures S.p.A.	n.a.	77	77	—	—	—	—
Advances on receivables—Guala Closures Argentina		1,174	1,174	—	—	—	—
Guala Closures Australia Holdings loan		19,730	19,730	—	—	—	—
Guala Closures Mexico loan		4,106	4,106				
Total Bank loans		**360,958**	**360,958**	**—**	**—**	**—**	**—**
Other financial payables:							
Guala Closures S.p.A. financing as per Law no. 46/82		992	68	191	265	468	—
Guala Closures S.p.A. lease		22,731	22,731	—	—	—	—
Payable due to the Ukrainian minority shareholder		2,100	—	—	—	—	2,100
Other payables		1,710	1,710	—	—	—	—
Total Other financial payables		**27,533**	**24,509**	**191**	**265**	**468**	**2,100**

(45) Related party transactions

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

(45) Related party transactions (Continued)

Transactions with the directors, supervisory board and managers in key positions of the subsidiary Guala Closures S.p.A. are set out below:

	Costs recognized in the period								
Thousands of Euros	Remuneration for duties	Remuneration for employment	Post-employment benefits and other supplementary pension funds	Non-monetary benefits	Other benefits	Total	Post-employment benefits at December 31, 2008	Other payables at December 31, 2008	Cash flows in the period
Total directors/managers in key positions	**278**	**134**	**17**	**11**	**5**	**445**	**209**	**126**	**3,187**
Total supervisory board	**22**	**—**	**—**	**—**	**—**	**22**	**—**	**4**	**57**

With reference to the relationships with Intesa Sanpaolo S.p.A., the latter is deemed to represent a related party of the GCL Holdings Group.

The relationships between Intesa Sanpaolo S.p.A. and GCL Holdings Group at December 31, 2008 are summarized below:

- Intesa Sanpaolo S.p.A. is, together with Bayerische Hypo und Vereinsbank Ag and Natixis Sa, the Mandated Lead Arranger and Bookrunner of the Senior Facilities Agreement dated October 10, 2008, loan apply to Guala Closures S.p.A;
- Intesa Sanpaolo S.p.A. is, together with Bayerische Hypo und Vereinsbank Ag and Natixis Sa, the Mandated Lead Arranger and Bookrunner of the Mezzanine Facility Agreement dated September 16, 2008, loan apply to GCL Holdings S.C.A.;
- Intesa Sanpaolo S.p.A. carried out consulting services in favour of GCL Holdings S.r.l. during the acquisition process of Guala Closures S.p.A.
- at December 31, 2008, Intesa Sanpaolo has a representative on the board of directors of Guala Closures S.p.A.;
- Intesa Sanpaolo S.p.A. has an indirect 19% investment in GCL Holdings S.C.A., via GCL Holdings S.à r.l.
- relationships with Intesa Sanpaolo S.p.A. take place at market conditions.

DLJ Merchant Banking Inc. is deemed to represent a related party of the GCL Holdings group.

The relationships between the DLJ Merchant Banking Inc. and GCL Holdings Group at December 31, 2008 are summarized below:

- DLJ Merchant Banking Inc. carried out consulting services in favour of GCL Holdings S.r.l. during the acquisition process of Guala Closures S.p.A.;
- DLJ Merchant Banking Inc. has an indirect 51% investment in GCL Holdings S.C.A. ordinary shares and an indirect 59% investment in GCL Holdings S.C.A. preferred shares
- relationships with DLJ Merchant Banking Inc. take place at market conditions.

Related parties also include a pension fund for employees of the former Metal Closures Ltd (now Guala Closures UK Ltd) managed by Metal Closures Group Trustees Ltd. Considering the performance of the pension fund, the company was not required to transfer funds thereto. Employees have paid their contributions. Reference should be made to note 29) Employee benefits for additional information.

(46) Contingent liabilities

At the date of publication of these consolidated financial statements, there were no significant contingent liabilities for which it is possible that future payments may be necessary by the group.

(47) Commitments and guarantees

The group's commitments and guarantees at December 31, 2008 can be grouped into those guarantees given in relation to the Senior Facility Agreement and other guarantees given by group companies.

The guarantees given in relation to the Senior Facility Agreement are detailed as follows:

GCL Holdings S.C.A.

On October 15, 2008, GCL Holdings S.C.A. pledged its 100% investment in GCL Special Closures S.r.l. as guarantee to its creditors Bayerische Hypo und Vereinsbank, Intesa Sanpaolo S.p.A. and Natixis S.A..

GCL Special Closures S.r.l.

On October 15, 2008, GCL Special Closures S.r.l. pledged its 100% investment in GCL Holdings S.r.l. as guarantee to its creditors Bayerische Hypo und Vereinsbank and Natixis S.A..

Guala Closures S.p.A.

- Pledge of the shares held by Guala Closures S.p.A. in Guala Closures International B.V. dated October 15, 2008.
- Special lien on the following assets of Guala Closures S.p.A. dated December 15, 2008:
  - movable property items not listed in public registers which Guala Closures S.p.A. uses in its operations or as plant and machinery, whether existing or future assets;
  - raw materials, work in progress, stock, finished goods held at any time at Guala Closures S.p.A.'s warehouses (or with third parties or holders of any kind);
  - goods that Guala Closures S.p.A. purchases with income from the loan secured by the special lien;
  - receivables arising after the warranty deed is signed following the sale of some of the above assets.
- Pledge of Guala Closures S.p.A.'s intellectual property dated December 15, 2008.

Guala Closures UK Holdings Ltd.

- Pledge of Guala Closures UK Holdings Ltd's shares in Guala Closures UK Ltd dated October 15, 2008.

Guala Closures UK Ltd.

- Special lien on all the assets of Guala Closures UK Ltd dated October 15, 2008.

Guala Closures International B.V.

- Pledge of the shares held by Guala Closures International B.V. in Guala Closures UK Holdings Ltd. dated October 15, 2008.
- Pledge of the shares held by Guala Closures International B.V. in Guala Closures Patents B.V. dated October 15, 2008.
- Pledge of the shares held by Guala Closures International B.V. in Guala Closures Orient B.V. dated October 15, 2008.
- Pledge of the shares held by Guala Closures International B.V. in Guala Closures China B.V. dated October 15, 2008.

(47) Commitments and guarantees (Continued)

- Pledge of the shares held by Guala Closures International B.V. in Guala Closures Espana S.L.U. dated October 15, 2008.
- Mortgage on the shares held by Guala Closures International B.V. in Guala Closures Australia Holdings Pty Ltd dated December 15, 2008.
- Pledge of the shares held by Guala Closures International B.V. in Technologia Closures LLC dated December 15, 2008.
- Pledge of the shares held by Guala Closures International B.V. in Guala Closures Mexico S.A. de C.V. dated December 17, 2008.

Guala Closures Patents B.V.

- Pledge of the intellectual property of Guala Closures Patents B.V. dated October 15, 2008.

Guala Closures China B.V.

- Pledge of the shares held by Guala Closures International B.V. in Beijing Guala Closures Ltd dated December 15, 2008.

Millstreet Holding B.V.

- Pledge of the shares held by Millstreet Holding B.V. in Guala Closures de Columbia Ltda dated December 15, 2008.

Guala Closures Espana S.L.U.

- Pledge of the shares held by Guala Closures Espana S.L.U. in Millstreet Holding B.V. dated October 15, 2008.
- Pledge of the shares held by Guala Closures Espana S.L.U. in Guala Closures Iberica S.A. dated October 15, 2008.
- Pledge of the shares held by Guala Closures Espana S.L.U. in Guala Closures do Brasil Ltda dated December 15, 2008.

The other guarantees given by group companies at December 31, 2008 are as follows:

Thousands of Euros	December 31, 2008
Guala Closures S.p.A.	
Sureties given to third parties	2,526
Third party assets held by the company	6,888
Guala Closures Iberica S.A.	
Sureties given to third parties	337
Technologia Closures LLC	
Sureties given to third parties	419
Guala Closures India pvt Ltd	
Sureties given to third parties	226
Guala Closures New Zealand Ltd	
Sureties given to third parties	77

A special lien on the assets of Guala Closures Australia Holdings Pty Ltd has been given for the Facility Agreement signed with the Commonwealth Bank of Australia.

(48) Significant subsequent events

The deed for the merger of GCL Holdings S.r.l. into Guala Closures S.p.A. was approved on February 12, 2009. The assets of GCL Holdings S.r.l. were included in the financial statements of Guala Closures S.p.A. with effect from January 1, 2009, the date from which the tax effects are calculated.

Pursuant to the provisions of the draft merger deeds and in compliance with article 2504-bis.2 of the Italian Civil Code, the merger took effect from March 1, 2009, the first day of the month following that in which the final entries required by article 2504 of the Italian Civil Code were made.

The sub-holding company Guala Closures Russia B.V. was wound up on February 26, 2009. This company was the special purpose vehicle for the investment in the Russian company, Guala Closures OWK Ooo, which had already been wound up.

An important corporate restructuring commenced in the early months of 2009 in the Spanish area. It involves the transfer of the companies held by the Spanish holding company Guala Closures Espana S.L. to the group holding company, Guala Closures International B.V., with a subsequent merger between Guala Closures Iberica S.A. and Guala Closures Espana S.L.. The aim is to realign the corporate structure with the current business structure, as well as reduce overheads.

Director of GCL Holdings GP S.a.r.l.
General Partner of GCL Holdings S.C.A.

Luxembourg, April 16, 2009

GUALA CLOSURES GROUP

CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2010

KPMG S.p.A.
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Report of the auditors in accordance with article 14 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
Guala Closures S.p.A.

1 We have audited the consolidated financial statements of the Guala Closures Group as at and for the year ended 31 December 2010, comprising the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes thereto. The parent's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards issued by the Italian Accounting Profession and recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

The consolidated financial statements present the prior year corresponding figures for comparative purposes. As disclosed in the notes, the parent's directors restated some of the corresponding figures included in the prior year consolidated financial statements. We audited such financial statements and issued our report thereon on 6 April 2010. We have examined the methods used to restate the prior year corresponding figures and related disclosures for the purposes of expressing an opinion on the consolidated financial statements at 31 December 2010.

3 In our opinion, the consolidated financial statements of the Guala Closures Group as at and for the year ended 31 December 2010 comply with the International Financial Reporting Standards endorsed by the European Union. Therefore, they are clearly stated and give a true and fair view of the financial position of the Guala Closures Group as at 31 December 2010, the results of its operations and its cash flows for the year then ended.

KPMG SPA

Turin, 30 March 2011

GUALA CLOSURES GROUP

STATEMENT OF FINANCIAL POSITION

(Thousands of Euros)	December 31, 2009	December 31, 2010	Note
ASSETS			
Current assets			
Cash and cash equivalents	32,603	39,049	4
Current financial assets	110	114	5
Trade receivables	78,377	77,461	6
Inventories	42,650	48,845	7
Current direct tax assets	3,886	3,148	8
Current indirect tax assets	5,904	6,756	9
Financial derivative assets	259	517	10
Other current assets—third parties	3,357	2,412	11
Other current assets—related parties	—	2,274	12
Assets classified as held for sale	1,548	143	13
Total current assets	**168,696**	**180,719**	
Non-current assets			
Non-current financial assets	321	576	14
Property, plant and equipment	152,158	177,269	16
Intangible assets	380,764	379,508	17
Deferred tax assets	9,976	12,824	18
Other non-current assets	2,949	510	19
Total non-current assets	**546,168**	**570,687**	
TOTAL ASSETS	**714,864**	**751,407**	
LIABILITIES AND EQUITY			
Current liabilities			
Current financial liabilities—third parties	9,437	17,419	20
Current financial liabilities—related parties	184	215	21
Trade payables	48,021	51,713	24
Current direct tax liabilities	2,960	4,174	25
Current indirect tax liabilities	2,735	3,102	26
Current provisions for risks and charges	944	406	27
Financial derivative liabilities	12,097	8,293	28
Other current liabilities—third parties	10,307	23,752	29
Other current liabilities—related parties	—	571	30
Total current liabilities	**86,684**	**109,644**	
Non-current liabilities			
Non-current financial liabilities—third parties	307,838	311,029	20
Non-current financial liabilities—related parties	9,950	11,550	21
Employee benefits	6,292	6,990	31
Deferred tax liabilities	27,554	26,575	18
Non-current provisions for risks and charges	264	217	27
Other non-current liabilities	52	49	32
Total non-current liabilities	**351,951**	**356,409**	
Total liabilities	**438,635**	**466,053**	
Share capital and reserves attributable to non-controlling interests	7,420	8,066	
Profit for the year attributable to non-controlling interests	4,387	3,471	
Equity attributable to non-controlling interests	**11,807**	**11,537**	34
Equity attributable to the owners of the parent			
Share capital	67,624	69,624	
Share premium reserve	189,266	193,266	
Legal reserve	774	775	
Translation reserve	(13,789)	(6,718)	
Hedging reserve	(1,075)	(1,172)	
Retained earnings	23,346	19,953	
Loss for the year	(1,724)	(1,913)	
Equity attributable to the owners of the parent	**264,422**	**273,817**	33
Total equity	**276,229**	**285,354**	
TOTAL LIABILITIES AND EQUITY	**714,864**	**751,407**	

GUALA CLOSURES GROUP

STATEMENT OF COMPREHENSIVE INCOME

(Thousands of Euros)	2009	2010	Note
Net revenue	**311,070**	**371,354**	
Change in inventories of finished goods and semi-finished products	(501)	(1,024)	7
Other operating income	9,256	6,041	35
Costs for raw materials	(123,855)	(146,532)	36
Costs for services	(60,420)	(75,214)	37
Personnel expense	(53,876)	(67,084)	38
Other operating expense	(7,600)	(7,558)	39
Amortization, depreciation and impairment losses	(31,743)	(38,704)	5 - 16 - 17
Operating profit	**42,332**	**41,280**	
Financial income	29,494	26,310	40
Financial expense—third parties	(51,676)	(49,351)	41
Financial expense—related parties	(1,306)	(745)	42
Net finance costs	**(23,488)**	**(23,785)**	
Profit before taxation	**18,844**	**17,495**	
Income taxes	(16,181)	(14,801)	44
Profit for the year	**2,663**	**2,694**	

OTHER COMPREHENSIVE INCOME

(Thousands of Euros)	2009	2010	Note
Foreign currency translation differences for foreign operations	(4,838)	7,040	
Effective portion of fair value gains (losses) of cash flow hedges	(132)	259	43
Net change in fair value of cash flow hedges reclassified to profit or loss	(163)	(392)	43
Income taxes on other comprehensive income	225	37	44
Other	**(4,908)**	**6,944**	
Total comprehensive income/(expense) for the year	**(2,245)**	**9,638**	
Profit (loss) attributable to:			
owners of the parent	(1,724)	(1,913)	
non-controlling interests	4,387	4,607	
Total comprehensive income (expense) attributable to:			
owners of the parent	(6,608)	3,949	
non-controlling interests	4,363	5,689	

GUALA CLOSURES GROUP

STATEMENT OF CASH FLOWS

(Thousands of Euros)	2009	2010	Note
Opening cash and cash equivalents	**24,780**	**32,603**	4
A) Cash flows generated by operating activities			
Profit before taxation	18,845	17,495	
Amortization, depreciation and impairment losses	31,743	38,704	
Profit on acquisition of non-controlling interest in Mexican company	(4,570)	—	
Net finance costs	23,486	23,785	40 - 41 - 42
Adjustments for:			
Receivables, payables and inventories	(2,071)	(536)	6 - 7 - 24
Other	89	1,567	11 - 12 - 18 - 30 - 32
VAT and indirect tax assets/liabilities	841	(285)	9 - 25
Income taxes paid	(13,267)	(13,309)	
TOTAL	**55,097**	**67,421**	
B) Cash flows used in investing activities			
Acquisitions	(15,816)	(30,171)	16 - 17
Disposals	660	194	16 - 17
Proceeds from sale of assets held for sale	154	1,597	13
Acquisition of non-controlling interests in Mexican company	(2,200)	—	
Acquisition of Pharma Trade	(3,690)	—	
Acquisition of Metalprint and Bulgarian Companies	—	(12,890)	
TOTAL	**(20,891)**	**(41,269)**	
C) Cash flows used in financing activities			
Financial income and expense	(18,751)	(23,898)	40 - 41 - 42
Derivatives and other financial items	(2,496)	976	10 - 28
Dividends paid	(1,870)	(4,070)	
Proceeds from issue of share capital	191	7,945	
Proceeds from new loan	29,475	23,800	
Repayment of borrowings	(34,217)	(25,161)	
Change in financial assets	2,819	(259)	
TOTAL	**(24,849)**	**(20,667)**	
D) Net cash flow for the year	**9,356**	**5,486**	
FX impact	(1,534)	960	
F) Closing cash and cash equivalents (E+F)	**32,603**	**39,049**	4

GUALA CLOSURES GROUP

STATEMENTS OF CHANGES IN EQUITY

(Thousands of Euros)	Share capital	Share premium reserve	Legal reserve	Translation reserve	Hedging reserve	Retained earnings/(losses) carried forward	Profit/(loss) for the year	Equity attributable to the owners of the parent	Share capital and reserves attributable to non-controlling interests	Profit for the year attributable to non-controlling interests	Equity attributable to non-controlling interests	Total equity
December 31, 2008	**67,624**	**106,974**	**774**	**(27,288)**	**(534)**	**17,279**	**(11,552)**	**153,276**	**14,559**	**940**	**15,499**	**168,776**
Impact of the merger	—	82,272	—	18,313	(471)	17,633		117,747	394		394	**118,142**
January 1, 2009 restated	**67,624**	**189,246**	**774**	**(8,975)**	**(1,005)**	**34,911**	**(11,552)**	**271,023**	**14,954**	**940**	**15,894**	**286,918**
Allocation of 2008 loss						(11,552)	11,552	—	940	(940)	—	**—**
Dividends to non-controlling interests								—	(1,870)		(1,870)	**(1,870)**
Share capital increase								—	191		191	**191**
Acquisition of non-controlling interest in Mexican Company								—	(6,770)		(6,770)	**(6,770)**
Other changes		20				(14)		6			—	**6**
Profit (loss) for the year ended December 31, 2009							(1,724)	(1,724)		4,387	4,387	**2,663**
Other comprehensive income				(4,814)	(70)			(4,884)	(24)		(24)	**(4,908)**
December 31, 2009	**67,624**	**189,266**	**774**	**(13,789)**	**(1,075)**	**23,346**	**(1,724)**	**264,422**	**7,420**	**4,387**	**11,807**	**276,229**
Allocation of 2009 loss						(1,724)	1,724	—	4,387	(4,387)	—	**—**
Dividends to non-controlling interests								—	(4,070)		(4,070)	**(4,070)**
Share capital increase	2,000	4,000						6,000	1,945		1,945	**7,946**
Changes in ownership interests in subsidiaries						(405)		(405)	(2,804)	(1,136)	(3,940)	**(4,345)**
Other changes				1,114		(1,264)		(150)	107		107	**(43)**
Profit (loss) for the year ended December 31, 2010							(1,913)	(1,913)		4,607	4,607	**2,694**
Other comprehensive income			1	5,957	(97)			5,862	1,082		1,082	**6,943**
December 31, 2010	**69,624**	**193,266**	**775**	**(6,718)**	**(1,172)**	**19,953**	**(1,913)**	**273,817**	**8,066**	**3,471**	**11,537**	**285,354**

GUALA CLOSURES GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT DECEMBER 31, 2010

GENERAL INFORMATION

(1) The group's activities and key changes in its structure during the year

Guala Closures group's main activities involve the design and production of bottle closures for spirits and non-alcoholic drinks, wine, water, oil and vinegar, as well as for hygiene products to be sold on the domestic and international markets.

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

The group's activities are separated into two divisions:

- the Closures division, representing the group's core business, specialized in the production of safety closures (safety product line), standard aluminum closures, customized plastic and aluminum closures (decorative product line) and closures for other sectors and accessories; the division now also produces aluminum, plastic and rubber closures for the pharmaceutical sector following its acquisition of Pharma Trade S.r.l. in 2009;
- the PET division, which produces preforms and bottles for carbonated soft drinks (CSD product line) and preforms, bottles, molds, jars, flasks and miniature drinks bottles and containers for cosmetics, beauty products and pharmaceuticals and foodstuffs (custom molding product line).

Currently, the group is the European and international leader in the production of safety closures for spirits bottles, with over 40 years' experience in the sector.

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

In 2010 the following changes were made to simplify the Group structure:

- in March 2010, Millstreet Holding B.V. was merged into Guala Closures International B.V.;
- in the same month, Guala Closures UK Holdings Ltd transferred its investment in Guala Closures UK Ltd to Guala Closures International B.V.;
- in October 2010, the shareholders' meeting of Guala Closures UK Holdings Ltd decided the strike off of the company.

In the second quarter of 2010, Technologia Closures LLC changed its name to Guala Closures Ukraine LLC.

During the year, the Indian plant operating in the PET division was shut down as it is no longer considered strategic to the Group.

During 2010, the following acquisitions were finalized:

- On May 5, 2010, Guala Closures International B.V. acquired 70% of Guala Closures Bulgaria A.D. and Guala Closures Tools A.D. These two companies, incorporated on March 12, 2010, bought certain identified assets from a Bulgarian company (Danik), whose shareholders, acquired non-controlling interests in the new companies.
- On June 29, 2010, Guala Closures S.p.A. signed an agreement to buy certain assets from an Italian supplier (Metalprint); such agreement became effective on July 1, 2010.

On November 18, 2010, the group acquired a non-controlling interest (13.15%) in Guala Closures Orient B.V. (which owns 95% of Guala Closures India Pvt Ltd, 60% of Creative Moulds (India) Pvt Ltd and 30% of OMSO Orient Printing Machines Pvt Ltd) through the international holding company Guala Closures International B.V.

For further details on the above mentioned acquisitions, please see note 3) Acquisitions of subsidiaries and business units to these consolidated financial statements.

In 2010, the Group also started to expand the plant in Sumy (Ukraine) and to construct a new plant in Ahmenabad (India).

(2) Accounting policies

The consolidated financial statements at December 31, 2010 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and endorsed by the European Union, and related interpretations. They include the separate financial statements of the parent and all subsidiaries shown in the group structure at December 31, 2010.

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

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

- captions of the statement of financial position are classified by current and non-current assets and liabilities;
- statement of comprehensive income 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.

Certain statement of cash flow captions have been reclassified and aggregated, compared to last year and comparative amounts have been reclassified accordingly to conform with the current year's presentation. Payables for capex as at December 31, 2009 have been reclassified from Trade payables to Other current liabilities—third parties in order to be consistent with 2010 classification.

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

The parent's board of directors approved the publication of the consolidated financial statements on March 29, 2011.

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

The most important accounting policies used by the group to draw up its consolidated financial statements are consistent with those used for the consolidated financial statements as at and for the year ended December 31, 2009 apart from that stated in paragraph (c) Changes in accounting policies. They are described below.

The accounting policies have been applied consistently across all group companies.

(a) Basis of consolidation

Subsidiaries

The consolidation scope includes the parent, Guala Closures S.p.A., and the entities over which it directly or indirectly has control, i.e., the power to govern, directly or indirectly, the financial and operating policies of an entity so as to obtain benefits from its activities, which in the case of the Guala Closures group entities currently takes place through possession of the majority of the voting rights. The subsidiaries are consolidated from the date control is actually transferred to the group. They cease to be consolidated from the date control is transferred outside the group.

(2) Accounting policies (Continued)

The entities included in the consolidation scope are listed in the following table:

List of investments in subsidiaries at December 31, 2010

Company name	Registered office	Currency	Share/quota capital	Investment percentage	Type of investment	Method of consolidation
EUROPE						
Guala Closures International B.V.	The Netherlands	EUR	92,000	100%	Direct	Line-by-line
Creative GCL S.r.l.	Italy	EUR	100,000	100%	Direct	Line-by-line
Pharma Trade S.r.l.	Italy	EUR	100,000	100%	Direct	Line-by-line
Guala Closures Patents B.V.	The Netherlands	EUR	18,400	100%	Indirect(*)	Line-by-line
Guala Closures Orient B.V.	The Netherlands	EUR	20,000	100.00%	Indirect(*)	Line-by-line
Guala Closures China B.V.	The Netherlands	EUR	20,000	96.50%	Indirect(*)	Line-by-line
Guala Closures UK Holdings Ltd	Great Britain	GBP	7,590,000	100%	Indirect(*)	Line-by-line
Guala Closures UK Ltd	Great Britain	GBP	134,000	100%	Indirect(*)	Line-by-line
Guala Closures Iberica, S.A.	Spain	EUR	2,500,160	100%	Indirect(*)	Line-by-line
Guala Closures Ukraine LLC	Ukraine	UAH	90,000,000	70%	Indirect(*)	Line-by-line
Guala Closures Bulgaria AD	Bulgaria	BGN	10,420,200	70%	Indirect(*)	Line-by-line
Guala Closures Tools AD	Bulgaria	BGN	2,375,700	70%	Indirect(*)	Line-by-line
ASIA						
Guala Closures India pvt Ltd	India	INR	170,000,000	95.0%	Indirect(*)	Line-by-line
Creative Moulds (India) Pvt Ltd	India	INR	16,100,000	60%	Indirect(*)	Line-by-line
Beijing Guala Closures Co. Ltd	China	CNY	20,278,800	96.5%	Indirect(*)	Line-by-line
LATIN AMERICA						
Guala Closures de Mexico, S.A. de C.V.	Mexico	MXN	94,630,010	100%	Indirect(*)	Line-by-line
Guala Closures Servicios Mexico, S.A. de C.V. Indirect	Mexico	MXN	50,000	100%	Indirect(*)	Line-by-line
Guala Closures Argentina S.A.	Argentina	ARS	17,702,910	82.38%	Indirect(*)	Line-by-line
Guala Closures do Brasil LTDA	Brazil	BRL	10,736,287	100%	Indirect(*)	Line-by-line
Guala Closures de Colombia LTDA	Colombia	COP	8,691,219,554	93.20%	Indirect(*)	Line-by-line
OCEANIA						
Guala Closures New Zealand Ltd	New Zealand	NZD	5,700,000	100%	Indirect(*)	Line-by-line
Guala Closures Australia Holdings Pty Ltd	Australia	AUD	34,450,501	100%	Indirect(*)	Line-by-line
Guala Closures Australia Pty Ltd	Australia	AUD	810	100%	Indirect(*)	Line-by-line
REST OF THE WORLD						
Guala Closures North America. Inc.	United States	USD	60,000	100%	Indirect(*)	Line-by-line

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

The table does not include the figures for the investments in the Indian company Omso Orient Printing Machines Pvt Ltd and Metal Closures Group Trustee Ltd (the Company that manages the Metal Closures pension schemes—see note 31) Employee benefits) as they are not consolidated due to their immaterial size.

Consolidation procedures

The financial statements of the subsidiaries are prepared for each reporting period using the same accounting policies as those of the parent. Consolidation adjustments are recognized to make those captions impacted by the application of different accounting policies consistent. All intragroup balances and transactions, including any unrealized profits on transactions within the group, are completely eliminated. Unrealized losses, other than impairment losses, are eliminated. The related tax effects are measured on all consolidation adjustments.

(b) Use of estimates and judgements

Following the adoption of IFRS, management has to make judgments, estimates and assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, costs

(2) Accounting policies (Continued)

and revenue. Estimates and the related assumptions are based on past experience and other factors considered to be reasonable in the circumstances. They are adopted to estimate the carrying amount of assets and liabilities that cannot easily be assumed from other sources. However, as they are estimates, the actual figure may not match the result of the estimate. Estimates are used to make allowances for impairment and inventory write-down, amortization and depreciation, impairment of non-current assets, employee benefits, taxes, provisions for risks and charges, and to measure financial derivatives, insurance compensation and effects of business combinations.

Such estimates and assumptions are reviewed regularly. Any changes arising therefrom are recognized in the year in which the review takes place if this only affects that year. If the review relates to both current and future years, the change is recognized in the year in which the review takes place and in the related future year.

(c) Changes in accounting policies

Accounting for business combinations

Since January 1, 2010, the Group has applied IFRS 3 Business Combinations (2008) in accounting for business combinations. The change in accounting policy has been applied prospectively.

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

Acquisitions on or after January 1, 2010

For acquisitions on or after January 1, 2010, the Group measures goodwill at the acquisition date as:

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

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of preexisting relationships. Such amounts are generally recognised in profit or loss.

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

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

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

(2) Accounting policies (Continued)

Acquisitions between January 1, 2004 and January 1, 2010

For acquisitions between January 1, 2004 and January 1, 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations, were capitalised as part of the cost of the acquisition.

Acquisitions prior to January 1, 2004 (date of transition to IFRSs)

As part of its transition to IFRSs, the Group elected to restate only those business combinations that occurred on or after January 1, 2004. In respect of acquisitions prior to January 1, 2004, goodwill represents the amount recognised under the Group's previous accounting framework, Italian GAAP.

Accounting for acquisitions of non-controlling interests

Since January 1, 2010 the Group has applied IAS 27 Consolidated and Separate Financial Statements (2008) in accounting for acquisitions of non-controlling interests. The change in accounting policy has been applied prospectively.

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

Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the acquisition-date carrying amount of the net assets acquired.

(d) Foreign currency

Functional currency and presentation currency

The figures stated in the financial statements of each group company are measured using their functional currency, being the currency of the primary economic environment in which the company operates. The consolidated financial statements are drawn up in Euros, the parent's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions, including the effects of fair value adjustments arising from business combinations and goodwill from acquisitions of entities whose functional currency is not the Euro, are translated into the functional currency applying the exchange rate ruling on the date of the transaction. Monetary captions in foreign currency existing at the reporting date are translated into Euros using the closing rate. Exchange rate gains and losses are taken to profit or loss. Non-monetary captions measured at their historical cost in foreign currency are translated using the exchange rate ruling on the transaction date. Non-monetary captions measured at fair value in foreign currency are translated into Euros using the exchange rates ruling on the date their fair value was determined.

(2) Accounting policies (Continued)

Financial statements of the foreign companies

The financial statements of foreign companies in functional currencies other than the Euro are translated into Euros using the following procedures:

- assets and liabilities, including goodwill and adjustments to fair value arising on consolidation, are translated using the closing rate;
- revenue and costs are translated using the average exchange rate of the year.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

December 31, 2010

1 Euro = × foreign currency	Statement of financial position	Statement of comprehensive income
Pound sterling	0.86075	0.85824
US dollar	1.33620	1.32680
Indian rupee	59.75800	60.63183
Mexican peso	16.54750	16.75316
Colombian peso	2,571.38000	2,519.22833
Brazilian real	2.21770	2.33445
Chinese renmimbi	8.82200	8.98051
Argentinean peso	5.30994	5.18775
New Zealand dollar	1.72000	1.83982
Australian dollar	1.31360	1.44418
Ukrainian hryvnia	10.62540	10.54847
Bulgarian lev	1.9558	1.9558

(2) Accounting policies (Continued)

December 31, 2009

1 Euro = × foreign currency	Statement of financial position	Statement of comprehensive income
Pound sterling	0.88810	0.89105
US dollar	1.44060	1.39327
Indian rupee	67.04000	67.30804
Mexican peso	18.92230	18.78411
Colombian peso	2,943.76000	2,991.15750
Brazilian real	2.51130	2.77057
Chinese renmimbi	9.83500	9.51736
Argentinean peso	5.46185	5.20186
Polish zloty	4.15900	4.44978
New Zealand dollar	1.98030	2.21520
Uruguay peso	32.35460	31.80865
Australian dollar	1.60080	1.77487

(e) Cash and cash equivalents

Cash and cash equivalents include cash balances and on-demand deposits as well as all highly-liquid investments with an original expiry date equal to or of less than three months.

Cash and cash equivalents are calculated in the same way for both the statement of financial position and statement of cash flows.

(f) Derivatives

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

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

Derivative financial assets and liabilities are initially measured at fair value which is then remeasured at each reporting date.

The fair value of interest rate swaps is the present value of the difference between the rate to pay/receive and the interest rate based on market trends at the same date as the swap.

The fair value of currency swaps, currency options and derivatives related to the price of raw materials is calculated by leading financial institutions on the basis of market conditions.

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

Cash flow hedges

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

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

(2) Accounting policies (Continued)

(g) Trade and other receivables

Trade and other receivables with due dates in line with generally accepted current trade terms are initially recognized at fair value, which generally equals nominal value. They are subsequently measured at amortized cost, net of identified impairment losses. The estimate of the amounts considered unrecoverable is based on the present value of estimated future cash flows.

Impairment losses are recognized in profit and loss under amortization, depreciation and impairment losses.

(h) Inventories

Inventories are measured at the lower of purchase or production cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

The production cost of finished goods includes the portions of the costs of raw materials and external materials and processing, as well as all other direct and indirect production costs reasonably attributable to the products, excluding financial expense.

Purchase or production cost is calculated on a weighted average cost basis.

Obsolete and/or slow-moving inventories are written down on the basis of their estimated possibility of use or future realizable value, through an accrual to the specific allowance adjusting the value of inventories. The amount is reinstated if, in subsequent years, the reasons for the write-down no longer exist.

(i) Assets classified as held for sale and discontinued operations

Assets classified as held for sale are recognized at the lower of their carrying amount when they were classified as Assets held for sale and their fair value less costs to sell. Any impairment losses are recognized in profit or loss, whether they relate to fair value adjustments or gains and losses arising from subsequent fluctuations in fair value. Operations are classified as discontinued when they are discontinued or when they meet the requirements to be classified as held for sale, if this occurs first.

(j) Property, plant and equipment

Property, plant and equipment are recognized at historical cost, including directly related ancillary costs necessary for the use of the asset. Borrowing costs related to loans taken out specifically for investments in property, plant and equipment are considered part of the carrying amount of the related assets and, as such, capitalized.

Where significant components of the asset have different useful lives, they are recognized separately. Property, plant and equipment are shown net of accumulated depreciation and any impairment losses determined as set out later on.

(2) Accounting policies (Continued)

Depreciation is calculated on a straight-line basis over the item's estimated useful life for the company, which is checked annually. Where necessary, any changes are reflected on a prospective basis. The depreciation periods are as follows:

	Depreciation period (years)
Buildings	30 - 35
Light constructions	8 - 10
Specific plant, machinery, presses and molds	4 - 12
Generic plant	10 - 13
Laboratory equipment	2 - 3
Canteen equipment, office furniture and equipment and fittings for exhibitions and trade fairs	8 - 10
Vehicles, canteen facilities	4 - 6
Internal means of transport, electronic equipment and mobile phones	5 - 8

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

At the time of disposal or when there are no expected future economic benefits from an asset's use, the caption is derecognized. Any gain or loss (calculated as the difference between the sales amount and carrying amount) is taken to profit or loss in the year of derecognition.

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

(k) Leases

Finance leases

Leases for property, plant and equipment where the group substantially takes on all risks and rewards incidental to ownership are classified as finance leases. Plant and machinery acquired under finance leases are recognized at the lower of fair value and the present value of the minimum lease payments due at the inception of the lease, net of accumulated depreciation and any impairment losses. The related assets, liabilities, revenue and expense deriving from the lease are recognized under the financial method at the inception of the lease, i.e., when the lessee is authorized to exercise its right to use the leased asset.

Property, plant and equipment acquired under finance leases are depreciated over the related asset's useful life.

Interest expense on finance lease payments is recognized in profit or loss using the effective interest method.

(2) Accounting policies (Continued)

Operating leases

Those leases where the group does not substantially take on all risks and rewards incidental to ownership are recognized as operating leases. Operating lease payments are taken to profit or loss on a straight-line basis over the lease term.

(l) Intangible assets

Goodwill

Goodwill arising from the acquisition of subsidiaries is initially recognized at cost. After initial recognition, goodwill is adjusted for any accumulated impairment losses, determined using the criteria described later on.

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

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

Other intangible assets

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

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

Useful life is checked annually and, where necessary, any changes are reflected on a prospective basis.

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

Research expenditure

Expenditure on research undertaken to gain scientific and technical knowledge and information is recognized as an expense when incurred.

Development expenditure

Development expenditure, which also relates to the application of research findings to a plan or design for the production of new or substantially improved products or processes, is capitalized when the product or process is feasible in technical and commercial terms and the group has adequate resources to complete the development stage.

Capitalized development expenditure is measured at cost, net of accumulated amortization and impairment losses.

(2) Accounting policies (Continued)

Amortization periods for other intangible assets are as follows:

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

(m) Income taxes

Income taxes of the year include current and deferred taxation. They are recognized in profit or loss.

Current income taxes on the tax base of the year correspond to the amount expected to be paid to (recovered from) the taxation authorities. They are calculated using the tax rates enacted at the reporting date.

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

A deferred tax liability is recognized for all taxable temporary differences, unless the deferred tax liability arises from:

- the initial recognition of goodwill;
- goodwill for which the amortization is not tax deductible;
- the initial recognition of an asset or liability in a transaction which
  - (i) is not a business combination; and
  - (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss);

A deferred tax asset is recognized in the financial statements:

- for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:
  - (i) is not a business combination; and
  - (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss);
- for the carry forward of unused tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.

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

The income tax consequences of dividends are recognized when the dividend is approved.

(2) Accounting policies (Continued)

(n) Non derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets in the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held to maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available for sale, and prevent the Group from classifying investment securities as held to maturity for the current and the following two financial years.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt securities.

(2) Accounting policies (Continued)

(o) Non derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Group classifies non-derivative financial liabilities in the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a decrease in equity, net of any tax effects.

Business combinations

When as a result of a takeover/acquisition of control not involving the entire stake in the acquire, the group has the potential obligation to acquire the residual investment in the acquiree should the non-controlling investors exercise a put option and the non-controlling investor still have present access to the economic benefit associated with the underlying ownership interests, it recognizes a liability calculated by discounting the estimated value at the exercise date using the present access method whereby a liability is recognized decreasing the equity caption "Retained earnings (losses) carried forward" in the first year, with subsequent remeasurement recognized in profit or loss as financial expense.

(p) Trade payables

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

(q) Employee benefits

Employee benefits paid on leaving or after ceasing employment with a company through defined benefit plans, such as post-employment benefits and other pension funds, are recognized over the period in which the benefit vests. Liabilities related to defined benefit plans, net of any plan assets, are determined using actuarial assumptions and are recognized on an accruals basis in line with the service required to obtain such benefits. These appraisals are performed by independent actuaries.

Actuarial gains and losses deriving from actuarial calculations at the reporting date are recognized in profit or loss as revenue or expense.

(2) Accounting policies (Continued)

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

(r) Provisions for risks and charges

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

(s) Revenue

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

- revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have been transferred to the buyer;
- revenue for services is recognized in relation to the stage of completion of the transaction at the reporting date.

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

(t) Grants

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

(u) Financial income and expense

Financial income and expense are recognized on an accruals basis and calculated on the carrying amount of the related financial assets and liabilities using the effective interest method. Borrowing costs related to loans taken out specifically for investments in property, plant and equipment are considered part of the carrying amount of the related assets and, as such, capitalized.

(v) New standards and interpretations not adopted early

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2011, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the Group's consolidated financial statements.

(2) Accounting policies (Continued)

(x) Standards, amendments and interpretations not yet applicable

The following standards, amendments and interpretations, which have been revised following the annual 2010 improvement process made by the IASB are applicable starting from January 1, 2011.

On October 8, 2009, the IASB issued an amendment to IAS 32—Financial Instruments: presentation, classification of rights issues in order to address the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously such rights issues were accounted for as derivative liabilities. However, the amendment requires that, provided certain conditions are met, such rights issues are classified as equity regardless of the currency in which the exercise price is denominated. The amendment is applicable retrospectively from January 1, 2011; company is yet to assess this amendment's full impact.

On November 4, 2009, the IASB issued a revised version of IAS 24—Related Party Disclosures that simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party. When applied this amendment is not expected to have a significant effect on the Company's financial statements. The revised standard is effective for annual periods beginning on or after January 1, 2011.

On November 12, 2009, the IASB issued IFRS 9—Financial Instruments, which was amended on October 28, 2010. The new standard, effective from January 1, 2013, represents completion of the first phase of a project to replace IAS 39 and introduces new requirements for classifying and measuring financial assets and liabilities and derecognition of financial assets. For financial assets, the standard uses a single approach to determine whether a financial asset is measured at amortized cost or fair value—replacing the many different rules in IAS 39—which is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets. For financial liabilities, on the other hand, the principal change relates to the recognition of changes in fair value of financial liabilities measured at fair value through profit or loss, when such changes are due to changes in the credit risk of the liability. According to the new standard, these changes must be recognized in other comprehensive income rather than through profit or loss. At the date of these financial statements, the new standard had not yet been endorsed by the European Union. The company is yet to assess IFRS 9's full impact. On November 26, 2009, the IASB issued a minor amendment to IFRIC 14—Prepayments of a Minimum Funding Requirement. The amendment applies when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendment permits such an entity to treat the benefit of such an early payment as an asset. The company is yet to assess this amendment's full impact.

The amendment has an effective date for mandatory adoption of January 1, 2011.

On November 26, 2009, the IFRIC issued the interpretation IFRIC 19—Extinguishing Financial Liabilities with Equity Instruments that provides guidance on how to account for the extinguishment of a financial liability by the issue of equity instruments. The interpretation clarifies that when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially, then the entity's equity instruments issued to a creditor are part of the consideration paid to extinguish the financial liability and are measured at their fair value. The difference between the carrying amount of the financial liability extinguished and the initial measurement amount of the equity instruments issued is included in the profit or loss for the period. The company is yet to assess this amendment's full impact. The interpretation has an effective date for mandatory adoption of January 1, 2011.

On May 6, 2010, the IASB issued a set of amendments to IFRSs ("Improvements to IFRSs") that are applicable from January 1, 2011. Set out below are those that may lead to changes in the presentation, recognition or measurement of items in the financial statements, excluding those that only relate to changes in terminology or editorial changes having a limited accounting effect and those that affect standards or interpretations that are not applicable to the Company.

(2) Accounting policies (Continued)

- IFRS 1—First-time Adoption of International Financial Reporting Standards: this amendment clarifies that if an entity has to measure its assets at fair value due to a special event such as an IPO or a privatization in accordance with local law, the revalued amount may also be used in preparation of the IFRS financial statements even if the company had already determined the fair value of assets and liabilities existing at the date of transition to IFRSs.
- IFRS 7—Financial Instruments: Disclosures: this amendment emphasizes the interaction between the qualitative and quantitative disclosures required by the standard concerning the nature and extent of risks arising from financial instruments. This should help users of financial statements to link related disclosures and hence form an overall picture of the nature and extent of risks arising from financial instruments. In addition, the disclosure requirement relating to financial assets that are past due or impaired, but whose term has been renegotiated, and to the fair value of collateral has been removed.

The company is yet to assess this amendment's full impact.

On October 7, 2010, the IASB issued amendments to IFRS 7—Financial Instruments: Disclosures, applicable for reporting periods commencing on or after July 1, 2011. The amendments allow users of financial statements to improve their understanding of transfers of financial assets, including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfers are undertaken around the end of a reporting period. At the date of these financial statements, application of these amendments had not yet been endorsed by the European Union and the company is yet to assess this amendment's full impact.

On December 20, 2010, the IASB issued a minor amendment to IAS 12—Income taxes, requiring an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. As a result of this amendment, SIC 21—Income Taxes—Recovery of Revalued Non- Depreciable Assets will no longer apply. Adoption of the amendment is mandatory from January 1, 2012. At the date of these financial statements, the amendment had not yet been endorsed by the European Union and the company is yet to assess this amendment's full impact.

(z) Determination of fair value

Several standards and disclosure requirements require the determination of fair value of financial and non-financial assets and liabilities.

IFRS 7 requires that fair value measurements in the statement of financial position be classified using a fair value hierarchy that reflects the significance of the inputs used to determine fair value. There are three different levels:

- Level 1—Fair values measured using quoted prices in active markets;
- Level 2—Fair values measured using valuation techniques for which inputs significant to the fair value measurement are based on observable market data
- Level 3—Fair values measured using valuation techniques for which inputs significant to the fair value measurement are based on unobservable market data.

The fair value measurements in the consolidated financial statements are classified as level 1, 2 and 3, as shown below. There were no movements from one level to another in 2010.

Property, plant and equipment

The fair value of property, plant and machinery recognized after a business combination is based on market data. The fair value of property is the estimated consideration for which a property could be

(2) Accounting policies (Continued)

exchanged at the measurement date in an arm's length transaction between knowledgeable, willing parties. The fair value of an item of property, plant and equipment is determined at market value or cost using the market prices of similar assets, if available, or replacement cost, if appropriate.

Intangible assets

The fair value of patents and trademarks acquired as part of a business combination is based on an estimate of the discounted amount of royalties that the group expects to receive from ownership of such patents or trademarks (ideal royalty method), or replacement cost, if appropriate.

Inventories

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

Derivatives

The fair value of commodities purchase forwards is based on the quoted price on an active market, where available.

Broker prices, based on quoted market prices, where available, are used for interest rate swaps.

Non-derivative financial liabilities

Fair value, calculated for disclosure purposes, is determined considering the expected future cash flows of the principal and interest, discounted at the closing market interest rate.

(3) Acquisition of subsidiaries, business units and non controlling interest

(3.1) Acquisition of subsidiaries and business units

On May 5, 2010, Guala Closures International B.V. acquired 70% of Guala Closures Bulgaria AD and Guala Closures Tools AD.

They were incorporated on March 12, 2010, and subsequently bought certain identified assets from a Bulgarian company (Danik), whose shareholders acquired non-controlling interests in the new companies.

(3) Acquisition of subsidiaries, business units and non controlling interest (Continued)

The impact of the acquisition of Guala Closures Bulgaria AD on the group's assets and liabilities is as follows:

(Thousands of Euros)	Carrying amounts before acquisition	Adjustments for fair value measurement	Restated amounts recognized at acquisition
Property, plant and equipment	2,979		2,979
Intangible assets	11		11
Inventories	1,003		1,003
Trade receivables	903		903
Other current assets	925		925
Cash and cash equivalents	181		181
Trade payables	(5,902)		(5,902)
Other current liabilities	(6)		(6)
Other non-current liabilities	(20)		(20)
Net Equity	3,712		3,712
Net identifiable assets and liabilities	**3,785**	**—**	**3,785**
Goodwill arising from the acquisition			**3,203**
Consideration paid at the acquisition			**6,988**

(Thousands of Euros)	
Consideration paid at the acquisition	6,988
Cash and cash equivalents acquired	(181)
Net cash flow used	**6,807**

The impact of the acquisition of Guala Closures Tools AD on the group's assets and liabilities is as follows:

(Thousands of Euros)	Carrying amounts before acquisition	Adjustments for fair value measurement	Restated amounts recognized at acquisition
Property, plant and equipment	394		394
Intangible assets	6		6
Inventories	582		582
Trade receivables	9		9
Other current assets	192		192
Cash and cash equivalents	22		22
Trade payables	(1,160)		(1,160)
Other current liabilities	(31)		(31)
Net Equity	832		832
Net identifiable assets and liabilities	**845**	**—**	**845**
Goodwill arising from the acquisition			**722**
Consideration paid at the acquisition			**1,567**

(Thousands of Euros)	
Consideration paid at the acquisition	1,567
Cash and cash equivalents acquired	(22)
Net cash flow used	**1,544**

(3) Acquisition of subsidiaries, business units and non controlling interest (Continued)

The new incorporated Companies acquired the above mentioned assets at a price representative of market values, as supported by an external appraisal; consequently the acquisition-date carrying amounts are representative of the assets' fair value.

Goodwill arising from the above mentioned acquisitions relates to the technical skills and know-how of the personnel of the entity acquired and the synergies which are expected to be obtained from the inclusion of the Bulgarian companies in the Group and to the acquisition of important trade relationships in the Eastern European markets.

Net identifiable assets and liabilities for both companies represent the quota referred to the owners of the company. Non-controlling interest were measured at their proportionate interest in the identifiable net assets of the subsidiary and no goodwill was attributed to non-controlling interest.

As required by IFRS 3.B64(q), we state that it is not possible to disclose the information about the pro forma results as though the business combination had taken place at the beginning of the period as the new companies were incorporated and started their activities during 2010. The subsidiaries Guala Closures Bulgaria AD and Guala Closures Tools AD recognized, respectively, a profit of € 862 thousand and a loss of € 20 thousand from their acquisition to December 31, 2010.

The Group incurred acquisition-related costs of € 168 thousand related to external legal fees and due diligence costs. The legal fees and due diligence costs have been included in administrative expenses in the Group's statement of comprehensive income.

On June 29, 2010, Guala Closures S.p.A. signed an agreement to buy the aluminium printing and cutting facility assets of a previous Italian supplier (Metalprint); such agreement was effective on July 1, 2010.

The impact of such acquisition on the group's assets and liabilities is as follows:

(Thousands of Euros)	Carrying amounts before acquisition	Adjustments for fair value measurement	Restated amounts recognized at acquisition
Property, plant and equipment	5,400		5,400
Employee benefits	(1,044)		(1,044)
Current financial liabilities	(568)		(568)
Non-current financial liabilities	(2,559)		(2,559)
Net identifiable assets and liabilities	**1,228**	**—**	**1,228**
Goodwill arising from the acquisition			**182**
Consideration paid at the acquisition			**1,410**

(Thousands of Euros)	
Consideration paid at the acquisition	1,410
Cash and cash equivalents acquired	0
Net cash flow used	**1,410**

The value of the assets at the acquisition was assessed at the acquisition date and contractually agreed between the parties. The carrying amounts of the assets at the acquisition are considered as representative of their fair values.

The goodwill arising from the above-mentioned business combinations was allocated in full to the Closures operating division, which is the smallest level at which goodwill is monitored for internal management purposes.

(3) Acquisition of subsidiaries, business units and non controlling interest (Continued)

The Group incurred acquisition-related costs of € 45 thousand related to external legal fees and due diligence costs. The legal fees and due diligence costs have been included in administrative expenses in the Group's consolidated statement of comprehensive income.

(3.2) Acquisition of minority interest

On November 18, 2010, the Group acquired a residual non-controlling interest (13.15%) in Guala Closures Orient B.V. through the international holding company Guala Closures International B.V. As at December 31, 2010, the group control 100% of interest in Guala Closures Orient B.V.

The consideration that will be paid in 2011, amounting to € 4,346 thousand, was higher than the portion of equity attributable by the group to the minority interest (€ 3,940 thousand).

The Group recognised a decrease in non-controlling interests of € 3,940 thousand (€ 2,804 thousand from Share capital and reserves attributable to non-controlling interests and € 1,136 thousand in relation to the 10 months result of Guala Closures Orient B.V. in 2010) and a decrease in retained earnings of € 405 thousand.

As this company was already consolidated, pursuant to IFRS 3.B64(q), its results have been consolidated on a line-by-line basis.

The group acquired full control of the Italian Pharma Trade S.r.l. in August 2009. This company has its registered office in Alessandria and a site in Vasto (CH). It is active in the pharmaceutical sector.

The accounting treatment for this transaction, which was provisional in 2009, was finalized during 2010, with no effects on the provisional amounts recognized at acquisition since no restatement of provisional adjustments for fair value measurement have been identified.

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(4) Cash and cash equivalents

This caption represents the balance of the bank and postal accounts considering the nominal amount of the current accounts held with banks.

Thousands of Euros	December 31, 2009	December 31, 2010
Bank and postal accounts	30,053	36,041
Cash and cash equivalents	2,551	3,008
Total	**32,603**	**39,049**

(5) Current financial assets

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2009	December 31, 2010
Current financial assets	110	114
Total	**110**	**114**

The carrying amount of Current financial assets matches their fair value at the reporting date.

(6) Trade receivables

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2009	December 31, 2010
Trade receivables	80,414	84,712
Allowance for impairment	(2,037)	(7,251)
Total	**78,377**	**77,461**

The allowance for impairment varied as follows:

Thousands of Euros	December 31, 2010
Opening allowance for impairment	2,037
Exchange rate gain	84
Accrual	5,592
Utilization	(462)
Closing allowance for impairment	**7,251**

The accrual at December 31, 2010 includes about € 4.8 million (mostly more than 90 days overdue) for big foreign customers and the residual part to other customers that have indicated that they do not expect to be able to pay their outstanding balances, mainly due to economic circumstances.

At December 31, 2010, trade receivables may be analyzed by geographical segment as follows:

Thousands of Euros	December 31, 2009	December 31, 2010
Europe	41,336	32,237
Asia	14,215	15,585
Latin America	12,868	16,847
Oceania	7,569	6,865
Rest of the world	2,389	5,928
Total	**78,377**	**77,461**

(6) Trade receivables (Continued)

At December 31, 2010, trade receivables may be analyzed by due date as follows:

Thousands of Euros	Gross amount December 31, 2010	Impairment losses December 31, 2010	Net amount December 31, 2010
Not yet due	59,445	(328)	59,117
0-30 days overdue	11,097	(94)	11,004
31-90 days overdue	3,369	(15)	3,355
More than 90 days overdue	10,801	(6,815)	3,986
Total	**84,712**	**(7,251)**	**77,461**

The Group believes that the unimpaired amounts that are overdue by more than 30 days are still collectible, based on historic payment behavior and extensive analyses of the underlying customers' credit ratings. Based on historic default rates, the Group believes that, apart from the above, no impairment allowance is necessary in respect of trade receivables not yet due or overdue by up to 30 days.

At December 31, 2010 trade receivables may be analyzed by original currency as follows:

Thousands of Euros	EUR	USD	GBP	Other currencies	Total
Trade receivables	26,722	8,987	3,217	38,534	**77,461**

Other includes trade receivables in the local currencies of the group companies, including € 12.3 million in Indian rupees, € 5.5 million in Australian dollars, € 5.7 million in Ukrainian hryvnies, € 4.0 million in Columbian pesos, € 1.3 million in New Zealand dollars, € 1.8 million in Chinese renmimbi, € 2.1 million in Mexican pesos, € 1.4 million in Brazilian reals, € 1.6 million in Argentinean pesos and other small exposures in other currencies.

(7) Inventories

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2009	December 31, 2010
Raw materials. consumables and supplies	25,162	29,896
(Allowance for inventory write-down)	(1,406)	(1,002)
Work in progress and semi-finished products	6,148	6,715
(Allowance for inventory write-down)	(168)	(304)
Finished products and goods	13,543	14,137
(Allowance for inventory write-down)	(1,106)	(912)
Payments on account	477	315
Total	**42,650**	**48,845**

The changes in the caption are as follows:

Thousands of Euros	
Balance at January 1. 2010	42,650
Business combinations	1,585
Exchange rate gain	2,742
Change in raw materials. consumables and supplies	3,056
Change in finished goods and semi-finished products	(1,023)
Change in payments on account	(165)
Balance at December 31, 2010	**48,845**

(7) Inventories (Continued)

Business combinations relate to the acquisitions of the subsidiaries Guala Closures Bulgaria AD and Guala Closures Tools AD.

The allowance for inventory write-down varied as follows:

Thousands of Euros	December 31, 2010
Opening allowance for inventory write-down	2,681
Exchange rate gain	96
Accrual	1,217
Utilization	(1,777)
Closing allowance for inventory write-down	**2,218**

(8) Current direct tax assets

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2009	December 31, 2010
Current direct tax assets	3,886	3,148
Total	**3,886**	**3,148**

(9) Current indirect tax assets

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2009	December 31, 2010
VAT and other indirect taxes	5,904	6,756
Total	**5,904**	**6,756**

(10) Financial derivative assets

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2009	December 31, 2010
Fair value of forward aluminum purchases	259	355
Fair value of currency swaps	—	162
Total	**259**	**517**

(11) Other current assets—third parties

This caption is made up as follows:

Thousands of Euros	December 31, 2009	December 31, 2010
Receivables for insurance compensation in Australia	1,046	—
Other receivables	2,311	2,412
Total	**3,357**	**2,412**

Receivables for insurance compensation in Australia were collected during 2010.

(11) Other current assets—third parties (Continued)

Other receivables at December 31, 2010 include, inter alia, advances to suppliers of € 0.5 million and receivables of € 0.4 million due to Guala Closures Argentina S.A. from the Argentinean government for repayments in respect of exports.

12) Other current assets—related parties

Thousands of Euros	December 31, 2009	December 31, 2010
Receivables vs the parent GCL Special Closures S.r.l.	—	2,274
Total	**—**	**2,274**

(13) Assets classified as held for sale

These assets relate to the following companies:

Thousands of Euros	December 31, 2009	December 31, 2010
Guala Closures UK Ltd	1,548	—
Guala Closures India (pvt) Ltd	—	143
Total	**1,548**	**143**

Guala Closures UK Ltd's assets, classified as held for sale at December 31, 2009, were sold in November 2010 and a small gain of about € 30 thousand was realized in respect of the carrying amount recognized at Dec 31, 2009. The related receivable had already been collected at December 31, 2010.

(14) Non-current financial assets

This caption is made up as follows:

Thousands of Euros	December 31, 2009	December 31, 2010
Investments in other companies	158	314
Guarantee deposits—Guala Closures S.p.A.	54	77
Other securities	35	0
Other financial assets	74	185
Total	**321**	**576**

The carrying amount of Non-current financial assets is consistent with their fair value at the reporting date.

(15) Financial assets by type

Current and non-current financial assets due from third parties are shown below by type.

Thousands of Euros	December 31, 2009	December 31, 2010
Held-to maturity investments	110	114
Current financial assets—third parties	**110**	**114**
Held-to maturity investments	321	576
Non-current financial assets—third parties	**321**	**576**
Trading derivatives	**259**	**517**

(16) Property, plant and equipment

The following table shows the changes in this caption:

Thousands of Euros	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
Historical cost at December 31, 2009	53,462	231,173	43,629	6,305	3,486	**338,056**
Accumulated depreciation at December 31, 2009	(6,876)	(141,259)	(32,972)	(4,790)	—	**(185,897)**
Carrying amount at December 31, 2009	**46,586**	**89,914**	**10,656**	**1,516**	**3,486**	**152,158**
Carrying amount at January 1, 2010	**46,586**	**89,914**	**10,656**	**1,516**	**3,486**	**152,158**
Exchange rate gain	2,468	7,372	162	89	135	**10,226**
Business combinations	5	8,427	21	31	289	**8,773**
Change in consolidation area	—	—	—	—	673	**673**
Increases	379	5,674	572	364	24,390	**31,380**
Decreases	(5)	(51)	(0)	(31)	(85)	**(173)**
Impairment losses	(1)	(483)	0	(0)	—	**(485)**
Reclassifications	4,640	14,099	3,171	149	(22,064)	**(6)**
Depreciation	(1,263)	(19,988)	(3,570)	(458)	—	**(25,278)**
Historical cost at December 31, 2010	61,246	268,359	47,320	7,165	6,825	**390,914**
Accumulated depreciation at December 31, 2010	(8,437)	(163,395)	(36,309)	(5,504)	—	**(213,645)**
Carrying amount at December 31, 2010	**52,809**	**104,964**	**11,012**	**1,660**	**6,825**	**177,269**

Property, plant and equipment include the amounts arising from internal work capitalized (reference should be made to note 35) Other operating income to these consolidated financial statements for further information).

Business combinations relate to the acquisitions of the subsidiaries Guala Closures Bulgaria AD and Guala Closures Tools AD and the assets of Metalprint. For further details, please refer to note n. 3) Acquisition of subsidiaries, business units and non controlling interest.

The caption includes the carrying amount of leased assets (€ 27,683 thousand) against which the group has recognized current financial liabilities (€ 2,523 thousand) and non-current financial liabilities (€ 21,366 thousand).

None of the group's property, plant and equipment had been pledged as collateral at year end.

During 2010, significant investments have been made for new buildings and for the new production lines in Italy, Ukraine and Bulgaria and for new production lines to enhance production capacity in order satisfy the demand from the Group's longstanding historical and new customers.

(17) Intangible assets

The following table shows the changes in intangible assets:

Thousands of Euros	Development expenditure	Licences and patents	Goodwill	Other	Assets under construction and payments on account	Total
Historical cost at December 31, 2009	4,776	61,803	373,519	1,483	856	**442,437**
Accumulated amortization at December 31, 2009	(3,859)	(15,777)	(40,633)	(1,403)	—	**(61,673)**
Carrying amount at December 31, 2009	**917**	**46,026**	**332,886**	**80**	**856**	**380,764**
Carrying amount at January 1, 2010	**917**	**46,026**	**332,886**	**80**	**856**	**380,764**
Exchange rate gain	9	18	1,162	8	—	**1,196**
Business combinations	—	—	4,107	16	—	**4,123**
Increases	44	595	—	18	320	**977**
Decreases	—	(9)	—	—	(13)	**(22)**
Reclassifications	401	98	—	—	(494)	**6**
Amortization	(547)	(6,967)	—	(20)	—	**(7,535)**
Historical cost at December 31, 2010	4,982	62,541	378,794	1,504	669	**448,490**
Accumulated amortization at December 31, 2010	(4,158)	(22,783)	(40,640)	(1,402)	—	**(68,983)**
Carrying amount at December 31, 2010	**824**	**39,758**	**338,154**	**102**	**669**	**379,507**

Business combinations relate to the acquisitions of the subsidiaries Guala Closures Bulgaria AD and Guala Closures Tools AD and the assets of Metalprint.

Goodwill may be analyzed as follows:

(Thousands of Euros)	December 31, 2009	December 31, 2010
Goodwill—Guala Closures Group	317,227	317,227
Goodwill—Guala Closures Ukraine LLC (formerly Technologia Closures LLC)	13,147	14,309
Acquisition of Pharma Trade	2,512	2,512
Acquisition of GC Bulgaria AD		3,203
Acquisition of GC Tools AD		722
Acquisition of Metalprint assets		182
Total	**332,886**	**338,154**

Reference should be made to note 3) Acquisitions of subsidiaries and business units of these consolidated financial statements for additional information on goodwill arising from the acquisitions of the companies Guala Closures Bulgaria AD and Guala Closures Tools AD and the assets of Metalprint.

Goodwill is tested for impairment annually.

For impairment testing purposes, goodwill generated on the group's acquisitions relates to the Closures division.

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

This calculation uses projected cash flows based on the actual operating profit and five-year business plan. This business plan is put together considering the group's approved budget figures for

(17) Intangible assets (Continued)

the first year and projecting the revenue and costs for the following four years using the historic trend adjusted for any new elements. The cash flows for the period after the forecast period are extrapolated using a 2.1% growth rate (2009: 2%), which takes into account both the group's historical growth rate and forecast future market developments. The projected cash flows are discounted using a rate of 8.8% (2009: 8.8%).

The resulting recoverable amount is thus greater than the carrying amount of goodwill.

The recoverable amount continues to be greater than the carrying amount despite changes made to the underlying assumptions of the sensitivity analysis carried out.

Goodwill has never been impaired.

(18) Deferred tax assets and liabilities

The following table gives a breakdown of the caption at December 31, 2009 and 2010:

	Assets		Liabilities		Net balance	
Thousands of Euros	**December 31, 2009**	**December 31, 2010**	**December 31, 2009**	**December 31, 2010**	**December 31, 2009**	**December 31, 2010**
Entertainment expenses	25	9	—	—	25	9
Agents' termination indemnity	29	30	—	—	29	30
Allowance for inventory write-down	654	542	(76)	(87)	578	455
Taxed allowance for impairment	381	378	—	—	381	378
Provision for damages and penalties	402	1,550	—	—	402	1,550
Amortization and depreciation	26	36	(20,923)	(19,730)	(20,898)	(19,694)
Other	2,269	4,143	(6,441)	(6,636)	(4,171)	(2,493)
Provision for risks on derivatives	24	27	—	—	24	27
Losses carried forward	2,941	2,593	—	—	2,941	2,593
Derecognition of intragroup profit on inventories	192	200	—	—	192	200
Intragroup gains	1,071	1,104	—	—	1,071	1,104
Leases	163	153	—	—	163	153
Intangible assets	—	—	(18)	(29)	(18)	(29)
Property. plant and equipment	900	950	—	—	900	950
Employee benefits	674	658	(96)	(92)	578	566
Derivatives	225	449	—	—	225	449
TOTAL	**9,976**	**12,824**	**(27,554)**	**(26,575)**	**(17,579)**	**(13,751)**

(18) Deferred tax assets and liabilities (Continued)

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

Thousands of Euros	December 31, 2009	Changes in profit and loss	Changes in equity	Exchange rate gain/loss	December 31, 2010
Entertainment expenses	25	(15)	—	—	9
Agents' termination indemnity	29	2	—	—	30
Allowance for inventory write-down	578	(140)	—	17	455
Taxed allowance for impairment	381	(26)	—	23	378
Provision for damages and penalties	402	1,148	—	—	1,550
Amortization and depreciation	(20,898)	1,779	—	(581)	(19,699)
Other	(4,171)	2,427	0	(742)	(2,486)
Provision for risks on derivatives	24	—	—	3	27
Losses carried forward	2,941	(584)	—	236	2,593
Derecognition of intragroup profit on inventories	192	8	—	—	200
Intragroup gains	1,071	33	—	—	1,104
Leases	163	(10)	—	—	153
Intangible assets	(18)	(11)	—	—	(29)
Property, plant and equipment	900	(114)	—	164	950
Employee benefits	578	(125)	—	113	567
Derivatives	225	187	37	—	449
TOTAL	**(17,579)**	**4,559**	**37**	**(767)**	**(13,750)**

Tax losses that can be carried forward at year end but that the group has not considered in its calculation of the deferred tax assets in the statement of financial position total € 39,077 thousand. They may be used in accordance with the legislation of the different countries in which the companies to which they relate are based. Carryforward tax losses that can be carried forward indefinitely amount to € 1,246 thousand. If recognized, potential deferred tax assets on total tax losses that can be carried forward would amount to € 10,605 thousand at December 31, 2010 (including € 342 thousand related to losses that can be carried forward indefinitely).

(19) Other non-current assets

This caption is made up as follows:

Thousands of Euros	December 31, 2009	December 31, 2010
Tax assets	2,881	416
Other	68	94
Total	**2,949**	**510**

(20) Financial liabilities—third parties

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

Reference should be made to note 46) Derivatives to these consolidated financial statements for further information on the group's exposure to the risks of fluctuations in interest and exchange rates.

The main outstanding financing is the Senior Facilities Agreement, agreed with Unicredit Bank AG (formerly Bayerische Hypo- und Vereinsbank AG) as lender. The Senior Facilities Agreement, dated October 10, 2008, has been amended and restated on April 19, 2010.

(20) Financial liabilities—third parties (Continued)

The agreement provides for the following credit lines:

Credit lines	Total in thousands of Euros at original rates	Available amount (thousands of Euros)	Available amount (thousands of US dollars)	Available amount (thousands of pounds sterling)	Available amount (thousands of Australian dollars)	Amount used at December 31, 2010	Residual available amount at December 31, 2010	Number of repayments	Repayment date
									final repayment
Facility A	84,400	36,300	22,800	17,100	8,200	84,400	—	10	10/15/2015
Facility B	79,400	34,150	21,500	16,100	7,650	79,400	—	1	10/15/2016
Facility C	79,400	34,150	21,500	16,100	7,650	79,400	—	1	10/15/2017
									final repayment
Acquisition/Capex facility	60,000	60,000				47,600	12,400	7	10/21/2015
Revolving facility	40,000	40,000				—	40,000	n.a.	n.a.
Total	**343,200**	**204,600**	**65,800**	**49,300**	**23,500**	**290,800**	**52,400**		

The above facility agreement includes binding conditions whereby the parent is required to comply with four covenants. Non-compliance may entail repayment of the existing financing. These covenants apply to Guala Closures S.p.A. as the borrower, even though their calculation is based on consolidated group-level parameters whereby the group considered is GCL Holdings S.C.A. and its subsidiaries.

Specifically, the ratios that must be complied with are: "Interest Cover", i.e., the gross operating profit/interest expense ratio; the "Leverage Ratio", i.e., the net debt/gross operating profit ratio; the "Cash Flow Cover", i.e., the cash flow/debt servicing ratio and "Capex", i.e., a limit to the annual investment expenditure.

At year end, the group was compliant with the covenants.

Reference should be made to note 49) Commitments and guarantees to these consolidated financial statements for information on the relevant guarantees given.

Financial liabilities at December 31, 2009 and 2010 are shown below:

Thousands of Euros	December 31, 2009	December 31, 2010
Bank overdrafts and current loans		
Bank loans and borrowings	7,797	14,246
Other financial liabilities	1,640	3,172
	9,437	17,419
Non-current loans		
Bank loans and borrowings	282,082	283,769
Other financial liabilities	25,755	27,260
	307,838	311,029
Total	**317,275**	**328,448**

(20) Financial liabilities—third parties (Continued)

The terms and expiry dates of the financial liabilities at December 31, 2009 and 2010 are shown below:

	Nominal amount					
Thousands of Euros	Total December 31, 2009	Within one year	From one to five years	After five years	Current	Non-current
Bank loans and borrowings:						
Facility A EUR	36,191	1,398	26,218	8,576	1,398	34,794
Facility B EUR	34,150	—	—	34,150	—	34,150
Facility C EUR	34,150	—	—	34,150	—	34,150
Facility A USD	21,540	832	15,604	5,104	832	20,708
Facility B USD	20,373	—	—	20,373	—	20,373
Facility C USD	20,373	—	—	20,373	—	20,373
Facility A GBP	15,273	590	11,064	3,619	590	14,683
Facility B GBP	14,423	—	—	14,423	—	14,423
Facility C GBP	14,423	—	—	14,423	—	14,423
Facility A AUD	9,923	383	7,188	2,351	383	9,540
Facility B AUD	9,285	—	—	9,285	—	9,285
Facility C AUD	9,285	—	—	9,285	—	9,285
Revolving facility	13,000	—	—	13,000	—	13,000
Capex facility	38,600	—	27,572	11,028	—	38,600
Transaction costs	(8,948)	(1,513)	(5,597)	(1,838)	(1,513)	(7,435)
TOTAL SENIOR DEBT 10/10/2008	**282,042**	**1,689**	**82,049**	**198,304**	**1,689**	**280,353**
Accrued expenses and deferred income—Guala Closures S.p.A.	4,900	4,900	—	—	4,900	—
Advances on receivables—Guala Closures Argentina	873	873	—	—	873	—
Guala Closures Mexico loan	2,064	335	1,729	—	335	1,729
Total bank loans and borrowings	**289,880**	**7,797**	**83,779**	**198,304**	**7,797**	**282,082**
Other financial liabilities:						
Financing as per Law no. 46/82	733	265	468	—	265	468
Guala Closures S.p.A. finance leases	21,397	1,355	6,345	13,696	1,355	20,042
Liability to the Ukrainian non-controlling investors	5,100	—	—	5,100	—	5,100
Other liabilities	165	20	146	—	20	146
Total other financial liabilities	**27,395**	**1,640**	**6,959**	**18,796**	**1,640**	**25,755**
TOTAL	**317,275**	**9,437**	**90,737**	**217,100**	**9,437**	**307,838**

(20) Financial liabilities—third parties (Continued)

	Nominal amount					
Thousands of Euros	Total December 31, 2010	Within one year	From one to five years	After five years	Current	Non-current
Bank loans and borrowings:						
Facility A EUR	34,794	4,029	30,764	—	4,029	30,764
Facility B EUR	34,150	—	—	34,150	—	34,150
Facility C EUR	34,150	—	—	34,150	—	34,150
Facility A USD	22,326	2,586	19,741	—	2,586	19,741
Facility B USD	21,965	—	—	21,965	—	21,965
Facility C USD	21,965	—	—	21,965	—	21,965
Facility A GBP	15,150	1,754	13,395	—	1,754	13,395
Facility B GBP	14,881	—	—	14,881	—	14,881
Facility C GBP	14,881	—	—	14,881	—	14,881
Facility A AUD	11,626	1,346	10,279	—	1,346	10,279
Facility B AUD	11,315	—	—	11,315	—	11,315
Facility C AUD	11,315	—	—	11,315	—	11,315
Revolving facility	0	—	—	—	—	—
Capexfacility	47,600	—	47,600	—	—	47,600
Transaction costs	(9,167)	(2,795)	(5,346)	(1,026)	(2,795)	(6,372)
TOTAL SENIOR DEBT 10/10/2008	**286,952**	**6,921**	**116,434**	**163,598**	**6,921**	**280,032**
Loan Cassa di Risparmio di Alessandria	2,718	575	2,143	—	575	2,143
Other bank loans Guala Closures S.p.A.	0	0	0	—	0	0
Accrued expenses and deferred income—Guala Closures S.p.A.	5,616	5,616	0	—	5,616	0
Advances on receivables—Guala Closures Argentina	752	752	0	—	752	0
Guala Closures Mexico loan	1,977	383	1,595	—	383	1,595
Other bank loans	0	0	0	—	0	0
Total bank loans and borrowings	**298,016**	**14,246**	**120,172**	**163,598**	**14,246**	**283,769**
Other financial liabilities:						
Financing as per Law no. 46/82	468	200	268	—	200	268
Guala Closures S.p.A. finance leases	22,829	1,959	8,778	12,092	1,959	20,870
Bulgarian companies finance leases	1,003	549	454	0	549	454
Liability to the Ukrainian non-controlling investors	5,100	—	—	5,100	—	5,100
Other liabilities	1,033	465	568	—	465	568
Total other financial liabilities	**30,433**	**3,172**	**10,069**	**17,192**	**3,172**	**27,260**
TOTAL	**328,448**	**17,419**	**130,240**	**180,789**	**17,419**	**311,030**

The liability to the Ukrainian non-controlling investors relates to recognition of these investors' right to exercise a put option if certain conditions are met. It represents the discounted estimated value of the put option at its estimated time of exercise. Pursuant to IAS 27, this caption has been recognized using the present access method since 2008, whereby the financial liability is recognized as a reduction in equity, Retained earnings, in the first year. The increase in the year, if any, is recognized under financial 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.

(20) Financial liabilities—third parties (Continued)

The liabilities at December 31, 2010 is unchanged compared to previous year.

The interest rates and expiry dates of the financial liabilities at December 31, 2009 and December 31, 2010 are shown below:

Thousands of Euros	Currency	Nominal interest rate	Expiry date	Total December 31, 2009
Bank loans and borrowings:				
Facility A EUR	EUR	euribor + 3.0%	2015	36,191
Facility B EUR	EUR	euribor + 3.5%	2016	34,150
Facility C EUR	EUR	euribor + 4.0%	2017	34,150
Facility A USD	USD	Libor USD + 3.0%	2015	21,540
Facility B USD	USD	Libor USD + 3.5%	2016	20,373
Facility C USD	USD	Libor USD + 4.0%	2017	20,373
Facility A GBP	GBP	Libor GBP + 3.0%	2015	15,273
Facility B GBP	GBP	Libor GBP + 3.5%	2016	14,423
Facility C GBP	GBP	Libor GBP + 4.0%	2017	14,423
Facility A AUD	AUD	Libor AUD + 3.0%	2015	9,923
Facility B AUD	AUD	Libor AUD + 3.5%	2016	9,285
Facility C AUD	AUD	Libor AUD + 4.0%	2017	9,285
Revolving facility	EUR	euribor + 3.0%	2015	13,000
Capex facility	EUR	euribor + 3.0%	2015	38,600
Transaction costs	EUR	n.a.	n.a.	(8,948)
TOTAL SENIOR DEBT 10/10/2008				**282,042**
Accrued expenses and deferred income—Guala Closures S.p.A.	EUR	n.a.	n.a.	4,900
Guala Closures Mexico loan	MXP	TIIE30 + 5.25%(*)		2,064
Other bank loans and borrowings		n.a.	n.a.	873
Total bank loans and borrowings				**289,880**
Other financial liabilities:				
Financing as per Law no. 46/82	EUR	2%	2013	733
Guala Closures S.p.A. finance leases	EUR	euribor + 1.5%(**)	2020	21,397
Other liabilities		n.a.	n.a.	5,265
Total other financial liabilities				**27,395**
TOTAL				**317,275**

(*) TIIE30 stands for "Tasa de Interés Interbancaria de Equilibrio a 30 dias".

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

(20) Financial liabilities—third parties (Continued)

Thousands of Euros	Currency	Nominal interest rate	Expiry date	Total December 31, 2010
Bank loans and borrowings:				
Facility A EUR	EUR	euribor + 3.0%	2015	34,794
Facility B EUR	EUR	euribor + 3.5%	2016	34,150
Facility C EUR	EUR	euribor + 4.0%	2017	34,150
Facility A USD	USD	Libor USD + 3.0%	2015	22,326
Facility B USD	USD	Libor USD + 3.5%	2016	21,965
Facility C USD	USD	Libor USD + 4.0%	2017	21,965
Facility A GBP	GBP	Libor GBP + 3.0%	2015	15,150
Facility B GBP	GBP	Libor GBP + 3.5%	2016	14,881
Facility C GBP	GBP	Libor GBP + 4.0%	2017	14,881
Facility A AUD	AUD	Libor AUD + 3.0%	2015	11,626
Facility B AUD	AUD	Libor AUD + 3.5%	2016	11,315
Facility C AUD	AUD	Libor AUD + 4.0%	2017	11,315
Revolving facility	EUR	euribor + 3.0%	2015	0
Capex facility	EUR	euribor + 3.0%	2015	47,600
Transaction costs	EUR	n.a.	n.a.	(9,167)
TOTAL SENIOR DEBT 10/10/2008				**286,952**
Loan Cassa di Risparmio di Alessandria	EUR	euribor 3M + 2.0%	2015	2,718
Other bank loans Guala Closures S.p.A.	EUR	n.a.	n.a.	0
Accrued expenses and deferred income—Guala Closures S.p.A.	EUR	n.a.	n.a.	5,616
Advances on receivables—Guala Closures Argentina	AR$	n.a.	n.a.	752
Guala Closures Mexico loan	MXP	TIIE30 + 3.25%(*)	n.a.	1,977
Total bank loans and borrowings				**298,016**
Other financial liabilities:				
Financing as per Law no. 46/82	EUR	2%	2013	468
Guala Closures S.p.A. finance leases	EUR	euribor + 1.5%(**)	2020	22,829
Bulgarian companies finance leases	BGN	n.a.	n.a.	1,003
Liability to the Ukrainian non-controlling investors	EUR	n.a.	n.a.	5,100
Other liabilities		n.a.	n.a.	1,033
Total other financial liabilities				**30,433**
TOTAL				**328,448**

(*) TIIE30 stands for "Tasa de Interés Interbancaria de Equilibrio a 30 dias".

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

(21) Financial liabilities—related parties

This section discloses the contractual terms governing loans from parents.

(21) Financial liabilities—related parties (Continued)

The terms and expiry dates of the loans at December 31, 2009 and 2010 are shown below:

	Nominal amount					
Thousands of Euros	Total December 31, 2009	Within one year	From one to five years	After five years	Current	Non-current
Loan from the parent GCL Special Closures	10,134	184	—	9,950	184	9,950
TOTAL	**10,134**	**184**	**—**	**9,950**	**184**	**9,950**

	Nominal amount					
Thousands of Euros	Total December 31, 2010	Within one year	From one to five years	After five years	Current	Non-current
Loan from the parent GCL Special Closures	11,765	215	—	11,550	215	11,550
TOTAL	**11,765**	**215**	**—**	**11,550**	**215**	**11,550**

This loan was granted by the parent GCL Special Closures during the company's refinancing on October 15, 2008.

In 2010:

a) the board of directors of Guala Closures S.p.A. (on March 18, 2010) approved the partial early repayment of the loan granted by the parent GCL Special Closures S.r.l. (€ 3,100 thousand);

b) on March 26, 2010, the board of directors of GCL Special Closures S.r.l. approved the granting of a new loan of € 8,600 thousand;

c) on September 17, 2010, the board of directors of Guala Closures S.p.A. approved the partial early repayment of the loan granted by the parent GCL Special Closures S.r.l. (€ 3,400 thousand) and the concurrent offsetting of € 500 thousand with a credit to the parent GCL Special Closures S.r.l. (arising from the participation in the national tax consolidation scheme of the two companies).

The interest rates of the loans at December 31, 2009 and 2010 are shown below:

Thousands of Euros	Currency	Nominal interest rate	Total December 31, 2009
Loan from the parent GCL Special Closures	EUR	euribor + 5.0%	10,134
Total			**10,134**

Thousands of Euros	Currency	Nominal interest rate	Total December 31, 2010
Loan from the parent GCL Special Closures	EUR	euribor + 5.0%	11,765
Total			**11,765**

(22) Fair value of financial liabilities and sensitivity analysis

The following table shows the fair value of the group's main financial liabilities.

Thousands of Euros	December 31, 2010 Carrying amount	December 31, 2010 Fair value
Senior facilities agreement (10.10.08)	286,952	299,078
Finance leases	23,832	24,173

The fair values shown in the previous table were calculated using the following methodology:

- the cash flows generated by the outstanding payables are identified both in terms of interest and principal. These cash flows are calculated with reference to the interest rates and the repayment plan;
- the individual cash flows are discounted using risk-free rates ruling on the measurement date. The bootstrap method is applied to the swap rates for each expiry date of the corresponding cash flow based on the resulting time curve;
- furthermore the individual cash flows are discounted using an additional rate, based on the company's credit standing, calculated as the weighted average of the spreads applied to the different financing agreements. The spreads applied to the financing agreements is deemed to objectively represent the company's credit standing and subsequent significant changes should not arise given its current financial position.

The following table shows the sensitivity analysis for the cash flows from these financial liabilities and the related hedging derivatives at December 31, 2010.

Thousands of Euros	Increase of 100bp	Decrease of 100bp
Senior facilities agreement (10.10.08)	(12,645)	12,645
Sensitivity of cash flows (net)	**(12,645)**	**12,645**
Finance leases	(962)	962
Related interest rate swaps	638	(638)
Sensitivity of cash flows (net)	**(324)**	**324**

The following methodology is used to perform the sensitivity analyses: a change is assumed in the interest rate used to calculate the interest (+/- 100 basis points), which indicates the change in the overall liability. Accordingly, negative amounts indicate an increase in the fair value of the liability and vice versa for positive amounts.

Exchange rate sensitivity analysis

A strengthening of the Euro, as indicated below, against the USD, GBP, AUD, INR and UAH at December 31, would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases. The analysis is

(22) Fair value of financial liabilities and sensitivity analysis (Continued)

performed on the same basis, despite the reasonably possible exchange rate variances were different, as indicated below.

	Strengthening		Weakening	
2009	**Equity**	**Profit or loss**	**Equity**	**Profit or loss**
USD (10 percent movement)	(6,226)	(6,226)	5,094	5,094
GBP (10 percent movement)	(4,632)	(4,632)	3,790	3,790
AUD (10 percent movement)	(2,729)	(2,729)	2,233	2,233
INR (10 percent movement)	1,439	1,439	(1,177)	(1,177)
UAH (10 percent movement)	859	859	(703)	(703)

	Strengthening		Weakening	
2010	**Equity**	**Profit or loss**	**Equity**	**Profit or loss**
USD (10 percent movement)	(6,921)	(6,921)	5,663	5,663
GBP (10 percent movement)	(4,776)	(4,776)	3,907	3,907
AUD (10 percent movement)	(3,401)	(3,401)	2,783	2,783
INR (10 percent movement)	2,111	2,111	(1,727)	(1,727)
UAH (10 percent movement)	636	636	(520)	(520)

(23) Financial liabilities by type

Current and non-current financial liabilities from third parties are shown below, by type.

Thousands of Euros	December 31, 2009	December 31, 2010
Current portion of secured bank loans	1,689	6,921
Unsecured bank loans	6,108	7,326
Current portion of finance lease liabilities	1,355	2,508
Other financial liabilities	285	665
Current financial liabilities—third parties	**9,437**	**17,419**
Secured bank loans	280,353	280,032
Finance lease liabilities	20,042	21,324
Other financial liabilities	7,443	9,674
Non-current financial liabilities—third parties	**307,838**	**311,030**
Hedging derivatives	**849**	**1,223**
Non-hedging derivatives	**11,247**	**7,070**

Financial liabilities are measured at amortized cost.

(24) Trade payables

This caption is made up as follows:

Thousands of Euros	December 31, 2009	December 31, 2010
Suppliers	47,734	51,362
Payments on account	287	351
Total	**48,021**	**51,713**

(24) Trade payables (Continued)

At December 31, 2010 trade payables may be analyzed by original currency as follows:

Thousands of Euros	EUR	USD	GBP	Other currencies	Total
Trade payables	35,413	3,973	1,394	10,933	**51,713**

Other currencies include trade payables in the local currencies of the group companies, including € 5.5 million in Australian dollars, € 1.2 million in Argentinean pesos, € 0.6 million in Indian rupees, € 0.5 million in Chinese renmimbi, € 0.7 million in Mexican pesos, € 0.5 million in New Zealand dollars, € 0.6 million in Colombian pesos, € 0.6 million in Ukrainian hryvnies, € 0.2 million in Brazilian reals and other small exposures in other currencies.

(25) Current direct tax liabilities

This caption is made up as follows:

Thousands of Euros	December 31, 2009	December 31, 2010
Current direct tax liabilities	2,960	4,174
Total	**2,960**	**4,174**

(26) Current indirect tax liabilities

This caption is made up as follows:

Thousands of Euros	December 31, 2009	December 31, 2010
VAT and other indirect taxes	2,735	3,102
Total	**2,735**	**3,102**

(27) Provisions for risks and charges

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2009	December 31, 2010
Provision for returns	879	384
Other current provisions for risks and charges	65	22
Total current provisions for risks and charges	**944**	**406**

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

Thousands of Euros	December 31, 2009	December 31, 2010
Provision for restructuring	35	40
Provision for legal disputes	85	35
Provision for tax risks	43	42
Provision for agents' leaving indemnity	101	100
Total non-current provisions for risks and charges	**264**	**217**

(27) Provisions for risks and charges (Continued)

Changes in the provisions are as follows:

Thousands of Euros	December 31, 2010
Opening current provisions for risks and charges	944
Exchange rate loss	22
Accrual	251
Utilization	(811)
Closing current provisions for risks and charges	**406**

Thousands of Euros	December 31, 2010
Opening non-current provisions for risks and charges	264
Exchange rate gain	9
Accrual	6
Utilization	(62)
Closing non-current provisions for risks and charges	**217**

The provision for legal disputes was set up specifically for ongoing disputes. Pending disputes are not expected to be resolved within the next twelve months.

(28) Financial derivative liabilities

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2009	December 31, 2010
Fair value of IRSs	12,064	8,020
Fair value of currency swaps	32	273
Total	**12,097**	**8,293**

(29) Other current liabilities—third parties

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2009	December 31, 2010
Payables to employees	3,913	5,712
Social security charges payable	2,560	3,088
Payables for capex	1,394	4,275
Payables to previous minority shareholders of Guala Closures Orient	—	4,346
Other payables	2,440	6,330
Total	**10,307**	**23,752**

(30) Other current liabilities—related parties

Thousands of Euros	December 31, 2009	December 31, 2010
Payables vs the parent GCL Special Closures S.r.l.	—	571
Total	**—**	**571**

(31) Employee benefits

This caption is made up as follows:

Thousands of Euros	December 31, 2009	December 31, 2010
Post-employment benefits—Guala Closures S.p.A.	4,765	5,233
Other	1,527	1,757
Total	**6,292**	**6,990**

Changes in Employee benefits are as follows:

Thousands of Euros	
Balance at January 1, 2010	6,292
Exchange rate gain	109
Business combinations	884
Change recognized in profit or loss	213
Benefits paid	(508)
Balance at December 31, 2010	**6,990**

The change recognized in profit or loss is detailed below:

Thousands of Euros	
Post-employment benefits—Guala Closures S.p.A.	(17)
Other	230
Change recognized in profit or loss	**213**

Changes in Guala Closures S.p.A.'s post-employment benefits and the main assumptions used in their measurement are detailed below:

Thousands of Euros	
Balance at January 1, 2010	4,765
Actuarial losses	(228)
Interest expense	210
Business combination	884
Benefits paid	(399)
Balance at December 31, 2010	**5,233**

Actuarial parameter baseline:

	December 31, 2009	December 31, 2010
Average inflation rate	2.00% p.a.	2.00% p.a.
Discount rate	4.20% p.a.	4.60% p.a.
Annual rate of increase in post-employment benefits	3.00% p.a.	3.00% p.a.

Guala Closures UK has a defined benefit pension plan under which the employees of the former Metalclosures Ltd have the right to a pension. This plan has a surplus at both December 31, 2009 and 2010 (i.e., the fair value of the plan assets is higher than the present value of the defined benefit obligation). As required by IAS 19 and IFRIC 14, the surplus that can be recognized must be less than the benefits available in the form of reimbursements or the contribution holiday: following completion of the West Bromwich site restructuring plan in 2008, the amount of the contribution holiday is zero and, therefore, the English company has not recognized the fund surplus. In addition, the group did

(31) Employee benefits (Continued)

not have contingent liabilities at the reporting date as the fund covers the present value of its future obligations with its plan assets.

For disclosure purposes, the amounts of the fund obligations and plan assets, as well as the baseline actuarial parameters used for their calculation, are shown below:

Thousands of Euros	December 31, 2009	December 31, 2010
Present value of the obligations	(53,479)	(51,839)
Fair value of plan assets	60,850	62,887
Total	**7,371**	**11,049**

Changes in the net amount of the fund:

Thousands of Euros	
Balance at January 1, 2010	7,371
Exchange rate gain	224
Current service cost	(26)
Interest expense	(3,007)
Expected return on plan assets	3,250
Actuarial losses	3,237
Balance at December 31, 2010	**11,049**

Changes in the present value of the obligations:

Thousands of Euros	
Balance at January 1, 2010	(53,479)
Exchange rate loss	(1,699)
Current service cost	(26)
Interest expense	(3,007)
Contribution to the fund	(7)
Benefits paid	3,348
Actuarial losses	3,032
Balance at December 31, 2010	**(51,839)**

Changes in the fair value of plan assets:

Thousands of Euros	
Balance at January 1, 2010	60,850
Exchange rate gain	1,923
Expected return on plan assets	3,250
Contribution to the fund	7
Benefits paid	(3,348)
Actuarial gains	205
Balance at December 31, 2010	**62,887**

(31) Employee benefits (Continued)

Actuarial parameter baseline:

	December 31, 2009	December 31, 2010
Salary growth rate	4.00% p.a.	4.00% p.a.
Rate of increase in pensions provided (average)	3.10% p.a.	3.10% p.a.
Average inflation rate	3.30% p.a.	3.30% p.a.
Discount rate	5.60% p.a.	5.60% p.a.

(32) Other non-current liabilities

This caption is made up as follows:

Thousands of Euros	December 31, 2009	December 31, 2010
Other non-current liabilities	52	49
Total	**52**	**49**

(33) Equity attributable to the owners of the parent

On February 12, 2009, GCL Holdings S.r.l., a single member company with approved quota capital of € 300 million, of which € 20 million subscribed and paid-up, previous parent Company of Guala Closures S.p.A., was merged into Guala Closures S.p.A. (reverse merger) with the cancellation of the merged company's quotas held by its sole quotaholder, the concurrent maintenance of the merging company's share capital and allocation of all its shares making up its share capital to the merged company's quotaholder.

At December 31, 2010, Guala Closures S.p.A. is a single member Company limited by shares wholly owned by GCL Special Closures S.r.l. (previous sole quotaholder of GCL Holdings S.r.l.).

In April 2010, the parent GCL Special Closures S.r.l. subscribed an increase in share capital amounting to € 6,000 thousand.

At December 31, 2010, Guala Closures S.p.A. has subscribed and paid-up share capital of € 69,624 thousand consisting of 69,624,491 ordinary shares with a nominal value of € 1 each. An increase of € 2,000 thousand took place with respect to December 31, 2009.

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 Facilities agreement, there are certain restrictions in the transfer of funds between Guala Closures subsidiaries and Guala Closures S.p.A. and between Guala Closures S.p.A. and ultimate parents GCL Special Closures S.r.l. and 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 group development.

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

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

(33) Equity attributable to the owners of the parent (Continued)

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 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 capital management policies of the group have not changed during the year.

(34) Equity attributable to non-controlling interests

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

	Non-controlling interests % December 31, 2009	Non-controlling interests % December 31, 2010	Balance at December 31, 2009	Balance at December 31, 2010
Guala Closures Ukraine LLC	30.00%	30.00%	4,976	5,684
Guala Closures Orient B.V.	13.15%	—	3,627	—
Guala Closures India pvt Ltd	5.00%	5.00%	1,606	1,882
Guala Closures Argentina S.A.	17.62%	17.62%	758	861
Guala Closures de Colombia LTDA	6.80%	6.80%	649	754
Guala Closures China B.V.	3.50%	3.50%	191	214
Creative Moulds India pvt Ltd	n.a.	40.00%	—	(94)
Guala Closures Bulgaria AD	n.a.	30.00%	—	1,879
Guala Closures Tools AD	n.a.	30.00%	—	356
Total			**11,807**	**11,537**

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

Creative Moulds India Pvt Ltd was not consolidated in 2009 as of immaterial size

STATEMENT OF COMPREHENSIVE INCOME

(35) Other operating income

This caption includes:

Thousands of Euros	2009	2010
Acquisition of non-controlling interest in Mexican company	4,570	—
Internal production	1,974	2,713
Sundry recoveries/repayments	952	1,329
Insurance compensation—Australia	479	1,179
Gains	262	394
Royalty income	43	57
Other	976	369
Total	**9,256**	**6,041**

Internal production includes € 449 thousand of capitalized development expenditure related to new closures and € 2,263 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 € 498 thousand and foreign companies amounting to € 1,766 thousand.

In addition to development expenditure capitalized during the year, research expenditure of about € 200 thousand was expensed.

Insurance compensation—Australia relates to the insurance compensation for the fire which occurred in February 2008. It includes an amount for the replacement of damaged equipment and an amount to compensate for the business interruption and direct costs sustained by the Company.

(36) Costs for raw materials

This caption includes:

Thousands of Euros	2009	2010
Raw materials and supplies	108,548	134,999
Packaging	5,271	6,969
Consumables and maintenance	3,937	5,532
Fuels	750	297
Other purchases	2,190	1,791
Change in inventories	3,158	(3,055)
Total	**123,855**	**146,533**

(37) Costs for services

This caption includes:

Thousands of Euros	2009	2010
External processing	11,274	12,698
Electricity / Heating	10,936	14,347
Transport	10,698	13,478
External labor / porterage	3,208	5,459
Legal and consulting fees	3,572	3,045
Maintenance	3,235	3,725
Travel	2,952	3,843
Sundry industrial services	3,363	3,824
Administrative services	1,515	2,465
Directors' fees	1,292	2,742
Insurance	1,980	2,133
Technical assistance	1,026	945
Telephone costs	820	878
Commissions	791	768
Cleaning service	854	1,081
Security	233	358
Commercial services	401	511
Entertainment expenses	409	440
Advertising services	136	176
Expos and trade fairs	67	128
Other	1,657	2,170
Total	**60,420**	**75,214**

Details of fees paid to the parent's directors, statutory auditors, CEO and key managers are provided in notes 47) Related party transactions and 50) Compensation to Statutory Auditors to these consolidated financial statements.

(38) Personnel expense

This caption includes:

Thousands of Euros	2009	2010
Wages and salaries	43,923	54,408
Social security contributions	8,166	10,454
Expense/(Income) from defined benefit plans	328	213
Other costs	1,459	2,008
Total	**53,876**	**67,084**

Reference should be made to note 31) Employee benefits to these consolidated financial statements for details on Expense/(income) from defined benefit plans.

At December 31, 2009 and 2010, the group had the following number of employees:

Number	December 31, 2009	December 31, 2010
Blue collars	1,839	2,243
White collars	462	589
Managers	123	122
Total	**2,424**	**2,954**

(38) Personnel expense (Continued)

The acquisition of the companies Guala Closures Bulgaria AD and Guala Closures Tools AD and the Metalprint assets generated an increase of 348 employees.

(39) Other operating expense

This caption includes:

Thousands of Euros	2009	2010
Rent and leases	3,472	4,228
Other costs for the use of third party assets	1,141	1,146
Taxes and duties	1,392	1,487
Provisions for risks and charges	818	257
Other charges	778	441
Total	**7,600**	**7,558**

(40) Financial income

This caption includes:

Thousands of Euros	2009	2010
Exchange rate gains	26,764	17,867
Change in fair value of IRS	476	4,570
Change in fair value of currency derivatives	454	162
Interest income	328	349
Change in fair value of aluminium derivatives	272	694
Other financial income	1,201	2,668
Total	**29,494**	**26,310**

(41) Financial expense—third parties

This caption includes:

Thousands of Euros	2009	2010
Interest expense	24,101	25,319
Exchange rate losses	21,349	21,294
Financial expense—non-controlling investors in the Ukrainian company	3,000	—
P&L impact on IRSs	1,854	70
P&L impact on aluminum derivatives	287	25
Other financial expense	1,086	2,644
Total	**51,676**	**49,352**

The increase in interest expense is due to the greater use of the credit facilities in 2010, mainly as a result of the investments made during the year.

Financial expense—non-controlling investors in the Ukrainian company relates to recognition of the increase in the financial liability for these investors' right to exercise a put option if certain conditions are met. The liability was determined by discounting the estimated value of the put option at its estimated time of exercise. At December 31, 2010, the estimated liabilities showed no change compared to December 31, 2009.

(42) Financial expense—related parties

This caption includes:

Thousands of Euros	2009	2010
Interest expense—parent	1,306	745
Total	**1,306**	**745**

This interest matured on the loan provided by GCL Special Closures S.r.l. on 15 October 2008.

(43) Income and expense on financial assets/liabilities

The following table shows income and expense on financial assets/liabilities, specifying which are recognized in profit or loss and which directly in equity.

Thousands of Euros	2009	2010
Recognized in profit or loss		
Bank interest income	328	349
P&L impact on derivatives	1,202	5,427
Exchange rate gains	26,764	17,867
Other financial income	1,201	2,668
Total financial income	**29,494**	**26,310**
Interest expense on financial liabilities measured at amortized cost	25,407	26,063
Exchange rate losses	21,349	21,294
P&L impact on derivatives	2,141	95
Other financial expense	4,086	2,644
Total financial expense	**52,982**	**50,096**
Net financial expense	**(23,488)**	**(23,786)**
Recognized directly in equity		
Effective portion of fair value losses on cash flow hedges	(132)	259
Net change in fair value of cash flow hedges reclassified to profit or loss	(163)	(392)
of which, to the Hedging reserve	**(295)**	**(133)**

(44) Income taxes

This caption includes:

Thousands of Euros	2009	2010
Current taxes	(14,168)	(19,361)
Deferred tax income	(2,829)	2,227
Deferred tax expense	816	2,333
Total	**(16,181)**	**(14,801)**

Deferred tax income and expense in profit or loss do not reflect the change in the corresponding captions of the statement of financial position due to the effect of transactions recognized directly in equity (€ 37 thousand), as described in the following table.

(44) Income taxes (Continued)

Deferred tax liabilities recognized directly in equity

Thousands of Euros	December 31, 2009	December 31, 2010
Change in deferred tax liabilities on fair value adjustments on cash flow hedges	225	37
Total	**225**	**37**

Reconciliation between the theoretical and effective tax charge

The difference between the theoretical and effective tax charge is mainly related to the impact of the different tax rates in foreign countries, non-taxable revenue and non-deductible costs.

Thousands of Euros	2009		2010	
Profit before taxation	**18,844**		**17,495**	
Income tax using italian tax rate	**5,182**	27.5%	**4,811**	27.5%
Effect of tax rates in foreign jurisdictions	(1,475)	(7.8%)	(814)	(4.7%)
Tax-exempt revenue and other decreases	(3,394)	(18.0%)	(2,428)	(13.9%)
Non-deductible expense and other increases	11,364	60.3%	19,428	111.1%
(Increase) / decrease in deferred tax assets	2,827	15.0%	(2,513)	(14.4%)
Increase / (decrease) in deferred tax liabilities	(815)	(4.3%)	(4,059)	(23.2%)
Unaccrued deferred tax assets on loss for the year	1,595	8.5%	(179)	(1.0%)
Other changes	(889)	(4.7%)	(804)	(4.6%)
Total increase / (decrease)	**9,214**	48.9%	**8,630**	49.3%
Effective tax	**14,396**	76.4%	**13,441**	76.8%
IRAP	581	3.1%	716	4.1%
Other taxes, other than income taxes	1,205	6.4%	644	3.7%
Total taxes for the year	**16,181**	85.9%	**14,801**	84.6%

Guala Closures S.p.A. is participating in its parent's national tax consolidation scheme pursuant to articles 117-128 of Presidential decree no, 917 of 22 December 1986. The subsidiary Creative GCL S.r.l. also participates in the national tax consolidation scheme and the subsidiary Pharmatrade, acquired in 2009, joined the tax consolidation scheme, in 2010.

The option has been exercised for the tax years ending December 31, 2009, 2010 and 2011.

In addition, (in 2009) Guala Closures S.p.A. did not realigned the differences between carrying amounts and tax values following the application of IFRS, as provided for by article 15,7/8 of Decree law no. 185 of November 29, 2008, converted into Law no. 2 of January 28, 2009, since prior year tax losses carried forward and those of that year were such that it was not advantageous to settle these differences by paying substitute tax. This is also why the company has not applied the provisions of article 172,10-bis of Presidential decree no. 917/1986 and article 15,10-12 of Decree law no. 185 of November 29, 2008, converted into Law no. 2 of January 28, 2009, to obtain the recognition of the higher amounts presented following the merger of GCL Holdings S.r.l. for tax purposes.

OTHER INFORMATION

(45) 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,

The board of directors has overall responsibility for establishing and monitoring a risk management system for the group.

The proxy system ensures the risk management guidelines are implemented and regularly monitored. The finance department is responsible for the monitoring and, in carrying out such activities, it uses information generated by the internal control system.

Credit risk

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

The group's exposure to credit risk depends largely on each customer's specific characteristics. The demographics of the group's customer portfolio, including the segment insolvency risk and the country risk, have an impact on the credit risk.

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

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

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

Liquidity risk

This risk regards the group's ability to meet its obligations arising from financial liabilities.

The group's approach to liquidity management is to ensure adequate funds are always available to cover its obligations at the expiry dates, both in normal conditions and at times of financial difficulty, without incurring borrowing expense at terms higher than market conditions.

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

Reference should be made to the tables under note 20) Financial liabilities—third parties to these consolidated financial statements for information on the group's loans, credit lines and facilities at the reporting date.

(45) Financial risk management (Continued)

Interest rate risk

This risk relates to volatility of the market rates which determine the interest expense paid on outstanding loans.

The group is exposed to interest rate risk as almost the full amount of its financial liabilities provide for the payment of interest at variable rates subject to short-term repricing.

The group's policy is to hedge a significant portion of the payable amount subject to interest rate risk. Interest rate swaps are used to hedge the risk which enable the interest rate to be set at fixed amounts.

Currency risk

This risk relates to the effect of fluctuations in exchange rates on sales, purchases and loans in currencies other than the functional currencies of the various group entities.

The group is exposed to currency risk, particularly in relation to fluctuations of the pound sterling and US dollar.

Interest on loans is denominated in the currency of the cash flows generated by the group's underlying transactions. These are mainly in Euros but may also be in pounds sterling, US dollars and Australian dollars, so that there is adequate hedging and the group does not have to avail of other derivatives.

The risk of exchange rate fluctuations is managed using exchange rate hedges when significant differences are noted between cost and revenue in foreign currency.

If that is the case, such differences are hedged through currency swaps. These provide for the purchase/sale of agreed amounts in foreign currency at a set exchange rate against the Euro.

Other price risk

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

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

The risk of fluctuations in the purchase price of aluminum is partly hedged through derivatives which set the forward purchase price.

(46) Derivatives

The main features of the contracts in place at December 31, 2010 are summarized below:

—interest rate swaps

Guala Closures S.p.A. has six interest rate swaps in place at December 31, 2010 to hedge floating interest rates on bank loans.

In addition, at year end, the parent has two interest rate swaps in place to hedge floating interest rates on the property finance lease.

(46) Derivatives (Continued)

The interest rate swaps taken on to hedge the floating interest rates on bank loans are listed below in their order of agreement:

1. Euro interest rate swap agreed with Intesa San Paolo S.p.A. on February 21, 2007, expiring January 31, 2012. It has a fixed swap rate of 4.15% against the floating six-month Euribor for a notional amount of € 8,750 thousand at December 31, 2010.
2. Euro interest rate swap agreed with Intesa San Paolo S.p.A. on September 5, 2007, expiring January 31, 2012. It has a fixed swap rate of 4.50% against the floating six-month Euribor for a notional amount of € 4,350 thousand at December 31, 2010.
3. Euro interest rate swap agreed with Natixis SA on October 10, 2008, expiring September 30, 2011, It has a fixed swap rate of 5.201% against the floating six-month Euribor, for a notional amount of € 75,400 thousand at December 31, 2010.
4. Pound sterling interest rate swap agreed with Intesa San Paolo S.p.A. (Banca IMI S.p.A.) on October 10, 2008, expiring September 30, 2011. It has a fixed swap rate of 6.219% against the floating six-month GB£ Libor, for a notional amount of £ 23,600 thousand at December 31, 2010.
5. US dollar interest rate swap agreed with Intesa San Paolo S.p.A. (Banca IMI S.p.A.) on October 10, 2008, expiring September 30, 2011. It has a fixed swap rate of 4.51% against the floating six-month US$ Libor, for a notional amount of US$ 62,400 thousand at December 31, 2010.
6. US dollar interest rate swap agreed with Bayerische Hypo und Vereinsbank AG on December 18, 2008, expiring September 30, 2011. It has a fixed swap rate of 1.848% against the floating six-month US$ Libor, for a notional amount of US$ 21,705 thousand at December 31, 2010.

Although the interest rate swaps have been entered into for hedging purposes, they do not meet the formal requirements of IAS 39 and should, therefore, be recognized as trading instruments.

Interest rate swaps hedging floating interest rates on property finance leases are analyzed below, listed in chronological order by the date they were agreed:

1. Euro interest rate swap agreed with Intesa San Paolo S.p.A. on March 7, 2006, expiring July 1, 2019. It has a fixed swap rate of 3.945% against the floating one-month Euribor for a notional amount of € 6,870 thousand at December 31, 2010.
2. Euro interest rate swap agreed with Unicredit Banca d'Impresa S.p.A. on March 7, 2006, expiring July 1, 2019. It has a fixed swap rate of 3.960% against the floating one-month Euribor for a notional amount of € 6,870 thousand at December 31, 2010.

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

—Forward purchase of aluminum

At December 31, 2010, the group has four contracts for the forward purchase of aluminum, for a total of 1,100 tons, spread over various expiry dates based on forecast monthly requirements.

The hedge accounting requirements of IAS 39 were not met and these derivatives are therefore recognized as trading instruments.

(46) Derivatives (Continued)

The following table shows the forward aluminum purchase contracts in place at December 31, 2010:

Expiry date	Hedged amount (tons)	Strike price ($US/ton)	December 31, 2010 Positive/(negative) fair value (Thousands of Euros)
January 2011	300	2,000	79
January 2011	200	1,900	67
February 2011	300	2,000	104
March 2011	300	2,000	105
Totale	**1,100**		**355**

—Currency swaps

At December 31, 2010, there are eight currency swaps for the forward purchase of US dollars, for a total of USD 3,700 thousand, and one currency swap for the forward sale of US dollars, for a total of USD 300 thousand. All swaps mature by the end of 2011.

The formal requirements of IAS 39 for hedge accounting were not met and these derivatives are, therefore, recognized as trading instruments.

The following table shows the forward currency swaps in place at December 31, 2010:

Expiry date	Currency	Transaction	Hedged amount (thousands of $US)	Forward rate (Eur/$US)	December 31, 2010 Positive/(negative) fair value (thousands of Euros)
January 2011	USD	Purchase	350	1.4082	13
February 2011	USD	Purchase	1,200	1.4076	46
March 2011	USD	Purchase	350	1.4070	14
April 2011	USD	Purchase	500	1.4064	19
May 2011	USD	Purchase	300	1.4057	12
July 2011	USD	Purchase	350	1.4047	14
September 2011	USD	Purchase	350	1.4034	14
November 2011	USD	Purchase	300	1.4022	12
Total forward $US purchases			**3,700**		**144**
January 2011	USD	Sale	300	1.2365	18
Total forward $US sales			**300**		**18**
Total					**162**

(46) Derivatives (Continued)

The following table shows the fair value of the derivatives held at the reporting date:

Contract (Thousands of Euros)	Recognition at December 31, 2010	December 31, 2009 Positive/(negative) fair value	December 31, 2010 Positive/(negative) fair value
Interest rate swap on loan	Hedge accounting	—	—
Interest rate swap on leases	Hedge accounting	(817)	(950)
Currency swap	Hedge accounting	—	—
Interest rate swap on loan	Recognized at fair value through profit or loss	(11,247)	(7,070)
Currency swap	Recognized at fair value through profit or loss	—	162
Forward aluminum purchase	Recognized at fair value through profit or loss	259	355
Currency swap	Recognized at fair value through profit or loss	—	(273)

(46) Derivatives (Continued)

Effective interest rate and repricing analysis

The following table shows the effective interest rate at the reporting date and for the period in which the related rate may be reviewed for interest-bearing financial assets and liabilities,

Thousands of Euros	Effective interest rate—December 2010	Repricing date: Total 31/12/10	Up to 6 months	6 - 12 months	1 - 2 years	2 - 5 years	After 5 years
Bank loans and borrowings:							
Facility A EUR	4.14%	34,794	34,794	—	—	—	—
Facility B EUR	4.64%	34,150	34,150	—	—	—	—
Facility C EUR	5.14%	34,150	34,150	—	—	—	—
Facility A USD	3.46%	22,326	22,326	—	—	—	—
Facility B USD	3.96%	21,965	21,965	—	—	—	—
Facility C USD	4.46%	21,965	21,965	—	—	—	—
Facility A GBP	4.03%	15,150	15,150	—	—	—	—
Facility B GBP	4.53%	14,881	14,881	—	—	—	—
Facility C GBP	5.03%	14,881	14,881	—	—	—	—
Facility A AUD	8.08%	11,626	11,626	—	—	—	—
Facility B AUD	8.58%	11,315	11,315	—	—	—	—
Facility C AUD	9.08%	11,315	11,315	—	—	—	—
Revolving facility	n.a.	0	—	—	—	—	—
CAPEX facility	4.14%	47,600	47,600	—	—	—	—
Transaction costs	n.a.	(9,167)	(9,167)	—	—	—	—
TOTAL SENIOR DEBT 10/10/2008		**286,952**	**286,952**	**—**	**—**	**—**	**—**
Cassa di Risparmio di Alessandria loan	3.02%	2,718	2,718	—	—	—	—
Other bank loans Guala Closures S.p.A.	n.a.	0	0	—	—	—	—
Accrued expenses and deferred income—Guala Closures S.p.A.	n.a.	5,616	5,616	—	—	—	—
Advances on receivables—Guala Closures Argentina	n.a.	752	752				
Guala Closures Mexico loan	9.26%	1,977	1,977				
Total bank loans and borrowings		**298,016**	**298,016**	**—**	**—**	**—**	**—**
Other financial liabilities:							
Financing as per Law no. 46/82	n.a.	468	71	128	132	136	—
Guala Closures S.p.A. finance leases	n.a.	22,829	22,829	—	—	—	—
Bulgarian companies' finance leases	n.a.	1,003	1,003	—	—	—	—
Payable due to the Ukrainian non-controlling investors	n.a.	5,100	—	—	—	—	5,100
Other liabilities	n.a.	1,033	1,033	—	—	—	—
Total other financial liabilities		**30,433**	**24,936**	**128**	**132**	**136**	**5,100**

(46) Derivatives (Continued)

Thousands of Euros	Effective interest rate—December 2010	Repricing date: Total 31/12/10	Up to 6 months	6 - 12 months	1 - 2 years	2 - 5 years	After 5 years
Loan from the parent GCL Special Closures	6.14%	11,765	11,765	—	—	—	—
Total		**11,765**	**11,765**	**0**	**0**	**0**	**0**

(47) Related party transactions

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

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

Thousands of Euros	Costs recognized in the year: Fees for position held	Incentives	Remuneration for employment	Accrual for post-employment benefits and other supplementary pension funds	Non-cash benefits	Total	Accrual for post-employment benefits at December 31, 2010	Other payables at December 31, 2010	Cash flows in the year
Total directors/key managers	**1,532**	**1,000**	**641**	**55**	**40**	**3,268**	**214**	**1,003**	**2,172**

Intesa Sanpaolo S.p.A. is considered a related party of Guala Closures S.p.A..

The transactions and relationships between these two companies at December 31, 2010 are summarized below:

- Intesa Sanpaolo is, together with Unicredit Bank AG (formerly Bayerische Hypo und Vereinsbank AG) and Natixis SA, the Mandated Lead Arranger and Bookrunner of the Senior Facilities Agreement dated October 10, 2008;
- at December 31, 2010, Intesa Sanpaolo has a representative on the board of directors of Guala Closures S.p.A.;
- Intesa Sanpaolo has an indirect investment of 17% in GCL Holdings S.C.A., the indirect parent of Guala Closures S.p.A.;
- transactions with Intesa Sanpaolo S.p.A. take place on an arm's length basis.

Furthermore, Guala Closures S.p.A, and Creative GCL S.r.l. participate in the national tax consolidation scheme headed by the parent, GCL Special Closures S.r.l.. Reference should be made to note 44) Income taxes to these consolidated financial statements for more details.

Related parties also include a pension fund for employees of the former Metal Closures Ltd (now Guala Closures UK Ltd) managed by Metal Closures Group Trustees Ltd. Considering the performance of the pension fund, the company was not required to transfer funds thereto. Employees have paid their contributions. Reference should be made to note 31) Employee benefits to the consolidated financial statements for additional information.

(48) Contingent liabilities

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

(49) Commitments and guarantees

The group's commitments and guarantees at December 31, 2010 can be grouped into those guarantees given in relation to the Senior Facilities Agreement and other guarantees given by other group companies.

The guarantees given in relation to the Senior Facilities Agreement are detailed as follows:

Guala Closures S.p.A.

- Pledge of the shares held by Guala Closures S.p.A. in Guala Closures International B.V.
- Special lien on the following assets of Guala Closures S.p.A.:
    - existing and future chattels not listed in public registers which Guala Closures S.p.A. uses in its operations or as plant and machinery;
    - raw materials, work in progress, stock, finished goods held at any time at Guala Closures S.p.A.'s warehouses (or with third parties or holders of any kind);
    - goods that Guala Closures S.p.A. purchases with income from the financing secured by the special lien;
    - receivables arising after the warranty deed is signed following the sale of some of the above assets,
- Pledge of Guala Closures S.p.A.'s intellectual property

Guala Closures UK Ltd,

- Special lien on all the assets of Guala Closures UK Ltd.

Guala Closures International B.V.

- Pledge of the Guala Closures Patents B.V. shares held by Guala Closures International B.V.
- Pledge of the Guala Closures Orient B.V. shares held by Guala Closures International B.V.
- Pledge of the Guala Closures China B.V. shares held by Guala Closures International B.V.
- Pledge of the Guala Closures Australia Holdings Pty Ltd shares held by Guala Closures International B.V.
- Pledge of the Guala Closures Ukraine LLC shares held by Guala Closures International B.V.
- Pledge of the Guala Closures Mexico S.A. de C.V. shares held by Guala Closures International B.V.
- Pledge of the Guala Closures Iberica S.A. shares held by Guala Closures International B.V.
- Pledge of the Guala Closures New Zealand Ltd shares held by Guala Closures International B.V.
- Pledge of the Guala Closures do Brasil Ltda shares held by Guala Closures International B.V.
- Pledge of Guala Closures UK Ltd shares held by Guala Closures International B.V.
- Pledge of the Guala Closures de Colombia Ltda shares held by Guala Closures International B.V.

Guala Closures Patents B.V.

- Pledge of the intellectual property of Guala Closures Patents B.V.

(49) Commitments and guarantees (Continued)

Guala Closures Orient B.V.

- Pledge of the Guala Closures India Pvt Ltd shares held by Guala Closures Orient B.V.

Guala Closures China B.V.

- Pledge of the Beijing Guala Closures Ltd shares held by Guala Closures China B.V.

Guala Closures Australia Holdings Pty Ltd

- Pledge of the Guala Closures Australia Pty Ltd shares held by Guala Closures Australia Holdings Pty Ltd

The other guarantees given by group companies at December 31, 2010 are as follows:

Thousands of Euros	December 31, 2010
Guala Closures S.p.A.	
Securities given to third parties	2,595
Third party assets held by the company	1,535

(50) Compensation to the Statutory Auditors

Transactions with statutory auditors are set out below:

	Costs recognized in the year								
Thousands of Euros	Fees for position held	Incentives	Remuneration for employment	Accrual for post-employment benefits and other supplementary pension funds	Non-cash benefits	Total	Accrual for post-employment benefits at December 31, 2010	Other payables at December 31, 2010	Cash flows in the year
Total statutory auditors	**36**		**—**	**—**	**—**	**36**	**—**	**36**	**31**

(51) Subsequent events

On January 11, 2011 the Group acquired through Guala Closures Iberica S.A. and Guala Closures International B.V. some operations from Plastivit Group; more in particular:

- Guala Closures Iberica S.A. acquired some identified assets located in Spain;
- Guala Closures Iberica S.A. and Guala Closures International B.V. acquired, respectively, a 95% and a 5% shareholding in both Plastivit America, S.A. de C.V. and Plastivit Servicios, S.A. de C.V., located in Mexico

The provisional price for the acquisition calculated on figures at the end of October 2010 was € 9.6 million, while the final price will be calculated when 2010 Financial statements will be approved and audited and in any case not later than April 30, 2011.

The Extraordinary Shareholders' Meeting held February 25, 2011 decided to increase the share capital by € 6,666,666 from € 69,624,491 to € 76,291,157 and the relative share premium account by € 13,333,334, issuing 6,666,666 new shares with a par value of € 1.00 and a share premium of € 2.00 per share.

As at March 25, 2011 the share capital subscribed is € 74.624.491 fully paid.

The closing date for the share capital subscription is June 30, 2011; should the increase not be fully subscribted by that date, the share capital will be taken to have been increased for an amount equal to the subscriptions made.

(51) Subsequent events (Continued)

In March 2011, the strike off of Guala Closures UK Holdings Ltd became effective.

In March 2011, the parent's board of directors approved the partial early repayment of the loan granted by the ultimate parent GCL Special Closures S.r.l. (€ 3,450 thousand).

On behalf of the Board of directors
Chairman and Managing Director
Marco Giovannini
(signed on the original)

Alessandria, March 29, 2011

GUALA CLOSURES GROUP
CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2009

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Report of the auditors in accordance with article 2409-ter of the Italian Civil Code

To the shareholders of
Guala Closures S.p.A.

1 We have audited the consolidated financial statements of the Guala Closures Group as at and for the year ended 31 December 2009, comprising the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes thereto. The parent's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards issued by the Italian Accounting Profession and recommended by Consob (the Italian Commission for Listed Companies and the Stock Exchange). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

The consolidated financial statements present the prior year corresponding figures for comparative purposes. As disclosed in the notes, the parent's directors restated some of the corresponding figures included in the prior year consolidated financial statements. We audited such financial statements and issued our report thereon on 3 April 2009. We have examined the methods used to restate the prior year corresponding figures and related disclosures for the purposes of expressing an opinion on the consolidated financial statements at 31 December 2009.

3 In our opinion, the consolidated financial statements of the Guala Closures Group as at and for the year ended 31 December 2009 comply with the International Financial Reporting Standards endorsed by the European Union. Therefore, they are clearly stated and give a true and fair view of the financial position of the Guala Closures Group as at 31 December 2009, the results of its operations and its cash flows for the year then ended.

KPMG SPA

Turin, 6 April 2010

GUALA CLOSURES GROUP

STATEMENT OF FINANCIAL POSITION

(Thousands of Euros)	December 31, 2008(*)	December 31, 2009	Note
ASSETS			
Current assets			
Cash and cash equivalents	22,172	32,603	5
Current financial assets	3,036	110	6
Trade receivables	71,772	78,377	7
Inventories	43,823	42,650	8
Current direct tax assets	3,394	3,886	9
Current indirect tax assets	6,009	5,904	10
Financial derivative assets	302	259	11
Other current assets	5,950	3,357	12
Assets classified as held for sale	1,594	1,548	13
Total current assets	**158,052**	**168,696**	
Non-current assets			
Non-current financial assets	215	321	14
Property, plant and equipment	135,007	152,158	16
Intangible assets	264,732	380,764	17
Deferred tax assets	11,876	9,976	18
Other non-current assets	3,820	2,949	19
Total non-current assets	**415,651**	**546,168**	
TOTAL ASSETS	**573,703**	**714,864**	
LIABILITIES AND EQUITY			
Current liabilities			
Current financial liabilities—third parties	26,893	9,437	20
Current financial liabilities—related parties	335	184	21
Trade payables	44,440	49,415	24
Current direct tax liabilities	2,297	2,960	25
Current indirect tax liabilities	2,703	2,735	26
Current provisions for risks and charges	1,281	944	27
Financial derivative liabilities	13,555	12,097	28
Other current liabilities	9,608	8,913	29
Total current liabilities	**101,112**	**86,684**	
Non-current liabilities			
Non-current financial liabilities—third parties	274,761	307,838	20
Non-current financial liabilities—related parties	15,200	9,950	21
Employee benefits	6,395	6,292	30
Deferred tax liabilities	5,741	27,554	18
Non-current provisions for risks and charges	1,658	264	27
Other non-current liabilities	61	52	31
Total non-current liabilities	**303,815**	**351,951**	
Total liabilities	**404,927**	**438,635**	
Share capital and reserves attributable to non-controlling interests	14,560	7,420	
Profit for the year attributable to non-controlling interests	940	4,387	
Equity attributable to non-controlling interests	**15,500**	**11,807**	33
Equity attributable to the owners of the parent			
Share capital	67,624	67,624	
Share premium reserve	106,974	189,266	
Legal reserve	774	774	
Translation reserve	(27,288)	(13,789)	
Hedging reserve	(534)	(1,075)	
Retained earnings	17,279	23,346	
Loss for the year	(11,552)	(1,724)	
Equity attributable to the owners of the parent	**153,277**	**264,422**	32
Total equity	**168,777**	**276,229**	
TOTAL LIABILITIES AND EQUITY	**573,703**	**714,864**	

(*) The 2008 figures have been restated following finalization of the purchase price allocation procedure for Technologia Closures LLC.

GUALA CLOSURES GROUP

STATEMENT OF COMPREHENSIVE INCOME

(Thousands of Euros)	2008(*)	2009	Note
Net revenue	**325,266**	**311,070**	3
Change in inventories of finished goods and semi-finished products	(2,322)	(501)	8
Other operating income	12,417	9,256	34
Costs for raw materials	(130,804)	(123,855)	35
Costs for services	(73,850)	(60,420)	36
Personnel expense	(58,979)	(53,876)	37
Personnel (expense)/income relating to the pension fund managed by related parties	(2,385)	—	38
Other operating expense	(10,192)	(7,600)	39
Amortization, depreciation and impairment losses	(23,363)	(31,743)	16 - 17
Operating profit	**35,788**	**42,332**	
Financial income	19,468	29,494	40
Financial expense—third parties	(54,563)	(51,676)	41
Financial expense—related parties	(335)	(1,306)	42
Profit before taxation	**357**	**18,844**	
Income taxes	(10,970)	(16,181)	44
Profit (loss) for the year	**(10,612)**	**2,663**	
Attributable to:			
Owners of the parent	(11,552)	(1,724)	
Non-controlling interests	940	4,387	

OTHER COMPREHENSIVE INCOME

(Thousands of Euros)	2008(*)	2009
Profit (loss) for the year (owners of the parent and non-controlling interests)	**(10,612)**	**2,663**
Foreign currency translation differences for foreign operations	(17,284)	(4,838)
Effective portion of fair value losses on hedging derivatives	(1,831)	(295)
Income taxes on other comprehensive income	449	225
Other	**(18,666)**	**(4,908)**
Total comprehensive expense for the year	**(29,278)**	**(2,245)**
Attributable to:		
Owners of the parent	(30,612)	(6,608)
Non-controlling interests	1,334	4,363

(*) The 2008 figures have been restated following finalization of the purchase price allocation procedure for Technologia Closures LLC.

GUALA CLOSURES GROUP

STATEMENT OF CASH FLOWS

(Thousands of Euros)	2008(*)	2009	Note
Opening cash and cash equivalents	**28,036**	**24,780**	
A) Cash flows from operating activities			
Profit before taxation	357	18,844	
Amortization and depreciation	21,826	30,157	16 - 17
Reclassification of financial (income)/expense (excluding exchange rate gains/ (losses))	30,239	28,902	40 - 41 - 42
Exchange rate gains/(losses) on foreign currency financial assets/liabilities	2,060	(5,179)	
Change in working capital	4,710	(2,524)	
Acquisition of Technologia Closures (payment of suppliers)	(12,439)	—	
Change in employee benefits	2,324	(419)	30
Change in other provisions	1,587	(1,731)	27
Change in other current assets/liabilities	(3,783)	1,779	12 - 29
Change in other non-current assets/liabilities	(32)	(47)	19 - 31
Current taxes recognized in profit or loss	(11,287)	(14,168)	44
Change in current tax assets/liabilities	(1,392)	988	9 - 25
Deferred taxes recognized in profit or loss	260	(2,014)	44
Change in deferred tax assets/liabilities	960	1,927	18
Change in VAT and indirect tax assets/liabilities	2,036	841	10 - 26
TOTAL	**37,427**	**57,357**	
B) Cash flows used in investing activities			
Investments	(30,936)	(16,103)	16 - 17
Disposals	376	660	16 - 17
Change in non-current assets classified as held for sale	208	154	13
Acquisition of non-controlling interest in Mexican company	—	(2,200)	4
Acquisition of Pharma Trade	—	(3,690)	4
Acquisition of non-controlling interest in GlobalCap New Zealand	(2,772)	—	
Acquisition of Technologia Closures	(24,394)		4
Purchase Price Allocation procedure—Technologia Closures	6,961		
Lease advances	156	26	
Exchange rate gains/(losses)	21,076	(5,121)	
TOTAL	**(29,326)**	**(26,274)**	
C) Cash flows used in financing activities			
Increase/(decrease) in financial liabilities	22,030	10,221	
Financial income	590	2,731	40
Financial expense	(21,414)	(30,658)	41 - 42
Exchange rate gains/(losses) on foreign currency financial assets/liabilities	(2,060)	5,180	
Change in financial assets	2,649	2,819	6 - 14
Change in financial derivatives	4,943	(2,391)	11 - 28
Dividends	(773)	(1,870)	
Share capital increases by non-controlling investors	3,732	191	
Change in equity attributable to non-controlling interests due to PPA procedure for Technologia Closures	831		
Impact of IFRS directly in equity	(3,482)	(70)	
Acquisition of non-controlling interest in Mexican company		(4,570)	
Change in translation reserve	(21,012)	(4,843)	
TOTAL	**(13,966)**	**(23,260)**	
D) Net cash flows for the year (A+B+C)	**(5,864)**	**7,823**	
Closing cash and cash equivalents	**22,172**	**32,603**	
Impact of merger with GCL Holdings S.r.l.	2,608		
Opening cash and cash equivalents at January 1, 2009	**24,780**		

(*) The 2008 figures have been restated following finalization of the purchase price allocation procedure for Technologia Closures LLC.

GUALA CLOSURES GROUP

STATEMENTS OF CHANGES IN EQUITY

(Thousands of Euros)	Share capital	Share premium reserve	Legal reserve	Translation reserve	Hedging reserve	Retained earnings/ (losses)	Profit (loss) for the year	Equity attributable to the owners of the parent	Share capital and reserves attributable to non-controlling interests	Profit for the year attributable to non-controlling interests	Equity attributable to non-controlling interests	Total equity
January 1, 2008	**67,624**	**106,974**	**588**	**(9,610)**	**848**	**7,748**	**11,815**	**185,986**	**13,116**	**1,967**	**15,083**	**201,070**
Allocation of 2007 profit	—	—	187	—	—	11,628	(11,815)	—	1,967	(1,967)	—	**—**
Exchange rate gains/(losses)	—	—	—	—	—	—	—	—	—	—	—	**—**
Dividends to non-controlling interests	—	—	—	—	—	—	—	—	(773)	—	(773)	**(773)**
Share capital increase	—	—	—	—	—	—	—	—	—	—	—	**—**
Impact of IFRS directly in equity	—	—	—	—	—	—	—	—	—	—	—	**—**
Acquisition of Technologia Closure LLC		—	—	—	—	(2,100)	—	(2,100)	802	—	802	**(1,298)**
Impact of IFRS 3 on business combinations								—			—	**—**
Acquisition of non-controlling interest in GlobalCap New Zealand		—	—	—	—	—	—	—	(947)	—	(947)	**(947)**
Other changes	—	—	—		—	2	—	2	—	—	—	**2**
Loss for the year ended December 31, 2008	—	—	—	—	—	—	(11,552)	(11,552)	—	940	940	**(10,612)**
Other comprehensive income				(17,678)	(1,382)			(19,060)	395		395	**(18,665)**
December 31, 2008(*)	**67,624**	**106,974**	**774**	**(27,288)**	**(534)**	**17,279**	**(11,552)**	**153,277**	**14,560**	**940**	**15,499**	**168,776**
Impact of the merger	—	82,272	—	18,313	(471)	17,633		**117,747**	**394**		**394**	**118,142**
Allocation of 2008 loss						(11,552)	11,552	—	940	(940)	—	**—**
Dividends to non-controlling interests								—	(1,870)		(1,870)	**(1,870)**
Share capital increase								—	191		191	**191**
Acquisition of non-controlling interest in Mexican company								—	(6,770)		(6,770)	**(6,770)**
Other changes		20				(14)		6			—	**6**
Profit for the year ended December 31, 2009							(1,724)	(1,724)		4,387	4,387	**2,663**
Other comprehensive income				(4,814)	(70)			(4,884)	(24)		(24)	**(4,908)**
December 31, 2009	**67,624**	**189,266**	**774**	**(13,789)**	**(1,075)**	**23,346**	**(1,724)**	**264,422**	**7,420**	**4,387**	**11,807**	**276,229**

* The 2008 figures have been restated following finalization of the purchase price allocation procedure for Technologia Closure LLC.

GUALA CLOSURES GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT DECEMBER 31, 2009

GENERAL INFORMATION

(1) The group's activities and key changes in its structure during the year

Guala Closure group's main activities involve the design and production of bottle closures for spirits and non-alcoholic drinks, wine, water, oil and vinegar, as well as for hygiene products to be sold on the domestic and international markets.

The group is also active in the field of production of PET plastic preforms and bottles. The group's activities are separated into two divisions:

- the Closures division, representing the group's core business, specialized in the production of safety closures (safety product line), standard aluminum closures, customized plastic and aluminum closures (decorative product line) and closures for other sectors and accessories; the group now also produces aluminum, plastic and rubber closures for the pharmaceutical sector following its acquisition of Pharma Trade S.r.l. in 2009;
- the PET division, which produces preforms and bottles for carbonated soft drinks (CSD product line) and preforms, bottles, molds, jars, flasks and miniature drinks bottles and containers for cosmetics, beauty products and pharmaceuticals and foodstuffs (custom molding product line).

Currently, the group is the European and international leader in the production of plastic safety closures for spirits bottles, with over 40 years' experience in the sector.

It is also the leading European producer of aluminum closures for spirits bottles and an important player in Italy and India in the field of preform PET bottles for the CSD sector.

During 2008:

- the GCL Holdings group, headed by GCL Holdings S.C.A., registered office in Luxembourg, finalized its acquisition of the Italian Guala Closures S.p.A., which heads the Guala Closures group. The Italian company performed a reverse merger of its parent GCL Holdings S.r.l. in 2009 as described later;
- Guala Closures group acquired 70% of the Ukrainian Technologia Closures LLC. The related accounting treatment, determined on a provisional basis in 2008, has been finalized (see note 4) Acquisitions of subsidiaries and business units to the consolidated financial statements);

The 2008 figures have been restated to include the effects of the second transaction while annex A) includes a pro forma statement of financial position as at January 1, 2009 which also includes the effects of the first transaction.

The group undertook other transactions during 2009, modifying its structure, partly to reduce its operating costs as described below.

On February 12, 2009, GCL Holdings S.r.l., a single member company, registered office in Via Ceresio 1, tax and Milan company registration no. 06197790964, approved quota capital of € 300 million, of which € 20 million subscribed and paid-up, was merged into Guala Closures S.p.A., with the cancellation of the merged company's quotas held by its sole quotaholder, the concurrent maintenance of the merging company's share capital and allocation of all its shares making up its share capital to the merged company's quotaholder.

As GCL Holdings S.r.l. wholly owned Guala Closures S.p.A. at the merger date, the merger is a reverse merger whereby a subsidiary incorporates its parent. Given that mergers and reverse mergers are two different types of merger, the effects are the same and the entity resulting from the merger has the same value regardless of the merger type adopted.

As the transaction is similar to a parent-subsidiary merger which does not by its nature involve exchanges with third parties nor an acquisition involving the exchange of a consideration, it does not fall under the scope of IFRS 3. Given that there are no specific standards or interpretations for such transactions and in order to give a true and fair view thereof in accordance with the IFRS Framework,

(1) The group's activities and key changes in its structure during the year (Continued)

the merger has been recognized in Guala Closures S.p.A.'s separate financial statements at the pre-combination carrying amounts showing the pre-existing control relationship between the two companies and the cost incurred by the merged company to originally acquire control of the merging company, complying with allocation of the cost to the fair value of the assets and liabilities and goodwill of the companies as shown in the consolidated financial statements of the subgroup headed by the ultimate parent, GCL Holdings S.r.l. (now merged) drawn up under the IFRS, and effective from the acquisition date (30 September 2008). Pursuant to article 2501-ter.6 of the Italian Civil Code, the merged company's transactions have been included in the merging company's financial statements with effect from January 1, 2009, also for tax purposes.

Pursuant to the terms of the merger proposals and in compliance with article 2504-bis.2 of the Italian Civil Code, the merger became effective on March 1, 2009, the first day of the month following that in which the last of the filings required by article 2504 of the Italian Civil Code were made.

In accordance with the treatment of the merger in the separate financial statements, the carrying amounts shown in the consolidated financial statements of the subgroup headed by GCL Holdings S.r.l. (now merged) have been maintained in these consolidated financial statements. Therefore, the consideration paid to acquire the assets, liabilities and goodwill of the acquired group at the acquisition date is shown as per the subgroup's consolidated financial statements.

In short, the consideration of € 299.3 million compared to the carrying amount of the assets and liabilities of the Guala Closures group companies was allocated to property, plant and equipment (€ 19.6 million), intangible assets other than goodwill (€ 52.7 million) and goodwill (€ 317.2 million) at the acquisition date, recognizing the related deferred taxes.

Annex A) provides a post-combination pro forma statement of financial position which shows the impact of these allocations at January 1, 2009.

During 2009, the restructuring of the Spanish companies was completed; specifically:

- Guala Closures Espana S.L. transferred total control of Guala Closures do Brasil Ltda to Millstreet Holding B.V. in July;
- Guala Closures Espana S.L. transferred total control of Millstreet Holding B.V. to Guala Closures International B.V. in July;
- Guala Closures Espana S.L. was merged into Guala Closures Iberica S.A. in December. This transaction had retroactive effect from 1 January 2009 and is a reverse merger as the investee merged its sole shareholder.

During the year, the winding up process of Guala Closures France Sas (February 2009), Guala Closures del Uraguay S.A. (June 2009), Guala Closures Russia B.V. (June 2009) and Guala Closures Polska Sp z.oo (July 2009) were completed and the dormant companies Metal Closures Ltd and Metal Closures Properties Ltd were struck off in September 2009.

Guala Closures group acquired 49.9% of Guala Closures de Mexico S.A. de C.V. through the international holding company Guala Closures International B.V. in May 2009, thus obtaining full control thereof.

The group acquired Pharma Trade S.r.l., active in the pharmaceutical sector to which it supplies aluminum rubber and plastic closures, in August 2009. This transaction is of fundamental importance to the group for diversification purposes, as it allows use of the group's cutting edge technologies and expertise in plastic and aluminum processing in the pharmaceutical sector.

(2) Accounting policies

The consolidated financial statements at December 31, 2009 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting

(2) Accounting policies (Continued)

Standards Board and endorsed by the European Union, and related interpretations. They include the separate financial statements of the parent and all subsidiaries shown in the group structure at December 31, 2009.

The consolidated financial statements have been prepared on a historical cost basis, adjusted as required for the measurement of certain financial instruments, and on a going concern basis. Business risks and/or any identified uncertainties related to the group's reference markets are not significant and do not cast doubts on its ability to continue as a going concern.

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

- captions of the statement of financial position are classified by current and non-current assets and liabilities;
- statement of comprehensive income captions are classified by nature;
- the statement of cash flows has been prepared using the indirect method;
- the statement of changes in equity has been prepared in accordance with the structure of changes in equity.

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

The parent's board of directors approved the publication of the consolidated financial statements on March 26, 2010.

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

The most important accounting policies used by the group to draw up its consolidated financial statements are consistent with those used for the consolidated financial statements as at and for the year ended December 31, 2008. They are described below.

The accounting policies have been applied consistently across all group companies.

(a) Basis of consolidation

Subsidiaries

The consolidation scope includes the parent, Guala Closures S.p.A., and the entities over which it directly or indirectly has control, i.e., the power to govern, directly or indirectly, the financial and operating policies of an entity so as to obtain benefits from its activities, which in the case of the Guala group entities currently takes place through possession of the majority of the voting rights. The subsidiaries are consolidated from the date control is actually transferred to the group. They cease to be consolidated from the date control is transferred outside the group.

(2) Accounting policies (Continued)

The entities included in the consolidation scope are listed in the following table:

List of investments in subsidiaries at December 31, 2009

Company name	Registered office	Currency	Share/quota capital	Investment percentage	Type of investment	Method of consolidation
EUROPE						
Guala Closures International B.V.	The Netherlands	EUR	92,000	100%	Direct	Line-by-line
Creative GCL S.r.l.	Italy	EUR	100,000	100%	Direct	Line-by-line
Pharma Trade S.r.l.	Italy	EUR	100,000	100%	Direct	Line-by-line
Guala Closures Patents B.V.	The Netherlands	EUR	18,400	100%	Indirect(*)	Line-by-line
Guala Closures Orient B.V.	The Netherlands	EUR	20,000	86.85%	Indirect(*)	Line-by-line
Guala Closures China B.V.	The Netherlands	EUR	20,000	96.50%	Indirect(*)	Line-by-line
Millstreet Holding B.V.	The Netherlands	EUR	18,045	100%	Indirect(*)	Line-by-line
Guala Closures UK Holdings Ltd.	Great Britain	GBP	7,590,000	100%	Indirect(*)	Line-by-line
Guala Closures UK Ltd.	Great Britain	GBP	134,000	100%	Indirect(*)	Line-by-line
Guala Closures Iberica, S.A.	Spain	EUR	2,500,160	100%	Indirect(*)	Line-by-line
Technologia Closures LLC	Ukraine	UAH	90,000,000	70%	Indirect(*)	Line-by-line
ASIA						
Guala Closures India pvt Ltd.	India	INR	170,000,000	82.5%	Indirect(*)	Line-by-line
Beijing Guala Closures Co. Ltd	China	CNY	20,278,800	96.5%	Indirect(*)	Line-by-line
LATIN AMERICA						
Guala Closures de Mexico, S.A. de C.V.	Mexico	MXN	94,630,010	100%	Indirect(*)	Line-by-line
Guala Closures Servicios Mexico, S.A. de C.V.	Mexico	MXN	50,000	100%	Indirect(*)	Line-by-line
Guala Closures Argentina S.A.	Argentina	ARS	17,702,910	82.38%	Indirect(*)	Line-by-line
Guala Closures do Brasil LTDA	Brazil	BRL	10,736,287	100%	Indirect(*)	Line-by-line
Guala Closures de Colombia LTDA	Colombia	COP	8,691,219,554	93.20%	Indirect(*)	Line-by-line
OCEANIA						
Guala Closures New Zealand Ltd	New Zealand	NZD	5,700,000	100%	Indirect(*)	Line-by-line
Guala Closures Australia Holdings Pty Ltd	Australia	AUD	34,450,501	100%	Indirect(*)	Line-by-line
Guala Closures Australia Pty Ltd	Australia	AUD	810	100%	Indirect(*)	Line-by-line
REST OF THE WORLD						
Guala Closures North America, Inc.	United States	USD	60,000	100%	Indirect(*)	Line-by-line

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

The table does not include the figures for the investments in the Indian companies Omso Orient Printing Machines Pvt. Ltd and Creative (Moulds) India Pvt. Ltd as they are not consolidated due to their immaterial size.

Consolidation procedures

The financial statements of the subsidiaries are prepared for each reporting period using the same accounting policies as those of the parent. Consolidation adjustments are recognized to make those captions impacted by the application of different accounting policies consistent. All intragroup balances and transactions, including any unrealized profits on transactions within the group, are completely eliminated. Unrealized losses, other than impairment losses, are eliminated. The related tax effects are measured on all consolidation adjustments.

(b) Basis of preparation

These consolidated financial statements are prepared in Euros and rounded to the nearest thousand. The historical cost criterion has been applied, except for derivatives which are measured at fair value.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

(2) Accounting policies (Continued)

Following the application of IFRS, management has to make judgments, estimates and assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, costs and revenue. Estimates and the related assumptions are based on past experience and other factors considered to be reasonable in the circumstances. They are adopted to estimate the carrying amount of assets and liabilities that cannot easily be assumed from other sources. However, as they are estimates, the actual figure may not match the result of the estimate. Estimates are used to make allowances for impairment and inventory write-down, amortization and depreciation, impairment of non-current assets, employee benefits, taxes, provisions for risks and charges, and to measure financial derivatives, insurance compensation and effects of business combinations.

Such estimates and assumptions are reviewed regularly. Any changes arising therefrom are recognized in the year in which the review takes place if this only affects that year. If the review relates to both current and future years, the change is recognized in the year in which the review takes place and in the related future year.

(c) Foreign currency

Functional currency and presentation currency

The figures stated in the financial statements of each group company are measured using their functional currency, being the currency of the primary economic environment in which the company operates. The consolidated financial statements are drawn up in Euros, the parent's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions, including the effects of fair value adjustments arising from business combinations and goodwill from acquisitions of entities whose functional currency is not the Euro, are translated into the functional currency applying the exchange rate ruling on the date of the transaction. Monetary captions in foreign currency existing at the reporting date are translated into Euros using the closing rate. Exchange rate gains and losses are taken to profit or loss. Non-monetary captions measured at their historical cost in foreign currency are translated using the exchange rate ruling on the transaction date. Non-monetary captions measured at fair value in foreign currency are translated into Euros using the exchange rates ruling on the date their fair value was determined.

Financial statements of the foreign companies

The financial statements of foreign companies in functional currencies other than the Euro are translated into Euros using the following procedures:

- assets and liabilities, including goodwill and adjustments to fair value arising on consolidation, are translated using the closing rate;
- revenue and costs are translated using the average exchange rate of the year;
- the resulting exchange rate gains or losses are recognized in a separate caption under equity.

Upon the disposal of a foreign company, the total related accumulated exchange rate gains and losses are recognized in profit or loss.

(2) Accounting policies (Continued)

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

December 31, 2009

1 Euro = × foreign currency	Statement of financial position	Statement of comprehensive income
Pound sterling	0.88810	0.89105
US dollar	1.44060	1.39327
Indian rupee	67.04000	67.30804
Mexican peso	18.92230	18.78411
Colombian peso	2,943.76000	2,991.15750
Brazilian real	2.51130	2.77057
Chinese renmimbi	9.83500	9.51736
Argentinean peso	5.46185	5.20186
Polish zloty	4.15900	4.44978
New Zealand dollar	1.98030	2.21520
Uruguay peso	32.35460	31.80865
Australian dollar	1.60080	1.77487

December 31, 2008

1 Euro = × foreign currency	Statement of financial position	Statement of comprehensive income
Pound sterling	0.9525	0.79654
US dollar	1.3917	1.47060
Indian rupee	67.636	63.70117
Mexican peso	19.2333	16.29666
Colombian peso	3,124.48	2,869.94000
Brazilian real	3.2436	2.67450
Russian ruble	34.5256	36.43809
Chinese renmimbi	9.4956	10.22471
Argentinean peso	4.80444	4.64094
Polish zloty	4.1535	3.51510
New Zealand dollar	2.4191	2.07633
Uruguay peso	33.9046	30.62052
Australian dollar	2.0274	1.74160
Ukrainian hryvnia	10.9596	8.49399

(d) Cash and cash equivalents

Cash and cash equivalents include cash balances and on-demand deposits as well as all highly-liquid investments with an original expiry date equal to or of less than three months.

Cash and cash equivalents are calculated in the same way for both the statement of financial position and statement of cash flows.

(e) Derivatives

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

(2) Accounting policies (Continued)

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

Derivative financial assets and liabilities are initially measured at fair value which is then remeasured at each reporting date.

The fair value of interest rate swaps is the present value of the difference between the rate to pay/receive and the interest rate based on market trends at the same date as the swap.

The fair value of currency swaps, currency options and derivatives related to the price of raw materials is calculated by leading financial institutions on the basis of market conditions.

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

Cash flow hedges

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

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

(f) Trade and other receivables

Trade and other receivables with due dates in line with generally accepted current trade terms are initially recognized at fair value, which generally equals nominal value. They are subsequently measured at amortized cost, net of identified impairment losses. The estimate of the amounts considered unrecoverable is based on the present value of estimated future cash flows.

(g) Inventories

Inventories are measured at the lower of purchase or production cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

The production cost of finished goods includes the portions of the costs of raw materials and external materials and processing, as well as all other direct and indirect production costs reasonably attributable to the products, excluding financial expense.

Purchase or production cost is calculated on a weighted average cost basis.

Obsolete and/or slow-moving inventories are written down on the basis of their estimated possibility of use or future realizable value, through an accrual to the specific allowance adjusting the value of inventories. The amount is reinstated if, in subsequent years, the reasons for the write-down no longer exist.

(h) Assets classified as held for sale and discontinued operations

Assets classified as held for sale are recognized at the lower of their carrying amount when they were classified as Assets held for sale and their fair value less costs to sell. Any impairment losses are recognized in profit or loss, whether they relate to fair value adjustments or gains and losses arising from subsequent fluctuations in fair value. Operations are classified as discontinued when they are discontinued or when they meet the requirements to be classified as held for sale, if this occurs first.

(2) Accounting policies (Continued)

(i) Property, plant and equipment

Property, plant and equipment are recognized at historical cost, including directly related ancillary costs necessary for the use of the asset. Borrowing costs related to loans taken out specifically for investments in property, plant and equipment are considered part of the carrying amount of the related assets and, as such, capitalized.

Where significant components of the asset have different useful lives, they are recognized separately.

Property, plant and equipment are shown net of accumulated depreciation and any impairment losses determined as set out later on.

Depreciation is calculated on a straight-line basis over the item's estimated useful life for the company, which is checked annually. Where necessary, any changes are reflected on a prospective basis. The depreciation periods are as follows:

	Depreciation period (years)
Buildings	30 - 35
Light constructions	8 - 10
Specific plant, machinery, presses and molds	4 - 12
Generic plant	10 - 13
Laboratory equipment	2 - 3
Canteen equipment, office furniture and equipment and fittings for exhibitions and trade fairs	8 - 10
Vehicles, canteen facilities	4 - 6
Internal means of transport, electronic equipment and mobile phones	5 - 8

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

At the time of disposal or when there are no expected future economic benefits from an asset's use, the caption is derecognized. Any gain or loss (calculated as the difference between the sales amount and carrying amount) is taken to profit or loss in the year of derecognition.

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

When management decides to designate an asset as available for sale, it is recognized under Assets classified as held for sale.

(j) Leases

Finance leases

Leases for property, plant and equipment where the group substantially takes on all risks and rewards incidental to ownership are classified as finance leases. Plant and machinery acquired under

(2) Accounting policies (Continued)

finance leases are recognized at the lower of fair value and the present value of the minimum lease payments due at the inception of the lease, net of accumulated depreciation and any impairment losses. The related assets, liabilities, revenue and expense deriving from the lease are recognized under the financial method at the inception of the lease, i.e., when the lessee is authorized to exercise its right to use the leased asset.

Property, plant and equipment acquired under finance leases are depreciated over the related asset's useful life.

Interest expense on finance lease payments is recognized in profit or loss using the effective interest method.

Operating leases

Those leases where the group does not substantially take on all risks and rewards incidental to ownership are recognized as operating leases. Operating lease payments are taken to profit or loss on a straight-line basis over the lease term.

(k) Intangible assets

Goodwill

Goodwill arising from the acquisition of subsidiaries is initially recognized at cost and represents the difference between the consideration transferred and the portion of the net fair value attributable to the acquirer of the identifiable assets acquired and liabilities and contingent liabilities assumed. After initial recognition, goodwill is adjusted for any accumulated impairment losses, determined using the criteria described later on.

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

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

Acquisitions of non-controlling interests

When, in an acquisition of an additional investment in a subsidiary, the difference between the cost of the additional investment and the acquisition-date carrying amount of the net assets acquired is negative, it is recognized as negative goodwill, and therefore, in profit or loss as a non-financial caption.

When the difference between the cost of the additional investment and the acquisition-date carrying amount of the net assets acquired is positive, it is recognized as goodwill.

Other intangible assets

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

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

(2) Accounting policies (Continued)

Useful life is checked annually and, where necessary, any changes are reflected on a prospective basis.

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

Research expenditure

Expenditure on research undertaken to gain scientific and technical knowledge and information is recognized as an expense when incurred.

Development expenditure

Development expenditure, which also relates to the application of research findings to a plan or design for the production of new or substantially improved products or processes, is capitalized when the product or process is feasible in technical and commercial terms and the group has adequate resources to complete the development stage.

Capitalized development expenditure is measured at cost, net of accumulated amortization and impairment losses.

Amortization periods for other intangible assets are as follows:

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

(l) Income taxes

Income taxes of the year include current and deferred taxation. They are recognized in profit or loss.

Current income taxes on the tax base of the year correspond to the amount expected to be paid to (recovered from) the taxation authorities. They are calculated using the tax rates enacted at the reporting date.

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

A deferred tax liability is recognized for all taxable temporary differences, unless the deferred tax liability arises from:

- the initial recognition of goodwill;
- goodwill for which the amortization is not tax deductible;
- the initial recognition of an asset or liability in a transaction which
  - (i) is not a business combination; and
  - (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss);

(2) Accounting policies (Continued)

A deferred tax asset is recognized in the financial statements:

- for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:
  - (i) is not a business combination; and
  - (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss);
- for the carry forward of unused tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.

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

The income tax consequences of dividends are recognized when the dividend is approved.

(m) Financial liabilities

Bank overdrafts are recognized at fair value. Loans are initially recognized at the fair value of the amount received, net of related charges. They are subsequently measured at amortized cost using the effective interest method.

They are classified under current and non-current liabilities on the basis of the respective expiry date.

Business combinations

When as a result of a takeover/acquisition of control not involving the entire stake in the acquiree, the group has the potential obligation to acquire the residual investment in the acquiree should the non-controlling investors exercise a put option, it recognizes a liability calculated by discounting the estimated value at the exercise date using the present access method whereby a liability is recognized decreasing the equity caption "Retained earnings (losses) carried forward" in the first year, with subsequent remeasurement recognized in profit or loss as financial expense.

(n) Trade payables

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

(o) Employee benefits

Employee benefits paid on leaving or after ceasing employment with a company through defined benefit plans, such as post-employment benefits and other pension funds, are recognized over the period in which the benefit vests. Liabilities related to defined benefit plans, net of any plan assets, are determined using actuarial assumptions and are recognized on an accruals basis in line with the service required to obtain such benefits. These appraisals are performed by independent actuaries.

Actuarial gains and losses deriving from actuarial calculations at the reporting date are recognized in profit or loss as revenue or expense.

IFRIC 14 clarifies the provisions of IAS 19 "Employee benefits" as relates to the measurement of defined benefit plan assets when there is a minimum funding requirement. A defined benefit plan is in surplus when the fair value of the plan assets exceeds the present value of the defined benefit

(2) Accounting policies (Continued)

obligation. IFRIC 14/IAS 19 only permits the recognition of this surplus at the present value of the financial benefits available through refunds or reductions in future contributions. Moreover, disclosure is required when the plan requires a minimum contribution that could give rise to a liability.

(p) Provisions for risks and charges

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

(q) Share capital

Ordinary shares

Ordinary shares are recognized in equity. Costs directly related to the issue of ordinary shares and options on shares are offset against equity, net of the related tax effect.

(r) Revenue

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

- revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have been transferred to the buyer;
- revenue for services is recognized in relation to the stage of completion of the transaction at the reporting date.

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

(s) Grants

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

(t) Financial income and expense

Financial income and expense are recognized on an accruals basis and calculated on the carrying amount of the related financial assets and liabilities using the effective interest method. Borrowing costs related to loans taken out specifically for investments in property, plant and equipment are considered part of the carrying amount of the related assets and, as such, capitalized.

(u) New standards applied early

The group has not adopted standards, amendments or interpretations before their application date.

(2) Accounting policies (Continued)

(v) Standards, amendments and interpretations applicable from January 1, 2009

The following standards, amendments and interpretations, which have also been revised following the annual 2008 improvement process made by the IASB have been applied by the group for the first time starting from January 1, 2009.

- Revised IAS 1—Presentation of financial statements. This standard, revised in 2007, introduces new names for the financial statements schedules and the obligation to present a single statement of comprehensive income or two separate statements (the income statement and the statement of comprehensive income). These statements show the profit (loss) components for the year and income and expense recognized directly in equity for non-owner transactions. Transactions with owners and the profit or loss for the year are shown in the statement of changes in equity. The group has opted to present just one statement.
- Revised IAS 23—Borrowing costs. The revised standard no longer includes the option, adopted by the Group up until December 31, 2008, to immediately expense borrowing costs incurred to invest in qualifying assets (assets for which a certain period of time is necessary to make them ready for use or sale). The standard was also revised as part of the 2008 Improvements with respect to borrowing costs which qualify for capitalization. As provided for in the guidelines for transition to the revised standard, the group has applied the new standard retrospectively from January 1, 2009, capitalizing borrowing costs directly related to the acquisition, construction or production of qualifying assets for which the group has started the investment, has incurred borrowing costs or has started the activities necessary to prepare the asset for its specific use or sale since January 1, 2009. No significant accounting effects arose during the year as a result of adoption of this standard.
- Amendment to IFRS 7—Financial instruments: disclosures. The amendment is applicable from January 1, 2009 and was issued to increase the level of disclosure about fair value measurement and to strengthen the existing standards about liquidity risk on financial instruments. Specifically, the amendment requires that disclosure about the determination of fair value of the financial statements be given by measurement hierarchy. Adoption of this amendment has not affected the recognition and measurement of the financial statements captions but solely the type of disclosure given in the notes.
- Improvement to IAS 20—Accounting for government grants and disclosure of government assistance

This improvement clarifies that loans from government entities given at below-market interest rates are to be recognized as government grants in accordance with IAS 20. Significant accounting effects deriving from application of the improvement were not seen at the reporting date.

On March 12, 2009, the IASB issued amendments to IFRIC 9—Reassessment of embedded derivatives and IAS 39—Financial instruments: recognition and measurement. The reclassification amendment allows entities to reclassify particular financial instruments out of the "fair value through profit or loss" category in specific circumstances. These amendments to IFRIC 9 and IAS 39 clarify that on reclassification of a financial asset out of the "fair value through profit or loss" category, all embedded derivatives have to be assessed and, if necessary, accounted for separately in financial statements. The amendments apply retrospectively and are required to be applied for annual periods ending on or after December 31, 2009. Their adoption has not affected the group.

The group deems that it is not obliged to provide segment reporting, required by IFRS 8 for listed entities or issuers of instruments traded on regulated markets, as it is not applicable.

(2) Accounting policies (Continued)

(w) Standards, amendments and interpretations that are not yet applicable

The following amendments and interpretations, applicable from January 1, 2009, regulate issues and cases that are not relevant for the group at the reporting date:

- Amendment to IFRS 2—Vesting conditions and cancellations
- Improvements to IFRSs (2008)
  - Improvement to IAS 16—Property, plant and equipment
  - Amendments to IFRS 1 and IAS 27—Cost of an investment in subsidiaries, jointly controlled entities and associates
  - Improvement to IAS 28—Investments in associates
  - Improvement to IAS 29—Financial reporting in hyperinflationary economies
  - Improvement to IAS 36—Impairment of assets
  - Improvement to IAS 38—Intangible assets
  - Improvement to IAS 39—Financial instruments: recognition and measurement
  - Improvement to IAS 40—Investment property
  - Improvement to IAS 41—Agriculture
- Amendment to IAS 32—Financial instruments: presentation and IAS 1—Presentation of financial statements—financial instruments.
- Amendments to IFRIC 9—Reassessment of embedded derivatives and IAS 39—Financial instruments: recognition and measurement
- IFRIC 13—Customer loyalty programmes

(x) New standards

The following standards, amendments and interpretations were endorsed in 2009 and will be applicable in 2010. The group opted not to apply them in advance.

Revised IFRS 1 relates to first-time adopters that have to prepare a First-time adoption report.

Revised IFRS 3 introduces changes to the measurement of goodwill arising from a business combination achieved in stages, to be recognized at the transaction date and recognition of any remaining gain or loss after the remeasurement of the identified assets, liabilities and contingent liabilities at acquisition-date fair value in profit or loss.

Revised IAS 27 requires an entity to attribute their share of total comprehensive income to the NCI even if this results in the NCI having a deficit balance. Any retained interest in the former subsidiary is recognized at its fair value at the date control is lost.

IFRIC 12—*Service concession arrangements* introduces changes to the recognition of assets regulated by the concession.

IFRIC 15—*Agreements for the construction of real estate*

IFRIC 16—*Hedges of a net investment in a foreign operation* includes an interpretation to be applied when an entity intends to hedge the currency risk deriving from an investment in a foreign operation and intends to qualify this transaction as a hedging transaction under IAS 39.

(2) Accounting policies (Continued)

IFRIC 17—*Distributions of non-cash assets* clarifies how to recognize dividends, how they are to be measured and how the difference between the carrying amount of the net assets distributed and the carrying amount of the dividend paid is to be recognized when the dividend is paid.

IFRIC 18—*Transfers of assets from customers*: the interpretation covers how assets transferred from customers are to be recognized.

The following standards, amendments and interpretations are applicable from 2011:

- an amendment to IAS 32, which clarifies how to classify rights issues when the instruments issued are denominated in a foreign currency;
- amendments to IFRIC 9 and IAS 39 which clarify the treatment of derivatives embedded in other contracts when a hybrid financial asset is reclassified out of the "fair value through profit or loss" category into another category.

(y) Determination of fair value

Several standards and disclosure requirements require the determination of fair value of financial and non-financial assets and liabilities.

IFRS 7 requires that fair value measurements in the statement of financial position be classified using a fair value hierarchy that reflects the significance of the inputs used to determine fair value. There are three different levels:

- Level 1—Fair values measured using quoted prices in active markets;
- Level 2—Fair values measured using valuation techniques for which inputs significant to the fair value measurement are based on observable market data
- Level 3—Fair values measured using valuation techniques for which inputs significant to the fair value measurement are based on unobservable market data.

The fair value measurements in the consolidated financial statements are classified as level 1 and 2, as shown below. There were no movements from one level to another in 2009.

Property, plant and equipment

The fair value of property, plant and machinery recognized after a business combination is based on market data. The fair value of property is the estimated consideration for which a property could be exchanged at the measurement date in an arm's length transaction between knowledgeable, willing parties. The fair value of an item of property, plant and equipment is determined at market value or cost using the market prices of similar assets, if available, or replacement cost, if appropriate.

Intangible assets

The fair value of patents and trademarks acquired as part of a business combination is based on an estimate of the discounted amount of royalties that the group expects to receive from ownership of such patents or trademarks (ideal royalty method), or replacement cost, if appropriate.

Inventories

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

(2) Accounting policies (Continued)

Derivatives

The fair value of commodities purchase forwards is based on the quoted price on an active market, where available.

Broker prices, based on quoted market prices, where available, are used for interest rate swaps.

Non-derivative financial liabilities

Fair value, calculated for disclosure purposes, is determined considering the expected future cash flows of the principal and interest, discounted at the closing market interest rate.

(3) Segment reporting

At December 31, 2009, the international-level group organization is based on the following two main segments:

- the Closures division;
- the PET Division.

As the PET division is not of a significant size, disclosure by business segment is not provided as it is not significant.

Net revenue, segment assets and investments are grouped geographically based on the location of the group companies that generated them.

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

	2008(*)			2009		
Thousands of Euros	**Net revenue**	**Segment assets**	**Operating investments**	**Net revenue**	**Segment assets**	**Operating investments**
Europe	179,196	406,834	18,481	170,424	509,627	7,709
Asia	43,621	36,506	8,199	44,054	44,769	3,960
Latin America	53,500	49,860	3,029	48,133	63,717	1,760
Oceania	47,789	79,997	3,046	47,524	96,229	2,673
ROW	1,160	506	4	935	523	5
Total	**325,266**	**573,703**	**32,758**	**311,070**	**714,864**	**16,107**

(*) The 2008 figures have been restated following finalization of the purchase price allocation procedure for Technologia Closures LLC.

(4) Acquisition of subsidiaries and business units

GCL Holdings group, headed by GCL Holdings S.C.A., registered office in Luxembourg, acquired Guala Closures S.p.A., parent of Guala Closures group on September 30, 2008. The transaction was executed through GCL Special Closures S.r.l. and GCL Holdings S.r.l., subsidiaries of GCL Holdings S.C.A.. Guala Closures S.p.A. subsequently merged with its ultimate parent GCL Holdings S.r.l. in a reverse merger with effect from January 1, 2009. Note 1) The group's activities and key changes in its structure during the year to the consolidated financial statements gives more information about the transactions.

The Ukrainian company, Technologia Closures LLC, was purchased in October 2008.

Technologia Closures LLC was incorporated in June 2008 following a significant collaboration (a license contract dated September 21, 2007) with a closures manufacturer with a plant in Sumy (Ukraine). The plant's operating activities were transferred to the new company and Guala Closures

(4) Acquisition of subsidiaries and business units (Continued)

International B.V. subsequently purchased 70% of such company on October 22, 2008. This acquisition represents an important cornerstone for development in the Eastern European markets, particularly for vodka bottle closures.

The purchase contract included an unconditional put option giving the non-controlling investors the right to sell its shares to Guala Closures group if certain events occur.

The impact of the acquisition on the group's assets and liabilities is as follows:

(Thousands of Euros)	Carrying amounts before acquisition	Provisional adjustments for fair value measurement	Provisional amounts recognized at acquisition	Restatement of provisional adjustments for fair value measurement	Restated amounts recognized at acquisition
Cash and cash equivalents	12		12		12
Trade receivables	2,495		2,495		2,495
Inventories	3,655		3,655		3,655
Current indirect tax assets	2,497		2,497		2,497
Other current assets	29		29		29
Property, plant and equipment	8,924		8,924	5,527	14,451
Net deferred tax liabilities				(1,383)	(1,383)
Trade payables	(17,603)		(17,603)		(17,603)
Net identifiable assets and liabilities	**9**	**—**	**9**	**4,144**	**4,153**
Net assets and liabilities—owners of the parent			**6**	**2,901**	**2,907**
Goodwill arising from the acquisition			**24,400**		**21,499**
Cost of the combination			**24,406**		**24,406**

(Thousands of Euros)	
Consideration paid at acquisition	23,832
Other costs of the combination	574
Cash and cash equivalents acquired	(12)
Net cash flow used	**24,394**

The following table shows the combination's main cost components:

(Thousands of Euros)	
Consideration paid at acquisition	23,832
Other costs of the combination	574
Cost of the combination	**24,406**

Goodwill arising from acquisition relates to the technical skills and know-how of the personnel of the entity acquired and the synergies which are expected to be obtained from the inclusion of the company in Guala Closures group, and to the acquisition of important trade relationships in the Eastern European markets.

The transaction has only been recognized provisionally as the net assets and liabilities acquired were restated considering the fair value of the identifiable net assets acquired and liabilities assumed.

Following completion of the procedure to recognize the business combination, the loss for the previous year attributable to the owners of the parent was recalculated and amounts to € 11,552 thousand.

(4) Acquisition of subsidiaries and business units (Continued)

The group acquired full control of the Italian Pharma Trade S.r.l. in August 2009. This company has its registered office in Alessandria and a site in Vasto (CH). It is active in the pharmaceutical sector.

This transaction is of fundamental importance to the group for diversification purposes, as it allows use of the group's cutting edge technologies and expertise in plastic and aluminum processing in the pharmaceutical sector.

The impact of the acquisition on the group's assets and liabilities is as follows:

(Thousands of Euros)	Note	Pre-acquisition carrying amounts	Provisional adjustments for fair value measurement	Provisional amounts recognized at acquisition
Inventories		492		492
Land, property, plant and equipment		1,238		1,238
Intangible assets		2,396		2,396
Other current liabilities		(120)		(120)
Employee benefits		(316)	—	(316)
Net identifiable assets and liabilities		**3,690**	**—**	**3,690**
Goodwill arising from the acquisition				**155**
Cost of the combination				**3,845**

(Thousands of Euros)	
Consideration paid at acquisition	3,690
Other costs of the combination	155
Cost of the combination	**3,845**

The following table shows the combination's main cost components:

(Thousands of Euros)	
Consideration paid at acquisition	3,690
Other costs of the combination	155
Cash and cash equivalents acquired	—
Net cash flow used	**3,845**

The goodwill relates to the growth potential in new markets.

The amounts recognized for the above business combinations are provisional. The net assets and liabilities included in the acquisition could be subject to additional adjustments which will be finalized in the next few months.

As required by IFRS 3.70, we state that it is not possible to disclose the information about the pro forma results as though the business combination had taken place at the beginning of the year as the transaction consisted of the acquisition of a newly set up company. The subsidiary Pharma Trade S.r.l. recognized a profit of € 16 thousand from its acquisition to December 31, 2009.

During 2009, Guala Closures group acquired the non-controlling interest (49.9%) in Guala Closures de Mexico, S.A. through the international holding company Guala Closures International B.V..

The related contract was agreed on May 28, 2009.

(4) Acquisition of subsidiaries and business units (Continued)

The impact of the acquisition is as follows:

(Thousands of Euros)	Amounts recognized at acquisition
Portion of equity acquired by the group	6,770
Income on the acquisition	4,570
Cost of the combination	**2,200**

The cost of the combination fully consists of the consideration paid.

The income on the transaction was recognized as revenue in accordance with IFRS 3.

As this company was already consolidated, pursuant to IFRS 3.70, its results have been consolidated on a line-by-line basis.

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(5) Cash and cash equivalents

This caption represents the balance of the bank and postal accounts considering the nominal amount of the current accounts held with banks.

Thousands of Euros	December 31, 2008	December 31, 2009
Bank and postal accounts	19,564	30,053
Cash and cash equivalents	2,608	2,551
Total	**22,172**	**32,603**

(6) Current financial assets

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2008	December 31, 2009
Receivable for the sale of the building in Alcalà de Henares (Spain)	2,650	—
Lease advances (Italy)	213	—
Receivable for the sale of the building in Basaluzzo (Alessandria—Italy)	67	—
Other	106	110
Total	**3,036**	**110**

The carrying amount of Current financial assets matches their fair value at the reporting date.

(7) Trade receivables

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2008	December 31, 2009
Trade receivables	73,780	80,414
Allowance for impairment	(2,009)	(2,037)
Total	**71,772**	**78,377**

The allowance for impairment varied as follows:

Thousands of Euros	December 31, 2009
Opening allowance for impairment	2,009
Exchange rate gain	19
Accrual	1,222
Utilization	(1,213)
Closing allowance for impairment	**2,037**

At December 31, 2009, trade receivables may be analyzed by geographical segment as follows:

Thousands of Euros	December 31, 2008	December 31, 2009
Europe	32,584	41,336
Asia	10,598	14,215
Latin America	13,887	12,868
Oceania	7,496	7,569
Rest of the world	7,207	2,389
Total	**71,772**	**78,377**

(7) Trade receivables (Continued)

At December 31, 2009, trade receivables may be analyzed by due date as follows:

Thousands of Euros	Gross amount December 31, 2009	Impairment losses December 31, 2009	Net amount December 31, 2009
Not yet due	50,758	(15)	50,743
0-30 days overdue	12,585	(202)	12,383
31-90 days overdue	6,669	(72)	6,597
More than 90 days overdue	10,402	(1,748)	8,654
Total	**80,414**	**(2,037)**	**78,377**

At December 31, 2009, trade receivables may be analyzed by original currency as follows:

Thousands of Euros	EUR	USD	GBP	Other	Total
Trade receivables	32,404	9,142	3,072	33,759	**78,377**

Other includes trade receivables in the local currencies of the group companies, including € 11.3 million in Indian rupees, € 6.2 million in Australian dollars, € 6.1 million in Ukrainian hryvnies, € 2.5 million in Columbian pesos, € 1.3 million in New Zealand dollars, € 1.3 million in Chinese renmimbi, € 1.2 million in Mexican pesos, € 1.0 million in Brazilian reals and € 0.8 million in Argentinean pesos.

(8) Inventories

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2008	December 31, 2009
Raw materials, consumables and supplies	27,593	25,162
(Allowance for inventory write-down)	(1,634)	(1,406)
Work in progress and semi-finished products	6,675	6,148
(Allowance for inventory write-down)	(40)	(168)
Finished products and goods	11,657	13,543
(Allowance for inventory write-down)	(668)	(1,106)
Payments on account	241	477
Total	**43,823**	**42,650**

The changes in the caption are as follows:

Thousands of Euros	
Balance at January 1, 2009	43,823
Business combinations	492
Exchange rate gain	1,757
Change in raw materials, consumables and supplies	(3,158)
Change in finished goods and semi-finished products	(501)
Change in payments on account	236
Balance at December 31, 2009	**42,650**

Business combinations relate to the acquisition of the subsidiary Pharma Trade S.r.l..

(9) Current direct tax assets

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2008	December 31, 2009
Current direct tax assets	3,394	3,886
Total	**3,394**	**3,886**

(10) Current indirect tax assets

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2008	December 31, 2009
VAT and other indirect taxes	6,009	5,904
Total	**6,009**	**5,904**

(11) Financial derivative assets

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2008	December 31, 2009
Fair value of forward aluminum purchases	—	259
Fair value of currency swaps	302	—
Total	**302**	**259**

(12) Other current assets

This caption is made up as follows:

Thousands of Euros	December 31, 2008	December 31, 2009
Receivables for insurance compensation in Australia	1,443	1,046
Receivables due from employees	85	91
RBS Sempra deposits	2,967	—
Other receivables	1,455	2,220
Total	**5,950**	**3,357**

Receivables for insurance compensation in Australia relate to the compensation yet to be collected for the fire which occurred in February 2008. Collection is expected within the next year.

At December 31, 2008, the RBS Sempra deposit represented the amount paid to the Sempra bank, which is part of the RBS group, to cover the exposure of derivatives used to hedge aluminum prices, as exposure to the supplier exceeded the overdraft facility granted, as a result of the rising price of aluminum. In 2009, as aluminum prices fell, the exposure fell back within the limits of the overdraft facility and, accordingly, the deposit was returned.

Other receivables at December 31, 2009 mainly include advances to suppliers of € 1.6 million and receivables of € 282 thousand due to Guala Closures Argentina S.A. from the Argentinean government for repayments in respect of exports.

(13) Assets classified as held for sale

These assets relate to the following companies:

Thousands of Euros	December 31, 2008	December 31, 2009
Guala Closures UK Ltd.	1,555	1,548
Guala Closures Argentina S.A.	40	—
Total	**1,594**	**1,548**

Guala Closures UK Ltd's assets have been classified as held for sale since June 30, 2007. These assets were originally expected to be sold within one year but their sale has been postponed due to changes to the production reorganization. However, they continue to be classified as held for sale, as they are expected to be sold in the short term.

(14) Non-current financial assets

This caption is made up as follows:

Thousands of Euros	December 31, 2008	December 31, 2009
Investments in other companies	37	158
Guarantee deposits—Guala Closures S.p.A.	44	54
Other securities	43	35
Other financial assets	91	74
Total	**215**	**321**

The carrying amount of Non-current financial assets is consistent with their fair value at the reporting date.

(15) Financial assets by type

Current and non-current financial assets due from third parties are shown below by type.

Thousands of Euros	December 31, 2008	December 31, 2009
Held-to maturity investments	3,036	110
Current financial assets—third parties	**3.036**	**110**
Held-to maturity investments	215	321
Non-current financial assets—third parties	**215**	**321**
Non-hedging derivatives	**302**	**259**

(16) Property, plant and equipment

The following table shows the changes in this caption:

Thousands of Euros	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
Historical cost at December 31, 2008	32,336	212,189	42,913	5,816	4,142	**297,396**
Accumulated depreciation at December 31, 2008	(5,719)	(122,030)	(30,524)	(4,115)	—	**(162,389)**
Carrying amount at December 31, 2008	**26,617**	**90,158**	**12,389**	**1,701**	**4,142**	**135,007**
Impact of merger with GCL Holdings and PPA	18,491		—	—	—	**18,491**
Carrying amount at January 1, 2009	**45,108**	**90,158**	**12,389**	**1,701**	**4,142**	**153,499**
Exchange rate gain	1,965	3,500	13	67	163	**5,707**
Business combinations	—	585	639	14	—	**1,237**
Increases	713	2,486	242	132	11,539	**15,112**
Decreases	(0)	(264)	(11)	5	(384)	**(655)**
Impairment losses	(56)	(276)	(1)	(4)	—	**(338)**
Reclassifications	51	10,983	906	42	(11,973)	**9**
Depreciation	(1,195)	(17,257)	(3,521)	(440)	—	**(22,413)**
Historical cost at December 31, 2009	53,462	231,173	43,629	6,305	3,486	**338,056**
Accumulated depreciation at December 31, 2009	(6,876)	(141,259)	(32,972)	(4,790)	—	**(185,897)**
Carrying amount at December 31, 2009	**46,586**	**89,914**	**10,656**	**1,516**	**3,486**	**152,158**

Property, plant and equipment include the amounts arising from internal work capitalized (reference should be made to note 34) Other operating income to these consolidated financial statements for further information).

Business combinations relate to the acquisition of the subsidiary Pharma Trade S.r.l..

The caption includes the carrying amount of leased assets (€ 23,208 thousand) against which the group has recognized current financial liabilities (€ 1,374 thousand) and non-current financial liabilities (€ 20,097 thousand).

None of the group's property, plant and equipment had been pledged as collateral at year end.

During 2008, the group pursued its growth objectives and strategies, focusing mainly on Technologia Closures LLC in Ukraine. This company produces aluminum capsules and the group has invested heavily therein.

Production capacity of the Nip Cap lines was increased in India to meet market demand.

The group started an investment project at Torre d'Isola, Italy, to design a production line which will produce large volumes of 30x60 aluminum capsules starting from 2010.

It approved a large investment in China to produce the 1332 closure.

(17) Intangible assets

The following table shows the changes in intangible assets:

Thousands of Euros	Development expenditure	Licenses and patents	Goodwill	Other	Assets under development and payments on account	Total
Historical cost at December 31, 2008	4,316	7,234	302,114	1,413	930	**316,007**
Accumulated amortization at December 31, 2008	(3,300)	(5,995)	(40,633)	(1,346)	—	**(51,274)**
Carrying amount at December 31, 2008	**1,016**	**1,239**	**261,481**	**67**	**930**	**264,732**
Impact of merger with GCL Holdings and PPA	—	51,120	69,626	—	—	**120,746**
Carrying amount at January 1, 2009	**1,016**	**52,359**	**331,107**	**67**	**930**	**385,478**
Exchange rate gain/loss	4	37	(733)	8	(2)	**(686)**
Business combinations	18	5	2,357	17	—	**2,397**
Increases	115	310	155	4	412	**995**
Decreases	—	—	—	—	(5)	**(5)**
Reclassifications	289	181	—	—	(478)	**(9)**
Amortization	(526)	(6,865)	—	(15)	—	**(7,406)**
Historical cost at December 31, 2009	4,776	61,803	373,519	1,483	856	**442,437**
Accumulated amortization at December 31, 2009	(3,859)	(15,777)	(40,633)	(1,403)	—	**(61,673)**
Carrying amount at December 31, 2009	**917**	**46,026**	**332,886**	**80**	**856**	**380,764**

Following recognition of the merger with GCL Holdings, goodwill includes the amount generated by the acquisition of Guala Closures S.p.A. group on September 30, 2008 and that generated by the acquisitions of the Ukrainian Technologia Closures LLC and the Italian Pharma Trade S.r.l..

The business combinations relate to Pharma Trade S.r.l..

Goodwill may be analyzed as follows:

Thousands of Euros	January 1, 2009	December 31, 2009
Goodwill—Guala Closures group	317,227	317,227
Goodwill—Ukrainian Technologia Closure LLC	13,880	13,147
Acquisition of Pharma Trade	—	2,512
Total	**331,107**	**332,886**

Reference should be made to note 4) Acquisitions of subsidiaries and business units of these consolidated financial statements for additional information on goodwill arising from the definitive accounting treatment of the PPA procedure, the acquisitions of Pharma Trade and the non-controlling interest in Guala Closures de Mexico S.A. de C.V..

Goodwill is tested for impairment annually.

For impairment testing purposes, goodwill generated on the group's acquisition relates to the Closures division.

(17) Intangible assets (Continued)

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

This calculation uses projected cash flows based on the actual operating profit and five-year business plan. This business plan is put together considering the group's approved budget figures for the first year and projecting the revenue and costs for the following four years using the historic trend adjusted for any new elements.

The cash flows for the period after the forecast period are extrapolated using a 2% growth rate, which takes into account both the group's historical growth rate and forecast future market developments. The projected cash flows are discounted using a rate of 8.8%.

The resulting recoverable amount is thus greater than the carrying amount of goodwill.

The recoverable amount continues to be greater than the carrying amount despite changes made to the underlying assumptions of the sensitivity analysis carried out.

Goodwill has never been impaired.

(18) Deferred tax assets and liabilities

The following table gives a breakdown of the caption at December 31, 2008 and 2009:

	Assets		Liabilities		Net balance	
Thousands of Euros	**December 31, 2008**	**December 31, 2009**	**December 31, 2008(*)**	**December 31, 2009**	**December 31, 2008**	**December 31, 2009**
Entertainment expenses	44	25	—	—	44	25
Agents' termination indemnity	27	29	—	—	27	29
Allowance for inventory write-down	733	654	(96)	(76)	637	578
Taxed allowance for impairment	337	381	—	—	337	381
Provision for damages and penalties	289	402	—	—	289	402
Amortization and depreciation	28	26	(2,153)	(20,923)	(2,125)	(20,898)
Other	4,209	2,270	(3,299)	(6,441)	910	(4,170)
Provision for risks on derivatives	65	24	—	—	65	24
Losses carried forward	2,590	2,941	—	—	2,590	2,941
Derecognition of intragroup profit on inventories	139	192	—	—	139	192
Intragroup gains	1,466	1,071	—	—	1,466	1,071
Leases	174	163	(20)	—	153	163
Intangible assets	—	—	(16)	(18)	(16)	(18)
Property, plant and equipment	1,293	900	—	—	1,293	900
Employee benefits	481	673	(103)	(96)	377	578
Derivatives	—	225	(53)	—	(53)	225
TOTAL	**11,876**	**9,976**	**(5,741)**	**(27,554)**	**6,135**	**(17,578)**

(*) The 2008 figures have been restated following finalization of the purchase price allocation procedure for Technologia Closures LLC.

(18) Deferred tax assets and liabilities (Continued)

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

Thousands of Euros	December 31, 2008(*)	Impact of merger with GCL Holding	January 1, 2009	Changes in profit or loss	Changes in equity	Exchange rate gain/loss	December 31, 2009
Entertainment expenses	44		44	(21)	—	2	25
Agents' termination indemnity	27		27	2	—	—	29
Allowance for inventory write-down	637		637	(79)	—	20	578
Taxed allowance for impairment	337		337	10	—	34	381
Provision for damages and penalties	289		289	113	—	—	402
Amortization and depreciation	(2,125)	(21,786)	(23,911)	2,341		(716)	(22,286)
Other	910		910	(3,764)	(17)	89	(2,782)
Provision for risks on derivatives	65		65	(43)	—	1	24
Losses carried forward	2,590		2,590	152	—	200	2,941
Derecognition of intragroup profit on inventories	139		139	53	—	—	192
Intragroup gains	1,466		1,466	(301)	(94)	—	1,071
Leases	153		153	10	—	—	163
Intangible assets	(16)		(16)	0	—	(3)	(18)
Property, plant and equipment	1,293		1,293	(596)	—	202	900
Employee benefits	377		377	53	114	32	577
Derivatives	(53)		(53)	57	222	—	226
TOTAL	**6,135**	**(21,786)**	**(15,651)**	**(2,013)**	**225**	**(139)**	**(17,578)**

(*) The 2008 figures have been restated following finalization of the purchase price allocation procedure for Technologia Closures LLC.

Tax losses that can be carried forward at year end but that the group has not considered in its calculation of the deferred tax assets in the statement of financial position total € 41,017 thousand. They may be used in accordance with the legislation of the different countries in which the companies to which they relate are based. Carry forward tax losses that can be carried forward indefinitely of € 586 thousand relate to the parent. If recognized, potential deferred tax assets on total tax losses that can be carried forward would amount to € 11,366 thousand at December 31, 2009 (including € 161 thousand related to losses that can be carried forward indefinitely).

(19) Other non-current assets

This caption is made up as follows:

Thousands of Euros	December 31, 2008	December 31, 2009
Tax assets	3,768	2,881
Other	52	68
Total	**3,820**	**2,949**

(20) Financial liabilities—third parties

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

Reference should be made to note 46) Derivatives to these consolidated financial statements for further information on the group's exposure to the risks of fluctuations in interest and exchange rates.

The main outstanding financing is the Senior Facilities Agreement of October 10, 2008 agreed with Bayerische Hypo- und Vereinsbank AG. This has fully replaced the Multicurrency Term and Revolving Facilities Agreement of November 17, 2005 with Intesa Sanpaolo S.p.A..

(20) Financial liabilities—third parties (Continued)

The agreement provides for the following credit lines:

Credit lines	Total in thousands of Euros at original rates	Available amount (thousands of Euros)	Available amount (thousands of US dollars)	Available amount (thousands of pounds sterling)	Available amount (thousands of Australian dollars)	Number of repayments	Repayment date
Facility A	84,400	36,300	22,800	17,100	8,200	12	final repayment 10/15/2015
Facility B	79,400	34,150	21,500	16,100	7,650	1	10/15/2016
Facility C	79,400	34,150	21,500	16,100	7,650	1	10/15/2017
Acquisition/Capex facility	60,000	60,000				7	final repayment 10/21/2015
Revolving facility	40,000					n.a.	n.a.
Total	**343,200**	**164,600**	**65,800**	**49,300**	**23,500**		

The above facility agreement includes binding conditions whereby the parent is required to comply with four covenants. Non-compliance may entail repayment of the existing financing. These covenants apply to Guala Closures S.p.A. as the borrower, even though their calculation is based on consolidated group-level parameters whereby the group considered is GCL Holdings SCA and its subsidiaries.

Specifically, the ratios that must be complied with are: "Interest Cover", i.e., the gross operating profit/interest expense ratio; the "Leverage Ratio", i.e., the net debt/gross operating profit ratio; the "Cash Flow Cover", i.e., the cash flow/debt servicing ratio and "Capex", i.e., a limit to the annual investment expenditure.

At year end, the group was compliant with the covenants.

Reference should be made to note 49) Commitments and guarantees to these consolidated financial statements for information on the relevant guarantees given.

Financial liabilities at December 31, 2008 and 2009 are shown below:

Thousands of Euros	December 31, 2008	December 31, 2009
Bank overdrafts and current loans		
Bank loans and borrowings	23,839	7,797
Other financial liabilities	3,054	1,640
	26,893	9,437
Non-current loans		
Bank loans and borrowings	250,282	282,082
Other financial liabilities	24,479	25,755
	274,761	307,838
Total	**301,653**	**317,275**

(20) Financial liabilities—third parties (Continued)

The terms and expiry dates of the financial liabilities at December 31, 2008 and 2009 are shown below:

	Nominal amount					
Thousands of Euros	**Total December 31, 2008**	**Within one year**	**From one to five years**	**After five years**	**Current**	**Non-current**
Bank loans and borrowings:						
Facility A EUR	36,300	109	18,994	17,197	109	36,191
Facility B EUR	34,150	—	—	34,150	—	34,150
Facility C EUR	34,150	—	—	34,150	—	34,150
Facility A USD	22,364	67	11,702	10,595	67	22,297
Facility B USD	21,089	—	—	21,089	—	21,089
Facility C USD	21,089	—	—	21,089	—	21,089
Facility A GBP	14,283	43	7,474	6,767	43	14,240
Facility B GBP	13,448	—	—	13,448	—	13,448
Facility C GBP	13,448	—	—	13,448	—	13,448
Revolving facility	15,000	—	—	15,000	—	15,000
Capex facility	32,600	—	13,972	18,628	—	32,600
Transaction costs	(9,761)	(1,513)	(5,563)	(2,685)	(1,513)	(8,248)
TOTAL SENIOR DEBT 10/10/2008	**248,160**	**(1,294)**	**46,579**	**202,876**	**(1,294)**	**249,455**
Other bank loans and borrowings—Guala Closures S.p.A.	873	873	—	—	873	—
Accrued expenses and deferred income—Guala Closures S.p.A.	77	77	—	—	77	—
Advances on receivables—Guala Closures Argentina	1,174	1,174	—	—	1,174	—
Guala Closures Australia Holdings loan	19,730	19,730	—	—	19,730	—
Guala Closures Mexico loan	4,106	3,279	827	—	3,279	827
Total bank loans and borrowings	**274,120**	**23,839**	**47,405**	**202,876**	**23,839**	**250,282**
Other financial liabilities:						
Financing as per Law no. 46/82	992	259	733	—	259	733
Guala Closures S.p.A. finance leases	22,731	1,314	6,051	15,366	1,314	21,418
Liability to the Ukrainian non-controlling investors	2,100	—	—	2,100	—	2,100
Other liabilities	1,710	1,481	229	—	1,481	229
Total other financial liabilities	**27,533**	**3,054**	**7,013**	**17,466**	**3,054**	**24,479**
TOTAL	**301,653**	**26,893**	**54,419**	**220,342**	**26,893**	**274,761**

(20) Financial liabilities—third parties (Continued)

	Nominal amount					
Thousands of Euros	**Total December 31, 2009**	**Within one year**	**From one to five years**	**After five years**	**Current**	**Non-current**
Bank loans and borrowings:						
Facility A EUR	36,191	1,398	26,218	8,576	1,398	34,794
Facility B EUR	34,150	—	—	34,150	—	34,150
Facility C EUR	34,150	—	—	34,150	—	34,150
Facility A USD	21,540	832	15,604	5,104	832	20,708
Facility B USD	20,373	—	—	20,373	—	20,373
Facility C USD	20,373	—	—	20,373	—	20,373
Facility A GBP	15,273	590	11,064	3,619	590	14,683
Facility B GBP	14,423	—	—	14,423	—	14,423
Facility C GBP	14,423	—	—	14,423	—	14,423
Facility A AUD	9,923	383	7,188	2,351	383	9,540
Facility B AUD	9,285	—	—	9,285	—	9,285
Facility C AUD	9,285	—	—	9,285	—	9,285
Revolving facility	13,000	—	—	13,000	—	13,000
Capex facility	38,600	—	27,572	11,028	—	38,600
Transaction costs	(8,948)	(1,513)	(5,597)	(1,838)	(1,513)	(7,435)
TOTAL SENIOR DEBT 10/10/2008	**282,042**	**1,689**	**82,049**	**198,304**	**1,689**	**280,353**
Accrued expenses and deferred income—Guala Closures S.p.A.	4,900	4,900	—	—	4,900	—
Advances on receivables—Guala Closures Argentina	873	873	—	—	873	—
Guala Closures Mexico loan	2,064	335	1,729	—	335	1,729
Total bank loans and borrowings	**289,880**	**7,797**	**83,779**	**198,304**	**7,797**	**282,082**
Other financial liabilities:						
Financing as per Law no. 46/82	733	265	468	—	265	468
Guala Closures S.p.A. finance leases	21,397	1,355	6,345	13,696	1,355	20,042
Liability to the Ukrainian non-controlling investors	5,100	—	—	5,100	—	5,100
Other liabilities	165	20	146	—	20	146
Total other financial liabilities	**27,395**	**1,640**	**6,959**	**18,796**	**1,640**	**25,755**
TOTAL	**317,275**	**9,437**	**90,737**	**217,100**	**9,437**	**307,838**

The liability to the Ukrainian non-controlling investors relates to recognition of these investors' right to exercise a put option if certain conditions are met. It represents the discounted estimated value of the put option at its estimated time of exercise.

Pursuant to IAS 27, this caption has been recognized using the present access method since 2008, whereby the financial liability is recognized as a reduction in equity, Retained earnings, in the first year. The increase in the current year is recognized under financial expense in profit or loss and the non-controlling interests continue to be presented separately as, to all effects, the non-controlling investors has the right to access the profit or loss pertaining to its investment.

(20) Financial liabilities—third parties (Continued)

The interest rates and expiry dates of the financial liabilities at December 31, 2008 and December 31, 2009 are shown below:

Thousands of Euros	Currency	Nominal interest rate	Expiry date	Total December 31, 2008
Bank loans and borrowings:				
Facility A EUR	EUR	Euribor + 3.0%	2015	36,300
Facility B EUR	USD	Euribor + 3.5%	2016	34,150
Facility C EUR	EUR	Euribor + 4.0%	2017	34,150
Facility A USD	USD	USD Libor + 3.0%	2015	22,364
Facility B USD	USD	USD Libor + 3.5%	2016	21,089
Facility C USD	USD	USD Libor + 4.0%	2017	21,089
Facility A GBP	GBP	GBP Libor + 3.0%	2015	14,283
Facility B GBP	GBP	GBP Libor + 3.5%	2016	13,448
Facility C GBP	GBP	GBP Libor + 4.0%	2017	13,448
Revolving facility	EUR	Euribor + 3.0%	2015	15,000
Capex facility	EUR	Euribor + 3.0%	2015	32,600
Transaction costs	EUR	n.a.	n.a.	(9,761)
TOTAL SENIOR DEBT 10/10/2008				**248,160**
Other bank loans and borrowings—Guala Closures S.p.A.	EUR	Euribor + 0.4%	2009	873
Accrued expenses and deferred income—Guala Closures S.p.A.	EUR	n.a.		77
Guala Closures Australia Holdings loan	AUD	BBR-BBSY + 1.25%	2011	19,730
Guala Closures Mexico loan	MXN	TIIE28 + 2%(*)		4,106
Other bank loans and borrowings		n.a.	n.a.	1,174
Total bank loans				**274,120**
Other financial liabilities:				
Financing as per Law no. 46/82	EUR	2%	2013	992
Guala Closures S.p.A. finance leases	EUR	Euribor + 1.5% (**)	2020	22,731
Other liabilities		n.a.	n.a.	3,810
Total other financial liabilities				**27,533**
TOTAL				**301,653**

(*) TIIE28 stands for "Tasa de Interés Interbancaria de Equilibrio a 28 dias".

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

(20) Financial liabilities—third parties (Continued)

Thousands of Euros	Currency	Nominal interest rate	Expiry date	Total December 31, 2009
Bank loans and borrowings:				
Facility A EUR	EUR	Euribor + 3.0%	2015	36,191
Facility B EUR	EUR	Euribor + 3.5%	2016	34,150
Facility C EUR	EUR	Euribor + 4.0%	2017	34,150
Facility A USD	USD	USD Libor + 3.0%	2015	21,540
Facility B USD	USD	USD Libor + 3.5%	2016	20,373
Facility C USD	USD	USD Libor + 4.0%	2017	20,373
Facility A GBP	GBP	GBP Libor + 3.0%	2015	15,273
Facility B GBP	GBP	GBP Libor + 3.5%	2016	14,423
Facility C GBP	GBP	GBP Libor + 4.0%	2017	14,423
Facility A AUD	AUD	Libor AUD + 3.0%	2015	9,923
Facility B AUD	AUD	Libor AUD + 3.5%	2016	9,285
Facility C AUD	AUD	Libor AUD + 4.0%	2017	9,285
Revolving facility	EUR	Euribor + 3.0%	2015	13,000
Capex facility	EUR	Euribor + 3.0%	2015	38,600
Transaction costs	EUR	n.a.	n.a.	(8,948)
TOTAL SENIOR DEBT 10/10/2008				**282,042**
Accrued expenses and deferred income—Guala Closures S.p.A.	EUR	n.a.	n.a.	4,900
Guala Closures Mexico loan	MXN	TIIE30 + 5.25%(*)		2,064
Other bank loans and borrowings		n.a.	n.a.	873
Total bank loans and borrowings				**289,880**
Other financial liabilities:				
Financing as per Law no. 46/82	EUR	2%	2013	733
Guala Closures S.p.A. finance leases	EUR	Euribor + 1.5%(**)	2020	21,397
Other liabilities		n.a.	n.a.	5,265
Total other financial liabilities				**27,395**
TOTAL				**317,275**

(*) TIIE28 stands for "Tasa de Interés Interbancaria de Equilibrio a 30 dias".

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

(21) Financial liabilities—related parties

This section discloses the contractual terms governing loans from parents.

The terms and expiry dates of the loans at December 31, 2008 and 2009 are shown below:

	Nominal amount					
Thousands of Euros	Total December 31, 2008	Within one year	From one to five years	After five years	Current	Non-current
Loan from the ultimate parent GCL Special Closures	15,535	335	—	15,200	335	15,200
TOTAL	**15,535**	**335**	**—**	**15,200**	**335**	**15,200**

(21) Financial liabilities—related parties (Continued)

	Nominal amount					
Thousands of Euros	Total December 31, 2009	Within one year	From one to five years	After five years	Current	Non-current
Loan from the ultimate parent GCL Special Closures	10,134	184	—	9,950	184	9,950
TOTAL	**10,134**	**184**	**—**	**9,950**	**184**	**9,950**

On September 12, 2009, the board of directors approved the partial early repayment of the loan granted by the parent GCL Special Closures S.r.l. (€ 5,250 thousand).

The interest rates and expiry dates of the loans at December 31, 2008 and 2009 are shown below:

Thousands of Euros	Currency	Nominal interest rate	Total December 31, 2008
Loan from the ultimate parent GCL Special Closures	EUR	Euribor + 5.0%	15,535
Total			**15,535**

Thousands of Euros	Currency	Nominal interest rate	Total December 31, 2009
Loan from the ultimate parent GCL Special Closures	EUR	Euribor + 5.0%	10,134
Total			**10,134**

(22) Fair value of financial liabilities and sensitivity analysis

The following table shows the fair value of the group's main financial liabilities.

	December 31, 2009	
Thousands of Euros	Carrying amount	Fair value
Senior facilities agreement (10.10.08)	282,042	294,555
Finance leases	21,397	21,527

The fair values shown in the previous table were calculated using the following methodology:

- the cash flows generated by the outstanding payables are identified both in terms of interest and principal. These cash flows are calculated with reference to the interest rates and the repayment plan;
- the individual cash flows are discounted using risk-free rates ruling on the measurement date. The bootstrap method is applied to the swap rates for each expiry date of the corresponding cash flow based on the resulting time curve.

(22) Fair value of financial liabilities and sensitivity analysis (Continued)

The following table shows the sensitivity analysis for the cash flows from these financial liabilities and the related hedging derivatives at December 31, 2009.

Thousands of Euros	Increase of 100bp	Decrease of 100bp
Senior facilities agreement (10.10.08)	(14,518)	14,518
Sensitivity of cash flows (net)	**(14,518)**	**14,518**
Finance leases	(1,027)	1,027
Related interest rate swaps	752	(752)
Sensitivity of cash flows (net)	**(275)**	**275**

The following methodology is used to perform the sensitivity analyses: a change is assumed in the interest rate used to calculate the interest (+/- 100 basis points), which indicates the change in the overall liability. Accordingly, negative amounts indicate an increase in the fair value of the liability and vice versa for positive amounts.

(23) Financial liabilities by type

Current and non-current financial liabilities from third parties are shown below, by type.

Thousands of Euros	December 31, 2008	December 31, 2009
Current portion of secured bank loans	21,715	2,024
Unsecured bank loans	2,124	5,773
Current portion of finance lease liabilities	1,314	1,355
Other financial liabilities	1,740	285
Current financial liabilities—third parties	**26,893**	**9,437**
Secured bank loans	250,282	282,082
Finance lease liabilities	21,418	20,042
Other financial liabilities	3,062	5,713
Non-current financial liabilities—third parties	**274,761**	**307,838**
Hedging derivatives	**522**	**849**
Non-hedging derivatives	**13,033**	**11,247**

Financial liabilities are recognized at amortized cost.

(24) Trade payables

This caption is made up as follows:

Thousands of Euros	December 31, 2008	December 31, 2009
Suppliers	44,016	49,128
Payments on account	424	287
Total	**44,440**	**49,415**

At December 31, 2009, trade payables may be analyzed by original currency as follows:

Thousands of Euros	EUR	USD	GBP	Other	Total
Trade payables	37,205	1,844	1,071	9,294	**49,415**

(24) Trade payables (Continued)

Other includes trade payables in the local currencies of the group companies, including € 5.4 million in Australian dollars, € 0.8 million in Argentinean pesos, € 0.6 million in Indian rupees, € 0.6 million in Chinese renmimbi, € 0.5 million in Mexican pesos, € 0.3 million in New Zealand dollars, € 0.2 million in Colombian pesos, € 0.2 million in Ukrainian hryvnies and € 0.2 million in Brazilian reals.

(25) Current direct tax liabilities

This caption is made up as follows:

Thousands of Euros	December 31, 2008	December 31, 2009
Current direct tax liabilities	2,297	2,960
Total	**2,297**	**2,960**

(26) Current indirect tax liabilities

This caption is made up as follows:

Thousands of Euros	December 31, 2008	December 31, 2009
VAT and other indirect taxes	2,703	2,735
Total	**2,703**	**2,735**

(27) Provisions for risks and charges

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2008	December 31, 2009
Provision for returns	689	879
Provision for restructuring	592	—
Other current provisions for risks and charges	—	65
Total current provisions for risks and charges	**1,281**	**944**

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

Thousands of Euros	December 31, 2008	December 31, 2009
Provision for restructuring	1,304	35
Provision for legal disputes	206	85
Provision for tax risks	62	43
Provision for agents' leaving indemnity	86	101
Total non-current provisions for risks and charges	**1,658**	**264**

The provision for restructuring recognized at December 31, 2008 was nearly entirely used in 2009. The remaining balance relates to Guala Closures Serviçios Mexico SA de CV.

(27) Provisions for risks and charges (Continued)

Changes in the provisions are as follows:

Thousands of Euros	December 31, 2009
Opening current provisions for risks and charges	1,281
Exchange rate loss	(1)
Accrual	670
Utilization	(1,006)
Closing current provisions for risks and charges	**944**

Thousands of Euros	December 31, 2009
Opening non-current provisions for risks and charges	1,658
Exchange rate gain	96
Accrual	154
Utilization	(1,644)
Closing non-current provisions for risks and charges	**264**

The provision for legal disputes was set up specifically for ongoing disputes. Pending disputes are not expected to be resolved within the next twelve months.

(28) Financial derivative liabilities

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2008	December 31, 2009
Fair value of IRSs	10,354	12,064
Fair value of currency swaps	—	32
Fair value of aluminum derivatives	3,201	—
Total	**13,555**	**12,097**

(29) Other current liabilities

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2008	December 31, 2009
Payables to employees	4,281	3,913
Social security charges payable	2,768	2,560
Other payables	2,559	2,440
Total	**9,608**	**8,913**

(30) Employee benefits

This caption is made up as follows:

Thousands of Euros	December 31, 2008	December 31, 2009
Post-employment benefits—Guala Closures S.p.A.	5,396	4,765
Other	999	1,527
Total	**6,395**	**6,292**

(30) Employee benefits (Continued)

Changes in Employee benefits are as follows:

Thousands of Euros	
Balance at January 1, 2009	6,395
Exchange rate gain	105
Business combinations	316
Change recognized in profit or loss	328
Benefits paid	(852)
Balance at December 31, 2009	**6,292**

The change recognized in profit or loss is detailed below:

Thousands of Euros	
Post-employment benefits—Guala Closures S.p.A.	74
Other	254
Change recognized in profit or loss	**328**

Changes in Guala Closures S.p.A.'s post-employment benefits and the main assumptions used in their measurement are detailed below:

Thousands of Euros	
Balance at January 1, 2009	5,396
Actuarial losses	(164)
Interest expense	238
Benefits paid	(705)
Balance at December 31, 2009	**4,765**

Actuarial parameter baseline:

	December 31, 2008	December 31, 2009
Average inflation rate	3.20% p.a.	2.00% p.a.
Discount rate	4.80% p.a.	4.20% p.a.
Annual rate of increase in post-employment benefits	3.90% p.a.	3.00% p.a.

Guala Closures UK has a defined benefit pension plan under which the employees of the former Metalclosures Ltd have the right to a pension. This plan has a surplus at both December 31, 2008 and 2009 (i.e., the fair value of the plan assets is higher than the present value of the defined benefit obligation). As required by IAS 19 and IFRIC 14, the surplus that can be recognized must be less than the benefits available in the form of reimbursements or the contribution holiday: following completion of the West Bromwich site restructuring plan in 2008, the amount of the contribution holiday is zero and, therefore, the English company has not recognized the fund surplus. In addition, the group did not have contingent liabilities at the reporting date as the fund covers the present value of its future obligations with its plan assets.

(30) Employee benefits (Continued)

For disclosure purposes, the amounts of the fund obligations and plan assets, as well as the baseline actuarial parameters used for their calculation, are shown below.

Thousands of Euros	December 31, 2008	December 31, 2009
Present value of the obligations	(41,843)	(53,479)
Fair value of plan assets	50,608	60,850
Total	**8,765**	**7,371**

Changes in the net amount of the fund:

Thousands of Euros	
Balance at January 1, 2009	8,765
Exchange rate gain	629
Current service cost	(39)
Interest expense	(2,808)
Expected return on plan assets	2,897
Actuarial losses	(2,073)
Balance at December 31, 2009	**7,371**

Changes in the present value of the obligations:

Thousands of Euros	
Balance at January 1, 2009	(41,843)
Exchange rate loss	(3,073)
Current service cost	(39)
Interest expense	(2,808)
Contribution to the fund	(12)
Benefits paid	3,075
Actuarial losses	(8,780)
Balance at December 31, 2009	**(53,479)**

Changes in the fair value of plan assets:

Thousands of Euros	
Balance at January 1, 2009	50,608
Exchange rate gain	3,702
Expected return on plan assets	2,897
Contribution to the fund	12
Benefits paid	(3,075)
Actuarial gains	6,707
Balance at December 31, 2009	**60,850**

Actuarial parameter baseline:

	December 31, 2008	December 31, 2009
Salary growth rate	4.00% p.a.	4.00% p.a.
Rate of increase in pensions provided (average)	3.10% p.a.	3.10% p.a.
Average inflation rate	3.00% p.a.	3.30% p.a.
Discount rate	6.50% p.a.	5.60% p.a.

(31) Other non-current liabilities

This caption is made up as follows:

Thousands of Euros	December 31, 2008	December 31, 2009
Other non-current liabilities	61	52
Total	**61**	**52**

(32) Equity attributable to the owners of the parent

On February 12, 2009, GCL Closures S.r.l., a single member company with approved quota capital of € 300 million, of which € 20 million subscribed and paid-up, was merged into Guala Closures S.p.A. (reverse merger) with the cancellation of the merged company's quotas held by its sole quotaholder, the concurrent maintenance of the merging company's share capital and allocation of all its shares making up its share capital to the merged company's quotaholder.

Note 1) The group's activities and key changes in its structure during the year to the consolidated financial statements gives more information about this transaction and its recognition. The effects of the merger on the group's assets and liabilities are shown in the pro forma statement of financial position as at January 1, 2009 attached as Annex a). The effects on equity are shown in the statement of changes in equity.

At December 31, 2009, the parent's subscribed and paid-up share capital equals € 67,624 thousand and is comprised of 67,624,491 ordinary shares with a nominal value of € 1 each. No changes took place with respect to December 31, 2008.

At December 31, 2009, Guala Closures S.p.A. is a single member company limited by shares wholly owned by GCL Special Closures S.r.l..

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 Facilities agreement, there are certain restrictions in the transfer of funds between Guala Closures subsidiaries and Guala Closures Spa and between Guala Closures Spa and holding companies GCL Special Closures S.r.l. and 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 group development.

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

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

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

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

The board of directors may propose the shareholders increase the share capital, repurchase treasury shares or, where permitted by law, distribute reserves. Currently, the group does not have a plan for the repurchase of treasury shares.

(32) Equity attributable to the owners of the parent (Continued)

The board 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 capital management policies of the group have not changed during the year.

(33) Equity attributable to non-controlling interests

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

	Non-controlling interests % December 31, 2008	Non-controlling interests % December 31, 2009	Balance at December 31, 2008(*)	Balance at December 31, 2009
Technologia Closures LLC	30.00%	30.00%	3,643	4,976
Guala Closures Orient B.V.	13.15%	13.15%	2,594	3,627
Guala Closures India pvt Ltd.	5.00%	5.00%	1,208	1,606
Guala Closures Argentina S.A.	17.62%	17.62%	478	758
Guala Closures de Colombia LTDA	6.80%	6.80%	576	649
Guala Closures China B.V.	3.50%	3.50%	200	191
Guala Closures de Mexico S.A. de C.V.	49.90%	0%	6,769	0
Guala Closures Russia B.V.	30.00%	0%	18	0
Guala Closures del Uruguay S.A.	10.00%	0%	13	(0)
Total			**15,500**	**11,807**

(*) The 2008 figures have been restated following finalization of the purchase price allocation procedure for Technologia Closures LLC.

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

As disclosed in the directors' report and note 4) Acquisitions of subsidiaries and business units, the group acquired the non-controlling interest in Guala Closures Mexico S.A. de C.V. (49.9%) on May 28, 2009.

STATEMENT OF COMPREHENSIVE INCOME

(34) Other operating income

This caption includes:

Thousands of Euros	2008	2009
Acquisition of non-controlling interest in Mexican company	—	4,570
Internal production	4,412	1,974
Sundry recoveries/repayments	1,642	952
Insurance compensation—Australia	2,751	479
Gains	314	262
Royalty income	328	43
Arbitration settlement—Globalcap S.p.A.	2,250	—
Other	720	976
Total	**12,417**	**9,256**

The gain on the acquisition of the non-controlling interest in the Mexican subsidiary relates to the difference between the acquisition-date carrying amount of the net assets acquired (€ 6,770 thousand) and the consideration paid (€ 2,200 thousand).

Internal production includes € 401 thousand of capitalized development expenditure related to new closures, € 1,573 thousand of extraordinary maintenance carried out on property, plant and equipment and extraordinary maintenance and upgrading of the production capacity of Guala Closures S.p.A. (€ 548 thousand) and foreign companies (€ 1,025 thousand).

In addition to development expenditure capitalized during the year, research expenditure of roughly € 300 thousand was expensed.

Insurance compensation—Australia relates to the insurance compensation for the fire which occurred in February 2008. It includes an amount for the replacement of damaged equipment and an amount to compensate for the business interruption.

(35) Raw materials

This caption includes:

Thousands of Euros	2008	2009
Raw materials and supplies	109,459	108,548
Packaging	5,879	5,271
Consumables and maintenance	3,653	3,937
Fuels	868	750
Other purchases	3,075	2,190
Change in inventories	7,870	3,158
Total	**130,804**	**123,855**

(36) Services

This caption includes:

Thousands of Euros	2008	2009
External processing	13,910	11,274
Electricity / Heating	11,841	10,936
Transport	11,784	10,698
External labor / porterage	6,060	3,208
Legal and consulting fees	4,928	3,572
Maintenance	3,537	3,235
Travel	3,363	2,952
Sundry industrial services	3,900	3,363
Administrative services	2,355	1,515
Directors' fees	2,844	1,292
Insurance	1,654	1,980
Technical assistance	1,541	1,026
Telephone costs	955	820
Commissions	808	791
Cleaning service	942	854
Security	429	233
Commercial services	363	401
Entertainment expenses	514	409
Advertising services	185	136
Expos and trade fairs	228	67
Other	1,709	1,657
Total	**73,850**	**60,420**

Costs for services for 2008 included € 1,267 thousand accrued for the long-term cash incentive plan approved by the parent's board of directors on December 20, 2006, of which € 1,187 thousand relates to its directors.

Details of fees paid to the parent's directors, statutory auditors, CEO and key managers are provided in note 47) Related party transactions to these consolidated financial statements.

(37) Personnel expense

This caption includes:

Thousands of Euros	2008	2009
Wages and salaries	47,277	43,923
Social security contributions	9,237	8,166
Expense/(Income) from defined benefit plans	821	328
Other costs	1,644	1,459
Total	**58,979**	**53,876**

Reference should be made to note 30) Employee benefits to these consolidated financial statements for details on Expense/(income) from defined benefit plans.

(37) Personnel expense (Continued)

At December 31, 2008 and 2009, the group had the following number of employees:

Number	December 31, 2008	December 31, 2009
Blue collars	1,738	1,839
White collars	544	462
Managers	106	123
Total	**2,388**	**2,424**

The acquisition of Pharma Trade S.r.l. generated an increase of 36 employees.

(38) Personnel (expense)/income relating to the pension fund managed by related parties

This caption, which has a zero balance in 2009, showed an expense of € 2,385 thousand for 2008 related to the change in the Guala Closures UK Ltd pension fund with respect to December 31, 2007.

(39) Other operating expense

This caption includes:

Thousands of Euros	2008	2009
Rent and leases	3,629	3,472
Other costs for the use of third party assets	1,256	1,141
Taxes and duties	1,399	1,392
Provisions for risks and charges	3,024	818
Other charges	883	778
Total	**10,192**	**7,600**

The decrease in provisions for risks and charges is mainly due to the greater accrual made in 2008 for the restructuring of certain group companies.

(40) Financial income

This caption includes:

Thousands of Euros	2008	2009
Exchange rate gains	18,576	26,764
P&L impact on IRSs	—	476
P&L impact on currency derivatives	—	454
Interest income	204	328
P&L impact on aluminum derivatives	302	272
Other financial income	386	1,201
Total	**19,468**	**29,494**

(41) Financial expense—third parties

This caption includes:

Thousands of Euros	2008	2009
Interest expense	19,625	24,101
Exchange rate losses	23,767	21,349
Financial expense—non-controlling investors in the Ukrainian company	—	3,000
P&L impact on IRSs	6,516	1,854
P&L impact on aluminum derivatives	3,201	287
Other financial expense	1,453	1,086
Total	**54,563**	**51,676**

The increase in interest expense is due to the greater use of the credit facilities in 2009, mainly as a result of the investments made during the year.

Financial expense—non-controlling investors in the Ukrainian company relates to recognition of the increase in the financial liability for these investors' right to exercise a put option if certain conditions are met. The liability was determined by discounting the estimated value of the put option at its estimated time of exercise.

(42) Financial expense—related parties

This caption includes:

Thousands of Euros	2008	2009
Interest expense—parent	335	1,306
Total	**335**	**1,306**

This interest matured on the loan provided by GCL Special Closures S.r.l. on 15 October 2008.

(43) Income and expense on financial assets/liabilities

The following table shows income and expense on financial assets/liabilities, specifying which are recognized in profit or loss and which directly in equity.

Thousands of Euros	2008	2009
Recognized in profit or loss		
Bank interest income	204	328
P&L impact on derivatives	302	1,202
Exchange rate gains	18,576	26,764
Other financial income	386	1,201
Total financial income	**19,468**	**29,494**
Interest expense on financial liabilities measured at amortized cost	19,960	25,407
Exchange rate losses	23,767	21,349
P&L impact on derivatives	9,717	2,141
Other financial expense	1,453	4,086
Total financial expense	**54,898**	**52,982**
Net financial expense	**(35,430)**	**(23,488)**
Recognized directly in equity		
Effective portion of fair value losses on cash flow hedges	(999)	(295)
of which, to the Hedging reserve	**(999)**	**(295)**

(44) Income taxes

This caption includes:

Thousands of Euros	2008(*)	2009
Current taxes	(11,287)	(14,168)
Deferred tax income	871	(2,829)
Deferred tax expense	(554)	816
Total	**(10,970)**	**(16,181)**

(*) The 2008 figures have been restated following finalization of the purchase price allocation procedure for Technologia Closures LLC.

Deferred tax income and expense in profit or loss do not reflect the change in the corresponding captions of the statement of financial position due to the effect of the net exchange rate losses (€ 139 thousand) and gains on transactions recognized directly in equity (€ 225 thousand), as described in the following table.

Deferred tax liabilities recognized directly in equity

Thousands of Euros	December 31, 2008	December 31, 2009
Change in deferred tax liabilities on fair value adjustments on cash flow hedges	133	225
Change in deferred tax liabilities on the discontinuance of hedges on loans	196	—
Total	**329**	**225**

(44) Income taxes (Continued)

Reconciliation between the theoretical and effective tax charge

The difference between the theoretical and effective tax charge is mainly related to the impact of the different tax rates in foreign countries, non-taxable revenue and non-deductible costs.

Thousands of Euros	2008(*)	2009
Profit before taxation	**472**	**18,844**
Italian tax rate	27.5%	27.5%
Theoretical tax	**130**	**5,182**
Effect of foreign tax rates	707	(1,475)
Non-taxable revenue and other decreases	(3,183)	(3,394)
Non-deductible expense and other increases	5,128	11,364
(Increase) / decrease in deferred tax assets	(871)	2,827
Increase / (decrease) in deferred tax liabilities	554	(815)
Elimination of deferred tax income on profit (loss) for the year(**)	3,257	—
Unaccrued deferred tax assets on loss for the year	2,892	1,595
Other changes	695	(889)
Total increase / (decrease)	**9,180**	**9,213**
Effective tax rate	**9,309**	**14,395**
IRAP	1,055	581
Other taxes, other than income taxes	606	1,205
Total taxes for the year	**10,970**	**16,181**

(*) The 2008 figures have been restated following finalization of the purchase price allocation procedure for Technologia Closures LLC.

(**) Changes in deferred tax income/expense recognized in profit or loss include those arising following the elimination of taxable income/loss for the year as the changes are already included in the calculation of theoretical taxation adjusted by the effect of Non-taxable revenue and other decreases and Non-deductible expense and other increases.

Guala Closures S.p.A. is participating in its parent's national tax consolidation scheme pursuant to articles 117-128 of Presidential decree no. 917 of 22 December 1986. The subsidiary Creative GCL S.r.l. also participates in the national tax consolidation scheme.

The option has been exercised for the tax years ending December 31, 2009, 2010 and 2011. Guala Closures S.p.A. is domiciled with the tax consolidator GCL Special Closures S.r.l..

In addition, the parent has not realigned the differences between carrying amounts and tax values following the application of IFRS, as provided for by article 15.7/8 of Decree law no. 185 of November 29, 2008, converted into Law no. 2 of January 28, 2009, since prior year tax losses carried forward and those of the year are such that it is not advantageous to settle these differences by paying substitute tax. This is also why the company has not applied the provisions of article 172.10-bis of Presidential decree no. 917/1986 and article 15.10-12 of Decree law no. 185 of November 29, 2008, converted into Law no. 2 of January 28, 2009, to obtain the recognition of the higher amounts presented following the merger of GCL Holdings S.r.l. for tax purposes.

OTHER INFORMATION

(45) 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.

The board of directors has overall responsibility for establishing and monitoring a risk management system for the group.

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

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

Credit risk

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

The group's exposure to credit risk depends largely on each customer's specific characteristics. The demographics of the group's customer portfolio, including the segment insolvency risk and the country risk, have an impact on the credit risk.

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

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

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

Liquidity risk

This risk regards the group's ability to meet its obligations arising from financial liabilities.

The group's approach to liquidity management is to ensure adequate funds are always available to cover its obligations at the expiry dates, both in normal conditions and at times of financial difficulty, without incurring borrowing expense at terms higher than market conditions.

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

(45) Financial risk management (Continued)

Reference should be made to the tables under note 20) Financial liabilities—third parties to these consolidated financial statements for information on the group's loans, credit lines and facilities at the reporting date.

Interest rate risk

This risk relates to volatility of the market rates which determine the interest expense paid on outstanding loans.

The group is exposed to interest rate risk as almost the full amount of its financial liabilities provide for the payment of interest at variable rates subject to short-term repricing.

The group's policy is to hedge a significant portion of the payable amount subject to interest rate risk. Interest rate swaps are used to hedge the risk which enable the interest rate to be set at fixed amounts.

Currency risk

This risk relates to the effect of fluctuations in exchange rates on sales, purchases and loans in currencies other than the functional currencies of the various group entities.

The group is exposed to currency risk, particularly in relation to fluctuations of the pound sterling and US dollar.

Interest on loans is denominated in the currency of the cash flows generated by the group's underlying transactions. These are mainly in Euros but may also be in pounds sterling, US dollars and Australian dollars, so that there is adequate hedging and the group does not have to avail of other derivatives.

The risk of exchange rate fluctuations is managed using exchange rate hedges when significant differences are noted between cost and revenue in foreign currency.

If that is the case, such differences are hedged through currency swaps. These provide for the purchase/sale of agreed amounts in foreign currency at a set exchange rate against the Euro.

Other price risk

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

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

The risk of fluctuations in the purchase price of aluminum is partly hedged through derivatives which set the forward purchase price.

(46) Derivatives

The main features of the contracts in place at December 31, 2009 are summarized below:

—interest rate swaps

Guala Closures S.p.A. has eight interest rate swaps in place at December 31, 2009 to hedge floating interest rates on bank loans.

In addition, at year end, the parent has two interest rate swaps in place to hedge floating interest rates on the property finance lease.

(46) Derivatives (Continued)

The interest rate swaps taken on to hedge the floating interest rates on bank loans are listed below in their order of agreement:

1. US-dollar interest rate swap agreed with the Royal Bank of Scotland on June 16, 2006, expiring November 30, 2010. It has a fixed swap rate of 5.525% against the floating six-month US dollar Libor for a notional amount of $US 9,460 thousand at December 31, 2009.
2. Euro interest rate swap agreed with Banco Bilbao Vizcaya Argentaria SA on June 16, 2006, expiring November 30, 2010. It has a fixed swap rate of 3.68% against the floating six-month Euribor for a notional amount of € 30,992.5 thousand at December 31, 2009.
3. Euro interest rate swap agreed with Intesa San Paolo S.p.A. on February 21, 2007, expiring January 31, 2012. It has a fixed swap rate of 4.15% against the floating six-month Euribor for a notional amount of € 13,250 thousand at December 31, 2009.
4. Euro interest rate swap agreed with Intesa San Paolo S.p.A. on September 5, 2007, expiring January 31, 2012. It has a fixed swap rate of 4.50% against the floating six-month Euribor for a notional amount of € 6,610 thousand at December 31, 2009.
5. Euro interest rate swap agreed with Natixis SA on October 10, 2008, expiring September 30, 2011. It has a fixed swap rate of 5.201% against the floating six-month Euribor, for a notional amount of € 36,300 thousand at December 31, 2009.
6. Pound sterling interest rate swap agreed with Intesa San Paolo S.p.A. on October 10, 2008, expiring September 30, 2011. It has a fixed swap rate of 6.219% against the floating six-month GB£ Libor, for a notional amount of £ 23,900 thousand at December 31, 2009.
7. US dollar interest rate swap agreed with Intesa San Paolo S.p.A. on October 10, 2008, expiring September 30, 2011. It has a fixed swap rate of 4.51% against the floating six-month US$ Libor, for a notional amount of US$ 53,800 thousand at December 31, 2009.
8. US dollar interest rate swap agreed with Bayerische Hypo und Vereinsbank AG on December 18, 2008, expiring September 30, 2011. It has a fixed swap rate of 1.848% against the floating six-month US$ Libor, for a notional amount of US$ 21,984 thousand at December 31, 2009.

Although the interest rate swaps have been entered into for hedging purposes, they do not meet the formal requirements of IAS 39 and should, therefore, be recognized as trading instruments.

Interest rate swaps hedging floating interest rates on property finance leases are analyzed below, listed in chronological order by the date they were agreed:

1. Euro interest rate swap agreed with Intesa San Paolo S.p.A. on March 7, 2006, expiring July 1, 2019. It has a fixed swap rate of 3.945% against the floating one-month Euribor for a notional amount of € 7,452 thousand at December 31, 2009.
2. Euro interest rate swap agreed with Unicredit Banca d'Impresa S.p.A. on March 7, 2006, expiring July 1, 2019. It has a fixed swap rate of 3.960% against the floating one-month Euribor for a notional amount of € 7,452 thousand at December 31, 2009.

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

—Forward purchase of aluminum

At December 31, 2009, the group has five contracts for the forward purchase of aluminum, for a total of 800 tons, spread over various expiry dates based on forecast monthly requirements.

(46) Derivatives (Continued)

The hedge accounting requirements of IAS 39 were not met and these derivatives are therefore recognized as trading instruments.

The following table shows the forward aluminum purchase contracts in place at December 31, 2009:

Expiry date	Hedged amount (tons)	Strike price ($US/ton)	December 31, 2009 Positive/(negative) fair value (Thousands of Euros)
March 2010	100	750	46
April 2010	100	755	46
May 2010	200	888	55
June 2010	200	888	56
July 2010	200	888	57
Total	**800**		**259**

—Currency swaps

The group did not have any currency swaps at the reporting date.

The following table shows the fair value of the derivatives held at the reporting date:

Contract (Thousands of Euros)	Recognition at December 31, 2009	December 31, 2008 Positive/(negative) fair value	December 31, 2009 Positive/(negative) fair value
Interest rate swap on loan	Hedge accounting	—	—
Interest rate swap on leases	Hedge accounting	(522)	(817)
Currency swap	Hedge accounting	—	—
Interest rate swap on loan	Recognized at fair value through profit or loss	(9,832)	(11,247)
Currency swap	Recognized at fair value through profit or loss	302	—
Forward aluminum purchase	Recognized at fair value through profit or loss	(3,201)	259

(46) Derivatives (Continued)

Effective interest rate and repricing analysis

The following table shows the effective interest rate at the reporting date and for the period in which the related rate may be reviewed for interest-bearing financial assets and liabilities.

Thousands of Euros	Effective interest rate—December 2009	Repricing date: Total 31/12/09	Up to 6 months	6 - 12 months	1 - 2 years	2 - 5 years	After 5 years
Bank loans and borrowings:							
Facility A EUR	4.02%	36,191	36,191	—	—	—	—
Facility B EUR	4.52%	34,150	34,150	—	—	—	—
Facility C EUR	5.02%	34,150	34,150	—	—	—	—
Facility A USD	3.64%	21,540	21,540	—	—	—	—
Facility B USD	4.14%	20,373	20,373	—	—	—	—
Facility C USD	4.64%	20,373	20,373	—	—	—	—
Facility A GBP	3.74%	15,273	15,273	—	—	—	—
Facility B GBP	4.24%	14,423	14,423	—	—	—	—
Facility C GBP	4.74%	14,423	14,423	—	—	—	—
Facility A AUD	6.85%	9,923	9,923	—	—	—	—
Facility B AUD	7.35%	9,285	9,285	—	—	—	—
Facility C AUD	7.85%	9,285	9,285	—	—	—	—
Revolving facility	3.48%	13,000	13,000	—	—	—	—
CAPEX facility	4.02%	38,600	38,600	—	—	—	—
Transaction costs	n.a.	(8,948)	(8,948)	—	—	—	—
TOTAL SENIOR DEBT 10/10/2008		**282,042**	**282,042**	**—**	**—**	**—**	**—**
Accrued expenses and deferred income—Guala Closures S.p.A.	n.a.	4,900	4,900	—	—	—	—
Advances on receivables—Guala Closures Argentina		873	873	—	—	—	—
Guala Closures Mexico loan		2,064	2,064	—	—	—	—
Total bank loans and borrowings		**289,880**	**289,880**	**—**	**—**	**—**	**—**
Other financial liabilities:							
Financing as per Law no. 46/82		733	70	195	200	268	—
Guala Closures S.p.A. finance leases		21,397	21,397	—	—	—	—
Payable due to the Ukrainian non-controlling investors		5,100	—	—	—	—	5,100
Other liabilities		165	165	—	—	—	—
Total other financial liabilities		**27,395**	**21,632**	**195**	**200**	**268**	**5,100**

Thousands of Euros	Effective interest rate—December 2009	Repricing date: Total 31/12/09	Up to 6 months	6 - 12 months	1 - 2 years	2 - 5 years	After 5 years
Loan from the parent GCL Special Closures	6.04%	10,134	10,134	—	—	—	—
Total		**10,134**	**10,134**	**—**	**—**	**—**	**—**

(47) Related party transactions

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

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

	Costs recognized in the year								
Thousands of Euros	Fees for position held	Remuneration for employment	Accrual for post-employment benefits and other supplementary pension funds	Non-cash benefits	Other benefits	Total	Accrual for post-employment benefits at December 31, 2009	Other payables at December 31, 2009	Cash flows in the year
Total directors/key managers	**1,187**	**662**	**53**	**45**		**1,947**	**212**	**5**	**1,951**
Total statutory auditors	**40**	**—**	**—**	**—**	**—**	**40**	**—**	**31**	**17**

Intesa Sanpaolo S.p.A. is considered a related party of Guala Closures S.p.A..

The transactions and relationships between these two companies at December 31, 2009 are summarized below:

- Intesa Sanpaolo is, together with Bayerische Hypo und Vereinsbank AG and Natixis SA, the Mandated Lead Arranger and Bookrunner of the Senior Facilities Agreement dated October 10, 2008;
- at December 31, 2009, Intesa Sanpaolo has a representative on the board of directors of Guala Closures S.p.A.;
- through GCL Holdings S.à.r.l., Intesa Sanpaolo has an indirect investment of 19% in GCL Holdings S.C.A., the indirect parent of Guala Closures S.p.A.;
- transactions with Intesa Sanpaolo S.p.A. take place on an arm's length basis.

Furthermore, Guala Closures S.p.A. and Creative GCL S.r.l. participate in the national tax consolidation scheme headed by the ultimate parent, GCL Special Closures S.r.l.. Reference should be made to Note 44) Income taxes to these consolidated financial statements for more details.

Related parties also include a pension fund for employees of the former Metal Closures Ltd (now Guala Closures UK Ltd) managed by Metal Closures Group Trustees Ltd. Considering the performance of the pension fund, the company was not required to transfer funds thereto. Employees have paid their contributions. Reference should be made to note 30) Employee benefits to the consolidated financial statements for additional information.

(48) Contingent liabilities

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

(49) Commitments and guarantees

The group's commitments and guarantees at December 31, 2010 can be grouped into those guarantees given in relation to the Senior Facilities Agreement and other guarantees given by other group companies.

(49) Commitments and guarantees (Continued)

The guarantees given in relation to the Senior Facilities Agreement are detailed as follows:

Guala Closures S.p.A.

- Pledge of the shares held by Guala Closures S.p.A. in Guala Closures International B.V.
- Special lien on the following assets of Guala Closures S.p.A.:
    - existing and future chattels not listed in public registers which Guala Closures S.p.A. uses in its operations or as plant and machinery;
    - raw materials, work in progress, stock, finished goods held at any time at Guala Closures S.p.A.'s warehouses (or with third parties or holders of any kind);
    - goods that Guala Closures S.p.A. purchases with income from the financing secured by the special lien;
    - receivables arising after the warranty deed is signed following the sale of some of the above assets.
- Pledge of Guala Closures S.p.A.'s intellectual property

Guala Closures UK Holdings Ltd.

- Pledge of Guala Closures UK Ltd. shares held by Guala Closures UK Holdings Ltd.

Guala Closures UK Ltd.

- Special lien on all the assets of Guala Closures UK Ltd.

Guala Closures International B.V.

- Pledge of the Guala Closures UK Holdings Ltd. shares held by Guala Closures International B.V.
- Pledge of the Guala Closures Patents B.V. shares held by Guala Closures International B.V.
- Pledge of the Guala Closures Orient B.V. shares held by Guala Closures International B.V.
- Pledge of the Guala Closures China B.V. shares held by Guala Closures International B.V.
- Pledge of the Guala Closures Australia Holdings Pty Ltd shares held by Guala Closures International B.V.
- Pledge of the Technologia Closures LLC shares held by Guala Closures International B.V.
- Pledge of the Guala Closures Mexico loan S.A. de C.V. shares held by Guala Closures International B.V.
- Pledge of the Guala Closures Iberica S.A. shares held by Guala Closures International B.V.
- Pledge of the Millstreet Holding B.V. shares held by Guala Closures International B.V.
- Pledge of the Guala Closures New Zealand Ltd shares held by Guala Closures International B.V.

Guala Closures Patents B.V.

- Pledge of the intellectual property of Guala Closures Patents B.V.

(49) Commitments and guarantees (Continued)

Guala Closures China B.V.

- Pledge of the Beijing Guala Closures Ltd. shares held by Guala Closures China B.V.

Millstreet Holding B.V.

- Pledge of the Guala Closures de Colombia Ltda shares held by Millstreet Holding B.V.
- Pledge of the Guala Closures do Brasil Ltda shares held by Millstreet Holding B.V.

The other guarantees given by group companies at December 31, 2009 are as follows:

Thousands of Euros	December 31, 2009
Guala Closures S.p.A.	
Sureties given to third parties	2,401
Third party assets held by the company	1,739

(50) Subsequent events

On March 12, 2010, the transfer of the investment in Guala Closures UK Ltd from Guala Closures UK Holdings Ltd to the group's holding company Guala Closures International B.V. was approved with the related transfer of the shares.

On March 1, 2010, the merger of Millstreet Holding B.V. and Guala Closures International B.V. was formalized in a specific deed.

On March 18, 2008, the parent's board of directors approved the partial early repayment of the loan granted by the ultimate parent GCL Special Closures S.r.l. (€ 3,100 thousand).

On behalf of the Board of directors
Chairman and Managing Director
Marco Giovannini (signed on the original)

Alessandria, March 26, 2010

ANNEXES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Annex A)

Pro forma statement of financial position as at January 1, 2009

ANNEX A)

GUALA CLOSURES GROUP
PRO FORMA STATEMENT OF FINANCIAL POSITION

(Thousands of Euros)	December 31, 2008	GCL Holdings S.r.l.	Impact of merger	January 1, 2009
ASSETS				
Current assets				
Cash and cash equivalents	22,172	2,608		24,780
Current financial assets	3,036			3,036
Trade receivables	71,772			71,772
Inventories	43,823			43,823
Current direct tax assets	3,394			3,394
Current indirect tax assets	6,009	640		6,649
Financial derivative assets	302			302
Other current assets	5,950			5,950
Assets classified as held for sale	1,594			1,594
Total current assets	**158,052**	**3,248**		**161,300**
Non-current assets				
Non-current financial assets	215	299,257	(299,257)	215
Property, plant and equipment	135,007		18,491	153,499
Intangible assets	264,732		120,745	385,478
Deferred tax assets	11,876			11,876
Other non-current assets	3,820			3,820
Total non-current assets	**415,651**	**299,257**	**(160,020)**	**554,888**
TOTAL ASSETS	**573,703**	**302,505**	**(160,020)**	**716,188**
LIABILITIES AND EQUITY				
Current liabilities				
Current financial liabilities—third parties	26,893			26,893
Current financial liabilities—related parties	335			335
Trade payables	44,440	2,559		46,999
Current direct tax liabilities	2,297			2,297
Current indirect tax liabilities	2,703			2,703
Current provisions for risks and charges	1,281			1,281
Financial derivative liabilities	13,555			13,555
Other current liabilities	9,608			9,608
Total current liabilities	**101,112**	**2,559**	**—**	**103,671**
Non-current liabilities				
Non-current financial liabilities—third parties	274,761			274,761
Non-current financial liabilities—related parties	15,200			15,200
Employee benefits	6,395			6,395
Deferred tax liabilities	5,741		21,786	27,527
Non-current provisions for risks and charges	1,658			1,658
Other non-current liabilities	61			61
Total non-current liabilities	**303,815**	**—**	**21,786**	**325,601**
Total liabilities	**404,927**	**2,559**	**21,786**	**429,272**
Share capital and reserves attributable to non-controlling interests	14,560		394	14,954
Profit for the year attributable to non-controlling interests	940			940
Equity attributable to non-controlling interests	**15,500**	**—**	**394**	**15,893**
Equity attributable to the owners of the parent				
Share capital	67,624	20,000	(20,000)	67,624
Share premium reserve	106,974	280,000	(197,728)	189,246
Legal reserve	774			774
Translation reserve	(27,288)		18,313	(8,975)
Hedging reserve	(534)		(471)	(1,005)
Retained earnings	17,279	(54)	17,686	34,910
Loss for the year	(11,552)			(11,552)
Equity attributable to the owners of the parent	**153,277**	**299,946**	**(182,200)**	**271,023**
Total equity	**168,777**	**299,946**	**(181,806)**	**286,916**
TOTAL LIABILITIES AND EQUITY	**573,703**	**302,505**	**(160,020)**	**716,188**

GUALA CLOSURES GROUP

CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2008

KPMG S.p.A.
Revisione e organizzazione contabile
Corso Vittorio Emanuele II, 48
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Report of the auditors in accordance with article 2409-ter of the Italian Civil Code

To the shareholders of
Guala Closures S.p.A.

1 We have audited the consolidated financial statements of the Guala Closures Group as at and for the year ended 31 December 2008, comprising the balance sheet, income statement, statement of changes in equity, cash flow statement and notes thereto. The parent's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards generally accepted in Italy. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

The consolidated financial statements present the prior year corresponding figures for comparative purposes. As disclosed in the notes, following the early adoption of IFRIC 14 with retroactive effect from 1 January 2008, the parent's directors restated such corresponding figures included in the prior year consolidated financial statements in accordance with the above interpretation. We audited such financial statements and issued our report thereon on 31 March 2008. We have examined the methods used to restate the prior year corresponding figures and related disclosures to the extent that we considered to be necessary to express an opinion on the consolidated financial statements at 31 December 2008.

3 In our opinion, the consolidated financial statements of the Guala Closures Group as at and for the year ended 31 December 2008 comply with the International Financial Reporting Standards endorsed by the European Union. Therefore, they are clearly stated and give a true and fair view of the financial position of the Guala Closures Group as at 31 December 2008, the results of its operations, changes in its equity and its cash flows for the year then ended.

KPMG SPA

Turin, 3 April 2009

GUALA CLOSURES GROUP

CONSOLIDATED BALANCE SHEETS

(Thousands of Euros)	December 31, 2007	January 1, 2008(*)	December 31, 2008	Note
ASSETS				
Current assets				
Cash and cash equivalents	28,036	28,036	22,172	5
Current financial assets	5,610	5,610	3,036	6
Trade receivables	78,107	78,107	71,772	7
Inventories	55,658	55,658	43,823	8
Current direct tax assets	2,323	2,323	3,394	9
Current indirect tax assets	5,537	5,537	6,009	10
Financial derivative assets	1,343	1,343	302	11
Other current assets	1,326	1,326	5,950	12
Assets classified as held for sale	2,269	2,269	1,594	13
Total current assets	**180,209**	**180,209**	**158,052**	
Non-current assets				
Non-current financial assets	290	290	215	14
Property, plant and equipment	124,369	124,369	131,556	16
Intangible assets	259,062	259,062	275,260	17
Deferred tax assets	12,065	12,065	11,876	18
Employee benefits managed by related parties	9,409	2,591	—	30
Other non-current assets	4,414	4,414	3,820	19
Total non-current assets	**409,609**	**402,791**	**422,728**	
TOTAL ASSETS	**589,817**	**582,999**	**580,779**	
LIABILITIES AND EQUITY				
Current liabilities				
Current financial payables—third parties	240,972	240,972	26,893	20
Current financial payables—related parties	—	—	335	21
Trade payables	58,885	58,885	44,440	24
Current direct tax liabilities	3,018	3,018	2,297	25
Current indirect tax liabilities	2,744	2,744	2,703	26
Current provisions for risks and charges	670	670	1,281	27
Financial derivative liabilities	239	239	13,555	28
Other current liabilities	8,796	8,796	9,608	29
Total current liabilities	**315,324**	**315,324**	**101,112**	
Non-current liabilities				
Non-current financial payables—third parties	54,185	54,185	274,761	20
Non-current financial payables—related parties	—	—	15,200	21
Employee benefits	6,661	6,661	6,395	30
Deferred tax liabilities	7,043	4,998	4,878	18
Non-current provisions for risks and charges	683	683	1,658	27
Other non-current liabilities	78	78	61	31
Total non-current liabilities	**68,651**	**66,606**	**302,952**	
Total liabilities	**383,975**	**381,930**	**404,064**	
Share capital and reserves attributable to minority interests	13,116	13,116	13,758	
Profit for the year attributable to minority interests	1,967	1,967	965	
Equity attributable to minority interests	**15,083**	**15,083**	**14,723**	33
Equity attributable to the shareholders of the parent				
Share capital	67,624	67,624	67,624	
Share premium reserve	106,974	106,974	106,974	
Legal reserve	588	588	774	
Translation reserve	(9,610)	(9,610)	(18,633)	
Hedging reserve	848	848	(534)	
Retained earnings	12,521	7,748	17,279	
Profit (loss) for the year	11,815	11,815	(11,492)	
Equity attributable to the shareholders of the parent	**190,759**	**185,986**	**161,993**	32
Total equity	**205,843**	**201,070**	**176,716**	
TOTAL LIABILITIES AND EQUITY	**589,817**	**582,999**	**580,779**	

(*) The opening balances have been restated following the early adoption of IFRIC 14

GUALA CLOSURES GROUP

CONSOLIDATED INCOME STATEMENTS

(Thousands of Euros)	2007	2008	Note
Net revenue	**325,617**	**325,266**	3
Change in inventories of finished goods and semi-finished products	5,791	(2,322)	8
Other operating income	14,770	12,417	34
Costs for raw materials	(133,572)	(130,804)	35
Costs for services	(79,332)	(73,850)	36
Personnel expense	(58,618)	(58,979)	37
Personnel (expense)/income relating to the pension fund managed by related parties	10	(2,385)	38
Other operating costs	(8,145)	(10,192)	39
Amortization, depreciation and impairment losses	(22,307)	(23,248)	16 - 17
Operating profit	**44,215**	**35,902**	
Financial income	5,745	19,468	40
Financial expense—third parties	(23,415)	(54,563)	41
Financial expense—related parties	—	(335)	42
Profit before taxation	**26,546**	**472**	
Income taxes	(12,764)	(10,998)	44
Profit (loss) for the year	**13,781**	**(10,526)**	
Attributable to:			
Shareholders of the parent	11,815	(11,492)	
Minority interests	1,967	965	

GUALA CLOSURES GROUP

CONSOLIDATED CASH FLOW STATEMENTS

(Thousands of Euros)	2007(*)	2008(**)	Note
Opening cash and cash equivalents	**34,239**	**28,036**	
A) Cash flows from (used in) operating activities			
Profit before taxation	26,546	472	
Amortization and depreciation	21,131	21,711	16 - 17
Reclassification of financial income/(expense) (excluding exchange rate gains/(losses))	16,405	30,239	40 - 41 - 42
Exchange rate gains (losses) on foreign currency financial receivables/payables	(1,454)	2,060	
Change in net working capital	(18,237)	4,710	
Acquisition of Technologia Closures (payment of suppliers)	—	(12,439)	4
Change in employee benefits	(208)	2,324	30
Change in other provisions	297	1,587	27
Change in other current assets/liabilities	1,419	(3,783)	12 - 29
Change in other non-current assets/liabilities	257	(32)	19 - 31
Current taxes recognized in the income statement	(10,908)	(11,287)	44
Change in current tax assets/liabilities	(1,343)	(1,392)	44
Deferred tax income/(expense) recognized in the income statement	(1,856)	289	44
Change in deferred tax assets/liabilities	2,163	69	18
Change in VAT and indirect tax assets/liabilities	(3,785)	2,036	10 - 26
TOTAL	**30,428**	**36,564**	
B) Cash flows from (used in) investing activities			
Investments	(56,457)	(30,936)	16 - 17
Disposals	4,967	376	16 - 17
Change in non-current assets classified as held for sale	(2,222)	208	13
Acquisition of Esvin and Auscap	(70,741)	—	—
Acquisition of a minority interest in Globalcap New Zealand	—	(2,772)	4
Acquisition of Technologia Closures	—	(24,394)	4
Advances for lease payments	2,012	156	
Exchange rate effect	2,533	21,076	
TOTAL	**(119,908)**	**(36,287)**	
C) Cash flows from (used in) financing activities			
Increase/(decrease) in financial liabilities	109,652	22,030	
Financial income	592	590	40
Financial expense	(17,058)	(21,414)	41 - 42
Exchange rate gains (losses) on foreign currency financial receivables/payables	1,454	(2,060)	
Change in financial assets	(1,839)	2,649	
Change in financial derivatives	(536)	4,943	46
Dividends	(6,739)	(773)	
Share capital increases paid in by minority interests	383	3,732	
Impact of IFRS directly in equity	29	(3,482)	
Change in translation reserve	(2,661)	(12,356)	
TOTAL	**83,277**	**(6,142)**	
D) Net cash flows for the year (A+B+C)	**(6,203)**	**(5,864)**	
Closing cash and cash equivalents	**28,036**	**22,172**	

(*) Certain reclassifications have been made with respect to the 2007 cash flow statement included in the consolidated financial statements as at and for the year ended December 31, 2007, to align figures with the new format used.

(**) The 2008 cash flow statement shows restated opening figures following the early adoption of IFRIC 14.

GUALA CLOSURES GROUP

STATEMENTS OF CHANGES IN CONSOLIDATED EQUITY

(Thousands of Euros)	Share capital	Share premium reserve	Legal reserve	Translation reserve	Hedging reserve	Retained earnings	Profit (loss) for the year attributable to the shareholders of the parent	Equity attributable to the shareholders of the parent	Share capital and reserves attributable to minority interests	Profit for the year attributable to minority interests	Equity attributable to minority interests	Total equity
January 1, 2007	**67,624**	**107,452**	**—**	**(8,196)**	**340**	**169**	**18,954**	**186,343**	**12,150**	**2,562**	**14,712**	**201,055**
Allocation of 2006 profit	—	—	588	—	—	18,366	(18,954)	—	2,562	(2,562)	—	**—**
Exchange rate losses	—	—	—	(1,414)	—	—	—	(1,414)	(1,252)	—	**(1,252)**	**(2,666)**
Dividends to minority interests	—	—	—	—	—	(5,951)	—	(5,951)	(788)	—	**(788)**	**(6,739)**
Share capital increase	—	—	—	—	—	—	—	—	382	—	**382**	**382**
Impact of IFRS directly in equity	—	(478)	—	—	508	—	—	29	—	—	**—**	**29**
Other changes	—	—	—	—	—	(63)	—	(63)	63	—	**63**	**(0)**
2007 profit	—	—	—	—	—	—	11,815	11,815	—	1,967	**1,967**	**13,781**
December 31, 2007	**67,624**	**106,974**	**588**	**(9,610)**	**848**	**12,521**	**11,815**	**190,759**	**13,116**	**1,967**	**15,083**	**205,843**
Change to accounting standards—early adoption of IFRIC 14						**(4,773)**		**(4,773)**				**(4,773)**
Restated figures at January 1, 2008	**67,624**	**106,974**	**588**	**(9,610)**	**848**	**7,748**	**11,815**	**185,986**	**13,116**	**1,967**	**15,083**	**201,070**
Restated figures at January 1, 2008	**67,624**	**106,974**	**588**	**(9,610)**	**848**	**7,748**	**11,815**	**185,986**	**13,116**	**1,967**	**15,083**	**201,070**
Allocation of 2007 profit	—	—	187	—	—	11,628	(11,815)	—	1,967	(1,967)	—	**—**
Exchange rate losses	—	—	—	(9,023)	—	—	—	(9,023)	(3,337)	—	(3,337)	**(12,360)**
Dividends to minority interests	—	—	—	—	—	—	—	—	(773)	—	(773)	**(773)**
Share capital increase	—	—	—	—	—	—	—	—	3,732	—	3,732	**3,732**
Impact of IFRS directly in equity	—	—	—	—	(1,382)	—	—	(1,382)	—	—	—	**(1,382)**
Ukraine acquisition (*)		—	—	—	—	(2,100)	—	(2,100)	—	—	—	**(2,100)**
Acquisition of a minority interest—New Zealand		—	—	—	—	—	—	—	(950)	—	(950)	**(950)**
Other changes	—	—	—	—	—	2	—	2	3	—	3	**5**
2008 profit (loss)	—	—	—	—	—	—	(11,492)	(11,492)	—	965	965	**(10,526)**
31 December 31, 2008	**67,624**	**106,974**	**774**	**(18,633)**	**(534)**	**17,279**	**(11,492)**	**161,993**	**13,757**	**965**	**14,723**	**176,716**

(*) reference should be made to note 20) Financial payables—third parties of these consolidated financial statements

GENERAL INFORMATION

(1) The group's activities and key changes in its structure during the year

Guala Closure group's main activities involve the design and production of bottle closures for spirits and non-alcoholic drinks, wine, water, oil and vinegar, as well as for hygiene products to be sold on the domestic and international markets.

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

The group's activities are separated into two divisions:

- the Closures division, representing the group's core business, specialized in the production of safety closures (safety product line), standard aluminum closures, customized plastic and aluminum closures (decorative product line) and closures for other sectors and accessories;
- the PET division, which produces preforms and bottles for carbonated soft drinks (CSD product line) and preforms, bottles, molds, jars, flasks and miniature drinks bottles and containers for cosmetics, beauty products and pharmaceuticals and foodstuffs (custom molding product line).

Currently, the group is the European and international leader in the production of plastic safety closures for spirits bottles, with over 40 years' experience in the sector.

It is also the leading European producer of aluminum closures for spirits bottles and an important player in Italy and India in the field of preform PET bottles for the CSD sector.

The parent Guala Closures S.p.A. was incorporated under Italian law as a joint stock company. It is located in Italy. Its registered office is in Alessandria in Via Rana 12—D/6 industrial estate—Spinetta Marengo.

The main changes in the group structure during the year are the following:

Following significant collaboration with a closures manufacturer in Sumy (Ukraine), a 70% investment in the share capital of the Ukrainian-based Technologia Closures LLC was acquired in 2008. The group controls this company via Guala Closures International BV. It represents an important foothold in the Eastern European markets, particularly for vodka bottle closures (reference should be made to note 4) Acquisition of subsidiaries and business units of the consolidated financial statements for further information).

Efforts to strengthen our presence in our most important markets and those with the greatest development potential saw Guala Closures group acquire a minority interest in Globalcap New Zealand Ltd (later renamed Guala Closures New Zealand Ltd) on July 7, 2008. The group already held 65% of this company (reference should be made to note 4) Acquisition of subsidiaries and business units of these consolidated financial statements for further information).

The two companies in New Zealand were subsequently merged, with Investments (GC) Ltd being merged into Guala Closures New Zealand Ltd with effect from October 1, 2008.

The explosion of the Indian market led us to seek collaborations with Italian companies with which our group has a history of technical collaboration in the areas of constructing decorating machinery and constructing and maintaining moulds for thermoplastic materials. This resulted in the establishment of two new joint ventures with leading Italian companies in this sector, generating synergies which offer significant technical management savings for our Indian plants and a reduction in investments, while ensuring the same quality level. These joint ventures will commence operations in 2009. Guala Closures group's investments in the newcos are held by the subholding Guala Closures Orient B.V., with the following percentages: 30% in Omso Orient Printing Machines Pvt Ltd, in which the Italian company Omso S.p.A. based in Reggio in Emilia is the majority shareholder with a 70% investment (the company was set up on June 17, 2008); 60% in Creative (Moulds) India Pvt.Ltd., in which the Italian company A.M.C. S.r.l. based in Alessandria is the minority shareholder with a 40% investment (the company was set up on April 13, 2008).

(2) Accounting policies

The consolidated financial statements at December 31, 2008 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and endorsed by the European Union, and related interpretations. They include the separate financial statements of the parent and all subsidiaries shown in the group structure at December 31, 2008.

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

- balance sheet captions are classified by current and non-current assets and liabilities;
- income statement captions are classified by nature;
- the cash flow statement has been prepared using the indirect method;
- the statement of changes in consolidated equity has been prepared in accordance with the structure of changes in consolidated equity.

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

The parent's board of directors approved the publication of the separate financial statements on March 24, 2009.

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

The most important accounting policies used by the group to draw up its consolidated financial statements are consistent with those used for the consolidated financial statements as at and for the year ended December 31, 2007, except for the choice to opt for the early adoption of IFRIC 14. They are described below.

The balance sheet comprises reclassifications of certain captions shown in the 2007 annual report, as Financial derivative assets and Financial derivative liabilities are now recognized in separate captions.

The accounting policies have been applied consistently across all group companies.

(a) Basis of consolidation

Subsidiaries

The consolidation scope includes the parent Guala Closures S.p.A. and the entities over which it directly or indirectly has control, i.e., the power to govern, directly or indirectly, the financial and operating policies of an entity so as to obtain benefits from its activities, which in the case of Guala group entities currently takes place through possession of the majority of the voting rights. The subsidiaries are consolidated from the date control is actually transferred to the group. They cease to be consolidated from the date control is transferred outside the group.

(2) Accounting policies (Continued)

The entities included in the consolidation scope are listed in the following table:

List of investments in subsidiaries at December 31, 2008

Company name	Registered office	Currency	Share/quota capital	Investment percentage	Type of investment	Method of consolidation
EUROPE						
Guala Closures International B.V.	The Netherlands	EUR	92,000	100%	Direct	Line-by-line
Creative GCL S.r.l.	Italy	EUR	100,000	100%	Direct	Line-by-line
Guala Closures Patents B.V.	The Netherlands	EUR	18,400	100%	Indirect(*)	Line-by-line
Guala Closures Russia B.V.	The Netherlands	EUR	18,000	70%	Indirect(*)	Line-by-line
Guala Closures Orient B.V.	The Netherlands	EUR	20,000	86.85%	Indirect(*)	Line-by-line
Guala Closures China B.V.	The Netherlands	EUR	20,000	96.50%	Indirect(*)	Line-by-line
Millstreet Holding B.V.	The Netherlands	EUR	18,045	100%	Indirect(*)	Line-by-line
Guala Closures UK Holdings Ltd	Great Britain	GBP	7,590,000	100%	Indirect(*)	Line-by-line
Guala Closures UK Ltd	Great Britain	GBP	134,000	100%	Indirect(*)	Line-by-line
Metal Closures Limited	Great Britain	GBP	1	100%	Indirect(*)	Line-by-line
Metal Closures Properties Ltd	Great Britain	GBP	1	100%	Indirect(*)	Line-by-line
Guala Closures de Espana, S.L.	Spain	EUR	22,653,100	100%	Indirect(*)	Line-by-line
Guala Closures Iberica, S.A.	Spain	EUR	2,500,160	100%	Indirect(*)	Line-by-line
Guala Closures Polska Sp. Z.o.o.	Poland	PLN	7,874,000	100%	Indirect(*)	Line-by-line
Guala Closures France Sas	France	EUR	77,300	100%	Indirect(*)	Line-by-line
Technologia Closures LLC	Ukraine	UAH	90,000,000	70%	Indirect(*)	Line-by-line
ASIA						
Guala Closures India pvt Ltd	India	INR	170,000,000	82.5%	Indirect(*)	Line-by-line
Beijing Guala Closures Co. Ltd	China	CNY	20,278,800	96.5%	Indirect(*)	Line-by-line
LATIN AMERICA						
Guala Closures de Mexico S.A. de C.V.	Mexico	MXN	94,630,010	50.10%	Indirect(*)	Line-by-line
Guala Closures Servicios Mexico S.A. de C.V.	Mexico	MXN	50,000	50.10%	Indirect(*)	Line-by-line
Guala Closures Argentina S.A. (formerly Supertap S.A.)	Argentina	ARS	11,509,472	82.38%	Indirect(*)	Line-by-line
Guala Closures do Brasil LTDA	Brazil	BRL	10,736,287	100%	Indirect(*)	Line-by-line
Guala Closures de Colombia LTDA (formerly Tapas Albert Ltda)	Colombia	COP	8,691,219,554	93.20%	Indirect(*)	Line-by-line
Guala Closures del Uruguay S.A.	Uruguay	UYU	900,000	90%	Indirect(*)	Line-by-line
OCEANIA						
Guala Closures New Zealand Ltd (formerly Global Cap 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 (formerly Auscap Pty Ltd)	Australia	AUD	810	100%	Indirect(*)	Line-by-line
REST OF THE WORLD						
Guala Closures North America, Inc.	United States	USD	60,000	100%	Indirect(*)	Line-by-line

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

The table does not include the figures for the investments in the Indian companies Omso Orient Printing Machines Pvt Ltd and Creative (Moulds) India Pvt. Ltd as they are not consolidated due to their immaterial size.

Consolidation procedures

The financial statements of the subsidiaries are prepared for each reporting period using the same accounting policies as those of the parent. Consolidation adjustments are recognized to make those captions impacted by the application of different accounting policies consistent. All intragroup balances and transactions, including any unrealized profit on transactions within the group, are completely

(2) Accounting policies (Continued)

eliminated. Unrealized losses, other than impairment losses, are eliminated. The related tax effects are measured on all consolidation adjustments.

(b) Basis of preparation

These consolidated financial statements are prepared in Euros and rounded to the nearest thousand. The historic cost criterion has been applied, except to derivatives which are measured at fair value.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Following the application of IFRS, management has to prepare judgments, estimates and assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, costs and revenue. Estimates and the related assumptions are based on past experience and other factors considered to be reasonable in the circumstances. They are adopted to estimate the carrying amount of assets and liabilities that cannot easily be assumed from other sources. However, as they are estimates, the actual figure may not match the result of the estimate. Estimates are used to make provisions for bad debts, inventory obsolescence, amortization and depreciation, asset impairment losses, employee benefits, taxes, provisions for risks and charges, and to measure financial derivatives, insurance compensation and effects of business combinations.

Such estimates and assumptions are reviewed regularly. Any changes arising therefrom are recognized in the year in which the review takes place if this only affects that year. If the review relates to both current and future years, the change is recognized in the year in which the review takes place and in the related future years.

(c) Foreign currency

Functional currency and presentation currency

The figures stated in the financial statements of each group entity are measured using their functional currency, being the currency of the primary economic environment in which the entity operates. The consolidated financial statements are drawn up in Euros, the parent's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency applying the exchange rate ruling on the date of the transaction. Monetary items in foreign currency existing at the balance sheet date are translated into Euros using the closing rate. Exchange rate gains and losses are taken to the income statement. Non-monetary items measured at their historic cost in foreign currency are translated using the exchange rate ruling on the date of the transaction. Non-monetary items measured at fair value in foreign currency are translated into Euros using the exchange rates ruling on the date their fair value was determined.

Financial statements of the foreign companies

The financial statements of foreign companies in functional currencies other than the Euro are translated into Euros using the following procedure:

- assets and liabilities, including goodwill and adjustments to fair value arising on consolidation, are translated using the closing rate;
- revenue and costs are translated using the average exchange rate of the year;
- the resulting exchange rate gains or losses are recognized in a separate item under equity.

(2) Accounting policies (Continued)

On the disposal of a foreign entity, the total related accumulated exchange rate gains and losses are recognized in the income statement.

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

December 31, 2008

1 Euro = × foreign currency	Balance sheet	Income statement
Pound sterling	0.9525	0.79654
US dollar	1.3917	1.47060
Indian rupee	67.636	63.70117
Mexican peso	19.2333	16.29666
Colombian peso	3,124.48	2869.94000
Brazilian real	3.2436	2.67450
Russian ruble	34.5256	36.43809
Chinese renmimbi	9.4956	10.22471
Argentinean peso	4.80444	4.64094
Polish zloty	4.1535	3.51510
New Zealand dollar	2.4191	2.07633
Uruguay peso	33.9046	30.62052
Australian Dollar	2.0274	1.74160
Ukrainian hryvnia	10.9596	8.49399

December 31, 2007

1 Euro = × foreign currency	Balance sheet	Income statement
Pound sterling	0.73335	0.68455
US dollar	1.47210	1.37064
Indian rupee	58.02100	56.58880
Mexican peso	16.05470	14.97752
Colombian peso	2,969.59000	2,843.62000
Brazilian real	2.61078	2.66461
Russian ruble	35.98600	35.02038
Chinese renmimbi	10.75240	10.41859
Argentinean peso	4.63693	4.27081
Polish zloty	3.59350	3.78314
New Zealand dollar	1.90240	1.86310
Uruguay peso	31.69920	32.07200
Australian dollar	1.67570	1.63557

(d) Cash and cash equivalents

Cash and cash equivalents include cash balances and on-demand deposits as well as all highly-liquid investments with an original expiry date equal to or of less than three months.

Cash and cash equivalents are calculated in the same way for both balance sheet and cash flow statement purposes.

(2) Accounting policies (Continued)

(e) Derivatives

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

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

Derivative financial assets and liabilities are initially recognized at fair value and then adjusted to fair value at the closing date.

The market value of interest rate swaps is the present value of the difference between the rate to pay/receive and the interest rate based on market trends at the same date as the swap.

The fair value of currency swaps, currency options and derivatives related to the price of raw materials is calculated by leading financial institutions on the basis of market conditions.

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

Cash flow hedges

The effective part of changes in the fair value of those derivatives that qualify as cash flow hedges and which are highly effective is recognized under the Hedging reserve in equity. The amounts included in this reserve and subsequent changes in the fair value of the derivatives are recognized in the income statement in the year in which the flows generated by the hedged items are recognized and classified in the same income statement caption.

Changes in the fair value of those derivatives that do not qualify as cash flow hedges and the ineffective portion of those which do qualify are taken to the income statement.

(f) Trade and other receivables

Trade and other receivables with due dates in line with generally accepted current trade terms are initially recognized at fair value, which generally equals nominal value. They are subsequently measured at amortized cost, net of identified impairment losses. The estimate of the amounts considered unrecoverable is based on the present value of estimated future cash flows.

(g) Inventories

Inventories are measured at the lower of purchase or production cost and net realizable value. Net realizable value is the estimated sales price under normal operating conditions, net of estimated completion and sales-related costs.

The production cost of finished goods includes the portions of the costs of raw materials and external materials and processing, as well as all other direct and indirect production costs reasonably attributable to the products, excluding financial expense.

Purchase or production cost is calculated on a weighted average cost basis.

Obsolete and/or slow-moving inventories are written down on the basis of their estimated possibility of use or future realizable value, through an accrual to the specific provision adjusting the carrying amount of inventories. The amount is reinstated if, in subsequent years, the reasons for the write-down no longer exist.

(2) Accounting policies (Continued)

(h) Assets classified as held for sale and discontinued operations

Assets classified as held for sale are recognized at the lower of their carrying amount when they were classified as Assets held for sale and their fair value less costs to sell. Any impairment losses recognized under this principle are taken to profit or loss, whether they relate to fair value adjustments or gains and losses arising from subsequent fluctuations in fair value. Operations are classified as discontinued when they are discontinued or when they meet the requirements to be classified as held for sale, if this occurs first.

(i) Property, plant and equipment

Property, plant and equipment are recognized at historic cost, including directly related ancillary costs necessary for the use of the asset. Financial expense related to loans taken out specifically for investments in property, plant and equipment is considered part of the carrying amount of the related assets and, as such, capitalized.

Where significant components of the asset have different useful lives, they are recognized separately.

Property, plant and equipment are shown net of accumulated depreciation and any impairment losses determined as set out below.

Depreciation is calculated on a straight-line basis over the item's estimated useful life for the entity, which is checked annually. Where necessary, any changes are reflected on a prospective basis. The depreciation periods are as follows:

	Depreciation period (years)
Buildings	30 - 35
Light constructions	8 - 10
Specific plant, machinery, presses and molds	4 - 12
Generic plant	10 - 13
Laboratory equipment	2 - 3
Canteen equipment, office furniture and machinery and fittings for exhibitions and trade fairs	8 - 10
Vehicles, canteen facilities	4 - 6
Internal means of transport, electronic machinery and mobile phones	5 - 8

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

At the time of disposal or when there are no expected future economic benefits from an asset's use, the item is derecognized. Any gain or loss (calculated as the difference between the sales amount and carrying amount) is taken to the income statement in the period of derecognition.

Costs incurred after the initial recognition are included in an asset's carrying amount when it is probable that the future economic benefits exceeding those determined originally will flow to the group. These costs are depreciated over the related asset's residual useful life. All other costs are expensed in the year in which they are incurred.

(2) Accounting policies (Continued)

When management decides to designate an asset as available for sale, it is recognized under Assets classified as held for sale.

(l) Leases

Finance leases

Leases for property, plant and equipment where the group substantially takes on all risks and rewards incidental to ownership are classified as finance leases. Plant and machinery acquired under finance leases are recognized at the lower of fair value and the present value of the minimum lease payments due at the inception of the lease, net of accumulated depreciation and any impairment losses. The related assets, liabilities, revenue and expense deriving from the lease are recognized under the financial method at the inception of the lease, i.e., when the lessee is authorized to exercise its right to use the leased asset. Property, plant and equipment acquired under finance leases are depreciated over the related asset's useful life.

Interest expense on finance lease payments is expensed using the effective interest method.

Operating leases

Those leases where the group does not substantially take on all risks and rewards incidental to ownership are recognized as operating leases. Operating lease payments are taken to the income statement on a straight-line basis over the term of the lease.

(m) Intangible assets

Goodwill

Goodwill arising from acquisition of subsidiaries is initially recognized at cost and represents the difference between the acquisition cost and the portion of the net fair value attributable to the purchaser of the identifiable current and contingent assets and liabilities. After initial recognition, goodwill is adjusted for any accumulated impairment losses, determined using the criteria described later on in this document.

Goodwill deriving from acquisitions carried out before January 1, 2004 is recognized at the amount recognized as such in the last set of consolidated financial statements prepared using Italian GAAP (December 31, 2003). Acquisitions which took place prior to January 1, 2004 were not restated in the opening IFRS financial statements.

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

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

Other intangible assets

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

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

(2) Accounting policies (Continued)

and equipment. Useful life is checked annually and, where necessary, any changes are reflected on a prospective basis.

Gains and losses arising from the disposal of an intangible asset are determined as the difference between the sales amount and carrying amount. They are recognized in the income statement at the time of disposal.

Research expenditure

Expenditure related to research undertaken to gain scientific and technical knowledge and information is taken to the income statement in the year in which it is incurred.

Development expenditure

Development costs, which also relate to the application of the results of research to a plan or project for the production of new or improved products or processes, are capitalized when the product or process is feasible in technical and commercial terms and the group has the necessary resources to complete the development stage.

Capitalized development expenditure is measured at cost, net of accumulated amortization and impairment losses.

Amortization periods for other intangible assets are as follows:

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

(n) Income taxes

Income taxes of the year include current and deferred taxation. They are taken to the income statement.

Current income taxes on the tax base of the year correspond to the tax charges to be settled. They are calculated using the tax rates ruling at year end.

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

Deferred tax liabilities are recognized for all taxable temporary differences, except for those arising from:

- the initial recognition of goodwill;
- goodwill where the amortization is not tax deductible;
- the initial recognition of an asset or liability in a transaction which
  - (i) is not a business combination; and
  - (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

(2) Accounting policies (Continued)

Deferred tax assets are recognized in the financial statements:

- for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:
  - (i) is not a business combination; and
  - (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss);
- for the carry forward of unused tax losses and tax credits, if it is probable that the entity will recognize taxable income of an amount permitting the use of the tax loss or tax credit.

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

Taxes payable following the distribution of dividends are recognized at the time the dividend distribution is approved.

(o) Financial payables

Bank overdrafts are recognized at fair value. Loans are initially recognized at the fair value of the amount received, net of related charges. They are subsequently measured at amortized cost using the effective interest method.

They are classified under current and non-current liabilities on the basis of the respective expiry date.

(p) Trade payables

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

(q) Employee benefits

Employee benefits paid on leaving or after ceasing employment with an entity through defined benefit plans, such as post-employment benefits and other pension funds, are recognized over the period in which the benefit vests. Liabilities related to defined benefit plans, net of any plan assets, are determined using actuarial assumptions and are recognized on an accruals basis in line with the service required to obtain such benefits. These appraisals are performed by independent actuaries.

Actuarial gains and losses deriving from actuarial calculations at the balance sheet date are recognized in the income statement.

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

As this interpretation is applied for the first time in the consolidated financial statements relating to the year commencing January 1, 2008, which includes just one year of comparative figures, the adjustment arising from the interpretation should be determined as at January 1, 2007 and the effects recognized in “Retained earnings”. However, pursuant to IAS 8.24, because the specific effects cannot be determined for the previous year figures (2007) presented, the company has applied the new

(2) Accounting policies (Continued)

standard to the opening carrying amount of the assets and liabilities for 2008, with a corresponding adjustment to the opening balance of each relevant equity item, shown under Restated figures at January 1, 2008 (reference should be made to the Statements of changes in consolidated equity for further information).

(r) Provisions for risks and charges

Provisions for risks and charges include certain or probable costs and charges, the amount or due date of which are unknown at year end. Accruals are recognized when there is a present (legal or constructive) obligation as a result of a past event, if the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits and a reliable estimate can be made of the obligation. The accruals are stated as the best estimate of the amount the entity would have to pay to settle the obligation or to transfer it to third parties at year end. If the impact of discounting the time value of money is significant, the accruals are determined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money. The effect of such discounting is recognized as a financial expense.

(s) Revenue

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

- revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have been transferred;
- revenue for services is recognized in relation to the stage of completion of the transaction.

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

(t) Grants

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

(u) Financial income and expense

Financial income and expense are recognized on an accruals basis and calculated on the carrying amount of the related financial assets and liabilities using the effective interest method. Financial expense related to loans taken out specifically for investments in property, plant and equipment is considered part of the carrying amount of the related assets and, as such, capitalized.

(v) New standards

The new standards issued by IASB endorsed by the European Union and published in the Official Journal of the European Union in 2008 are as follows:

Amendments to IAS 1—"Presentation of Financial Statements"

Amendments to IAS 23—"Borrowing Costs"

Amendments to IAS 39—"Financial Instruments: recognition and measurement"

Amendments to IFRS 2—"Share-based Payments: vesting conditions and cancellations"

(2) Accounting policies (Continued)

IFRS 8—"Operating Segments"

IFRIC 13—"Customer Loyalty Programmes"

IFRIC 14 / IAS 19—"The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"

The amendments to IAS 1—"Presentation of Financial Statements" amends certain financial statements presentation requirements and requires supplementary information in certain situations.

These amendments will take effect for financial statements of the years commencing after January 1, 2009.

The amendments to IAS 23—"Borrowing Costs" removes the option of expensing borrowing costs to the extent that they may be directly allocated to the purchase, construction or production of an asset and should therefore be capitalized. Such borrowing costs shall be capitalized as part of the cost of the asset if it is likely they will generate future economic benefits and they may be reliably estimated. Other borrowing costs shall be expensed in the year in which they are incurred.

These amendments will take effect for financial statements for years commencing after January 1, 2009. Amendments to IAS 39—"Financial instruments: recognition and measurement" allows entities to reclassify certain financial assets included under "assets at fair value through profit or loss", excepting derivatives and financial instruments designated as such at their initial recognition and not held for trading, if they are no longer held for trading or to repurchase them in the short term.

The entity may apply these amendments with effect from July 1, 2008 if the reclassifications are made within October 31, 2008. After such date, retrospective application is not allowed and the reclassification takes effect only from the date on which the reclassification takes place.

Amendments to IFRS 2—"Share-based Payments: vesting conditions and cancellations" clarified the vesting conditions and how to recognize non-vesting conditions and cancellations of share-based payment agreements.

The amendments to IFRS 2 are applied retrospectively to the financial statements of the years commencing after January 1, 2009.

IFRS 8—"Operating Segments" lays down the required disclosures of segment information, and in relation to the entity's products and services, the geographical segments in which it operates and key customers.

IFRIC 13—"Customer Loyalty Programmes" eliminates inconsistencies in the accounting treatment of free goods and services ("bonuses" or "bonus points") allocated within customer loyalty programs on the sale of a good or service.

The EU regulation endorsing the above document provides for the application of IFRIC 13 in financial statements for years commencing after January 1, 2009.

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

The EU regulation endorsing the above document provides for the application of IFRIC 14/IAS 19 in financial statements for years commencing after January 1, 2009. However, entities may choose to apply it in advance of such date.

(3) Segment reporting

Primary reporting format—business segment

At December 31, 2008, the international-level group organization is based on the following two main segments:

- the Closures division;
- the PET division.

The business segments used for presentation purposes are those considered relevant under IAS 14.

A sector is relevant when the majority of its revenue is obtained through sales to third party customers and if:

- revenue from sales to third party customers and from transactions with other segments represents at least 10% of total internal and external revenue from all segments;

or

- the segment profit or loss represents at least 10% of the overall profit or loss of all segments, regardless of which is the highest amount;

or

- its volumes represent at least 10% of the total of all segment volumes.

Disclosure by business segment is not provided as one of the group's two business segments, the PET division, does not meet the requirements of IAS 14.

Secondary reporting format—geographical segments

Net revenue, segment assets and investments are grouped geographically based on the location of the group companies that generated them.

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

	December 31, 2007			31 December 31, 2008		
Thousands of Euros	**Net revenue**	**Segment assets**	**Operating investments**	**Net revenue**	**Segment assets**	**Operating investments**
Europe	193,782	415,026	45,618	179,196	413,910	18,481
Asia	37,622	31,124	4,705	43,621	36,506	8,199
Latin America	51,530	55,058	2,617	53,500	49,860	3,029
Oceania	42,214	88,333	3,514	47,789	79,997	3,046
ROW	470	276	3	1,160	506	4
Total	**325,617**	**589,817**	**56,457**	**325,266**	**580,779**	**32,758**

(4) Acquisition of subsidiaries and business units

The Ukranian company, Technologia Closures LLC, in which Guala Closures group holds a 70% investment, was purchased during 2008.

Technologia Closures LLC was incorporated in June 2008 following a significant collaboration (a license contract dated September 21, 2007) with a closures manufacturer with a plant in Sumy (Ukraine). The plant's operating activities were transferred to the new company and Guala Closures International subsequently purchased 70% of such company on October 22, 2008. This acquisition represents an important cornerstone for development in the Eastern European markets, particularly for vodka bottle closures.

(4) Acquisition of subsidiaries and business units (Continued)

The purchase contract included an unconditional put option giving the minority shareholder the right to sell their shares to Guala Closures group if certain events occur.

The impact of the acquisition on the group's assets and liabilities is as follows:

(Thousands of Euros)	Note	Carrying amounts before acquisition	Adjustments: fair value measurement	Amounts recognized at acquisition
Cash and cash equivalents	5	12		12
Trade receivables	7	2,495		2,495
Inventories	8	3,655		3,655
Current indirect tax assets	10	2,497		2,497
Other current assets	12	29		29
Property, plant and equipment	16	8,924		8,924
Trade payables	24	(17,603)		(17,603)
Net identifiable assets and liabilities		**9**	**—**	**9**
Net assets and liabilities—group portion				**6**
Goodwill arising from acquisition				**24,400**
Cost of the combination				**24,406**

(Thousands of Euros)	
Consideration paid at acquisition	23,832
Other costs of the combination	574
Cash and cash equivalents acquired	(12)
Net cash flow used	**24,394**

The following table shows the combination's main cost components:

(Thousands of Euros)	
Consideration paid at acquisition	23,832
Other costs of the combination	574
Cost of the combination	**24,406**

Goodwill arising from acquisition relates to the technical skills and know-how of the personnel of the entity acquired and the synergies which are expected to be obtained from the inclusion of the company in Guala Closures group, and to the acquisition of important trade relationships in the Eastern European markets.

The amounts recognized for the transaction are provisional. The net assets and liabilities included in the acquisition could be subject to additional adjustments whose amounts will be finalized in the next few months.

As required by IFRS 3.70, we state that it is not possible to disclose the information about the pro forma results as though the business combination had taken place at the beginning of the year as the figures for this business unit cannot be separated from the overall figures of the pre-existing company. The subsidiary Technologia Closures LLC recognized a profit of € 1,732 thousand from its acquisition to December 31, 2008.

During 2008, Guala Closures group acquired a minority interest of 35% in Global Cap New Zealand Ltd (renamed Guala Closures New Zealand Ltd with effect from October 1, 2008) via its international holding company Guala Closures International B.V..

(4) Acquisition of subsidiaries and business units (Continued)

The contract was signed on May 19, 2008 and finalized on July 7, 2008. The two New Zealand companies were subsequently merged, with Investments (GC) Ltd being merged into Guala Closures New Zealand Ltd with effect from October 1, 2008.

The impact of the acquisition is as follows:

(Thousands of Euros)	Carrying amounts before acquisition	Adjustments: fair value measurement	Amounts recognized at acquisition
Portion of equity acquired by the group	**950**		**950**
Goodwill arising from acquisition			**1,822**
Cost of the combination			**2,772**

The following table shows the combination's main cost components:

(Thousands of Euros)	
Consideration paid at acquisition	2,626
Other costs of the combination	146
Cost of the combination	**2,772**

The goodwill generated by the acquisition relates to the advantages flowing from the company's improved integration within Guala Closures group after it became wholly owned.

As this company was previously consolidated, pursuant to IFRS 3.70, we note that its results have been consolidated on a line-by-line basis.

BALANCE SHEET

(5) Cash and cash equivalents

This caption represents the balance of the bank and postal deposits considering the nominal amount of the current accounts held with banks.

Thousands of Euros	December 31, 2007	31 December 31, 2008
Bank and postal accounts	27,445	19,564
Cash and cash equivalents	591	2,608
Total	**28,036**	**22,172**

(6) Current financial assets

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2007	31 December 31, 2008
Receivable from the sale of the building in Alcalà de Henares (Spain)	2,650	2,650
Receivable due from lease companies for advances (Italy)	—	213
Receivable due from the Alessandria municipality for the sale of a building (Italy)	2,856	75
Receivable for the sale of the building in Basaluzzo (Alessandria — Italy)	67	67
Other receivables	37	31
Total	**5,610**	**3,036**

The carrying amount of Current financial assets corresponds to their fair value at the balance sheet date.

(7) Trade receivables

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2007	31 December 31, 2008
Trade receivables	80,058	73,780
Provision for bad debts	(1,951)	(2,009)
Total	**78,107**	**71,772**

The provision for bad debts varied as follows:

Thousands of Euros	31 December 31, 2008
Opening provision for bad debts	1,951
Exchange rate effect	(117)
Accrual	1,261
Utilization	(1,085)
Closing provision for bad debts	**2,009**

(7) Trade receivables (Continued)

At December 31, 2008, trade receivables may be analyzed by geographical segment as follows:

Thousands of Euros	31 December 31, 2008
Europe	32,584
Asia	10,598
Latin America	13,887
Oceania	7,496
Rest of the world	7,207
Total	**71,772**

At December 31, 2008, trade receivables may be analyzed by due date as follows:

Thousands of Euros	Gross amount December 31, 2008	Impairment losses 31 December 31, 2008	Net amount 31 December 31, 2008
Not yet due	53,331	(332)	52,999
0-30 days overdue	9,702	—	9,702
31-90 days overdue	7,086	(99)	6,987
More than 90 days overdue	3,661	(1,578)	2,083
Total	**73,780**	**(2,009)**	**71,772**

At December 31, 2008, trade receivables may be analyzed by original currency as follows:

Thousands of Euros	EUR	USD	GBP	Other	Total
Trade receivables	30,836	8,012	5,234	27,689	**71,772**

Other includes trade receivables in the local currencies of the group companies, including € 8.4 million in Indian rupees, € 5.5 million in Australian dollars, € 3.4 million Ukrainian hryvnies, € 3.0 million in Columbian pesos, € 2.6 million in Mexican pesos, € 1.4 million in New Zealand dollars, € 1.0 million in Chinese renmimbi, € 0.8 million in Argentinean pesos and € 0.7 million in Brazilian reals.

(8) Inventories

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2007	31 December 31, 2008
Raw materials, consumables and supplies	34,611	27,593
(Provision for the write-down of raw materials, consumables and supplies)	(522)	(1,634)
Work in progress and semi-finished products	10,208	6,675
(Provision for the write-down of work in progress and semi-finished products)	—	(40)
Finished products and goods	11,526	11,657
(Provision for the write-down of finished products and goods)	(706)	(668)
Payments on account	541	241
Total	**55,658**	**43,823**

(8) Inventories (Continued)

The changes in the caption are as follows:

Thousands of Euros	
Balance at January 1, 2008	55,658
Business combinations	3,655
Exchange rate effect	(4,998)
Change in raw materials, consumables and supplies	(7,870)
Change in finished goods and semi-finished products	(2,321)
Change in payments on account	(300)
Balance at December 31, 2008	**43,823**

Business combinations relate to the acquisition of the subsidiary Technologia Closures LLC.

(9) Current direct tax assets

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2007	31 December 31, 2008
Current direct tax assets	2,323	3,394
Total	**2,323**	**3,394**

(10) Current indirect tax assets

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2007	31 December 31, 2008
VAT and other indirect taxes	5,537	6,009
Total	**5,537**	**6,009**

(11) Financial derivative assets

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2007	December 31, 2008
Fair value of currency swaps	—	302
Fair value of interest rate swaps	1,343	—
Total	**1,343**	**302**

(12) Other current assets

This caption is made up as follows:

Thousands of Euros	December 31, 2007	31 December 31, 2008
RBS Sempra deposit	—	2,967
Receivables for insurance compensation in Australia	—	1,443
Receivables due from employees	55	85
Other receivables	1,271	1,455
Total	**1,326**	**5,950**

(12) Other current assets (Continued)

RBS Sempra deposit reflects the amount paid to Sempra bank (of the RBS group) against derivatives hedging aluminum prices.

Receivables for insurance compensation in Australia relates to the compensation yet to be collected for the fire which occurred in February 2008. It includes an amount to replace damaged equipment, an amount to cover ancillary costs and an amount to cover the business interruption (calculated by applying a 40% likelihood to the total estimated amount of lost profits due to the business interruption, net of the related excess).

Other receivables at December 31, 2008 include advances to suppliers of € 480 thousand and receivables of € 273 thousand due to Guala Closures Argentina S.A. from the Argentinean government for repayments in respect of exports.

(13) Assets classified as held for sale

These assets relate to the following companies:

Thousands of Euros	December 31, 2007	31 December 31, 2008
Guala Closures UK Ltd	2,019	1,555
Guala Closures Argentina S.A. (formerly Supertap S.A.)	41	40
Guala Closures S.p.A.	208	—
Total	**2,269**	**1,594**

Guala Closures UK Ltd's assets have been classified as held for sale since June 30, 2007. These assets were originally expected to be sold within one year but their sale has been postponed due to changes to the production reorganization. However, they continue to be classified as Assets classified as held for sale, as they are expected to be sold in the short term.

(14) Non-current financial assets

This caption is made up as follows:

Thousands of Euros	December 31, 2007	31 December 31, 2008
Guarantee deposits—Guala Closures S.p.A.	120	44
Other securities	66	43
Investments in other companies	28	37
Other financial assets	77	91
Total	**290**	**215**

The carrying amount of Non-current financial assets corresponds to their fair value at the balance sheet date.

(15) Financial assets by type

Current and non-current financial assets due from third parties are shown below, by type.

Thousands of Euros	December 31, 2007	31 December 31, 2008
Held-to-maturity investments	5,610	3,036
Current financial assets—third parties	**5,610**	**3,036**
Held-to-maturity investments	290	215
Non-current financial assets—third parties	**290**	**215**
Hedging derivatives	**1,343**	**—**
Non-hedging derivatives	**—**	**302**

(16) Property, plant and equipment

The following table shows the changes in this caption:

Thousands of Euros	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
Historical cost at December 31, 2007	28,289	206,026	43,583	6,439	10,009	**294,346**
Accumulated depreciation at December 31, 2007	(5,296)	(127,725)	(32,393)	(4,562)	—	**(169,977)**
Carrying amount at December 31, 2007	**22,992**	**78,301**	**11,190**	**1,877**	**10,009**	**124,369**
Carrying amount at January 1, 2008	22,992	78,301	11,190	1,877	10,009	**124,369**
Exchange rate effect	(998)	(8,226)	(149)	(82)	(1,220)	**(10,675)**
Business combinations	1,514	7,285	59	2	64	**8,924**
Increases	2,142	10,522	644	347	16,246	**29,901**
Decreases	(39)	(113)	(21)	(19)	(183)	**(376)**
Impairment losses	(1)	(143)	(23)	—	—	**(167)**
Reclassifications	345	16,374	3,990	64	(20,774)	**—**
Depreciation	(817)	(15,814)	(3,302)	(487)	—	**(20,420)**
Historical cost at December 31, 2008	30,846	210,113	42,913	5,816	4,142	**293,830**
Accumulated depreciation at December 31, 2008	(5,709)	(121,927)	(30,524)	(4,115)	—	**(162,274)**
Carrying amount at December 31, 2008	**25,138**	**88,186**	**12,389**	**1,701**	**4,142**	**131,556**

Property, plant and equipment includes the amounts arising from internal capitalizations (reference should be made to note 34) Other operating income of these consolidated financial statements for further information)

At December 31, 2008, Property, plant and machinery includes leased assets with a carrying amount of € 24,521 thousand. The balance comprises € 68 thousand of old leases which have been settled in full and € 24,453 thousand of existing leases for which Current financial payables of € 1,314 thousand and Non-current financial payables of € 21,418 thousand have been recognized in the consolidated financial statements.

None of the group's property, plant and equipment assets had been pledged as collateral at year end.

(16) Property, plant and equipment (Continued)

The insurance compensation for the damages caused by the fire which occurred in the Australian plant were partly collected in 2008.

During 2008, the group pursued its strategy for internal growth by focusing mainly on the Closures division.

Key investments related to the expansion of the Nip Cap model production lines in India. The Nip Cap closure has experienced a significant increase in customer demand.

A new line was started up in the Mexican plant for the production of the 1331 tamper evident closure.

In the Italian plant of Termoli, a new line commenced for the production of the Alba closure, which represents an important development in the integrated application of plastic and aluminum technologies.

Investments in plant and machinery for the new Alessandria plant were also completed during 2008.

Business combinations relate to the acquisition of the subsidiary Technologia Closures LLC.

(17) Intangible assets

The following table shows the changes in intangible assets:

Thousands of Euros	Development expenditure	Licenses and patents	Goodwill	Other	Assets under development and payments on account	Total
Historical cost at December 31, 2007	3,934	7,094	297,826	1,439	774	**311,066**
Accumulated amortization at December 31, 2007	(2,816)	(5,667)	(42,177)	(1,345)	—	**(52,004)**
Carrying amount at December 31, 2007	**1,118**	**1,427**	**255,649**	**95**	**774**	**259,062**
Carrying amount at January 1, 2008	1,118	1,427	255,649	95	774	**259,062**
Exchange rate effect	(35)	(23)	(9,862)	(11)	(5)	**(9,936)**
Business combinations	—	—	24,400	—	—	**24,400**
Increases	12	342	1,822	5	676	**2,858**
Decreases	—	—	—	—	—	**—**
Reclassifications	453	62	—	—	(515)	**—**
Amortization	(532)	(569)	—	(22)	—	**(1,123)**
Historical cost at December 31, 2008	4,316	7,234	312,641	1,413	930	**326,534**
Accumulated amortization at December 31, 2008	(3,300)	(5,995)	(40,633)	(1,346)	—	**(51,274)**
Carrying amount at December 31, 2008	**1,016**	**1,239**	**272,008**	**67**	**930**	**275,260**

Business combinations mainly relate to the goodwill related to the acquisition of the subsidiary Technologia Closures LLC.

(17) Intangible assets (Continued)

Goodwill may be analyzed as follows:

Thousands of Euros	December 31, 2007	31 December 31, 2008
Guala Closures S.p.A.	135,951	135,951
Acquisition of Auscap Holdings Pty Ltd	55,377	45,767
Acquisition of GlobalCap S.p.A.	40,295	40,295
Acquisition of Technologia Closures LLC	—	24,400
Acquisition of minority interest in Guala Closures New Zealand	—	1,822
Acquisition of Daniel Montgomery & Son	10,853	10,853
Acquisition of minority interest in Padesa (now Guala Closures Iberica)	5,720	5,720
Acquisition of Metal Closures Limited	1,857	1,857
Acquisition of Supertap S.A.	1,678	1,678
Acquisition of the Esvin business unit	1,187	933
Acquisition of Guala Closures do Brasil S.A.	580	580
Acquisition of Metal Closures Properties Ltd	330	330
Other acquisitions	1,821	1,821
Total	**255,649**	**272,008**

Reference should be made to note 4) Acquisitions of subsidiaries of these consolidated financial statements for additional information on goodwill arising from the acquisition of Technologia Closures LLC and a minority interest in Guala Closures New Zealand.

Goodwill is tested for impairment annually.

After being tested for impairment, goodwill was allocated to the group's operating divisions, Closures and PET, which are the smallest levels at which goodwill is monitored for internal management purposes. The recoverable amount of cash-generating units is based on a calculation of their value in use.

This calculation uses projected cash flows based on the actual operating profit and five-year business plan. This business plan is put together considering the group's approved budget figures for the first year and projecting the revenue and costs for the following four years using the historic trend adjusted for any new elements.

The cash flows for the period after the reporting period are extrapolated using a 4% growth rate, which considers both the group's historic growth rate and forecast market developments. The projected cash flows are discounted using a rate of 9.3%.

The resulting recoverable amount is thus greater than the goodwill's carrying amount.

This margin continues to have a recoverable amount greater than the carrying amount despite changes made to the underlying assumptions of the sensitivity test carried out.

Goodwill has never been impaired.

(18) Deferred tax assets and liabilities

The following table gives a breakdown of the caption at December 31, 2007 and 2008:

Thousands of Euros	Assets		Liabilities			Net		
	December 31, 2007	31 December 31, 2008	December 31, 2007	January 1, 2008(*)	31 December 31, 2008	December 31, 2007	January 1, 2008(*)	31 December 31, 2008
Maintenance costs	—	—	—	—	—	—	—	—
Entertainment expenses	72	44	—	—	—	72	72	44
Agents' termination indemnity	26	27	—	—	—	26	26	27
Provision for the write down of inventories	462	733	(147)	(147)	(96)	315	315	637
Impairment losses on investments	—	—	—	—	—	—	—	—
Taxed provision for bad debts	327	337	(13)	(13)	—	314	314	337
Provision for damages and penalties	187	289	—	—	—	187	187	289
Amortization and depreciation	385	28	(1,458)	(1,458)	(1,290)	(1,074)	(1,074)	(1,262)
Other	1,509	4,209	(2,048)	(2,048)	(3,300)	(540)	(540)	909
Provision for risks on derivatives	40	65	—	—	—	40	40	65
Losses carried forward	4,968	2,590	—	—	—	4,968	4,968	2,590
Derecognition of intragroup profit on inventories	201	139	—	—	—	201	201	139
Intragroup gains	1,708	1,466	—	—	—	1,708	1,708	1,466
Leases	184	174	(70)	(70)	(20)	113	113	153
Realized gains	498	495	—	—		498	498	495
Intangible assets	—	—	(0)	(0)	(16)	(0)	(0)	(16)
Property, plant and equipment	1,072	798	—	—		1,072	1,072	798
Employee benefits	355	481	(2,943)	(898)	(103)	(2,588)	(542)	377
Derivatives	72	—	(364)	(364)	(53)	(293)	(293)	(53)
TOTAL	**12,065**	**11,876**	**(7,043)**	**(4,998)**	**(4,878)**	**5,022**	**7,067**	**6,997**

(18) Deferred tax assets and liabilities (Continued)

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

Thousands of Euros	December 31, 2007	January 1, 2008(*)	Changes in the income statement	Changes in equity	Exchange rate effect	31 December 31, 2008
Maintenance costs	—	—	—	—	—	—
Entertainment expenses	72	72	(28)	—	—	44
Agents' termination indemnity	26	26	1	—	—	27
Provision for the write down of inventories	315	315	337	—	(16)	637
Impairment losses on investments	—	—	—	—	—	—
Taxed provision for the write down of bad debts	314	314	36	—	(13)	337
Provision for damages and penalties	187	187	102	—	—	289
Amortization and depreciation	(1,074)	(1,074)	(438)	—	250	(1,262)
Other	(540)	(540)	1,631	—	(182)	909
Provision for risks on derivatives	40	40	38	—	(12)	65
Losses carried forward	4,968	4,968	(1,894)	—	(484)	2,590
Derecognition of intragroup profit on inventories	201	201	(62)	—	—	139
Intragroup gains	1,708	1,708	(242)	—	—	1,466
Leases	113	113	40	—	—	153
Realized gains	498	498	(3)	—	(0)	495
Intangible assets	(0)	(0)	(27)	—	12	(16)
Property, plant and equipment	1,072	1,072	(82)	—	(192)	798
Employee benefits	(2,588)	(543)	970	—	(51)	377
Derivatives	(293)	(293)	(89)	329	—	(53)
TOTAL	**5,022**	**7,067**	**289**	**329**	**(688)**	**6,997**

(*) The opening balances have been restated following the early adoption of IFRIC 14

The deferred tax assets on losses carried forward of Guala Closures S.p.A. have been impaired as their future recovery is not reasonably certain.

They do not have a time limit.

(19) Other non-current assets

This caption is made up as follows:

Thousands of Euros	December 31, 2007	December 31, 2008
Tax credits	4,220	3,768
Other receivables	194	52
Total	**4,414**	**3,820**

(20) Financial payables—third parties

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

(20) Financial payables—third parties (Continued)

Reference should be made to note 46) Derivatives of these consolidated financial statements for further information on the group's exposure to the risks of fluctuations in interest and exchange rates.

The main outstanding loan is the Senior Facilities Agreement of October 10, 2008 agreed with Bayerische Hypo- und Vereinsbank AG. This has fully replaced the Multicurrency Term and Revolving Facilities Agreement of November 17, 2005 with Intesa Sanpaolo S.p.A..

The contract provides for the following credit lines:

Credit lines	Total in thousands of Euros at original rates	Available amount (thousands of Euros)	Available amount (thousands of US dollars)	Available amount (thousands of pounds sterling)	(Available amount (thousands of Australian dollars)	Number of repayments	Repayment date
							final repayment
Facility A	84,400	36,300	22,800	17,100	8,200	13	10/15/2015
Facility B	79,400	34,150	21,500	16,100	7,650	1	10/15/2016
Facility C	79,400	34,150	21,500	16,100	7,650	1	10/15/2017
							final repayment
Acquisition/Capex Facility	60,000	60,000				7	10/21/2015
Revolving Facility	40,000					n.a.	n.a.
Total	**343,200**	**164,600**	**65,800**	**49,300**	**23,500**		

The company was refinanced on October 15, 2008. The new facility paid off the previous bank loan in full and replaced it.

The above financing agreement includes binding conditions whereby the company is required to comply with four covenants. These covenants apply to Guala Closures S.p.A. as the borrower, even though their calculation is based on consolidated group-level parameters whereby the group is considered GCL Holdings SCA and its subsidiaries.

Specifically, the ratios that must be complied with are: "Interest Cover", i.e., the gross operating profit/borrowing expense ratio; the "Leverage Ratio", i.e., the net debt/gross operating profit ratio; "Cash Flow Cover", i.e., the cash flow/debt servicing ratio; "Capex", i.e., a limit to the annual investment expenditure. Considering the nature of these covenants and the way in which they are calculated, March 31, 2009 has been fixed as the date for the first check, as a calculation over a shorter period is not feasible. Reference should be made to note 49) Commitments and guarantees to these consolidated financial statements for information on the guarantees given for this loan.

The loan agreement between Guala Closures Australia Holdings Pty Ltd and the Commonwealth Bank of Australia requires the company to comply with certain covenants. Non-compliance may entail the repayment of the facilities.

Specifically, the ratios that must be complied with are: the "Interest Cover Ratio", i.e., the operating profit/interest ratio; the "Financial Indebtedness/EBITDA Ratio", i.e., the ratio between net financial indebtedness and gross operating profit; the "Net Worth Ratio", i.e., the ratio of equity to total assets. As the "Interest Cover Ratio" was not within the required ceiling at December 31, 2008, the related liabilities were reclassified as current pursuant to IAS 1.65.

(20) Financial payables—third parties (Continued)

Financial payables at December 31, 2007 and 2008 are shown below:

Thousands of Euros	December 31, 2007	December 31, 2008
Bank overdrafts and short-term loans		
Bank loans and borrowings	238,405	23,839
Other financial payables	2,567	3,054
	240,972	26,893
Medium- to long-term loans		
Bank loans and borrowings	28,909	250,282
Other financial payables	25,276	24,479
	54,185	274,761
Total	**295,158**	**301,653**

(20) Financial payables—third parties (Continued)

The terms and expiry dates of the loans at December 31, 2007, included in the balance sheet as required by IAS 1.65, and at December 31, 2008 are shown below:

	Nominal amount					
Thousands of Euros	Total December 31, 2007	Within one year	From one to five years	After five years	Current	Non-current
Bank loans:						
Term 1 Facility	90,750	90,750	—	—	90,750	—
Term 2 Facility	18,820	18,820	—	—	18,820	—
Term 3 Facility	18,325	18,325	—	—	18,325	—
Revolving Facility	25,000	25,000	—	—	25,000	—
Transaction costs adjusted to amortized cost	(474)	(474)	—	—	(474)	—
Multicurrency Term and Revolving Facilities Agreement (dated November 17, 2005)	**152,421**	**152,421**	**—**	**—**	**152,421**	**—**
Facility	51,227	51,227	—	—	51,227	—
Transaction costs adjusted to amortized cost	(46)	(46)	—	—	(46)	—
Facility Agreement (dated January 12, 2007)	**51,180**	**51,180**	**—**	**—**	**51,180**	**—**
Other amounts due to banks—Guala Closures S.p.A.	25,630	25,630	—	—	25,630	—
Advances on Supertap receivables	1,998	1,998	—	—	1,998	—
Amounts due to banks—Guala Closures Iberica	1,243	1,243	—	—	1,243	—
Guala Closures Australia Holdings loan	28,294	842	27,451	—	842	27,451
Guala Closures Mexico loan	6,549	5,091	1,458	—	5,091	1,458
Total Bank loans	**267,315**	**238,405**	**28,909**	**—**	**238,405**	**28,909**
Other financial payables:						
Financing as per Law no. 46/82	1,245	253	856	136	253	992
Guala Closures S.p.A. lease	21,089	763	5,142	15,185	763	20,326
Due from Guala Closures Iberica to suppliers for deed of arrangement	189	189	—	—	189	—
Due to Auscap's previous shareholders	3,353	—	3,353	—	—	3,353
Other payables	1,967	1,362	605	—	1,362	605
Total Other financial payables	**27,843**	**2,567**	**9,955**	**15,321**	**2,567**	**25,276**
TOTAL	**295,158**	**240,972**	**38,865**	**15,321**	**240,972**	**54,185**

(20) Financial payables—third parties (Continued)

Thousands of Euros	Nominal amount: Total December 31, 2008	Nominal amount: Within one year	Nominal amount: From one to five years	Nominal amount: After five years	Current	Non-current
Bank loans:						
Facility A EUR	36,300	109	18,994	17,197	109	36,191
Facility B EUR	34,150	—	—	34,150	—	34,150
Facility C EUR	34,150	—	—	34,150	—	34,150
Facility A USD	22,364	67	11,702	10,595	67	22,297
Facility B USD	21,089	—	—	21,089	—	21,089
Facility C USD	21,089	—	—	21,089	—	21,089
Facility A GBP	14,283	43	7,474	6,767	43	14,240
Facility B GBP	13,448	—	—	13,448	—	13,448
Facility C GBP	13,448	—	—	13,448	—	13,448
Revolving Facility	15,000	—	—	15,000	—	15,000
CAPEX Facility	32,600	—	13,972	18,628	—	32,600
Transaction costs	(9,761)	(1,513)	(5,563)	(2,685)	(1,513)	(8,248)
TOT. SENIOR DEBT 10/10/2008	**248,160**	**(1,294)**	**46,579**	**202,876**	**(1,294)**	**249,455**
Other amounts due to banks—Guala					873	—
Closures S.p.A.	873	873	—	—		
Accrued expenses and deferred income — Guala Closures S.p.A.	77	77	—	—	77	
Advances on receivanles—Guala Closures Argentina	1,174	1,174	—	—	1,174	—
Guala Closures Australia Holdings loan	19,730	19,730	—	—	19,730	—
Guala Closures Mexico loan	4,106	3,279	827	—	3,279	827
Total Bank loans	**274,120**	**23,839**	**47,405**	**202,876**	**23,839**	**250,282**
Other financial payables:						
Financing as per Law no. 46/82	992	259	733	—	259	733
Guala Closures S.p.A. lease	22,731	1,314	6,051	15,366	1,314	21,418
Payable due to the Ukrainian minority shareholder	2,100	—	—	2,100	—	2,100
Other payables	1,710	1,481	229	—	1,481	229
Total Other financial payables	**27,533**	**3,054**	**7,013**	**17,466**	**3,054**	**24,479**
TOTAL	**301,653**	**26,893**	**54,419**	**220,342**	**26,893**	**274,761**

Analyzing the above tables shows the company's main bank loans were classified as current at December 31, 2007. This is because, pursuant to IAS 1.65, the company does not have the formal unconditional right to defer their settlement for at least twelve months after the closing date following non-compliance with one of the covenants.

The item Payable due to the Ukrainian minority shareholder relates to the recognition of minority shareholders' rights to exercise a put option if certain events occur. It represents the discounted estimated amount of the put option at its estimated time of exercise.

Pursuant to IAS 27, this item was recognized using the present access method, whereby the financial liability is recognized as a reduction of the equity reserve, Retained earnings. Minority interests, consequently, continue to be presented separately as, to all effects, they hold the right to access the profit or loss pertaining to their shareholding.

(20) Financial payables—third parties (Continued)

The interest rates and expiry dates of the loans at December 31, 2007 and December 31, 2008 are shown below:

Thousands of Euros	Currency	Nominal interest rate	Expiry date	Total December 31, 2007
Bank loans:				
Term 1 Facility	EUR	Euribor + 1.40%	2010(*)	90,750
Term 2 Facility	USD	USD Libor + 1.40%	2010(*)	18,820
Term 3 Facility	GBP	GBP Libor + 1.40%	2010(*)	18,325
Revolving Facility	EUR	Euribor + 1.40%	2010(*)	25,000
Transaction costs adjusted to amortized cost	EUR	n.a.	n.a.	(474)
Multicurrency Term and Revolving Facilities Agreement (dated November 17, 2005)				**152,421**
Facility	EUR	Euribor + 1.40%	2012(*)	51,227
Transaction costs adjusted to amortized cost	EUR	n.a.	n.a.	(46)
Facility Agreement (dated January 12, 2007)				**51,180**
Other amounts due to banks—Guala Closures S.p.A.	EUR	Euribor + 1%	2008	8,000
Other amounts due to banks—Guala Closures S.p.A.	EUR	Euribor + 0.8%	2008	5,000
Other amounts due to banks—Guala Closures S.p.A.	EUR	Euribor + 0.4%	2008	12,630
Guala Closures Australia Holdings loan	AUD	BBR-BBSY+1.25%	2011	28,294
Guala Closures Mexico loan	MXN	TIIE28(**) + 2%	2008-2011	6,549
Other amounts due to banks		n.a.	n.a.	3,241
Total bank loans				**267,315**
Other financial payables:				
Financing as per Law no. 46/82	EUR	2%	2011	1,245
Guala Closures S.p.A. lease	EUR	Euribor + 1.50%	2020	21,089
Other payables		n.a.	n.a.	5,509
Total Other financial payables				**27,843**
TOTAL				**295,158**

(*) Pursuant to IAS 1.65, these have been recognized as current as the entity to which they belong does not have the formal unconditional right to defer their settlement for at least twelve months after the closing date.

(**) TIIE28 stands for "Tasa de Interés Interbancaria de Equilibrio a 28 dias".

(20) Financial payables—third parties (Continued)

Thousands of Euros	Currency	Nominal interest rate	Expiry date	Total December 31, 2008
Bank loans:				
Facility A EUR	EUR	Euribor + 3.0%	2015	36,300
Facility B EUR	USD	Euribor + 3.5%	2016	34,150
Facility C EUR	EUR	Euribor + 4.0%	2017	34,150
Facility A USD	USD	USD Libor + 3.0%	2015	22,364
Facility B USD	USD	USD Libor + 3.5%	2016	21,089
Facility C USD	USD	USD Libor + 4.0%	2017	21,089
Facility A GBP	GBP	GBP Libor + 3.0%	2015	14,283
Facility B GBP	GBP	GBP Libor + 3.5%	2016	13,448
Facility C GBP	GBP	GBP Libor + 4.0%	2017	13,448
Revolving Facility	EUR	Euribor + 3.0%	2015	15,000
CAPEX Facility	EUR	Euribor + 3.0%	2015	32,600
Transaction costs	EUR	n.a.	n.a.	(9,761)
TOT. SENIOR DEBT 10/10/2008				**248,160**
Other amounts due to banks—Guala Closures S.p.A.	EUR	Euribor + 0.4%	2009	873
Accrued expenses and deferred income—Guala Closures S.p.A.	EUR	n.a.		77
Guala Closures Australia Holdings loan	AUD	BBR-BBSY + 1.25%	2011	19,730
Guala Closures Mexico loan	MXN	TIIE28 + 2%(*)		4,106
Other amounts due to banks		n.a.	n.a.	1,174
Total Bank loans				**274,120**
Other financial payables:				
Financing as per Law no. 46/82	EUR	2%	2013	992
Guala Closures S.p.A. lease	EUR	Euribor + 1.5% (**)	2020	22,731
Other payables		n.a.	n.a.	3,810
Total Other financial payables				**27,533**
TOTAL				**301,653**

(*) TIIE28 stands for "Tasa de Interés Interbancaria de Equilibrio a 28 dias".

(**) Nominal interest rate of the real estate finance lease

(21) Financial payables—related parties

This section discloses the contractual terms governing loans from parents.

The terms and expiry dates of the loan at December 31, 2008 are given below:

	Nominal amount					
Thousands of Euros	Total December 31, 2008	Within one year	From one to five years	After five years	Current	Non-current
Loan from the parent GCL Special Closures	15,535	335	—	15,200	335	15,200
TOTAL	**15,535**	**335**	**—**	**15,200**	**335**	**15,200**

(21) Financial payables—related parties (Continued)

The following table shows the interest rate and expiry date for the loan at December 31, 2008:

Thousands of Euros	Currency	Nominal interest rate	Expiry date	Total December 31, 2008
Loan from the parent GCL Special Closures	EUR	Euribor + 5.0%		15,535
Total				**15,535**

This loan was granted by the parent GCL Special Closures during the company's refinancing on October 15, 2008.

(22) Fair value of financial liabilities and sensitivity analysis

The following table shows the fair value of the group's main financial liabilities.

Thousands of Euros	December 31, 2008 Carrying amount	Fair value
Senior facilities agreement (dated October 10, 2008)	248,160	292,223
Finance leases	22,731	23,433

The figures at December 31, 2007 are not given as the debt restructuring following the business combination means the comparison is meaningless.

The fair values shown in the previous table were calculated using the following methodology:

- the cash flows generated by the dismantling of the residual payables both in terms of interest and principal. These cash flows are calculated with reference to the interest rates and dismantling times related to the repayment plan;
- the individual cash flows are discounted using risk-free rates ruling on the measurement date. The bootstrap method is applied to the swap rates for each expiry date of the corresponding cash flow based on the resulting time curve.

The following table shows the sensitivity analysis for the cash flows from these financial liabilities and the related hedging derivatives at December 31, 2008.

Thousands of Euros	Increase of 100bp	Decrease of 100bp
Senior facilities agreement (dated October 10, 2008)	(15,856)	15,856
Sensitivity of cash flows (net)	**(15,856)**	**15,856**
Finance leases	(1,360)	1,360
Related interest rate swaps	877	(877)
Sensitivity of cash flows (net)	**(483)**	**483**

The following methodology is used to perform the sensitivity analyses: a change is assumed in the interest rate used to calculate the interest (+/- 100 basis points), which indicates the change in the overall payable. Accordingly, negative amounts indicate an increase in the fair value of the liabilities and vice versa for positive amounts.

(23) Financial liabilities by type

Current and non-current financial liabilities due from third parties are shown below, by type.

Thousands of Euros	December 31, 2007	December 31, 2008
Short-term portion of secured bank loans	209,535	21,715
Unsecured bank loans	28,871	2,124
Short-term portion of finance lease payables	763	1,314
Other financial liabilities	1,804	1,740
Current financial liabilities—third parties	**240,972**	**26,893**
Secured bank loans	28,909	250,282
Finance lease payables	20,326	21,418
Other financial liabilities	4,950	3,062
Non-current financial assets—third parties	**54,185**	**274,761**
Hedging derivatives	**88**	**522**
Non-hedging derivatives	**151**	**13,033**

Financial liabilities are recognized at amortized cost.

(24) Trade payables

This caption is made up as follows:

Thousands of Euros	December 31, 2007	December 31, 2008
Suppliers	57,991	44,016
Payments on account	894	424
Total	**58,885**	**44,440**

At December 31, 2008, trade payables may be analyzed by original currency as follows:

Thousands of Euros	EUR	USD	GBP	Other currencies	Total
Trade payables	31,358	1,313	1,413	10,356	**44,440**

Other includes trade payables in the local currencies of the group companies, including € 5.6 million in Australian dollars, € 1.1 million in New Zealand dollars, € 1.1 million in Argentinean pesos, € 0.7 million in Indian rupees, € 0.6 million in Chinese renmimbi, € 0.5 million in Colombian pesos, € 0.3 million in Brazilian reals, € 0.2 million in Ukranian hryvnie and € 0.2 million in Mexican pesos.

(25) Current direct tax liabilities

This caption is made up as follows:

Thousands of Euros	December 31, 2007	December 31, 2008
Current direct tax liabilities	3,018	2,297
Total	**3,018**	**2,297**

(26) Current indirect tax liabilities

This caption is made up as follows:

Thousands of Euros	December 31, 2007	December 31, 2008
VAT and other indirect taxes	2,744	2,703
Total	**2,744**	**2,703**

(27) Provisions for risks and charges

This caption is made up as follows:

Thousands of Euros	December 31, 2007	December 31, 2008
Provision for returns	534	689
Provision for restructuring	136	592
Total Current provisions for risks and charges	**670**	**1,281**

The provision for returns represents an assessment of customer claims received.

The current Provision for restructuring includes € 402 thousand related to the subsidiary Guala Closures Polska Sp. z.o.o. and € 190 thousand related to Guala Closures S.p.A.

Thousands of Euros	December 31, 2007	December 31,2008
Provision for restructuring	153	1,304
Provision for legal disputes	384	206
Provision for tax risks	62	62
Provision for agents' termination indemnity	84	86
Total Non-current provisions for risks and charges	**683**	**1,658**

The non-current Provision for restructuring includes € 1,221 thousand related to the subsidiary Guala Closures UK Ltd and € 83 thousand related to the subsidiary Guala Closures Serviçios Mexico SA de CV.

Changes in the provisions are as follows:

Thousands of Euros	December 31, 2008
Opening Current provisions for risks and charges	670
Exchange rate effect	(91)
Accrual	1,436
Utilization	(733)
Closing Current provisions for risks and charges	**1,281**

Thousands of Euros	31 December 31, 2008
Opening Non-current provisions for risks and charges	683
Exchange rate effect	(313)
Accrual	1,588
Utilization	(300)
Closing Non-current provisions for risks and charges	**1,658**

The provision for legal disputes was set up specifically for ongoing disputes. At December 31, 2008, it includes an accrual of € 119 thousand made to cover an ongoing dispute between a subsidiary

(27) Provisions for risks and charges (Continued)

and a former distributor. The remaining balance relates to other disputes. Pending disputes are not expected to be resolved within the next twelve months.

At December 31, 2008, the provision for tax risks mainly relates to Guala Closures S.p.A. (€ 60 thousand).

(28) Financial derivative liabilities

This caption is made up as follows:

Thousands of Euros	December 31, 2007	31 December 31, 2008
Fair value of IRSs	—	10,354
Fair value of aluminum derivatives	—	3,201
Fair value of forward aluminum purchases	151	—
Fair value of currency swaps	88	—
Total	**239**	**13,555**

(29) Other current liabilities

This caption is made up as follows:

Thousands of Euros	December 31, 2007	31 December 31, 2008
Sums payable to employees	3,787	4,281
Social security charges payable	2,597	2,768
Dividends to shareholders	97	3
Other payables	2,315	2,556
Total	**8,796**	**9,608**

(30) Employee benefits

In the following table, employee benefits are broken down under the asset caption Employee benefits managed by related parties and the liability caption Employee benefits:

Thousands of Euros	December 31, 2007	January 1, 2008	December 31, 2008
Pension fund—Guala Closures UK Ltd	9,409	2,591	—
Employee benefits managed by related parties	**9,409**	**2,591**	**—**
Post-employment benefits—Guala Closures S.p.A.	(5,843)	(5,843)	(5,396)
Other	(818)	(818)	(999)
Employee benefits	**(6,661)**	**(6,661)**	**(6,395)**
Total Employee benefits	**2,748**	**(4,070)**	**(6,395)**

In particular, the defined benefit plan of Guala Closures S.p.A. reflects the post-employment benefits which are paid to employees in one installment upon termination of employment. The Guala Closures UK Ltd plan is the former Metalclosures Ltd pension fund. Under such plan, employees are entitled to a life annuity following termination of employment.

At December 31, 2007, only the amount deemed recoverable via the contribution holiday (i.e., the present value of expected future contributions payable by the company) and the scheme expenses holiday (i.e., the present value of expected future fund management expenses) was recognized. At December 31, 2008, the amount of the contribution holiday is zero following the completion of the

(30) Employee benefits (Continued)

restructuring of the West Bromwich site and the fact that the fund consequently no longer has beneficiaries.

At December 31, 2008, Guala Closures group has opted for the early application of IFRIC 14, which only permits the surplus, i.e., when the fair value of the plan assets exceeds the present value of the defined benefit obligation, to be recognized at the present value of the financial benefits available through refunds or reductions in future contributions. The early application of IFRIC 14 has meant that certain assets cannot be recognized as a result of the scheme expenses holiday component. Pursuant to IAS 8, this change in accounting policy requires retrospective application to the last year presented or, if this is not possible, until the last year for which sufficient information is available. In this case, retrospective application was implemented from January 1, 2008 and the following table shows the effect of the restatement at January 1, 2008, with the consequent zeroing of the scheme expenses holiday component. At December 31, 2008, the application of IFRIC 14 led to the zeroing of the amounts recognized for Guala Closures UK Ltd's defined benefit plan, as the amount of the contribution holiday was nil following the completion of the restructuring of the West Bromwich site and the fact that the fund consequently has no beneficiaries.

Changes in Employee benefits are as follows:

Thousands of Euros	
Balance at December 31, 2007	**2,748**
Change to accounting standards—early adoption of IFRIC 14	(6,818)
Balance at January 1, 2008	**(4,070)**
Exchange rate effect	(104)
Change recognized in the income statement	(3,206)
Benefits paid	986
Balance at December 31, 2008	**(6,395)**

The change recognized in the income statement is detailed below:

Thousands of Euros	
Pension fund—Guala Closures UK Ltd	(2,385)
Post-employment benefits—Guala Closures S.p.A.	(540)
Other	(281)
Change recognized in the income statement	**(3,206)**

The change in the Guala Closures UK Ltd pension fund, equal to an expense of € 2,385 thousand, is recognized under Personnel (expense)/income relating to the pension fund managed by related parties. The change in post-employment benefits for Guala Closures S.p.A., equal to an expense of € 540 thousand, is recognized under Personnel expense.

(30) Employee benefits (Continued)

Changes in the carrying amount of the Guala Closures UK Ltd pension fund are shown in the following table:

Thousands of Euros	
Balance at December 31, 2007	**9,409**
Change to accounting standards—early adoption of IFRIC 14	(6,818)
Balance at January 1, 2008	**2.591**
Exchange rate effect	(596)
Exchange rate effect on surplus reduction	391
Reduction of unrecoverable surplus	(2.385)
Balance at December 31, 2008	**—**

The carrying amount of the Guala Closures UK Ltd pension fund represents the surplus, i.e., when the fair value of the plan assets exceeds the present value of the defined benefit obligation, deemed recoverable under IFRIC 14 criteria.

The amounts of the fund obligations and plan assets, as well as the baseline actuarial parameters used for their calculation are shown below.

Thousands of Euros	December 31, 2008	December 31, 2007
Present value of the obligations	(41,843)	(62,891)
Fair value of plan assets	50,608	74,611
Total	**8,765**	**11,720**

Changes in the net amount of the fund:

Thousands of Euros	
Balance at January 1, 2008	11,720
Exchange rate effect	(2,646)
Current service cost	(157)
Interest expense	(3,273)
Expected return on plan assets	4,035
Curtailment	439
Actuarial losses	(1,353)
Balance at December 31, 2008	**8,765**

Changes in the present value of the obligations:

Thousands of Euros	
Balance at January 1, 2008	(62,891)
Exchange rate effect	13,664
Current service cost	(157)
Interest expense	(3,273)
Contribution to the fund	(50)
Benefits paid	2,462
Curtailment	439
Actuarial gains	7,963
Balance at December 31, 2008	**(41,843)**

(30) Employee benefits (Continued)

Changes in the fair value of plan assets:

Thousands of Euros	
Balance at January 1, 2008	74,611
Exchange rate effect	(16,310)
Expected return on plan assets	4,035
Contribution to the fund	50
Benefits paid	(2,462)
Actuarial losses	(9,317)
Balance at December 31, 2008	**50,608**

Actuarial parameter baseline:

	December 31, 2008	December 31, 2007
Salary growth rate	4.00% p.a.	4.30% p.a.
Rate of increase in pensions provided (average)	3.10% p.a	3.10% p.a.
Average inflation rate	3.00% p.a.	3.30% p.a.
Discount rate	6.50% p.a.	5.80% p.a.

Changes in Guala Closures S.p.A.'s post-employment benefits are detailed below, as well as the main assumptions used to measure it:

Thousands of Euros	
Balance at January 1, 2008	(5,843)
Actuarial losses	(282)
Current service cost	—
Interest expense	(258)
Benefits paid	987
Balance at December 31, 2008	**(5,396)**

Actuarial parameter baseline:

	December 31, 2007	December 31, 2008
Average inflation rate	2.00% p.a.	3.20% p.a.
Discount rate	4.75% p.a.	4.80% p.a.
Annual rate of increase in post-employment benefits	3.00% p.a.	3.90% p.a.

(31) Other non-current liabilities

This caption is made up as follows:

Thousands of Euros	December 31, 2007	31 December 31, 2008
Other non-current liabilities	78	61
Total	**78**	**61**

(32) Equity attributable to the shareholders of the parent and statement of recognized income and expense

At December 31, 2008, the subscribed and paid-up share capital equals € 67,624 thousand and is comprised of 67,624,491 ordinary shares with a nominal value of € 1 each. No changes took place with respect to December 31, 2007.

(32) Equity attributable to the shareholders of the parent and statement of recognized income and expense (Continued)

At December 31, 2008, Guala Closures S.p.A. is a single-member joint-stock company and its shares are wholly owned by GCL Holdings S.r.l..

Neither the parent or its subsidiaries hold treasury shares either directly or indirectly through trustees or nominees.

Reference should be made to the relevant schedule for changes in, and details of, the components of consolidated equity attributable to the shareholders of the parent.

The subsidiaries are not subject to significant restrictions deriving from loan agreements or regulatory instructions which would limit their ability to transfer funds to the parent as dividends or reimbursement of loans or advances.

The group's objectives in equity management are to create value for shareholders, safeguard the group's future and support group development.

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

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

The board of directors pursues a 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 may propose the shareholders increase the share capital, repurchase treasury shares or, where permitted by law, distribute reserves. Currently, the group does not have a plan for the repurchase of treasury shares.

The board monitors the return on capital, being total equity pertaining to shareholders of the parent, excluding minority interests, and the amount of dividends to be distributed to holders of ordinary shares.

The capital management policies of the group have not changed during the year.

Statement of recognized income and expense

(Thousands of Euros)	2007	2008
Effective portion of changes in fair value of cash flow hedges	669	(999)
Deferred taxes on changes in the fair value of cash flow hedges	(162)	133
Discontinuance of hedges on loans	—	(712)
Deferred taxes on the discontinuance of hedges on loans	—	196
Deferred taxes on IPO costs	(478)	—
Income and expense recognized directly in equity	**29**	**(1,382)**
Profit (loss) for the year	**13,781**	**(10,526)**
Total recognized income and expense	**13,811**	**(11,908)**
Attributable to:		
Shareholders of the parent	11,844	(12,873)
Minority interests	1,967	965

(32) Equity attributable to the shareholders of the parent and statement of recognized income and expense (Continued)

The effective portion of changes in fair value of cash flow hedges is comprised as follows:

€ 1,093 thousand negative fair value of the interest rate swap on finance leases and € 94 thousand positive fair value of the currency swaps completed in the first half of 2008. The deferred taxation on fair value changes of cash flow hedges relates to the release in full of all deferred effects at December 31, 2007, in line with legislative changes.

Discontinuance of hedges on loans and the related tax effects relate to the zeroing of the related equity deferred amounts on these instruments at December 31, 2007 following the termination of the previous hedging relationship.

(33) Equity attributable to minority interests

Equity attributable to minority interests relates to the following consolidated companies:

	Investment % of minority interests	Balance at December 31, 2007	Balance at 31 December 31, 2008
Guala Closures de Colombia LTDA (formerly Tapas Albert Ltda)	6.80%	548	576
Guala Closures Orient B.V.	13.15%	2,285	2,594
Guala Closures India pvt Ltd	5.00%	1,080	1,208
Guala Closures de Mexico S.A. de C.V.	49.90%	9,327	6,769
Guala Closures Russia B.V.	30.00%	128	18
Guala Closures China B.V.	3.50%	169	200
Guala Closures Argentina S.A. (formerly Supertap S.A.)	17.62%	503	478
Guala Closures del Uruguay S.A.	10.00%	14	13
Guala Closures New Zealand Ltd (formerly GlobalCap New Zealand Ltd)	0.00%	1,030	—
Technologia Closures LLC	30.00%	—	2,867
Total		**15,083**	**14,723**

Reference should be made to the relevant schedule for changes in, and a breakdown of, the components of equity attributable to minority interests.

As described in the directors' report, Guala Closures New Zealand Ltd's minority interest of 35% in the share capital at December 31, 2007 was purchased in full on July 7, 2008.

INCOME STATEMENT

(34) Other operating income

This caption includes:

Thousands of Euros	2007	2008
Internal production	4,689	4,412
Insurance compensation—Australia	—	2,751
Arbitration settlement—ClobalCap S.p.A.	—	2,250
Sundry recoveries/repayments	2,966	1,642
Gains	4,930	314
Income from royalties	278	328
Other	1,907	720
Total	**14,770**	**12,417**

Internal production included € 561 thousand of capitalized development expenditure related to new closures, € 587 thousand of capitalized acquisition costs and € 3,264 thousand of extraordinary maintenance carried out on property, plant and equipment and extraordinary maintenance and upgrading of the production capacity of Guala Closures S.p.A. (€ 1,606 thousand) and foreign companies (€ 1,658 thousand).

Insurance compensation—Australia relates to the insurance compensation for the fire which occurred in February 2008. It includes an amount for the replacement of damaged equipment and an amount to compensate for the business interruption.

The caption Arbitration settlement—GlobalCap S.p.A. (€ 2,250 thousand) represents the settlement amount for the dispute related to costs incurred following the purchase of the entire share capital of GlobalCap S.p.A., already subject of a specific arbitration procedure.

(35) Costs for raw materials

This caption includes:

Thousands of Euros	2007	2008
Raw materials	128,374	109,459
Packaging	6,448	5,879
Consumables and maintenance	3,889	3,653
Fuels	581	868
Other purchases	2,331	3,075
Change in inventories	(8,051)	7,870
Total	**133,572**	**130,804**

(36) Costs for services

This caption includes:

Thousands of Euros	2007	2008
External processing	16,096	13,910
Electricity / Heating	12,667	11,841
Transport	13,710	11,784
External labor / porterage	6,737	6,060
Legal and consulting fees	4,935	4,928
Maintenance	3,655	3,537
Travel	3,804	3,363
Sundry industrial services	3,585	3,900
Administrative services	2,233	2,355
Directors' fees	2,195	2,844
Insurance	1,756	1,654
Technical assistance	1,165	1,541
Telephone costs	1,061	955
Commissions	1,000	808
Cleaning service	945	942
Security	527	429
Commercial services	435	363
Entertainment expenses	610	514
Advertising services	295	185
Expos and trade fairs	202	228
Other	1,719	1,709
Total	**79,332**	**73,850**

Costs for services for 2008 include € 1,267 thousand accrued for the long-term cash incentive plan approved by the board of directors on December 20, 2006, of which € 1,187 thousand relates to the parent's directors.

Reference should be made to note 37) Personnel expense of these consolidated financial statements for details on the long-term cash incentive plan.

Details of fees paid to the parent's directors, statutory auditors, CEO and managers in key positions are provided in note 47) Related party transactions to these consolidated financial statements.

(37) Personnel expense

This caption includes:

Thousands of Euros	2007	2008
Wages and salaries	47,824	47,277
Social security contributions	9,670	9,237
Expense/(income) from defined benefit plans	(586)	821
Other costs	1,711	1,644
Total	**58,618**	**58,979**

Personnel expense for 2008 includes an accrual of € 141 thousand for the long-term cash incentive plan approved by the board of directors on December 20, 2006, plus contributions paid by the company totaling € 34 thousand.

(37) Personnel expense (Continued)

The three-year period related to the long-term cash incentive plan ended on December 31, 2008. Reference should be made to note 30) Employee benefits to these consolidated financial statements for details on Expense/(income) from defined benefit plans.

At December 31, 2007 and 2008, the group had the following number of employees:

Number	December 31, 2007	31 December 31, 2008
Blue collars	1,654	1,738
White collars	534	544
Managers	86	106
Total	**2,274**	**2,388**

The acquisition of Technologia Closures LLC generated an increase of 301 employees.

(38) Personnel (expense)/income relating to the pension fund managed by related parties

This caption shows the change in the amount of the Guala Closures UK Ltd pension fund with respect to December 31, 2007, being expense of € 2,385 thousand.

Reference should be made to note 28) Employee benefits to these consolidated financial statements for additional information.

(39) Other operating costs

This caption includes:

Thousands of Euros	2007	2008
Rent and leases	4,036	3,629
Provisions for risks and charges	1,107	3,024
Taxes and duties	1,286	1,399
Other costs for the use of third party assets	1,294	1,256
Royalties, rights and patents	218	18
Other charges	204	865
Total	**8,145**	**10,192**

The increase in Provisions for risks and charges is mainly due to accruals to the restructuring provision made by certain group companies (Guala Closures UK Ltd for € 1,427 thousand, Guala Closures Polska Sp. z.o.o. for € 475 thousand and Guala Closures S.p.A. for € 190 thousand), the accrual to the provision for damages and penalties of € 774 thousand and the prudent accrual recognized by Guala Closures S.p.A. in relation to a tax assessment for 2005 and a customs assessment related to 2004/2005/2006.

(40) Financial income

This caption includes:

Thousands of Euros	2007	2008
Exchange rate gains	5,093	18,576
Interest income	441	204
Change in the fair value of aluminum derivatives	—	302
Change in the fair value of IRSs	54	—
Other financial income	158	386
Total	**5,745**	**19,468**

(41) Financial expense—third parties

This caption includes:

Thousands of Euros	2007	2008
Interest expense	15,367	19,625
Exchange rate losses	6,357	23,767
Change in the fair value of IRSs	—	6,516
Change in the fair value of aluminum derivatives	—	3,201
Other financial expense	1,690	1,453
Total	**23,415**	**54,563**

The increase in interest expense is mainly due to the changes in the financing structure as described in note 20) Financial payables—third parties to these consolidated financial statements.

(42) Financial expense—related parties

This caption includes:

Thousands of Euros	2007	2008
Interest payable to parent	—	335
Total	**—**	**335**

(43) Income and expense on financial assets/liabilities

The following table shows income and expense on financial assets/liabilities, specifying which are recognized in profit or loss and which directly in equity.

Thousands of Euros	2007	2008
Recognized in profit or loss		
Bank interest income	441	204
Derivatives recognized at fair value in the income statement	54	302
Exchange rate gains	5,093	18,576
Other financial income	158	386
Total financial income	**5,745**	**19,468**
Interest expense on financial liabilities measured at amortized cost	15,367	19,960
Exchange rate losses	6,357	23,767
Derivatives recognized at fair value in the income statement	—	9,717
Other financial expense	1,690	1,453
Total financial expense	**23,415**	**54,898**
Net financial expense	**(17,669)**	**(35,430)**
Recognized directly in equity		
Effective portion of changes in fair value of cash flow hedges	669	(999)
of which, to the Hedging reserve	**669**	**(999)**

(44) Income taxes

This caption includes:

Thousands of Euros	2007	2008
Current taxes	(10,908)	(11,287)
Deferred tax income	(1,477)	871
Deferred tax expense	(378)	(582)
Total	**(12,764)**	**(10,998)**

Deferred tax income and expense in the income statement do not reflect the same change in the corresponding captions of the balance sheet due to the effect of the exchange rate losses of € 687 thousand and gains of € 329 thousand taken directly to equity, as described in the following table.

Deferred tax liabilities recognized directly in equity.

Thousands of Euros	December 31, 2008
Change in deferred tax liabilities on changes in the fair value of cash flow hedges	133
Change in deferred taxation on the discontinuance of hedges on loans	196
TOTAL	**329**

(44) Income taxes (Continued)

Reconciliation between the theoretical and effective tax charge

The difference between the theoretical and effective tax charge is mainly related to the impact of the different tax rates in foreign countries, non-taxable revenue, non-deductible costs and other temporary differences.

(Thousands of Euros)	2007	2008
Profit before taxation	**26,546**	**472**
Italian tax rate	33%	28%
Theoretical tax payable	**8,760**	**130**
Effect of foreign tax rates	(3,001)	707
Non-taxable revenue and other decreases	(3,276)	(3,183)
Non-deductible expense and other increases	7,907	5,128
(Increase) / decrease in deferred tax assets	166	(871)
(Increase) / decrease in deferred tax assets following rate change	1,312	—
Increase / (decrease) in deferred tax liabilities	470	582
Increase / (decrease) in deferred tax liabilities following rate change	(93)	—
Elimination of deferred tax income on profit (loss) for the year(*)	(2,410)	3,257
Unaccrued deferred tax income on loss for the year	—	2,892
Other changes	859	695
Total increase / (decrease)	**1,935**	**9,208**
Effective tax rate	**10,695**	**9,337**
IRAP	1,261	1,055
Other taxes, other than income taxes	808	606
Total taxes for the year	**12,764**	**10,998**

(*) Changes in deferred tax income/expense recognized in profit or loss include those arising following the elimination of taxable income/loss for the year as the changes are already included in the calculation of theoretical taxation adjusted by the effect of Non-taxable revenue and other decreases and Non-deductible expense and other increases.

OTHER INFORMATION

(45) 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 risk.

The board of directors has overall responsibility for establishing and monitoring a risk management system for the group.

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

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

Credit risk

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

The group's exposure to credit risk depends largely on each customer's specific characteristics. The demographics of the group's customer portfolio, including the segment insolvency risk and the country risk, have an impact on the credit risk.

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

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

Liquidity risk

This risk regards the group's ability to meet its obligations arising from financial liabilities.

The group's approach to liquidity management is to ensure adequate funds are always available to cover its obligations at the expiry dates, both in normal conditions and at times of financial difficulty, without incurring borrowing expense at terms higher than market conditions.

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

Reference should be made to the tables under note 20) Financial payables—third parties to these consolidated financial statements for information on the group's loans, credit lines and facilities at the closing date.

(45) Financial risk management (Continued)

Interest rate risk

This risk relates to volatility of the market rates which determine the interest expense paid on outstanding loans.

The group is exposed to interest rate risk as almost the full amount of its financial payables provide for the payment of interest at variable rates subject to short-term repricing.

The group's policy is to hedge a significant portion of the payable amount subject to interest rate risk. Interest rate swaps are used to hedge the risk enabling the group to maintain interest rates within a set range.

Currency risk

This risk relates to the effect of fluctuations in exchange rates on sales, purchases and loans in currencies other than the functional currencies of the various group entities.

The group is exposed to the currency risk, particularly in relation to fluctuations of the pound sterling and US dollar.

Interest on loans is denominated in the currency of the cash flows generated by the group's underlying transactions. These are mainly in Euros but may also be in pounds sterling, US dollars and Australian dollars, so that there is adequate hedging and the group does not have to avail of other derivatives.

The risk of exchange rate fluctuations is managed using exchange rate hedges when significant differences are noted between cost and revenue in foreign currency.

If that is the case, such differences are hedged through currency swaps. These provide for the purchase/sale of agreed amounts in foreign currency at a set exchange rate against the Euro.

Other price risk

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

The risk of fluctuations in the purchase price of plastics has not been hedged as these raw materials were not listed on the international market (the London Metal Exchange). However, this risk could be hedged in the near future given the current developments in the listing of plastics on the international market and corresponding hedging instruments.

Meanwhile, the risk of fluctuations in the purchase price of aluminum is partly hedged through derivatives which set the forward purchase price.

(46) Derivatives

The main features of the contracts in place at December 31, 2008 are summarized below:

—interest rate swaps

The parent Guala Closures S.p.A. has eight interest rate swaps in place at December 31, 2008 to hedge variable interest rates on bank loans.

It also has two interest rate swaps in place at December 31, 2008 to hedge the variable interest rates on the real estate finance lease.

(46) Derivatives (Continued)

The interest rate swaps taken on to hedge the variable interest rates on bank loans are listed below in their order of agreement:

1. The US-dollar interest rate swap agreed with the Royal Bank of Scotland on June 16, 2006, expiring November 30, 2010. It has a fixed swap rate of 5.525% against the floating six-month US dollar Libor for a notional amount of $US 14,497 thousand at December 31, 2008.
2. The Euro interest rate swap agreed with Banco Bilbao Vizcaya Argentaria Sa on June 16, 2006, expiring November 30, 2010. It has a fixed swap rate of 3.68% against the floating six-month Euribor for a notional amount of € 47,495 thousand at December 31, 2008.
3. The Euro interest rate swap agreed with Intesa San Paolo S.p.A. on February 21, 2007, expiring January 31, 2012. It has a fixed swap rate of 4.15% against the floating six-month Euribor for a notional amount of € 17,750 thousand at December 31, 2008.
4. The Euro interest rate swap agreed with Intesa San Paolo S.p.A. on September 5, 2007, expiring January 31, 2012. It has a fixed swap rate of 4.50% against the floating six-month Euribor for a notional amount of € 8,870 thousand at December 31, 2008.
5. The Euro interest rate swap agreed with Natixis Sa on October 10, 2008, expiring September 30, 2011. It has a fixed swap rate of 5.201% against the floating one-month Euribor until March 31, 2009 and, subsequently, the floating six-month Euribor, for a notional amount of € 8,000 thousand at December 31, 2008. This contract was initially agreed by GCL Special Closures S.r.l. with different terms and a different banking couterparty. It was transferred to Guala Closures S.p.A. on October 10, 2008.
6. The sterling interest rate swap agreed with Intesa San Paolo S.p.A. on October 10, 2008, expiring September 30, 2011. It has a fixed swap rate of 6.219% against the floating one-month sterling Libor until March 31, 2009 and, subsequently, the floating six-month sterling Libor, for a notional amount of £ 23,900 thousand at December 31, 2008. This contract was initially agreed by GCL Special Closures S.r.l. with different terms and a different banking counterparty. It was transferred to Guala Closures S.p.A. on October 10, 2008.
7. The US dollar interest rate swap agreed with Intesa San Paolo S.p.A. on October 10, 2008, expiring September 30, 2011. It has a fixed swap rate of 4.51% against the floating one-month US dollar Libor until March 31, 2009 and, subsequently, the floating six-month US dollar Libor, for a notional amount of $US 48,800 thousand at December 31, 2008. This contract was initially agreed by GCL Special Closures S.r.l. with different terms and a different banking counterparty. It was transferred to Guala Closures S.p.A. on October 10, 2008.
8. The US dollar interest rate swap agreed with Bayerische Hypo and Vereinsbank Ag on December 18, 2008, expiring September 30, 2011. It has a fixed swap rate of 1.848% against the floating one-month US dollar Libor until March 31, 2009 and, subsequently, the floating six-month US dollar Libor, for a notional amount of $US 22,035 thousand at December 31, 2008.

During the refinancing, the existing IRSs (the first four listed above), which met the requirements for classification as cash flow hedges at December 31, 2007, were reassessed in the light of the new financing structure. The analysis indicated that, although these derivatives are substantially of a hedging nature, they do not meet the formal requirements of IAS 39 and should therefore be recognized as trading instruments. GCL Special Closures S.r.l. transferred three IRSs to Guala Closures S.p.A. on October 10, 2008. Analysis of the features of these contracts in relation to the hedged item indicated that, although these derivatives are substantially of a hedging nature, they do not meet the formal requirements of IAS 39 and should therefore be recognized as trading instruments.

(46) Derivatives (Continued)

Guala Closures S.p.A. agreed a new IRS contract on December 12, 2008. Also in this case the formal requirements of IAS 39 for hedge accounting were not met and this derivative is therefore recognized as a trading instrument.

The interest rate swaps taken on to hedge the variable interest rates on real estate finance leases are listed below in their order of agreement:

1. The Euro interest rate swap agreed with Intesa San Paolo S.p.A. on March 7, 2006, expiring July 1, 2019. It has a fixed swap rate of 3.945% against the floating one-month Euribor for a notional amount of € 8,014 thousand at December 31, 2008.
2. The Euro interest rate swap agreed with Intesa San Paolo S.p.A. on March 7, 2006, expiring July 1, 2019. It has a fixed swap rate of 3.960% against the floating one-month Euribor for a notional amount of € 8,014 thousand at December 31, 2008.

These contracts, which met the requirements for classification as cash flow hedges at December 31, 2007, were reassessed in the light of the group's new financing structure. The analysis indicated that these derivatives meet the formal requirements of IAS 39 and are therefore hedge accounted.

—Forward purchase of aluminum

At December 31, 2008, there are 18 contracts for the forward purchase of aluminum, for a total of 3,800 tons, spread over various maturity dates based on forecast monthly requirements.

The formal requirements of IAS 39 for hedge accounting were not met and these derivatives are therefore recognized as trading instruments.

The following table shows the forward aluminum purchase contracts in place at December 31, 2008:

Expiry date	Hedged amount (tons)	Strike price ($US/ton)	December 31, 2008 Positive/(negative) fair value (thousands of Euros)
January 2009	300	2,700	(261)
January 2009	400	2,600	(320)
February 2009	200	2,800	(185)
February 2009	300	2,900	(300)
February 2009	100	2,700	(86)
February 2009	100	2,236	(52)
March 2009	300	2,900	(297)
March 2009	200	2,800	(184)
March 2009	100	2,700	(85)
March 2009	100	2,251	(52)
April 2009	300	2,900	(295)
April 2009	200	2,700	(168)
May 2009	300	2,900	(292)
June 2009	300	2,900	(289)
June 2009	100	2,450	(64)
July 2009	100	2,450	(63)
July 2009	200	2,300	(105)
August 2009	200	2,300	(103)
Total	**3,800**		**(3,201)**

(46) Derivatives (Continued)

—Currency swaps

At December 31, 2008, there are six currency swaps for the forward purchase of US dollars, for a total of USD 9,000 thousand, and three currency swaps for the forward sale of US dollars, for a total of USD 300 thousand. All swaps mature in the first half of 2009.

The formal requirements of IAS 39 for hedge accounting were not met and these derivatives are therefore recognized as trading instruments.

The following table shows the forward currency swaps in place at December 31, 2008:

Expiry date	Currency	Transaction	Hedged amount (thousands of $US)	Forward rate ($US/Eur)	December 31, 2008 Positive/(negative) fair value (thousands of Euros)
January 2009	USD	Purchase	1,850	1.4594	62
February 2009	USD	Purchase	1,900	1.4585	63
March 2009	USD	Purchase	1,900	1.4577	62
April 2009	USD	Purchase	1,400	1.4565	45
May 2009	USD	Purchase	850	1.4556	27
June 2009	USD	Purchase	1,100	1.4546	34
Total forward $US purchases			**9,000**		**292**
April 2009	USD	Sale	100	1.3272	3
May 2009	USD	Sale	100	1.3267	3
June 2009	USD	Sale	100	1.3265	4
Total forward $US sales			**300**		**11**
Total					**302**

The following table shows the fair value of the derivatives held at the balance sheet date:

Contract (Thousands of Euros)	Recognition at December 31, 2008	December 31, 2007 Positive/(negative) fair value	December 31, 2008 Positive/(negative) fair value
Interest rate swap on loan	Hedge accounting	730	—
Interest rate swap on leases	Hedge accounting	613	(522)
Currency swaps	Hedge accounting	(88)	—
Interest rate swap on loan	Recognized at fair value in the income statement	—	(9,832)
Currency swaps	Recognized at fair value in the income statement	—	302
Forward aluminum purchases	Recognized at fair value in the income statement	(151)	(3,201)

(46) Derivatives (Continued)

Effective interest rate and repricing analysis

The following table shows the effective interest rate at the balance sheet date and for the period in which the related rate may be reviewed for interest-bearing financial assets and liabilities.

Thousands of Euros	Effective interest rate—December 2008	Repricing date: Total 12/31/08	Up to 6 months	6 - 12 months	1 - 2 years	2 - 5 years	After 5 years
Bank loans:							
Facility A EUR	5.50%	36,300	36,300	—	—	—	—
Facility B EUR	6.00%	34,150	34,150	—	—	—	—
Facility C EUR	6.50%	34,150	34,150	—	—	—	—
Facility A USD	3.45%	22,364	22,364	—	—	—	—
Facility B USD	3.95%	21,089	21,089	—	—	—	—
Facility C USD	4.45%	21,089	21,089	—	—	—	—
Facility A GBP	5.20%	14,283	14,283	—	—	—	—
Facility B GBP	5.70%	13,448	13,448	—	—	—	—
Facility C GBP	6.20%	13,448	13,448	—	—	—	—
Revolving Facility	5.50%	15,000	15,000	—	—	—	—
CAPEX Facility	5.50%	32,600	32,600	—	—	—	—
Transaction costs	n.a.	(9,761)	(9,761)	—	—	—	—
TOT. SENIOR DEBT 10/10/2008		**248,160**	**248,160**	**—**	**—**	**—**	**—**
Other amounts due to banks—Guala Closures S.p.A.	n.a.	873	873	—	—	—	—
Accrued expenses and deferred income—Guala Closures S.p.A.	n.a.	77	77	—	—	—	—
Advances on Supertap receivables		1,174	1,174	—	—	—	—
Guala Closures Australia Holdings loan		19,730	19,730	—	—	—	—
Guala Closures Mexico loan		4,106	4,106	—	—	—	—
Total Bank loans		**274,120**	**274,120**	**—**	**—**	**—**	**—**
Other financial payables:							
Financing as per Law no. 46/82		992	68	191	265	468	—
Guala Closures S.p.A. lease		22,731	22,731	—	—	—	—
Payable to the Ukranian minority shareholder		2,100	—	—	—	—	2,100
Other payables		1,710	1,710	—	—	—	—
Total Other financial paybles		**27,533**	**24,509**	**191**	**265**	**468**	**2,100**

Thousands of Euros	Effective interest rate—December 2008	Repricing date: Total 12/31/08	Up to 6 months	6 - 12 months	1 - 2 years	2 - 5 years	After 5 years
Loan from the parent GCL Special Closures	10.30%	15,535	15,535	—	—	—	—
Total Other financial payables—related parties		**15,535**	**15,535**	**—**	**—**	**—**	**—**

(47) Related party transactions

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

Transactions with the parent's directors, statutory auditors and managers in key positions are set out below:

	Costs recognized in the year									
Thousands of Euros	Remuneration for duties	Incentives	Remuneration for employment	Post-employment benefits and other supplementary pension funds	Non-monetary benefits	Other benefits	Total	Post-employment benefits at December 31, 2008	Other payables at December 31, 2008	Cash flows in the year
Total directors/ managers in key positions	**1,133**	**1,597**	**652**	**55**	**30**	**38**	**3,505**	**209**	**126**	**4,387**
Total statutory auditors	**126**	**—**	**—**	**—**	**—**	**—**	**126**	**—**	**4**	**226**

With reference to the relationships with Intesa Sanpaolo S.p.A., Intesa Sanpaolo S.p.A. is deemed to represent a related party of Guala Closures S.p.A..

The relationships between the two companies at December 31, 2008 are summarized below:

- Intesa Sanpaolo is, together with Bayerische Hypo und Vereinsbank Ag and Natixis Sa, the Mandated Lead Arranger and Bookrunner of the Senior Facilities Agreement dated October 10, 2008;
- at December 31, 2008, Intesa Sanpaolo has a representative on the board of directors of Guala Closures S.p.A.;
- Intesa Sanpaolo holds, via GCL Holdings S.à.r.l., a 19% indirect investment in GCL Holdings S.C.A., that is indirectly controlling Guala Closures S.p.A.;
- relationships with Intesa Sanpaolo S.p.A. take place at market conditions.

Related parties also include a pension fund for employees of the former Metal Closures Ltd (now Guala Closures UK Ltd) managed by Metal Closures Group Trustees Ltd. Considering the performance of the pension fund, the company was not required to transfer funds thereto. Employees have paid their contributions. Reference should be made to note 30) Employee benefits to the consolidated financial statements for additional information.

(48) Contingent liabilities

At the date of publication of these consolidated financial statements, there were no significant contingent liabilities for which it is possible that future payments may be necessary by the group.

(49) Commitments and guarantees

Guala Closures group's commitments and guarantees at December 31, 2008 can be grouped into those guarantees given in relation to the Senior Facility Agreement and other guarantees given by other group companies.

The guarantees given in relation to the Senior Facility Agreement are detailed as follows:

Guala Closures S.p.A.

- Pledge of the shares held by Guala Closures S.p.A. in Guala Closures International B.V. dated October 15, 2008.

(49) Commitments and guarantees (Continued)

- Special lien on the following assets of Guala Closures S.p.A. dated December 15, 2008:
  - movable property items not listed in public registers which Guala Closures S.p.A. uses in its operations or as plant and machinery, whether existing or future assets;
  - raw materials, work in progress, stock, finished goods held at any time at Guala Closures S.p.A.'s warehouses (or with third parties or holders of any kind);
  - goods that Guala Closures S.p.A. purchases with income from the loan secured by the special lien;
  - receivables arising after the warranty deed is signed following the sale of some of the above assets.
- Pledge of Guala Closures S.p.A.'s intellectual property dated December 15, 2008.

Guala Closures UK Holdings Ltd.

- Pledge of Guala Closures UK Holdings Ltd's shares in Guala Closures UK Ltd dated October 15, 2008.

Guala Closures UK Ltd.

- Special lien on the assets of Guala Closures UK Ltd dated October 15, 2008.

Guala Closures International B.V.

- Pledge of the shares held by Guala Closures International B.V. in Guala Closures UK Holdings Ltd. dated October 15, 2008.
- Pledge of the shares held by Guala Closures International B.V. in Guala Closures Patents B.V. dated October 15, 2008.
- Pledge of the shares held by Guala Closures International B.V. in Guala Closures Orient B.V. dated October 15, 2008.
- Pledge of the shares held by Guala Closures International B.V. in Guala Closures China B.V. dated October 15, 2008.
- Pledge of the shares held by Guala Closures International B.V. in Guala Closures Espana S.L.U. dated October 15, 2008.
- Mortgage on the shares held by Guala Closures International B.V. in Guala Closures Australia Holdings Pty Ltd dated December 15, 2008.
- Pledge of the shares held by Guala Closures International B.V. in Technologia Closures LLC dated December 15, 2008.
- Pledge of the shares held by Guala Closures International B.V. in Guala Closures Mexico S.A. de C.V. dated December 17, 2008.

Guala Closures Patents B.V.

- Pledge of the intellectual property of Guala Closures Patents B.V. dated October 15, 2008.

Guala Closures China B.V.

- Pledge of the shares held by Guala Closures International B.V. in Beijing Guala Closures Ltd dated December 15, 2008.

(49) Commitments and guarantees (Continued)

Millstreet Holding B.V.

- Pledge of the shares held by Millstreet Holding B.V. in Guala Closures de Columbia Ltda dated December 15, 2008.

Guala Closures Espana S.L.U.

- Pledge of the shares held by Guala Closures Espana S.L.U. in Millstreet holding B.V. dated October 15, 2008.
- Pledge of the shares held by Guala Closures Espana S.L.U. in Guala Closures Iberica S.A. dated October 15, 2008.
- Pledge of the shares held by Guala Closures Espana S.L.U. in Guala Closures do Brasil Ltda dated December 15, 2008.

The other guarantees given by group companies at December 31, 2008 are as follows:

Thousands of Euros	December 31, 2008
Guala Closures S.p.A.	
Sureties given to third parties	2,526
Third party assets held by the company	6,888
Guala Closures Iberica S.A.	
Sureties given to third parties	337
Technologia Closures LLC	
Sureties given to third parties	419
Guala Closures India pvt Ltd	
Sureties given to third parties	226
Guala Closures New Zealand Ltd	
Sureties given to third parties	77

A special lien on the assets of Guala Closures Australia Holdings Pty Ltd has been given for the Facility Agreement signed with the Commonwealth Bank of Australia.

(50) Significant subsequent events

The sub-holding company Guala Closures Russia B.V. was wound up on February 26, 2009. This company was the special purpose vehicle for the investment in the Russian company, Guala Closures OWK OOO, which had already been wound up.

Restructuring transactions for the first few months of 2009 include those of the Spanish companies, where the companies held by the Spanish holding company, Guala Closures Espana S.L., are slated to be transferred directly to the group holding company, Guala Closures International B.V., with a merger between Guala Closures Iberica S.A. e Guala Closures Espana S.L.. The underlying reasons for the restructuring include the reduction of management overheads.

On behalf of the board of directors
Chairman and managing director
(signed on the original)
Marco Giovannini

Alessandria, March 24, 2009

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